

Crnogorski Telekom

2017 Report on operations

Content:

To Our Shareholders

About Crnogorski Telekom

Letter to Our Shareholders

Management report

Management Report for the Financial Year 2017

Crnogorski Telekom's Management

Board of Directors

Chief Executive Officer and Management Committee

Vision and Strategy

Regulatory Environment

Promotions and Offers

Human Resources

Corporate Responsibility

To Our Shareholders

About Crnogorski Telekom

Crnogorski Telekom (CT) is the largest telecommunications company in Montenegro. It provides a wide range of fixed and mobile telecommunication services (voice, messaging, internet, TV, leased-line circuits, data networks, ICT and Cloud solutions).

Crnogorski Telekom fully digitalized the fixed-line network in 2007 and brought ADSL coverage to a complete customer base by the end of 2012. From 2011 CT is enhancing its fixed broadband network through roll-out of fiber network and through VDSL from 2016. In 2007, Crnogorski Telekom started an IPTV service. In 2011 Crnogorski Telekom started offering ICT solutions. Full migration to IMS was completed in 2015.

Crnogorski Telekom was the second entrant into the mobile market in Montenegro. From its founding in 2000, it has always offered innovative and advanced services to the Montenegrin market and has been experiencing dynamic growth. A 3G network was launched in the summer of 2007, while 4G service was launched in 2012. In 2016, Crnogorski Telekom renewed all of the existing frequency bands and acquired significant portion of the new bands that were the subject of the Spectrum auction.

In May 2009, Crnogorski Telekom a.d., T-Mobile Crna Gora d.o.o and Internet Crna Gora d.o.o were merged into one legal entity, Crnogorski Telekom a.d.

From 2012 all products are marketed under the T- brand.

In April 2005, Magyar Telekom obtained a 76.53% interest in Crnogorski Telekom. In January 2017, M-Tele, company fully owned by Hrvatski Telekom, bought the complete Magyar Telekom's stake in Crnogorski Telekom A.D. Deutsche Telekom AG holds 51% of the Hrvatski Telekom shares. Deutsche Telekom and Hrvatski Telekom have a number of subsidiaries worldwide, with which Crnogorski Telekom has regular transactions. Details of related party transactions are given in the company's Financial Statements, Note 29.

Dear Shareholders,

Last year was extraordinary challenging for our company due to significant system changes at the intercompany level, but also due to increasingly demanding and competitive market and new regulatory measures. Despite all the mentioned circumstances, we managed to maintain leadership position and achieve the projected financial targets for the year 2017.

In 2017 Crnogorski Telekom generated revenues at the level expected based on the Business Plan, amounting to 85,3 million EUR, which is 6,6 million less comparing to the previous year. The revenue decline comparing to 2016 should be observed from the perspective of the overall Montenegrin electronic communications market revenue decreasing trend, as a consequence of competitive dynamics and pricing pressure in all segments, impact of regulation of retail and wholesale prices and decreased volume of incoming international traffic.

EBITDA, excluding special influences, amounted to 29,5 million, which is 1,6 million less comparing to the previous year. EBITDA before special influences was decreased by 5% at the annual level, with 34,5% margin (33,9% in 2016). Capital investments amounted to EUR 18,6 million.

Speaking of achievements and expectations in mobile segment, already at the beginning of 2017 we covered 95% of the populated territory of Montenegro with 4G signal. Having in mind that 4G technology enables much higher speeds of data transfer and mobile internet compared to 3G network, faster content, applications and video download and generally facilitates customers' smooth communication and life, we can rightfully say that our customers have a network providing them the most.

In 2017 Crnogorski Telekom obtained "Best in test" certificate based on the independent measuring of quality of mobile networks, performed by P3 Communications company according to the internationally accepted methodology. Already third year in a row we are achieving best results in total measuring of mobile network quality, confirming thereby technology leadership position at the local market.

We remind that Crnogorski Telekom obtained superior spectrum package at the spectrum auction in 2016, securing thereby significant advantage when it comes to quality and 4G coverage.

Crnogorski Telekom remains leader in fixed segment (telephony and internet), while holding No. 2 position at the TV market. We enabled access to fiber infrastructure to more than 80k households, meaning that almost every household in urban part of Montenegro has the possibility to use fiber. In order to improve customer experience in suburban areas as well, in 2016 we introduced VDSL technology, by which we provided super fast internet by the end of 2017 to about 70k households. This technology represents new chapter in development of Crnogorski Telekom's fixed internet. Also in 2016 we launched new TV platform

called „TVzaSVE“ and we will keep monitoring our customers' needs and preferences in order to offer them newest contents.

Regarding integrated offers, Magenta 1 represents the best of Telekom world, offering combination of fixed and mobile services, TV and internet in a single package. In addition to Magenta 1 service, higher internet access speeds and more TV channels are available to customers, including a postpaid number with minutes offnet and onnet, as well as with mobile internet. Magenta 1 is an advanced product designed for customers, to respond to market challenges and customers' requirements. Our integrated product is used by 28k families and 14% of households. According to researches' results, Magenta 1 customers are the most satisfied, due to which we will keep working on improving this service and strengthening Magenta 1 brand.

With all new products and services we are developing, supported by favorable results of the spectrum auction and significant results achieved on that ground, as well as with cost optimization, we expect us to be much more successful and achieve more favorable financial trends in 2018. We can say that the achieved results justify moderate optimism, but also indicate that in the upcoming period we need to act more effectively and more agile.

Crnogorskog Telekom's strategic goal is to become a leader in all business segments of the electronic communications market. In order to achieve the targets in our Corporate Strategy we developed a comprehensive business plan in all segments in 2018.

Regarding expansion and improvement of access network, as you know, we have been significantly investing in this area. We are continuing with more intensive investments in 2018 paying special attention to fixed network of new generation and mobile 4G network. Our aim is to cover more than 60% of households in Montenegro with fast and ultra fast internet, in accordance with national digital agenda. That implies expansion of fixed access network in three directions: fiber network - underground in urban areas, for the first time Air FTTH network in suburban areas and regarding copper network – implementation of so called outdoor cabinets aimed at loop shortening.

Speaking of ICT business, in 2017 we delivered 4,7 million of revenues, which is 2% better result compared to 2016, while for 2018 we plan around 1 million EUR increase. We have also continued to further position ourselves as a reliable ICT partner for important investment projects in Montenegro in governmental, banking and tourism segment. Main clients with whom we signed new or extended existing contracts are: Voli LDC, Erste bank and Hotel Budva. Due to market changes and need to extend traditional business which was exclusively directed to mobile and fixed services, our focus will remain on further ICT development, in order to be able to offer products and solutions through integration of information and communication technologies, meaning also system solutions adjusted to business clients' needs, as well as numerous „smart city“ solutions (smart parking, smart watering, measurement of noise and air quality etc).

In the upcoming period we will also continue with investments in infrastructure, investing thereby also in future of the Company and society. We have been repeatedly emphasizing that Crnogorski Telekom has invested over 200 million in network and operations in previous 11 years. We will continue with investments in network quality improvements – we plan significantly higher investments than last year. Our investors expect profitability increase, which additionally motivates us to invest and utilize the networks' capabilities in the best possible manner.

We also want to point out our success when it comes to social responsibility business, for which Crnogorski Telekom was given main award of the Employers' Association for 2017. Once again we confirmed that caring about community, responsible relation to employees and caring about environment is an important part of our business.

Finally, I would like to take the opportunity to thank all of our employees for a job well done in 2017 and maximum efforts invested in achieving the Company's results.

Dear shareholders, let me now also thank you for contribution to the success of our Company. Our goal for 2018 is to reverse the negative trends, stabilize revenues and increase profitability. Those are very ambitious, but, with good planning and full dedication, I believe still achievable goals.

Nikola Ljushev

CEO

Management report

Management Report for the Financial Year 2017

Highlights

- In 2017, revenue, EBITDA and OFCF performance was in line with the expectations.
- Total revenues amounted to EUR 85.8 million, which means a 7% YoY decrease. Revenue decrease was mainly driven by lower service retail revenues, due to increased competition and regulation.
- EBITDA, before special influences, decreased by 5% YoY, to EUR 29.5 million, with a margin of 34.5% (33.9% in 2016).
- Capital expenditure was EUR 18.6 million.

Revenues and Profitability

In 2017, Crnogorski Telekom focused on further extending its 4G mobile network, fiber network rollout and improvement of copper network through VDSL, the improvement of existing services and launch of new ones. It was a year of strong competition presence on the fixed services market. CT managed to keep stable fixed broadband customer base, to slow down churn of IPTV customer base and to grow in DVB-T2 service. Revenues and profitability were negatively impacted by the regulation of fixed voice and fixed broadband retail prices. In the mobile segment, CT was able to retain leadership positions in overall postpaid and in business-segment postpaid and to regain leadership in mobile internet segment. Mobile services portfolio was further enhanced and renewed.

Crnogorski Telekom's revenues decreased YoY by 7% and reached EUR 85.8 million. Compared to 2016, major revenue deviations referred to:

- Fixed-line voice retail revenues (-19%), influenced by customer base decrease, retail price regulation and decreasing usage;
- Fixed broadband revenues (-16%), impacted by competition and retail price regulation;
- Mobile prepaid revenues (-20%), due to customer base decrease and lower usage;
- Data services (-3%), due to lower traditional data services revenues;
- Interconnection revenues (-16%), driven by decreased mobile termination rates and lower incoming traffic.

Positive revenue developments referred to:

- Postpaid revenues (+5%), influenced by the success of Magenta1 and portfolio restructure;

- Visitors revenues (+46%).

As in previous years, Crnogorski Telekom was making efforts to increase efficiency and decrease the cost base. The result is 4.6 million YoY decrease in operating expenses before special influences or -8%.

YoY revenue decrease was partly compensated by cost efficiency, which resulted in EUR 1.7 million or -5% YoY decrease of EBITDA before special influences, to the amount of EUR 29.5 million.

Operating profit (EBIT) amounted to EUR 6.6 million. Net profit amounted to EUR 5.1 million.

Main financial KPIs (m€)	2016	2017	Δ	Δ%
Revenue	92.1	85.8	-6.3	-7
EBITDA before SI (Special Influence)	31.1	29.5	-1.7	-5
EBITDA margin before SI (%)	33.9	34.5	0.7	
EBITDA	30.3	28.5	-1.9	-6
EBITDA margin (%)	33.0	33.4	0.4	
Operating profit	10.3	6.6	-3.7	-36
Net profit	9.4	5.1	-4.3	-45
Total assets	183	191	8	4
CAPEX	49.7	18.6	-31.1	-63
Number of employees	573	552	-21	-4

Main non-financial KPIs

In 2017, the number of fixed-line connections decreased by 9%, as the usual customer churn was accelerated by strong competition activities. The number of fixed broadband connections remained stable, while the decrease of IPTV connections was slowed down (-4,000 in 2016).

Fixed line operations KPIs (in thousands)	Dec 31, 2016	Dec 31, 2017	Δ	Δ%
Fixed-voice connections, Total	135.4	122.6	-12.8	-9.5
Residential	117.2	105.0	-12.4	-10.4
Business	18.2	17.6	-0.6	-3.3
Fixed voice Market share (%)	92.0	81.4	-10.6	
Fix broadband connections, Total	70.2	69.8	-0.4	-0.6
Residential	61.9	61.4	-0.5	-0.8

Business	8.3	8.4	0.1	1.2
Fix BB Internet Market share (%)	59.4	49.9	-9.5	
IPTV connections, Total	59.3	56.4	-2.9	-4.8
Residential	57.0	54.1	-2.9	-5.1
Business	2.3	2.3	0	0.7
Pay TV Market share (%)	31.2	27.5	-3.7	

At the end of 2017, Crnogorski Telekom customers were using 352.000 SIM cards, which was a decrease of 9.000 or 2% compared to the previous year, driven by the development in prepaid segment. The total SIM market share amounted to 33.7%. The postpaid SIM base increased YoY by 26.000 or 14%, driven by the success of Magenta1 and redesigned portfolio. Crnogorski Telekom remained the market leader in the postpaid segment and managed to recover leadership in mobile internet usage.

Mobile line operations KPIs (in thousands)	Dec 2016	31, Dec 2017	Δ	Δ%
Number of SIM cards, Total	361,1	352,1	-9,0	-2,5
Prepaid	176,0	140,7	-35,3	-20,0
Postpaid, Total	185,1	211,4	26,3	14,2
Postpaid Residential	68,0	82,9	14,9	22
Postpaid Business	117,2	128,5	11,3	9,7
Mobile customers market share (%)	34,7	33,7	-1,0	
Mobile internet customer number	143,0	157,2	14,1	9,9
Mobile Internet customers market share (%)	37,9	37,6	-0,4	
Mobile penetration (%)	167,9	168,5	0,6	

Main Investments

FTTH

FTTH project, one of the most important strategic projects in CT, achieved significant growth in 2017. Availability of FTTH services is provided for over 83% flats in urban areas and over 34% of households on the national level. Share of active users in actual FTTH potential is greater than 23%.

Further FTTH development is ensured through partnership with CEDIS that will enable rapid expansion of Air FTTH in suburban zones. In 2017 we successfully implemented Air FTTH network in Murtovina and Zagoric.

VDSL/Vectoring

VDSL Roll-Out project ensured expansion of better broadband access in the whole territory of Montenegro, which resulted in VDSL availability at each of the 230 Telekom locations. Project supported our plans to retain existing customer base and attract new customers in Internet and IPTV segment.

Quality of copper network is further improved by installing outdoor cabinets. In previous year we implemented 13 cabinets with potential to support future FTTH users.

Mobile access network

CT continued with successful results in mobile access network:

- Outdoor population coverage of 95% was achieved at the end of Q1 2017. Utilization of obtained spectrum, through the LTE rollout project, ensured high coverage in a very short time.
- BEST IN TEST – The third time in a row best in a comparative test for mobile operators in Montenegro. Certificate was issued by P3 Communication, renowned company for testing in mobile access segment.
- Our network has processed a highest volume of mobile data traffic, with highest speed, compared to other providers (report from NRA, October 2017).

Modernization of DWDM transport network in southern ring/ Interconnection

Transport network based on DWDM technology is infrastructure basis for connecting all Crnogorski Telekom sites to a reliable, high performance network. This network is used to transfer traffic for all Crnogorski Telekom users in all segments and services. Project began in 2016 ("Northern Ring"). Modernization in "South Ring" area was completed in 2017 and the entire DWDM network of Crnogorski Telekom was upgraded to the most modern transport system.

Connection with HT expanded to 100G in 2017, which confirmed high performance of the new DWDM network in terms of capacity.

Mobile Data Geo-Redundancy

Introduction of geographical redundancy in Core Network for mobile Internet segment was realized in H2 2017. New core network was installed in data center Bijelo Polje and integrated with rest of the network in a way to accept and rout complete mobile Internet traffic. Security and continuity of service are upgraded to the highest level.

New central network is based on a virtual platform. For the first time in Crnogorski Telekom and DT network elements were implemented in accordance with the latest virtualization standards (separation of HW and SW) that simplified resource/service management and enabled more efficient network operations.

Fix Data Geo-Redundancy

During 2017 we implemented several projects related to geographical redundancy in fixed internet segment:

- Integration of the MPLS Core network in Bijelo Polje (geo-redundant data center)
- Modernization of interconnection links between data centers in Bijelo Polje and Podgorica
- Installation and integration of Internet Core segment in BP

This ensured basis for further network development in this area.

MPLS network modernization

Installation and integration of new elements in MPLS network were done in order to:

- Improve performance and increase capacity according to traffic growth
- Follow other development projects in Crnogorski Telekom (LTE RollOut, VDSL RollOut, GPON RollOut) as well as new Telekom services in data and IPTV segment.

5 new platforms were installed and integrated in MPLS core network and 14 locations modernized in the edge network. The project increased capacity and redundancy level and improved network functionality.

Core Modernization

During 2017, the UDC (User Data Consolidation) platform was implemented as a part of Core Modernization Project. The platform represents a SDM (Subscriber Data Management) solution that contains a centralized user database independent of access technology (CUDB). Migration of all user data from old monolithic systems has been successfully completed on the CUDB platform without traffic interruption. As a part of the project, new frontend systems (HLR / AUC / MNP-FE & HSS-FE) had been implemented for a variety of application that would completely separate application part from user data. Preparations for migration of MSS system to new nodes were done by installing new Ericsson BSP hardware for MSC/MGW environments.

IMS Modernization and Geo-Redundancy

IMS modernization and implementation of geo-redundant site for fixed voice service started in 2017. New HW for both fixed core sites was implemented by installing Ericsson BSP hardware for MTAS and CSCF. New A-SBCs and new Ericsson multimedia were installed on the primary and geo-redundant site. IP Works system was completely implemented in 2017. System is prepared for upgrade to new software version 17B, which is scheduled for H1 2018.

This project is a group initiative of 4 NatCos that are on Ericsson Core system. The project will raise security and continuity of voice services to significantly higher level as well as fulfill regulatory requirement for this area. Along with core modernization project, this project achieves harmonization of hardware platforms for both mobile and fixed voice core and provides a precondition for new voice services.

SIP interconnection

SIP interconnection represents a significant progress in migration to full IP technology. Implementation of i-SBC nodes will result in complete release of interconnection TDM links between mobile and fixed network, as well as between national operators and interconnection with DT. In 2017, new hardware and SW were installed for i-SBCs.

Final testing and migration of local mob-fix traffic is in progress.

E-registration of prepaid customers

System for electronic registration for mobile prepaid users was implemented in H1 2017. Mobile application provides registration of users in CRM system by scanning document and prepaid card in real-time.

Process of registration is fully automated and improved in terms of accuracy and data availability. User registration time is minimized. Project was done in co-operation with other operators that used the same technology solution.

Roaming platform

Roaming platform was migrated from old to the new architecture during 2017. Project was implemented in 2 phases:

- Phase I (Q1 2017) - migration of the Roaming Steering service and Welcome SMS,
- Phase II (Q4 2017) - migration of Intelligent Call Assistant and Home Short Code service.

New roaming platform has been implemented on new hardware environment, which significantly improves performance and capacity compared to old system.

IPTV HW Modernization – Phase I

Hardware modernization of Mediaroom IPTV platform (Phase I) was done in Q4 2017. During this phase, all system components except V-server and D-cluster server were migrated to virtual Hyper V servers. New virtual architecture, implemented on new hardware, significantly improved scalability of the system, optimized number of system components and reduced electricity consumption/space in the data center.



PODIJELI DOŽIVLJAJ.

BOARD OF DIRECTORS OF
CRNOGORSKI TELEKOM A.D. PODGORICA

Podgorica, April 23, 2018

Pursuant to Article 35, paragraph 3 of the Business Organization Law („Official Gazette of Montenegro“ No. 06/02, 17/07, 80/08, 40/10, 36/11 and 40/11), The Board of Directors of Crnogorski Telekom a.d. Podgorica makes the following

STATEMENT

We, as members of the Board of Directors of Crnogorski Telekom a.d. Podgorica, declare that Crnogorski Telekom a.d. Podgorica has not suffered damage from legal transactions that the Company concluded with its parent company and companies where its parent company has the status of parent company or subsidiary during 2017. Details on the related transactions are given in the financial statements of Crnogorski Telekom a.d. Podgorica, in Note 29.

On behalf of Board of Directors of
Crnogorski Telekom a.d. Podgorica
Mr. Siniša Džuranović, Chairman

Crnogorski Telekom's Board of Directors

Siniša Đuranović, Chairman

Siniša Đuranović was born in 1972 in Zagreb. He graduated from the Law Faculty in Zagreb in 1997. From 2010 to 2013 he attended the IEDC Business School in Bled - President MBA. He started his career at the Filipovic Law Firm, dealing with the privatizations of larger companies (Hrvatski Telekom, Privredna banka...) and consulting international clients, buyers and sellers in major acquisitions. He joined Hrvatski Telekom in 2000 as Assistant Director for Regulatory Affairs. He became Director of Regulatory Affairs in 2002 and Executive Director of Regulatory Affairs and Competition Affairs in 2005. He held this position until 2009 when he was appointed Chief Legal Advisor / Operational Director for Legal, Regulatory and Competition Affairs, public relations and business compliance. From 2002 to 2014 he was a member of the Supervisory Board of Eronet mobile communications doo Bosnia and Herzegovina and T-Mobile Hrvatska doo, vice president of Combis doo and HT Mostar doo Bosnia and Herzegovina, and president of the Supervisory Board of Iskon Interneta doo. Currently, in Hrvatski Telekom, he covers positions of the Director of the wholesale sector, the chief legal adviser and the senior vice president, and, by the decision of the Chief Executive Director, he is also responsible for the coordination of human resources affairs. He is also currently chairing the Supervisory Board of Optima Telekom dd, and is a member of the management board of the American Chamber of Commerce in Croatia. As a chairman of Crnogorski Telekom Board of Directors, he was elected on Regular Shareholders Assembly held on May 31, 2017.

Susanne Krogmann

Susanne Krogmann, born in 1964, holds a diploma in Economics from Georg-August-University Göttingen, Germany and studied European Integration at the College of Europe, Bruges, Belgium. Susanne Krogmann started her career at Treuhandanstalt, the state-owned agency responsible for the privatization of the enterprises and assets of the former Democratic Republic of Germany. During her five years at Treuhandanstalt she worked in the controlling department and in the contract management department. For the last 2 years at Treuhandanstalt she held the position of key account manager for several companies in the chemical industry. Susanne Krogmann joined Deutsche Telekom in 1999. For more than 8 years she worked in different positions in the Regulatory and Public Affairs division, especially in the field of regulatory economics and regulatory strategy. She then took over the position of Head of the group "Corporate Responsibility Strategy and Controlling" where she developed a new Corporate Responsibility strategy for DT group. Following the increasing awareness of data security and data protection at Deutsche Telekom she later worked in a data security project with her personal focus on customer data security. Since the end of 2009 she holds the position of Vice President Corporate Governance Europe within Board Area Europe at Deutsche Telekom. She became a member of the Board of Directors of Crnogorski Telekom in 2011. Since 2012 she is also member of the Board of Directors of Makedonski Telekom and the Board of Directors of T-Mobile Macedonia (in T-Mobile Macedonia until legal merger in 2015). In 2013 Susanne Krogmann also became a member of the Supervisory Board of T-Mobile Czech Republic.

Nataša Rapačić

Nataša Rapačić was born in 1969 in Zagreb. She graduated economics at the University of Zagreb in 1993. She was a Spanish government scholarship holder at MBA Instituto de Empresa in Madrid in 1999 and 2000. During her studies, she worked as a bookkeeper at Universal Zagreb, and from 1993 to 1997 at Milna Parket Zagreb where she was one of the founders. From 1997 to 1999, she worked as a market analyst at the Spanish Embassy's economy office in Zagreb when she moved to one of the largest Spanish banks - Caixa Galicia Madrid where she covered the position of business analysts in the investment sector. From 2000 to 2003 she worked at Europraxis Consulting in Madrid. In 2003, she took the position of Operational Director of Corporate Communications and PR in Hrvatski Telekom, and in 2005 she was appointed as a member of the Executive Board of T-Com and Chief Marketing Officer, which she held until 2009. In 2010 she took the position of Operational Director - Chief Marketing Officer for Business Customers, and since 2013 she is a member of the Management Board and Chief Operating Officer for Residential Customers. She is a member of the Supervisory Board of the American College of Management and Technology in Dubrovnik and Iskon Zagreb, which she is chairing. As a member of the Board of Directors of Crnogorski Telekom, she was elected at the Ordinary Shareholders' Assembly held on May 31, 2017.

Saša Kramar

Saša Kramar was born in Čakovec in 1968. He gained education at the Faculty of Electronic Engineering and Computing in Zagreb, along with attending Apple's training for servicing, sales and marketing. Since 2000, he has attended a number of prestigious European business schools, among others the business school in St. Gallen, Edinburgh MBA and the IEDC Management School in Bled where he was trained in sales management, strategic management for directors, customer relationship management and human resources management and corporate finance. He began his career in early 90's at the Apple Center Novel, where he spent the entire 10 years, first as an Apple service engineer and later as Apple's service and support director, sales and marketing director and finally CEO. During the first half of 2000, he briefly carried out the affairs of sales adviser at Bello doo, whilst in June he took over the position of Iskon Internet dd Sales Director. He performed this duty until 2002 when he was appointed as a member of the Management Board and Director of Sales and Marketing. In 2007 he was appointed Chairman of the Management Board and Executive Director, which he performed until June 2016 when he was appointed as a member of the Management Board and Chief Operation Officer for Business Customers of Hrvatski Telekom dd, which position he currently holds. As a member of the Board of Directors of Crnogorski Telekom, he was elected at the Ordinary Shareholders' Assembly held on May 31, 2017.

Balša Čavlović

Balša Čavlović was born in 1985 in Podgorica. He graduated at the Faculty of Economics in Podgorica in 2008 at the course of Business Management, where he is currently in postgraduate studies of the same course. During his studies, he was engaged in advisory activities at Fast Worker doo Podgorica, and already in 2007 he covered the position of vice president of Montebella Company doo Podgorica, and was the executive director of Adventure doo Podgorica. From April 2008 until December 2009 he was the investment advisor for brokerage house Bull & Bear broker AD Podgorica, and in December 2009 he became executive director of Premija Plus doo Podgorica. From February 2014 to March 2015 he was re-engaged in advisory

activities at the Bull & Bear broker, and parallel from April 2014 to April 2016, he was appointed as Chairman of the Board of Directors of DZU Trend AD Podgorica. Currently he covers the positions of Chairman of the Board of Directors HTP Trend Korali AD Sutomore and Executive Director of PLC Morača AD Podgorica. As a member of the Board of Directors of Crnogorski Telekom, he was elected at the Ordinary Shareholders Assembly held on May 31, 2017.

Until regular Shareholder Assembly held on May 31, 2017, János Szabó, Michael Frank, Jovica Gjorgjeski and Pavle Gegaj were members of the Board of Directors. At the aforementioned Assembly, their duties were dismissed, after which their membership in the Board of Directors of Crnogorski Telekom ceased.

Chief Executive Officer and Management Committee

Nikola Ljushev, Chief Executive Officer

Nikola Ljushev, Electrical Engineer of Electronics and Telecommunication, started his career in 1997 in telecommunications, working in DT group (Telecom of Macedonia), Cosmote/OTE and Austrian Telecom Group, where he achieved such results that became extraordinary example of huge success on the European level. He is awarded leader in the field of telecommunication on the global level, and acquired further education at prestigious international education institutions, including the Harvard Business School. On ^t September 1, 2017 he took over a position of Executive Director of Crnogorski Telekom.

After organization restructuring in 2017, the Executive Board of Directors was revoked and the Management Committee was established and it was under his presides.

Dušan Banović, Residential Customers Department Director

Dušan Banović was born in 1978. He graduated and obtained a master's degree at the Faculty of Electrical Engineering, University of Montenegro. He started his career in Internet Montenegro, while he was a student in 2000 and did many different functions in Technical Department. Since the Internet Montenegro became an integral unit of Telekom, he did many managerial functions in Departments for Technology and Corporative Strategy. In 2012, he was named as a Marketing Director for Business Customs and he was successfully doing it for 3 years. In 2015 he became B2B Department Director for business and operating enforceability and by the beginning of 2017 he became responsible even for the field of corporative strategy and internal communications as a Director of Business Customs and Strategy. In 2017 he took up a position of Residential Customs Department Director and became a member of the Management Committee.

Gordana Blagojević, Director of the Financial Department

Gordana Blagojević was born in 1982. She graduated at the Faculty of Economics, University of Montenegro in 2005. The Executive Master degree, with an emphasis on accounting and finance, she acquired at the Rotterdam Management University, Erasmus University in 2013. She has been in Crnogorski Telekom since 2009. In the period from 2009 to 2017, she performed managerial tasks in the Crnogorski Telekom Finance Department, from managers in the accounting department, through customer finance, controlling, and the Director of the Accounting Department. She was named Director of the Finance Department in May 2017, when she became a member of the Management Committee.

Miroslav Janičić, Director of the Human Resources Department

Miroslav Janičić was born in 1975. He graduated at the Faculty of Philosophy, University of Montenegro, Department of English Language and Literature in 1999. He obtained the Executive MBA degree at the IEDC Business School in Bled in 2008. He began his career in both the private and the state education department. This was followed by an engagement in the Organization for Security and Co-operation in

Europe (OSCE) in the period from 2003 to 2005. He has been in Crnogorski Telekom since 2005. He joined the Human Resources Department of Crnogorski Telekom in mid-2010 as a HR manager. He became the HR Department Director at the beginning of 2012, and since May 2015 he has been the Director of Human Resources Department. He was named Director of the Human Resources Department in May 2017, when he became a member of the Management Committee.

Pavle Đurović, Director of the Corporate and Legal Affairs Department

Pavle Đurović was born in 1976. He graduated at the Law Faculty, University of Montenegro. He obtained diploma in international trade law at the International Postgraduate Trade Law Center in Torino. He started his career in the domestic law office Vukotic-Durutovic and continued his international office as a legal adviser in 2000 and was named Director of the International Law Office Harrisons - Solicitors in Podgorica in the same year. In this period, he was responsible for the largest M&A and privatization operations in Montenegro. He has been in Crnogorski Telekom since 2003, when he was named Director of the Legal Department. Since 2010 he has been the Secretary of the Company. He is internationally recognized member of DT Group for Corporate Affairs and Legal Affairs. In 2017, he was named Director of the Corporate and Legal Affairs Department, Secretary of the Company and member of the Management Committee.

Predrag Perković, Director of the Business Department

Predrag Perković was born in 1977. He graduated at the Faculty of Economics, University of Montenegro, and received his master's degree at the Faculty of Economics, University of Belgrade. His work engagement in Crnogorski Telekom started in 2004 in the Marketing and Sales Department. In the period from 2006 to 2008, he managed the Sales Department for large companies. He was named Director of Direct Sales in 2008, and Director of Sales Operations and Operational Excellence 2014. He was on the position of Sales Director from May 2015 to May 2017, when he was named Director of the Business Department. He is a member of the Management Committee of Crnogorski Telekom.

Valentina Radulović, Director of Technology Department

Valentina Radulović was born in 1979. She graduated at the Faculty of Science, University of Montenegro, at the Faculty of Mathematics, and obtained the title of Master of Science in Information Technology at the University of Sheffield. She began her career as a trainee at Crnogorski Telekom in 2003, after which she covered numerous responsible positions within the Technical Department. With her comprehensive approach to both technological and corporate strategic goals, she has made a significant contribution to numerous IT / NT projects and activities. She was named Director of the Technical Department on November 1, 2017, when she became a member of the Management Committee of Crnogorski Telekom.

Ognjen Vukoslavović, Director of the Customer Experience Department

Ognjen Vukoslavović was born in 1980. He graduated at the Faculty of Electrical Engineering, University of Montenegro. He gained his entire work experience in Crnogorski Telekom, where he started his career in

2000 for the maintenance of telecommunication networks. He worked in various positions in the Technique and participated in key company projects. In 2011, he became the manager of technical customer service, where he further developed his leadership and organizational skills. In May 2017, he was named Director of the Customer Experience Area, taking responsibility for the care of a comprehensive user experience. He is a member of the Management Committee of Crnogorski Telekom.

Our Vision

In a fast changing world,

We are your first choice to live in a fully digital lifestyle

Wherever you are, whatever you do;

By aspiring to be the best in class.

Our Strategy

As a leading telecommunications provider in Montenegro, Crnogorski Telekom strives to maintain its leading position, to improve its business performance and leverage on available resources. In order to achieve this, Crnogorski Telekom defined a new Corporate strategy for 2017 and onwards. It is based on a vision to be the first choice of our customers in everything we do, with the desire to be the best.

The new strategy is based on three pillars, which are related to our three goals:

Be # 1 in mobile

Be # 1 in fixed

Be # 1 in FMC (integrated) offers.

#1 in mobile. At the beginning of 2017, over 95% of the outdoor population was already covered with 4G signal by Crnogorski Telekom. 4G technology provides faster data transfer speeds and faster mobile internet than the 3G network, faster content and applications download, faster surfing, better sound and video quality, and improves quality of customers' communication and lives in general. Therefore, we are proud that our customers have the best network, the network they deserve. This undisputable technology leadership has been confirmed on more occasions in 2017, when Crnogorski Telekom received the "Best in Test" certificate on the independent measurement of the mobile network quality, which was implemented by P3 Communications, according to the internationally recognized methodology. For the third year in a row, Telekom has achieved the best results in the overall measurement of the mobile network quality. In addition to the growth of the 4G network coverage and capacity, Telekom will continue to monitor and support the development of the services, through the improvement of the existing portfolio. Mobile services are developing faster than ever, expectations of the customers are constantly increasing and rules of the game are changing fast, therefore, our goal is to fulfill these expectations and improve the quality of our customers' lives through the most innovative technological solutions, in short, to provide an irreplaceable, premium experience.

#1 in fixed. Crnogorski Telekom is leader in the fixed broadband market while it is in the second place on Pay TV market. Telekom has enabled access to optical infrastructure for more than 80 thousand households, which means that almost every household in the urban part of Montenegro has the possibility to use the services on the optical network. Due to the growing demands of the market, when it comes to quantity of information, speed and quality of service, the optical network, which is the technology of the future, has become a reality. This is supported by the fact that with the equipment, installed today to the customers, we have achieved the tested speed of 1Gbps. In order to enhance the customer experience in suburban areas, in 2016 we launched VDSL technology, which, at the end of 2017 offered super high internet speed for about 70 thousand households. This technology represents a new chapter in development of the fixed broadband for Crnogorski Telekom. Also, in 2016 we launched a new TV platform "TVzaSVE" and once again showed that we are listening to customers' needs.

1 in convergent (integrated) offers. Magenta 1 represents the best of both Telekom`s world, mobile and fixed services, television in one package. With Magenta 1, customers have faster internet access, more TV channels, and a postpaid number with on-net and off-net and mobile internet. Our ambition is to further develop and strengthen our integrated products offer.

The customer remains in the focus of our business. By further strengthening of eSales; eCare and alternative sales channels, we will strive to make our services even simpler and faster, and to provide impeccable experience to our customers. Our goal is to be the first customers'choice, and combination of superior network, best IT solutions and premium brand will drive us to achieve this ambition.

Regulatory Environment

The regulatory environment is characterized by implementation of the Law on Electronic Communications that is based on the EU regulatory 2009 framework, as well as a number of bylaws adopted in accordance with the Law. The new regulatory framework is dedicated to ensure competitiveness in the market as well as obtaining a higher level of protection of consumer rights. Amendments to the Law enacted in January 2017 partly affected Crnogorski Telekom operations.

Out of all wholesale products offered to the market, based on the resolutions on SMP operators from 2010, 2013 and 2015, interest was shown only for duct rental. At the end of 2017 alternative operator showed interest for Bit stream access product.

The Cost Accounting and Accounting Separation obligations were implemented for both fixed and mobile services, as an obligation imposed on Crnogorski Telekom being SMP (Significant Market Player) at some of the relevant market. Reports for 2016 are based on LRIC model.

In 2017 the Agency for Electronic Communications and Postal Services performed five relevant market analyses defined in the 2014 EU Recommendation (by definition it is about the same relevant markets already analyzed in 2010 and 2013).

Crnogorski Telekom was again identified as the significant market player (SMP) in all five markets. Additionally, in 2012, the NRA applied a three-criterion test on two retail markets: broadband and mobile services, to find out if those markets were susceptible to ex-ante regulation. The retail market of mobile services was found sufficiently competitive, while Crnogorski Telekom was designated as an SMP in the fixed broadband market. Upon approval of the 2013 Regulatory Reports for the fixed network, the NRA, for the third consecutive year, performed retail price regulation of the following services provided at fixed locations: access to the network, broadband, as well as voice services (local, national and international calls) on a cost basis. Price adjustment implied a decrease based on the approved Crnogorski Telekom Cost Model for the respective year.

Universal service

Universal Service (US) was commercially launched in December 2011, but without significant interest from customers for the service. However, after introducing changes to the US regulatory framework, customers' interest significantly increased, especially for voice services and internet access. Interest for the US Inquiry and Directory Service was not very high. Consequently, Montenegrin operators compensated a rather significant net cost to USOs for the period 2011–2015 (including almost the whole January 2016). Through Universal Service net cost refunding obligation, Crnogorski Telekom compensated the cost of Universal Service in the amount of 664 thousand Euros. Following the results of the public tender for a selection of USOs (Universal Service Operator) for the period 2016–2021, the NRA designated Crnogorski Telekom as the USO for access to the network, voice and internet access service. Interest for the services provided by Crnogorski Telekom as USO was higher than in the previous period. In addition to the three sites taken over from the previous US operator, Crnogorski Telekom is providing service in additional four locations. One of

these locations, Medun near Podgorica, required upgrade from 2G to 3G in order to provide services under the US scope Crnogorski Telekom was designated for. The same situation was with Lever Tara location where Crnogorski Telekom needed to make upgrade from 2G to 3G for serving only one customer's request.

Additionally, Crnogorski Telekom is in the process of obtaining necessary preconditions for building five new sites, but the customers' interest for services from some more locations is expected.

Number portability

The Number Portability service was commercially launched in 2011. In 2017, interest in the service significantly increased compared to 2016 (44.54%). This service is still more used by mobile network subscribers, however, it is becoming more and more used also by the fix segment. Almost all fix subscribers, who used the service in 2017, ported number from Crnogorski Telekom network to the other network, while more than one third of the total number of mobile subscribers who used this service during 2017 ported the number in Crnogorski Telekom mobile network.

Regulatory fees

Under the effective regulations, Crnogorski Telekom pays fees for market supervision and use of radio frequencies, numerations and addresses.

Radio-frequency spectrum

At the Multi-Band auction for 800/2600 MHz and 900/1800/2100 MHz organized in July 2016, Crnogorski Telekom won superior package that would ensure its position in the mobile segment for the next 15 years, as well as the basis for improvement of Crnogorski Telekom technological leadership in the market.

Sharing of infrastructure

The Reference Interconnection Offer (RIO) defines the terms and conditions of collocation, for the purpose of interconnection realized in Crnogorski Telekom's premises. This includes rental of space in buildings, masts and cable ducts. The RIO conditions are valid only for operators looking for interconnection/access, while usage of infrastructure by operators for other purposes is subject to commercial negotiations. Apart from the RIO, the Reference Unbundling Offer defines the terms and conditions of collocation for the purpose of local loop unbundling, including also rental of collocation space in Crnogorski Telekom premises and ducts. Regulated prices for duct rental do not encourage investments in new duct deployment.

Termination of calls

Based on the NRAs relevant resolutions on designation of significant market player (SMP) on relevant markets, the termination rates were reduced in December 2016. Fixed termination rates (FTRs) were reduced from 0.74 to 0.65 cents/min (for local) and from 0.94 to 0.8 cents/min (for single transit), while the

mobile termination rate (MTR) for voice traffic, after approving the 2015 Regulatory Reports of all three operators, was reduced from 1.18 cents to 1.06 cents/min. The next wave of termination rates decrease is expected upon approval of Crnogorski Telekom Regulatory Reports in Q12018.

Future Regulatory Developments

In the process of implementation of the 2013 Law on Electronic Communications, the Government, responsible ministries and the NRA will work on further regulatory framework developments through harmonization of existing bylaws and adoption of new ones. During 2018, the enactment of the special new Law is expected, in order to transpose in the Montenegrin legal framework the Directive 2014/61/EU of the European Parliament and the Council from 2014 on measures to reduce the cost of deploying high-speed electronic communications networks.

In 2018 the national regulator plans to apply the Three Criteria test on relevant Retail Broadband Access market for residential and business customers, in order to determine whether the market is susceptible for ex ante regulation.

Promotions and Offers

Residential Customers

Postpaid

Crnogorski Telekom continued with upgrade of Max tariffs in 2017. These changes had big impact on the increase of customer satisfaction, making these tariffs even more attractive. Customers of Max tariffs became the biggest part of postpaid base (residential customers). Number of postpaid customers continued to increase in 2017 as well, thanks to attractive tariffs and promo campaigns.

During 2017 focus was on promotion of 4G network and best coverage. Therefore campaigns were based on internet resources. In the second half of 2017 postpaid internet options for residential customers were redesigned and digital add-ons were introduced, which provided customers with different possibilities and choices.

In postpaid mobile internet for residential customers, Crnogorski Telekom increased the number of customer significantly, thanks to the very competitive offer of mobile internet tariffs, but also due to a superior 4G network.

Prepaid

Strong challenges and pressure on prepaid market continued in 2017 as a result of aggressive competition on the one side and introduction of obligatory prepaid e-registration on the other.

Following the market trends, but with focus on profitability preservation, Telekom created new communication platform "Monster", targeting younger customer groups. Two new prepaid options were launched. Internet Monster targets customers preferring internet, while Alo Monster puts focus on all-net minutes.

E-registration in prepaid significantly jeopardized the acquisition potential of the market, which was especially visible during summer season.

Partnership with Voli, the biggest retail chain in the country continued in 2017. With each purchase of € 15 and more, customer gets € 2 add-on on Volim prepaid account. By the end of 2017, there were 10 thousand customers of Volim package, which contributed Crnogorski Telekom market share to be stable.

Magenta 1

Number of customers of Magenta 1 continued to increase in 2017. At the end of year, Crnogorski Telekom had over 27,000 customers on Magenta 1 package. Magenta 1 customers were among the first that could use advantages of new technologies such as VDSL, the highest speeds on fiber and significantly improved 4G network. The second half of the year was marked by the special offer of Magenta 1, which enabled more internet, minutes and TV content to existing and new customers, without additional costs.

Fixed segment

2017 was the year of new internet technology. Crnogorski Telekom enabled customers requiring fast internet and living in suburban areas, out of areas covered by fiber, with excellent alternative – turboDSL. New turboDSL technology brings significant speed increase, stability of the internet service and therefore significantly better customer experience. From the speed aspect, turboDSL is closer to fiber than ADSL and enables 10 times higher bandwidth. All that without additional works in the apartment, with easy installation and only with the change of device on customer's location.

In 2017 Extra TV offer wasn't enriched only with new TV content but novelties were introduced in service TV offers as well. TV content was extended with very popular channels both in SD and HD resolution. Extra TV service offer was enriched with new TV Duo offer providing customers of fixed telephony and Extra TV with additional benefits of free packages included in the offer (Pink & Arenasport) as well as free minutes in fixed telephony.

TVzaSVE

In cooperation with RDC we introduced new TV content of TVzaSVE in February 2017 with additional package including 17 most popular channels. TVzaSVE is recognized as the most practical and movable TV offer on the market with 97% of coverage. By extending TV content with new package, the offer is fulfilled with the most popular sports, music, movie and documentary channels such as Arenasport, FOX, Pink and other. The number of customers of extended package is in constant increase from the beginning and it makes 33% of total DVB-T2 customers at the moment.

Business customers

Postpaid

Despite strong competition, during 2017 the number of customers of the Smart Business package continued to grow. At the end of 2017, the postpaid base was higher by 12 thousand customers (10% compared to the previous year), which ensured Crnogorski Telekom leading position with a market share of 44%. Focus on the SOHO segment is continued, sales activities are intensified with targeted offers for different customers' segments, resulting in SOHO database growth by 40%. In order to monitor the demands of modern business, Smart Business tariff portfolio was redesigned in November. The new portfolio is enriched by a larger number of tariffs (including the Premium Package), additional minutes for calls, roaming and calls abroad and significantly larger internet resources for the fastest surfing in 4G network.

Fix segment

During 2017 Crnogorski Telekom continuously made intensive activities to stabilize revenues from fixed services, which resulted in a stable number of connections, both in voice and broadband. Intensive sales activities in this segment were at migrating customers to the Business Duo tariffs, which combined fixed

voice and internet services. The migration covered 1500 customers (15% of the broadband customer base).

Magenta 1 Business

During 2017 the activities on the popularization of the integrated (FMCC) offer of Magenta 1 Business continued. The existing offer is enriched with tariffs that include VDSL technology and increased internet speeds. During 2017, over 700 small and medium-sized companies (SOHO and SME) became customers of Magenta 1 packages. The total number of Magenta 1 companies at the end of 2017 was 1,224, which makes 17% of the SOHO / SME customer base. Positive effects of customer migration to Magenta 1 tariffs had a special effect on the postpaid mobile voice base, through the activation of over 1,200 new postpaid SIM cards and an increase in average consumption per customer for EUR 12. Popularization of Magenta 1 and the migration of business customers to this tariff package directly affect the achievement of the strategic goal of the business segment, increasing the digitalization of small and medium enterprises through the introduction of Cloud services that are part of the integrated Magenta 1 offer.

ICT

In 2017, the ICT revenue growth continued as a trend from the previous period. Revenue was generated mainly from tailor made solutions and contracts for retail leaders (Voli trade, HDL) were realized as well as continuous cooperation with the leading banks in Montenegro (example Erste Bank). A special focus was on digitalization of customer business and developing software within the solution, especially in the SMB segment. During 2017, the first Telekom software solution for external customers (program for booking and scheduling Erste Bank meeting rooms) was realized – which was a significant step in reaching out to the software development industry. Smart solutions and NB IoT are recognized as globally prospective and fast-growing business models and in connection with this, a Smart Park pilot project has been implemented in cooperation with the capital city. In 2017, we became a Microsoft Cloud Service Provider (CSP) and achieved a 50% market share in the Office 365 solution.

Human resources

Improved organization – customers focused

In 2017, Crnogorski Telekom implemented the biggest organizational restructuring in its recent history in order to be more agile, efficient and ready for market challenges. Organizational changes were made along with changes in the management bodies, with the abolition of the Executive Management Board and formation of the Management Committee. Specific steps were taken in direction of personal costs optimization, which was also a result of reduced management structure.

During the second half of 2017, in synergy with partners from Hrvatski Telekom, specific steps were made to realize two programs for increasing sales efficiency of organizational units in direct communication with customers. With the aim of creating conditions for the realization of these programs, a certain organizational alignment has been performed as well as intensive work when it comes to the employee motivation toward keeping the existing and attracting new customers.

Investing in employees

During 2017 our Company continuously worked on improving employees' knowledge and skills. All employees of Crnogorski Telekom have access to Learnlight Digital Learning Program for English language as of February 2017, and Skillsoft Digital Training Platform is available since April 2017, which offers more than 7,000 courses in various fields, 46,000 online books and 65,000 video contents. Crnogorski Telekom is among the first in Montenegro to introduce this form of courses, following up-to-date learning formats and offerings, as well as motivating employees to take on personal responsibility in terms of self-improvement, which represents the key to personal development and success, and well as the key to success of our Company.

When it comes to F2F trainings, the focus was on Sales, Talent Management Program, Open Training Catalogue, Experts Program, as well as individual trainings. In this way, more than 85% of the organization took part in 2017 training programs, which resulted in a total of 10,208 training hours. Crnogorski Telekom also won the main 2017 Social Responsibility Award, given by the Employers Union, on which occasion our training and development portfolio participated as one of the three award segments - the Employee Care segment.

Employee benefits

As a company which takes care of the welfare of its employees, Crnogorski Telekom continuously provides a wide range of employee benefits such as health and recreational programs, subsidization of summer and winter vacations with family members, resolving employee housing and others.

Employee satisfaction

During the 2017, two employee satisfaction surveys were carried out in Crnogorski Telekom.

Employee Survey, which took place between the end of April and beginning of May 2017, was a large biannual survey, focused on employee health and commitment Group-wide. With a response rate of 79%, results in Crnogorski Telekom showed that key factors affecting the health and success of the organization improved since 2015. In this way the quality of leadership style, as well as the level of employee health and commitment, have shown values that are above the Europe average.

The Pulse Check Survey, held in early November 2017, indicated the effectiveness of corrective and improvement measures implemented based on the results of Employee Survey, both within individual organizational units and on the company level. The survey, with response rate of 72%, showed that organizational changes the Company went through 2017 had left space for further improvement when it came to the level of understanding the strategy and changes in the Company, while the employee perception of the leader communication and the harmonization of workload and quality requirements had improved since the previous survey. Furthermore, being the pioneer of digital learning modules in Montenegro, the survey results pointed out the increasing potential and wider use of digital learning platforms in the Company. The results of this research will provide guidance for further development and defining the improvement measures for the period ahead of us.

Transformation and Changes – Business Orientation

In 2017, Crnogorski Telekom successfully implemented ONE ERP Travel Management Module, i.e. DT platform (My portal) for travel orders and small expenses for all employees in the Company. Furthermore, we have also implemented the global project of Deutsche Telekom- Aramis, which represents unique HR service center for all HR issues.

With regards to Future Operating Model project (FOM), throughout 2017 Crnogorski Telekom had at its disposal the Deutsche Telekom training offers aimed at different levels of employees and available in English. The main focus was on digital platforms, on whose promotion we continuously worked in order to encourage employees to maximize the use of digital contents.

Corporate responsibility

As one of the leading companies in the country, Crnogorski Telekom strives to be present in all fields important for Montenegrin society. Apart from the desire to provide our customers with the highest quality telecommunication services, we see our role in an active and constant contribution to the development of the community where we operate and which we are part of.

Internet in Service of Education

In 2017, Telekom provided free broadband internet for around 250 elementary and high schools, as well as preschool institutions in Montenegro, giving a significant contribution to the quality and modernization of the educational process. This is a continued ten-year strategic cooperation with the Ministry of Education, and the agreement signed provides the educational institutions with technical capabilities to use the services of optical transmission and TurboDSL, which will enable schools to increase service stability and better data flow.

“Za svako dobro”

As part of our donor program named *Za svako dobro*, aimed at supporting and promoting projects of particular importance to the community, implemented by the use of digital technologies, in 2017, a total of seven projects were supported:

- Little Developers - programming and robotics courses for elementary school pupils (NGO Montenegrin Development Initiative)
- The First Children's Portal in Montenegro - a portal of educational and informative character intended for parents and elementary school children (Non-Governmental Association Zinak)
- Eco Atlas – an online platform for recording the fund of trees in towns and broader surroundings (NGO Ecologic),
- Our Forests, Our Care – a campaign on forest fire prevention (NGO Green Home),
- Assistive Technologies Leading to Greater Independence of Persons with Disabilities - educating people with visual impairment to independently use smart phones in order to increase the level of their independence and social integration (NGO Equivalence),
- Let's Learn Together - a mobile application to support students with disabilities (NGO Association of Youth with Disabilities of Montenegro)
- Let's Proceed together to the Speech Therapist's Office - equipping and operation of the speech therapist's office in Zabljak (Association of Parents, Children and Youth with Disabilities, New Hope).

Za svako dobro is Telekom's long-term initiative in the field of social responsibility, implemented for the fourth consecutive year, which promotes the use of digital technologies for solving the challenges in society.

Including this year's winners, 23 projects of special importance for the community were supported, with a total of around €120,000.

Volunteer Club's Activities

In March 2017, Telekom's Volunteer Club was established with the aim of improving Crnogorski Telekom employees' volunteer and charity activities. In cooperation with the Ministry of Education of Montenegro, the Club organized three tree-planting and gardening projects in Podgorica, in the following schools: Stampar Makarije, 21. Maj and Vlado Milic. In May 2017, the Club, in cooperation with the Blood Transfusion Institute, organized a voluntary blood donation campaign for the company's employees and management.

Sport, Music and Culture

Our sponsorship platform focuses on sports, music and culture - which is perfect for emphasizing our "*Life is for Sharing*". Within the company's sponsorship strategy, sport has a special place, considering that it is an important area for the development of a healthy, modern and advanced society. The company is a golden sponsor of the Montenegrin National Football Team and a general sponsor of the Telekom First Montenegrin Football League. In addition, the company is traditionally a sponsor of the Buducnost Basketball Club.

Crnogorski Telekom sponsored numerous music events and activities in 2017, including City Groove Festival in Podgorica, Southern Soul Festival in Ulcinj and After Beach Parties taking place along the Montenegrin coast.

Supporting Charity Projects

Telekom seeks to contribute to addressing essential social challenges in line with available resources. During 2017, Crnogorski Telekom enabled the implementation of several projects of national importance:

- The first Montenegrin Telethon, which enabled the collection of funds for the treatment of children with cancer
- Parenting line, a support service for all parents in Montenegro with the aim of reducing domestic violence
- Shelter for the Homeless in the Capital
- UNICEF youth empowering program *Kreaktivator*

Further Information

Contacts

Crnogorski Telekom
Moskovska 29
81000 Podgorica
Montenegro
Tel: + 382 20 433 433
Fax: + 382 20 225 752
e-mail: office@telekom.me
www.telekom.me

Stock trading information:

Crnogorski Telekom stock code: TCEG

Montenegroberza a.d.Podgorica
Moskovska 77
81000 Podgorica
Montenegro
Tel/Fax: +382 20 228 502
E-mail: mberza@t-com.me
www.montenegroberza.com

Published by:
Crnogorski Telekom © 2017