



Makedonski telekom AD Skopje

Explanation on the operation for the period

January – September 2025



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Chief Executive Officer's Statement

"In the first nine months of 2025 the focus remains on the latest technologies and best customer experience as well. We are continuing further with excellent 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 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 Goran Markovic, Chief Executive Officer of Makedonski Telekom.

Highlights of the results from operations

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

Growth of the sales revenues by 1.6%. The sales revenues at the end of first nine months of 2025 marked an increase by 1.6% compared to the same period of the previous year and amounted to MKD 9,198 millions.

In the scope of the revenues from core business there is a slight increase by 0.6% in the fix services and growth by 1.5% in the mobile segment compared to the same period of the previous year, while the system integration revenues marked significant increase by 28.6%.

Increase of EBITDA by 6.1%. The Earnings before interest, taxation, depreciation and amortization (EBITDA) in the first nine months of 2025 amounts MKD 4,111 millions. It is increased by 6.1% compared to the same period of the previous year due to the decreased operating expenses and increased sales revenues.

The EBITDA margin in the first nine months of 2025 has increased by 1.8 p.p. and amounts 44.3% compared to 42.5% at the end of the same period of the previous year.

Growth of the Net income by 14.9%. 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 nine months of 2025 has increased by 14.9% compared to the same period of the previous year and amounts MKD 1,881 millions. The increase is a result of the decreased operating expenses and increased sales revenues partially off set by the decreased financial revenues derived from the financial assets' fair value (shares in the other Macedonian companies) stated through profit and loss.



In MKD millions	2024 Jan - Sep	2025 Jan - Sep	Change YoY
(1) Total Operating revenues	9.115	9.283	1,8%
(2) Sales revenues	9.050	9.198	1,6%
(3) Total Operating expenses	7.305	7.147	-2,2%
(4) Electricity cost	261	248	-5,0%
(5) Depreciation and amortization	2.066	1.975	-4,4%
(6) = (3) - (5) Operating expenses excluding Depreciation and amortization	5.240	5.172	-1,3%
(7) = (1) - (6) Earning before interest, taxation, depreciation and amortization (EBITDA)	3.875	4.111	6,1%
(7a) = (7) / (1) EBITDA margin in %	42,5%	44,3%	4,2%
(8) = (1) - (3) Operating Profit (Earning before interest and taxation - EBIT)	1.809	2.136	18,0%
(9) Financial incomes	193	38	-80,4%
(10) Financial expenses	145	51	-64,8%
(11) income tax	220	241	9,6%
(12) = (8) - (9) - (10) - (11) Net Profit	1.637	1.881	14,9%

Operation analysis by segments

The overall analysis refers to the Unaudited Income Statement of Makedonski Telekom (MKT) for the period 01.01.2025 - 30.09.2025, 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 48.7%** (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 nine months of 2025 amounts to 1,336 thousand subscribers and it is slightly increased by 0.4% compared to the same period of the previous year.

At the end of the first nine months of 2025, the revenues from **mobile retail voice and mobile non-voice services** marked an increase by 5.7% 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 nine months of 2025 are decreased by 6% compared to the same period of the previous year. The decline is due to lower volume of incoming international traffic supported by the decrease in volume of traffic in I2M (Internet to Machine) and M2M (Machine to Machine) along with the effect on revenue from Western Balkan roaming regulation.



Sales of equipment

The revenues from the sale of equipment at the end of the first nine months of 2025 have decreased by 5.2% compared to the same period of the previous year as a result of the decrease of revenues from sale of handsets, partially compensated by the positive effect on the revenues from IFRS allocation.

The blended ARPU (Average Revenue Per User)

The blended ARPU for voice and non-voice services at the end of the first nine months of 2025 marked an increase by 3.8% compared to the same period of the previous year amounting to MKD 410.

Fixed services

Fixed voice and non-voice services

MKT maintains the **leading position on the fixed voice market with 62.7%** (internal estimation compared to 62.5% at the end of the same period of the previous year).

The **voice retail revenues** in the first nine months of 2025 in the fixed segment voice services are decreased by 2.8% compared to the same period of the previous year.

At the end of the first nine months of 2025 the number of customers in the fix voice (including the customers using the convergent services) marked an increase by 2.1% compared to the same period of the previous year reaching 237 thousand customers at the end of the first nine months of 2025.

At the end of the first nine months of 2025, **the number of total BB accesses** (including the customers using the convergent services) is increased by 3.3% and amounts 248.8 thousand compared to 240.8 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 nine months of 2025 has increased by 3.4% and amounts 224 thousand compared to 216.6 thousand at the end of the same period of the previous year. The **broadband Internet market share** at the end of the first nine months of 2025 **amounts to 50.0%** (internal estimation, compared to 49.5% 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 nine months of 2025 Makedonski Telekom has enabled more than 361 thousand accesses to the optic network which is an increase by 6.6% compared to the same period of the previous year.

The **revenues from retail Internet** at the end of the first nine months of 2025 have increased by 6.7% compared to the same period of the previous year.

Regarding the **TV market**, MKT has a leading position with **market share of 37.4%** of the total TV market (internal estimation, compared to 35.7% 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 nine months of 2025 achieved an increase of the number of IPTV customers (including Magenta1, 3 Play and other TV services) by 6.7% compared to the same period of the previous year, which has resulted in a customer base of 165.9 thousand customers at the end of the first nine months of 2025.

TV revenues (digital television via Internet protocol "IPTV") at the end of the first nine months of 2025 have increased by 4.7% 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 nine months of 2025 declined by 13.6% 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 transmission of TV rights.



System integration and IT

The revenues from **System integration and IT services** at the end of the first nine months of 2025 have increased by 28.6% compared to the same period of the previous year, mostly as a result of the implementation of the Project for smart lighting for Veles Municipality as well as the different ICT projects realization dynamics.

Expenses

Operating expenses

On the cost side, at the end of the first nine months of 2025, the operating expenses marked a decrease by 2.2% compared to the same period of the previous year, mostly due to decrease of cost for depreciation and amortization, cost for provisions which is partially compensated with the cost of trading goods sold, employee related expenses as well as other operating expenses.

The **cost of trading goods sold** is increased by 3.7%, as a result of the higher average cost on the sold equipment at the end of the first nine months of 2025 compared to the same period of the previous year.

The **cost for services** at the end of the first nine months of 2025 is decreased by 1.4% compared to the same period of the previous year mainly due to decrease of the maintenance cost for telecommunication and ICT equipment, energy cost and cost for billing and collection of receivables.

The **employee related expenses** at the end of the first nine months of 2025 are increased by 8% due to higher personal expenses as well as the higher expenses for the implemented long term incentive programs compared to the same period of the previous year.

Capital expenditures

The amount of total Capital expenditures (CAPEX), at the end of the first nine months of 2025 is MKD 1,614 millions compared to MKD 1,114 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 August amounts 4.4% which represents decrease compared to the previous month (4.8%), under influence of the basic inflation and food component along with the further decline of the energy component. The inflation spread compared to the Eurozone is decreased in July, as a result of the domestic inflation slowdown, amid stable inflation rate in the Eurozone, whereby the average inflation rate for 2025 is projected at the level of 3.9% with the latest IMF country report. The revisions related to the import prices are generally in the downward 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.

Goran Markovic
Chief Executive Officer

Slavko Projkoski
Chief Financial Officer

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