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SARAJEVO AIRPORT INCENTIVE PROGRAMME

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PC Sarajevo International Airport LLC

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1. NEW SCHEDULED ROUTE

A new route implies a destination towards which there were no scheduled flight operations from the Airport Sarajevo by the air carriers regularly on that particular destination in a period of twelve (12) months before the date of the first flight.

The air carrier which applies for the incentive programme based on the new scheduled route must ensure that the route proposed operates regularly at least two times per week in a period of three (3) months without a suspension during the summer season, i.e. at least one flight operation per week during the winter season.

The incentive to introduce the new scheduled route may not be combined with the incentive for the increase of flight frequencies.

If the air carrier within the incentive validity period cancels the flights scheduled in advance for a period longer than 6 (six) months, the same forfeits the right to the below mentioned incentives as of the moment the new route is suspended. If after the suspension of the flight operations, and in a period not longer than 6 (six) months as of the moment of the suspension, the same resumes the flight operations, the air carrier is entitled to use the incentive previously approved, provided that it submits a request for continuation of using previously approved discount.

In order to be eligible to the below mentioned incentive, the air carrier needs to send a request in writing for the incentive approval.

Type of charges		New scheduled route incentive ¹	
		Short-haul and medium-haul traffic	Long-haul traffic (over 6 hours flights)
I year	Landing and Take-off	100%	100%
	Passenger Service	20%	25%
II year	Landing and Take-off	75%	75%
	Passenger Service	15%	20%
III year	Landing and Take-off	50%	50%
	Passenger Service	10%	15%

Note: A refund in the amount of 2% on the monthly basis shall be approved for long-haul traffic, on the basis of the amount paid for the aviation fuel refuelled at the Airport Sarajevo, and in accordance with the official records of the company that carries out the aviation fuel supply.

2. NEW SCHEDULED CHARTER ROUTE

A new scheduled charter route implies a destination towards which there were neither scheduled flight routes nor charter flight routes from the Airport Sarajevo by the air carrier in question during the previous twelve (12) months before the first flight.

The air carrier which applies for the incentive programme based on the scheduled charter route must ensure that the route proposed operates as a charter at least once per week in a period of three (3) months without a suspension.

The incentive to introduce the new scheduled charter route may not be combined with the incentive for the increase of the flight frequencies.

If the air carrier within the incentive validity period cancels the flights scheduled in advance, the same forfeits the right to the below mentioned incentives, from the moment the new charter route is suspended. If after the suspension of the flight operations, and in a period not longer than 6 (six) months as of the moment of the suspension, the same resumes the scheduled charter flight operations, the air carrier is entitled to use already approved incentive, provided that it submits a request for continuation of using previously approved discount.

In order to be entitled to the above mentioned incentive, the air carrier needs to send a request in writing for the incentive approval.

¹ For the winter flight schedule, the air carriers that apply for the incentive based on the new scheduled route are eligible for additional 5% discount on the passenger service charge.



Type of charges		Incentive for new scheduled charter route ²	
		Short-haul and medium-haul traffic	Long-haul traffic (over 6 hours flights)
I year	Landing and Take-off	50%	75%
	Passenger Service	15%	20%
II year	Landing and Take-off	25%	70%
	Passenger Service	10%	15%
III year	Landing and Take-off	10%	25%
	Passenger Service	5%	10%

Note: A refund in the amount of 2% on the monthly basis shall be approved for long-haul traffic, on the basis of the amount paid for the aviation fuel refuelled at the Airport Sarajevo, and in accordance with the official records of the company that carries out the aviation fuel supply.

3. NEW AIRLINE COMPANY AT THE AIRPORT SARAJEVO

New airline company implies an air carrier which introduces flight operations at the Airport Sarajevo for the first time, on a regular basis.

3A. NEW AIRLINE COMPANY AND NEW SCHEDULED ROUTE

New airline company implies an air carrier which introduces the flight operations at the Airport Sarajevo for the first time, on a regular basis and which introduces the route that does not operate at the moment.

The air carrier that applies for the incentive programme based on this model must ensure that the route(s) proposed operate(s) at least two times per week, i.e. once a week for long-haul traffic within a period of three (3) months without a suspension, on a regular basis, noting that the discounts are approved and calculated only on the basis of the number of the new routes, as defined in the table below.

The incentives defined according to this model cannot be combined with any other model. In order to be entitled to the incentive in question, the air carrier needs to send a request in writing for the incentive approval as well as information in writing for every new route it introduces, with the exact dates the flight operations start operating for every destination. The incentive shall be calculated as of the moment the flight operations are introduced in relation to the number of the routes introduced, and according to the table below. If the air carrier, whilst using the afore mentioned incentive (accounting period of 12 months as of the first flight), submits a request for introducing new additional routes or if it decides to suspend the flights on a particular route, the discount approved shall be modified in a way that as of the moment of introducing/suspending the flight operations on a particular route, there is going to be an increase/reduction of the discounts approved for the services of landing and take-off, the handling services and the passenger service charge, whilst the accounting period remains unchanged (12 months as of the date of the first flight).

If the air carrier within the incentive validity period cancels the flights scheduled in advance for a period longer than 6 (six) months, the same forfeits the right to the below mentioned incentives, as of the moment the new route is suspended. If after the suspension of the flight operations, and in a period not longer than 6 (six) months as of the moment of the suspension, the same resumes the scheduled flight operations, the air carrier is entitled to use already approved incentive, provided that it submits a request for continuation of using previously approved discount.

Type of charges	Incentive for new airline company and new scheduled route(s) ³ for the first year	
	Short-haul and medium-haul traffic	Long-haul traffic (over 6 hours flights)

² For the winter flight schedule, the air carriers which apply for the incentive based on the new scheduled charter route are eligible for additional 5% discount on the passenger service.

³ For the winter flight schedule, the air carriers which apply for the incentive based on the frequency increase of air operations are eligible for additional 5% on the passenger service.



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I year one new route	Landing and Take-off	100%	100%
	Handling	40%	45%
	Passenger Service	30%	35%
I year 2-3 new routes	Landing and Take-off	100%	100%
	Handling	45%	50%
	Passenger Service	35%	40%
I year 4 and more routes	Landing and Take-off	100%	100%
	Handling	50%	55%
	Passenger Service	40%	45%

Type of charges		Incentive for new airline company and new scheduled route(s) ⁴ for the second year	
		Short-haul and medium-haul traffic	Long-haul traffic (over 6 hours flights)
II year one new route	Landing and Take-off	75%	75%
	Handling	30%	35%
	Passenger Service	25%	30%
II year 2-3 new routes	Landing and Take-off	75%	75%
	Handling	35%	40%
	Passenger Service	30%	35%
II year 4 and more routes	Landing and Take-off	75%	75%
	Handling	45%	50%
	Passenger Service	35%	40%

Note: A refund in the amount of 2% on the monthly basis shall be approved for long-haul traffic, on the basis of the amount paid for the aviation fuel refuelled at the Airport Sarajevo, and in accordance with the official records of the company that carries out the aviation fuel supply.

3B. NEW AIRLINE COMPANY AND EXISTING SCHEDULED/CHARTER ROUTE(S)

New airline company implies an air carrier which introduces the flight operations at the Airport Sarajevo for the first time, on a scheduled/charter basis and that introduces the flight operations as the scheduled/charter routes on which some other air carrier already operates.

The air carrier that applies for the incentive programme based on this model must ensure that the route(s) proposed operate(s) at least two times per week as the scheduled route(s), i.e. once a week as the charter route and for long-haul traffic within a period of three (3) months without a suspension, as the scheduled/charter route, noting that the discounts are approved and calculated only on the basis of the number of the new routes, as defined in the table below.

The incentives defined according to this model cannot be combined with any other model.

If the air carrier within the incentive validity period cancels all the flights scheduled in advance for a period longer than 6 (six) months, the same forfeits the right to the below mentioned incentives, as of the moment the new route(s) is/are suspended. If after the suspension of the flight operations, and in a period not longer than 6 (six) months as of the moment of the suspension, the same resumes the flight operations, the air carrier is entitled to use the incentive previously approved, provided that it submits a request for continuation of using previously approved discounts.

In order to be entitled to the incentive in question, the air carrier needs to send a request in writing for the incentive approval as well as the information in writing for every route it introduces, with the exact dates the flight operations start operating for every destination. The incentive shall be calculated as of the moment the flight operations are introduced in

⁴ For the winter flight schedule, the air carriers which apply for the incentive based on the frequency increase of air operations are eligible for additional 5% on the passenger service.



relation to the number of the routes introduced, and according to the table below. If the air carrier, whilst using the afore mentioned incentive (accounting period of 12 months as of the first flight), submits a request for introducing a route or it decides to suspend the flights on a particular route, the discount approved shall be modified in a way that as of the moment of introducing/suspending the flight operations on a particular route, there is going to be an increase/reduction of the discounts approved for landing and take-off services, whilst the accounting period remains unchanged (12 months as of the date of the first flight).

Type of charges		Incentive for new airline company and existing scheduled/charter route(s) for the first year	
		Short-haul and medium-haul traffic	Long-haul traffic (over 6 hours flights)
I year one additional/existing route	Landing and Take-off	30%	50%
I year 2-3 additional/existing routes	Landing and Take-off	40%	55%
I year 4 and more additional/existing routes	Landing and Take-off	50%	60%

Type of charges		Incentive for new airline company and existing scheduled/charter route(s) for the second year	
		Short-haul and medium-haul traffic	Long-haul traffic (over 6 hours flights)
II year One additional/existing route	Landing and Take-off	20%	40%
II year 2-3 additional/existing routes	Landing and Take-off	30%	45%
II year 4 and more additional/existing routes	Landing and Take-off	40%	50%

Note: A refund in the amount of 2% on the monthly basis shall be approved for long-haul traffic, on the basis of the amount paid for the aviation fuel refuelled at the Airport Sarajevo, and in accordance with the official records of the company that carries out the aviation fuel supply.

4. INCREASE OF FLIGHT FREQUENCIES

A separate discount shall be approved to the air carrier that introduces additional scheduled flights for the route it already operates. To be entitled to the mentioned incentive, the air carrier needs to submit a request in writing for the approval of the incentive within the accounting period of twelve months during which the same operated the flight operations with the increased number of weekly frequencies, and all in accordance with the criteria stipulated. In case that the scheduled air carrier in the first year does not perform the number of air operations as planned, it shall forfeit the right to the incentives for the second year.

The incentive for the increase of air operations frequencies may not be combined with the incentives from the items 1 and 2 and 3.

A right to the incentive regarding the frequency increase of air operations can be exercised only if the number of additional flights operated is equal or larger than 40 additional flights in a period of twelve (12) months (only departures) in comparison with the reference period of twelve months preceding the date of the incentive implementation which was defined in the request form for the incentive scheme approval submitted by the air carrier concerned. The discounts specified shall be calculated for all additional flight operations and shall be approved at the end of the accounting period, with the issuance of the credit note and after it is established that the air carrier that applied for the incentive based on the frequency of air operations met the necessary requirement (40 additional flight operations minimum in comparison



with the previous twelve months period). If the airline operates more routes, the incentive defined shall be calculated for each route separately.

Type of charges		Incentive for frequency increase of air operations ⁵
I year	Landing and Take-off	50%
	Passenger Service	10%
II year	Landing and Take-off	25%
	Passenger Service	5%

5. NUMBER OF TRANSPORTED PASSENGERS PER YEAR

An incentive based on the number of transported passengers⁶ shall be approved to the air carriers on the basis of statistical data for the previous year, with an option of adding the passenger figures.^{7,8} for groups/affiliated companies provided that the air carrier that is a part of the group/affiliated company does not use the discounts based on the Model 1⁹ 10. The air carrier which introduces the flight routes for the first time at the Airport Sarajevo shall be eligible for the above mentioned incentive after the end of the calendar year. The incentive shall be effective from January 1 to December 31, and the air carriers are required to submit a request in December for the discount specified in order to be entitled to the same for the next year.

In order to be entitled to the above mentioned incentive, the air carriers are required to send a request in writing for the incentive approval in December of the current year, and not later than December 29, pursuant to the table below.

Number of passengers (arriving and departing)	Incentive for a number of transported passengers per year							
	≤ 10.000	10.001-25.000	25.001-50.000	50.001-65.000	65.001-80.000	80.001-100.000	100.001-150.000	> 150.001
Landing and Take-off	0	15%	20%	20%	25%	30%	30%	35%
Passenger Handling	0	5%	5%	10%	10%	20%	20%	25%
Passenger Service	0	0	0	0	0	1,0 EUR	1,5 EUR	1,5 EUR

6. INCENTIVE FOR RESUMPTION OF AIR OPERATIONS

The air carrier which applies for the incentives based on a resumption of flights at the Airport Sarajevo is entitled to the same on these grounds only once, provided that the same did not operate any flights to/from Sarajevo in the year for which the incentive is approved.

5 For the winter flight schedule, the air carriers which apply for the incentive based on the frequency increase of air operations are eligible for additional 5% on the passenger service charge.

6 The Model 5 is not approved for the flight operations on the strategic routes.

7 The passenger figures of the companies that are a part of the same group are added up, and with respect to the passenger traffic accomplished in a previous year. The term affiliated company means complexed companies that consist of the mother company which directly/indirectly has the ownership share in the affiliated company/companies of the sister company/sister companies of the air carriers, i.e. the company that consists of the dependant companies/airline companies within the same holding group.

8 The number of passengers transported by the air carriers on the strategic routes, that use the discounts based on the Model 9 is not added to the number of passengers transported on non-strategic routes.

9 The passengers of the air carrier that uses the discounts based on the Model 1 are not being added within the group that applied for the Model 5.

10 The incentive on the basis of transported passengers for the current year shall be approved to the air carriers based on statistical data accomplished in a previous year.



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Also, the air carrier which applies for these incentives based on the resumption of air operations may not be the air carrier that has scheduled flight routes or scheduled charter flight routes to/from Sarajevo at the moment when this document is issued.

If the air carrier cancels the scheduled flight routes within the incentive validity period, the same forfeits the right to the below mentioned incentives, from the moment of the suspension of the air operations.

In order to be entitled to the above mentioned incentive, the air carrier needs to send information in writing regarding the resumption of the flight operations, as well as a request in writing for the incentive approval.

Type of charges	Incentive for resumption of air operations
Landing and Take-off	20%
Passenger Handling	10%

The incentive validity period for the resumption of air operations shall last twelve months the most, with a requirement that the flights must operate regularly, at least two times per week, within a period of three (3) months from the first flight.

7. INCENTIVE FOR AIR CARRIERS WITH A BASE AT SARAJEVO AIRPORT AND AIRLINES OPERATING AT 10 DESTINATIONS MINIMUM OR MORE

7A.) INCENTIVE FOR AIRLINES BASED AT THE SARAJEVO AIRPORT

Type of charges	Incentive for carrier based aircraft
Landing and Take-off	100%
Handling	50%
Passenger Service	80%

In order to exercise the right to the incentive in question, interested airline should send a written request for approval of the incentive based on this model, as well as a five-year plan that will contain information related to the planned traffic (number of weekly frequencies and number of transported passengers), as well as planned destinations.

The airline companies that have a base at the Airport Sarajevo shall not be charged for the aircraft parking services.

The criterion for the base airline company is the number of transported passengers per year, according to the table below:

Year	I	II	III	IV	V
The number of transported passengers per year	150.000	250.000	350.000	450.000	550.000

In regard to the mentioned criterion, the Company shall, on an annual basis, and starting from the moment of the introduction of flights, shall control fulfilling the criteria, and in case of non-fulfillment of the criteria related to the volume of the passenger traffic defined above, the corrections of the invoices shall be made (invoicing the difference in price in relation to the prices in full).

A reimbursement in the amount of 2% shall be approved on a monthly basis to the based air carrier in terms of the amount paid for the aviation fuel refuelled at the Airport Sarajevo, according to the official records of the company that carries out the aircraft fuel supply.

The air carriers using the Model 7A incentives, the use of the GPU in duration of 50 minutes for the standard ground handling procedure and in duration of 90 minutes for overnight stays, per day per aircraft, is included in the handling fee. After the expiration of this time interval, the GPU is calculated in accordance with the item 10.1. of the Pricelist.



7B.) INCENTIVE FOR AIRLINES THAT OPERATE TO A MINIMUM OF TEN DESTINATIONS, OUT OF WHICH AT LEAST FIVE ARE STRATEGIC, WITH YEAR-ROUND OPERATIONS AT LEAST 2 X WEEK TO EACH DESTINATION

In order to exercise the right to the above-mentioned incentive, the air carriers needs to submit a request in writing for the approval of the incentive based on this model with information regarding the routes it plans to operate on, a starting date of the flight operations, and a period of duration for which the same are established. The discounts shall be calculated as of the moment of launching the routes at ten destinations minimum, out of which five of them are strategic, as per the table below.

Type of charges	Incentive for airlines operating year-round to ten destinations minimum, out of which at least five of them are strategic at least, on a regular basis
Landing and Take-off	100%
Handling	50%
Passenger Service	80%

During the period of operation stated in the incentive request, the airline undertakes to have scheduled flight operations to a minimum of ten destinations, out of which at least five of them are strategic, with a year-round operation and a minimum number of frequencies of 2 times per week to each of those destinations.

A variation from the basic criterion of the model is allowed in a manner that the airline may operate at 8 destinations minimum in a period not longer than five months, and is obliged to increase the number of frequencies reciprocally on other routes at any time during the year, in order to maintain the number of frequencies on the same level in accordance with the submitted request.

The airline is obliged to resume the number of routes to ten within 5 months, as originally planned by this Incentive Programme model.

In relation to the mentioned criterion, the Sarajevo Airport shall control the planned number of frequencies on an annual basis, starting from the moment of the introduction of flights, while on a monthly basis it shall control the number of routes where the company operates, and in case of non-fulfillment of the criteria, the invoice corrections shall be made (invoicing the difference in price in relation to the prices in full).

The air carrier approved to use the incentive according to the model 7B, must implement the specified flights and the frequencies from the request within 12 months, with the margin of deviation +/-10%, with the obligation that a minimum of 10 destinations are maintained during the entire period of using the incentives, i.e. a minimum of 8 destinations, with the obligation to fulfill the criteria regarding the number of frequencies. The reasons for possible deviations that shall be taken into account: political or war conflicts, prohibitions by governments or military authorities, fires, floods, pandemics, epidemics, riots, terrorism, embargoes, military occupation of airports, weather conditions that make flying impossible, seismic or volcanic activity.

For carriers that use the incentives based on the Model 7B, the use of the GPU in duration of 45 minutes for the standard ground handling standard procedure and in duration of 90 minutes for overnight stays, per day per aircraft, is included in the handling fee. After the expiration of this time interval, the GPU is calculated in accordance with item 10.1. of the Pricelist.

Note:

- The discounts in accordance with the Model 7 are approved for a period of up to 5 years, starting from the period of application of this model, what needs to be clearly specified in the request.
- Ticketing Service Charge (TSC) shall be provided as a part of the handling process for the airlines that use the Model 7 incentives.
- In the aim of providing additional stimulative measures, the air carriers that use the incentives based on the Model 7, shall be given a discount on the price of the fluid (type I and type IV) in the amount of 35% during the winter season, and the truck service as a part of this model shall be provided as a part of the handling service for a fixed period in duration to five years.
- The Model 7 may be combined exclusively with the Model 8 – Marketing Activities.



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8. MARKETING ACTIVITIES

The Airport Sarajevo provides the incentives in a form of money transfer to the air carriers that introduce the flight operations for the first time to Sarajevo, to the air carriers that introduce new routes, to the air carriers that introduce strategic routes, to the air carriers that have a base at the Airport Sarajevo, to the air carriers that operate simultaneously on a minimum of ten destinations, as well as to the air carriers which carry out promotional activities for the purpose of promoting the flights from/to Sarajevo, with promotional air fares, according to criteria defined below:

Model	Description	Maximum amount of the incentive per year (EUR) per models
8A	Marketing support to the air carriers that carry out promotional activities for the purpose of promoting the flights to/from Sarajevo, with the promotional air fares during the period of the marketing campaign (promotional campaign in duration of one month minimum) *	10.000,00
8B	Marketing support to the scheduled air carriers that introduce new routes	20.000,00
8C	Marketing support to the scheduled air carriers that introduce strategic routes	30.000,00
8D	Marketing support to the air carriers operating on ten destinations minimum	40.000,00
8E	Marketing support to the air carriers that have a base	50.000,00

The funds for the marketing campaign are approved in accordance with the planned budget in the Business Plan. The Airport Sarajevo shall evaluate the submitted requests and retains right to approve or reject the same, pursuant to the approved budget and the strategic objectives.

The Sarajevo Airport can, in accordance with the available capacities, additionally through its own communication channels, for the purpose of promoting the routes and the air operations to the specified categories of air carriers, enable advertising on the official website by placing available banners, as well as placing marketing content on advertising positions inside/outside the terminal building for up to maximum 15 days, free of charge.

* - As a part of the Model 8, it is possible to combine the incentive amount of the Model 8A with the incentives defined in the Models 8B, 8C, 8D and 8E.

9. INCENTIVE FOR STRATEGIC DESTINATIONS

In reference to the strategic goals of the Company with respect to the significant destination network expansion from/to Sarajevo, the Airport Sarajevo defined the strategic routes for 2023, which are specified by the decision of the Company's Management Board and based on the following criteria:

- European and world metropolises that have airports with the air bases of leading traditional and low-budget airline companies;
- the destinations/markets that are insufficiently covered (towards which at the time of approving the incentive, there are no 5 flights or less weekly frequencies introduced from the Airport Sarajevo) by the air carriers that have already been operating at Sarajevo Airport, or towards which at the time the Incentive Programme is issued, there are no flight operations established from the Airport Sarajevo.
- destinations that are of priority significance for further significant growth of tourism in our country;
- cities/regions that are places of residence for a significant number of Bosnian-Herzegovinian diaspora citizens.

The Company's Management Board retains the right to reexamines the strategic routes, and make the decisions on potential amendment to the same.

The incentives defined under may be combined only with the model Marketing Activities.

The air carriers which during the period of using the incentive based on the Model 9 suspend their flight operations on the strategic route for a period longer than six months, they forfeit the right to the discounts with respect to the model for which the request was submitted as well as the option to apply again for the same model for the same strategic route.

If the air carrier changes the sub model within the model 9, in a way as to increase the number of destinations, the discounts shall be given to the same as of the first year pursuant to the request delivered.

In case of switching from 9A or 9B to 9C, the air carrier shall be approved the discounts as of the first year with the introduction of the fifth destination, and for the accounting week when the route is introduced.



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If the air carrier, for the purpose of reducing the number of destinations, changes the sub model as a part of the model 9 (switches from the model 9C to the model 9A or 9B), the discounts shall not be calculated as of the first year, i.e. the calculation of the discount shall be continued based on the initial discount request submitted, taking into consideration the period from the initial request.)

The air carriers that operate on a charter basis shall not be approved discounts if the same strategic destination previously had an approved incentive for the air carrier operating on a regular basis.

A.) INCENTIVE FOR AIRLINE COMPANIES THAT OPERATE SCHEDULED FLIGHTS TO THE STRATEGIC DESTINATION(S) IN THE TIME PERIOD OF THREE MONTHS AT LEAST, 2 TIMES PER WEEK

The airlines that introduce flights on the strategic destination(s) on a regular basis in the period of at least three months, with a minimum two flights per week shall be approved discounts pursuant to the below mentioned table, under the condition that the same route does not have more than five scheduled flights established by the airline operating at the Sarajevo Airport.

The airline may apply to the incentive only once for the same strategic route, and if the same does not fulfill the minimum operating conditions, it shall lose the right to the discounts previously approved, and is obliged to reimburse the approved funds for the operating period via a debit note issued by the Sarajevo Airport. In order to be entitled to the incentive in question, the air carrier should submit a request in writing for the approval of the incentive based on this model with information related to the introduction of the the strategic route, with the date the flight operations start operating and a period the flights are established. The discounts shall be calculated from the moment of establishing the flight operations on the strategic destination, and pursuant to the table below.

Type of charges		Incentive for airline companies operating flights in strategic routes on a regular basis in the time period of at least three months		
		Short-haul and medium-haul traffic - one strategic route	Short-haul and medium-haul traffic – two or more strategic routes	Long-haul traffic (over 6 hours flights)
I year ¹¹	Landing and Take-off	100%	100%	100%
	Handling	50%	50%	60%
	Passenger Service	70%	75%	80%
II year ¹²	Landing and Take-off	90%	90%	95%
	Handling	45%	45%	55%
	Passenger Service	65%	70%	75%
III year ¹³	Landing and Take-off	80%	80%	90%
	Handling	40%	40%	50%
	Passenger Service	60%	65%	70%

Note: A reimbursement in the amount of 2% shall be approved on a monthly basis for long-haul traffic, based on the amount paid for aviation fuel supply at the Airport Sarajevo, pursuant to the official records of the company that carries out the aviation fuel supply.

If the air carrier during the incentive validity period cancels all the flight operations planned for a period longer than 6 (six) months, the same shall lose the right to the incentives in question from the moment of cancelling the destination(s), and if it operates for a period shorter than the period defined as minimum (three months in continuity), the Company make corrections (invoicing the price difference if the airline fails to fulfill the criteria from this model related to the minimum period of operating on the strategic route). If, after cancelling the flights, in the time period of not over 6 (six) months from the moment of cancellation, the same resumes the flight operations, the airline is entitled to continue to use the incentive previously approved with the obligation to send again the request to continue to use the discounts previously approved.

¹¹ In order to be entitled to the discounts for the first year, the air carrier is obliged to operate 3 months minimum during the first year.

¹² In order to be entitled to the discounts for the second year, the air carrier is obliged to operate continuously during the first year, and the same shall be approved discounts for the second year for all months it operated.

¹³ In order to be entitled to the discounts for the third year, the air carrier is obliged to operate continuously during the second year and the same shall be approved discounts for the third year for all months it operated.



Depending on the number of strategic destinations where the company operates, and for which the discount based on the model 9A is approved, the same with the destinations, may move from the column Short-haul and Medium-haul Traffic - One Strategic Route to the column Short-haul and Medium-haul Traffic – Two or More Strategic Routes or vice versa, complying with the necessary requirements and continuing with the use of the incentives, taking consideration the date when the request was initially submitted. When introducing a new strategic route, besides the ones where the air carrier already operates, and for which a new request is submitted, the discounts are given to the same as of the first year, pursuant to the request submitted.

If the air carrier operates on the destination A and uses the discounts from the first column, and by introducing the new route B the same fulfils a requirement to move to the second column, a period of the discount for the new route B shall be calculated as of the first year, whilst the accounting period for the route A shall be continued pursuant to the approved discount of this sub model initially approved.

If the air carrier suspends the flight operations on the route B and moves to the first column, and it resumes the flight operations again on the route B and it returns to the second column, the accounting period for that route shall be continued according to the initial approval, meaning that the discounts shall not be calculated as of the first year.

B.) INCENTIVE FOR AIRLINE COMPANIES THAT OPERATE SCHEDULED AND CHARTER FLIGHTS ON STRATEGIC ROUTES FOR A PERIOD OF TWO MONTHS MINIMUM IN CONTINUITY, AT LEAST 1 X/WEEK

The airlines that establish scheduled and charter flights on the strategic routes, with at least one flight a week shall be approved discounts pursuant to the table below.

In order to be entitled to the right to the incentive in question, the air carrier needs to send a request in writing for the approval of the incentive based on this model with the information in terms of introducing the strategic route, with the date of establishing the flights and the reference time period. The discounts shall be calculated from the moment of establishing the flights on the strategic route, pursuant to the table below.

If the air carrier in the time period of the incentive cancels the flights planned, the same shall, from the moment of suspending the strategic destination(s) on the charter basis, lose the right to the incentives in question. If the flights are resumed in the time period of up to 6 (six) months after cancellation of the flights, the airline is entitled to continue to use the incentives previously approved and is obliged to send the request to continue to use the discounts previously approved.

Type of charges		Incentive for airline companies that conduct traffic on strategic routes on a scheduled and charter basis, in the time period of at least two continuous months, at least 1 x/week	
		Short-haul and medium-haul traffic	Long-haul traffic (over 6 hours flights)
I year ¹⁴	Landing and Take-off	70%	80%
	Handling	40%	50%
	Passenger Service	45%	50%
II year ¹⁵	Landing and Take-off	50%	60%
	Handling	30%	40%
	Passenger Service	20%	25%
III year ¹⁶	Landing and Take-off	40%	50%
	Handling	20%	30%
	Passenger Service	10%	20%

If the air carrier during the validity period of the incentive suspends all scheduled flight operations for a period longer than 6 (six) months, the same shall forfeit the right to the incentives in question as of the moment it suspends the destination(s), and if it operates shorter than the period defined as the minimum (two months in continuity), the Company

¹⁴ In order to realize the right to discounts during the first year, the airline is obliged to operate at a minimum of 2 months during the first year.

¹⁵ In order to realize the right to discounts during the second year, the airline is obliged to continuously operate during the first year, and will be approved discounts for the second year, discounts will be approved for all months of operation.

¹⁶ In order to realize the right to discounts for the third year, the airline is obliged to operate continuously during the second year and will be approved discounts for the third year, discounts will be approved for all months of operation.



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shall make corrections (invoicing the difference in price if the air carrier does not fulfil the criteria from this model regarding the minimal period of air operations on the strategic route). If after the suspension of the flight operations, and in a period not longer than 6 (six) months as of the moment of the suspension, it resumes the flight operations, the air carrier is entitled to the right to continue to use already approved incentive, with the obligation to send again a request for using the discounts previously approved.

Note: A refund in the amount of 2% on the monthly basis shall be approved for long-haul traffic, on the basis of the amount paid for aviation fuel refuelled at the Airport Sarajevo, and in accordance with the official records of the company that carries out the aviation fuel supply.

C.) INCENTIVE FOR AIR CARRIERS THAT OPERATE SCHEDULED FLIGHT OPERATIONS TO FIVE DESTINATIONS MINIMUM, OUT OF WHICH A MINIMUM OF THREE ARE STRATEGIC ONES, IN A PERIOD OF AT LEAST THREE YEARS, 2X/WEEK MINIMUM ON THE STRATEGIC DESTINATION

The air carriers, that establish flights to at least five destinations at the same time, out of which a minimum of three are strategic destinations in a continuous time period of at least three years, with a minimum two flights per week to every strategic destination, are approved the discounts pursuant to the table below.

The air carrier that uses the incentives according to this Model is obliged to insure continuous increase in airline operations and passengers, which will amount to a minimum of 30% during the second year in reference to the first year from the date of establishing the airline operations to strategic destinations, i.e. a minimum 40% increase during the third year in reference to the second year of operation to the strategic destinations.

In order to exercise the right to the incentive in question, the air carrier needs to send a request in writing for the incentive approval based on this model with the information related to introducing the strategic routes, the exact date of the introducing the flight and a period during which they are established. The discount shall be calculated from the date of establishing the flights to at least three strategic destinations, pursuant to the table below.

The airline is obliged to operate a minimum of 90% planned and scheduled airline operations. Also, considering the fact that these are discounts approved in advance, the Company shall annually and starting from the moment of introducing the flights, evaluate the fulfillment of the criteria defined under this model, and in case of not fulfilling the criteria, the corrections of the invoices shall be made (invoicing the difference in price in reference to the price in full).

Type of charges		Incentive for airline companies operating flights on strategic routes on a regular basis in duration of at least three years
I - III year	Landing and Take-off	100%
	Passenger Handling	50%
	Passenger Service	80%

For the air carriers that have an approved incentive based on the Model 9C, using GPU in duration of 45 minutes, for the standard process of ground handling per flight is included in the price of ground handling services. After the expiry of this time period, the GPU shall be calculated pursuant to the item 10.1. of the Pricelist.

The ticket service charge (TSC), for the air carriers that have an approved incentive based on the Model 9C, shall be provided under the ground handling services for a definite period of time of up to three years.

For the purpose of insuring additional stimulative measures in the winter season, the air carriers that introduce 5 destinations minimum, out of which 3 are strategic, shall be given the discount on the price of the fluid (type I and type IV) in the amount of 35%, and the truck service as a part of this model shall be provided as a part of the handling service for a fixed period in duration to three years.

GENERAL TERMS

The Airport Sarajevo retains the right to modify and amend the Incentive Programme issued or to adopt a new Programme at any moment during the validity period of the Incentive Programme issued, pursuant to the change of the Airport Sarajevo's business policy and the market opportunities.



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In case when the Airport Sarajevo modifies and adopts the new Incentive Programme, it shall promptly inform the air carriers on the same by means of sending the notice in writing.

When the modified Incentive Programme is adopted, the requirements specified in the modified Incentive Programme shall apply to all previously submitted requests and the incentive users and from the date when the modified Incentive Programme started to apply until the expiry of the same.

The calculation of the discount pursuant to this Incentive Programme shall be done separately for each air carrier.

PC *Sarajevo International Airport* LLC Sarajevo retains the right to reject the air carrier that submits a request for the incentives or to suspend the same from the Incentive Programme, under the following conditions:

- if the air carrier is in a process of absorption, merger or sale (after evaluation of newly arisen formal and legal conditions, the right to extend the rights of using the incentives to the air carrier that is absorbed, merged or sold is retained;

- if the air carrier does not promptly settle liabilities due against *Sarajevo International Airport*.

One air carrier may apply only for one incentive model. The exception to the above mentioned is a possibility of combining the incentives defined by model 5 with the incentives 1, 2, or 4, where the air carrier which uses the incentives defined under the model 5 may combine the same with one of the above mentioned incentives and provided that the same does not exercise the right to the incentives based on the passenger service, being defined by the model 5 and that it does not use the incentives based on the model 1 for the first year. Thus, if the air carrier uses the incentives based on the passenger service defined under the model 5, the same may not use the incentives defined by the models 1 or 2 or 4 at the same time. Also, it is not possible that the air carrier uses the incentives defined under the items 1, 2 and 4 at the same time. Additionally, when it comes to Model 8. Marketing Activities, regarding the fact that it is a one-time cash transfer, it is possible to combine it with other models of the Incentive Program.

Adding up of the strategic destinations within the group/affiliated companies is possible in Models 7 and 9, while the use of the incentives according to the mentioned models is possible exclusively for the companies within the group that operate on strategic routes.

The Companies within the groups/affiliated companies can apply for different models of the Incentive Programme, but it is not possible to add up discounts based on them.

Additionally, the airline companies that combine the scheduled air operations (scheduled and scheduled charter air operations) with the ad hoc air operations (regardless of the type of the flight operations), as well as with the flight operations on non-strategic destinations are entitled to use already approved discounts for all types of air operations, with the limitation that a total number of those flight operations per year is 10 or less. If the number of those flight operations exceeds 10, the corrections of the invoices already issued shall be done via credit note.

The company is obliged to provide information about the change in the operation date electronically, by sending an email, if the date is different from the one on the official incentive request.

PC *Sarajevo International Airport* LLC Sarajevo retains the right to approve the incentives based on one model to the air carriers that apply for two models of the incentives in accordance with the requirements set, and based on the criteria specified and the opinion of the competent department.

In the aim of stimulating the airline companies to operate air operations at the Airport Sarajevo in continuity, during the entire year, the Management Board may reach a decision on additional incentive for all scheduled airline companies that operate during the winter and the summer flight schedule, without any suspensions, and which is 1.5 EUR per departing passenger. For the airline companies that perform air operations on more destinations, the obligation is that they operate on one of the destinations during the entire year. A requirement for the approval of this discount is that the airline company has operated the flight operations previous 12 months in continuity of the application of this incentive. The discount is allocated based upon the Company's official records and statistical data. The airline company forfeits its right to this additional discount when it reaches a decision to suspend all flights to Sarajevo. The Company's Management Board reserves the right to monitor the effects of this incentive continuously, and to reexamine the same based on the reports of the competent departments and to reach an appropriate formal and legal document to define the above mentioned.

PC *Sarajevo International Airport* LLC Sarajevo retains the right to, in accordance with the Incentive Programme issued, change the mentioned discount or to adopt a new Programme at any time during its validity period, to ensure its compliance with the business policy of the Airport Sarajevo and the current market conditions.



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The Incentive Programme of PC *Sarajevo International Airport* LLC Sarajevo shall enter into force and shall apply as of March 28, 2025.

PC *Sarajevo International Airport* LLC Sarajevo

Ref. No.: *03-3-23-1-945-191/23*

Acting Managing Director

Sanin Ramezić