Makedonski telekom AD Skopje

Explanation on the operation for the period

January – December 2025

Content

Chief Executive Officer's Statement

"In 2025 the focus remains on the latest technologies and best customer experience as well. We are countinuing 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.

Accounting policies

The applied accounting policies and valuation methods of the items in the financial statements, compared to the most recent annual audited financial statements, are consistent with those applied in previous years.

Analysis of the financial results

Makedonski Telekom in 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' expirience.

Growth of the sales revenues by 3.2%. The sales revenues at the end of 2025 marked an increase by 3.2% compared to the previous year and amounted to MKD 12,531 millions.

In the scope of the revenues from core business there is increase by 1.1% in the fix services and growth by 3.8% in the mobile segment compared to the previous year, while the system integration revenues marked significant increase by 19.6%.

Increase of EBITDA by 7.0%. The Earnings before interest, taxation, depreciation and amortization (EBITDA) in 2025 amounts MKD 5,457 millions. It is increased by 7.0% compared to the previous year due to the increased sales revenues and stable operating expenses.

The EBITDA margin in 2025 has increased by 1.4 p.p. and amounts 43.1% compared to 41.7% at the end of the previous year.

Growth of the Net income by 13.2%. As a result of the movements of the revenues and costs as well as the financial incomes and expenses the Net profit for 2025 has increased by 13.2% compared to the previous year and amounts MKD 2,535 millions. The increase is a result of the increased sales revenues and stable operating expenses, 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 milions	2024 Jan - Dec	2025 Jan - Dec	Change YoY
(1) Total Operating revenues	12.228	12.653	3,5%
(2) Sales revenues	12.145	12.531	3,2%
(3) Total Operating expenses	9.770	9.778	0,1%
(4) Electricity cost	330	328	-0,5%
(5) Depreciation and amortization	*2.641*	*2.581*	*-2,3%*
(6) = (3) - (5) Operating expenses excluding Depreciation and amortization	7.129	7.197	1,0%
(7) = (1) - (6) Earning before interest, taxation, depreciation and amortization (EBITDA)	**5.100**	**5.457**	**7,0%**
(7a) = (7) / (1) EBITDA margin in %	41,7%	43,1%	3,4%
(8) = (1) - (3) Operating Profit (Earning before interest and taxation - EBIT)	**2.458**	**2.875**	**17,0%**
(9) Financial incomes	264	53	-80,0%
(10) Financial expenses	166	61	-63,5%
(11) income tax	318	332	4,7%
(12) = (8) - (9) - (10) - (11) Net Profit	**2.239**	**2.535**	**13,2%**

Analysis and explanation of the revenues

The overall analysis refers to the Unaudited Financial Statements of Makedonski Telekom (MKT) for the period 01.01.2025 - 31.12.2025, 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 48.1%** (internal estimation, compared to 48.1% at the end of the the previous year). The subscribers' base at the end of 2025 amounts to 1,303 thousand subscribers and it is increased by 1.6% compared to the previous year.

At the end of 2025, the revenues from **mobile retail voice and mobile non-voice services** marked an increase by 5.8% 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-voce services

Wholesale voice services

The revenues from wholesale voice services at the end of 2025 are decreased by 7.4% compared to the 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 2025 have increased by 4.0% compared to the previous year as a result of the increase of revenues from sale of handsets, partially supported by the positive effect on the revenues from IFRS – 15 allocation.

The blended ARPU (Average Revenue Per User)

The blended ARPU for voice and non-voice services at the end of 2025 marked an increase by 3.6% compared to the previous year amounting to MKD 408.

Fixed services

Fixed voice and non-voice services

MKT maintains the **leading position on the fixed voice market with 62.9%** (internal estimation compared to 62.2% at the end of the previous year).

The voice retail revenues in 2025 in the fixed segment voice services are decreased by 2.4% compared to the previous year.

At the end 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 previous year reaching 238 thousand customers at the end of 2025.

At the end of 2025, **the number of total BB accesses** (including the customers using the convergent services) is increased by 3.0% and amounts 249.8 thousand compared to 242.5 thousand at the end of the previous year. **The number of BB subscribers (excluding wholesale)** at the end of 2025 has increased by 3.4% and amounts 225 thousand compared to 218 thousand at the end of the previous year. The **broadband Internet market share** at the end of 2025 **amounts to 50.0%** (internal estimation, compared to 49.6% at the end 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 2025 Makedonski Telekom has enabled more than 369 thousand accesses to the optic network which is an increase by 7.2% compared to the previous year.

The **revenues from retail Internet** at the end of 2025 have increased by 7.0% compared to the previous year.

Regarding the **TV market**, MKT has a leading position with **market share of 38.0%** of the total TV market (internal estimation, compared to 36.1% at the end 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 2025 achieved an increase of the number of IPTV customers (including Magenta1, 3 Play and other TV services) by 6.3% compared to the previous year, which has resulted in a customer base of 169 thousand customers at the end of 2025.

TV revenues (digital television via Internet protocol "IPTV") at the end of 2025 have increased by 4.8% compared to the previous year due to the higher number of subscribers.

Wholesale services

The wholesale revenues at the end of 2025 declined by 13.0% compared to 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 2025 have increased by 19.6% compared to the previous year, mostly as a result of the implementation of the Project for smart lighting for Veles Minicipality, cloud services for Health Insurance Fund of the Republic of Macedonia as well as the different ICT projects realization dynamics.

Detailed explanation of the expenses

Operating expenses

On the cost side, at the end of 2025, the operating expenses are stable compared to 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 10%, as a result of the higher average cost on the sold equipment at the end of 2025 compared to the previous year.

The cost for services at the end of the 2025 is decreased by 1.6% compared to the previous year mainly due to decrease of the maintenance cost for telecommunication and ICT equipment, cost for billing and collection of receivables.

The **employee related expenses** at the end of 2025 are increased by 6.5% due to higher personal expenses as well as the higher expenses for the implemented long term incentive programs compensated by the lower severance payments compared to the previous year.

Paid dividends and share capital indicators

The Shareholders' Assembly of MKT, at its meeting, held on 30 May 2025 adopted a Resolution for the dividend payment for the year 2024 and determination of the dividend calendar. In accordance with this Resolution the dividend for 2024 is in a total gross amount of MKD 2,382,421 thousand.

The gross amount of dividend per share for 2024 is MKD 27.62 which is increase by 7.7% compared to the dividend for 2023 (MKD 25.65). The dividend was paid within the legally defined deadline, 30 September 2025.

The price per share at the end of 2025 compared to the end of the last year is increased by 15%, while the Earning per share also mark an increase by 4.7% and amounts MKD 28.93 per share. [1]

Share Capital indicators	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Earning per share (EPS) in MKD	19,34	25,65	27,62	28,93
Growth in %	-	*32,6%*	*7,7%*	*4,7%*
Dividend per share (DPS) in MKD	19,34	25,65	27,62	-
Growth in %	-	*32,6%*	*7,7%*	-
Dividend yield (DY) in %	5,3%	6,7%	6,9%	-
Growth in %	-	*26,1%*	*3,3%*	-
Average share price on a date in MKD	365,0	383,8	400,0	460,0
Growth in %	-	*5,2%*	*4,2%*	*15,0%*
MBI - 10 (Macedonian Stock Exchange index)	5.652	6.116	10.201	10.055
	-	*8,2%*	*66,8%*	*-1,4%*

[1] *The Earning per share is presented in accordance with the adopted International Financial Reporting Standards published in the "Official Gazzete of the Republic of North Macedonia"*

Investments or sale of assets

Presented below are the investments in tangible assets (property, plant, and equipment), as well as in intangible assets, within capital expenditures. Makedonski Telekom has no significant write-off (greater than 30% of the asset's value compared to the most recent annual audited financial statements).

Capital expenditures

The amount of total Capital expenditures (CAPEX), at the end of 2025 is MKD 2,860 millions compared to MKD 2,296 millions at the end of the previous year.

Changes in borrowings

Makedonski Telekom has no borrowings, nor any changes (decreases or increases greater than 30% compared to the most recent annual audited financial statements).

Plan and expectations for the next period [2]

Makedonski Telekom continued to grow and achieved a year-over-year increase in revenues, resulting in an improved net margin. Revenue growth was mainly driven by the mobile segment, particularly postpaid services, supported by a stable customer base and increased revenue per user.

Fixed revenues also showed growth, primarily due to broadband internet services, TV, VPN-based services and interconnection. At the same time, revenues from system integration recorded an increase.

In the forthcoming period, the positive trend in service revenue growth is expected to continue, mainly as a result of growth in core business revenues. The positive revenue trend is expected to be secured through:

- Market growth and maintaining the leading position in terms of brand perception and sales network;
- A new TV platform with advanced features as a differentiation factor from other market players;
- A superior digital customer experience supported by customer communication (Magenta Moments);
- Acceleration of service chain simplification, development of AI/ML (Artificial Intelligence/Machine Learning) models for automation and predictive capabilities, and achieving the position of the most efficient operator in the market;
- Maintaining the leading position in FMC (Fixed-Mobile Convergence) and ensuring positive value generation from converged households;
- Leveraging and monetizing the 5G spectrum to secure leadership in mobile network innovation and ensure 5G ecosystem readiness;
- Focusing on higher-margin ICT projects with proprietary professional services.

On the cost side, an increase is expected as a result of higher revenues and inflation. Additionally, the focus will be directed toward implementing the Operational Excellence program in order to continue the company transformation and ensure continuous and sustainable efficiency in the period ahead.

Despite market challenges, EBITDA growth is expected to continue.

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[2] *Makedonski Telekom is a Company listed on the Mandatory listing segment and in accordance with the Listing rules it has no obligation for publishing the Financial plan as well as the comparison of the planned and achieved.*

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

The annual inflation rate has slightly decelerated and at the end of November 2025 it was on a level of 4.0% (4.5% in October 2025), as a result of the deceleration of the food component. The inflation spread compared to the Eurozone marked a decrease, because of deceleration of the domestic inflation compared to the stable inflation rate in the Eurozone. The average inflation rate for 2025 was measured at around 3.9% with the latest IMF country reports and it was still at a relatively high level compared to the historical average. The reassessment of the import prices relevant for the inflation, this year are balanced, and have downward trend for the next year, although there is still uncertainty of the future dynamics of the global prices on the basic products due to the geopolitical tensions and climate changes [3]

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	Slavko Projkoski
Chief Executive Officer	Chief Financial Officer

[3] *NBRSM – Latest macroeconomic indicators Currrent situation overview – December 2025*