



“MTEL” JSC BANJA LUKA

**Separate Financial Statements
For the Year Ended 31 December 2024
and
Independent Auditor’s Report**

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 5
SEPARATE FINANCIAL STATEMENTS	
Separate Statement of Profit and Loss and Other Comprehensive Income	6
Separate Statement of Financial Position	7
Separate Statement of Changes in Equity	8
Separate Statement of Cash Flows	9
Notes to the Separate Financial Statements	10 – 54

*This is an English translation of Independent Auditor's Report
originally issued in the Serbian language*

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND THE MANAGEMENT BOARD OF "MTEL" JSC BANJA LUKA

Opinion

We have audited the accompanying separate financial statements of "Mtel" JSC Banja Luka (hereinafter the "Company"), which comprise the separate statement of financial position as at 31 December 2024 and the separate statement of profit and loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2024, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), *together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Srpska*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Continued)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND MANAGEMENT BOARD OF "MTEL" JSC BANJA LUKA (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Audit procedures applied
1. Revenue recognition (accuracy of recording revenues due to the complexity of the information systems for generating income from services rendered), Note 5 to the separate financial statements	
There are inherent risks associated with the accuracy of recognized revenues arising from the complexity of information systems (IT) of the Company, through which the realised traffic, billing, approved free traffic and other discounts in the revenue generation process are measured.	We assessed the Company's most important IT systems for recording the realised traffic, billing and invoicing services to customers and conducted tests of relevant controls over these systems, tested the relevant control over the transfer of data from the respective information systems to the general ledger, as well as controls over the process of payments of bills by the customers and the process of customer complaints resolution.
Based on the procedures performed, we have not identified significant findings in relation to the accuracy of the revenue recorded in the year ended 31 December 2024.	We tested the compliance of prices and discount terms on customers' invoices with the current pricelist and discount terms on a sample basis.

(Continued)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND MANAGEMENT BOARD OF "MTEL" JSC BANJA LUKA (Continued)

Key Audit Matters (Continued)

Key Audit Matter	Audit procedures applied
2. Capitalisation of costs of investments in intangible assets and property, plant and equipment, and their measurement after initial recognition, Notes 12 and 13 to the separate financial statements	

The aforementioned key audit matter is chosen due to the fact that it includes significant Company management estimates in the capitalization of costs of investments in software and property, plant and equipment, as well as upon determination of the depreciation/amortization period and subsequent measurement of the recoverable value of these assets due to the relatively rapid technological changes that are characteristic of telecommunications industry.

Based on the procedures performed, we have not identified significant findings in relation to the adequacy of capitalization of costs of investments in intangible assets, plant and equipment, as well as their subsequent measurement after initial recognition in the year ended 31 December 2024.

We have tested on a sample basis the costs of the Company recorded on costs of the current period, as well as the increase the Company recorded during the year on intangible assets and property, plant and equipment, from the standpoint of meeting the criteria for capitalization of costs, i.e. their recognition as costs in the current period.

We have analysed the Company's management estimates relating to the existence of impairment indicators for intangible assets, property, plant and equipment, such as changes in use, reduction in the market value, identification of physical damage, etc. We have reviewed the depreciation/amortization rates applied in relation to useful lives of assets, asset replacement schemes, historical disposals experience, as well as income and expenses from disposal of certain assets. We have tested the internal controls implemented by the Company's management in this process.

Based on the sample we have checked the arithmetic accuracy of the calculation of depreciation/amortization and compared the rates with the prior accounting period. In addition, we have tested investments in progress by the ageing structure of an investment, its physical condition, additional costs capitalized during the period, at the moment of placing in use and the beginning of depreciation/amortization.

(Continued)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND MANAGEMENT BOARD OF "MTEL" JSC BANJA LUKA (Continued)

Emphasis of Matter

We draw attention to Note 2.2 to the separate financial statements, which discloses that the Company is a parent company and that the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards, have been issued separately. The Company's consolidated financial statements as of 31 December 2024 and for the year ended that day were audited and we expressed an unqualified opinion in our auditor's report dated 28 April 2025. Our opinion is not modified in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(Continued)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND MANAGEMENT BOARD OF "MTEL" JSC BANJA LUKA (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tibor Florjan.

Tibor Florjan
Certified auditor and
Authorised representative of

Drustvo za konsalting i reviziju BDO Ltd
Ive Andrica 15, Banja Luka
28 April 2025

SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2024
(In BAM)

	Notes	For the year ended December 31, 2024	For the year ended December 31, 2023
Sales of goods and services	5	477,140,082	456,346,875
Other operating income	6	29,055,361	303,014,255
Cost of material, goods and combined services	7	(44,797,874)	(42,689,491)
Staff costs	8	(87,394,516)	(81,845,733)
Depreciation and amortization charge	12,13,14,19	(142,601,788)	(115,578,722)
Cost of production services	9	(86,444,528)	(88,201,334)
Other operating expenses	10	(31,681,483)	(33,470,231)
Finance income – interest income	11	3,624,074	938,212
Finance income – other finance income	11	197,958	597,640
Impairment of financial assets	24	(2,913,264)	(2,444,451)
Financial expenses	11	(24,483,679)	(26,635,474)
Profit before taxes	38 (b)	89,700,343	370,031,546
Income tax expense	38 (a)	(9,581,890)	(37,641,553)
Net profit		80,118,453	332,389,993
Revaluation reserves – actuarial gain	33	551,440	291,573
<i>Other comprehensive income</i>		551,440	291,573
Total comprehensive income for the period		80,669,893	332,681,566
Earnings per share:			
Basic and diluted earnings per share	40	0.1630	0.6764

The accompanying separate financial statements of the Company were approved for issuance by the Management Board of "Mtel" JSC Banja Luka on February 28, 2025.

Signed on behalf of the Company by:

Jelena Trivan, Ph.D.,
CEO

L.S.

Dejan Jokic
Executive Director of Finance

Notes on the following pages form an
integral part of these separate financial statements

SEPARATE STATEMENT OF FINANCIAL POSITION
As at December 31, 2024
(In BAM)

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Long-term assets			
Intangible assets	12	136,500,895	106,667,441
Property and equipment	13	700,512,513	642,533,828
Right-of-use assets	14	198,613,986	35,020,098
Investments in subsidiaries	15	239,701,599	256,271,579
Investments in associates	16	183,610,709	183,610,709
Long-term receivables and loans	17	313,699	1,193,099
Other investments	18	400	400
Capitalized contract costs	19	7,032,484	8,528,841
Other long-term receivables and assets		25,416,450	41,021,372
Deferred tax assets	38 (c)	1,433,899	1,395,541
		1,493,136,634	1,276,242,908
Current assets			
Inventories	20	18,627,333	15,118,968
Assets held for sale	21	9,679	-
Trade receivables	22	115,161,970	363,747,532
Receivables for overpaid income tax	38 (e)	3,566,422	-
Other receivables	23	8,962,487	5,329,775
Deposits and loan receivables	25	33,046,688	2,246,688
Prepayments	26	13,976,089	14,878,860
Cash and cash equivalents	27	26,781,871	20,049,874
		220,132,539	421,371,697
Total assets		1,713,269,173	1,697,614,605
EQUITY AND LIABILITIES			
Equity			
Share capital	28	491,383,755	491,383,755
Mandatory reserves	28	49,141,766	49,141,766
Revaluation reserves – actuarial gains		824,977	273,537
Other reserves – reserves arising on the commitment to invest	28	371,913,907	97,791,500
Retained earnings		147,917,972	374,973,648
		1,061,182,377	1,013,564,206
Long-term liabilities and provisions			
Borrowings and other long-term liabilities	29	114,195,246	165,299,702
Lease liabilities	30	173,213,475	24,082,245
Liabilities for TV content distribution rights	31	43,819,867	19,249,632
Employee benefits	33	6,378,492	5,658,134
Provisions	34	1,264,979	438,602
Deferred tax liabilities	38 (d)	19,684,008	11,735,919
		358,556,067	226,464,234
Current liabilities			
Borrowings and other short-term liabilities	29	72,435,443	74,935,522
Lease liabilities	30	28,328,091	12,562,345
Liabilities for TV content distribution rights	31	30,237,142	26,346,463
Trade payables	35	104,477,940	165,455,644
Accruals	36	37,245,412	39,682,629
Employee benefits	33	479,289	1,195,550
Provisions		3,308,852	3,405,162
Deferred income	32	-	12,367
Dividend payable	40	3,648,233	92,353,568
Income taxes payables	38 (e)	-	27,588,643
Other liabilities	37	13,370,327	14,048,272
		293,530,729	457,586,165
Total equity and liabilities		1,713,269,173	1,697,614,605

Notes on the following pages form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2024
(In BAM)

	Акцијски капитал	Законске резерве	Остале резерве	Ревалоризационе резерве - актуарски (губици)/добити	Нераспоређени добитак	Укупно
<i>Balance, January 1, 2023</i>	491,383,755	49,141,766	97,791,500	(18,036)	42,583,655	680,882,640
Net profit for the year	-	-	-	-	332,389,993	332,389,993
Total other comprehensive income for the year	-	-	-	291,573	-	291,573
Total comprehensive income for the year	-	-	-	291,573	332,389,993	332,681,566
<i>Profit distribution:</i>						
Other reserves	-	-	-	-	-	-
Dividend paid to shareholders	-	-	-	-	-	-
Balance, December 31, 2023	491,383,755	49,141,766	97,791,500	273,537	374,973,648	1,013,564,206
Net profit for the year from January 1 to December 31, 2024	-	-	-	-	80,118,453	80,118,453
Total other comprehensive income for the year	-	-	-	551,440	-	551,440
Total comprehensive income for the year	-	-	-	551,440	80,118,453	80,669,893
Effects of the merger by acquisition of <i>TRION TEL</i>	-	-	-	-	(97,376)	(97,376)
<i>Profit distribution:</i>						
Other reserves	-	-	274,122,407	-	(274,122,407)	-
Dividend paid to shareholders	-	-	-	-	(32,954,346)	(32,954,346)
Balance, December 31, 2024	491,383,755	49,141,766	371,913,907	824,977	147,917,972	1,061,182,377

Notes on the following pages form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024
(In BAM)

	For the year ended December 31, 2024	For the year ended December 31, 2023
Cash flows from operating activities		
Proceeds from sale and prepayments	451,561,495	431,902,446
Other proceeds from operating activities	2,736,623	2,792,825
Payments to suppliers - purchases of material, fuel, energy and other expenses	(168,408,039)	(124,697,984)
Payments for employee wages, salaries, and other employee benefits	(87,465,738)	(82,105,510)
Payment of interests	(23,000,549)	(16,351,198)
Payment of income taxes	(32,797,621)	(4,924,396)
Payments of other taxes and duties	(23,891,964)	(16,869,925)
<i>Net cash inflow from operating activities</i>	118,734,207	189,746,258
Cash flows from investing activities		
Proceeds from sale of shares and capital stakes in subsidiaries	269,356,908	-
Outflows from purchase of property, equipment and intangible assets	(133,452,153)	(93,747,903)
Proceeds from sale of property, equipment and intangible assets	177,710	200,243
Proceeds from interests	1,028,771	773,879
Outflows from other long-term financial investments	(22,500,000)	(2,500,000)
Outflows from short-term financial investments	(8,000,000)	1,000,000
Outflows from investments in subsidiaries and associates	(1,434,168)	(15,145,812)
Proceeds from dividends	1,000,000	-
Other proceeds from long-term financial investments	582,432	770,079
Effects of the merger by acquisition of <i>TRION TEL</i>	318,308	-
<i>Net cash inflow from investing activities</i>	107,077,808	(108,649,514)
Cash flows from financing activities		
Inflows from long-term borrowings	1,434,168	15,135,812
Outflows from long-term financial liabilities	(76,613,972)	(67,310,317)
Outflows for lease liabilities	(27,761,297)	(12,353,918)
Outflow arising from dividends	(116,138,917)	(16,067,218)
<i>Net cash outflow from financing activities</i>	(219,080,018)	(80,595,641)
Net increase in cash and cash equivalents	6,731,997	501,103
Cash and cash equivalents at the beginning of the year	20,049,874	19,548,771
Cash and cash equivalents at the end of the year	26,781,871	20,049,874

Notes on the following pages form an
integral part of these separate financial statements

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024
1. CORPORATE INFORMATION

The Company Mtel JSC (hereinafter: the "Company") is domiciled in Banja Luka, in the Republic of Srpska, Bosnia and Herzegovina, at the following street address: Vuka Karadzica 2. The full registered name of the Company is: Telekomunikacije Republike Srpske JSC Banja Luka, while in its operations the Company uses two abbreviated names – Mtel JSC Banja Luka and Telekom Srpske JSC Banja Luka.

The majority shareholder of the Company is the Telecommunications Company "Telekom Srbija" JSC Belgrade, Serbia, holding 65.01% of the Company's shares.

As at December 31, 2024, the Company had equity interest in subsidiaries in accordance with the structure below:

SUBSIDIARIES	Interest	
<i>Logosoft Ltd</i> Sarajevo, Bosnia and Herzegovina	100%	Company
<i>Blicnet Ltd Banja Luka, Bosnia and Herzegovina</i>	100%	Company
<i>Financ Ltd</i> Banja Luka, Bosnia and Herzegovina	100%	Company

By the decision of the District Court in Banja Luka, on February 27, 2024, a status change of merger by acquisition was registered in the business entity register, merging the subsidiary *TRION TEL* Ltd Banja Luka into the parent company Mtel JSC Banja Luka. The entire assets of *TRION TEL* Ltd Banja Luka, including rights and obligations, were transferred to the acquiring company, Mtel JSC Banja Luka, and the merged company ceased to exist without undergoing a liquidation process.

As at December 31, 2024, the Company had had equity interest in associates according to the following structure:

ASSOCIATES	Interest	
<i>MTEL Ltd</i> Podgorica, Montenegro	49%	Company
	51%	Telekom Srbija JSC Belgrade
<i>MTEL Global Ltd</i> Belgrade, Republic of Serbia	41%	Company
	59%	Telekom Srbija JSC Belgrade

As at December 31, 2024, the Company had 2,043 employees (December 31, 2023: 2,051 employees).

The Company's principal activity is the provision of public telecommunication services the most significant of which is public telephone service in fixed and mobile telecommunication networks. In addition, the Company offers other telecommunication services, which include Internet access services, leased lines, data network access services (mobile Internet) and signal transmission services for the purpose of distributing audio-visual media services (satellite television, IPTV, value-added services). The Company also provides services in the field of the telecommunication infrastructure leasing, management and security.

As at December 31, 2024, the Company provided telecommunication services to the total number of 1,746,997 users (December 31, 2023: 1,708,236 users).

The governing bodies of the Company are: Shareholder Assembly, Management Board, Executive Board, CEO, Audit Committee and the Internal Auditor.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

1. CORPORATE INFORMATION (Continued)

The CEO of the Company, as at December 31, 2024, is Jelena Trivan, Ph.D.

The members of the Management Board as at the date of compiling these separate financial statements were as follows:

Mr. Vladimir Lucic
Ms Danijela Maletic
Mr. Dejan Carevic
Mr. Slavko Mitrovic
Mr. Drasko Markovic
Mr. Branko Malovic
Mr. Nenad Tomovic

The members of the Executive Board as of the date of compiling these separate financial statements were as follows:

Ms Jelena Trivan, PhD
Mr. Dejan Jokic
Mr. Rastko Pavlovic
Mr. Milosav Parezanovic
Mr. Nikola Tacic

2. BASIS OF PREPARATION AND PRESENTATION OF SEPARATE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

2.1. Statement of Compliance

The accompanying financial statements represent separate financial statements of the Company and have been prepared in accordance with the International Financial Reporting Standards (IFRS).

2.2. Basis of Measurement

The separate financial statements of the Company have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, financial assets at fair value measured through other comprehensive income, which are measured at fair value, as further explained in accounting policies for financial instruments.

Historical cost is generally based on the fair value of consideration paid in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Upon estimating the fair value of assets or liabilities, the Company takes into account characteristics of assets or liabilities that other market participants would also consider upon determining the price of assets or liabilities at the measurement date.

The Company's separate financial statements have been prepared under the going concern principle, which implies that the Company will continue its operations in the foreseeable future. The Company is putting an effort to maintain and improve its market position through convergent and multimedia services, ICT services, devices and equipment, network modernization, as well as market expansion.

The Company continuously generates net profit, closely monitors liquidity, maturity of liabilities, and collection of receivables. The Company generates cash inflows from its operating activities, but it also has external sources of financing at its disposal. The Company's management believes that funds from external sources of financing together with the expected inflows from business activities will be sufficient for the Company to meet its contractual obligations in 2024.

As disclosed in *Notes 1 and 16* to the separate financial statements, the Company Mtel JSC Banja Luka has interests in the associate companies MTEL Ltd Podgorica (Montenegro) and MTEL Global Ltd Belgrade (Republic of Serbia) in which it holds a 49% and 41% equity interest, respectively. The Company has significant influence and the power to participate in the financial and operating policies and decisions of the associates but there is no control or joint control over those policies and decisions.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

2. BASIS OF PREPARATION AND PRESENTATION OF THE SEPARATE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION (Continued)

2.2. Basis of Measurement (Continued)

In these separate financial statements investments in the associates are stated at cost less impairment, if any. In accordance with International Financial Reporting Standard (IFRS) 10, "Consolidated Financial Statements", the Company has prepared and issued its consolidated financial statements for the year ended December 31, 2024, prepared in accordance with the International Financial Reporting Standards, where the investment in the associates was accounted for using the equity method.

2.3. Functional and Presentation Currency

The figures in the accompanying financial statements have been stated in Convertible Marks (BAM), which is the official functional and reporting currency in the Republic of Srpska and Bosnia and Herzegovina.

2.4. Impact and Implementation of the New and Revised IAS/IFRS

The following new standards, amendments to the existing standards, interpretations issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") have been effective over the current financial period:

	<i>Effective on or after</i>
<i>New standards and amendments to the existing standards effective in the current financial period</i>	
IAS 1 "Presentation of Financial Statements" – Supplement to the Classification of Long-term and Short-term Liabilities	January 1, 2024
IAS 1 "Presentation of Financial Statements" – Amendment to Short-term Liabilities and Covenants	January 1, 2024
IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – Amendments regarding Supplier Financing Arrangements	January 1, 2024
IFRS 16 "Leases" – Amendment to Lease Liabilities in Sale and Leaseback Transactions	January 1, 2024

At the date of approval of these separate financial statements the following new standards, amendments to the existing standards and new interpretations of existing standards were published, but not yet effective:

	<i>Effective on or after</i>
<i>New standards and amendments to the existing standards in issue but not yet effective</i>	
IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability	January 1, 2025
IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"	January 1, 2026
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027

The Company's Management has decided not to adopt these standards, amendments, and interpretations prior to their effective date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1. Revenues***Revenue Recognition*

The Company recognizes revenues when the performance obligations to transfer the promised goods or services to the customers are satisfied. The performance obligations are satisfied when the customer acquires control over the goods or services transferred.

The transaction price is determined based on the defined prices for individual items, if any, or on the estimated price the Company expects to realize under the prevailing market conditions.

The Company makes estimates affecting the determination of the amount and timing for recognition of revenues from contracts with customers, which involves determining the time of performance obligation fulfilment and the transaction price allocated to those obligations. For performance obligations fulfilled over time, the Company uses the output method based on the passage of time and the revenue is recognized on a straight-line monthly basis, as the transaction price, allocated to those services, is recognized at the moment of the initial sales transaction and realized during the period of service rendering (up to two years from the date of ordering services along with goods). For performance obligations fulfilled at a point in time, the Company performs one-off revenue recognition at a specific point in time, i.e., the time of fulfilment of the performance obligation, when the goods are delivered, and services are provided.

As per contracts falling within the scope of IFRS 15, revenues are recognized based on the sales invoiced. The Company is entitled to request from the customer the amount directly corresponding to the value of the service rendered in the agreed period in which the Company invoiced a certain amount for the rendered service. Sales income mainly consists of charges to customers for calls from the fixed and mobile networks, monthly subscription fees charged for providing access services (internet access service, fixed and mobile phone service, integrated services), revenue from the sale of related services, interconnection, and other similar services.

3.1.1. Income from Fixed Network Services

Revenue from the telephony traffic (fixed network) is based on the realized traffic. The subscription to fixed network is invoiced monthly, one month in arrears. Income from the connection of new subscribers to the fixed network represents income earned on invoiced fees for the connection of new subscribers. The revenue for new customer connections is recorded in the period in which the user is connected.

Income from the interconnection with local operators relates to the network access, by which physical and logical linking of telecommunication networks is established to allow both direct and indirect communication between the service users connected to different networks. Income and expenses from interconnection are stated in gross amounts.

Income from signal transmission services for the purpose of distribution of audiovisual media services represents the income generated from monthly subscriptions for the provision of satellite television and IPTV services, from the connection of the aforementioned services, as well as from other additional services.

3.1.2. Income from Mobile Network

Income from the provision of mobile telecommunication services is mainly related to revenues generated from using the mobile telephony service (voice traffic, text messages) and the data transfer service (mobile Internet), which can be *prepaid* or *postpaid*, as well as to the income from the connection of new subscribers and other additional services.

Revenue from the telephony traffic is recognized based on the realized traffic. Uninvoiced income earned on mobile network services provided in the period from the invoice date up to the end of the period of calculation is accrued, while unrealized revenue until the end of the accounting period is deferred.

Income from prepaid usage services is recognized upon sale of the prepaid top-ups and deferred for the unrealized income at the end of the period. These revenues are deferred over the period of the service provision. Inactive top-ups or top-ups with expired usage are recognized as revenue upon the expiry of the final usage date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.1. Revenues (Continued)****3.1.3. Income from Integrated Services**

Income from integrated services represents revenue from the integrated offer of fixed telephony services, mobile telephony, Internet access services via fixed and/or mobile networks, IPTV services and satellite television services, which are organized into appropriate service packages containing of two to four of the listed telecommunication services.

3.1.4. Income from Internet Access Services

Income from Internet access services includes income from services of providing Internet access through a fixed network, which is realized through an access network using ADSL, VDSL or GPON technologies, and income from direct Internet access, which is achieved by providing users with a link for Internet access for certain speeds, with a specific range of public IP addresses, DNS hosting domains with or without internet domain registration, and technical support.

3.1.5. Income from the Sale of Combined Services

Income generated from the sale of hardware packages as part of the use of public telecommunications services is shown under the item revenues from the sale of combined services, and are recognized at the time of sale, i.e., when the hardware package is handed over to the service user and when all associated costs are recognized in the Statement of Profit or Loss.

If these services are sold under multiple element arrangements, the total transaction price is allocated to the individual performance obligations. As the result, income from the delivered hardware is recognized on commensurately to the transaction price as an item within income from the sales of combined services. The transaction price is determined based on the defined prices for individual items, if any, or on the estimated price the Company expects to realize under the prevailing market conditions.

3.1.6. Income and Expenses from International Settlements

Income and expenses from public telephone services in the fixed and mobile telecommunication networks rendered in the international telephony traffic are recognized based on the traffic realized and calculated as per the contractually agreed tariffs of the foreign operators via whose network the traffic is realized.

The Company has entered into various agreements on international traffic in fixed and mobile network. The respective income (expenses) and receivables (payables) arising from these agreements are presented in the accompanying financial statements and are associated with the income and expenses generated on all incoming and outgoing international calls realized with the countries maintaining direct international traffic calculations with the Company. A portion of the earned income or incurred expenses is recorded based on an estimate made in accordance with the internal settlements for realized traffic.

The Company recognizes income (receivables) only when it can be measured with reasonable certainty. Where evidence exists that an expense (payable) may occur, a full provision is recognized, in instances where such an estimate is possible. When it is not possible to estimate the extent of a liability, an appropriate disclosure is made.

Income and expenses arising from roaming with foreign operators are recorded at the amounts set by the clearing house. Income and expenses arising on roaming are recognized in the gross amount based on the traffic processed throughout the period.

3.1.7. Other Income

Other income includes revenues from other telecommunication services, such as rental of telephony capacities – lines, call listings, voice mail services, etc., and revenues from engaging internal capacities, related to the costs of salaries of employees working on network construction, as well as capital investment projects. These revenues are recorded in the period in which they originate.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.2. Leases***The Company as a Lessee*

At the beginning of the lease term the Lessee estimates whether it is a lease agreement, meaning if it contains lease elements. An agreement is a lease agreement if it cedes the right of control of using certain assets during the given period for a fee.

According to IFRS 16 the Company recognises right of use assets and the present value of the lease agreement liability taking into consideration the contracted payments, lease term and the discount rate. Initial measurement of the right-of-use assets is performed as per the cost, including the amount of the initially measured lease liability, all initial direct costs and estimated costs of dismantling, location reinstating or bringing the assets into the original state, unless such costs are non-material.

When estimating the lease term period, the following is taken into consideration: a period without the cancellation option, an optional period for a lease renewal and the likelihood that the Company will or will not use this option.

The lease liability is measured at the present value of all lease payments which were not made on the recognition date. These payments are discounted at an interest rate contained in the lease and/or at the incremental borrowing rate.

A short-term lease is the lease whose lease period, on the lease commencement date, is 12 months at most, and which does not include the purchase option of the said assets. All lease related payments are recognised as an expense on a straight-line basis during the lease term (*Note 9*).

The Company as a Lessor

The Lessor classifies each lease as either an operating or a finance lease. A lease is classified as a finance lease if it essentially transfers all risks and benefits related to the ownership over the said assets, whereas an operating lease does not transfer all risks and benefits related to the ownership over the said assets.

The Company recognises operating lease payments as income on a straight-line basis during the lease term. Initial direct costs incurred in connection with obtaining an operating lease are added a carrying value of the said assets and are recognised as an expense during the lease term on the same basis as the lease income.

3.3. Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated to BAM at the foreign exchange rate prevailing at the date of the Statement of Financial Position.

Non-monetary assets and liabilities denominated in foreign currencies, which are measured at historical cost, are translated into BAM at foreign exchange rates prevailing at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at fair value, are translated into BAM at foreign exchange rates effective as at the fair value assessment date.

Transactions in foreign currencies are translated into BAM by applying the exchange rate in effect on the date of each transaction. The foreign exchange gains or losses arising upon the translation of transactions, assets and liabilities denominated in foreign currencies are included in the statement of profit or loss within finance income or finance expenses (*Note 11*).

3.4. Corporate Income Taxes

Income taxes comprise current income tax expenses and deferred income taxes. Both current and deferred income taxes are recognized in the statement of profit and loss unless arising from business combinations or items recognized directly within equity or in other comprehensive income.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4. Corporate Income Taxes (Continued)

Current income tax relates to the amount payable in accordance with the Corporate Income Tax Law. Current income tax is payable at the rate of 10% applied to the tax base reported in the annual corporate income tax return, being the profit before taxation adjusted by any effects of reconciliation of income and expenses.

Deferred income tax is provided using the financial statement liability method, for the temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements.

The currently enacted tax rates or the subsequently enacted rates at the statement of financial position date are used to determine the deferred income tax amount, based on the tax rates that are expected to be applied to temporary differences when they reverse.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and for the tax effects of tax losses and tax credits available for carry-forwards, to the extent that it is probable that taxable profit will be available against which the tax loss and credit carry-forwards can be reduced.

The prescribed model for calculation of depreciation/amortization costs within the tax statement entails grouping of fixed assets into four classes with defined respective depreciation/amortization rates, with prescribed individual and group calculation of depreciation/amortization expenses.

The prescribed depreciation / amortization rates are presented below:

	Tax return rate (%)
Individual calculation of depreciation/amortization charge – straight-line method	
Property and plant	3%
Intangible assets other than software	10%
Group calculation of depreciation/amortization charge – degression method	
Computers, information systems, software, and servers	40%
Equipment and other assets	20%

A taxable temporary difference arising between the carrying value of an asset and its tax-purpose amount is recognized as a deferred tax liability when the tax depreciation/amortization is accelerated and as a deferred tax asset when the tax depreciation/amortization is slower than the accounting depreciation/amortization.

3.5. Intangible Assets

Intangible assets include telecommunication licenses, software, and other licenses.

Telecommunication licenses, purchased computer software, and other licenses are recorded at cost less accumulated amortization and accumulated impairment losses, if any.

Cost of an item of intangible assets comprises its purchase price billed by suppliers, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the asset to the condition for its intended use. The cost is reduced by all received discounts and/or rebates.

Telecommunication licenses are amortized on a straight-line basis over their useful lives as delineated under IAS 38 "Intangible Assets".

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6. Property and Equipment

Items of property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost is comprised of the purchase price billed by suppliers, including import duties and non-refundable taxes, and any costs directly attributable to bringing the asset to condition for its intended use. Cost is reduced by all received discounts and/or rebates. Cost of the constructed property and equipment represents cost thereof as at the date of construction or development completion.

Property and equipment are such assets whose expected useful life is longer than one year. Gains or losses on the retirement, disposal or sale of property and equipment are credited or charged, as appropriate, directly to the statement of profit and loss within other operating income or expenses.

Adaptations, renewals, and repairs that extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred and are presented as operating expenses.

3.7. Capitalized Contract Costs

Contract Costs arise from the costs of executing or obtaining the contract, which, in accordance with IFRS 15, are capitalized and recognized during the average duration of the contract with the customer.

3.8. Depreciation and Amortization

Depreciation/amortization rate is determined based on the estimated useful life of intangible assets, property and equipment. The depreciation/amortization rates applicable to the assets are reviewed at least annually, at the end of each financial year, and if there are significant changes in the expected dynamics in the consumption of future economic benefits embodied in an asset, the depreciation/amortization rate is changed to reflect the altered dynamics. Such change is recorded as a change in the accounting estimates in accordance with IAS/IFRS. Changes of depreciation/amortization rates for asset groups are submitted by the Management of the Company to the Company's Management Board for approval.

The basis for calculation of the depreciation/amortization charge is the cost of intangible assets, property, and equipment less any estimated residual value. Depreciation and amortization are calculated on a straight-line basis.

The prescribed depreciation/amortisation rates applied to certain groups of property, equipment and intangible assets for the year ended December 31, 2024, are as follows:

	<i>Depreciation/amortization rates (%)</i>
Licences for the use of radio frequency spectrum	6.67%
Licenses and application software	6.67% - 20%
Buildings	1% - 12.50%
Antenna masts	1% - 2%
Distribution network and channelling	1%
Switching systems and service platforms	5% - 33.33%
Transport network	3.33% - 25%
Wireless access network	6.67% - 20%
Access network equipment and terminal equipment	1% - 25%
Computer equipment	3.33% - 25%
Office equipment and other equipment	6.67% - 20%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**3.9. Long-term Assets Held for Sale**

Long-term assets are classified as assets held for sale if their carrying value can be recovered primarily from a sales transaction rather than through further use. This condition is deemed fulfilled only if the sale is highly probable and if the asset (or the disposal group) is available for immediate sale in its present condition. Management must be committed to a plan to sell such assets, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Long-term assets or disposal groups classified as held for sale are carried at the lower of their previous carrying amount or fair value less cost to sell.

3.10. Impairment of Non-Financial Assets

At each statement of financial position date, the Company's management reviews the carrying amounts of the Company's non-financial assets (other than inventory and deferred tax assets) to determine whether there are indications of an impairment loss. If there is any indication that such assets have been impaired, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. In cases where it is impossible to assess the recoverable amount of an individual asset, the Company assesses the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable value of an asset (or its related cash-generating unit) is the higher of its fair value less costs to sell and value in use. The estimate of the value in use comprises the assessment of future cash inflows and outflows discounted to their present value by applying the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the estimate of the recoverable amount of assets (or cash generating unit) is below their carrying value, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognized as an expense of the current period.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that loss has decreased or no longer exists. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable value. However, this is performed so that the increased carrying amount does not exceed the carrying value that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

As at December 31, 2024, in the management's opinion, there were no indications that the value of the Company's intangible assets, property, and equipment had suffered impairment.

3.11. Investments in Subsidiaries

Investments in subsidiaries are carried at cost, net of impairment losses, if any.

Under IFRS 10 "*Consolidated Financial Statements*", the control over subsidiaries is achieved if the Company has:

- 1) power over the investee;
- 2) exposure, or rights, to variable returns from its involvement with the investee, and
- 3) the ability to use its power over the investee to affect the amount of returns.

The Company reassesses whether it truly exercises the control over its subsidiaries in instances of certain facts and circumstances indicating that any of the above listed three elements of control has changed.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11. Investments in Subsidiaries (Continued)

When the Company has less than half of the voting power, control is achieved if these voting rights are sufficient to practically allow the Company to unilaterally direct the business activities of the subsidiary.

3.12. Investments in Associates

An associate is an entity over which the Company has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies and decisions of the investee but is not control or joint control over those policies and decisions.

Investments in associates in these separate financial statements are measured at purchase value, net of any impairment.

3.13. Financial Instruments

The classification of financial instruments is determined based on their content estimates at the time of initial recognition, entailing:

- 1) financial assets,
- 2) financial liabilities or
- 3) equity instruments.

Financial Assets

Financial assets are recognized when the Company has become a party to the contractual provisions of a particular financial instrument.

Financial assets are initially recognized at fair value. Transaction costs are included in the initial measurement of all financial assets except for financial assets at fair value through profit and loss. Exceptionally, the initial recognition of trade receivables that do not have a significant financial component is made at their transaction price.

Following the initial recognition, financial assets are measured at:

- 1) amortized cost
- 2) fair value through other comprehensive income (FVTOCI), and
- 3) fair value through profit or loss (FVTPL).

Financial assets are measured at amortized cost if held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, unless they are initially irrevocably recognized at fair value through profit or loss (if this results in significant decrease/elimination of the accounting mismatch).

Financial assets are measured at amortized cost, using the effective interest method.

The effective interest rate is calculated based on the estimated future cash flows, not including the expected credit losses. Once calculated upon initial recognition, the effective interest rate is used upon subsequent calculation of interest income (applied to the gross carrying amount or amortized cost, depending on the impairment of the asset). Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Financial assets are impaired via an impairment allowance account.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13. Financial Instruments (Continued)

Financial Assets (Continued)

Upon calculation of the impairment allowance of its financial assets, the Company applies the expected credit loss model by considering the probability of default of the counterparty during the expected life (contractual term) of the financial asset. The Company assesses receivables for impairment grouped per different customer characteristics and historical loss trends.

Financial assets are measured at fair value through other comprehensive income (FVTOCI) if held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and for sale, and if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, unless they are initially irrevocably recognized at fair value through profit or loss (if this results in significant decrease/elimination of the accounting mismatch).

Upon initial recognition, an entity may irrevocably decide to present within its other comprehensive income subsequent changes in the fair value of an investment in an equity instrument, which is not an investment held for trading, or an unforeseen amount recognized within business combinations, to which IFRS 3 is applied.

Such a decision is made for each individual instrument (or share). The amounts recognized within the other comprehensive income cannot subsequently be reclassified to the profit or loss statement. However, the entity may reclassify the cumulative gains or losses within equity. Dividend on such investments is recognized with the profit or loss statement in accordance with IFRS 9, unless it is obvious that the dividend represents partial recovery of the investment costs.

Financial assets cease to be recognized when settled, cancelled, expired, written off, or transferred. Transfers are treated as derecognition of assets if all the risks and rewards associated with the assets have been transferred. Otherwise, the Company continues to recognize financial assets.

If the risks and rewards are neither transferred nor retained, the assets are not derecognized unless the control over those assets has been transferred.

Subsequently realized or collected financial investments, paid advances, and receivables, are recognized as income in the current accounting period.

Financial assets are measured at fair value through profit or loss (FVTPL) only if it is not measured at amortized cost or at fair value through other comprehensive income (FVTOCI).

Financial Liabilities

Financial liabilities comprise non-current liabilities (long-term borrowings), current trade payables and other liabilities. Financial liabilities are recognized when the Company has become a party to the contractual provisions of a particular financial instrument. The financial liabilities are initially measured at their fair value.

Transaction costs are included in the initial measurement of all financial liabilities other than financial liabilities at fair value through profit or loss (FVTPL).

Financial liabilities are subsequently stated at amortized cost using the effective interest rate except for those initially recognized at fair value through profit or loss, unforeseen fees recognised by the acquirer in a business combination, or financial liabilities held for trading.

Interest payable on the financial liabilities is calculated using the effective interest method and it relates to and is presented within other current liabilities. Financial liabilities cease to be recognized when the Company fulfils the obligation, or when the contractual repayment obligation has either been cancelled or expired.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14. Inventories

Inventories are stated at the lower of cost or net realizable value. The net realizable value is the estimated selling price in the normal course of business, after allowing for the costs of realization. Cost includes the invoiced amount, transport, and other attributable expenses. Small tools are fully written off when issued into use. The cost of inventories is determined using the weighted-average method.

Materials for combined services mostly relate to the hardware devices purchased for further sales to customers within special service packages.

Impairment allowances charged to other operating expenses are made where appropriate to reduce the carrying value of such inventories to the management's best estimate of their net realizable value. For inventories found to be damaged, or of a substandard quality, appropriate impairment allowances are made, or they are written off in full.

3.15. Provisions

Provisions are recognized and calculated when the Company has a legal or contractual obligation as the result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions consist of provisions for litigations filed against the Company, determined by discounting the expected future cash flows that reflects current market assessment and the risks specific to the liability.

3.16. Employee Benefits

a) *Employee Taxes and Contributions for Social Security*

In accordance with local regulations and its adopted accounting policies, the Company is obliged to pay contributions to various national social security funds. These obligations include contribution payable by employees and the employer in the amounts calculated by applying the specific statutory rates. The Company has a legal obligation to withhold contribution from gross salaries of employees, and on their behalf to transfer the withheld funds to appropriate government funds. Contributions paid by the employees and the employer are expensed in the period during which services are rendered by the employees.

b) *Liabilities for Retirement Benefits (Severance Pays) and Jubilee Awards*

The Company has an obligation to pay to its employee's retirement benefits upon retirement in the amount of three previous monthly net salaries earned by the vesting employee. In addition, the Company is obligated to pay jubilee awards ranging from one to two average monthly salaries within the Company.

IAS 19 "Employee Benefits" requires the calculation and accrual of present value of accumulated rights to retirement benefits and jubilee awards.

c) *Liabilities for Employee Bonuses (Variable Portion of Salary)*

The relevant Decision enacted by the Company's General Manager defines the base for and manner of calculation of the employee bonuses as variable salary portion. Bonuses are paid according to the realized employee performance, which is monitored on a quarterly or annual basis and recorded within staff costs, as well as the provision made in this respect when estimated that a vesting employee will become entitled to the bonus payment.

3.17. Segment Reporting

The Company applies IFRS 8 "Operating Segments", which requires the identification of operating segments based on internal reports about components of the Company that are regularly reviewed by managers responsible for making key decisions for the purpose of allocating adequate resources to these segments, as well as analysing their results. Segment information is analysed based on the type of services provided by the operating components of the Company (Note 44).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

4. SIGNIFICANT ACCOUNTING ESTIMATES

The presentation of the separate financial statements requires the Company's management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, the disclosure of contingent receivables and liabilities as at the date of preparation of the separate financial statements, as well as the income and expenses arising during the accounting period. These estimations and assumptions are based on historical experience and other information available as at the date of preparation of the separate financial statements. However, actual results may vary from these estimates.

Basic assumptions relating to the future events and other significant sources of uncertainties in rendering an estimate as at the separate statement of financial position date, which bears the risk that may lead to significant restatement of the carrying value of assets and liabilities in the following financial year, were as follows:

Estimated Useful Life of Property, Equipment, and Intangible Assets

The estimate of useful life of property, equipment and intangible assets is founded on the historical experience with similar assets, as well as foreseen technical advancement and changes in economic and industrial factors. Depreciation/amortization rates applicable to the assets are reviewed at least annually, at the end of each financial year, and if there are significant changes in the expected dynamics in the consumption of future economic benefits embodied in an asset, the depreciation/amortization rate is changed to reflect the altered dynamics. Such change is recorded as a change in the accounting estimates in accordance with IAS/IFRS. Management changes depreciation/amortization rates for asset groups. Changes are submitted by the Management to Board of Directors for approval.

Due to the significance of non-current assets in the Company's total assets, any change in the above-mentioned assumptions may lead to material effects on the Company's financial position, as well as on its operating results. For example, if the Company were to shorten/prolong the average useful life of assets by 10%, for the year ended December 31, 2024, this would have resulted in the additional (lower) cost of depreciation by BAM 14,260,179 (comparative figure in 2023: BAM 11,557,872).

Impairment of Trade Receivables

Upon calculation of impairment allowance, the Company uses the expected credit loss model by considering the probability of the counterparty default over the expected contractually defined life cycle of the financial asset. The Company assesses receivables for impairment grouped based on certain customer characteristics and historical loss trends (*Notes 22, 23, and 24*).

Provisions

Provisions in general are highly estimated. The Company assesses the probability of adverse events as the result of past events and if the probability is evaluated to higher than 50%, the Company fully provides for the total amount of the liability. The Company is rather prudent in these assessments but due to the high level of uncertainty in certain cases, the estimates may not prove to be in line with the actual outcomes (*Note 34*).

Income and Expenses from International Traffic

Income (expenses) and receivables (payables) that have originated under agreements executed with international operators are presented in the accompanying financial statements and are associated with the income and expenses generated on all incoming and outgoing international calls realized with the countries maintaining direct international traffic calculation and settlement. A portion of the earned income or incurred expenses is recorded based on an estimate made in accordance with the internal settlements for realized traffic (*Notes 26 and 36*). Management believes that the internal calculations/accounts of international traffic are adequate and that they reflect the realized international traffic in the corresponding period.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

4. SIGNIFICANT ACCOUNTING ESTIMATES (Continued)

Fair Value

It is the policy of the Company to disclose the fair values of those assets and liabilities for which published market information is readily available, and for which their fair value is materially different from the carrying value.

However, in the Republic of Srpska and Bosnia and Herzegovina there is not enough market experience, nor stability and liquidity in buying and selling receivables and other financial assets and liabilities, since official market information is not available at all time. Hence, the fair value cannot be reliably determined in the absence of an active market. If a quoted price in an active market is unavailable as evidence of the instrument's fair value, the fair value for the same asset or liability is assessed by applying valuation techniques that use available market inputs.

5. SALES OF GOODS AND SERVICES

	In BAM For the year ended December 31,	
	2024	2023
Sales in the domestic market:		
Fixed network services	48,266,317	48,034,019
Mobile network services	213,380,464	206,878,272
Integrated services	105,740,431	99,924,835
Internet access services	34,274,128	29,227,967
Combined services	34,769,323	31,625,096
Goods	1,219,892	1,093,846
ICT and other services	12,113,946	10,259,548
Total sales in the domestic market	449,764,501	427,043,583
Income from international settlements	27,132,333	28,538,383
Income from sales of licences, goods, ICT and other services	243,248	764,909
Total international market sales	27,375,581	29,303,292
Total sales of goods and services	477,140,082	456,346,875

Income from the international market sales mainly refers to the sales made in the Republic of Serbia.

6. OTHER OPERATING INCOME

	In BAM For the year ended December 31,	
	2024	2023
Rental income	1,115,521	2,977,283
Reversal of deferred income from grants (Note 32)	12,367	12,367
Dividend income	1,000,000	-
Other income	26,927,473	300,024,605
	29,055,361	303,014,255

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

7. COST OF MATERIAL, GOODS AND COMBINED SERVICES

	In BAM For the year ended December 31,	
	2024	2023
Material for combined services	31,974,504	29,622,665
Cost of commercial goods sold	1,071,625	953,475
Electricity	8,283,882	8,335,420
Fuel and lubricants	1,180,748	1,456,455
Other costs of material	2,287,115	2,321,476
	44,797,874	42,689,491

Cost of material for combined services refers to cost of the hardware sold within special service packages.

8. STAFF COSTS

	In BAM For the year ended December 31,	
	2024	2023
Gross salaries	68,672,211	65,060,831
Remunerations to Management Board and Audit Committee	338,797	324,286
Retirement benefits	1,038,475	628,461
Other personal expenses	17,345,033	15,832,155
	87,394,516	81,845,733

9. COST OF PRODUCTION SERVICES

	In BAM For the year ended December 31,	
	2024	2023
International settlement costs	26,984,632	25,323,155
Maintenance costs	20,088,453	18,728,667
Rental costs-lease of land and business premises	1,408,542	657,270
Marketing and advertising costs	13,900,689	16,463,158
Fees for media content transmission	4,113,330	6,278,379
Other production services	19,948,882	20,750,705
	86,444,528	88,201,334

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

10. OTHER OPERATING EXPENSES

	In BAM For the year ended December 31,	
	2024	2023
Indirect taxes and contributions which do not depend on the business result	2,827,923	5,392,599
Communications Regulatory Agency fees	11,508,352	11,014,435
Losses on disposal of property, equipment and intangible assets	1,195,192	1,594,386
Shortages	30,917	731
Provisions	1,793,332	1,531,673
Impairment of property and equipment	1,043,042	-
Other expenses	13,282,725	13,936,407
	31,681,483	33,470,231

Other expenses mostly pertain to the other non-production services, administrative fees and considerations payable to youth and student employment agencies.

11. FINANCE INCOME AND EXPENSES

	In BAM For the year ended December 31,	
	2024	2023
Interest income		
- interest on deposits	388,833	25,503
- other interest income	3,235,241	912,709
	3,624,074	938,212
Other finance income	16,950	-
Foreign exchange gains	181,008	597,640
	197,958	597,640
Total finance income	3,822,032	1,535,852
Interest expenses		
- arising from loan agreements	(13,845,310)	(15,683,664)
- arising from liabilities for right-of-use assets	(8,787,461)	(931,016)
- other interest expenses	(1,211,645)	(8,933,123)
	(23,844,416)	(25,547,803)
Foreign exchange losses	(639,263)	(1,087,671)
Total finance expenses	(24,483,679)	(26,635,474)
Finance expenses, net	(20,661,647)	(25,099,622)

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

12. INTANGIBLE ASSETS

In BAM
December 31, 2024 and December 31, 2023

	Licenses for the use of radio frequency spectrum	Other Licenses	Other intangible assets	Contract acquisition costs	Intangible Assets in preparation
Cost					
<i>Balance, January 1, 2023</i>	157,188,477	11,524,104	214,576,136	6,130,642	389,419,359
Additions	-	60,610	29,830,297	-	29,890,907
Transfer (from) / to	-	1,398,507	7,210,303	(8,608,810)	-
Transfer from property and equipment	-	-	1,494,026	4,394,976	5,889,002
Write-offs and disposals	-	(67,805)	(9,219,651)	-	(9,287,456)
Balance, December 31, 2023	157,188,477	12,915,416	243,891,111	1,916,808	415,911,812
<i>Balance, January 1, 2024</i>	157,188,477	12,915,416	243,891,111	1,916,808	415,911,812
Additions	-	96,682	75,180,485	-	75,277,167
Transfer (from) / to	-	293,374	898,973	(1,192,347)	-
Effects of the merger by acquisition of <i>TRION TEL</i>	-	-	13,000	-	13,000
Transfer from property and equipment	-	-	-	2,542,270	2,542,270
Write-offs and disposals	-	(1,176,333)	(19,338,068)	-	(20,514,401)
Balance, December 31, 2024	157,188,477	12,129,139	300,645,501	3,266,731	473,229,848
Accumulated Amortization					
<i>Balance, January 1, 2023</i>	136,015,925	10,497,502	129,586,564	-	276,099,991
Amortization expense	1,870,543	547,372	37,747,173	-	40,165,088
Write-offs and disposals	-	(67,805)	(6,952,903)	-	(7,020,708)
Balance, December 31, 2023	137,886,468	10,977,069	160,380,834	-	309,244,371
<i>Balance, January 1, 2024</i>	137,886,468	10,977,069	160,380,834	-	309,244,371
Amortization expense	1,870,543	753,179	43,222,848	-	45,846,570
Effects of the merger by acquisition of <i>TRION TEL</i>	-	-	3,137	-	3,137
Write-offs and disposals	-	(1,176,333)	(17,188,792)	-	(18,365,125)
Balance, December 31, 2024	139,757,011	10,553,915	186,418,027	-	336,728,953
Net asset value					
December 31, 2024	17,431,466	1,575,224	114,227,474	3,266,731	136,500,895
December 31, 2023	19,302,009	1,938,347	83,510,277	1,916,808	106,667,441

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

12. INTANGIBLE ASSETS (Continued)

Licences for the use of radio frequency spectrum constitute radio spectrum licences for the provision of services via mobile access systems. These licences are issued by the Communication Regulatory Agency of Bosnia and Herzegovina (RAK) and they enable the provision of GSM/UMTS/LTE services in the territory of Bosnia and Herzegovina.

Other intangible assets mainly relate to the software with a net value of BAM 40,459,794 and the rights to distribute TV content in a net value of BAM 72,687,863.

During the reporting period, the Company activated own work capitalised within intangible assets in the total amount of BAM 2,455,809.

Intangible asses in preparation are mainly related to the software under development.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

13. PROPERTY AND EQUIPMENT

	December 31, 2024 and December 31, 2023					In BAM
	Land	Property and infrastructure	Leasehold improvements	Equipment	Fixed assets Under Construction	Total fixed assets
Cost						
<i>Balance, January 1, 2023</i>	1,774,496	895,034,234	4,383,416	720,981,237	92,534,303	1,714,707,686
Additions	-	10,607,669	123,646	19,038,043	75,063,280	104,832,638
Transfer (from) / to	685	10,819,586	41,920	70,809,311	(81,671,502)	-
Transfer to non-monetary contribution	(165,533)	(77,648,720)	-	(3,642,338)	(253,286)	(81,709,877)
Transfer (from) / to intangible assets	-	-	-	-	(5,889,002)	(5,889,002)
Write-offs and disposals	-	(151,332)	(307,018)	(36,118,300)	(504,603)	(37,081,253)
Dismantlement	-	-	-	(637,552)	27,750	(609,802)
Reclassification to assets held for sale	-	-	-	(293,185)	(48,000)	(341,185)
Other changes	2,000	(4,359)	-	(5,704)	-	(8,063)
Balance, December 31, 2023	1,611,648	838,657,078	4,241,964	770,131,512	79,258,940	1,693,901,142
<i>Balance, January 1, 2024</i>	1,611,648	838,657,078	4,241,964	770,131,512	79,258,940	1,693,901,142
Additions	387	10,881,902	89,899	17,159,362	75,071,327	103,202,877
Transfer (from) / to	-	13,787,952	75,760	54,857,683	(68,721,395)	-
Effects of the merger by acquisition of TRION TEL	-	9,973,502	4,275	13,685,597	-	23,663,374
Transfer (from) / to intangible assets	-	-	-	-	(2,542,270)	(2,542,270)
Write-offs and disposals	-	-	(50,043)	(11,324,860)	(209,053)	(11,583,956)
Dismantlement	-	-	-	(640,991)	(9,066)	(650,057)
Reclassification to assets held for sale	-	(999,696)	-	(443,587)	(1,216,775)	(2,660,058)
Other changes	-	5,691	-	(5,491)	(200)	-
Balance, December 31, 2024	1,611,648	859,249,732	4,277,002	808,109,821	75,868,976	1,749,117,179
Accumulated Amortization						
<i>Balance, January 1, 2023</i>	-	565,793,782	3,351,754	513,513,086	-	1,082,658,622
Amortization expense	-	8,594,641	476,936	44,745,624	-	53,817,201
Transfer to non-monetary contribution	-	(45,549,763)	-	(3,148,908)	-	(48,698,671)
Write-offs and disposals	-	(113,673)	(306,009)	(35,084,292)	-	(35,503,974)
Dismantlement	-	-	-	(609,802)	-	(609,802)
Reclassification to assets held for sale	-	-	-	(290,748)	-	(290,748)
Other changes	-	(3,097)	-	(2,217)	-	(5,314)
Balance, December 31, 2023	-	528,721,890	3,522,681	519,122,743	-	1,051,367,314
<i>Balance, January 1, 2024</i>	-	528,721,890	3,522,681	519,122,743	-	1,051,367,314
Amortization expense	-	8,248,735	351,705	48,299,457	-	56,899,897
Effects of the merger by acquisition of TRION TEL	-	1,739,420	3,040	4,238,597	-	5,981,057
Write-offs and disposals	-	-	(49,872)	(10,310,701)	-	(10,360,573)
Dismantlement	-	-	-	(650,057)	-	(650,057)
Reclassification to assets held for sale	-	(53,277)	-	(365,822)	-	(419,099)
Other changes	-	762	-	(762)	-	-
Balance, December 31, 2024	-	538,657,530	3,827,554	560,333,455	-	1,102,818,539
Net asset value						
December 31, 2024	1,612,035	333,648,899	534,301	283,085,770	81,631,508	700,512,513
December 31, 2023	1,611,648	309,935,188	719,283	251,008,769	79,258,940	642,533,828

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

13. PROPERTY AND EQUIPMENT (Continued)

Fixed assets under construction as at December 31, 2024, are mainly related to the purchased telecommunication equipment not yet placed into use. As at December 31, 2024, there were no encumbrances on and restrictions to the Company's titles and ownership rights over property and equipment. Contractually agreed but not yet realized liabilities of the Company for capital expenditures totalled BAM 40,198,332 as at December 31, 2024 (December 31, 2023: BAM 59,409,468).

During the reporting period, the Company activated own work capitalised within property and equipment in the amount of BAM 21,086,054.

14. RIGHT-OF USE ASSETS

	In BAM	
	December 31, 2024 and FY 2023	
	Land and buildings	Vehicles
<i>Balance, January 1, 2023</i>	36,481,160	-
Additions	11,264,691	-
Depreciation/amortization	(12,340,102)	-
Modification of the lease	(385,651)	-
Derecognition gains	-	-
<i>Balance, December 31, 2023</i>	35,020,098	-
<i>Balance, January 1, 2024</i>	35,020,098	-
Additions	191,994,658	113,544
Depreciation/amortization	(31,720,524)	(8,545)
Modification of the lease	3,028,434	-
Derecognition gains	186,321	-
<i>Balance, December 31, 2024</i>	198,508,987	104,999

As part of its regular business activities, the Company leases various lease items, the most important of which are: commercial premises for sales points, land, and facilities for accommodating telecommunication equipment. In assessing the liabilities for leased assets, the Company also took into consideration the potential exposure to variable lease payments, extension options, termination leases, residual value guarantees and leases that have not yet commenced, but the lessee has committed to them. Variable lease payments are contracted in order to reflect fluctuating prices on the market. The Company has no significant lease agreements that have specific limitations or contractual obligations.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

15. INVESTMENTS IN SUBSIDIARIES

Equity investments in subsidiaries in the total amount of BAM 239,701,599 are related to subsidiaries: *Logosoft Ltd* Sarajevo, Bosnia and Herzegovina; *Blicnet Ltd* Banja Luka, Bosnia and Herzegovina, *Financ Ltd* Banja Luka, Bosnia and Herzegovina.

Logosoft Ltd Sarajevo, Bosnia and Herzegovina

The Company owns 100% of equity interest in *Logosoft Ltd* Sarajevo.

The subsidiary *Logosoft Ltd* Sarajevo was incorporated in 1995 as an information engineering company. Initially, it provided ICT system integration services and two years after the incorporation it became the first Internet provider in Bosnia and Herzegovina. Presently, the subsidiary provides Internet access, telephony, and TV services, computer equipment sales, as well as services in system integration, education, and consulting services in the field of information technologies.

Blicnet Ltd Banja Luka, Bosnia and Herzegovina

The Company owns 100% of equity interest in *Blicnet Ltd* Banja Luka.

The subsidiary *Blicnet Ltd* Banja Luka was incorporated in 1992. It is one of the leading cable operators in Bosnia and Herzegovina that provides cable TV, Internet, fixed and mobile network services, as well as system integration services.

Financ Ltd Banja Luka, Bosnia and Herzegovina

The Company owns 100% of equity interest in *Financ Ltd* Banja Luka.

The subsidiary *Financ Ltd* Banja Luka was incorporated in 2002. It is engaged in the mediation in the sale of e-top-up, and scratch vouchers, USB modems and conclusion of contracts with potential users of Mtel services. It additionally provides the processing services.

TRION TEL Ltd Banja Luka, Bosnia and Herzegovina

During the reporting period, the Company owned 100% of equity interest in *TRION TEL Ltd* Banja Luka, Bosnia and Herzegovina. The purchase and sale agreement with *TRION TEL Ltd* Banja Luka was concluded on July 17, 2023. On July 27, the Agreement on the transfer of 100% ownership interest in the company was concluded, which serves as the basis for registering the change of ownership in the business entity register of *TRION TEL Ltd* Banja Luka, making Mtel JSC Banja Luka the owner of 100% ownership interest in *TRION TEL Ltd* Banja Luka. The subsidiary *TRION TEL Ltd* Banja Luka was incorporated in 2015 and provides internet access services via wired infrastructure. By the decision of the District Court in Banja Luka, on February 27, 2024, a status change of merger by acquisition was registered in the business entity register, merging the subsidiary *TRION TEL Ltd* Banja Luka into the parent company Mtel JSC Banja Luka. The entire assets of *TRION TEL Ltd* Banja Luka, including rights and obligations, were transferred to the acquiring company, Mtel JSC Banja Luka, and the merged company ceased to exist without undergoing a liquidation process.

16. INVESTMENTS IN ASSOCIATES

Investments in associates amounting to BAM 183,610,709 relate to the cost of investments in the companies *MTEL Ltd* Podgorica and *MTEL Global Ltd* Belgrade.

As at December 31, 2024, the Company held a 49% of equity interest in *MTEL Ltd* Podgorica, Montenegro, and a 41% of equity interest in *MTEL Global Ltd* Belgrade, the Republic of Serbia, which are involved in the provision of telecommunication services.

The total investment in *MTEL Ltd* Podgorica, after the initially agreed amount for the purchase of 49% of shares made on February 1, 2010, subsequent recapitalizations, as well as other costs directly related to the above-mentioned transaction, and the entry of non-monetary and monetary contribution made, amounts to BAM 143,565,421.

The total investment into *MTEL Global Ltd* Belgrade, Serbia, after making a non-monetary contribution in the form of a right to a 100% equity interest in Mtel Austria GmbH, based on which the Company became the owner of 41% interest, and a recapitalization, amounts to BAM 40,045,288.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

17. LONG-TERM RECEIVABLES AND LOANS

	In BAM	
	December 31, 2024	December 31, 2023
Long-term loans to employees	66,771	66,771
Less: Current portion of long-term loans due within one year (Note 25)	(66,771)	(66,771)
	-	-
Other long-term loans	128,693	163,011
Less: Current portion of long-term loans due within one year (Note 25)	(34,318)	(34,318)
	94,375	128,693
Long-term loans to related parties	1,169,971	1,718,084
Less: Current portion of long-term loans due within one year (Note 25)	(945,599)	(945,599)
	224,372	772,485
Long-term time deposits	32,000,000	1,500,000
Less: Short-term time deposits	(32,000,000)	(1,200,000)
	-	300,000
Total long-term receivables and loans	318,747	1,201,178
Less: Accumulated impairment allowance:		
- impairment allowance of other long-term loans	(5,048)	(8,079)
	313,699	1,193,099

18. OTHER INVESTMENTS

		In BAM	
	Interest	December 31, 2024	December 31, 2023
<i>Financial assets measured at amortized cost:</i>			
- Centre for International Law and International Business Cooperation Ltd. Banja Luka	22.97%	400	400
		400	400

19. CAPITALIZED CONTRACT COSTS

	In BAM	
	December 31, 2024	December 31, 2023
Cost		
Balance, 1 January	17,762,627	18,338,938
Contracts acquired in the business year	6,629,895	7,936,122
Derecognition based on contract expiration/termination	(9,588,578)	(8,512,433)
Balance, end of year	14,803,944	17,762,627
Accumulated amortization/depreciation		
Balance, 1 January	9,233,786	8,489,809
Amortization/depreciation charge	8,126,252	9,256,331
Derecognition based on contract expiration/termination	(9,588,578)	(8,512,354)
Balance, end of year	7,771,460	9,233,786
Net asset value	7,032,484	8,528,841

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

20. INVENTORIES

	In BAM	
	December 31, 2024	December 31, 2023
Material	3,800,610	3,430,787
Goods	485,496	129,987
Material for combined services	13,699,805	10,565,435
Advances paid for inventories	641,422	992,759
	18,627,333	15,118,968

21. ASSETS HELD FOR SALE

	December 31, 2024	December 31, 2023
Cost		
<i>Balance, 1 January</i>	-	1,204
Reclassification of assets	2,240,959	63,929
Additions	8,485	-
<i>Alienation of assets</i>	(1,402,402)	(65,133)
Balance, end of year	847,042	-
Accumulated amortization/depreciation		
<i>Balance, 1 January</i>	-	419
<i>Fair market value adjustment</i>	853,044	
<i>Alienation of assets</i>	(15,681)	(419)
Balance, end of year	837,363	-
Net asset value	9,679	-

22. TRADE RECEIVABLES

	In BAM	
	December 31, 2024	December 31, 2023
<i>Trade receivables:</i>		
- related parties (Note 39 (a))	41,221,148	298,668,075
- domestic	138,639,617	127,564,788
- foreign	607,909	744,242
Gross trade receivables	180,468,674	426,977,105
<i>Less: Impairment allowance of trade receivables for expected credit losses</i>	(65,306,704)	(63,229,573)
	115,161,970	363,747,532

The Company's total gross trade receivables as at December 31, 2024, amounts to BAM 115,161,970. The Company used a simplified approach in recognition of the lifetime expected losses for trade receivables and other receivables not containing a significant financing component, by grouping those per different customer characteristics and historical loss trends.

The total amount of the impairment allowance of trade receivables as at December 31, 2024, amounts to BAM 65,306,704 and represents 36.19% of the total gross value of trade receivables. The movements in the allowance for impairment of receivables are shown in Note 24 to the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

23. OTHER RECEIVABLES

	In BAM	
	December 31, 2024	December 31, 2023
Dividend receivables	3,370,000	3,370,000
Other receivables	6,270,836	2,390,101
	9,640,836	5,760,101
<i>Less: Impairment allowance of other receivables</i>	(678,349)	(430,326)
	8,962,487	5,329,775

24. IMPAIRMENT OF FINANCIAL ASSETS

	In BAM		
	From January 1 to December 31, 2024 and FY 2023		
	Trade receivables (Note 22)	Other receivables (Note 23)	Total
<i>Balance, January 1, 2023</i>	61,924,467	415,122	62,339,589
Adjustments during the year debited to income	2,444,451	-	2,444,451
Write-off of receivables	(1,124,141)	-	(1,124,141)
Other	(15,204)	15,204	-
<i>Balance, December 31, 2023</i>	63,229,573	430,326	63,659,899
<i>Balance, January 1, 2024</i>	63,229,573	430,326	63,659,899
Adjustments during the year debited to income	2,843,362	69,902	2,913,264
Write-off of receivables	(605,285)	-	(605,285)
Effects of the merger by acquisition of <i>TRION TEL</i>	17,175	-	17,175
Other	(178,121)	178,121	-
<i>Balance, December 31, 2024</i>	65,306,704	678,349	65,985,053

25. DEPOSITS AND LOAN RECEIVABLES

	In BAM	
	December 31, 2024	December 31, 2023
Short-term deposits	32,000,000	1,200,000
Loans to employees due within one year (Note 17)	66,771	66,771
Loans to related parties due within one year (Note 17)	945,599	945,599
Other loans due within one year (Note 17)	34,318	34,318
	33,046,688	2,246,688

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

26. PREPAYMENTS

	In BAM	
	December 31, 2024	December 31, 2023
Accrued receivables	8,613,051	6,851,713
Contractual assets	329,759	2,673,790
Prepaid expenses	1,893,124	2,053,918
Deferred input and output advance invoices for the purpose of VAT calculation	3,140,155	3,299,439
	13,976,089	14,878,860

Accrued receivables mostly, in the amount of BAM 7,418,368 relate to the estimates of the international traffic and roaming, which was performed in accordance with the internal calculation of the traffic realized and calculation received from the clearing house.

Contractual assets represent the Company's entitlement to considerations in exchange for goods or services the Company transferred to the customer, when the entitlement is dependent on factors other than the passage of time (e.g., delivery of other elements of the contract). The Company recognizes contractual assets mainly from the contract under which the devices are delivered at a specific time as part of the package with services rendered over time.

27. CASH AND CASH EQUIVALENTS

	In BAM	
	December 31, 2024	December 31, 2023
Bank accounts	20,851,528	18,379,826
Foreign currency accounts	5,799,278	1,529,736
Cash on hand	31,065	40,312
Cash equivalents	100,000	100,000
	26,781,871	20,049,874

28. EQUITY

Share Capital

The Company's share capital structure (as per the Book of Shareholders maintained by the Republic of Srpska Central Registry of Securities, Banja Luka) as at December 31, 2023, and December 31, 2023, was as follows:

	December 31, 2024		December 31, 2023	
	Number of shares	Interest in %	Number of shares	Interest in %
Telekom Srbija JSC Belgrade, Serbia	319,428,193	65.01	319,428,193	65.01
RS Pension and Disability Insurance Fund JSC, Banja Luka	40,984,201	8.34	40,984,201	8.34
RS Restitution Fund JSC Banja Luka	24,715,439	5.03	24,715,439	5.03
DUIF Kristal invest JSC – OAIF Future Fund	8,361,604	1.70	9,227,234	1.88
Other shareholders	97,894,318	19.92	97,028,688	19.74
	491,383,755	100	491,383,755	100

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

28. EQUITY (Continued)

The Company's share capital in the amount of BAM 491,383,755 is fully paid in and divided into 491,383,755 ordinary shares, each with the nominal value of BAM 1. All shares are of the same class with equal rights, ordinary shares, and registered in the name of the holder. Each share entails the right to one vote.

The Company's shares are listed on Banja Luka Stock Exchange in Republic of Srpska (active, but insufficiently developed financial market). The market value of one share as at December 31, 2024, amounts to BAM 1.15 (December 31, 2023: BAM 1.19). Earnings and dividend per share are disclosed in *Note 40* to the separate financial statements.

Mandatory Reserves

Mandatory reserves as at December 31, 2024, amounting to BAM 49,141,766 represent allocations from profit made pursuant to Article 231 of the Company Law in the amount of no less than 5% of the net profit for the year less prior year losses until such reserves, until together with equity reserves, reach the level equivalent to 10% of the Company's total share capital or greater portion of the share capital defined by Company Statute.

Mandatory reserves are used for loss absorption and if they exceed 10% of the share capital or greater portion of the share capital defined by Company Statute thereof, they may be utilized to increase the registered capital.

Other Reserves

Other reserves of the Company as of December 31, 2024, amount to BAM 371,913,907. The amount of BAM 97,791,500 pertains to the reserves formed in 2008 based on the execution of the commitment to invest undertaken by the majority owner (Telekom Srbija JSC Belgrade), as the purchaser of the majority block of the Company's shares. On June 19, 2024, the Shareholders' Assembly passed a Decision on the distribution of profit from 2023, based on which the amount of BAM 274,122,407 was allocated to other reserves.

29. BORROWINGS AND OTHER LONG-TERM LIABILITIES

	In BAM	
	December 31, 2024	December 31, 2023
a) Long-term borrowings:		
- cash borrowings	130,345,544	170,674,638
- borrowings for purchases of equipment	54,718,518	67,049,460
	185,064,062	237,724,098
b) Other long-term liabilities	1,566,627	2,511,126
Total long-term liabilities	186,630,689	240,235,224
<i>Less: Current portion of long-term liabilities:</i>		
- cash borrowings	(44,041,042)	(41,506,337)
- borrowings for the purchases of equipment	(27,363,547)	(32,323,708)
- other long-term liabilities	(1,030,854)	(1,105,477)
Total current portion of long-term liabilities	(72,435,443)	(74,935,522)
	114,195,246	165,299,702

The average interest rate accrued on long-term borrowings for the purchase of equipment equals six-month EURIBOR increased by the margin ranging from 0.5% to 3.0% per annum (2023: six-month EURIBOR increased by the margin ranging from 0.5% to 3.0% per annum). The interest rate applied to cash loan is in accordance with the current market conditions. Other long-term liabilities are mostly related to the financial liabilities at amortized cost.

The contractual currency for all loans, except for loans granted by the Government of the Kingdom of Spain, and national banks and suppliers, is EUR.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

29. BORROWINGS AND OTHER LONG-TERM LIABILITIES (Continued)

The Company settles its liabilities arising from borrowings according to the contractually defined repayment schedules. The Company complies with all other loan agreement provisions. There has been no non-compliance that could give rise to any creditor demanding early loan repayment.

Maturities of long-term borrowings are presented in the following table:

	In BAM	
	December 31, 2024	December 31, 2023
Current portions	72,435,443	74,935,522
From 1 to 2 years	61,202,112	66,215,964
From 2 to 3 years	41,746,468	54,421,178
From 3 to 4 years	6,489,751	36,789,507
From 4 to 5 years	3,633,958	3,438,257
Over 5 years	1,122,957	4,434,796
Total non-current portion of borrowings	114,195,246	165,299,702
	186,630,689	240,235,224

30. LEASE LIABILITIES

	In BAM	
	December 31, 2024 and FY 2023	
	Land and buildings	Vehicles
<i>Balance, January 1, 2023</i>	38,103,386	-
New additions	11,264,691	-
Interest expense for right-of-use assets (<i>Note 11</i>)	931,016	-
Modification of the lease	(755,547)	-
Liability closing	(12,898,956)	-
Balance, December 31, 2023	36,644,590	-
<i>Balance, January 1, 2024</i>	36,644,590	-
New additions	191,994,658	113,544
Interest expense for right-of-use assets (<i>Note 11</i>)	8,785,719	1,742
Modification of the lease	3,045,972	-
Liability closing	(39,035,174)	(9,485)
Balance, December 31, 2024	201,435,765	105,801
<i>Less: Current portion of long-term leases due within one year</i>	(28,295,372)	(32,719)
Balance, December 31, 2024	173,140,393	73,082

The Company recognised the liabilities for right-of-use assets in accordance with IFRS 16, based on which a liability is measured at the present value of all lease payments that were not made on the recognition date.

The Company used the interest rate on the liabilities for right-of-use assets that the Company would have paid as a lessee if it had borrowed funds, within similar period and with similar guarantees, necessary for the purchase of assets that have a similar value as the right-of-use assets in a similar economic environment.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

31. LIABILITIES FOR TV CONTENT DISTRIBUTION RIGHTS

In BAM	
	December 31, 2023
	December 31, 2024
Liabilities for TV content distribution rights	45,596,095
Less: Current portion of long-term liabilities for TV content distribution rights	(26,346,463)
	19,249,632
	43,819,867

In BAM	
	December 31, 2023
	December 31, 2024
Current portions	26,346,463
From 1 to 2 years	14,434,100
From 2 to 3 years	3,941,650
From 3 to 4 years	436,941
From 4 to 5 years	436,941
Over 5 years	-
Total non-current portion of liabilities	19,249,632
	45,596,095
	74,057,009

32. DEFERRED INCOME

In BAM	
	December 31, 2023
	December 31, 2024
Grants received	12,367
Less: Current portion of deferred income	(12,367)
	-
	-

Movements on deferred income for the year ended December 31, 2024 and FY 2023 were as follows:

In BAM	
	For the year ended December 31, 2023
	For the year ended December 31, 2024
Balance, January 1	24,734
Decrease credited to other income	(12,367)
Balance, end of year	12,367
	-

33. EMPLOYEE BENEFITS

In BAM	
	December 31, 2023
	December 31, 2024
Employee benefits	5,658,134
- non-current portion	1,195,550
- current portion	6,853,684
	6,857,781

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

33. EMPLOYEE BENEFITS (Continued)

Long-term provisions for employee benefits as at December 31, 2024 in the amount of BAM 6,857,781 relate to the non-current and current provisions formed based on the calculation of present value of accumulated employee entitlements to retirement benefits and jubilee awards in accordance with IAS 19 "Employee Benefits".

Costs associated with the retirement benefits and jubilee awards are determined using the projected unit credit method, with actuarial calculation performed as at the date of the financial position statement.

Accordingly, the Company has hired a certified actuary to perform the calculation of the present value of accumulated rights to retirement benefits and jubilee awards as at December 31, 2023 on behalf of the Company. When calculating the present value of these accumulated rights to retirement benefits and jubilee awards, the authorized actuary used the following assumptions: a discount rate of 4% per annum, projected short-term salary growth rate of 6%, projected years of service for retirement 40 years for men and 35 for women, the projected staff turnover on the basis of historical data on the movement of employees in the past, officially published mortality rates and other conditions necessary for exercising the right to retirement benefits and jubilee awards. As at December 31, 2024, demographic assumptions changed. The effects of changes in these assumptions are recognized as an actuarial gain in the statement of other comprehensive income.

Number of monthly salaries for jubilee awards are shown in the table below:

Number of years spent with the Company	Number of salaries
10	1
20	1.5
30	2

Movements on long-term liabilities for employee benefits for the year ended December 31, 2024 and FY 2023 were as follows:

	In BAM Period from January 1 to December 31, 2024, and FY 2023
Balance, January 1, 2023	6,840,413
Charge for the year	856,144
Actuarial gains/losses	(291,573)
Payments during the year	(551,300)
	6,853,684
Less: Current portion of long-term benefits due within one year	(1,195,550)
Balance, December 31, 2023	5,658,134
Balance, January 1, 2024	6,853,684
Charge for the year	934,953
Actuarial gains/losses	(551,440)
Payments during the year	(385,066)
Effects of the merger by acquisition of TRION TEL	5,650
	6,857,781
Less: Current portion of long-term benefits due within one year	(479,289)
Balance, December 31, 2024	6,378,492

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

34. PROVISIONS

	In BAM	
	For the year ended December 31, 2024	For the year ended December 31, 2023
<i>Balance, January 1</i>	438,602	49,106
Provisions for litigations	858,379	400,296
Proceeds from the reversal of provisions for litigations	(22,106)	(10,100)
Reversal of provisions for litigations	(9,896)	(700)
<i>Balance, end of year</i>	1,264,979	438,602

35. TRADE PAYABLES

	In BAM	
	December 31, 2024	December 31, 2023
<i>Trade payables:</i>		
- related parties (Note 39(a))	8,219,884	40,587,069
- domestic	66,758,746	78,486,175
- foreign	14,737,095	31,580,962
- for uninvoiced investments and services	14,762,215	14,801,438
	104,477,940	165,455,644

Trade payables are non-interest bearing. The average days payable outstanding for the year ended December 31, 2024 were 150 days (2023: 230 days).

The ageing structure of trade payables as at December 31, 2024 and December 31, 2023 was as follows:

	In BAM	
	December 31, 2024	December 31, 2023
From 0 to 30 days	29,999,666	90,578,517
From 31 to 60 days	16,677,215	14,289,731
From 61 to 120 days	12,877,561	9,682,492
From 121 to 180 days	9,298,340	8,937,951
From 181 to 270 days	5,078,228	9,856,691
From 271 to 360 days	30,546,930	32,110,262
	104,477,940	165,455,644

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

36. ACCRUALS

	In BAM	
	December 31, 2024	December 31, 2023
Deferred income – sales of prepaid top-ups	4,389,819	4,261,674
Accrued liabilities – international traffic	11,830,190	10,046,852
Accrued liabilities – media content distribution/broadcasting	8,815,316	10,204,149
Accrued liabilities per other expenses of the period	9,237,093	12,025,821
Accrued VAT liabilities on advance invoices	2,786,532	2,953,602
Other accruals	186,462	190,531
	37,245,412	39,682,629

Accrued liabilities for international traffic totalling BAM 11,830,190 as at December 31, 2024 mostly relate to cost estimates of international settlements realized with related parties.

Accrued liabilities per other expenses amounting to BAM 9,237,093 as at December 31, 2024 represent expenses of the current period for which there were sufficient information on their existence and inception yet the Company had not received the final invoices for services or goods received until these separate financial statements' preparation date.

37. OTHER LIABILITIES

	In BAM	
	December 31, 2024	December 31, 2023
Advances and prepayments received from customers	1,134,022	1,117,525
Taxes and customs duties charged to expenses	256,557	548,409
Value added tax payable	1,217,059	1,788,993
Liabilities to employees	7,585,467	7,212,605
Liabilities for acquiring equity interest	-	1,434,168
Other liabilities	3,177,222	1,946,572
	13,370,327	14,048,272

38. INCOME TAXES

(a) Components of Income Taxes

	In BAM For the year ended December 31,	
	2024	2023
Current tax expense	3,313,852	33,783,818
Deferred tax income - increase in deferred tax assets	(38,358)	(897,372)
Deferred tax expense - increase in deferred tax liabilities	6,306,396	4,755,107
	9,581,890	37,641,553

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

38. INCOME TAXES (Continued)

(b) Reconciliation between Tax Expense and the product of the Accounting Results and Statutory Tax Rate

	In BAM For the year ended December 31,	
	2024	2023
<i>Profit before tax</i>	89,700,343	370,031,546
Income taxes calculated at the rate of 10%	8,970,034	37,003,155
<i>Adjustments expenses/income for:</i>		
- non-taxable income effects	(6,471,595)	(4,938,075)
- non-deductible costs effects	815,413	1,718,738
- temporary differences effects	6,268,038	3,857,735
<i>Income tax expense</i>	9,581,890	37,641,553
<i>Effective tax rate for the year</i>	10.68%	10.17%

(c) Deferred Tax Assets

	In BAM Year ended December 31, 2024		Year ended December 31, 2023
Temporary differences:			
<i>Balance, January 1</i>	1,395,541		498,169
Increase of deferred tax assets during the year	38,358		897,372
<i>Balance, end of the year</i>	1,433,899		1,395,541

(d) Deferred Tax Liabilities

	In BAM Year ended December 31,, 2024		Year ended December 31, 2023
Temporary differences:			
<i>Balance, January 1</i>	(11,735,920)		(6,980,812)
Effects of the merger by acquisition of <i>TRION TEL</i>	(1,641,692)		-
Deferred tax liabilities arising from the measurement of property and equipment for tax purposes	(6,306,396)		(4,755,107)
<i>Balance, end of the year</i>	(19,684,008)		(11,735,919)

(e) Current tax receivables

	In BAM December 31, 2024		December 31, 2023
Receivables for overpaid income tax	3,566,422		-
Liabilities for the current income tax	-		27,588,643
<i>Balance, end of the year</i>	3,566,422		27,588,643

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

39. RELATED PARTY TRANSACTIONS

The majority owner of the Company is Telekom Srbija JSC Belgrade, whose majority shareholder is the Republic of Serbia. The following table presents the receivables and payables arising from the related party transactions:

(a) STATEMENT OF FINANCIAL POSITION

December 31, 2024

In BAM

	Parent company	Subsidiaries	Associates	Other related parties	TOTAL
TV content distribution rights	36,181,845	-	-	-	36,181,845
Total non-current assets	36,181,845	-	-	-	36,181,845
Trade receivables	11,156,911	18,441,170	10,640,949	982,118	41,221,148
Interest receivables	-	-	89,359	-	89,359
Dividend receivables	-	3,370,000	-	-	3,370,000
Calculated, uninvoiced income from international settlements	5,868,821	69,801	1,350,402	27,936	7,316,960
Long-term loans	-	224,371	-	-	224,371
Other long-term receivables	25,416,450	-	-	-	25,416,450
Short-term loans	-	945,599	-	-	945,599
Other short-term receivables	-	44,961	-	-	44,961
Total receivables	42,442,182	23,095,902	12,080,710	1,010,054	78,628,848
Total	78,624,027	23,095,902	12,080,710	1,010,054	114,810,693
Trade payables	(3,499,017)	(290,580)	(3,191,867)	(1,238,420)	(8,219,884)
Interest payables	(8,339)	-	-	-	(8,339)
Dividend payables	-	-	-	-	-
Calculated (estimated) expenses	(10,677,181)	(733,323)	(2,185,988)	(841,891)	(14,438,383)
Long-term loans	(189,730)	-	-	-	(189,730)
Short-term loans	(237,994)	-	-	-	(237,994)
Payables for TV content distribution rights	(36,259,705)	-	-	(866,755)	(37,126,460)
Other payables	-	(317,381)	-	-	(317,381)
Total payables	(50,871,966)	(1,341,284)	(5,377,855)	(2,947,066)	(60,538,171)
Net	27,752,061	21,754,618	6,702,855	(1,937,012)	54,272,522

December 31, 2023

In BAM

	Parent company	Subsidiaries	Associates	Other related parties	TOTAL
TV content distribution rights	5,003,245	-	-	16,242,075	21,245,320
Total non-current assets	5,003,245	-	-	16,242,075	21,245,320
Trade receivables	271,419,950	16,041,400	8,927,727	2,278,998	298,668,075
Interest receivables	-	-	89,359	-	89,359
Dividend receivables	-	3,370,000	-	-	3,370,000
Calculated, uninvoiced income from international settlements	4,482,029	135,873	1,068,500	2,819	5,689,221
Long-term loans	-	772,485	-	-	772,485
Other long-term receivables	41,021,372	-	-	-	41,021,372
Short-term loans	-	945,599	-	-	945,599
Other short-term receivables	-	44,961	-	-	44,961
Total receivables	316,923,351	21,281,313	10,085,586	2,281,817	350,572,067
Total	321,926,596	21,281,313	10,085,586	18,523,892	371,817,387
Trade payables	(32,748,436)	(3,037,202)	(2,011,120)	(2,790,311)	(40,587,069)
Interest payables	(3,709)	-	-	-	(3,709)
Dividend payables	(88,866,440)	-	-	-	(88,866,440)
Calculated (estimated) expenses	(13,328,413)	(302,096)	(2,462,396)	(627,045)	(16,719,950)
Long-term loans	(204,190)	-	-	-	(204,190)
Short-term loans	(163,483)	-	-	-	(163,483)
Payables for TV content distribution rights	(19,109,967)	-	-	(9,345,815)	(28,455,782)
Other payables	-	(301,409)	-	-	(301,409)
Total payables	(154,424,638)	(3,640,707)	(4,473,516)	(12,763,171)	(175,302,032)
Net	167,501,958	17,640,606	5,612,070	5,760,721	196,515,355

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

39. RELATED PARTY TRANSACTIONS (Continued)

(b) STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2024

In BAM

	Parent Company	Subsidiaries	Associates	Other related parties	TOTAL
Sales of goods and services	14,920,245	14,633,144	2,541,380	39,203	32,133,972
Interest income	2,519,103	35,853	-	-	2,554,956
Dividend income	-	1,000,000	-	-	1,000,000
Other operating income	-	590,857	-	-	590,857
Total income	17,439,348	16,259,854	2,541,380	39,203	36,279,785
Costs from related party transactions	(38,131,811)	(6,957,620)	(1,615,882)	(8,092,207)	(54,797,520)
Total expenses	(38,131,811)	(6,957,620)	(1,615,882)	(8,092,207)	(54,797,520)
Net income/expenses	(20,692,463)	9,302,234	925,498	(8,053,004)	(18,517,735)

Year ended December 31, 2023

In BAM

	Parent Company	Subsidiaries	Associates	Other related parties	TOTAL
Sales of goods and services	12,078,210	10,400,953	500,011	1,887,926	24,867,100
Interest income	-	56,476	-	-	56,476
Dividend income	-	-	-	-	-
Other operating income	-	260,908	-	-	260,908
Total income	12,078,210	10,718,337	500,011	1,887,926	25,184,484
Costs from related party transactions	(16,980,392)	(4,671,989)	306,101	(1,217,927)	(22,564,207)
Total expenses	(16,980,392)	(4,671,989)	306,101	(1,217,927)	(22,564,207)
Net income/expenses	(4,902,182)	6,046,348	806,112	669,999	2,620,277

	In BAM Year ended	
	December 31, 2024	December 31, 2023
Short-term remunerations to key management personnel:		
- Executive Board	(1,031,996)	(906,741)
- Management Board	(336,235)	(322,605)
- Audit Committee	(116,338)	(110,484)
	(1,484,569)	(1,339,830)

The key management personnel are not entitled to the additional long-term employee benefits or termination benefits other than those disclosed in Note 3.16.

Related party transactions were performed under the same, or similar, commercial terms and conditions that are applied to the transactions with other legal entities. On the date of compiling these financial statements, the Group did not have any expected credit losses based on which the impairment of receivables from related parties would be made.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

40. EARNINGS AND DIVIDEND PER SHARE

	In BAM Year ended December 31,	
	2024	2023
Net profit for the period	80,118,453	332,389,993
Weighted average number of shares outstanding	491,383,755	491,383,755
Earnings per share (basic and diluted)	0.1630	0.6764

Liabilities for the remaining unpaid dividends to the shareholders as at December 31, 2024, amounted to BAM 3,648,233 (December 31, 2023: BAM 92,353,568).

41. CONTINGENT LIABILITIES

Litigations

The Company appears occasionally as a defendant in legal suits filed against it by private individuals and legal entities. The estimated contingent liabilities arising from lawsuits filed against the Company as at December 31, 2024 totalled BAM 50,906,051 not including effects of penalty interest and court expenses.

The most significant court proceeding is the one which involves *Crumb group* Ltd Bijeljina as a plaintiff amounting to BAM 42 million. The Company's management uses legal advisory services in this case, based on which it believes that the probability of negative outcome for the Company is very remote, given that the above-mentioned lawsuit is lacking in merit.

The above-mentioned belief that the claim directed against the Company is unfounded relies on the fact that in this suit, within legally prescribed proceedings, the competent courts have already established that there had been no unlawfulness on the part of the Company. Management further expects that the ruling in this dispute will not significantly or materially hinder the financial operations of the Company. Based on the above-mentioned facts, the Company has not recorded provisions for the said legal suit nor does it consider any further disclosures in respect thereof necessary.

The Company's management estimates no material losses, above the amount for which provision has already been made, will arise from the outcomes of the pending litigations.

42. EFFECTS OF THE MERGER BY ACQUISITION

As disclosed in Note 1 to the unconsolidated financial statements, by the decision of the District Court in Banja Luka, on February 27, 2024, a status change of merger by acquisition was registered in the business entity register, merging the subsidiary *TRION TEL* Ltd Banja Luka into the parent company Mtel JSC Banja Luka. The entire assets of *TRION TEL* Ltd Banja Luka, including rights and obligations, were transferred to the acquiring company, Mtel JSC Banja Luka, and the merged company ceased to exist without undergoing a liquidation process.

Acquired assets and liabilities of the subsidiary *TRION TEL* Ltd Banja Luka on the date of the status change of the merger by acquisition on February 27, 2024, are shown in the unconsolidated report on the financial position of the company Mtel JSC as follows:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

42. EFFECTS OF THE MERGER BY ACQUISITION (Continued)

	In BAM, February 27, 2024			
	Mtel JSC	TRION TEL Ltd	Elimination	Mtel JSC after the merger by acquisition
ASSETS				
Long-term assets				
Intangible assets	102,922,457	9,863	-	102,932,320
Property and equipment	634,555,952	1,378,336	16,303,981	652,238,269
Right-of-use assets	191,781,242	-	-	191,781,242
Investments in subsidiaries	256,271,579	-	(16,569,980)	239,701,599
Investments in associates	183,610,709	-	-	183,610,709
Long-term receivables and loans	1,096,580	-	-	1,096,580
Other investments	400	-	-	400
Long-term assets based on the acquisition of contracts with customers	8,247,090	-	-	8,247,090
Other long-term receivables and assets	41,346,171	-	-	41,346,171
Deferred tax assets	1,395,541	-	-	1,395,541
	1,421,227,721	1,388,199	(265,999)	1,422,349,921
Current assets				
Inventories	15,173,808	4,035	(13)	15,177,830
Trade receivables	244,473,033	197,033	(24,658)	244,645,408
Receivables for overpaid income tax	-	1,200	-	1,200
Other receivables	5,269,894	8,064	-	5,277,958
Deposits and loan receivables	2,246,688	-	-	2,246,688
Prepayments	12,551,666	5,132	-	12,556,798
Cash and cash equivalents	57,401,928	318,308	-	57,720,236
	337,117,017	533,772	(24,671)	337,626,118
Total assets	1,758,344,738	1,921,971	(290,670)	1,759,976,039
EQUITY AND LIABILITIES				
Equity				
Share capital	491,383,755	2,228,301	(2,228,301)	491,383,755
Mandatory reserves	49,141,766	-	-	49,141,766
Revaluation reserves – actuarial gains (losses)	273,537	-	-	273,537
Other reserves – reserves arising on the commitment to invest	97,791,500	-	-	97,791,500
Retained earnings	383,928,619	(431,865)	328,285	383,825,039
	1,022,519,177	1,796,436	(1,900,016)	1,022,415,597
Long-term liabilities and provisions				
Borrowings and other long-term liabilities	154,724,847	-	-	154,724,847
Lease liabilities	169,229,376	-	-	169,229,376
Liabilities for TV content distribution rights	16,564,402	-	-	16,564,402
Employee benefits	5,610,098	5,650	-	5,615,748
Provisions	438,602	-	-	438,602
Deferred tax liabilities	11,735,919	13,879	1,627,813	13,377,611
	358,303,244	19,529	1,627,813	359,950,586
Current liabilities				
Borrowings and other short-term liabilities	71,488,692	-	-	71,488,692
Lease liabilities	26,470,018	-	-	26,470,018
Liabilities for TV content distribution rights	24,779,573	-	-	24,779,573
Trade payables	108,309,284	54,239	(13,927)	108,349,596
Accruals	37,764,553	13,568	(4,540)	37,773,581
Employee benefits	1,195,550	-	-	1,195,550
Provisions	3,405,162	-	-	3,405,162
Deferred income	10,306	-	-	10,306
Dividend payable	61,011,609	-	-	61,011,609
Income taxes payables	27,327,141	-	-	27,327,141
Other liabilities	15,760,429	38,199	-	15,798,628
	377,522,317	106,006	(18,467)	377,609,856
Total equity and liabilities	1,758,344,738	1,921,971	(290,670)	1,759,976,039

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

42. EFFECTS OF THE MERGER BY ACQUISITION (Continued)

The total revenue of the subsidiary TRION TEL Ltd Banja Luka, generated from January 1, 2024, to February 27, 2024, and included in the unconsolidated report of the parent company Mtel JSC Banja Luka, amounts BAM 159,715, while the net loss amounts BAM 2,116.

Had the acquisition of the mentioned company occurred on January 1, 2024, the total revenue of Mtel JSC Banja Luka would have been higher by BAM 155,348, total expenses would have been higher by BAM 186,269, and the net profit of Mtel JSC Banja Luka would have been lower by BAM 31,469.

43. FINANCIAL INSTRUMENTS

43.1. Capital Risk Management

The Company manages capital risk to ensure the continuity of its business operations for an indefinite period in the foreseeable future and preserve optimal capital structure with a view to decrease the capital-related expenses and provide return on equity to its owners. The Company monitors capital based on the debt-to-equity ratio.

Management of the Company reviews the capital structure on need basis. Based on this review, the Company will balance its overall capital structure through new long-term investments as well as obtaining new borrowings or redemption of the existing debt. The Company's overall capital management strategy remains unchanged.

43.1.1. Debt-to-Equity Ratio

The Company's debt ratios as at the end of the year were as follows:

	In BAM	
	December 31, 2024	December 31, 2023
Debt (a)	186,630,689	240,235,224
Cash and cash equivalents	(58,781,871)	(21,249,874)
Net debt	127,848,818	218,985,350
Equity (b)	1,061,182,377	1,013,564,206
<i>Debt-to-equity ratio</i>	12.05%	21.61%

(a) Debt relates to long-term borrowings and current portion of long-term liabilities.

(b) Equity includes share capital, reserves and retained earnings

43.1.2. Significant Accounting Policies Regarding Financial Instruments

Significant accounting policies and adopted principles, including the recognition criteria, basis of measurement and recognition of income and expenses for each category of financial assets, financial liabilities, and equity, are set out in Note 3 to the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

43. FINANCIAL INSTRUMENTS (Continued)

43.2. Categories of Financial Instruments

Categories of financial instruments as at December 31, 2024 and December 31, 2023, are presented in the table below:

	In BAM	
	December 31, 2024	December 31, 2023
Financial assets measured at amortized cost	184,267,115	392,567,368
Financial liabilities at amortized cost	570,463,584	581,379,779

43.3. Objectives of Financial Risk Management

In its regular course of business, the Company is, to various extents, exposed to certain financial risks, such as market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The risk management in the Company is focused on minimizing the potential adverse effects on the Company's financial position and business operations, contingent on the volatility of the market. The accounting policies adopted by the Company regulate the risk management.

Over the year ended December 31, 2024, the Company did not enter into transactions with derivative instruments, such as interest rate swaps or forwards.

(1) Market Risk

(a) Foreign Exchange Risk

Although the Company performs a part of its transactions in foreign currencies, the Company's management believes that the Company is not significantly exposed to currency risk in transactions in the country and abroad, as it mostly performs its business operations in the local currency (BAM), as well as in EUR, against which the Convertible Mark has a fixed exchanged rate (EUR 1= BAM 1.95583).

Accordingly, the Company did not perform analysis of the sensitivity to the changes of the foreign exchange rates, except for the USD currency as it has certain liabilities denominated in USD.

The carrying values of financial assets and liabilities of the Company expressed in foreign currencies as at the reporting date were as follows:

	In BAM			
	Assets		Liabilities	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
EUR	51,719,795	284,257,512	135,462,497	229,089,605
USD	101,508	472,189	2,124,095	5,998,078
CHF	2,659	2,326	-	-
GBP	3,547	2,344	-	-
RSD	3,383	3,377	-	-
SEK	549	568	-	-
	51,831,441	284,738,316	137,586,592	235,087,683

Sensitivity Analysis

Sensitivity analysis to exchange rate changes was mainly made for USD and determined based on the foreign exchange rate exposure at the end of the reporting period.

If the foreign currencies exchange rate had been 10% higher/lower, the Company's net profit for the year ended December 31, 2024 would have been decreased/increased by the amount of BAM 45,826 (comparative figure in 2023: BAM 49,003).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

43. FINANCIAL INSTRUMENTS (Continued)

43.3. Objectives of Financial Risk Management (Continued)

(1) Market Risk (Continued)

(b) Interest Rate Risk

The Company is exposed to various risks which through the effects of the fluctuations in the market interest rates influence its financial position and cash flows. Given that the Company has no significant interest-bearing assets, the Company's income is mostly independent of interest rate risk.

The Company's risk from the changes in the interest rates arises primarily on the long-term borrowings. The loans obtained at variable interest rates make the Company susceptible to cash flow interest rate risk, while the loans obtained at fixed interest rates expose the Company to the fair value interest rate risk.

During the year ended December 31, 2024, the largest portion of the liabilities arising from borrowings had a variable interest rate which was linked to EURIBOR. Borrowings with variable interest rates were mostly denominated in foreign currency (EUR).

The Company analyses its exposure to interest rate risk on a dynamic basis taking into consideration the alternative sources for financing and refinancing, of long-term liabilities in the first place, as these represent the most important interest-bearing item.

The Company still does not swap variable for fixed interest rates, and vice versa, but takes steps to securitize loans from banks at more favourable terms.

Sensitivity Analysis

Sensitivity analysis of interest rates changes is based on interest rate exposures of non-derivative instruments at the end of the reporting period. In regard with floating interest rate liabilities, the analysis has been prepared assuming that the outstanding liabilities at the end of the reporting period remained outstanding throughout the reporting period.

Had interest rates applied to cash loans and loans in kind during the reporting period been higher/lower by 10%, where other variables remained unaltered, the Company's net profit for the year ended December 31, 2024 would have decreased/increased by the amount of BAM 1,384,531 (the comparative figure in 2023: BAM 1,568,366) as the result of higher/lower interest expenses.

(c) Equity Price Risk

During the reporting period ended December 31, 2024, the Company was exposed to the risk of equity securities price changes. The above-mentioned investments are held for strategic purposes rather than everyday trading, and they are not actively traded.

(2) Liquidity Risk

Liquidity management is centralized at the Company level. Responsibility for the liquidity risk management rests with the Company's management, which has established certain procedures for the management of the Company's long-term and short-term liquidity risk.

The Company has enough highly liquid assets (cash and cash equivalents), and continuous cash flows from the provision of services which enables it to discharge its liabilities when due.

The Company does not use financial derivatives.

To manage liquidity risk, the Company has adopted financial policies which define dispersion on decision-making levels during the acquisition of certain goods/services. This dispersion is ensured by limiting the authority of certain persons or bodies within the Company to make decisions on certain acquisitions.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

43. FINANCIAL INSTRUMENTS (Continued)

43.3. Objectives of Financial Risk Management (Continued)

(2) Liquidity Risk

Maturities of the Company's financial assets and liabilities as at December 31, 2024 and December 31, 2023, were as follows:

Financial assets						In BAM
December 31, 2024	Up to 3 Months	3 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years	Total
<i>Non-interest bearing</i>						
- Loans and receivables (including cash and cash equivalents)	151,185,988	223,585	99,371	-	-	151,508,944
<i>Fixed interest rate</i>	-	-	-	-	-	-
- Fair value at amortised cost	2,359,585	32,716,159	1,494,854	28,357,385	-	64,927,982
Total	153,545,572	32,939,744	1,594,225	28,357,385	-	216,436,926
December 31, 2023						
<i>Non-interest bearing</i>						
- Loans and receivables (including cash and cash equivalents)	389,405,779	223,585	298,114	99,371	-	390,026,849
<i>Fixed interest rate</i>	-	-	-	-	-	-
- Fair value at amortised cost	1,015,359	2,533,232	19,640,333	28,641,932	-	51,830,856
Total	390,421,138	2,756,817	19,938,447	28,741,303	-	441,857,705
Financial liabilities						In BAM
December 31, 2024	Up to 3 Months	3 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years	Total
<i>Other liabilities at amortized cost</i>						
- Non-interest bearing	67,509,007	72,243,077	18,196,159	18,935,569	6,747,614	183,631,425
- Instruments at variable interest rate	20,426,562	60,573,764	66,030,923	54,100,266	1,129,473	202,260,989
- Instruments at fixed interest rate	10,357,686	27,119,691	38,687,263	100,169,958	59,694,137	236,028,735
Total	98,293,255	159,936,532	122,914,345	173,205,792	67,571,224	621,921,148
December 31, 2023						
<i>Other liabilities at amortized cost</i>						
- Non-interest bearing	211,763,354	74,307,054	14,555,067	4,875,008	-	305,500,483
- Instruments at variable interest rate	23,146,747	64,966,426	74,937,474	101,738,362	4,566,509	269,355,518
- Instruments at fixed interest rate	3,703,338	10,461,351	7,942,678	14,015,263	4,626,595	40,749,225
Total	238,613,439	149,734,831	97,435,219	120,628,633	9,193,104	615,605,226

The breakdown of maturities of financial instruments (assets and liabilities) is made based on the undiscounted cash flows of financial assets and financial liabilities, including interest charged to those assets which will be earned (except from the assets based on which the Company expects cash flow in another period), i.e., based on the earliest date on which the Company can be expected to settle the incurred liability.

The amounts included in the table above for financial instruments (assets and liabilities) at variable interest rates may be subject to change if the changes in variable interest rates are different from the estimated interest rate established at the end of the reporting period.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

43. FINANCIAL INSTRUMENTS (Continued)

43.3. Objectives of Financial Risk Management (Continued)

(3) Credit Risk

Credit risk is the risk that counterparty defaults on its contractual obligations to the Company, which will result in financial loss to the Company. The Company has adopted policies regarding the monitoring of customer creditworthiness as well as requiring certain security (collateral), where possible, with a view to reducing the risk of potential financial losses resulting from failure to meet certain contractual obligations.

Credit risk is inherent in receivables from corporate and retail customers, in cash and cash equivalents, deposits held with banks and financial institutions, and commitments.

The Company is exposed to credit risk to a limited extent. As hedges against credit risk, certain measures and activities have been taken on the Company level. In case any service user falls behind in settlement of liabilities to the Company, further services to such a user are suspended.

In addition, the Company does not have material credit risk concentration in receivables as it has number of unrelated customers with individually small amounts of debt. Apart from disabling further use of services, the following procedures of collection are also in place: debt rescheduling, offsets with legal entities, legal suits, out-of-court settlements and other.

The collection of loans extended to the Company employees is ensured through wage garnishment, i.e., by wage decrease in the amount of the instalment, whereas the employees leaving the Company sign the agreements to regulate the outstanding loan repayment upon leaving the Company.

For credit risk minimization purposes, the Company has developed and maintained credit risk assessment to categorize its exposures according to the default risk. Information on the credit rating is obtained from the independent credit rating agencies. In case such information is not available, the Company uses other publicly available financial information and its own data on the trading activity to assess its major customers and other debtors. The Company's credit risk exposure and the counterparty credit risk are constantly monitored and the aggregate value of the contractually agreed transactions is diversified among eligible (approved of) parties.

The Company's current framework for credit risk assessment is comprised of the following categories:

Category	Description	Basis for ECL recognition
Performing	Low-level default risk of the counterparty; no outstanding amounts past due	12-month ECL
Doubtful	Amounts outstanding over 30 days past due or a significant increase in credit risk has occurred since the initial recognition	Lifetime ECL – no impairment allowance
Non-performing – Default	Amounts outstanding over 60 days past due or there is objective evidence of impairment	Lifetime ECL – with impairment allowance
Write -off	Evidence of the debtor's severe financial difficulties and there is no realistic likelihood of recovery of the Group's receivables	Written-off amount

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

43. FINANCIAL INSTRUMENTS (Continued)

43.3. Objectives of Financial Risk Management (Continued)

(3) Credit Risk (Continued)

The following table presents the credit quality of the Company's financial assets, contractual assets and financial guarantees, as well as the Company's maximum credit risk exposure per credit risk assessment.

December 31, 2024	Note	External classification	Internal classification	12-month ECL or lifetime ECL	Gross amount	Impairment allowance	Net amount
Long-term receivables and loans	17, 25	NA	Performing and non-performing	Lifetime	33,365,435	5,048	33,360,387
Trade receivables	22	NA	Performing and non-performing	Lifetime	180,468,674	65,306,704	115,161,970
Other receivables	23	NA	Performing and non-performing		9,640,836	678,349	8,962,487
Cash and cash equivalents	27	NA	Performing		26,781,871	-	26,781,871
Financial assets subsequently measured at amortized cost	18	NA	Performing		400	-	400
					250,257,216	65,990,101	184,267,115

44. SEGMENT REPORTING

44.1. Segment information

As at December 31, 2024, the Company's reporting segments in accordance with IFRS 8, were as follows:

1. Fixed network,
2. Mobile network.

44.2. Segment Revenues and Results

The segment revenues and results for the year ended December 31, 2024, are presented in the following table:

December 31, 2024	In BAM		
	Fixed-Line Network	Mobile Network	Total
Sales of goods and services	197,586,226	279,553,856	477,140,082
Other operating income	18,583,588	10,471,773	29,055,361
Intersegment settlement	88,858,886	36,444,954	125,303,840
Cost of material, goods and combined services	(6,752,759)	(38,045,115)	(44,797,874)
Staff costs	(36,190,069)	(51,204,447)	(87,394,516)
Depreciation and amortization charge	(84,020,798)	(58,580,990)	(142,601,788)
Cost of production services	(42,210,930)	(44,233,598)	(86,444,528)
Other operating expenses	(11,013,383)	(20,668,100)	(31,681,483)
Finance income – interest-bearing	1,500,729	2,123,345	3,624,074
Finance income – other	81,974	115,984	197,958
Impairment of financial assets	(1,206,382)	(1,706,882)	(2,913,264)
Financiale expenses	(10,138,691)	(14,344,988)	(24,483,679)
Intersegment settlement	(36,444,954)	(88,858,886)	(125,303,840)
Profit before taxes	78,633,437	11,066,906	89,700,343
Income tax expense	(8,402,769)	(1,179,121)	(9,581,890)
Net profit	70,230,668	9,887,785	80,118,453

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

44. SEGMENT REPORTING (Continued)

44.2. Segment Revenues and Results (Continued)

The segment revenues and results for the year ended December 31, 2023, are presented in the following table:

December 31, 2023	In BAM		
	Fixed-Line Network	Mobile Network	Total
Sales of goods and services	185,329,901	271,016,974	456,346,875
Other operating income	20,118,535	282,895,720	303,014,255
Intersegment settlement	85,169,168	35,110,035	120,279,203
Cost of material, goods, and combined services	(6,422,286)	(36,267,205)	(42,689,491)
Staff costs	(33,237,552)	(48,608,181)	(81,845,733)
Depreciation and amortization charge	(71,433,985)	(44,144,737)	(115,578,722)
Cost of production services	(40,703,222)	(47,498,112)	(88,201,334)
Other operating expenses	(11,554,045)	(21,916,186)	(33,470,231)
Finance income – interest-bearing	381,008	557,204	938,212
Finance income – other	242,702	354,938	597,640
Impairment of financial assets	(992,692)	(1,451,759)	(2,444,451)
Finance expenses	(10,862,174)	(15,773,300)	(26,635,474)
Intersegment settlement	(35,110,035)	(85,169,168)	(120,279,203)
Profit before taxes	80,925,323	289,106,223	370,031,546
Income tax expense	(8,232,149)	(29,409,404)	(37,641,553)
Net profit	72,693,174	259,696,819	332,389,993

Segment revenues and results reported above (for the year ended December 31, 2024 and December 31, 2023) represent revenue generated from external customers. Inter-segment sales during the period have been eliminated.

The accounting policies of the reporting segments are the same as the Company's accounting policies described in *Note 3*.

Segment profit represents the profit earned by each segment with allocation of all costs, based on the revenues earned by each individual reporting segment. This is the measure reported to the chief operating decision makers for the purposes of adequate resource allocation and assessment of segment performance.

The Company's revenue from its major services is presented in detail in *Note 5* to the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

44. SEGMENT REPORTING (Continued)

44.3. Segment Capital Expenditures

Capital expenditures of the segments during the year ended December 31, 2024 and December 31, 2023, were as follows:

	Fixed Network	Mobile Network	In BAM Total
December 31, 2024			
Capital expenditures (<i>Notes 12 and 13</i>)	138,439,633	40,040,411	178,480,044
December 31, 2023			
Capital expenditures (<i>Notes 12 and 13</i>)	89,955,900	44,767,645	134,723,545

Capital expenditures include purchases of intangible assets, property and equipment during the reporting period.

45. TAX RISKS

Republic of Srpska and Bosnia and Herzegovina currently have several tax laws in effect, as imposed by various governmental agencies. The applicable taxes include value added tax, corporate income tax, and payroll (social) taxes, among others. Besides that, the regulations governing these taxes were not applied for longer time, in contrast to similar legislation in more developed market economies. Moreover, the regulations defining the implementation of these laws are often unclear or non-existent.

Hence, regarding the tax issues, there is limited number of exemplary cases. There are often different opinions on legal interpretation among government ministries and organizations, which may lead to creating uncertainties and conflict of interests. Tax declarations, together with other legal regulations (e.g., customs and currency control matters) are subject to the review and investigation by number of relevant authorities that are legally enabled to impose extremely severe fines, penalties, and interest charges.

The tax authorities' interpretation of the tax legislation, applicable to the transactions and activities of the Company, may differ from that of the management. As the result, transactions may be disputed by the tax authorities and additional taxes, penalties, and interest may be imposed to the Company. Pursuant to the Law on Tax Authority of the Republic of Srpska, the statutory limitation period of the tax liability is five years.

This practically means that tax authorities could determine the payment of outstanding liabilities in the period of five years from the origination of the liability. The afore-described situation creates tax risks in the Republic of Srpska and Bosnia and Herzegovina that are substantially more significant than those typically existing in countries with more developed tax systems. In addition, the Company performs a significant number of business transactions with its related parties.

Although the Company's management is of the opinion that the documentation on transfer prices is sufficient and adequate, it is uncertain whether the requirements and interpretations of the tax and other authorities differ from those of the management. The Company's management believes that no varying interpretations could have material impact on the Company's financial statements in whole.

46. CURRENT ECONOMIC SITUATION AND ITS IMPACT ON THE COMPANY

World economies continue to meet different opportunities and challenges formed by global political, economic and technological trends. Global macroeconomic landscape is shaped by convergence of persistent trends and emerging issues. While many economies continue their gradual recovery from the impacts of recent global crises, this rebound is occurring alongside sustained inflationary pressures and elevated interest rates. Geopolitical instability remains a significant source of uncertainty, with ongoing conflicts in Ukraine and the Middle East, as well as heightened tensions arising from the ongoing trade disputes between the United States and China. Additionally, the rise of protectionist policies in various regions continues to disrupt global trade flows and add pressure to already volatile markets. Following climate changes, the imposition of climate change policies is accelerating globally, introducing

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

new regulatory pressures and influencing capital allocation and operational strategies across sectors. This structural shift, while necessary and strategic in the long term, presents short-term adjustment challenges for industries and investors alike.

The economic situation in Bosnia and Herzegovina is marked by a range of challenges and uncertainties, including global economic turbulence, inflationary pressures, political instability, and ongoing reforms aimed at aligning with EU standards. Considering these factors, telecommunications operators in Bosnia and Herzegovina are facing a variety of challenges that directly impact their operations and profitability.

Monitoring global events and the surrounding environment is essential for successful business operations. The Company continuously tracks, recognizes, and adapts to changes in the economic, political, technological, social, and environmental spheres in order to minimize negative impacts and capitalize on opportunities for growth and business development.

At the issuance date of these financial statements, the Company continues to meet its liabilities as they mature and continuously provides services to its clients.

47. EXCHANGE RATES

The official median exchange rates for major currencies, as determined in the Interbank Foreign Exchange Market and used in the translation of the statement of financial position components denominated in foreign currencies into BAM were as follows:

	December 31, 2024	In BAM December 31, 2023
Euro (EUR)	1.95583	1.95583
Serbian Dinar (RSD)	0.01672	0.01669
American Dollar (USD)	1.87268	1.76998
Swiss Franc (CHF)	2.07295	2.11213