



Makedonski telekom AD Skopje

Explanation on the operation for the period

January – March 2025



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Chief Executive Officer's Statement

"In the first quarter of 2025 the focus remains on the latest technologies and best customer experience as well. We are continuing further with solid financial results, strong investments for building key infrastructure and accelerating the digitalization of the country.

Apart from all global economic challenges in 2025 we continue as well with the strong investment strategy in order to secure the best for our customers, dedicated to build connected digital society for all.

"The results are a motive to continue with the committed work and stay leaders in the industry and strongly committed to our customers". – stated Nikola Ljushev, Chief Executive Officer of Makedonski Telekom.

Highlights of the results from operations

Makedonski Telekom in the first quarter of 2025 continued with the solid results. This is an outcome of the successful operations, focus on the modernization and expanding of the network infrastructure and pioneering in the implementation of the latest technologies, aiming towards best customers' experience.

Slight decline of the sales revenues by 0.8%. The sales revenues at the end of first three months of 2025 marked a slight decrease by 0.8% compared to the same period of the previous year and amounted to MKD 2,943 millions.

In the scope of the revenues from core business there is a slight decline by 0.6% in the mobile services and 0.3% in the fix segment compared to the same period of the previous year.

Increase of EBITDA by 1.1%. The Earnings before interest, taxation, depreciation and amortization (EBITDA) in the first three months of 2025 amounts MKD 1,275 millions. It is increased by 1.1% compared to the same period of the previous year mostly due to the decreased operating expenses.

The EBITDA margin in the first quarter of 2025 has increased by 2.1% and amounts 43% compared to 42.2% at the end of the same period of the previous year.

Slight decrease of the Net income by 1.5%. As a result of the movements of the revenues and costs as well as the financial incomes and expenses the Net profit for the first quarter of 2025 has decreased by 1.5% compared to the same period of the previous year and amounts MKD 542 millions. The decline of the net income is due to the decreased financial revenues which derives from presenting the financial assets' fair value (shares in the other Macedonian companies) stated through profit and loss compensated by the decreased operating expenses.



<i>In MKD millions</i>	<i>2024 Jan - Mar</i>	<i>2025 Jan - Mar</i>	<i>Change YoY</i>
(1) Total Operating revenues	2.989	2.962	-0,9%
(2) Sales revenues	2.967	2.943	-0,8%
(3) Total Operating expenses	2.414	2.346	-2,8%
(4) Electricity cost	89	91	3,1%
(5) Depreciation and amortization	686	659	-3,9%
(6) = (3) - (5) Operating expenses excluding Depreciation and amortization	1.728	1.687	-2,4%
(7) = (1) - (6) Earning before interest, taxation, depreciation and amortization (EBITDA)	1.261	1.275	1,1%
(7a) = (7) / (1) EBITDA margin in %	42,2%	43,0%	2,1%
(8) = (1) - (3) Operating Profit (Earning before interest and taxation - EBIT)	575	616	7,1%
(9) Financial incomes	69	17	-75,3%
(10) Financial expenses	25	23	-7,3%
(11) income tax	68	67	-1,6%
(12) = (8) - (9) - (10) - (11) Net Profit	551	542	-1,5%

Operation analysis by segments

The overall analysis refers to the Unaudited Income Statement of Makedonski Telekom (MKT) for the period 01.01.2025 - 31.03.2025, prepared in accordance with the International Financial Reporting Standards (IFRSs).

Mobile services

Mobile voice and non-voice services

On the mobile market, MKT has a **market share of 47.8%** (internal estimation, compared to 47.9% at the end of the same period of the previous year). The subscribers' base at the end of the first three months of 2025 amounts to 1,260 thousand subscribers and it is stable compared to the same period of the previous year.

At the end of the first three months of 2025, the revenues from **mobile retail voice and mobile non-voice services** marked an increase by 6.2% compared to the previous year.

The increase is mainly due to the higher number of post-paid subscribers and on the other hand there is a decline of the revenues from pre-paid mostly due to pre to post migration as well as the lower spending of voice services in the pre-paid segment, as well as the decline of the roaming revenues. There is increase of the revenues from non-voice services mostly as a result of the increased revenues from mobile internet due to higher usage of bundled tariff models with non-voice services

Wholesale voice services

The **revenues from wholesale voice services** at the end of the first three months of 2025 are decreased by 9.9% compared to the same period of the previous year. The decline is due to lower volume of incoming international traffic.



Sales of equipment

The revenues from the sale of equipment at the end of the first three months of 2025 have decreased by 11% compared to the same period of the previous year as a result of the decrease of revenues from sale of handsets on instalments due to lower number of handsets sold and higher subsidy supported by the effect on the revenues from IFRS allocation.

The blended ARPU (Average Revenue Per User)

The blended ARPU for voice and nonvoice services at the end of the first three months of 2025 marked an increase by 3.7% compared to the same period of the previous year amounting to MKD 394.

Fixed services

Fixed voice and non-voice services

MKT maintains the **leading position on the fixed voice market with 62.2%** (internal estimation compared to 62% at the end of the same period of the previous year) or 234 thousand customers at the end of the first three months of 2025.

The voice retail revenues in the first quarter of 2025 in the fixed segment services are decreased by 2.9% compared to the same period of the previous year. At the end of the first three months of 2025 the number of customers in the fix voice (including the customers using the convergent services) marked an increase by 2.2% compared to the same period of the previous year.

At the end of the first quarter of 2025, **the number of total BB accesses** (including the customers using the convergent services) is increased by 3.6% and amounts 243.5 thousand compared to 235.1 thousand at the end of the same period of the previous year. **The number of BB subscribers (excluding wholesale)** at the end of the first three months of 2025 has increased by 3.5% and amounts 219 thousand compared to 211.4 thousand at the end of the same period of the previous year. The **broadband Internet market share** at the end of the first quarter of 2025 **amounts to 49.6%** (internal estimation, compared to 49.3% at the end of the same period of the previous year). The investments in the optic network have resulted in a continuous increase of the number of accesses to the optic network in the country. At the end of the first quarter of 2025 Makedonski Telekom has enabled more than 351 thousand accesses to the optic network which is an increase by 8.5% compared to the same period of the previous year.

The **revenues from retail Internet** at the end of the first three months of 2025 have increased by 6.6% compared to the same period of the previous year.

Regarding the **TV market**, MKT has a leading position with **market share of 36.5%** of the total TV market (internal estimation, compared to 34.6% at the end of the same period of the previous year). The IPTV service (digital television via Internet protocol), with its high quality, interactivity and the unique TV experience, is excellently accepted on the market and MKT at the end of the first three months of 2025 achieved an increase of the number of IPTV customers (including Magenta1, 3 Play and other TV services) by 6.9% compared to the same period of the previous year, which has resulted in a customer base of 161.5 thousand customers at the end of the first quarter of 2025.

TV revenues (digital television via Internet protocol "IPTV") at the end of the first three months of 2025 have increased by 3.3% compared to the same period of the previous year due to the higher number of subscribers.

Wholesale services

The **wholesale revenues** at the end of the first three months of 2025 declined by 23.8% compared to the same period of the previous year, mostly due to the lower revenue from retransmission of TV content due to finished contracts for transition of TV rights.



System integration and IT

The revenues from **System integration and IT services** at the end of the first three months of 2025 have decreased by 19.6% compared to the same period of the previous year, mostly as a result of the ICT projects realization dynamics.

Expenses

Operating expenses

On the cost side, at the end of the first three months of 2025, the operating expenses marked a decrease by 2.8% compared to the same period of the previous year, mostly due to decrease of the cost of trading goods sold, cost for services as well as the decline of cost for depreciation and amortization.

The **cost of trading goods sold** is decreased by 10.1%, in line with the decreased revenues from handsets sold at the end of the first three months of 2025 compared to the same period of the previous year.

The **cost for services** is decreased by 5.5% at the end of the first three months of 2025 compared to the same period of the previous year mostly due to the decline of the costs for maintenance of the telecommunication equipment as well as the decline of the roaming expenses in line with the decreased revenues from the same category.

The **employee related expenses** at the end of the first three months of 2025 are increased by 5.9% due to higher salary expenses and higher expenses for the implemented long term incentive programs for the management compared to the same period of the previous year.

Capital expenditures

The amount of total Capital expenditures (CAPEX), at the end of the first three months of 2025 is MKD 423 millions compared to MKD 341 millions at the end of the same period of the previous year.



Ukraine conflict and economic crises impact on the business and on the financial statements

The annual inflation rate in February amounts 5% and it is kept on a similar level as the previous month (4.9%), influenced by the lower comparative basis of the same period of the previous year, when the measures for mitigation of the prices' growth. From the structural point of view the prices' growth derives from the food and basic component, while the prices of the energy resources marked a mild decline. The inflation spread compared to the Eurozone marked a stabilisation, whereby the average inflation rate for 2025 is projected at the level of 3.4% with the latest IMF country report. The revisions related to the import prices are generally in the upward direction, although the uncertainty of the future prices dynamics of the basic products on the stock exchanges still persists due to the ongoing geopolitical tensions and climate changes.¹

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation as well as the other ongoing military conflicts may have a further impact on the European and the global economy, apart from the one it already had on the energy prices as discussed above. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus. However, the impact on the general economic situation may require revisions of certain assumptions and estimates in the future. Impact of the crisis has been experienced by the Company through the increased energy prices. The future long-term impact may also affect the trading volumes, cash flows, and profitability. Nevertheless, except for the increased energy cost, no other effects of the Ukraine conflict and other ongoing military conflicts have been experienced by the Company as of the date of these financial statements.

Nikola Ljusev
Chief Executive Officer

Slavko Projkoski
Chief Financial Officer

¹ NBRSM – Latest macroeconomic indicators Current situation overview – March 2025