

ANNUAL REPORT ON THE OPERATIONS OF MKT INTERNAL AUDIT AND RISK MANAGEMENT HUB FOR YEAR 2025

18th March, 2026



LIFE IS FOR SHARING.

SUMMARY

Purpose of the report

Pursuant to Law on Trade Companies in North Macedonia, the Internal Audit Office shall be obliged to prepare an annual report on operation.

10 audits were finished during the year 2025

by Internal Control System categories:

- Operation: 8 audits;
- Compliance: 2 audits.

66 measures were defined

- 19 measures are implemented;
- 47 remaining measures will be completed latest at 30.12.2026.

Implementation of measures will improve the efficiency and effectiveness of internal controls and audited business processes.

OVERVIEW OF PERFORMED AUDITS IN 2025

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ICS^[1] CATEGORY: OPERATION

Archiving documents

Scope

To check how the archiving process is established, its efficiency and effectiveness, from sorting, collection to actual archiving in Inbox

Finding

The audit engagement covered the whole process from collection and sorting of documents, to archiving them in the archiving company Inbox.

The audit found that the process is not supported with a procedure with clearly described process' steps and controls, nor a guideline with every document that needs to be signed by the customer for given product. Thus, the employees do not have a standardized approach to follow.

Through documentation review by the audit team, incomplete customer documentation files were identified although they were checked for completeness on the portal by the relevant employees.

Customer documentation is handed over to the archiving company without specification that consists information about the content of the boxes.

Identified malfunctions with electronically signed customer documents. Not complete and incorrect check lists for partners' sales transactions.

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

5 measures are implemented. Remaining 1 measure should be completed until 31.03.2026.

FTTH roll out – Copper to Fiber

Scope

To assess the effectiveness of implementation of the FTTH^[2] project plan and to evaluate the possible obstacles.

Finding

The audit engagement covered the whole process from annual planning of FTTH rollout projects until their implementation during the year.

The audit identified that supporting company regulations are outdated and there are missing controls, which is expected to be covered with the planned update of the regulations.

FTTH prioritization model is outdated and need to be updated to reflect the current market conditions.

Sample analysis showed several deficiencies in the project implementation process, including missing important information in High-Level Designs (HLD), risk assessments, construction diaries, non-compliance with the safety standards, and other deficiencies. Also, several deficiencies were identified in the quality review & acceptance process of contractors' works (mainly for civil works).

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

9 measures are implemented. Remaining 1 measure should be completed until 26.02.2026.

[1] Internal Control System
[2] Fiber to the Home

ICS^[1] CATEGORY: OPERATION

Device management

Scope

To check the device management process: planning, procurement, approval, stock management.

Finding

The audit engagement covered the whole E2E^[2] device management process, from planning and procurement activities, to delivery.

The audit found that the process is not supported with an up-to-date procedure with clearly described process steps and controls. Defined KPIs^[3] in the procedure are not measured and reported. Identified room for improvement in the quarterly procurement planning process.

Identified delay in the device delivery process from vendor side.

Specific criteria for price lists approval process are not defined.

Stock management process need to be updated in the procedure as well.

Identified issues with the stock i.e., in certain months, stock level decreased below the critical threshold.

Process for managing SIM cards is not described in any procedure.

Process for managing SIM cards is not described in any procedure.

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

1 measure is implemented. Other 7 measures should be completed until 01.07.2026.

API management

Scope

To ensure that APIs^[4] are securely developed, appropriately authenticated, and monitored, with strict access controls, proper error handling, and compliance with data protection standards to prevent unauthorized access, data breaches, and disruptions.

Finding

The MKT^[5] is continuously working on a migration plan to the new central API management system - Tardis, which will support the implementation of the security requirements outlined in the 'API Security DTAG'^[6] guideline.

MKT needs to establish a local API guideline that includes clear guidelines for Design, Operations and Security. This also includes the establishment of an API inventory and a defined process to detect APIs, perform regular checks, and ensure the completeness of the API inventory.

Furthermore, the Gateways and APIs in the selected sample are partially compliant with the defined security requirements.

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

1 measure is implemented. Other 9 measures should be completed until 15.12.2026.

[1] Internal Control System
[2] End to End

[3] Key Performance Indicators
[4] Application Programming Interface

[5] Makedonski Telekom
[6] Deutsche Telekom Audit Group



OVERVIEW OF PERFORMED AUDITS IN 2025

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ICS^[1] CATEGORY: OPERATION

Complaints management

Scope

Check the process of customer complaints handling and monitoring, KPIs^[2] setting and fulfillment.

Finding

Speedboat review was conducted based on the answers collected with a questionnaire sent to the relevant auditees. Following rooms for improvement were identified:

- Strengthening controls and/or sample review is recommended at least until reaching sufficient level of impact by Team for mail correspondence, which should serve as a first level filtering of filed complaints. In addition, employees should have trainings in their field of working, more often (soft skills, technical, ethics etc.)
- Control should be (re)introduced for checking correctness of adjustments in Billing system before monthly billing closing.
- Conducted root cause analysis to be reported to Management on regular basis.
- The rising trend of positively solved customer complaints need to be under control and justified with supporting analysis.

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

Internal Audit gave 7 recommendations for improving the process.

Maxis

Scope

To ensure that data and functionalities are correctly migrated to the new system, there are adequate controls to prevent unauthorized activities and to verify that no critical controls are missing or bypassed.

Finding

The Maxis is live with generally positive user feedback on usability and performance in place. The application is faster and more practical compared to Mobi+. The most important functionalities have been implemented and there is no delay in the process.

UAT^[3] was intensively tested before go live and was accepted by all stakeholders with open/ retest scenarios.

However, issues were identified in supply management, device and equipment sales, complaints modules, where efforts and root cause analysis should be performed to eliminate the remaining issues that cause high number of incidents/tickets.

CRs^[4] have been submitted, and further development is still needed. Legacy Mobi+ and active users remain partially in use due to not migrated functionalities.

Documentation, access controls, privacy/security compliance, and incident/bug practices show deficiencies where improvements are needed.

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

16 measures were defined and should be completed until 30.12.2026.

[1] Internal Control System
[2] Key Performance Indicators

[3] User Acceptance Test
[4] Change Requests

OVERVIEW OF PERFORMED AUDITS IN 2025

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ICS^[1] CATEGORY: OPERATION

FUP^[2] on Shops audit from 2022

Scope

Check and evaluate if the defined measures in “Shops audit” (004/2022) are followed in practice.

Finding

Seven T-shops were visited by the Internal Audit team during the audit. Areas in focus were cash management, inventory management, security & data privacy, and shop organization/appearance.

Improvements have been noted since the previous audit performed in 2022. IA^[3] acknowledges that store appearance, cleanliness and attractiveness to customers is on a high level. However, rooms for improvement are identified in the following areas:

- The internal regulation is not updated and inline with the practice.
- Several discrepancies were identified with the physical inventory count on mobile devices and the cash count performed independently by IA^[3].
- Not all the requirements outlined in the Code of Conduct for Sales Employees are followed up by the employees. Especially, awareness should be raised for proper and responsible handling of cash.
- Some physical security improvements are needed.

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

3 measures are implemented. Other 13 measures should be completed until 30.09.2026.

ESG^[4] readiness check

Scope

Assess the readiness/maturity of the ESG process/reporting.

Finding

ESG readiness on MKT^[5] level is not on sufficient maturity level. There are some reporting elements introduced for the purpose of group reporting which are followed and reported towards MT/DT^[6], based on the group guidelines.

This status is mainly driven by the fact that there is still not obligatory legislation for ESG reporting in Macedonia. As of the date it is still on voluntary level. However, it is expected with the new Law for Accounting, ESG reporting to become obligatory for some legal entities i.e., entities listed on MSE^[7]. Therefore, we consider preparation of local ESG action plan, alignment of operations, product and service offerings with ESG strategy, setting local KPIs^[8], as well as continuing training/education plan for the employees, as necessary steps to support and improve the ESG readiness maturity in line with the expected obligatory Law in 2026. Use of professional support in this phase, can boost the preparation process.

Assessment of the adequacy and efficiency of the internal control systems

Internal controls will be strengthened by implementing the measures.

Proposed measures and assessment of their implementation

Internal Audit gave 5 recommendations for improving the process.

[1] Internal Control System
[2] Follow Up

[3] Internal Audit
[4] Environmental Social & Governance

[5] Makedonski Telekom
[6] Magyar Telekom/Deutsche Telekom

[7] Macedonian Stock Exchange
[8] Key Performance Indicators



OVERVIEW OF PERFORMED AUDITS IN 2025

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ICS^[1] CATEGORY: COMPLIANCE

ICS Transaction Level Controls

Scope

To confirm the appropriateness of design and operating effectiveness of Internal Control System Transaction Level Controls.

Finding

5 controls tested. 2 are evaluated as “effective”, 2 are evaluated as “effective, but retest required”, and 1 is evaluated as “not eventuated”.

Assessment of the adequacy and efficiency of the internal control systems

Operation effectiveness of the controls is appropriate.

Proposed measures and assessment of their implementation

No recommendations defined.

ICS Principles

Scope

To confirm the appropriateness of design and operating effectiveness of ICS^[1] requirements.

Finding

30 requirements were tested. 26 controls are evaluated as “effective”, 2 are evaluated as “not effective”, and 2 are evaluated as “not eventuated”.

Assessment of the adequacy and efficiency of the internal control systems

Operation effectiveness of the controls is appropriate.

Proposed measures and assessment of their implementation

Internal Audit defined 2 measures and recommended 7 proposals for improving the controls.

[1] Internal Control System