



## **MAKEDONSKI TELEKOM AD – SKOPJE**

Address: Kej 13 Noemvri 6, 1000 Skopje, R. North Macedonia

### **ANNUAL REPORT** on the Operations of Makedonski Telekom AD - Skopje in 2024

This Annual Report on Operations refers to Makedonski Telekom AD - Skopje (hereinafter referred to as: "MKT").

In 2024, the Macedonian economy was gradually stabilizing, though some challenges persisted. The modest growth was supported by fiscal and monetary measures, but the structural weaknesses and the external dependencies remained key concerns. The inflation eased, but it continued to impact the consumer purchasing power. Efforts were made to boost the investments and the industrial output, though the progress was uneven. The business confidence was showing cautious improvement, reflecting both optimism and lingering uncertainties. While the outlook remained mixed, the ongoing reforms and economic adjustments will be crucial for sustained recovery.

Despite operating in a challenging economic environment with aggressive competition, MKT achieved year-over-year growth by increasing the revenues which resulted in a higher net margin. The mobile segment, and especially the post-paid services, drove higher revenues, supported by stable subscriber base and increased revenue per subscriber. The fixed revenues saw a growth from the broadband and VPN-based services and interconnection. At the same time, the system integration revenues declined. MKT plans to grow by leveraging the integrated offers, focusing on service revenue, strengthening its position in the ICT market amid the growing digitization demands, expanding the next-generation networks, and maintaining its status as a premium provider.

MKT registered a customer base growth in all three focus segments – post-paid, BB internet and TV customers. At the end of 2024, MKT had 233 thousand stable fixed line voice accesses or increase of the base by 2.2%. The number of total broadband (BB) subscribers increased to 218 thousand at the end of 2024, marking a 3.5% year-over-year increase. The number of IPTV customers at the end of 2024 reached 159 thousand customers, marking a 5.5% increase from the end of 2023. The number of Fibre to the Home (FTTH) customers reached 126 thousand at the end of 2024, marking an 11.6% increase from the end of 2023.

MKT had 1,282 thousand mobile subscribers at the end of 2024, with stable number of subscribers compared to the previous year. The mobile market penetration in the Republic of North Macedonia is 130%. As a result of the market saturation, MKT continuously focuses on retaining the customers in order to protect the market share.

MKT has built a substantial advantage on the market in terms of FMC penetration. MAGENTA 1 continued to be MKT's main product, offered both in the consumer and in the business segment. The positive value generation from the converged households, the simplification of the product propositions and the digital customer experience were the main guiding directions in 2024.

Focus is constantly put on the migration to the next generation integrated gigabit networks (FTTH and 5G) and the dedication to deliver the best customer experience, which resulted with the prestigious Ookla award for the best mobile network based on the data from Speed-test Intelligence referring to the superior speed of the mobile network, the largest coverage of the territory of Macedonia and the best quality of the network.

During 2024, within the ESG agenda (Environment, Society and Governance), MKT managed to further reduce the CO2 emissions and the energy consumption, as well as to push the circularity, thus making contribution to the process of prevention of climate changes and efficient utilization of the resources of the society.

## Board of Directors' remuneration

Presented below are the available remuneration data about the Board of Directors' (BoD) members of MKT, related to the applicable period of 2024\*.

a) Data about the remunerations in MKT and in other companies if the respective member is also a member of the management bodies of other companies (salary, salary remunerations, remunerations for membership, bonus, insurances and other rights)

| Name and surname (applicable period) | Company where the member is a member of the managing body  | Salary   | Salary remuneration                                      | Remunerations for membership                             | Bonus  | Insurances   | Other rights   |
|--------------------------------------|--|--|--|--|--|--|--|
| Igor Milev                           | Makedonski Telekom AD – Skopje (Non-Executive member and President of the Board of Directors)      | 0  | 0  | MKD 155,000 (net)  | 0  | 0  | None   |
| Sadula Duraki                        | Makedonski Telekom AD – Skopje (Non-Executive member and Vice President of the Board of Directors) | 0  | 0  | MKD 93,000 (net) from 01.01.2024 to 29.05.2024           | 0  | 0  | None   |
| Danijela Bujic                       | Makedonski Telekom AD - Skopje (Non-Executive member of the Board of Directors)                    | 0  | 0  | 0  | 0  | 0  | None   |
|                                      | Slovak Telekom, (Board of Directors)   | 0  | 0  | 0  | 0  | 0  | None   |
|                                      | Slovak Telekom, (Audit Committee)  | 0  | 0  | 0  | 0  | 0  | None   |
| Diana Annamária Várkonyi             | Makedonski Telekom AD - Skopje (Non-Executive member of the Board of Directors)                    | 0  | 0  | 0  | 0  | 0  | None   |
|                                      | Telekom New Media Supervisory Board member   | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
| Lubor Zatko                          | Makedonski Telekom AD - Skopje (Non-Executive member of the Board of Directors)                    | 0  | 0  | 0  | 0  | 0  | None   |
|                                      | Magyar Telekom Nyrt.   | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
| Borce Siljanoski                     | Makedonski Telekom AD - Skopje (Non-Executive member of the Board of Directors)                    | 0  | 0  | 0  | 0  | 0  | None   |
|                                      | Magenta Telekom Austria  | 0  | 0  | 0  | 0  | 0  | None   |

|                     |   |                                |                                |  |                                |                                |                                |
|---------------------|---|--------------------------------|--------------------------------|--|--------------------------------|--------------------------------|--------------------------------|
| Vladimir Ivanovski  | Makedonski Telekom AD - Skopje (Non-Executive member of the Board of Directors) | 0                              | 0                              | 0  | 0                              | 0                              | None                           |
|                     | Telekom Rendszerintegráció Zrt. Hungary   | This info may not be disclosed | This info may not be disclosed | This info may not be disclosed                 | This info may not be disclosed | This info may not be disclosed | This info may not be disclosed |
| Nina Angelovska     | Makedonski Telekom AD - Skopje (Non-Executive member of the Board of Directors) | 0                              | 0                              | MKD 62,000 (net) from 01.01.2024 to 15.12.2024 | 0                              | 0                              | None                           |
|                     | Macedonian e-Commerce Association   | MKD 115,000                    |                                |  | 0                              | 0                              | None                           |
| Bardul Nasufi       | Makedonski Telekom AD - Skopje (Non-Executive member of the Board of Directors) | 0                              | 0                              | MKD 62,000 (net) from 01.01.2024 to 15.12.2024 | 0                              | 0                              | None                           |
| Peter Veil          | Makedonski Telekom AD - Skopje (Independent member of the Board of Directors)   | 0                              | 0                              | 0  | 0                              | 0                              | None                           |
|                     | JP HT d.d. Mostar, BiH  | 0                              | 0                              | 0  | 0                              | 0                              | None                           |
| Mladen Mitic        | Makedonski Telekom AD - Skopje (Independent member of the Board of Directors)   | 0                              | 0                              | 0  | 0                              | 0                              | None                           |
| Shkodrane Darlishta | Makedonski Telekom AD - Skopje (Independent member of the Board of Directors)   | 0                              | 0                              | MKD 62,000 (net) from 01.01.2024 to 15.12.2024 | 0                              | 0                              | None                           |
| Akijf Mediu         | Makedonski Telekom AD - Skopje (Independent member of the Board of Directors)   | 0                              | 0                              | MKD 62,000 (net) from 01.01.2024 to 15.12.2024 | 0                              | 0                              | None                           |

b) Data about the employment if the member has established a labour relation with other employers (name of employer, activity, salary amount, salary remunerations, bonus, insurances and other rights).

| Name and surname (applicable period) | Name of the employer | Activity of the employer | Salary amount  | Salary remunerations                                     | Bonus  | Insurances   | Other rights   |
|--------------------------------------|----------------------|--------------------------|--|--|--|--|--|
| Nikola Ljushev                       | None                 | None                     | None   | None   | None   | None   | None   |
| Igor Milev                           | Lawyer Igor Milev    | Lawyer                   | MKD 50,000   | None   | None   | None   | None   |
| Sadula Duraki                        | None                 | None                     | None   | None   | None   | None   | None   |
| Danijela Bujic                       | Deutsche Telekom     | Telecommunications       | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |

|                          |   |                    |  |  |  |  | requirements   |
|--------------------------|---|--------------------|--|--|--|--|--|
| Diana Annamária Várkonyi | Magyar Telekom Nyrt. (Hungary)                | Telecommunications | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
| Lubor Zatko              | Magyar Telekom Nyrt.                          | Telecommunications | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
| Borce Siljanoski         | Deutsche Telekom AG                           | Telecommunications | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
| Vladimir Ivanovski       | Magyar Telekom Nyrt.(Hungary)                 | Telecommunications | This info may not be disclosed                           | This info may not be disclosed                           | This info may not be disclosed                           | This info may not be disclosed                           | This info may not be disclosed                           |
| Nina Angelovska          | University of Tourism and Management          | Education          | MKD 30,110   | None   | None   | None   | None   |
| Bardul Nasufi            | Municipality of Struga                        | Public Institution | MKD 52,743   | None   | None   | None   | None   |
| Peter Veil               | Deutsche Telekom AG                           | Telecommunications | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
| Mladen Mitic             | Slovak Telekom (until May 2024)               | Telecommunications | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
|                          | Deutsche Telekom AG (from June 2024)          | Telecommunications | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements | This may not be disclosed due to applicable requirements |
| Shkodrane Darlishta      | Public Institution in the field of healthcare | Public Institution | MKD 49,000   | None   | None   | None   | None   |
| Akjif Mediu              | None  | None               | None   | None   | None   | None   | None   |

\* The data for remuneration and membership in a management body in other companies and the data for employment are presented in scope, layout and content as given by the respective member of the BoD and MKT has not made any verification of the accuracy and completeness of the data.

In addition, the compensation of the key management of MKT, including the taxation charges and contributions, is presented below:

|   |         |
|---|---------|
| <i>In thousands of denars</i>   | 2024    |
| Short-term employee benefits (including taxation)                         | 57,992  |
| Contributions to the state pension system on short-term employee benefits | 9,868   |
| Other state contributions on short-term employee benefits                 | 4,444   |
| Long-term incentive programs  | 79,732  |
| Other payments  | 2,323   |
| Total   | 154,359 |

Further details on MKT's financial performance, as well as the operating and accounting policies, are given in the MKT's financial statements for the year ended 31 December 2024.

## Information on the participation of the members of the Board of Directors of MKT on the meetings held in 2024

The Board of Directors of MKT held 10 meetings in 2024, out of which 4 regular meetings and 6 extraordinary meetings, as well as 2 e-mail votings.

The information on the participation of the members of the Board of Directors of MKT on the meetings held in 2024 is given below:

| Name and surname         | Position                                | Participation | Mandate          |
|--------------------------|---|---------------|------------------|
| Igor Milev               | Non-Executive member and BoD President  | 10 meetings   | 2024             |
| Sadula Duraki            | Non-Executive member BoD Vice President | 4 meetings    | until 29.05.2024 |
| Nikola Ljushev           | Executive BoD member                    | 10 meetings   | 2024             |
| Nina Angelovska          | Non-Executive BoD member                | 5 meetings    | until 15.12.2024 |
| Bardul Nasufi            | Non-Executive BoD member                | 10 meetings   | until 15.12.2024 |
| Danijela Bujic           | Non-Executive BoD member                | 6 meetings    | 2024             |
| Diana Annamária Várkonyi | Non-Executive BoD member                | 8 meetings    | 2024             |
| Borce Siljanoski         | Non-Executive BoD member                | 10 meetings   | 2024             |
| Vladimir Ivanovski       | Non-Executive BoD member                | 10 meetings   | 2024             |
| Lubor Zátko              | Non-Executive BoD member                | 9 meetings    | 2024             |
| Peter Veil               | Independent BoD member                  | 9 meetings    | 2024             |
| Martin Renner            | Independent BoD member                  | 1 meeting     | until 15.04.2024 |
| Mladen Mitic             | Independent BoD member                  | 5 meetings    | from 15.04.2024  |
| Shkodrane Darlishta      | Independent BoD member                  | 9 meetings    | until 15.12.2024 |
| Akjif Mediu              | Independent BoD member                  | 9 meetings    | until 15.12.2024 |

## Transactions with an Interested Party

Given below are the details of the transactions concluded with an interested party in 2024.

- A) With the Resolution of the Board of Directors of MKT adopted at its regular meeting held on 20.03.2024, the conclusion of an Agreement for International IP Peering and Global Transit Services with Magyar Telekom was approved as a transaction with an interested party in view of the fact that Magyar Telekom is the sole shareholder of Stonebridge Communications AD, a shareholder that owns 56.67% of the total number of shares with a right to vote issued by MKT. This Agreement was concluded on 29.05.2024 for a period of 2 years as of 1 July 2024 with a value of up to EUR 450,000.00, in order to enable an international IP connection for all the broadband internet users of the Company.
- B) With the Resolution of the Board of Directors of MKT adopted at its regular meeting held on 20.06.2024 the conclusion of a Service Arrangement to the Framework Cooperation and Service Agreement with Magyar Telekom was approved as a transaction with an interested party in view of the fact that Magyar Telekom is the sole shareholder of Stonebridge Communications AD, a shareholder that owns 56.67% of the total number of shares with a right to vote issued by MKT. This Agreement was concluded on 05.08.2024 for a period of 3 years with a value of EUR 62,000.00 for the purposes of enabling the use of the TWAMP solution (Two-Way Active Measurement Protocol).

## Auditor

The Shareholders' Assembly of MKT, at its meeting held on 29 May 2024 adopted a Resolution on the appointment of an authorized auditor for auditing the financial statements for the year 2024. The appointed auditor was Deloitte DOO Skopje.

MKT does not use any other services from Deloitte DOO Skopje except for the audit of financial statements.

## Corporate Social Responsibility

The Company reports on the environmental and social issues based on the principle of transparency and in accordance with the relevant legal requirements and good international practices. In line with this, the company prepares a separate report on Corporate Social Responsibility as part of the Deutsche Telekom Group. The link to the report can be found on the Company's web site and in the Corporate Governance Questionnaires (GIQ2T) delivered to the Macedonian Stock Exchange in Section 6 - Stakeholders Sustainability and Social Issues.

## Regulation and Pricing

The Law on Electronic Communications - "LEC" of North Macedonia was enacted in March 2014 as primary legislation, followed by rulebooks adopted as secondary legislation in order to ensure alignment with the EU Framework Directives 2009.

On 19 December 2014, amendments of the LEC were enacted. One of the most important changes is implemented in Article 75-a, which regulates the prices of international roaming. In accordance with this Article, the Agency for Electronic Communications ("the Agency") has the right, with a Decision, to determine the maximum prices for the services which are offered to the roaming users from countries with which the Republic of North Macedonia has concluded agreements on the reduction of the prices of roaming services in public mobile communications networks.

In March 2019, Article 75-a was changed in order to enable the extension of the RLAH regulation. On 5 April 2019, six Western Balkans countries signed an agreement aimed at gradually abolishing the retail roaming surcharges by 1 July 2021. The Western Balkan regional roaming rules were inspired by the EU Roaming Regulation. In particular, the agreement includes the "Roam Like at Home" principle: from 1 July 2021, the roaming services within the region should be provided at domestic retail prices without surcharges for international roaming. The agreement applies only on the territories of the Western Balkans countries and has no impact on the users in the European Union. The Western Balkans countries comprise Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro and Serbia.

In July 2019, the LEC was changed once again, and Article 29-a was added in order to enable the financing of the Operational-Technical Agency. With this regulation, the Agency is obliged to transfer part of its funds to finance the activity of the Operational-Technical Agency, as follows:

- 50% of the total revenue generated by the Agency for the preceding calendar year from the annual fees paid by the operators for market surveillance, set out in the Agency's annual performance report for the previous calendar year, adopted by the Commission of the Agency, and
- 10% of the total revenue generated by the Agency for the previous calendar year from the revenues from the annual fees for radio frequency utilization by the holders of authorizations for radiofrequency utilization, set out in the Agency's annual report for the previous calendar year, adopted by the Commission of the Agency.

The Agency is obliged to pay the amounts to the Operational-Technical Agency no later than April 15 of the current year.

New articles 71-a 71-b, 71-c, 71-d and 71-e were added, requiring the establishment of a National Broadband Competence Office as an expert and advisory body to support the investment in Broadband Networks.

In April 2021, amendments of the LEC were enacted with new articles, from 166-a to 166-d, concerning the security of the electronic communications networks and the control and monitoring by the relevant institutions. A Rulebook was enacted in April 2022 in order to be able to implement the LEC provisions.

From 1 January 2022, MKT was once again designated as a Universal Service (US) provider for a period of 5 years, for fixed telephony services and Internet of 12 Mbit/s, and providing service for disabled end-users.

In April 2019, the Ministry of Information Society and Administration issued the National Broadband Strategy which sets the following targets:

- By the end of 2023, at least one major city should be covered with 5G signal;
- By the end of 2025, the regional highways and state highways defined by the Agency should be covered by a continuous 5G signal;
- By the end of 2027, all urban areas will be covered by a continuous 5G signal;
- By the end of 2029, everyone will have access to 5G internet with a minimum internet speed of 100 Mbps;
- By the end of 2029, at least 50% of the total number of subscriber agreements of households across the whole country should have internet access of at least 100 Mbps;
- By the end of 2029, all households will have affordable access to a network that provides download speeds of at least 100 Mbps with the possibility of upgrading to a gigabit speed;
- By the end of 2029, all public institutions (schools, universities, research centres and other educational institutions, health institutions, ministries, courts, local governments and other public authorities and bodies) should have symmetric access to the Internet of at least 1Gb/s.

### **Regulation of Fixed Line Business**

MKT is a significant market power (SMP) operator on the wholesale markets of fixed telephony networks and services, including the market of access to the networks for data transmission and leased lines. MKT, as an SMP operator, has the obligation to enable its subscribers to access the publicly available telephone services of any interconnected operator with an officially signed interconnection contract.

In 2017, both relevant retail markets for fixed telephony - 1. Access to the public telephone network at a fixed location and 2. Publicly available telephone services at a fixed location - were deregulated. Consequently, MKT is no longer an SMP and it has no *ex-ante* regulations for the retail fixed services.

According to the bylaws, MKT has an obligation to publish reference offers for the wholesale products for interconnection, Unbundling Local Loop (ULL), Local Bit-Stream Access (BSA), Reference Access Offer for providing access to physical infrastructure and use of specific network facilities and wholesale terminating segments of leased lines.

The Rulebook on the emergency number E 112 was enacted on 27 October 2015 (Official Gazette No. 184/2015). An update of the rulebook was enacted in 2021, and the Crisis Management Centre (CUK) started the service in 2022.

### **Regulated Wholesale Prices**

In May 2017, the Agency adopted a Decision for the designation of MKT as an SMP operator on wholesale markets, local and central access on a fixed location, relevant markets, 3a and 3b. With the same market analysis, A1 Macedonia (formerly known as one.Vip) was designated as an SMP operator for the first time, with the same regulatory obligations as MKT. A1 Macedonia is obliged to offer wholesale broadband services on DOCSIS technology. With the analysis in 2022, the previous decisions were confirmed without any changes.

In the middle of 2019, the NRA implemented ERT testing (margin squeeze methodology) to the NGA based broadband wholesale services supplied by the two dominant operators (MKT and A1 Macedonia). The developed ERT model will test the economic replicability of the retail bundles including broadband services with access speed higher than 30 Mb/s.

### **Regulation of the Mobile Business**

MKT has radiofrequency usage rights for the following radiofrequencies for public mobile communications systems:

- 2 x 12.5 MHz in the 900 MHz band, validity period: 8 September 2008 – 8 September 2028 (20 years)
- 2 x 10 MHz in the 1800 MHz band, validity period: 9 June 2009 – 9 June 2029 (20 years)
- 2 x 15 MHz 2100 MHz band, validity period: 17 December 2008 – 17 December 2028 (20 years)
- 2 x 15 MHz 2100 MHz band, license validity until 2028, new
- 2 x 10 MHz in the 800 MHz band, validity period: 1 December 2013 – 30 November 2033 (20 years)
- 2 x 15 MHz in the 1800 MHz band, validity period: 1 December 2013 – 30 November 2033 (20 years)
- 2 x 10 MHz in the 700 MHz band, validity period: 11 July 2022 – 10 July 2037 (15 years) new

- 100 MHz in the 3.7-3.8 MHz band, validity period: 11 July 2022 – 10 July 2037 (15 years) new

The competitor A1 Macedonia has frequency usage rights for the following radiofrequencies for public mobile communications systems:

- 2 x 12.5 MHz in the 900 MHz band
- 2 x 10 MHz in the 2100 MHz band
- 2x 10 MHz in the 2100 MHz band, new
- 2 x 10 MHz in the 800 MHz band
- 2 x 15 MHz in the 1800 MHz band
- 2 x 10 MHz in the 800 MHz band
- 2 x 15 MHz in the 1800 MHz band
- 2 x 10 MHz in the 1800 MHz band
- 2 x 10 MHz in the 700 MHz band, validity period: 11 July 2022 – 10 July 2037 (15 years) new
- 100 MHz in the 3.7-3.8 MHz band, validity period: 11 July 2022 – 10 July 2037 (15 years) new

The duration of two licences positioned in the lower parts of the bands previously owned by A1 Macedonia was until 2017, 10 MHz from 900 MHz band and 10 MHz from 1800 MHz band, and they expired on 23 March 2017. Based on a request from A1 for licence extension, the Agency adopted Resolution No. 0804-974 dated 2 November 2016 not to extend these two licences. Their resolution was based on the efficient and effective spectrum usage and the necessity for realising radiofrequencies for the entrance of a third mobile operator on the market in order to foster competition. At the moment, these radiofrequencies are not allocated, and they are not available for sale to the existing operators. 2 x 15 MHz in the 2100 MHz band is extended until 2028. In September 2023, A1's licence 2x900 MHz was extended for 5 years, until 2028.

The retail services provided by the mobile network operators in the Republic of North Macedonia currently are not subject to *ex-ante* price regulation.

MKT is an SMP Operator on the wholesale market for voice call termination services in mobile communications networks, whereby several obligations are imposed: interconnection and access, non-discrimination in interconnection and access, accounting separation and price control and cost accounting. A1 Macedonia and all three MVNO's are designated as operators with SMP status on the relevant market for mobile calls termination.

In 2020, the Agency conducted new market analyses on the relevant market for mobile access and origination. The regulatory remedies imposed by the Agency are as follows: joint dominance of A1 Macedonia and MKT, the same remedies for both operators, mobile access obligation for all MVNO hybrid types (including Reseller), a cost-based price for Full MVNO and retail minus (-35%) for the Reseller, an obligation for access to MMS services and mobile data based on technology neutrality (including 4G access). In December 2021, the Agency approved new decreased wholesale prices for mobile data and SMS for MVNO.

An auction procedure concluded in August 2013 awarded the whole 790 – 862 MHz band together with the unassigned spectrum in the 1740 – 1880 MHz band for Long Term Evolution (LTE) technology in a public tender. Each of the 3 Macedonian mobile operators acquired an LTE radiofrequency license of 2x10 MHz (in the 790 – 862 MHz band) and 2x15 MHz (in the 1740 – 1880 MHz band). Each license was acquired for a one-off fee of EUR 10.3 million (MKD 634,011 thousand). MKT will retain the license for 20 years, until 30 November 2033, with an extension option for up to 20 years in accordance with the LEC.

5G tender was held in 2022 and, as a result, spectrum was sold in a total amount of 2x20 MHz on 700 MHz and 228.5 MHz in 3.x GHz band.



## Competition

The competition in the telecommunications business is well-developed in all segments. Two main integrated players that offer a full portfolio of fixed and mobile services shape the telecommunications market in North Macedonia: MKT and A1 (subsidiary of Telekom Austria Group).

There are four MVNOs on the mobile market with lower market shares. In Q4 2024, one of them (Mtel) announced the completion of the acquisition of Lycamobile in North Macedonia, thus effectively reducing the number of MVNOs to 3, prior to the end of 2024.

The fixed market is fragmented, with more than 50 providers of TV and BB services, most of them with a regional coverage.

The product portfolio of all operators is dominantly driven by bundle products. The cable operators are bundling their TV offers with Internet and fixed voice services.

A1 Macedonia, as an integrated operator, offers comprehensive service portfolio - mobile and fixed voice, mobile and fixed broadband Internet, TV and ICT solutions. The main focus is on mobile post-paid, bundled fix, as well as bundled convergent offers.

Telekabel is the biggest cable provider among around 30 active cable operators, with a strong presence in the regions where MKT has a low market share. It is also present on the mobile market as a MVNO, offering post-paid services. By offering all fixed and mobile bundled services, it became the third fully integrated player on the market.

Telekom Serbia (TS) entered the market in Q4 2021 under the regional brand Mtel, initially starting with satellite TV. Mobile offers were launched a year later, in Q4 2022, as a MVNO. In Q4 2023, Mtel introduced a completely new interactive TV platform "Move TV". Prior to the end of 2024, Mtel acquired Lycamobile in North Macedonia with their full (prepaid) subscriber base.

As at 31 December 2024, according to our best estimates MKT had retail fixed broadband Internet market share of 46%, a TV market share of 36% and retail fixed voice market share of 62%, (source: internal best estimates for market development based on the official Telekom Austria report Q3 2024 and the AEC Q2 2024 report). In the mobile market, the market share of MKT is estimated at 48% (source: internal best estimates based on the official Telekom Austria report Q3 2024 and the AEC Q2 2024 report).\*

\*All market shares are based on the product logic of Telekom Austria, reporting 4G routers in mobile.

## Marketing and Sales

In 2024, MKT maintained its customer base growth in all the major segments: Postpaid, Magenta 1, Internet and TV. With strong focus on providing ultimate customer experience, during 2024, MKT launched several propositions and campaigns, some of the most crucial being:

- New TV platform with superior UX
- New Magenta 1 portfolio with new Magenta TV
- Fastest fixed and mobile network – confirmed by OOKLA
- Best Home Experience with Magenta Home

### **Best Mobile Network and Fastest Mobile and Fixed Network in Macedonia and Largest Fiber Network**

The emphasis on network superiority remains a key strategic focus, actively pursued through the extensive expansion of the fiber networks and the 5G coverage. In 2024, MKT upheld its status as the operator with the best network and earned a prestigious reward from OOKLA for having the best mobile network and fastest mobile and fixed network.

## **Digital Customer Experience & Digital Transformation**

New completely innovative approach to customer engagement was introduced, providing better customer experience, more benefits, 24/7 availability for seamless service provisioning, as well as extension of the portfolio of fully digital processes for completion of all mobile customer journeys including new line acquisitions and mobile number portability.

In 2024, the focus remained on the improvement of the customer experience while using the Telekom MK application which provides a new set of digitally available products and services available for activations with zero human touch, practically in real time, for mobile, internet and TV customers for both the consumer and the B2B segment.

In 2024 we proved our digital leadership. Our commitment to providing exceptional digital experience was recognized by our customers and we achieved more than 350k active Telekom App users on a monthly level.

## **Magenta Moments**

In 2024, the Magenta Moments program experienced significant growth and increased engagement among the digital audiences. With an expanded array of partners across different categories and regions, Magenta Moments continued to be a major factor in enhancing the customer experience and satisfaction.

## **TV and Connectivity**

2024 was the year of launching the new Magenta TV. Supported with new tariff portfolio which includes a TV service in all packages, it achieved the highest growth of TV subscribers base since 2020.

The fully integrated multiscreen Magenta TV completely replaced the legacy MaxTV GO service and will replace the legacy STB-based IPTV service in the following years.

2024 brought long term extension of the cooperation with few important and big TV content partners, such as the Warner Bros Discovery group for HBO, MAX, Discovery and Turner branded content, the biggest sport content providers in the region (Arena Sport and Sport Klub) and many other content partners, as well as refreshment of the content proposition targeting the Albanian speaking TV customers.

On the broadband side, the launch of RDK software based CPEs brought significant value add and differentiation for the consumer broadband services. Together with the WiFi Booster (integrated MESH) service, it will contribute to even better customer home experience on the best and fastest network on the market. Such position of Fastest Fixed and Mobile Networks in Macedonia was recognized by our customers, but also once again officially verified by Ookla as the leading speed measurement service.

The upgraded internet security service "SafeNet Mobile", launched for mobile and fixed broadband customers, provides cyber security and premium customer experience.

## **Environmental Protection and Corporate Responsibility**

In 2024, MKT continued its successful eco-initiative program "Recycle for a new smartphone". This program aims to enhance the ecological awareness and significantly reduce the electronic waste. By promoting responsible recycling practices, MKT not only contributes to environmental sustainability but also encourages the consumers to make informed choices regarding their electronic devices. Such initiatives are vital in the ongoing effort to combat the growing issue of electronic waste and foster a culture of sustainability within the tech industry.

## **Business Customers**

In 2024 we continued to focus on providing the best customer experience offering our main product Magenta 1 Business. To achieve this, we offered a personalized service - internet, telephony, and cloud services on one account. Our goal was to offer much more than telecommunications services and to use technology to open a

new world of experience and digitalization for our business customers.

One of the main focuses in 2024 was offering more security products for the business customers. We launched two significant products to make the customers' business run safe in the digital and cyber world. In Q1 we launched BackUp Business, a service offering a simple platform for backing up all their critical business data in MKT's data centre. In Q3 we launched SOC (Security Operation Centre) as a service, intended for the small and medium businesses, which provides proactive security protection for all IT devices within the customer network. The main goal of SOC is to detect the malicious threats and respond accordingly, thus providing safe IT environment. Additionally, in order to provide safer internet browsing, in Q2 we deployed a new OnNet (DNS) Security platform and migrated all the customers from the old to the new platform.

2024 was also a year of launching advanced ICT and digital solutions. Several smart solutions were launched during the year, such as SEMM (Smart Energy Metering & Management) and Telemedicine. SEMM as a smart solution for metering and management of the electricity, enables a detailed insight into the electricity consumption and tracking of many technical parameters, in real time. Within the Telemedicine program we launched a smart solution for monitoring the vital parameters of medical patients, first in North Macedonia and in the region. The vital parameters are monitored in real time and transmitted to the central location to a team of doctors, specialists. Thus, the patients can get much better diagnosis and treatment while staying in their homes. Additionally, we started to provide cardiology software as a service offering numerous benefits to the health institutions.

At the end of 2024, we introduced OMNI, a cloud-based platform that enables personalized mass communication across multiple channels, including SMS, email, and Viber, all from a single interface. OMNI simplifies campaign creation, manages multiple communication channels, enhances interaction, tracks campaign success, optimizes resources, and drives revenue growth.

As an issuer of digital certificates for electronic signatures, seals, and time stamps, we completed the upgrade of the infrastructure in accordance with the Regulation on Electronic Identifications and Trust Services for Electronic Transactions and successfully completed recertification as a qualified issuer of trust services in October 2024.

The development of new functionalities of the digital channels for our customers continued to be one of the highest priorities in 2024 for the B2B segment. We introduced a wide range of features that enabled the responsible person of a company to digitally manage the Telekom services in the OneApp application. The responsible person of a company can now have an overview of the company's fixed and mobile numbers, the usage consumption for each company number, an overview of the additional costs, as well as a possibility for activation of additional services and overview and payment of the bill for the last 6 months.

Ongoing professional development is key to empowering employees with the knowledge and skills they need to excel in their roles. Recognizing this, we have taken significant steps to enhance our education, ensuring our team remains well-equipped to meet the industry demands. We have also acquired a number of young talents that contribute significantly to the development of new services and tools within the B2B area.

In order to maintain the leading position as the first partner for digitalization of the society and businesses, we continued to publish the T-Business Magazine, delivering the latest insights on digital transformation, cutting-edge solutions, and the latest industry trends. As the businesses navigate the increasingly complex digital world, staying ahead requires access to innovative technologies and strategic guidance. From high-speed internet and e-health solutions to smart city innovations, security advancements, and enterprise digitalization, the T-Business Magazine covers the key topics shaping the future of business. Whether it is about optimizing the operations, enhancing connectivity, or ensuring data security, we provide valuable knowledge to help companies thrive in the fast-evolving market.

In December, MKT organized the second T Business Conference, where in front of more than 300 attendees, MKT presented innovative business solutions that respond to the challenges of the new era. Subject-matter experts from MKT and DT group shared their knowledge, expertise and best practices related to the key topics of the conference, cloudification, smart solutions and cyber security. We also announced the development of smart solutions in the field of telemedicine that will completely revolutionize this field.

Top level B2B customers' satisfaction was another goal for 2024, which was clearly reflected in reaching a high TRIM index in Q3 2024 - higher by 29 points compared to the main competitor on the market and thereby also maintaining the top position in B2B DT EU regarding this KPI.

## **Big Brands Have Big Responsibility**

Technologically, we are more connected than ever, but are we truly connected? And what prevents us to make these true connections? The tensions and challenges we face today lead to isolation, disconnection, and closing up. This paradox inspired our communication initiative in 2024 "Open Up to Truly Connect". It leveraged emotional and locally relevant narratives to emphasise empathy, mutual understanding, and the transformative power of technology.

By focusing on connectivity as a tool for collective progress, and not just for individual convenience, we positioned ourselves as the enabler in building a more inclusive, digitally optimistic society. During the year, our brand and marketing communications initiatives focused on bridging divides, fostering trust, and empowering communities through purposeful and innovative storytelling.

To give our message the amplification it deserves, we collaborated with local young artists - "Mesto" was a song fully authored by the well-known young artists Young Dadi, Matej Foltz and Zee Bomb. Another major project was the theatre play we set up in collaboration with the Macedonian National Theatre, which was a major hit among the public and has remained on the MNT repertoire.

We ended the year on a high note, with the international "Break the Barriers" communication platform, following the same local vein we had already established. Our efforts resonated strongly across the Macedonian society, which is visible in our brand metrics – we maintained a solid brand affinity score of above 70%, while pushing down our competitors to nearly 50%.

MKT is starting 2025 as the best perceived, most preferred, and most loved telco brand in North Macedonia, far ahead its competition, despite their efforts. In 2025 we will keep connecting—not just networks but also hearts and minds.

## **Outstanding Service Quality**

In 2024, according to our regular customer satisfaction surveys, MKT remained the number one operator in customer satisfaction in all services - mobile, fixed and convergent services, thus continuing the trend of the previous years.

To enhance the customer orientation and strengthen our regional presence, the customer-facing touchpoints became a united frontline and were divided in several regions. All the main points of sales were merged with technical field services, with the goal of winning the customers' hearts and growing along the way. This united frontline continues to follow the latest trends in providing the best customer experience, where the customers can explore the products and services. The provided support of our sales agents is always there to ensure choosing the best offer for their household. The push sales channels like Door to Door (D2D) and telesales also remained in the focus with a significant contribution to the overall sales results. The technical customer services (installation and fault repair) were provided in a timely manner, to the satisfaction of our customers.

MKT is adamant about providing efficient and 24x7 customer support. MKT provides support for the customers' inquiries (either for information or for problem resolution) via different channels. The traditional support for calls is still dominant, but it is shifting to the digital and written channels, including live chats on the web, social media (Facebook, Tweeter, Instagram) and the Telekom App - it is all aimed at being closer to our customers on the channels preferred by them. We continued to develop the Chatbot possibilities in order to ensure faster, automated and accurate response. In 2024, beside regular web chat, MKT also implemented video chat for customers that prefer such channel. Video chat is available for sales purposes, as well as for resolution of technical or other issues.

MKT is actively collecting feedback from its customers and measuring the Net Promoter score – to understand the customer's opinion about the quality of our services, the products that they use and the brand in general, and there is a main purpose - continuous improvement in all directions that reflects in improving the customer experience.

## Research and Development

### ICT

MKT continues to lead the market with technological innovations. Our development efforts focus on key areas such as Smart Cities, Smart Energy Metering, Telemedicine, Cybersecurity solutions, and cloud-based communication platforms.

#### *Smart Energy Metering and Management, Smart Lighting and Smart City Solutions*

In 2024 we successfully upgraded our smart energy metering and management (SEMM) controller. The new version includes an embedded power supply, an in-house-designed enclosure, and a custom PCB antenna. The antenna, developed by our engineering team, is precisely tuned to the LTE bands used in our mobile radio network. This solution has already been implemented for three government clients and one commercial client, all of whom have achieved substantial energy savings.

Complementing the SEMM controller, our team designed a smart lighting controller, featuring an in-house-developed PCB, a NEMA socket enclosure, and a compact PCB antenna. This antenna was specifically engineered for higher frequency bands to meet the stringent size requirements of the controller.

In our B2G (Business-to-Government) solutions, the SEMM controller is deployed in street cabinets to manage the energy consumption of streetlight segments, while the smart lighting controllers are installed on individual streetlights. This enables independent energy management for each lamp, including flexible dimming and scheduled operation, achieving higher energy efficiency than using SEMM alone.

We are proud to have won the tender for a Smart Street Lighting project involving 5,000 streetlights in the City of Veles. Both SEMM and smart lighting controllers were manufactured in Macedonia, fully tested, and integrated with our in-house-developed IoT platform. The deployment is scheduled for the first quarter of next year.

We have been delivering smart city solutions for several years and we continue to maintain the systems in Skopje, Makedonska Kamenica, Ceshinovo-Obleshevo, Vasilevo, Kriva Palanka and Kochani. Our smart lighting solutions improve the quality of life of the citizens by enhancing the streetlight reliability, security and safety, while helping the municipalities to reduce their electricity costs.

#### *Telemedicine Solutions*

We have rolled out two telemedicine solutions that leverage advanced technology for humanitarian purposes:

##### 1. Remote Monitoring and Early Detection:

In partnership with NALAS (Network of Associations of Local Authorities of South-East Europe), we implemented a remote monitoring solution at the main health center in Delcevo. This system facilitates early detection, timely intervention, and diagnosis. A notable success was the prevention of a heart attack, earning widespread recognition in the Balkans media.

##### 2. Cardiology and ECHO Imaging Solution:

This solution has been adopted by two specialized healthcare organizations, enabling daily storage and sharing of ECG images on our cloud platform. The feedback of the customers indicates strong interest in the solution, leading to the development of a new version. We have also created middleware for integration with Prima Medica software, widely used for scheduling and patient records in the public health systems in North Macedonia. Additionally, we are designing integration for a third-party radiology imaging solution to address the needs of two major hospitals.

Our telemedicine solution for monitoring vital signs during patient transport has been successfully tested, with a large potential customer expressing interest. This solution has significant potential to enhance the healthcare quality.

## *Smart Water Metering*

In collaboration with the German Society for International Cooperation (German: Deutsche Gesellschaft für Internationale Zusammenarbeit [GIZ]), we implemented a solution for Smart Water Metering in three municipalities (Kavadarci, Dojran and Krusevo), installing a total of 1,000 smart water meters. These systems enable real-time water consumption monitoring, accurate invoicing, fraud detection, and loss prevention. The municipalities report improved water consumption rationalization, addressing the growing scarcity of this vital resource.

## *Cybersecurity Solutions*

Our standard cybersecurity solution protects businesses of all sizes from cybercrime and security vulnerabilities. It has been successfully implemented for a dozen medium and large customers.

## *Cloud-Based Communication Platform: OMNI*

In 2024, we launched OMNI, a cloud-based communication platform (CPaaS) designed for businesses requiring efficient, multi-channel communication. OMNI supports SMS, Viber, and email communication with features such as:

- **Mass SMS Messaging:** Latin and Cyrillic support, scheduled messaging, and advanced reporting.
- **Viber Business Messages:** Interactive, personalized messaging with multimedia, end-to-end encryption, and SMS failover.
- **Mass Emails:** HTML support, A/B testing, statistical tracking, and dedicated IPs for enhanced delivery rates.
- **Advanced Analytics:** Insights into campaign effectiveness, delivery rates, and cost tracking.

OMNI has been well-received by medium and large customers. In 2024, we secured several contracts, and we anticipate significant growth in its sales in 2025.

## **Network Technology**

As a dominant fixed and mobile line operator in the market, MKT feels responsible for making technology and innovation ubiquitous. Making technology accessible for everyone was the number one priority for the company in 2024.

As a leader in the segment of fibre optic infrastructure, a steady progress in FTTH Rollout and Cu2F migration was done. This is also part of MKT's environmental protection strategy. With the introduction of new technologies and the abandonment of the old ones, in addition to obtaining higher speeds and better service, the consumption of electricity has been drastically reduced, and the copper is reused as a resource.

By the end of 2024, the MKT increased the fiber reach to a total of 344,254 FTTH accesses passed, which means that around 39.6% of the households already have the option of booking a fibre-optic connection. Regarding the VDSL rollout, there are more than 310,000 VDSL accesses passed in the fixed copper network. At the end of 2024, the number of LTE box users was more than 15,800.

The Copper2Fiber project continued with focused migrations on specific products and with focused migrations in designated geographical areas. In 6 out of 7 areas in the project scope, activities were completed with C2F customer migration (copper to fibre), copper cables and DSL equipment dismantled. The activities will continue in 2025 as well, aiming at providing best customer network experience to an even wider customer base.

The deployment of the first underwater fiber optics cable in Macedonia, spanning beneath the Lake of Debar was done in Q3 2024. This ambitious project underscores MKT commitment to invest in modern, state-of-the-art telecommunications infrastructure, thus setting new standards in reliability and connectivity for the customers.

At the end of 2024, 93% of the population throughout the country could use the 5G technology. More than 99.9% of the total sites provided LTE services and 73.2% of all BTSs are connected via fibre. The data volume via 5G is also increasing month by month. To provide a more efficient spectrum usage and optimization of the complex 4RATs (2G/3G/4G/5G)

mobile network, MKT retired the 3G technology in 2024 Q1, resulting with a more optimized and more efficient mobile network.

In the core network, MKT's strategy is fully in line with the DT strategy for core cloudification and the emphasis was placed on further expansion of the CIT cloud. The project for packet core renovation is ongoing, with successful completion of the planned Phase 1 in 2024. The whole set of activities is planned to be finished at the end of 2026. In parallel, activities for cloudification of the voice domain started.

The growth of BB access and the continuous traffic increase were supported with the further development of the IP core and transport network as a cornerstone for all services. The network was able to always handle the traffic volume without any problems. The data volume in 2024 in the mobile network increased by approximately 25% in comparison to 2023.

MKT's TV Strategy vision is to continue to be on the #1 TV provider position on the Macedonian market, by providing the best TV service and the most relevant content. The new MagentaTV product was commercially launched in Q1 2024. It is an Android-based TV with cutting-edge cloud technology, making every TV smart. It is revolutionizing the viewing experience with high-definition picture, an interactive interface, and seamless access to the content on multiple devices, as well by providing access to countless TV apps on any device.

MKT is dedicated to the environmental protection and to reducing the harmful impact on the nature and in this process we are also using the technology. The greatest consumer of electric energy is the mobile network, which comprises approximately 55% of the entire consumption. To reduce this trend in the long run, MKT has already started working on artificial intelligence-based features.

### Information Technology

In 2024, the IT department continued embracing Agile methodologies to drive internal changes centered around the development of microservices architecture and the retirement of legacy applications in the CRM domain. This shift empowered the cross-functional teams to work on specific microservices concurrently, thus accelerating the development cycles and promoting a modular approach. Continuous integration and delivery (CI/CD) pipelines were established, ensuring seamless deployment and updates.

One of the most significant undertakings to date is the Maxis initiative aimed at retiring Mobi+, a micro-front-end application constructed with a micro-front-end approach and comprising 20 microservices. Maxis 1.0 (Supply Chain management, Contract management; Equipment. Product Catalogue) was commercially launched in October 2024 as an enabler of 30% of the digital sales transactions. The application was developed in less than 18 months and the go live performed in less than 48 hours. In the Billing domain, the project for Billing and Charging modernization started and it is planned to be finished by the end of 2025. A new Call Centre platform based on a Sprinklr solution is in the phase of implementation, expected to be in production during 2025.

In 2024, MKT invested significant effort in transforming its data infrastructure, driving it towards capabilities for data-driven operations. Phase 1 of the DWH2DEP project was successfully completed, as well as the introduction of ML-based prediction algorithms for specific use cases within the Customer/Product based processes. Further expansion in this area is in the focus for 2025.

Nikola Ljushev

Chief Executive Officer  
Makedonski Telekom AD – Skopje

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### Statement on compliance with the Corporate Governance Code

In accordance with the Macedonian Stock Exchange Listing rules (Article 42 a), the Board of Directors gives the following Statement:

The Board of Directors of Makedonski Telekom AD - Skopje, hereby states that, in its operations, Makedonski Telekom AD - Skopje adheres to the Corporate Governance Code for joint stock companies listed on the Macedonian Stock Exchange AD Skopje, published on the Stock Exchange's website at [www.mse.mk](http://www.mse.mk).

Makedonski Telekom AD - Skopje adheres to the principles and best practices of corporate governance prescribed by the Code according to the 'comply or explain' approach by filling out questionnaires, the form and content of which are prescribed with the Code.

By this Statement it is confirmed that the questionnaires will be published on SEI-NET and the website of Makedonski Telekom AD - Skopje, and that the answers contained therein are correct and true and accurately show the application of the principles and best practices of corporate governance by Makedonski Telekom AD - Skopje as prescribed by the Corporate Governance Code.

On behalf of Makedonski Telekom AD - Skopje

Chief Executive Officer  
Nikola Ljushhev





## Statement on the Application of the Corporate Governance Code

Makedonski Telekom AD – Skopje (MKT) is a company listed on the official market of the Macedonian Stock Exchange AD Skopje, in the sub-segment "mandatory listing".

For the purpose of adequate compliance with Article 384-a of the Law on Trade Companies, MKT hereby makes this statement whereby it confirms that it applies the principles of good corporate governance in accordance with the obligations defined in the Law on Trade Companies.

The corporate governance, as well as the ethical and business behaviour of the management and the employees in MKT, are guaranteed with internal acts that are adopted by the Board of Directors (BoD) of MKT, as follows:

1. Code of Conduct of MKT;
2. Financial Code of Ethics of MKT;
3. Manual for the MKT Corporate Compliance Program;
4. Directive of MKT on the introduction of fraud prevention principles;
5. Directive of MKT on the compliance with the anti-corruption principles;

The Company has developed a comprehensive Compliance Management System and adopted a set of internal acts that set high requirements and standards for the ethical and business behavior of the managers and the employees of the Company, including the members of the BoD. The elements of the Compliance program are available on the Company's web site, including the Code of Conduct and the Code of Ethics of MKT.

On behalf of Makedonski Telekom AD - Skopje

Chief Executive Officer  
Nikola Ljushev