



P R O S P E C T U S

Public offers of the third issue of corporate bonds

**Public Company Motorways of the Federation of Bosnia and
Herzegovina Ltd. Mostar**

(JP Autoceste FBiH d.o.o. Mostar)

Issue Agent: SEE Investment Solutions d.o.o. Sarajevo



Public Company Motorways of FBiH Ltd. Mostar

Adema Buća 20, 88 000 Mostar

Tel: +387 36 512 300; +387 33 277 900 Fax: +387 36 512 301; +387 33 277 901

e-mail: info@jpautoceste.ba

www.jpautoceste.ba

The Public Company Motorways of the Federation of Bosnia and Herzegovina Ltd. Mostar (hereinafter: Public Company Motorways of FBiH Ltd. or Issuer) accepts liability for the contents of this Prospectus. According to our belief and in accordance with all knowledge and information the Public Company Motorways of FBiH Ltd. Mostar disposes of, we hereby declare that all the data from this Prospectus constitute a complete and true presentation of the financial position, assets and liabilities, losses and gains of Public Company Motorways of FBiH Ltd. Mostar, as well as the rights and obligations contained within the bonds of Public Company Motorways of FBiH Ltd. Mostar, and that facts that could affect the completeness and truthfulness of this Prospectus were not omitted. This Prospectus does not conceal any data of material importance and does not contain information that could mislead potential investors. In accordance with the above stated, the Issuer accepts liability for information contained within this Prospectus.

The Issuer is indebted by issuing bonds, in the total amount of 30,000,000.00 BAM, for a period of three years.

In accordance with the Law on Securities Market (Official Gazette of Federation of Bosnia and Herzegovina, number: 85/08,109/12,86/15, 25/17) this Prospectus was approved by the Securities Commission of Federation of Bosnia and Herzegovina at the session held on **17.11.2022**, decision number **03/1-19-250/22**. By approving this Prospectus, the Securities Commission of the Federation of Bosnia and Herzegovina confirmed that the Prospectus contains all the data established by the Law on Securities Market (Official Gazette of Federation of Bosnia and Herzegovina, number: 85/08, 109/12, 86/15, 25/17) and Rulebook on Issuing of Securities (Official Gazette of Federation of Bosnia and Herzegovina, number: 18/09, 87/10, 112/12, 103/14), and that it can be published. Bonds will be listed on the official stock market of the Sarajevo Stock Exchange.

No person is authorised to provide information and statements related to the offer and sale of bonds that are not contained within this Prospectus. If such data or statements would be provided, they cannot be relied on as the data and statements approved for publishing by Public Company Motorways of FBiH Ltd. Mostar. Issuing of this Prospectus or sale or purchase of bonds do not implicate that circumstances related to Public Company Motorways of FBiH Ltd. Mostar did not change from the date this Prospectus was issued. This Prospectus should not be considered as a recommendation for purchase or offer for sale of bonds by or for the account of Public Company Motorways of FBiH Ltd. Mostar, or for the account of the Issue Agent or for the account of another entity that is connected with them, in any country in which provision of such offers or invitations by such entities is illegal.

Any investor considering the purchase of bonds, is referred to his personal evaluation and assessment of financial position and operating of the Public Company Motorways of FBiH Ltd. Mostar and conditions of bonds, including inherent risks, including those described in Chapter 5. *Investment risks and causes of risk*. Unless specified differently, all annual data, including the data of financial statements, are based on calendar years. Numbers in Prospectus are rounded. In this document, the reference to "BAM" refers to the Bosnian Convertible Mark, i.e. the legal means of payment in Federation of Bosnia and Herzegovina and Bosnia and Herzegovina (hereinafter: BiH), whereas reference to "EUR" refers to Euro currency.

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1. DATA ABOUT THE ISSUER

1.1. Basic data about the issuer

Full name of the Issuer: Public Company Motorways of the Federation of Bosnia and Herzegovina, limited liability company Mostar

Abbreviated form: Public Company Motorways of FBiH, Ltd. Mostar

Address: Adema Buća 20, 88 000 Mostar, BiH
 Tel: +387 36 512 300; +387 33 277 900
 Fax: +387 36 512 301; +387 33 277 901
 e-mail: info@jpautoceste.ba
 www.jpautoceste.ba

Court of registration: Municipal Court Mostar

Issuer registration number: 58-01-0179-10

Issuer identification number: 4227691540005

Issuer legal form: Limited Liability Company

Issuer fixed capital: 2,000.00 BAM

1.2. Issuer ownership structure on the day the Prospectus was prepared

Ordinal number	Name/First and last name	Share percentage in issuer's capital
1.	Federation of Bosnia and Herzegovina	100%

2. DATA ON ISSUING SECURITIES

2.1. Types of securities

Public Company Motorways of FBiH issues bonds, long-term debt securities, which authorise the legal owner to collect the nominal value of principal and interest in accordance with the Decision on bond issue.

These bonds are issued with fixed annual interest rates. The bonds mature within a period of three (3) years, with the corresponding part of interest to be calculated and paid in the first two years, and principal and the corresponding part of interest to be paid in the last year.

2.2. Legal status of bonds

Bonds are issued in non-material form, in electronic form, in series, issued to the specific name, freely transferrable and unsecured.

Bonds represent unsecured, direct and unconditional commitments of the Issuer, equal to each other with the same rank as all other current and future unsecured commitments of the Issuer, except for the commitments which may have priority on the basis of legal regulations.

Issuer's commitments, i.e. payout of interest until the due date, will be carried out from regular income of the Company.

2.3. Rights contained within bonds

Bonds of this issue are freely transferrable debt securities which represent a direct and unconditional commitment of the Issuer. This issue is secured by 10 bills which are to be deposited by the Issuer with the Paying Agent.

The Owner of the bonds has right to collect the nominal value of principal and the corresponding interest.

For the period of maturity, the owner of bonds has right on the interest calculated from the total amount of principal that will be paid in accordance with the point 2.10. of this Prospectus. Principal will be paid after its due date.

None of the owners of the bonds has right to request the advance maturity date.

Rights and obligations from securities-bonds, are acquired, transferred and limited by their registration in accounts of the owners of the bonds in the Securities Registry in the Federation of Bosnia and Herzegovina.

Bonds, issued by Public Company Motorways of FBiH, do not contain the right of pre-emption.

Company may in any period of time, without consent of the owner of bonds issue other securities.

2.4. Total amount of bonds issue

Total number of 300,000 (three hundred thousand) bonds are issued, with nominal value of 100 BAM (in letters: one hundred of Convertible Marks) per bond on the maturity date.

Bonds are issued with currency clause in EUR, with the exchange rate 1 BAM=0.5113 EUR. The total nominal value of the issue is 30,000,000.00 BAM (in letters: thirty million of Convertible Marks).

The volume of bond issue (30,000,000.00 BAM) exceeds the amount of the fixed capital of the Company (2,000.00 BAM). Total capital of the Issuer as of 31. 12.2021 is 555,575,927 BAM. Totally 76% of the total capital of the issuer refers to the item Other fixed capital in the amount of 422,561,207 BAM. Other fixed capital refers to the capital, which was transferred from the separate balance sheet, which was formed during the foundation of the Public Company Motorways in 2011. Until then, Directorate for Motorways under the Federal Ministry of Transport and Communication existed, and after the closure of Directorate, and foundation of the Public Company Motorways of FBiH, assets of the Directorate was transferred into the balance of the Public Company Motorways of FBiH as the item other fixed capital. Undistributed profit makes 23.9% of total capital of Issuer, i.e. 133,012,720 BAM. Undistributed profit of previous years makes 88.5% of total undistributed profit, i.e. 117,583.965 BAM, whereas profit of the accounting year amounted 15,428,755 BAM. Until 2020, the undistributed profit of the Issuer was higher by the amount of excises paid in advance, which makes a significant amount. In 2021, there was a change in the accounting policies which defined a different booking of excises in a way that the excises paid in advance should be taken out of the capital and booked on the account of long-term provisions. Pursuant to that, the account balance of long-term provisions in relation to the excises paid in advance as of 31.12.2021 amounts 766,367,643 BAM.

The company estimates that the effects of investment of the collected funds and regular business profits will be sufficient for unhindered financing of commitments, and that this issue will in no case threaten the financial position of the Issuer.

Every investor that considers purchase of bonds, is referred to their own evaluation and assessment of the financial position and business of the Public Company Motorways of FBiH, and conditions of this bonds issue, including the above-stated.

Every investor will on their request get the financial data about the projects that are subjects of financing from this issue, their effects and impacts on business, in order for investors to get a high-quality judgement during their decision making about the investment.

2.5. Total amount of previous issues

Before this issue, the Public Company Motorways of FBiH had one succesful and one unsucesful bonds issue.

First successful bonds emission was realised on 28.12.2018 in the total amount of 48,998,800 BAM (489,988 bonds with nominal value of 100 BAM).

2.6. Bond yield

Bonds carry yield on principal with an unchanged annual interest rate of 3.5%. The interest is calculated twice a year, as per following dates: 31.03. and 30.09. For calculation of interest acquired from bonds, a real number of days in the period for calculation of interest is to be taken. In case of change of the exchange rate of BAM with refrence to EUR, currency clause is to be applied.

2.7. Price and method of price determination of bonds in issue

Issue is to be done via Sarajevo Stock Exchange, by the method of prevailing price, and in accordance with the Rulebook on Public Offers via Sarajevo Stock Exchange.

The company is to sell bonds on their nominal value. Bond selling price is 100.00 BAM per bond, and the price per which Purchasers subscribe and pay their bonds is to be formed on the Stock Exchange.

Issuer's professional broker enters the order for the sale of bonds in the amount of 300,000 pieces per price of 100.00 BAM.

Professional brokers for purchasers may enter orders to purchase bonds for the price that is equal or higher than the selling price.

Price of bonds in issue is to be determined by the Stock Exchange after the completed subscription.

2.8. Place and method of subscription and payment of bonds

In case of issue through the Stock Exchange, subscription of securities is done with the professional intermediaries by provision of the securities purchase order, and a completed subscription is considered order subscription in the stock exchange trade system, if the system accepts such order.

Stock Exchange after the completion of subscription delivers a report on completed transactions to all professional intermediaries who participated in completion of transactions and their depository banks.

Subscription is to commence on 22.12.2022 and last until 28.12.2022.

If the number of subscribed bonds exceeds the number of bonds offered at the public offer, the exact schedule of purchasers and subscribed amounts is to be carried out by Sarajevo Stock Exchange using the method of prevailing price, in accordance with the Rulebook on Public Offers via Stock Exchange.

The depository bank of the professional intermediary who carries out the purchase of bonds is obliged to transfer bond payments to the issuer's depository bank and deliver the list of bond purchasers with the amount of purchased bonds, in the following working day as from the deadline for fund payments (three working days after the completion of subscription of bonds).

2.9. Success of the issue

Issue is to be considered successful if within the prescribed deadlines at least 60% of the total number of offered securities are subscribed and paid.

The Commission makes a Decision on Success of the Issue.

2.10. Payment of interest and principal

The payment of interest (coupon) is to be carried out semi-annually on the dates 31.03. and 30.09. within the time period of three years, starting as of the date of the Decision made by the Securities Commission which determines the successfulness of the issue and approves subscription of bonds into the Issuer Registry with the Commission.

The one-off payment of principal is to be carried out upon the maturity date, the latest within 10 (ten) days from the maturity date. The maturity date of the principal is counted from the date of the Decision made by the Commission, which establishes the success of the issue and approves subscription of bonds into the Issuer Registry. In case of delayed payment of principal, the Issuer is to be obliged to pay default interest.

The payment of interest is to be carried out maximum 10 (ten) days as from the date of maturity of the coupon. In case of delayed payment of interest, the Issuer is to be obliged to pay default interest. The maturity date of the interest is counted from the date of the Decision made by the Commission, which establishes the success of the issue and approves subscription of bonds into the Issuer Registry.

If the date of payment of interest and principal from bonds is a non-working day, the payment is to be carried out the following working day. A working day is the day determined as the working day of the Registry, and the working day of business banks that perform payments in the Federation of Bosnia and Herzegovina.

The payment of principal and interest is to be carried out on the transaction accounts of the purchasers registered in business banks in Bosnia and Herzegovina.

Redemption table is provided below, with the example in which the date of the Decision of the Commission on Success of the Issue and subscription in Issuer Registry was represented as 30.12.2022

Redemption table of bonds:

Maturity date	Payment date	Number of bonds	Nominal bond value	Annual interest rate	Days of calculated interest	Days in a year	Interest amount	Principal payment	Unpaid principal amount	Annuity amount	Interest payment per bond	Total payment per bond
31.03.2023	10.04.2023	300,000	100.00	3.50%	91	365	261,780.82	0	30,000,000	261,780.82	0.87260274	0.87260274
30.09.2023	10.10.2023	300,000	100.00	3.50%	183	365	526,438.36	0	30,000,000	526,438.36	1.75479452	1.75479452
31.03.2024	10.04.2024	300,000	100.00	3.50%	183	366	525,000.00	0	30,000,000	525,000.00	1.75000000	1.75000000
30.09.2024	10.10.2024	300,000	100.00	3.50%	183	366	525,000.00	0	30,000,000	525,000.00	1.75000000	1.75000000
31.03.2025	10.04.2025	300,000	100.00	3.50%	182	365	523,561.64	0	30,000,000	523,561.64	1.74520548	1.74520548
30.09.2025	10.10.2025	300,000	100.00	3.50%	182	365	523,561.64	0	30,000,000	523,561.64	1.74520548	1.74520548
30.12.2025	09.01.2026	300,000	100.00	3.50%	91	365	261,780.82	30,000,000	0	30,261,780.82	0.87260274	100.87260270
Total							3,147,123.28	30,000,000		33,147,123.28	10.49041096	110.49041092

*date is counted as from the date of the Decision on success of the issue made by Securities Commission of the Federation of Bosnia and Herzegovina

2.11. Early repurchase of bonds

Public Company Motorways of FBiH may, at any time, repurchase bonds at any price on the market or by any other method, under the condition that at the moment of purchase by public offer, such offer is equally available to all owners of the bonds.

None of the bond owners is not obligatory to accept Issuer's offer, nor sell any number of bonds that are in their possession.

For the amount of bonds purchased by the Issuer before the date of annuity payment, the amount of unpaid bonds may be reduced on the following date of annuity payment per bond.

2.12. Delay in payment of annuity

In case of delayed payment of annuity from bonds, Issuer is to pay legally prescribed default interest from the last date of annuity payment (ten days from the maturity date) until the date of real payment.

2.13. Delay in payment of interest

In case of delayed payment of interest from bonds, Issuer is to pay legally prescribed default interest from the last date of interest payment (ten days from the maturity date) until the date of real payment.

Legally prescribed default interest, to be paid by the Issuer to bond purchasers on the basis of the Certificate of bondholders from Securities Registry in the Federation of Bosnia and Herzegovina, is calculated by application of the following formula:

$$K = C \times p \times n / 100$$

whereby:

K = legally default interest

C = amount of the accrued interest, and unpaid interest

p = legal rate of default interest

n = number of years

When calculating default interest for accounting period shorter than one year, number of calendar days for that year is to be applied and the following formula is to be used:

$$K = C \times p \times d / 36.500$$

Respectively for the leap year:

$$K = C \times p \times d / 36.600$$

whereby:

K = legally default interest

C = amount of the accrued interest, and unpaid interest

p = rate of default interest

d = number of days

2.14. Delay in payment of principal

In case of delayed payment of principal from bonds, Issuer is to pay legally prescribed default interest as from the last date of principal maturity date until the date of real payment. Legally prescribed default interest that Issuer is to pay to investors on the basis of Certificate of bondholders from Securities Registry in the Federation of Bosnia and Herzegovina is calculated by application of the following formula:

$$K = C \times p \times n / 100$$

whereby:

K = legally default interest

C = amount of the accrued principal, and unpaid principal

p = legal rate of default interest

n = number of years

When calculating default interest for accounting period shorter than one year, number of calendar days for that year is to be applied and the following formula is to be used:

$$K = C \times p \times d / 36.500$$

Respectively for the leap year:

$$K = C \times p \times d / 36.600$$

whereby:

K = legally default interest

C = amount of the accrued principal, and unpaid principal

p = rate of default interest

d = number of days

2.15. Registration of bond issue with the Securities Registry in FBiH

Subscription of issued bonds on the account of purchasers is to be carried out by the Securities Registry in the Federation of Bosnia and Herzegovina after bond registration into the Issuer Registry at the Securities Commission of the Federation of Bosnia and Herzegovina.

After making the Decision on Success of the Issue by the Commission, Registry is to register bonds in accordance with the delivered documentation.

2.16. Method of price determination of bonds at the secondary market

Bonds are to be included on the Free market SASE, where a secondary trade is to be performed. The price of bonds is to be based on so called “clean price”, meaning that it does not include the accrued interest.

Payment after purchase of bonds on SASE is to be made in accordance with the traded price increased for accrued interest for the period from the last date of interest payment all until the settlement date of trade concluded at the stock exchange (T+2), not including the date of settlement.

2.17. Method of payments of principal and interest in the secondary trade

Calculation and settlement in the secondary trade of bonds is to be performed by the Securities Registry of the Federation of Bosnia and Herzegovina.

The period for settlement of financial commitments and transferring of securities, for all trades agreed at the Stock Exchange determined on the date (T) is two (2) working days after the business agreement (T+2).

3. ISSUER'S BUSINESS PLAN AND AIM OF THE COLLECTION OF FUNDS

3.1. Issuer's Business plan

Activities of the Public Company Motorways of FBiH, as well as operations and services on motorways and expressways in Federation of Bosnia and Herzegovina are defined by the Company Statute.

Basic task of the Public Company Motorways of FBiH is construction of the motorway at the Corridor Vc. The longest part of Corridor Vc branch is situated at the territory of Bosnia and Herzegovina. Corridor Vc is a multi-modal road corridor that connects Hungary (Budapest) and Croatia (Ploče harbour), via Osijek (Croatia) and Sarajevo

(Bosnia and Herzegovina), making it the largest project of transport infrastructure in Bosnia and Herzegovina with the total length of 320 km, with the route of 273 km passing through the Federation of Bosnia and Herzegovina. The construction of the motorway at the Corridor Vc improves connection of BiH with the neighbouring countries and improves potentials for economic development. The project is strongly supported by the Government of the Federation of Bosnia and Herzegovina, and it is expected that it will provide Bosnia and Herzegovina a better integration with the European economic and social structures in Europe.

The Corridor Vc in BiH includes four main routes, referred to as Lots in the documents of the Government of FBiH, as below:

- **Lot 1:** Svilaj on the Sava River (connection on Corridor X) – Doboj South;
- **Lot 2:** Doboj South – Sarajevo South (Tarčin);
- **Lot 3:** Sarajevo South (Tarčin) – Mostar North;
- **Lot 4:** Mostar North – Bijača at the southern border with Croatia.



Fig 1. Overview of the Corridor Vc route

The part of the Corridor Vc that passes through the Federation of Bosnia and Herzegovina totals 273 km. Apart from this, plans include construction of motorway section from the Republic of Croatia - Orašje – Tuzla – Žepče and Adriatic-Ionian motorway, and several expressways which make a basis for connection of the Federation of BiH in regional and further international traffic flows of contemporary roads. The construction of expressways on the following routes is also planned:

- BC Prača - Goražde (I phase); LOT 1 and Lot 2 drilling and primary sub-construction of "Hranjen" tunnel and completion of all works in Hranjen tunnel and construction of semi-profile of expressway in front and behind Hranjen tunnel from Prača (Hrenovica) to Goražde
- BC Lašva - Nević Polje (LOT 5 Interchange Business zone Vitez - interchange Nević Polje)
- BC Lašva - Travnik - Jajce, section Nević Polje - Turbe
- BC Bihać - Cazin - Kladuša – border of the Republic of Croatia
- BC Mostar North - Široki Brijeg - border of the Republic of Croatia, section Mostar North - Polog, sub-section Mostar North – Vihovići

The vision and mission of the Public Company Motorways of FBiH is to create the highest ranked road infrastructure, equivalent to the most contemporary roads in the world, acting socially responsible with a special focus on the compliance with the environment and traffic safety.

In the following tables, we will show the plans of design, construction and supervision for 2022

Table 1 Plan of design services for 2022

Or. nr.	Name of investment	Contract value / estimated value without the VAT (BAM)	Plan for 2022 without the VAT (BAM)
1	2	3	4
Financing by own funds		34,989,931	16,281,350
1.	Preparation of the main design of motorway at the Corridor Vc: section Putnikovo brdo – Karuše i Karuše – Medakovo L=8.5km - continuation of activities	2,449,020	641,088
2.	Preparation of preliminary and main design of expressway Mostar – Široki Brijeg – granica HR section II Polog- border of the Republic of Croatia (L=40.5km) - continuation of activities	7,765,911	3,295,262
3.	Revision of the main design of expressway Mostar – Široki Brijeg – border of the Republic of Croatia section II Polog- border of the Republic of Croatia (L=40.5km)- continuation of activities	120,000	50,000
4.	Preparation of preliminary and main design of expressway Prača - Goražde.- continuation of activities	1,200,000	350,000
5.	Preparation of the main design of the motorway section Ozimica – Poprikuše	4,100,000	2,900,000
6.	Revision of the main design of the motorway section Ozimica – Poprikuše	80,000	70,000
7.	Preparation (ammendment) of the preliminary design and preparation of the Main desin of motorway Orašje - Tuzla section Orašje - Brčko - Maoča	6,000,000	1,000,000
8.	Revision of the main design of motorway Orašje - Tuzla section Orašje - Brčko - Maoča	600,000	100,000

9.	Preparation of preliminary and main design of the part Adriatic-Ionian Corridor section Stolac – Interregional node Počitelj	6,000,000	2,000,000
10.	Revision of the main design of the part Adriatic-Ionian Corridor section Stolac – Interregional node Počitelj	600,000	200,000
11.	Preparation of detailed preliminary design, Corridor Vc, sub-section Tunnel Kvanj – Buna	2,500,000	2,500,000
12.	Additional engineering-geological and geomechanic research and interpretation of the results and preparation of geotechnical projects that will be used on current and future construction projects	750,000	450,000
13.	Other unpredicted projects and studies referring to the projects of access roads, unpredicted projects – landslides, new local roads, relocation of installations etc.	250,000	150,000
14.	Preparation of preliminary design for sector 1 of section Vranduk - Ponirak and final part of section Nemila - Vranduk	1,200,000	1,200,000
15.	Preparation of preliminary and main design of bridge with geo-research activities and revision at section Prača - Goražde	300,000	300,000
16.	Preparation of main design of traffic equipment, signalisation and installations of Hranjen tunnel	525,000	525,000
17.	Analysis of the existing preliminary design of motorway Tuzla – Žepče, optimisation and creation of pre-conditions for preparation of the main design	250,000	250,000
18.	Preparation of preliminary and main design of the improved traffic access of Jablanica Municipality to the motorway at the Corridor Vc, in accordance with Conclusion of the Parliament of the Federation of Bosnia and Herzegovina	300,000	300,000
Financing from international credits		31,558,300	24,977,915
19.	Preparation of preliminary and main design for construction of section Mostar North - Mostar South	15,646,640	10,000,000
20.	Revision of the main design of motorway section Mostar North - Mostar South	2,933,745	2,000,000
21.	Preparation of preliminary and main design for access roads of Prenj tunnel	977,915	977,915
22.	Preparation of a detailed preliminary design with elements of the main design of Prenj tunnel	12,000,000	12,000,000
Financing from the budget of the Federation of Bosnia and Herzegovina		21,400,000	11,200,000
23.	Preparation of preliminary design of expressway Mostar – Široki Brijeg – border of the Republic of Croatia section and Mostar North – Polog (L=20.3km).	1,500,000	1,500,000
24.	Preparation (amendment) of preliminary design and preparation of the main design of motorway section Orašje - Tuzla section Maoča - Tuzla	7,000,000	4,000,000
25.	Revision of the main design of motorway Orašje - Tuzla, section Maoča - Tuzla	700,000	400,000
26.	Preparation of preliminary design for section of expressway Bihać - Cazin - Velika Kladuša – the Republic of Croatia	3,500,000	1,500,000
27.	Preparation of main design of part of the expressway Bihać - Cazin - V.Kladuša – the Republic of Croatia, with the length of 10 km.	3,000,000	1,000,000
28.	Revision of the main design of part of the expressway Bihać - Cazin - V.Kladuša – the Republic of Croatia, with the length of 10 km.	300,000	100,000

29.	Preparation of the main design BC Nević Polje - Jajce, section Nević polje - Turbe	5,000,000	2,500,000
30.	Revision of the main design BC Nević Polje - Jajce, section Nević polje - Turbe	400,000	200,000
	TOTAL	87,948,231	52,459,265

Table 2 Plan of construction in 2022

Or.nr.	Name of investment	Contract value / estimated value without the VAT (BAM)	Plan for 2022 without the VAT (BAM)
1	2	3	4
Financing from international credits		2,595,081,000	509,413,769
1.	Putnikovo brdo - Medakovo	181,892,190	41,683,627
2.	Medakovo - Ozimice	372,072,601	38,757,563
3.	Poprikuše - Nemila	347,802,152	95,066,768
4.	Nemila - Vranduk	111,482,310	48,773,511
5a.	Ponirak - Vraca	125,000,000	28,709,116
6a.	Tarčin - Ivan (Lot 1)	130,227,041	28,946,711
7a.	Tarčin - Ivan (Lot 2 tunnel Ivan)	112,711,686	28,891,243
8.	Tunnel Prenj	625,865,600	26,822,811
9.	Mostar North - Mostar South	474,875,524	35,615,664
10.	Mostar South – tunnel Kvanj	123,686,689	10,307,224
11.	Tunnel Kvanj - Buna	191,866,923	39,972,276
12.	Počitelj - Zvirovići (Lot 1)	110,549,067	54,473,455
13.	Počitelj - Zvirovići (Lot 2)	54,987,944	31,393,802
Financing from grant funds		367,938,727	68,766,982
5b.	Ponirak - Vraca	125,000,000	31,097,697
6b.	Tarčin - Ivan (Lot 1)	130,227,041	19,714,766
7b.	Tarčin - Ivan (Lot 2 tunnel Ivan)	112,711,686	17,954,519
Financing from the budget of the Federation of Bosnia and Herzegovina		663,224,272	112,942,233
14.	AC Orašje - Tuzla, section Maoča - Tuzla, Lot 5 Čanići - Tuzla	114,700,000	21,300,000
15.	BC Lašva - Nević Polje	53,000,000	31,500,000
16.	BC Lašva - Travnik - Jajce, section Nević Polje - Turbe	81,592,233	15,142,233

17.	BC Prača - Goražde (Phase I)	84,000,000	14,000,000
18.	BC Prača - Goražde (LOT 2 Phase I)	250,000,000	19,000,000
19.	BC Mostar North - Široki Brijeg – border of the Republic of Croatia, section Mostar North - Polog, sub-section Mostar North - Vihovići	79,932,039	12,000,000
Pre-financing by own funds until reaching of the credit effectiveness		219,116,600	80,942,448
20.	Vranduk - Ponirak	180,000,000	51,825,848
21.	Preparatory works for construction of Prenj tunnel	39,116,600	29,116,600
Financing from own funds		19,900,000	16,720,933
22.	Sarajevo detour (Lot 3B)	19,900,000	16,720,933
TOTAL		3,865,260,599	788,786,365

Table 3 Plan of services of supervision on the construction works for 2022

Or.nr.	Name of investment	Contract value / estimated value without the VAT (BAM)	Plan for 2022 without the VAT (BAM)
1	2	3	4
Financing from international credits		66,958,73	7,810,365
1.	Nemila - Vranduk	2,508,352	1,254,176
2a.	Vranduk - Ponirak	6,000,000	50,130
3.	Tunel Prenj	29,728,616	804,684
4.	Mostar North - Mostar South	14,081,976	1,408,198
5.	Mostar South - Kvanj	5,867,490	1,369,081
6.	Kvanj - Buna (tunnel Kvanj)	8,772,289	2,924,096
Financing from grant funds		44,456,273	11,132,177
7.	Putnikovo brdo - Medakovo	6,845,405	1,996,576
8.	Medakovo - Ozimice	8,605,652	1,317,469
9.	Poprikuše - Nemila	8,777,765	2,693,577
10.	Ponirak - Vraca	3,935,013	889,527
11.	Tarčin - Ivan (Lot 1)	4,103,840	1,250,789
12.	Tarčin - Ivan (Lot 2 tunnel Ivan)	3,688,598	1,025,455
13.	Počitelj - Zvirovići (both lots)	8,500,000	1,958,784
Financing from the budget of the Federation of Bosnia and Herzegovina		19,970,764	3,957,767
14.	AC Orašje - Tuzla, section Maoča - Tuzla, Lot V Čanići - Tuzla	3,535,000	800,000
15.	BC Lašva - Nević Polje	2,000,000	1,200,000
16.	BC Lašva - Travnik - Jajce, section Nević Polje - Turbe	2,957,767	557,767
17.	BC Prača - Goražde (Phase I)	2,977,997	700,000
18.	BC Prača - Goražde (LOT 2 Phase I)	4,500,000	300,000

19.	BC Mostar - Široki Brijeg – the Republic of Croatia, section Mostar North - Polog, sub-section Mostar North - Vihovići	4,000,000	400,000
Pre-financing by own funds until reaching of the credit effectiveness		800,000	2.428,066
2b.	Vranduk - Ponirak	6,000,000	1,628,066
20.	Supervision of the preparatory works for construction of Prenj tunnel	800,000	800,000
Financing from own funds		16,355,608	1,055,712
21.	Klopče - Donja Gračanica	14,895,611	287,672
22.	Sarajevo detour (Lot 3B)	1,459,997	768,040
TOTAL		148,541,368	26,384,087

Comment on Tables 1, 2, and 3: projects marked in yellow, financing by bond issue will be used as one of the financing methods. Point 3.2 of the Prospectus contains more details about the projects that will require pre-financing by own funds of the Public Company Motorways until reaching of the effectiveness.

In accordance with the above-stated, the projection of income, expenditures and economic results are provided below.

Projection of income in 2022 is shown in Table 4.

Table 4 Projection of income in 2022

Or.nr.	Name of income/inflow	Projection of sales until the end of 2021 (inflow)	Projection of sales until the end of 2021 (recognised as income))	Plan for 2022 (inflow)	Plan for 2022 (recognised as income)
1.	Excise income/inflow	172,600,000	55,000,000	180,624,960	67,000,000
2.	Settlement of excise duty on fuel	0	0	70,000,000	0
3.	Road toll income/inflow	37,990,427	37,990,427	41,259,609	41,259,609
4.	Income/inflow from fees on road land use	550,000	550,000	650,000	650,000
5.	Other incomes/inflows	3,000,000	3,000,000	3,000,000	3,000,000
TOTAL (incomes/inflows)		214,140,427	96,540,427	295,534,569	111,909,609

Income/inflow projection was made by the Department for macroeconomic analysis of the Indirect Taxation Authority. Excise inflow recognised as income is smaller due to the change of the accounting policies as per recommendations of Audit Office of the Institutions in Bosnia and Herzegovina. The changed method of excise inflow recognition into income includes depreciation of property of public motorways and expressways, loan expenses, exchange rate differences (+/-) and other expenses related to the public motorways and expressways. Projection of Income from road toll is based on the traffic model, whereas projection of income from fees on road land use is based on the existing contracts in accordance with the Rulebook on conditions and fee amount for the use of road land for performance of services and corresponding activities of users

along motorways and expressways (Official Gazette of the Federation of Bosnia and Herzegovina, number: 81/10, 13/13, 4/15, 93/17 and 77/19).

Projection of expenses in 2022 is shown in Table 5.

Table 5 *Projection of expenses in 2022*

Or.nr.	Name of expense	Projection of sales until the end of 2021	Plan for 2022
Financing from federal fee for motorway use (road toll) - 722114, fee for use of road land - 722417 and other business incomes		36,289,824	44,061,836
1.	Purchase value of sold goods	300,000	385,000
2.	Consumed raw materials and material	303,578	519,500
3.	Consumed energy and fuel	1,822,062	1,935,000
4.	Consumed spare parts	61,000	144,400
5.	Write-off of small inventory, packaging and car tyres	232,960	385,660
6.	Salaries expense	17,443,551	18,571,567
7.	Business travel expense	70,698	158,264
8.	Costs of other incomes, benefits, and material rights of the employees	1,827,320	2,219,627
9.	Costs of wages to other physical entities	150,742	198,109
10.	Costs of maintenance services	10,579,155	13,822,911
11.	Rental costs	654,100	976,200
12.	Fair costs	11,556	80,000
13.	Advertising costs	65,670	302,500
14.	Other services costs	585,801	680,314
15.	Costs of allowances and other benefits	150,000	189,400
16.	Costs for litigation and damages	300,000	1,073,750
17.	Costs of non-production services	433,504	606,207
18.	Costs of representation	58,000	52,000
19.	Costs of insurance premiums	170,000	190,000
20.	Costs of transaction costs	211,501	507,722
21.	Costs of post and telecommunication services	317,801	343,920
22.	Costs of taxes, fees, duties and other expenses charged by the legal entity	342,283	380,314
23.	Other non-material costs	145,104	216,654
24a.	Other financial expenses	53,438	122,818
Financing from excise income - 717114		50,819,055	57,405,319
25.	Depreciation up to the amount of tax-deductible	43,360,000	45,000,000

	expenses		
26.	Interest expenses	7,384,841	12,355,024
24b.	Other financial expenses	74,215	50,295
TOTAL		87,108,879	101,467,155

The projection of business costs was made on the basis of individual projection of business activities planned for 2022, the number of employees, the increase in the value of fixed assets, as well as the new bank loans. The assessment of depreciation costs was made on the basis of realistic parameters of depreciation calculation on total fixed assets. Calculation of interest costs on behalf of international and domestic bank loans was made on the basis of estimated dynamics of the withdrawal of loan funds, data from available repayment plans and estimates of interest rate flows. The assessment of all other business costs was made on the basis of the previous expenses and planned business activities in 2022. The most significant deviation between expenses in 2021 and planned expenses in 2022 is a consequence of increased costs of maintenance, interests, litigation and damages, and depreciation.

Projection of the economic result in 2022 is shown in Table 6.

Table 6 *Projection of the economic result in 2022*

Or.nr.	Description	Projection of sales until the end of 2021	Plan for 2022
1.	Income	96,540,427	111,909,609
2.	Expense	87,108,879	101,467,155
FINANCIAL RESULT		9,431,548	10,442,455

3.2. Aim and purpose of the collection of funds

Aim, i.e. the purpose of investment is pre-financing of the preparation of project documentation, construction works and consulting services of supervision of the construction works. Pre-financing refers to the following projects:

- **Section Mostar North – Mostar South:** Preparation of preliminary and main design for construction of route, revision of the main design, construction and supervision of the construction;
- **Prenj Tunnel** (Preparation of preliminary and main design for access roads of Prenj Tunnel, as well as the preparatory works for construction of Prenj Tunnel and supervision services),
- **Vranduk – Ponirak** for construction works and services of construction supervision,

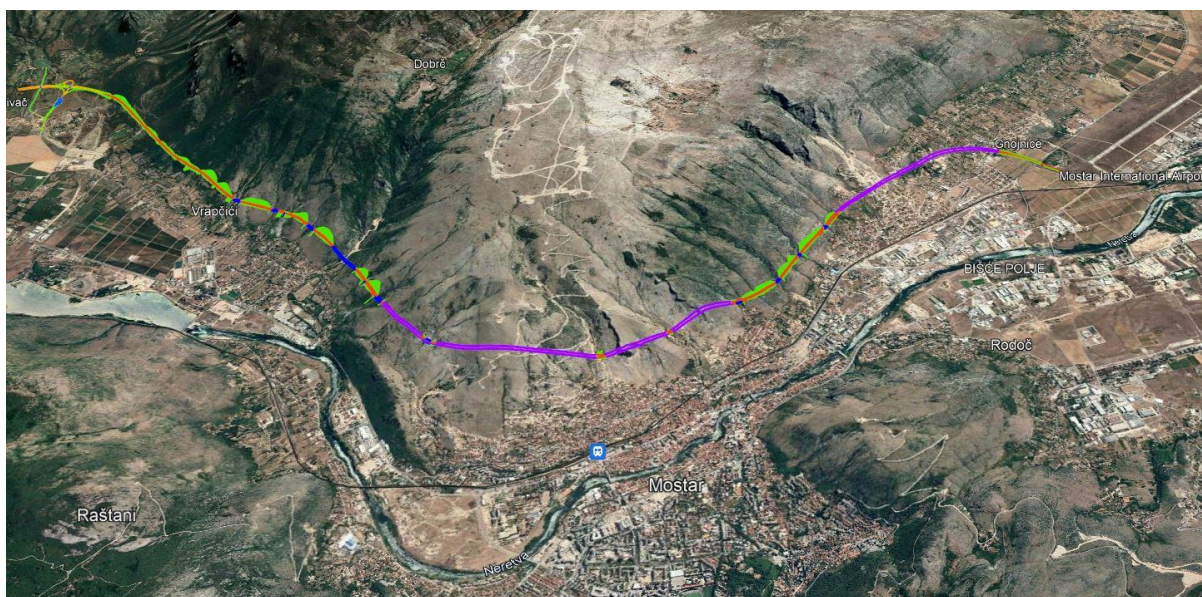
- **Ponirak – Vraca** for construction works and services of construction supervision.

For above enlisted projects, there are ongoing activities for provision of loan funds from international financial institutions including EBRD, EIB and OFID. As the procedure of reaching effectiveness of loan funds lasts a significant time period, it is necessary to provide pre-finance funds by the Public Company Motorways of FBiH.

Public Company Motorways of FBiH aims to provide funds for pre-financing by issuing corporate bonds.

More details in the following pages:

Section Mostar North – Mostar South



Motorway section Mostar North – Mostar South is long about 15 km, with 4 km of the open route. Within this section there are seven tunnels with the total length of about 9 km and ten relatively short viaducts/bridges of the total length about 2 km, and node Mostar North and Mostar South with toll booth.

Preliminary and main design were prepared earlier, but the route of the motorway was changed by the Spatial plan because of the special features of importance for the Federation of Bosnia and Herzegovina – Motorway at the Corridor Vc. Research activities and preliminary geo-technical mission G1 for the route adopted by the Spatial plan were completed for this section.

Tender procedure was completed, and the contract with total value of 7.2 milion EUR (without VAT) for consulting services of preparation of preliminary and main design was signed. Contract was signed for the period of nine months.

The procedure for procurement of works and construction supervision services was initiated. Estimated value of construction works and construction supervision totals 370 million EUR.

The project will be financed from EBRD loans, commercial debit and grant funds.

With the consent of the Government of the Federation of Bosnia and Herzegovina, a Mandate letter for financing of the motorway section at the Corridor Vc Mostar North – Mostar South was signed in March 2021. After harmonisation of new innovated financing structure in accordance with the current price changes on the global market, and increasement of the originally defined participation of EBRD in co-financing of the project, an Initiative for 220 million EUR loan from EBRD was initiated, with the loan in two tranches of 110 million EUR. The first tranche is to be available immediately after signing.

The second tranche is to be activated on the basis of EBRD's assessment after the evaluation report of the tender for works, the evaluation report of the tender for commercial financing and the final approval of the WBIF grant funds. The second tranche shall be activated only in case that the debiting procedure with commercial banks is not carried out. There is an ongoing tender procedure for the procurement of commercial debit in the amount of 150 million EUR. Also, an application for WBIF grant funds in the amount of EUR 150 million was submitted.

Section Prenj Tunnel



The length of the section is 12 km. Prenj tunnel is the longest and the most complex building in the whole motorway section from Konjic to Mostar. The length of the right tunnel tube is $L = 10,165$ km, whereas the left tube is $L = 10,160$ km.

After defining of the motorway route position within the preliminary design and during the preparation of the main designs for sub-section Konjic (interchange Ovčari) – entrance into the Prenj tunnel and exit of the Prenj tunnel – Mostar North, for the purposes of construction of the Prenj tunnel, activities were initiated on inviting tender for preparation of preliminary and main design for preparatory works (access roads,

water system, electricity network) and activities on preparation of the tender documentation for construction of the Prenj tunnel.

A contract for preparation of preliminary and main design for above-mentioned preparatory works in the amount of 578,402 EUR without the VAT was signed. There is an ongoing tendering procedure for preparation of preliminary design with elements of the main design of Prenj tunnel, with estimated value of 6 million EUR. Also, there is an ongoing tendering procedure for the selection of the contractual partner for construction works and preparatory works supervision services (access roads, water system, electricity network), with estimated value of about 20.5 million EUR.

For the above-mentioned activities funds are to be prepared through loan debit with EIB and EBRD. The Government of FBiH made Conclusions by which they supported initiative for loan debit with EBRD and EIB in the amount of 300 million EUR, with the purpose of provision of funds for construction of section from Ovčari to Mostar North. The Council of Ministers also adopted the above-mentioned initiatives for debit. Also, for section of Prenj tunnel an application for grant funds of the European Union is to be submitted.

Vranduk – Ponirak

Section is currently under construction. The length of the section is 5.3 km. It is located on a morphologically demanding terrain in Vranduk encircled valley, which apart from the open route is also comprised of several significant structures: 1 short tunnel, 2 bridges, 3 viaducts, and a large number of support and protection structures on the open route.

Contract for construction of this sub-section was signed in May 2019, and construction works officially started at the end of August 2019 with the deadline period for completion of 24 months. Agreed value of works is 65.5 million EUR, and supervision services cost 3 million EUR. Currently about 2.5 km of this sub-section was completed, while the rest is in the designing phase. Until the end of this year, beginning of construction works on the remaining parts of the sub-section is expected. The deadline is extended to 427 days, i.e. until 17.10.2022, but signing of the new addendum and extension of construction works in 2023 is expected as well as increase of the contractual value.

For financing of this route, funds were provided by OFID - OPEC Fund for International Development through two credit lines, including: 27.15 million USD and 24.30 million EUR. As the provided funds are not sufficient for the completion of the works, there was an initiative for additional debit with OFID in the amount of 25 million EUR. There is an ongoing procedure for signing of the loan agreement.

Ponirak – Vraca

The most significant structure at this sub-section is the Zenica tunnel. For the above-mentioned section, a contract for construction works in the amount of 59.4 million EUR and supervision services in the amount of 2.01 million EUR were signed.

For financing of the section funds in the amount of 50 million EUR were secured by EIB. Also, EU approved investment grant funds for this project in the amount of 19 million EUR.

Due to the fact that geological structure was worse than it was predicted by the project, the works were performed with certain delays. By changing the project, the length of the tunnel was changed to 3.5 km of which 870 m was part of the contract of neighbouring section Vraca – Donja Gračanica. Increase of the agreed price due to the change of the project, as well as due to the inflation, i.e. increase of the prices at the market is expected. For the missing funds in the amount of 7.4 million EUR, a request for additional debit was submitted.

Back in December 2021, the Public Company Motorways of FBiH submitted a request for amendment of the Contract on financing, because there was a deadlock in withdrawal of loan tranches after a withdrawal of 32 million EUR (50% of the agreed project value). The remaining loan funds is to be withdrawn after coming into force of Addendum of the Contract on Financing. The amount of the loan is planned to be increased by that Contract Addendum to provide the missing amount of funds.

3.3. Projection of monetary flow with the third issue of bonds included

3.3.1. Inflows from business activities

Inflows of the Public Company Motorways of FBiH may be divided in two groups: inflows from business activities, and inflows from loans and grant funds for business activities. Inflows from business activities include inflows from excise, inflows from road tolls, and other incomes. Projection of inflows is shown in the Table 7.

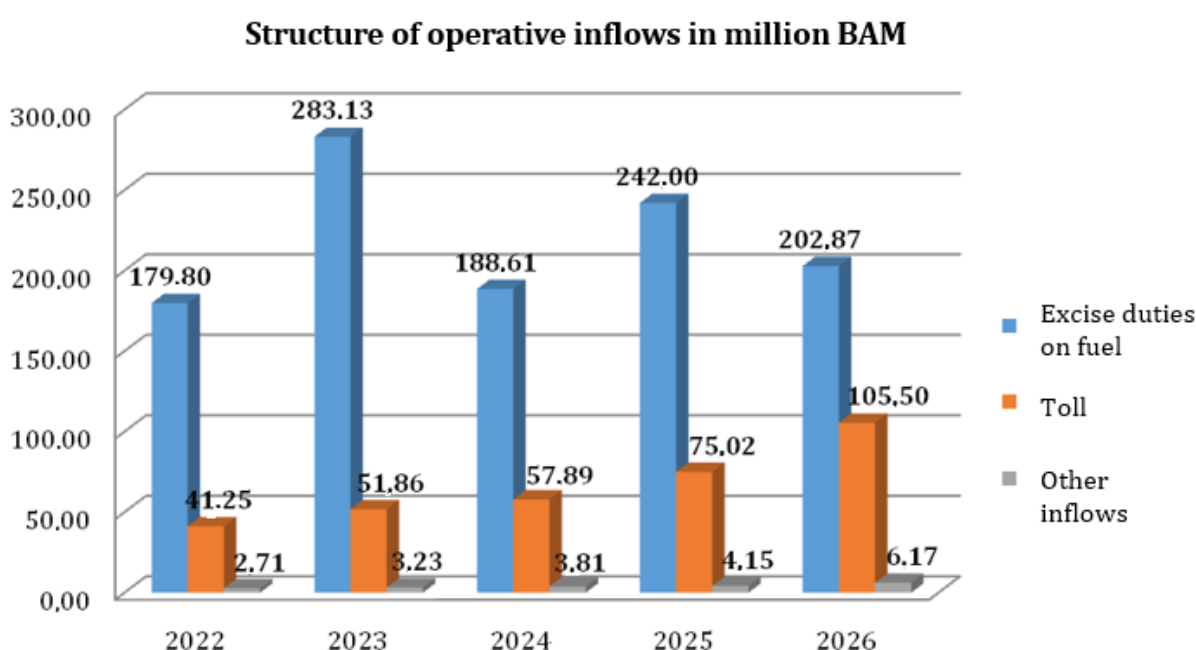
Table 7 Projection of inflows from business activities

INFLOWS OF MONETARY FUNDS			2022	2023	2024	2025	2026
1.	Excise duties on fuel	BAM mil.	179.80	283.13 ¹	188.61	242.00	202.87
3.	Toll	BAM mil.	41.25	51.86	57.89	75.02	105.50
4.	Other inflows	BAM mil.	2.71	3.23	3.81	4.15	6.17
	Total inflows from business activities	BAM mil.	223.76	338.22	250.31	321.17	314.54
5.	Grant funds	BAM mil.	64.54	125.28	226.27	407.36	142.97
6.	Estimated/budgetary funds	BAM mil.	165.26	386.17	261.78	178.31	23.94
7.	Refund from grant funds	BAM mil.	41.46	10.43	1.42	19.25	0.00
	Total inflows from loans and grant funds for business activities	BAM mil.	271.26	521.88	489.47	604.92	166.91
TOTAL			495.03	860.10	739.79	926.10	481.44

¹ According to the Decision of the Indirect Taxation Authority it was established that 10% of the total toll income remains in the sub-account of the Central Bank, and is to serve for settlement of incomes after determination of the final distribution methodology. From 2017, that part of excise was not paid and it is estimated that by now there is about 95 million BAM. In 2023, it is planned that the Indirect Taxation Authority should make the payment of that withheld amount.

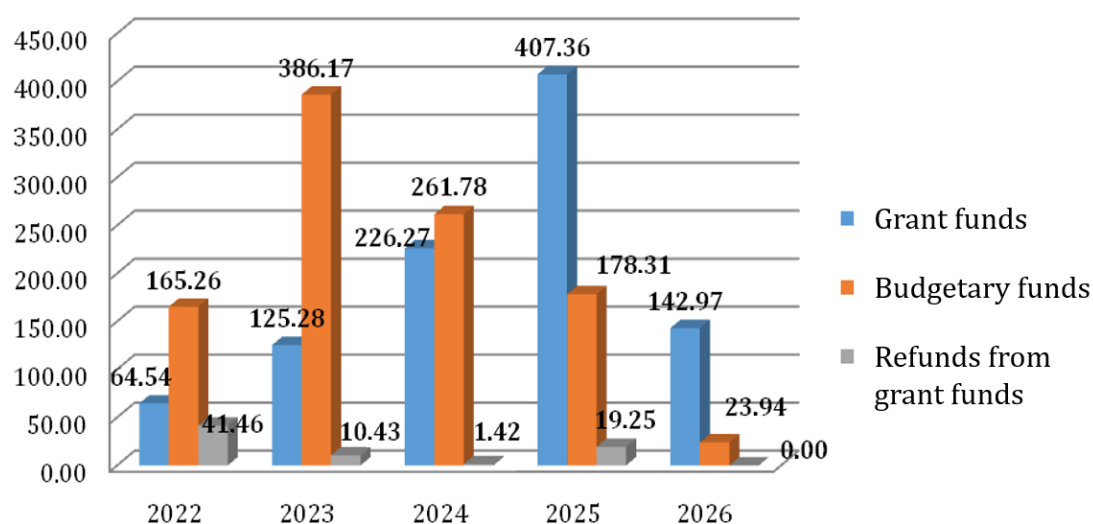
As it can be seen from the previous table, the inflow based on excise duties on fuel comprises the largest part of the inflow from business activities. In the period from 2022-2026, the share of excise inflows in operating inflows ranged from 64.4% to 83.7%. This state of participation of excise taxes in the operating inflow is guaranteed by the existing legal regulations that are based on excise taxes. The forecasted increase in excise duties is directly related to the forecasted increase in the turnover volume of petroleum derivatives, which is based on the analysis of a long-term data on the turnover of petroleum derivatives in the Federation of Bosnia and Herzegovina and amounts to 4% on annual basis. Inflows based on tolls are projected according to the traffic model that is expected on the existing and future sections of motorways under the jurisdiction of the issuer. Other incomes are projected on the basis of historical business data, with the expected conservative growth rate of 1.5%.

Below is the structure of operative inflows of the Public Company Motorways FBiH:



Inflows from loans and grant funds for operational business represent a significant part of the total inflows of the Public Company Motorways of FBiH. Structure of loans and grand funds:

Structure of inflows from loans and grant funds in million BAM



As it is visible from the above, by growth of inflows from excise duties and tolls on the basis of utilisation of newly built sections, participation of inflows from loans and credit funds is reduced.

3.3.2. Inflows by liabilities

Inflows by liabilities shows withdrawal of monetary funds from loan sources and they are shown in the Table 8.

Table 8 *Inflows by liabilities*

INFLOWS BY LIABILITIES			2022	2023	2024	2025	2026
1.	Refund of funds from loans	BAM mil.	9.94	46.77	40.58	0.00	0.00
2.	Long-term loans	BAM mil.	337.82	805.62	532.73	460.26	343.92
3.	Short-term loans (revolving loan funds)	BAM mil.	40.00	0.00	0.00	0.00	0.00
4.	Bonds	BAM mil.	30.00	70.00	0.00	0.00	0.00
TOTAL			417.76	922.39	573.31	460.26	343.92

Observing the previous table, it is important to notice that in future, participation of inflows by liabilities in financing of the Public Company Motorways of FBiH will be reduced.

3.3.3. Outflows from business activities

Outflows from capital activities of the Public Company Motorways of FBiH are shown below - Table 9

Table 9 Outflows from capital activities

OUTFLOWS ON THE BASIS OF CAPITAL EXPENSES			2022	2023	2024	2025	2026
1.	Expropriation (own funds)	BAM mil.	53.30	51.98	8.30	2.00	2.00
2.	Design (own funds)	BAM mil.	17.80	27.48	2.37	0.00	0.00
3.	Expropriation and design (estimated/budgetary funds)	BAM mil.	24.47	37.65	3.49	0.00	0.00
4.	Design, construction, supervision, TA (loan)	BAM mil.	337.82	805.62	532.73	460.26	343.92
5.	Construction, supervision, TA (own funds)	BAM mil.	54.36	79.89	40.04	18.19	0.00
6.	Construction, supervision (estimated/budgetary funds)	BAM mil.	140.80	348.51	258.29	178.31	23.94
7.	Grant funds	BAM mil.	64.54	125.28	226.27	407.36	142.97
8.	Other capital investments	BAM mil.	18.90	29.80	25.50	15.00	21.87
TOTAL CAPITAL INVESTMENTS		BAM mil.	705.99	1,506.22	1,096.99	1,081.12	534.69

3.3.4. Outflows based on interest expense and principal repayment

Table 10 Outflows based on interest expense and principal repayment

Ordinal number	Creditor Bank	Approved loan amount	Agreed currency	Maturity date	Principal / interest	2022	2023	2024	2025	2026
1.	EBRD 38716	205,000,000	EUR	May 24	Principal BAM mil.	37.76	37.76	18.88	0.00	0.00
					Interest BAM mil.	0.58	0.69	0.14	0.00	0.00
2.	EBRD 47372	80,000,000	EUR	Aug 30	Principal BAM mil.	13.37	13.37	13.37	13.37	13.37
					Interest BAM mil.	1.19	1.52	1.33	1.13	0.93
3.	EBRD 48999	76,000,000	EUR	Aug 30	Principal BAM mil.	14.03	14.03	14.03	14.03	14.03
					Interest BAM mil.	1.25	1.59	1.39	1.18	0.98
4.	EBRD 49058	180,000,000	EUR	Mar 33	Principal BAM mil.	9.85	22.75	26.52	27.69	27.69
					Interest BAM mil.	1.77	3.45	3.60	3.31	2.90
5.	EBRD 50603	60,000,000	EUR	May 34	Principal BAM mil.	0.05	5.13	10.40	10.71	10.71
					Interest BAM mil.	0.03	0.78	1.49	1.41	1.25
6.	EIB 24.775	75,000,000	EUR	Mar 37	Principal BAM mil.	7.52	7.52	7.52	7.52	7.52
					Interest BAM mil.	0.80	1.66	1.54	1.42	1.30
7.	EIB 31.174	166,000,000	EUR	Jan 39	Principal BAM mil.	16.65	16.65	16.65	16.65	16.65
					Interest BAM mil.	1.56	3.77	3.72	3.46	3.22
8.	EIB 86.971	50,000,000	EUR	Oct 46	Principal BAM mil.	0.00	0.00	0.00	0.00	1.76
					Interest BAM mil.	0.50	0.69	0.89	0.89	0.89
9.	EIB 83.975	100,000,000	EUR	Jun 47	Principal BAM mil.	0.00	0.00	0.00	0.93	2.61
					Interest BAM mil.	1.29	3.02	3.02	3.02	3.01
10.	EIB 89.502	140,000,000	EUR	Jun 47	Principal BAM mil.	0.00	0.00	0.00	0.00	0.00
					Interest BAM mil.	1.88	4.78	5.73	5.73	5.73
11.	KFAED 794	10,500,000	KWD	Sep 39	Principal BAM mil.	3.02	3.02	3.02	3.02	3.02
					Interest BAM mil.	1.34	1.26	1.19	1.11	1.04
12.	KFAED 1012	11,600,000	KWD	Jan 42	Principal BAM mil.	0.00	0.00	0.00	0.00	0.00
					Interest BAM mil.	0.05	0.49	1.56	1.76	1.76
13.	OFID 1588P	48,000,000	USD	Mar 34	Principal BAM mil.	5.71	5.71	5.71	5.71	5.71
					Interest BAM mil.	2.80	2.57	2.34	2.11	1.88
14.	OFID 1589PB	24,000,000	EUR	Feb 32	Principal BAM mil.	3.90	3.91	3.91	3.91	3.91
					Interest BAM mil.	1.82	1.65	1.48	1.29	1.12
15.	OFID 12665P	27,150,000	USD	Mar 38	Principal BAM mil.	0.00	1.57	3.15	3.15	3.15

					Interest BAM mil.	1.89	1.91	1.83	1.69	1.56
16.	OFID 12663PB	24,300,000	EUR	Mar 36	Principal BAM mil.	1.70	3.39	3.39	3.39	3.39
					Interest BAM mil.	2.23	2.14	1.99	1.81	1.66
17.	Razvojna banka FBiH	38,000,000	BAM	Mar 25	Principal BAM mil.	5.07	5.07	5.07	1.27	0.00
					Interest BAM mil.	0.49	0.32	0.14	0.01	0.00
18.	Revolving loans	70,000,000	BAM	2022 and 2023	Principal BAM mil.	30.00	40.00	0.00	0.00	0.00
					Interest BAM mil.	0.35	0.35	0.00	0.00	0.00
19.	Bond issues	100,000,000	BAM	2025 and 2026	Principal BAM mil.	0.00	0.00	0.00	30.00	70.00
					Interest BAM mil.	0.00	2.31	3.50	3.74	0.95
TOTAL PRINCIPAL						148.62	179.89	131.62	141.35	183.52
TOTAL INTEREST						21.81	34.95	36.88	35.09	30.20
TOTAL PRINCIPAL+INTEREST						170.44	214.85	168.50	176.44	213.72

3.3.5. Remainder of cash and balance of cash

When capital outflows, outflows based on investments as well as outflows based on interest payments and repayment of principal are subtracted from total inflows, a remainder of cash for the current period is obtained. Table 11 shows overview of cash remainder for the current year as well as balance of cash.

Table 11 Remainder of cash and balance of cash

CASH			2022	2023	2024	2025	2026
1.	REMAINDER OF CASH FOR THE CURRENT YEAR	BAM mil.	-7.70	16.60	1.07	77.66	2.85
2.	BALANCE OF CASH (previous year+current year)	BAM mil.	1.30	17.90	18.97	96.63	99.48

From the table above, it is visible that the issuer will be able in the next period to service their obligations toward international financial institutions as well as on the basis of this bond issue.

4. DATA ABOUT ISSUE AGENT, DEPOSITORY BANK AND PAYING AGENT

4.1. Issue Agent

Issue agent: **SEE Investment Solutions d.o.o. Sarajevo**
Seat: Obala Kulina bana 25, 71 000 Sarajevo
Telephone: +387 33 275 650
Fax: +387 33 275 651
E-mail: info@seeinvestments.ba
Website: www.seeinvestments.ba

4.2. Depository Bank

Depository Bank: Raiffeisen bank d.d. Bosnia and Herzegovina
Seat: Zmaja od Bosne bb, 71 000 Sarajevo
Contact persons:
Draženko Bobaš: Tel: +387 33 287 153, fax: +387 33 287 272,
E-mail: drazenko.bobas@raiffeisengroup.ba
Nidžara Smajiš: Tel: +387 33 287 255, fax: +387 33 287 272,
E-mail: nidzara.smajis@raiffeisengroup.ba

4.3. Paying Agent

Paying Agent: Securities Registry in the Federation of Bosnia and Herzegovina
Seat: Maršala Tita 62/II, 71 000 Sarajevo
Telephone: +387 33 279 150
E-mail: info@rvp.ba

5. INVESTMENT RISK AND CAUSES OF RISK

5.1 General Data about Risks

Investment risk is a degree of uncertainty of investment return i.e. the probability that the investment return may be dissatisfactory or negative. Investor consciously undertakes certain types of risk, in accordance with their own preferences between the risk and investment return. Risk factors for investment in bonds of the Public Company Motorways of FBiH are provided below, and investor should certainly make their own evaluation of financial position of the Company, and information, that may influence the success of issue and investment return.

5.2 Systematic risk

Systematic risk is a risk related with general conditions at the capital market and as such it cannot be diversified. The following elements influence the systematic risk: macroeconomic situation in the country, economic growth, political events, employment, price level etc. So, systematic risk of a certain country includes all the risks related to the possible political instability, which is reflected on the integrity and existence of the country itself.

Credit rating of Bosnia and Herzegovina is at level B3 with stable outlooks (Moody's), i.e. B with stable outlooks (Standard & Poors').

As a result of their analyses in July 2022, agency Moody's Investor Services confirmed a sovereign credit rating of Bosnia and Herzegovina as "B3 with stable outlooks". In February 2022, agency Standard & Poor's confirmed a sovereign credit rating of Bosnia and Herzegovina as "B with stable outlooks".

On the basis of available official data for May 2022, and available information until mid-July, the Central Bank of Bosnia and Herzegovina estimates that the inflation for the first half-year of 2022 was on level of 11% (Table 1). The last estimates for the first half-year are higher in comparison to the previous central projection, because movements on the international markets of food, fuel and gas exceeded expectations made in March.

Table 1: Annual inflation in Bosnia and Herzegovina, for the period

			Central estimate	Extreme estimate
Official data*		Q1 2022	8.4%	
		Januar – April 2022	9.6%	
		Januar – May 2022	10.6%	
Quick estimates CBBiH	March 2022	Q1 2022	8.8%	11.0%
		Q2 2022	9.6%	13.6%
		First half-year 2022	9.2%	12.3%
	July 2022	June 2022	13.7%	18.3%
		Q2 2022	13.7%	15.3%
		First half-year 2022	11.0%	11.7%
		Q3 2022	13.9%	18.1%
		First nine months in 2022	12.0%	13.8%

Source: BHAS(*), estimates CBBiH. **Extreme estimate is a central estimate increased for 2 standard deviations. ²

² *Central estimate is the value which CBBiH considers to be the most certain.

Annual inflation for the period of third quarter is estimated as 13.9%, and for the period of first nine months 2022 as 12% (Table 1). Slowing of inflation is expected in the fourth quarter, primarily because of the base effect from 2021, effects of already changed and announced monetary policies of the leading central banks, with assumption of absence of further growth in prices of food and energy resources.

5.3 Issuer's risks

Issuer in its business operating may be exposed to the following risks:

- political risk
- credit risk
- interest rate risk
- operative risk
- liquidity risk
- force majeure

5.3.1 Political risk

Political risk of a certain country includes all the risks related to the potential political instability, including the wholeness and existence of the country itself. Taking into consideration current internal and foreign policy relations and policies of Bosnia and Herzegovina, it may be concluded that the main aim of Bosnia and Herzegovina in terms of foreign policy is membership in the European Union, which is supported by all parliamentary political parties. In relation to that, in February 2016, Bosnia and Herzegovina submitted application for membership in the European Union, which was accepted on 20 September 2016, at the meeting of the General Affairs Council of the European Union.

Political risk also depends on the influence of transition process on market economy. For countries that are in transition process, an increased political risk is one of the features, that depends on the relations between legislative, executive and judicial authorities, and trade unions, but also relations between joint bodies of Bosnia and Herzegovina, entity and canton. Political and general social risk is inherent to all parts of a certain society and as a rule, from the perspective of individual, it may not be influenced individually.

Political risk may cause negative effects on Issuer's business operating.

*Extreme estimate is possible if the inflatory pressures additionally increase because of further disorders at the international market, bottlenecks in distribution chains, caused by price shocks that are not related to trends in prices at the international markets.

5.3.2 Credit risk

The price of bonds may be affected by the change of credit rating of Bosnia and Herzegovina. Changes will depend the most on macroeconomic movements in the domestic economy, and in case of occurrence of the budgetary deficit in current transaction balance, it may lead to review of the existing investment-credit rating of Bosnia and Herzegovina, even to its reduction, which could as a consequence cause falling of prices of all debt securities.

Credit risk is just the most important risk to which the Issuer is exposed. The Public Company Motorways of FBiH is in the largest portion indebted with international institutions with interest rates that are far below the commercial interest rates in the Federation of Bosnia and Herzegovina, but still those are variable interest rates. Taking into consideration the great amounts of the principal, even the small changes of interest rates to a higher level may cause great increase of financial expenses of the Issuer.

5.3.3 Interest rate risk

Interest rate of this issue is adjusted to the interest rates at the market of the Federation of Bosnia and Herzegovina. The Public Company Motorways of FBiH does not have influence on behaviour of interest rates on the market, so that growth of interest rates on the market may cause fall of bond prices, which may negatively influence on investors. Also, fall of interest rates on the markets may lead to the growth in price of bonds which could have positive effects on investors.

5.3.4 Operative risk

Operative risk (information systems, procedures, human factors, documentation) arise from everyday activities of the Public Company Motorways of FBiH. Operative risk is the risk of possible occurrence of negative effects on financial result and capital of the Issuer due to slips (unintentional and intentional) at work by employees, inappropriate internal procedures and processes, inadequate management by information and other systems with Issuer, as well as due to occurrence of unpredictable external events.

5.3.5 Liquidity risk

Issuer continuously monitors liquidity in order to ensure sufficient monetary funds for their business operations. Still, liquidity risk is present in sense of impossibility of fulfilment of obligations on their maturity. Liquid property includes cash and monetary equivalents on the accounts of the company and current receivables and short-term placements. The issuer did not have problems with liquidity until now because payables and receivables were adjusted. In support of that speaks also the fact that the Issuer's management continuously monitors liquidity and performs simulation of risk in sense of determination of available funds by projection of inflow and outflow with the Issuer.

5.3.6 Superior Force – “Force majeure”

This term includes events, which do not have negative impact and may cause negative consequences and losses for the Issuer, including the following:

1. war, invasion, acting of the external enemy, terrorist threat, enemy (regardless of whether the war was declared or not), civil war,
2. epidemic occurrence with citizens and employees of the Canton,
3. events such as: earthquakes, tornadoes, hurricanes, floods, fires, except for predictable and usual climactic and natural events which cause damages or destruction,
4. a significant stop in working as a consequence of judicial orders, bans or similar orders issued to third parties,
5. collective labour disputes, strikes or activities of demonstrators.

Current global crisis that lead to the increase in price of energy sources, raw materials and transport on the global market lead to the crisis in construction sector. In the previous period, there was a significant increase of sliding scale index, which was also reflected on the construction works of sections of the Corridor Vc in the Federation of Bosnia and Herzegovina. Apart from the expected increase in prices of the materials, there are also significant difficulties in procurement of materials that are not produced in our country. One of the great problems is procurement of the elements for drainage, and raw materials for steel. Taking into consideration the uncertainty in relation to further movements on the market, it is currently difficult to estimate movements of the sliding scale index.

5.4 Securities risks

Risks that influence bonds include:

- interest rate risk
- currency risk
- credit risk
- capital market
- liquidity risk

5.4.1 Interest rate risk

Interest rate of this issue is adjusted to the interest rates at the market of the Federation of Bosnia and Herzegovina. Public Company Motorways of FBiH does not have influence on behaviour of interest rates on the market, so that growth of interest rates on the market may cause fall of bond prices, which may negatively influence on investors. Also, fall of interest rates on the markets may lead to the growth in price of bonds which could have positive effects on investors.

5.4.2 Currency risk

Currency risk is the risk of change of value of financial instruments caused by the change of the exchange rate. Bosnian Convertible Mark (BAM) as the official currency in Bosnia and Herzegovina is connected to Euro. Central Bank of Bosnia and Herzegovina maintains monetary stability in accordance with "Currency board" arrangement (1 BAM = 0.51129 EUR, that is 1 EUR=1.95583 BAM), meaning that it issues the domestic

currency with full coverage in free convertible foreign exchange at a fixed exchange rate (1 BAM = 0.51129 EUR, that is 1 EUR=1.95583 BAM).

For the purpose of protection of the real value, in case of change in exchange rate of BAM in relation to EUR, currency rate clause is to be applied (recalculation of BAM in EUR, that is recalculation of EUR in BAM), in accordance with the middle exchange rate, in accordance with the exchange rate list of Central Bank of Bosnia and Herzegovina on the date of change in the exchange rate.

5.4.3 Credit risk

The greatest risk to which investors are exposed is the risk that the Issuer doesn't pay their liabilities on the basis of the issued bonds. The Issuer does not have a determined credit rating, but the change of credit rating of Bosnia and Herzegovina may affect the price of this issue. Changes will depend the most on macroeconomic movements in the domestic economy, and in case of occurrence of the budgetary deficit in current transaction balance, it may lead to review of the existing investment-credit rating of Bosnia and Herzegovina, even to its reduction, which could as a consequence cause falling of prices of all debt securities, which would have a negative effect on investors.

5.4.4 Capital market

Capital market in the Federation of Bosnia and Herzegovina is still relatively shallow and insufficiently developed in comparison with the well-developed markets. It is featured by a dominant presence of securities (stocks) appeared in the process of privatisation. Trade of debt securities is present within the last few years. Capital market of the Federation of Bosnia and Herzegovina includes the following types of debt securities: bonds issued by the Government of the Federation of Bosnia and Herzegovina, i.e. Federal Ministry of Finance, municipal bonds, corporate bonds as well as bank bonds.

A limiting factor is the size of the market, weak liquidity for the existing instruments, and unexistence of a large number of domestic institutional investors.

Independently of including bonds on SASE, there are no guarantees that an active trade of these bonds will be developed on the secondary market.

In case that the active trade does not develop on the secondary market, such fact could have negative impact on liquidity of the bond and subsequently on their prices too.

There are no entities which committed themselves to act as intermediaries with the secondary trade and in such manner provide liquidity of the offered price and price on the market. Secondary trade of bonds will be completely free and the amount of trade will depend on the interest of potential buyers and sellers.

5.4.5 Liquidity risk

It is not certain that the active secondary trade of bonds will be developed, which would last for the total period until the maturity of bonds which may make it difficult to sell bonds under the fair market price. No guarantee can be given that the secondary market for bond trade will be developed, nor guarantee that there will be a liquidity of such secondary market, if it is developed, nor guarantee that if developed, it will exist

continuously. On illiquid market, registered owners of securities will not be able to sell bonds under the fair market price.

6 ACTIVITY AND BUSINESS OF THE ISSUER

6.1 About the Public Company Motorways of FBiH Ltd. Mostar

The Public Company Motorways of FBiH, limited-liability company Mostar was registered at the court in Mostar on 28.10.2010, in accordance with the Law on Roads of the Federation of Bosnia and Herzegovina (Official Gazette, number 12/10, 16/10, and 66/13), Law on Companies (Official Gazette of the Federation of Bosnia and Herzegovina, number 81/15) and Decision on Status Issues of the Public Company Motorways of FBiH, limited-liability company Mostar, brought by the Government of the Federation of Bosnia and Herzegovina (Decision V number 593/10 dated from 01.07.2010) at the 149th meeting held on 1 July 2010 in Sarajevo.

The Law on Roads of the Federation of Bosnia and Herzegovina prescribes that management, construction, re-construction, maintenance and protection of motorways and expressways is to be performed by the Public Company Motorways of FBiH.

Rights and obligations of the Federation, as the founder of the Public Company Motorways of FBiH are to be performed by the Government of the Federation of Bosnia and Herzegovina.

Activities of the Public Company Motorways of FBiH include operations and tasks on motorways and expressways in the Federation of Bosnia and Herzegovina, as per following:

- preparation of long-term, medium-term, and annual plans and development programmes, maintenance, protection, re-construction, construction, renovation of roads and structures on the roads as well as provision of reports about the implementation of such plans and programmes;
- provision of maintenance and protection services;
- investment works for studies and projects, renovation, construction, re-construction and maintenance of roads and structures;
- proposing financial plans and improvement of methods of collecting funds dedicated for roads;
- recording (databases) of the roads, constructions, traffic signalisation and equipment on roads and cadaster of the road land zone;
- preparation and monitoring of implementation of the programme of measures and activities for improvement of road traffic safety that they manage;

- preparation of basis for granting concessions and provision of professional-technical supervision;
- organisation of toll payment system;
- collection of the data and provision of information to the public about the road conditions;
- undertaking the necessary measures for preservation and protection of environment;
- organisation and provision of services for users of motorways and expressways;
- other activities contained within the Memorandum of Association of the Public Company Motorways of FBiH.

Fixed capital of the Public Company Motorways of FBiH is 2,000.00 BAM in monetary funds (in letters: two thousand BAM). The fixed capital of the Public Company Motorways of FBiH Ltd. Mostar makes the basic investment of the Federation of Bosnia and Herzegovina as the single founder of the Public Company Motorways of FBiH Ltd. Mostar with participation of 100%. The fixed capital of the Public Company Motorways of FBiH may be increased or reduced by the Decision of the Assembly of the Public Company Motorways of FBiH Ltd. Mostar after proposal of the Supervisory Board in accordance with the Law on Companies.

Funds for maintenance, protection, renovation, re-construction and construction of motorways and expressways, for its operating and functioning as well as expansion of the material base of operating within the scope of the basic activity, the Public Company Motorways of FBiH Ltd. Mostar are to be provided from fees for motorway use, annual, special and other types of fees for the use of motorways and expressways, excise fuel duties/retail price of oil and oil derivatives, that are marked as the property of the public income, from loans, donations/grant funds.

Authorities of the Public Company Motorways of FBiH Ltd. Mostar are the following:

- Assembly;
- Supervisory Board;
- Management;
- Audit Committee.

The Rulebook on Internal organisation of working activities defines the following organisation units:

- Administration Office
- Sector for designing and construction
- Sector for management and maintenance
- Sector for legal affairs
- Sector for economic-financial affairs.

As of 30.06.2022 the Public Company Motorways of FBiH Ltd. Mostar had totally 486 employees.

Public Company Motorways of FBiH is the owner of Certificates for Management Systems according to ISO 9001:2015 and ISO 14001:2015 for the application field: *“Preparation, organisation and management of construction of the motorway and expressway, and management, maintenance and protection of constructed sections of motorways and expressways”*.

6.2 Business of the Issuer

As it was previously stated, the basic aim of the business activities of the issuer is construction of the motorway Vc and other roads significant for development of the Federation of Bosnia and Herzegovina. Below is the overview of Issuer's business through some of the basic statements and business indicators.

6.2.1 Balance sheet

BALANCE SHEET			
ASSETS	31.12.2020	31.12.2021	30.06.2022
CAPITAL ASSETS AND LONG-TERM INVESTMENTS	2,499,876,181	2,886,488,787	3,041,445,307
Intangible assets	50,873,344	57,855,446	60,690,143
Other intangible assets	14,942,903	15,831,191	15,483,471
Advances and intangible assets	35,930,441	42,024,255	42,024,255
Property, plant, equipment and natural assets	2,378,976,238	2,808,618,341	2,960,752,164
Land	226,954,596	295,148,408	318,898,118
Buildings	1,182,188,580	1,161,999,828	1,152,011,044
Plant and equipment	38,417,473	34,307,215	29,804,193
Advances and property, plants and equipment	931,415,589	1,317,162,890	1,460,038,809
Other (specific) fixed assets	1,000	3,000	3,000
Long-term financial investments	20,000	20,000	20,000
Long-term accruals	25,599	12,000	0
CURRENT FUNDS	97,447,189	80,449,042	102,959,990
Inventories and assets available for sale	668,316	656,937	613,008
Raw materials, spare parts and inventories	464,811	505,595	442,597
Merchandise	203,505	151,342	170,411
Cash, short-term receivables and short-term investments	96,778,873	79,792,105	102,346,982
Cash	19,330,487	9,003,152	741,834
Short-term receivables	39,097,218	47,081,752	77,121,790
Other short-term receivables	39,015,410	47,046,643	76,982,414

Value Added Tax receivables	38,347,419	23,611,472	24,391,522
Prepayments and accrued income	3,749	95,729	91,836
BUSINESS ASSETS	2,547,323,370	2,966,937,829	3,144,405,297
LIABILITIES			
CAPITAL	540,147,172	555,575,927	564,598,556
Basic capital	422,563,207	422,563,207	422,563,207
State owned capital	2,000	2,000	2,000
Other basic capital	422,561,207	422,561,207	422,561,207
Retained profit	117,583,965	133,012,720	142,035,349
LONG-TERM PROVISIONS	744,478,181	885,875,044	982,753,048
LONG-TERM LIABILITIES	1,068,443,543	1,299,193,773	1,454,034,034
Long-term loans	1,068,443,543	1,299,193,773	1,454,034,034
SHORT-TERM LIABILITIES	182,714,127	221,893,027	140,535,689
Short-term financial liabilities	108,242,333	142,512,109	101,994,130
Short-term loans – domestic	0	28,000,000	15,000,000
Short-term portion of long-term financial liabilities	108,242,333	114,512,109	86,994,130
Liabilities from business operations	65,938,977	71,493,444	32,675,767
Trade payables – domestic	38,619,080	43,285,787	14,258,836
Trade payables – foreign	26,821,246	27,535,979	17,601,320
Other liabilities from business operations	498,651	671,678	815,611
Liabilities for salaries and fringe benefits	1,375,740	1,430,341	1,464,641
Other liabilities	7,147,173	6,446,095	4,236,560
Liabilities for Value Added Tax	0	0	136,609
Liabilities for other taxes, contributions and other duties	7,375	11,038	27,982
Liabilities for income tax	2,529	0	0
ACCRUALS AND DEFERRED INCOME	11,540,374	4,400,058	2,483,970
BUSINESS LIABILITIES	2,547,323,370	2,966,937,829	3,144,405,297

6.2.2 Profit and Loss Statement

PROFIT AND LOSS STATEMENT			
POSITION	AMOUNT		
	31.12.2020	31.12.2021	30.06.2022
Business income	64,207,359	107,812,021	48,602,065
1. Sales-related income	229,462	258,026	145,564

Income from sales on the domestic market	229,462	258,026	145,564
2. Income from sales of own products and merchandise	30,964,154	37,910,475	19,239,237
a) Income from sales of own products and merchandise on the domestic market	30,959,457	37,910,475	19,235,526
b) Income from sales of own products and merchandise on the foreign market	4,697	0	3,711
3. Other operating income	33,013,743	69,643,520	29,217,264
Business expenses	61,999,640	70,852,821	37,306,268
1. Acquisition value of goods sold	229,462	258,026	147,597
2. Tangible expenses	1,870,156	2,243,432	1,244,006
3. Expenses of wages and salaries, salary fees and other personal expenses	17,670,840	18,887,038	9,850,482
a) Expenses of wages and salaries	16,015,874	16,783,920	8,645,742
b) Expenses of other allowances and other material rights	1,524,308	1,924,520	1,051,865
c) Expenses of allowances of other physical entities	130,658	178,598	152,875
4. Expenses of production process	9,552,806	12,235,164	5,606,494
5. Replacement depletion expenses	30,076,688	34,883,900	19,663,280
6. Provision expenses	1,246,216	824,281	0
7. Intangible expenses	1,353,472	1,529,980	794,409
Operating activities income	2,207,719	36,959,200	11,295,797
Financial income	13,987,759	776,151	529,602
Interest rate income	181,624	43,850	8,513
Positive exchange rates	13,636,350	476	0
Other financial income	169,785	731,825	521,089
Financial expenses	6,819,790	22,251,431	2,809,601
Interest rate expenses	6,808,031	9,548,134	2,809,601
Negative exchange rates		12,703,297	
Other financial expenses	11,759		0
Profit from financial activities	7,167,969		
Loss from financial activities		21,475,280	2,279,999
Profit from regular operational activity	9,375,688	15,483,920	9,015,798
Other income and profit, except for fixed assets basis assigned for sale and discontinued operations	2,108	6,939	63,205
Other expenses and losses, except for fixed assets basis assigned for sale and discontinued operations	168,295	57,710	3,820
Profit from other incomes and expenses			59,385
Losses from other incomes and expenses	166,187	50,771	0
Income from assets valuation adjustments			0
Income from valuation adjustments			
Expenses from valuation adjustments	19,893	13,333	13,333
Losses from assets valuation adjustments	19,893	13,333	13,333
Period Net profit	9,188,461	15,428,755	9,022,629

6.2.3 Analysis of financial statements and financial indicators of Public Company Motorways of FBiH as of 31.12.2021

As a manager of public roads the Public Company Motorways of FBiH performs activities of general interest, and does not perform its business activities on a commercial base nor it was founded for the purpose of gaining profit (Article 94, Paragraph 1 and 3 of the

Law on Roads of the Federation of Bosnia and Herzegovina), but it performs its duties on the basis of work schedule and programme adopted by its founder – the Government of the Federation of Bosnia and Herzegovina. The remainder between the public income and public expenditure represents financial result that is non-taxable (Article 94, Paragraph 2). The expressed financial result shall not be subject to re-distribution of dividend or increase of capital.

Such status of the Public Company Motorways of FBiH is based on provisions of the Law on Roads (Article 94), and it was applied to all the accounting periods with expired date for submission of tax applications, as from 01.01.2011 until 31.12.2015. However, during 2016, a tax control by Tax Administration which made the record under the reference number 13.09-3-15-10-1309/16 dated from 17.06.2016. Authorised inspection board had a totally different view, i.e. they consider that the financial result as from the very beginning of business activities of the Company was supposed to be taxable, so that they made a calculation of income tax and default interest.

A complaint on the Decision of first instance issued by Tax Administration number 13/09-3-15-11-1309/16 dated from 19.07.2016 was duly submitted to the body of the second instance, which was rejected by the Decision number 03-15-1093/16 A.D. dated from 16.10.2018, and the Decision of first instance became legally binding.

Public Company Motorways of FBiH Ltd. Mostar filed a suit with Canton Court in Sarajevo to annul the decision of Federal Ministry of Finance number: 03/15-1093/16 A.D. dated from 16.10.2018.

Canton Court in Sarajevo until the date of preparation of this Prospectus did not make any decision on the basis of suit, but on 21.01.2019, upon request of the Public Company Motorways of FBiH Ltd. It issued a Decision with proposal of postponing execution of the Decision issued by the Federal Ministry of Finance, number 03/15-1093/16 A.D. dated from 16.10.2018 until the completion of this administrative dispute.

Financial funds for maintenance, protection, renovation, reconstruction and building of the public roads are primarily provided from these sources (Article 88 of the Law on Roads of the Federation of Bosnia and Herzegovina):

- public revenues,
- loans,
- donations.

The basic income of the Public Company Motorways of FBiH refers to the toll fee for motorways and roads from the retail price of fuel and fuel derivatives (excise duty on fuel) and special fees for utilisation of the motorway. The largest part of the income was made by collection of fees for motorways and roads from retail price of the fuel and fuel derivatives determined by the Law on Excise Duties in Bosnia and Herzegovina, dated from 18.06.2009 – Official Gazette of Bosnia and Herzegovina, number 49/09 (Article 88, Paragraph 1 – Item A, Sub-Item 2 – Excise duties on fuel in the amount of 0.10 BAM/litre), and Decision on temporary distribution of toll income for motorways dated from 24.11.2009 – Official Gazette of Bosnia and Herzegovina, number: 102/09.

On 01.02.2018 the Law on Amendments of the Law on Excise Duties in Bosnia and Herzegovina was published in Official Gazette of Bosnia and Herzegovina number 91 dated from 26.12.2017 based on which the toll income for construction of motorways is increased and amounts 0.20 BAM/litre of fuel.

Table 12 shows overview of realised income in 2020 and 2021.

Table 12 Overview of realised income

Ordinal Nr.	Position	Current year (2021)	Previous year (2020)	INDEX
		Amount BAM	Amount BAM	2/4*100
0	1	2	4	6
1	BUSINESS INCOME	107,812,021	64,207,359	167.91
2	FINANCIAL INCOME	776,151	13,987,759	5.55
3	OTHER INCOME	19,657.00	2,108.00	932.50
4	TOTAL INCOME	108,607,829	78,197,226	138.89

Growth of business income in the amount of 67.91% is the result of the growth of subsequently recognised income from excise tax, which is affected by calculated depreciation, interest, exchange rate differences and depreciation of assets that are not depreciated, which was applied after the changes in the accounting policies were accepted. There were increases in depreciation, interests that are not capitalised, depreciation of assets that are not depreciated, and exchange rate differences for loans in 2021 in comparison to 2020 changed their sign, meaning that in the previous year we had a decrease in liabilities (income), and in 2021 there was an increase in liabilities (expenditure) which was compensated through an increase in business income - subsequently recognised income from excise duty.

Permanent sources of funds (capital)

Table 13 Capital

Description	Amount
Registered capital	2,000
Other original capital	422,561,207
<i>thereof:</i>	
Accumulated profit from previous years	117,583,965
Accumulated profit of the current period	15,428,755
TOTAL	555,575,927

Other original capital refers to the capital that was transferred from separation balance sheet, which was formed at the foundation of the Public Company Motorways of FBiH in 2011.

Until then Directorate for Motorways existed within the Federal Ministry of Traffic and Communications, and after the Directorate was closed, and the Public Company Motorways of FBiH was founded, it was transferred into the balance of the Public Company Motorways of FBiH.

Permanent sources of funds (own assets) in total liabilities are 18.73%.

Credits

The following table shows all approved credits, funds that were used and their total refund until **31.08.2022**.

Table 14 Overview of loan debts until 31.08.2022

Ord. nr.	Creditor Bank	Approved loan amount	Agreed currency	Maturity date	Withdraw until 31.08.2022	The residue of unused loan	Refunded as of 31.08.2022	The residue of debt as of 31.08.2022
1.	EBRD 38716	205,000,000	EUR	May 24	205,000,000	0	161,555,399	43,444,601
2.	EBRD 47372	80,000,000	EUR	Aug 30	71,083,229	8,916,771	12,966,120	67,033,880
3.	EBRD 48999	76,000,000	EUR	Aug 30	76,000,000	0	15,037,844	60,962,156
4.	EBRD 49058	180,000,000	EUR	Mar 33	108,043,836	71,956,164	0	180,000,000
5.	EBRD 50603	60,000,000	EUR	May 34	600,000	59,400,000	0	60,000,000
6.	EIB 24.775	75,000,000	EUR	Mar 37	75,000,000	0	19,769,231	55,230,769
7.	EIB 31.174	166,000,000	EUR	Jan 39	166,000,000	0	24,487,179	141,512,821
8.	EIB 86.971	50,000,000	EUR	Oct 46	32,000,000	18,000,000	0	50,000,000
9.	EIB 83.975	100,000,000	EUR	Jun 47	62,100,000	37,900,000	0	100,000,000
10.	EIB 89.502	140,000,000	EUR	Jun 47	76,750,000	63,250,000	0	140,000,000
11.	KFAED 794	10,500,000	KWD	Sep 39	10,50,000	0	1,312,500	9,187,500
12.	KFAED 1012	11,600,000	KWD	Jan 42	1,844,868	9,755,132	0	11,600,000
13.	OFID 1588P	48,000,000	USD	Mar 34	47,982,746	17,254	9,598,080	38,401,920
14.	OFID 1589PB	24,000,000	EUR	Feb 32	24,000,000	0	3,051,620	20,948,380
15.	OFID 12665P	27,150,000	USD	Mar 38	27,150,000	0	0	27,150,000
16.	OFID 12663PB	24,300,000	EUR	Mar 36	24,300,000	0	0	24,300,000
17.	Razvojna banka FBİH	38,000,000	BAM	Mar 25	38,000,000	0	24,911,098	13,088,902
18.	Revolving loans	70,000,000	BAM	2022 and 2023	57,000,000	13,000,000	30,000,000	40,000,000
TOTAL					1,103,354,679	282,195,321	302,689,072	1,082,860,928

Financial indicators of the Public Company Motorways of FBİH

Table 15 Financial indicators

Indicator		Numerator	Denominator	Indicator	
Current liquidity (cash/short-term liabilities)	2021	9,003,152	221,893,027	4.06%	Decreased
	2020	19,330,487	182,714,127	10.58%	
Accelerated liquidity (cash+claims/short-term liabilities)	2021	79,696,376	221,893,027	35.92%	Decreased
	2020	96,775,124	182,714,127	52.97%	
Current liquidity (current assets/short-term liabilities)	2021	80,449,042	221,893,027	36.26%	Decreased
	2020	97,447,189	182,714,127	53.33%	
Indebtedness indicator – Total liabilities/total assets	2021	1,521,086,800	2,966,937,829	51.27%	Increased
	2020	1,251,157,670	2,547,323,370	49.12%	
Own funding rate (capital/total assets)	2021	555,575,927	2,966,937,829	18.73%	Decreased
	2020	540,147,172	2,547,323,370	21.20%	

All liquidity indicators were decreased due to a decrease of available monetary funds in comparison to the previous year. This is the result of a strong investment activity and launching of several capital projects during 2021.

The rate of indebtedness (liabilities/total assets) is on the increase, and the rate of own funding (capital/total assets) was also decreased. A significant part of the liabilities is made up of deferred income and reservations, so that in this overview of rates of own funding + the rate of indebtedness they do not make up 100%.

Significant events after the dates of financial statements (31.12.2021)

After 31.12.2021 several decisions were adopted with the impact on the financial position of the company and financial statements of the company, and the above-mentioned events were treated as harmonising events after the reporting period:

1. Decision on the adoption of the proposal for determining and accounting treatment of the effects of changes in accounting policies for excise revenue (excise duty)

The net cumulative retroactive effects of change in the accounting policy in the part of recognising income from excise duties (excise duties) are determined, closing with the balance as of 31.12.2020 i.e. 01.01.2021, in the total net amount of 661,665,323.78 BAM.

A decision was made for cumulative effects of changed accounting policy in the part of recognising income from excise duties (excise duties) from Article 1 of this Decision, pursuant to IAS 8 – Accounting policies, changes of accounting estimates and errors, to be accepted (recorded) as below:

- 1. Received, but not realised, dedicated public income based on excise duties (excise duty) in the total amount of 694,356,518.60 BAM charged to the retained earnings item (account 3410 and account 3400) of the Public Company Motorways of FBiH Ltd. Mostar, and in favour of long-term accruals (dedicated revenues from excise/excise duties).*
- 2. Realised funding of projects pursuant to the decisions of the Founder – the Government of the Federation of Bosnia and Herzegovina in a total amount of 32,691,194.82 BAM, charged to other capital (account 30900) of the Public Company Motorways of FBiH Ltd. Mostar, and in favour of long-term accruals (dedicated revenues from excise/excise duties).*

2. Decision on the adoption of the proposal for determining and accounting treatment of the effects of changes in accounting policies for income from donations/grants

The net cumulative retroactive effects of change in the accounting policy in the part of recognising income from donations/grants and subsidies are determined, closing with the balance as of 31.12.2020 i.e. 01.01.2021, in the total amount of 78,916,539.36 BAM.

A decision was made for cumulative effects of changed accounting policy in the part of recognising income from donations/grants and subsidies from Article 1 of this Decision, pursuant to IAS 8 – Accounting policies, changes of accounting evaluations and errors, to be accepted (recorded) as below:

- 1. Received grants from international financial institutions in the total amount of 33,010,173.18 BAM charged to other capital (account 309101 and account 309104) of the Public Company Motorways of FBiH Ltd. Mostar, and in favour of long-term accruals (based on received grants from international financial institutions).*
- 2. Received dedicated funds from the Government of the Federation of Bosnia and Herzegovina in the total amount of 45,906,366.18 BAM charged to other capital (account 309102 and account 309103) of the Public Company Motorways of FBiH Ltd. Mostar, and in favour of long-term accruals (based on received dedicated funds from the Government of the Federation of Bosnia and Herzegovina).*

Above-stated does not have influence on assets and cash flows of the Company.

3. Decision on the adoption of the proposal to determine the amended financial statements of the Public Company Motorways of FBiH Ltd. Mostar for 2020

The need to amend certain items of certain financial statements of the Public Company Motorways of FBiH Ltd. Mostar is determined, as a consequence of the change in accounting policies in the part of recognition of income from excise duties (excise duties) and income from subsidies and grants.

A decision on amendments of certain items of certain financial statements of the Public Company Motorways of FBiH Ltd. Mostar is made, with reference period from 01.01.2020 until 31.12.2020, as following:

- Profit and Loss Statement – Statement about the overall result for the period,*
- Balance sheet – Statement about the financial position,*
- Report on changes in capital,*
- Notes with financial reports,*
- Annex – additional accounting report,*

with comparative data for the previous period from 01.01.2019 until 31.12.2019, in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors.

6.2.4 Overview of current activities of construction and preparations for construction of motorway and expressway in 2022

Table 1 Overview of current activities of construction and preparations for construction of motorway and expressways in 2022.

Or. Nr.	Section	km	Estimated/ agreed (construction + supervision) value in BAM (without the VAT)	Source of financing	Percentage (%) of project realisation
A) Sections under construction					
1	Poprikuše - Nemila	5.5	356,579,918	EIB 90 mil Eur EBRD 70 mil Eur WBIF grant 41.1 mil Eur	Design: FIDIC Yellow book
					Expropriation: 100%
					Construction: 31,71%
2	Nemila - Vranduk	5.7	111,092,908.16	KFAED 36 mil. Eur and KFAED 21 mil Eur	Design: 100%
					Expropriation: 100%
					Construction: 1%
3	Vranduk - Ponirak	5.3	133,917,208	OFID 49 mil. Eur (two credit lines: 27.15 mil. USD and 24.30 mil. Eur) and OFID 25 mil Eur	Design: 100%
					Expropriation: 100%
					Construction: 86,84%
4	Ponirak - Vraca; (tunnel "Zenica")	2.7	120,128,576	EIB 50 mil Eur WBIF grant 19 mil Eur	Design: 100%
					Expropriation: 100%
					Construction: 65,21%
5	Tarčin - Ivan - Lot 1. Tračin – entry to the tunnel Ivan	4.9	134,330,881	EIB 50 mil. Eur (za Lot 1) WBIF grant 11.78 mil Eur	Design: 100%
					Expropriation: 100%
					Construction: 94%
6	Tarčin - Ivan Lot 2 tunnel Ivan	2	116,400,284	EBRD 50 mil. Eur (za Lot 2) WBIF grant 11.48 mil. Eur	Design: 100%
					Expropriation: 100%
					Construction: 83,58%
7	Počitelj - Zvirovići; LOT 1 route; LOT 2 bridge "Počitelj"	11.1	172,949,609	EIB 100 mil Eur	Design: 100%
					Expropriation: 100%
					Construction: LOT 1 62.12%; LOT 2 54.80%
8	BC Prača - Goražde I phase semi-profile of expressway (LOT 1 Hranjen tunnel – drilling and preparation of primary sub-construction and preparation of the service pipe of Hranjen tunnel and LOT 2 Open route)	18.4	Lot 1 72,977,897 Lot 2 35,165,702	Decision of the Government of FBiH on the adoption of the programme of spending part of the funds "Capital transfers to public companies"	Design: 95%
					Expropriation: tunnel and portals 100%
					Construction: 8%

9	BC Lašva - Nević Polje(LOT 5. Intechange Business zone Vitez - interchange Nević Polje)	24.5 (4.8)	66,005,345	Decision of the Government of FBiH on the adoption of the programme of spending part of the funds "Capital transfers to public companies"	Design: 100%
					Expropriation: 96%
					Construction: 0%
10	Sarajevo detour (lot 3B)	1.5	21,359,977	Financing from income from excise duties	Design: 100%
					Expropriation: 100%
					Construction: 21,73%
B) Sections with the ongoing procedures					
11	Putnikovo brdo - Medakovo	8.5	188,737,595	EBRD 60 mil Eur WBIF grant 16.5 mil. Eur	Design: 100%
					Expropriation: 97%
					Construction: 0%
12	Medakovo - Ozimica	21.7	380,678,253	Financing of the whole section Medakovo – Poprikuše EIB (up to 340 mil. Eur and WBIF grant 79 mil Eur,	Design: 100%
					Expropriation: 67%
					Construction: 0%
13	Ozimica - Poprikuše	12.8	345,771,841	Financing of the whole section Medakovo – Poprikuše EIB (up to 340 mil. Eur and WBIF grant,	Design: 50%
					Expropriation: 91% (part of the route –6 km)
					Construction: 0%
14	Tunnel Prenj	12	830,000,000	EIB and EBRD (up to 600 mil. Eur) application also submitted for the grant funds of WBIF	Design: FIDIC Yellow book
					Expropriation: 0%
					Construction: 0%
15	Tunel Kvanj - Buna	5.2	200,639,212	EIB 100 mil Eur WBIF grant 20.6 mil Eur	Design: FIDIC Yellow book
					Expropriation: 100%
					Construction: 0%
16	Mostar South - Tunel Kvanj	9.2	129,554,179	EBRD 60 mil. Eur WBIF grant 30.3 mil Eur	Design: FIDIC Yellow book
					Expropriation: 87%
					Construction: 0%
17	Mostar North - Mostar South	14.2	723,657,100	EBRD (50 mil Eur) Consortium of the domestic banks (110 mil Eur) and WBIF (up to 150 mil Eur)	Design: 0%
					Expropriation: 0%
					Construction: 0%
C) Sections with the ongoing preparatory activities					

18	Ivan - Ovčari	10.5	350,000,000	EIB i KFAED (construction) and WBIF (design)	Design: 15 %
					Expropriation: 0%
					Construction: 0%
19	Ovčari - Prenj	11	323,103,116	EIB i EBRD (up to 600 mil. Eur) application also submitted for the grant funds of WBIF	Design: 40%
					Expropriation: 0%
					Construction: 0%
20	Tunnel Prenj (exit) - Mostar North	13	264,428,216	EIB i EBRD (up to 600 mil. Eur) application also submitted for the grant funds of WBIF	Design: 40%
					Expropriation: 0%
					Construction: 0%
21	AC Tuzla - Orašje, section Maoča - Tuzla, Lot V Čenići - Tuzla	8	118,235,000	Budget of the Federation of Bosnia and Herzegovina	Design: 0%
					Expropriation: 0%
					Construction: 0%
22	BC Bihać - Cazin - Kladuša – the Rep. of Croatia, section Bihać - Cazin, sub-section Kamenica - Bisovac	10	68,250,000	Budget of the Federation of Bosnia and Herzegovina	Design: 0%
					Expropriation: 0%
					Construction: 0%
23	BC Mostar Sjever - Široki Brijeg – Border of the Republic of Croatia, section Mostar North - Polog, sub-section Mostar Sjever - Vihovići	11.6	83,932,039	Budget of the Federation of Bosnia and Herzegovina	Design: 0%
					Expropriation: 0%
					Construction: 0%
24	BC Lašva - Travnik - Jajce, section Nević Polje - Turbe	10.8	84,550,000	Budget of the Federation of Bosnia and Herzegovina	Design: 0%
					Expropriation: 0%
					Construction: 0%

6.2.5 Court cases

There are 123 claims against the company for damage compensation, all related to the land expropriation. Such disputes are common in the course of the Issuer's activities.

Public Company Motorways of FBiH Ltd. Mostar filed a suit with Canton Court in Sarajevo to annul the Decision of the Federal Ministry of Finance number: 03/15-1093/16 A.D. dated from 16.10.2018. in which it was stated that the Company is liable for income tax and that the financial result from the beginning of their business activities was supposed to be taxable.

Canton Court in Sarajevo until the date of preparation of this Prospectus did not make any decision on the basis of the suit, but on 21.01.2019, upon request of the Public Company Motorways of FBiH Ltd. They issued a Decision with proposal of postponing execution of the Decision issued by the Federal Ministry of Finance, number 03/15-1093/16 A.D. dated from 16.10.2018 until the completion of this administrative dispute.

6.2.6 Number of days of blocked business accounts

Business accounts of the company are not blocked.

6.2.7 Provided guarantees

Company does not have issued guarantees apart from the guarantees on the basis of loan indebtedness.

6.3 REPORT ON PROJECT IMPLEMENTATION: CONSTRUCTION OF THE MOTORWAY AT THE CORRIDOR Vc IN THE FEDERATION OF BIH (Concluding with 30.06.2022)

Corridor Vc is a multi-modal road corridor that connects Hungary (Budapest) and Croatia (Ploče harbour), via Osijek (Croatia) and Sarajevo (Bosnia and Herzegovina), making it the largest project of transport infrastructure in Bosnia and Herzegovina with the total length of 320 km, with the route of 273 km passing through the Federation of Bosnia and Herzegovina. The construction of the motorway at the Corridor Vc improves connection of BiH with the neighbouring countries and improves potentials for economic development. The project is strongly supported by the Government of the Federation of Bosnia and Herzegovina, and it is expected that it will enable Bosnia and Herzegovina a better integration with the European economic and social structures in Europe.

Totally 112.50 km of the motorway on the Corridor Vc was constructed and put into use, and it includes the following sections:

- Svilaj – Odžak
- Zenica detour (includes part of the sub-section Zenica Tunnel – Donja Gračanica, sub-section Klopče - Donja Gračanica and sub-section Drivuša – Klopče)
- Zenica South - Sarajevo North
- Sarajevo North - Sarajevo West
- Sarajevo West - Tarčin
- Zvirovići – Bijača.

6.3.1 SECTIONS UNDER CONSTRUCTION

1. SECTION POPRIKUŠE – NEMILA

Section length: 5.5 km;

FUNDING BODY: EIB in the amount of 140 million EUR – thereof 90 million EUR for this section and loan EBRD 180 million EUR thereof for this section 70 million EUR (effective loans). Grant funds in the amount of 41.1 million EUR were also approved.

	Contract date	Contractor / Supervision	Contract value (without the VAT)
Construction contract	16.11.2020	Cangiz Insaat Sanayi ve Ticaret A.S. Turkey	177,828,417 EUR
Contract for supervision services	29.04.2020	IRD Engineering S.r.l.	4,488,000 EUR
Consultant services for project management	22.07.2020	JV Hill International N.V. and OMEK Consulting Engineers S.A.	1,189,301 EUR
Due date: June 2024 (Construction onset: December 2020)			

2. SUB-SECTION NEMILA – VRANDUK

Section length: 5.7 km;

FUNDING BODY: KFAED – Kuwait Fund for Arab Economic Development (KFAED) in the amount of 11.6 million KVD (cca 36 million EUR). There are ongoing activities on signing of the Loan Agreement with KFAED in the amount of cca 25 million EUR.

Construction contract	14.02.2022	HGG Insaat Anonim Sirketi, Turkey	55,518,402 EUR
Contract for supervision services	25.08.2021	JV: Adel Al-Obaid Engineering Consultants and Ipsa Institut d.o.o.	1,282,500 EUR
Due date: 22.02.2024 (Construction onset: 22.02.2022)			

3. SUB-SECTION VRANDUK - PONIRAK

Section length: 5.3 km;

FUNDING BODY: OFID - OPEC Fund for international development
Two credit lines: 27.15 million USD and 24.30 million EUR. Effective funds. Initiative for additional funds with OFID in the amount of 25 million EUR was sent.

	Contract date	Contractor/Supervision	Contract value (without the VAT)
Construction contract	15.05.2019	Consortium AZVIRT Ltd i Hering d.d.	65,463,931 EUR
Contract for supervision services	08.05.2019	Consortium DRI upravljanje investicija d.o.o. I Divel d.o.o.	3,006,850 EUR

Contract for services of technical assistance PIU	23.06.2020	Consortium Institut za građevinarstvo „IG“ d.o.o. B. Luka i Saraj Inženjering d.o.o. Sarajevo	857,000 BAM
Due date: October 2022 (Construction onset: 19.08.2019)			

4. SUB-SECTION PONIRAK – VRACA (TUNNEL ZENICA)

Section length: 2.7 km;

FUNDING BODY: EIB in the amount of 50 million EUR. Credit funds are effective. Also, Grant funds agreement in the amount of 19 million EUR, as well as Subsidiary Agreement and Agreement on sub-grant were signed. Request for withdrawal of the first tranche was submitted.

	Contract date	Contractor/Supervision	Contract value (without the VAT)
Construction contract	01.08.2019	Euro - Asfalt d.o.o. Sarajevo	59,408,825 EUR
Contract for supervision services	10.09.2019	PROYAPI Engineering and Consulting INC	2,011,940 EUR
Contract for services of technical assistance PIU	22.03.2019	Roughton International Ltd	588,860 EUR
Due date: May 2023 (Construction onset: 29.10.2019)			

5. SECTION TARČIN - IVAN - LOT 1. TARČIN – ENTRY TO TUNNEL IVAN

Section length: 4.9 km;

FUNDING BODY: EIB in the amount of 140 million EUR (thereof 50 million EUR for this section). Grant Agreement in the amount of 11.78 EUR was signed.

	Contract date	Contractor/Supervision	Contract value (without the VAT)
Construction contract	24.08.2020	JV Euro - Asfalt - Granit	66,584,029 EUR
Contract for supervision services	11.08.2020	Institut IGH d.d.	2,098,260 EUR
Contract for services of technical assistance during tendering procedure	17.07.2019	IPSA Institut d.o.o. Sarajevo	49,800 EUR
Due date: August 2022 (Construction onset: September 2020)			

6. SECTION TARČIN - IVAN – LOT 2. TUNNEL IVAN

Section length: 2.0 km;

FUNDING BODY: EBRD Loan for sub-section Ivan Tunnel amounts 50 million EUR and it is a part of the loan in the amount of 180 million EUR. Loan funds are effective. Grant funds in the amount of 11.48 million EUR were also approved.

	Contract date	Contractor/Supervision	Contract value (without VAT)

Construction contract	28.10.2019	Euro - Asfalt d.o.o. Sarajevo	57,628,570 EUR
Contract for supervision services	11.10.2019	IRD Engineering S.r.l.	1,885,950 EUR
Due date: August 2022 (Construction onset: 23.11.2019)			

7. SECTION POČITELJ - ZVIROVIĆI

Section length: 11.1 km;

FUNDING BODY: Budget of the Federation of Bosnia and Herzegovina, Decision on the adoption of the programme of spending part of the funds "Capital transfers to public companies"

	Contract date	Contractor/Supervision	Contract value (without the VAT)
Construction contract LOT1	20.06.2019	China State Construction Engineering Corporation Limited	56,522,841 EUR
Construction contract LOT2	20.06.2019	Consortium of Azvirt Limited Liability Company and Sinohydro Corporation Limited and Powerchina Roadbridge Group Co	28,114,890 EUR
Contract for supervision services	11.06.2019	IRD Engineering S.r.l.	3,790,000 EUR
Contract for services of technical assistance PIU	18.06.2019	JV Ipsa Institut d.o.o. Sarajevo B&H i VCE Vienna Consulting Engineers ZT GmbH Austria	376,830 EUR
Due date: estimated completion at the end of October 2022 – Lot 1; end of March 2022 – Lot 2 (construction onset of both LOTs is 26.09.2019)			

8. EXPRESSWAY CESTA PRAČA – GORAŽDE (PHASE I)

Section length: 18.4 km;

FUNDING BODY: Budget of the Federation of Bosnia and Herzegovina, Decision on the adoption of the programme of spending part of the funds "Capital transfers to public companies"

	Contract date	Contractor/Supervision	Contract value (without VAT)
Construction contract (Lot 1)	22.09.2018	Euro - Asfalt d.o.o. Sarajevo	69,999,900 BAM
Contract for supervision services (lot 2)	05.02.2019	IPSA – Institut d.o.o. Sarajevo	2,977,997 BAM
Construction contract (Lot 2)	27.07.2022	Euro - Asfalt d.o.o. Sarajevo	33,665,702 BAM
Due date: Lot 1 End of June 2022 (construction onset: 12.02.2019) Lot 2 Due date: 12 months			

9. EXPRESSWAY LAŠVA – NEVIĆ POLJE**Section length: 24.5 km;**

FUNDING BODY: Budget of the Federation of Bosnia and Herzegovina, Decision on the adoption of the programme of spending part of the funds "Capital transfers to public companies"			
	Contract date	Contractor/Supervision	Contract value (without the VAT)
Construction contract	26.04.2022	„Hering“ d.d. Široki Brijeg	64,021,000 BAM
Contract for supervision services	16.06.2022	Konzorcij: Divel d.o.o. Sarajevo, IG d.o.o. Banja Luka i Zagrebinspekt d.o.o. Mostar	1,984,345 BAM
Due date: February 2024 (Construction onset: July 2022)			

10. SARAJEVO DETOUR LOT 3B**Section length: 1.5 km;**

FUNDING BODY: Public Company Motorways of FBiH, own funds			
	Contract date	Contractor/Supervision	Contract value (without the VAT)
Construction contract	04.12.2020	Euro - Asfalt d.o.o. Sarajevo	19,900,000 BAM
Contract for supervision services	19.03.2019	Consortium: Divel d.o.o. Sarajevo, Saraj Inženjering d.o.o. Sarajevo i Institut za građevinarstvo "IG" d.o.o. Banja Luka	1,459,997 BAM
Due date: end of February 2022 (Construction onset: end of 2020)			

6.3.2 SECTIONS WITH THE ONGOING TENDERING PROCEDURE**1. PUTNIKOVO BRDO – MEDAKOVO****Section length: 8.5 km;**

Financing of the section construction Putnikovo brdo – Medakovo will be funded by EBRD loan in the amount of 60 million EUR. This loan is a part of wider scope of Loan Agreement for Doboj Bypass in the amount of 210 million (the Republic of Srpska and Federation). Loan Agreement was signed on 9 May 2019, and in April 2021 effectivity of the loan was achieved. Grant application was also adopted for this section in the amount of 16.5 million EUR.

There is an ongoing tendering procedure for the selection of contractor, and consultant services of supervision of construction works. Contract for procurement of construction services is expected to be signed in the fourth quarter of 2022, as well as the contract for consultant services of supervision of construction.

2. MEDAKOVO - POPRIKUŠE

Section length: 34.5 km;

For financing the construction of the Medakovo - Poprikuše section, a contract with EIB in the amount of 340 million EUR was signed on 28.12.2020. The loan agreement was ratified in May 2021. The procedure for accepting the Indebtedness Agreement was completed with the adoption of the Decision in the Parliament of the Federation of Bosnia and Herzegovina in February 2022. The Subcontract on the loan is still to be signed. The application for the WBIF investment grant in the amount of 79 million EUR (40% of the investment value) was approved.

There is an ongoing tendering procedure for procurement of construction works at sub-section Medakovo-Ozimice, as well as consultant services of supervision of works.

For the sub-section Ozimice - Poprikuše, the Decision on the initiation of the procedure was made on 06.04.2022. Preparation of pre-qualifying documentation is in progress. The Decision on the initiation of the procedure for the procurement of consultant services of supervision was also made and the evaluation of the received applications is in progress.

3. TUNNEL PRENJ

Section length: 12 km

Prenj tunnel is the longest and the most complex building in the whole motorway section from Konjic to Mostar. The length of the right tunnel tubes is $L = 10.5$ km.

An initiative for financing the construction of the section Ovčari - Mostar North was initiated, and the Government of FBiH in October 2021 supported the initiative to secure funds from EBRD and EIB in the amount of 300 million EUR each for the construction of this section. The Council of Ministers also adopted the aforementioned debt initiatives.

There is an ongoing tendering procedure for the selection of architect to design the preliminary design with elements of the main design for the Prenj tunnel, as well as the tendering procedure for procurement of the construction of sub-section Prenj tunnel.

Contract for preparation of the preliminary and main design for preparatory works (access roads, water system, electricity network) was signed and there is an ongoing tendering procedure for preparatory works for construction of the Prenj tunnel and consultant services of supervision.

4. MOSTAR NORTH - MOSTAR SOUTH

Section length: 14.2 km

With the consent of the Government of the Federation of Bosnia and Herzegovina, a Mandate letter for financing of the motorway section at the Corridor Vc Mostar North – Mostar South was signed, and the government brought the Conclusion by which it supported the Initiative for loan debt with EBRD provide loan funds in the amount of 50 million EUR for construction of the motorway section Mostar North – Mostar South. The rest of the funds will be secured from commercial parallel loans with issue of the

guarantee of the Federation of Bosnia and Herzegovina as the means of insurance. The first procedure of public procurement of commercial banks was not successfully completed. Taking into consideration the period of time and significant increase of the estimated value of the project because of the movement of prices at the global market, a new structure of funding of the project was adopted. It includes increase of the EBRD funds from 50 million EUR to 110 million EUR, i.e. potentially 220 million EUR. In accordance with the new structure of funding, a Request for the loan was updated. Tender for procurement of commercial debt was again published, and during 2022 grant application for EU funds will be submitted.

Tendering procedure for selection of the architect for preparation of the preliminary and main design and services of review was completed. There is an ongoing tendering procedure for procurement of construction works at this section.

5. SECTION MOSTAR SOUTH – TUNNEL KVANJ

Section length 9.2 km;

Construction work funds were secured from credit line with EBRD in the amount of 180 million EUR (thereof 60 million EUR refers to this section).

There is an ongoing tendering procedure for procurement of construction works and consultant services of supervision of construction works.

6. SECTION TUNNEL KVANJ - BUNA

Section length: 5.2 km;

Construction work funds were secured from credit line with EIB in the amount of 100 million EUR. Conditions for reaching the credit funds effectiveness were fulfilled.

Tendering procedure for selection of contractors is in progress. By the Decision of Management of the Public Company Motorways of FBiH dated from 25.03.2022 earlier procedure was annulled. A new procedure was initiated.

6.3.3 SECTIONS WITH THE ONGOING PREPARATORY ACTIVITIES FOR CONSTRUCTION

1. IVAN - OVČARI

Section length: 10.5 km

WBIF grant funds were provided for the preparation of project documentation: feasibility study, environmental impact study, preliminary design, main design and revision of the main design. The preparation of study documentation began in the first quarter of 2021.

Section Ovčari - Mostar South (51 km) includes the following sections: *Ovčari – Prenj (11 km), Tunnel Prenj (12 km), Tunnel Prenj - Mostar North (13 km) and Mostar North – Mostar South (15 km).*

2. OVČARI - PRENJ

Section length: 11 km

Preliminary design was completed. WBIF grant funds were secured for preparation of the main design. Preparation of the main design is in progress.

For financing of construction works at section Ovčari – Mostar North an initiative was made, and the Government of the Federation of Bosnia and Herzegovina in October 2021 supported that initiative to secure funds from EBRD and EIB in the amount of 300 million EUR each for construction works of this section. The Council of Ministers also adopted the above-mentioned debt initiatives.

3. EXIT FROM PRENJ TUNNEL – MOSTAR NORTH

Section length: 13 km

Preliminary design was completed. WBIF grant funds were secured for preparation of the main design.

For financing of construction works at section Ovčari – Mostar North the Government of the Federation of Bosnia and Herzegovina supported the initiative to secure funds from EBRD and EIB in the amount of 300 million EUR each for construction works of this section. The Council of Ministers also adopted the above-mentioned debt initiatives.

4. MOTORWAY ORAŠJE – TUZLA, DIONICA MAOČA – TUZLA, LOT 5 ČANIĆI – TUZLA

Section length: 8 km

The preliminary design was completed in 2008 and needs to be re-designed/amended. Design (amendment) of the preliminary design and preparation of the main design of the motorway Orašje-Tuzla, section Maoča-Tuzla, is in progress. The due date for the execution of the contractual obligations is 15 months, after which the expropriation procedure will be initiated, as well as the tender for the selection of the contractor of the construction works and supervision services.

Financing of this sub-section is planned from the Budget of the Federation of Bosnia and Herzegovina and other sources.

5. EXPRESSWAY BIHAĆ CAZIN -V. KLADUŠA – THE REPUBLIC OF CROATIA**Sub-section length: 10 km**

Preliminary design for the sub-section Kamenica - Bisovac was made by the Public Company Ceste in April 2021. Preparation of the design of the expressway Bihać - Cazin - V. Kladuša – the Republic of Croatia is in progress. After preparation of the preliminary design, the preparation of the main design for sub-section Kamenica – Bisovac, after which a procedure of expropriation will be initiated, as well as the tendering procedure for construction works and services of supervision of constructions

Financing of this expressway (cca 10 km) is planned from the Budget of the Federation of Bosnia and Herzegovina and other sources.

6. EXPRESSWAY MOSTAR – ŠIROKI BRIJEG – THE BORDER OF THE REPUBLIC OF CROATIA, SECTION MOSTAR NORTH – POLOG, SUB-SECTION MOSTAR NORTH – VIHOVIĆI**Section length: 11.6 km**

For expressway Mostar North – Široki Brijeg – the border of the Republic of Croatia, preliminary designs were made. Preparation of the preliminary design and other studies necessary for issuing of the urban permit, and undertaking of other research activities for the first section of the expressway Mostar – Široki brijeg – the border of the Republic of Croatia, section Mostar North – Polog (20.3 km). Planned activity will last 18 months. The previous tender for the selection of the architect was annulled because of the inadmissibility of offers. There is a procedure of public procurement for preparation of the preliminary design.

Financing of this sub-section is planned from the Budget of the Federation of Bosnia and Herzegovina and other sources.

7. EXPRESSWAY LAŠVA – TRAVNIK – JAJCE, SECTION NEVIĆ POLJE – TURBE**Section length: 10.8 km**

Preliminary design with the study documentation, which includes the feasibility study and the environmental impact study, was completed. Activities for the procurement of the main design and revisions of the main design in question were completed.

Financing of this sub-section is planned from the Budget of the Federation of Bosnia and Herzegovina and other sources.

7. DATA ABOUT THE AUTHORISED PERSONS OF THE PUBLIC COMPANY MOTORWAYS OF FBiH

Supervisory Board:

Dobroslav Galić, President of the Supervisory Board

Indira Ćišić, Member of the Supervisory Board

Marija Buntić, Member of the Supervisory Board

Ante Vrdoljak, Member of the Supervisory Board

Samir Kajimović, Acting Member of the Supervisory Board

Management:

Elmedin Voloder Director

Milas Kristijan Executive Director of Economic and Financial Affairs,

Ešef Džafić Executive Director of Design and Constructions

Rogić Mirko Executive Director of Management and Maintenance,

Šoše Ajman Executive Director of General, Legal and Personnel Affairs

8. INVESTMENT STATEMENT

Aim, i.e. the purpose of the investment is pre-financing of the preparation of the project documentation, construction works and consultant services of supervision of the construction works. Pre-financing refers to the projects below:

- Section Mostar North – Mostar South – Preparation of the preliminary and main design for construction of section, revision of the main design, construction and supervision of the construction services.
- Prenj Tunnel (Preparation of the preliminary and main design for access roads to Prenj tunnel and preparation of the detailed preliminary design with elements of the main design of Prenj tunnel, as well as preparatory works for construction of the tunnel Prenj and services of supervision),
- Vranduk – Ponirak for construction works and services of supervision,

- Ponirak – Vraca for construction works and services of supervision.

For the aforementioned projects, activities for securing loans from international financial institutions, including EBRD, EIB and OFID are in progress. As the procedure itself for achieving the effectiveness of loan funds takes a significant period of time, it is necessary to carry out pre-financing by the Public Company Motorways of Federation of Bosnia and Herzegovina.

9. STATEMENT SIGNED BY THE AUTHORISED ENTITIES OF THE ISSUER

In our opinion and in accordance with our knowledge and the data that our at at our disposal, we declare that all the data from this Prospectus constitute a complete and true presentation of assets and liabilities, loss and profit, financial position and operations of the issuer, the rights contained in the securities to which they refer, and that facts that could affect the completeness and truthfulness of this Prospectus were not omitted

Dobroslav Galić, President of the Supervisory Board _____

Indira Ćišić, Member of the Supervisory Board _____

Marija Buntić, Member of the Supervisory Board _____

Ante Vrdoljak, Member of the Supervisory Board _____

Samir Kajimović, Acting Member of the Supervisory Board _____

Elmedin Voloder, Director _____

Milas Kristijan, Executive Director of Economic and Financial Affairs, _____

Ešef Džafić, Executive Director of Design and Constructions _____

Rogić Mirko, Executive Director of Management and Maintenance, _____

Šoše Ajman, Executive Director of General, Legal and Personnel Affairs _____