



Makedonski telekom AD Skopje

Explanation on the operation for the period

January – June 2025



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Chief Executive Officer's Statement

"In the first half 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 half 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.

Slight growth of the sales revenues by 0.6%. The sales revenues at the end of first six months of 2025 marked a slight increase by 0.6% compared to the same period of the previous year and amounted to MKD 6,001 millions.

In the scope of the revenues from core business there is a slight decline by 1.2% in the fix services and stable revenues in the mobile segment compared to the same period of the previous year, while the system integration revenues marked significant increase by 56.8%.

Increase of EBITDA by 2.7%. The Earnings before interest, taxation, depreciation and amortization (EBITDA) in the first six months of 2025 amounts MKD 2,590 millions. It is increased by 2.7% 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 half of 2025 has increased by 0.8 p.p. and amounts 42.8% compared to 42.0% at the end of the same period of the previous year.

Growth of the Net income by 3.8%. 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 half of 2025 has increased by 3.8% compared to the same period of the previous year and amounts MKD 1,123 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 - Jun	2025 Jan - Jun	Change YoY
(1) Total Operating revenues	6.006	6.055	0,8%
(2) Sales revenues	5.965	6.001	0,6%
(3) Total Operating expenses	4.884	4.789	-2,0%
(4) Electricity cost	165	166	0,7%
(5) Depreciation and amortization	1.399	1.323	-5,4%
(6) = (3) - (5) Operating expenses excluding Depreciation and amortization	3.485	3.465	-0,6%
(7) = (1) - (6) Earning before interest, taxation, depreciation and amortization (EBITDA)	2.521	2.590	2,7%
(7a) = (7) / (1) EBITDA margin in %	42,0%	42,8%	1,9%
(8) = (1) - (3) Operating Profit (Earning before interest and taxation - EBIT)	1.122	1.266	12,9%
(9) Financial incomes	148	33	-77,4%
(10) Financial expenses	40	28	-29,4%
(11) income tax	148	149	0,6%
(12) = (8) - (9) - (10) - (11) Net Profit	1.082	1.123	3,8%

Operation analysis by segments

The overall analysis refers to the Unaudited Financial Statements of Makedonski Telekom (MKT) for the period 01.01.2025 - 30.06.2025, 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%** (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 six months of 2025 amounts to 1,270 thousand subscribers and it is stable compared to the same period of the previous year.

At the end of the first six months of 2025, the revenues from **mobile retail voice and mobile non-voice services** marked an increase by 4.7% 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 six months of 2025 are decreased by 3.4% 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 six months of 2025 have decreased by 8.4% compared to the same period of the previous year as a result of the decrease of revenues from sale of handsets on instalments, higher subsidy and the effect on the revenues from IFRS allocation partially compensated by the higher number of handsets sold.

The blended ARPU (Average Revenue Per User)

The blended ARPU for voice and nonvoice services at the end of the first six months of 2025 marked an increase by 3.1% compared to the same period of the previous year amounting to MKD 401.

Fixed services

Fixed voice and non-voice services

MKT maintains the **leading position on the fixed voice market with 62.5%** (internal estimation compared to 62.1% at the end of the same period of the previous year).

The **voice retail revenues** in the first half of 2025 in the fixed segment voice services are decreased by 2.7% compared to the same period of the previous year. At the end of the first six months of 2025 the number of customers in the fix voice (including the customers using the convergent services) marked an increase by 2.5% compared to the same period of the previous year reaching 235 thousand customers at the end of the first six months of 2025.

At the end of the first half of 2025, **the number of total BB accesses** (including the customers using the convergent services) is increased by 3.8% and amounts 246.1 thousand compared to 237.2 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 six months of 2025 has increased by 3.9% and amounts 221.2 thousand compared to 213 thousand at the end of the same period of the previous year. The **broadband Internet market share** at the end of the first half of 2025 **amounts to 49.8%** (internal estimation, compared to 49.4% 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 half of 2025 Makedonski Telekom has enabled more than 354 thousand accesses to the optic network which is an increase by 7.4% compared to the same period of the previous year.

The **revenues from retail Internet** at the end of the first six months of 2025 have increased by 6.8% compared to the same period of the previous year.

Regarding the **TV market**, MKT has a leading position with **market share of 37.0%** of the total TV market (internal estimation, compared to 35.0% 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 six months of 2025 achieved an increase of the number of IPTV customers (including Magenta1, 3 Play and other TV services) by 7.1% compared to the same period of the previous year, which has resulted in a customer base of 164 thousand customers at the end of the first half of 2025.

TV revenues (digital television via Internet protocol "IPTV") at the end of the first six months of 2025 have increased by 4.2% 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 six months of 2025 declined by 23.5% 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 six months of 2025 have increased by 56.8% 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 six months of 2025, the operating expenses marked a decrease by 2% compared to the same period of the previous year, mostly due to decrease of cost for depreciation and amortization, the cost of trading goods sold as well as the decline of the other operating expenses.

The **cost of trading goods sold** is slightly decreased by 0.8%, in line with the decreased revenues from handsets sold at the end of the first six months of 2025 compared to the same period of the previous year.

The **cost for services** at the end of the first six months of 2025 is on a same level compared to the same period of the previous year.

The **employee related expenses** at the end of the first six months of 2025 are increased by 5.4% due to higher salary expenses and bonuses as well as the 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 six months of 2025 is MKD 1,165 millions compared to MKD 721 millions at the end of the same period of 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 shall be paid within the legally defined deadline, 30 September 2025.

The price per share at the end of the first half of 2025 compared to the end of the last year is increased by 10%, while the Earning per share also mark an increase by 7.7% and amounts MKD 27.62 per share.¹

Share Capital indicators	31.12.2022	31.12.2023	31.12.2024	30.06.2025
Earning per share (EPS) in MKD	19,34	25,65	27,62	-
Growth in %	-	32,6%	7,7%	-
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%	6,3%
Growth in %	-	26,1%	3,3%	-9,1%
Average share price on a date in MKD	365,0	383,8	400,0	440,0
Growth in %	-	5,2%	4,2%	10,0%
MBI - 10 (Macedonian Stock Exchange index)	5.652	6.116	10.201	10.565
	-	8,2%	66,8%	3,6%

Plan and expectations for the next period

In the forthcoming period it is expected growth trend of the service revenues and net margin to continue mainly as a result of the revenue growth from the core business. The higher net margin along with the effect of the cost decline as a result of the combined effect from the continuous optimization and inflation increase is expected to result in EBITDA increase compared to the previous year.

The positive revenues' trend is expected to be secured by:

- Market growth and keeping the leader position related to the brand perception and sales network
- The new TV platform with advanced features as a factor for differentiation from the others on the market
- Superior digital customer experience supported by the communication with the customers (Magenta Moments)
- Accelerating the simplification of the chain of services, building AI/ML (Artificial intelligence/machine learning) models for automatization and forecasting capabilities and gaining position of the most efficient operator on the market.
- Keeping the leadership position in FMC and securing generation of the positive value of the convergent households
- Securing and monetizing of the 5G spectar to secure the leader position related to the innovations in the mobile network and securing the preparation of the 5G environment
- Focus on ICT projects with higher margins and with own professional service.

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



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

The annual inflation rate in May amounts 3.3% which represents an increase compared to the previous month (2.6%), due to stronger upward movement of the food prices which is connected to the ceasing of the Government measure for temporary restriction of the profit margins. From the structural point of view the prices' growth derives from the basic inflation and food prices growth, while the prices of the energy resources marked a 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 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.²

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

² NBRSM – Latest macroeconomic indicators Current situation overview – June 2025