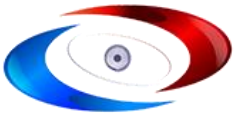


Agency for Audio and Audiovisual Media Services

Analysis of the Market of Audio and Audiovisual Media Services in 2022

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AGENCY FOR AUDIO AND
AUDIOVISUAL MEDIA SERVICES

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INTRODUCTION

This Analysis pertains to the economic performance of entities in the market of audio and audiovisual media services in 2022. It was conducted based on the data provided by broadcasters to the Agency, related to their total revenues generated in 2022, the structure of revenues, total costs, the structure of costs, financial performance results and the number of employees, as well as on the data from their annual balance sheets for the analysed year.

The Agency also used the "Financial Report on the Implementation of the Financial Plan of the PBE Macedonian Radio Television for 2022" as an additional source for the economic performance of the public broadcasting service.

In addition to the data on economic performance, the Analysis presents information on TV viewership and radio listenership in 2022. These data were obtained through a public opinion survey conducted by the research agency Market Vision from Skopje using the telephone survey method.

SUMMARY

Table 1: Key findings

| | Total revenues | Advertising revenues | Total costs | Performance results | Average number of employees |
|---|------------------------------|----------------------|-----------------|---------------------|-----------------------------|
| | in million Macedonian denars | | | | |
| Macedonian Radio Television | 1,104.81 | 37.63 | 1,064.52 | 35.04 | 681 |
| | | | | | |
| Commercial TV stations | 1,238.61 | 1,044.21 | 1,342.89 | -107.94 | 940 |
| | | | | | |
| State-level TV stations - terrestrial | 1,059.65 | 912.34 | 1,071.20 | -15.15 | 600 |
| State-level TV stations via unlimited resources | 107.28 | 90.49 | 178.85 | -71.58 | 209 |
| Regional TV stations | 61.49 | 34.08 | 73.08 | -11.63 | 94 |
| Local TV stations | 10.19 | 7.30 | 19.76 | -9.58 | 37 |
| | | | | | |
| Commercial radio stations | 171.21 | 135.88 | 171.12 | -0.61 | 170 |
| State-level radio stations | 71.55 | 57.72 | 71.77 | -0.62 | 46 |
| Regional radio stations | 59.30 | 47.78 | 57.81 | -0.58 | 48 |
| Local radio stations | 40.36 | 30.38 | 41.54 | 0.59 | 76 |
| Total | 2,514.63 | 1,217.72 | 2,578.53 | -73.51 | 1,791 |

Total revenues in the industry

In 2022, the total revenues in the industry amounted to 2,514.63 million denars. Compared to the previous year, they decreased by 130.20 million denars, or 5%. This is largely attributed to the high revenues generated from paid political advertising, which amounted to a total of 238.15 million denars generated by the broadcasters in the previous year.

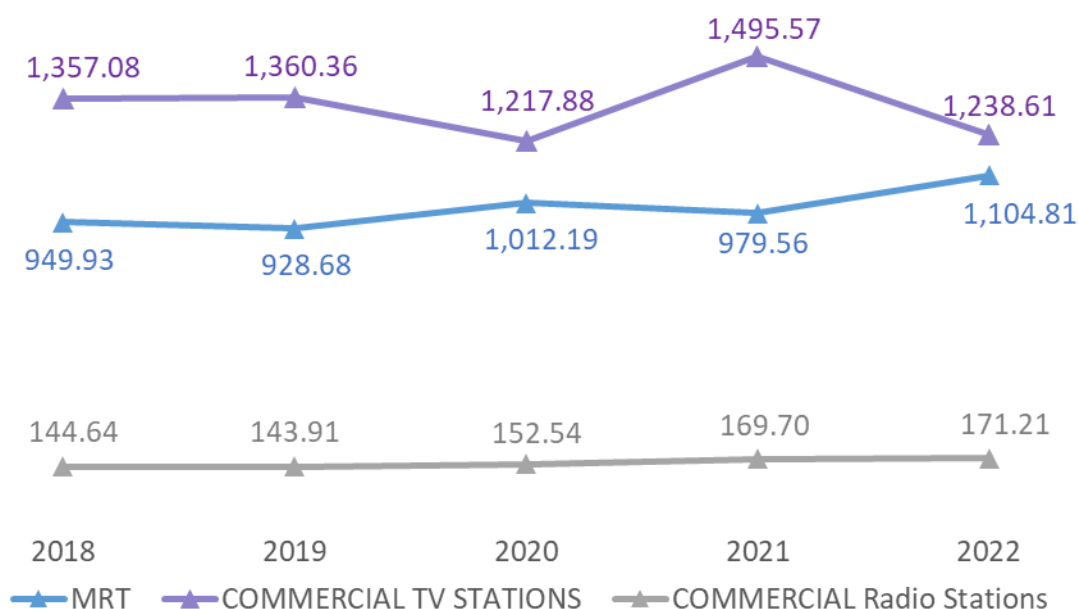
During both years, broadcasters received financial assistance to cope with the consequences of the COVID-19 pandemic, including funds for signal transmission costs provided by the Government and financial support to cover the broadcasting license fee (in full in 2021 and 50% of the total amount in 2022).

The public broadcasting service experienced an increase in revenues this year, but it is mainly due to the funds transferred by the Ministry of Information Society and Administration to the

public broadcasting service's account (350 million denars) for achieving a higher level of program and technical-technological development. Without these funds, the total revenues of the Macedonian Radio Television (MRT) in 2022 seem to be the lowest from 2018 onwards.

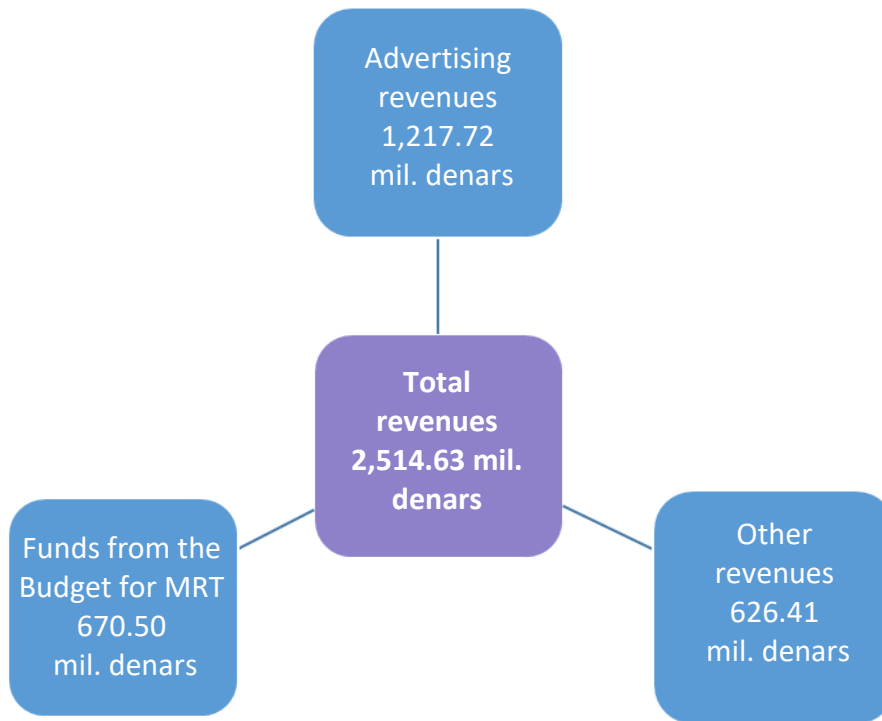
The revenues of commercial TV stations decreased by 17%, while the revenues of commercial radio stations slightly increased (only by 1%).

Figure 1: Trends in total revenues of the public broadcasting service and commercial broadcasters over the past five years



The structure of revenues is dominated by revenues generated from the sale of advertising airtime - 48%. Funds from the Budget for broadcasting activities represent 27% of the total revenues in the industry, while the other revenues amount to 25%.

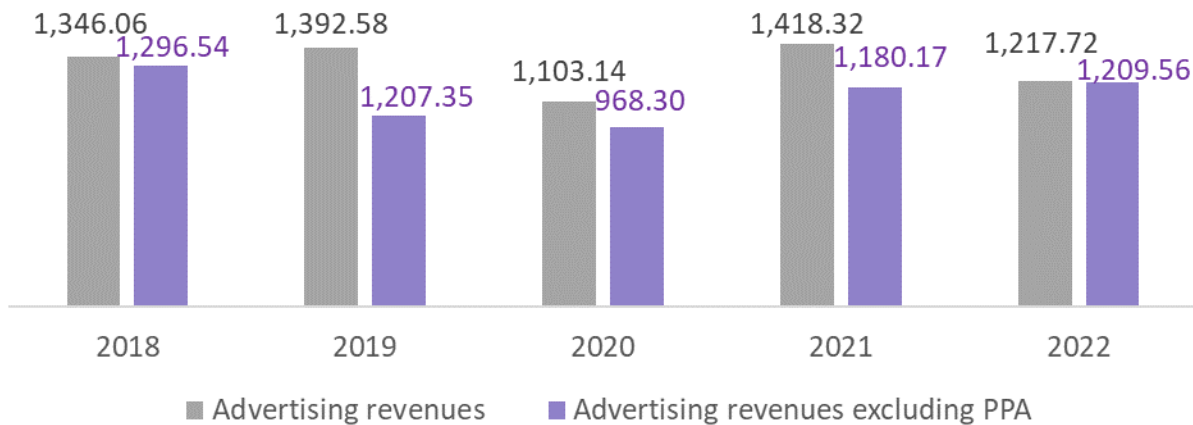
Figure 2: The structure of revenues in the industry in 2022



Advertising revenues in the industry

The advertising revenues amounted to 1,217.72 million denars. The graph below shows the total advertising revenues, as well as the advertising revenues excluding paid political advertising that were generated over the past five years. If we compare the revenues solely from commercial advertising, in 2022 they were only 2% higher than in 2021.

Figure 3: Advertising revenues in the industry in the last five years

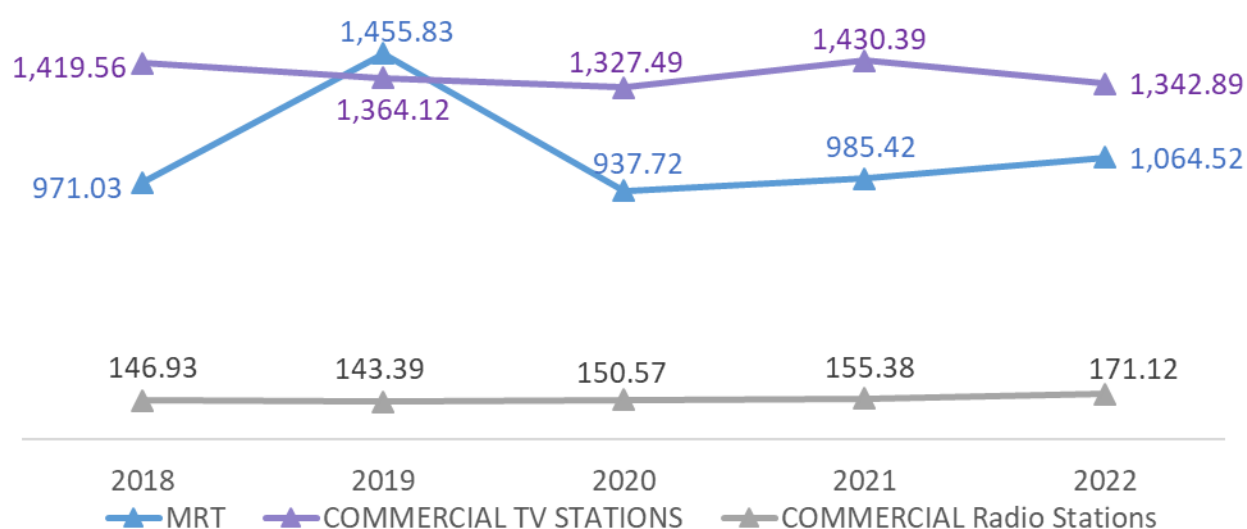


The share of commercial television stations in advertising revenues in the industry amounts to 86%, the revenues of commercial radio stations amount to 11%, and the revenues of the public broadcasting service amount to 3%.

Total costs in the industry

In 2022, a total of 2,578.53 million denars were spent. Compared to the previous year, the public broadcasting service and commercial radio stations spent more, while commercial television stations spent less. Commercial television stations and radio stations spent the majority of the funds on employee salaries (39% of total costs).

Figure 4: Trends in total costs of the public broadcasting service and commercial broadcasters over the past five years



Financial result and number of employees

In the analysed year, the combined performance results of commercial broadcasters and the public broadcasting service amounted to a loss of 73.51 million denars. MRT achieved a profit of 35.04 million denars, while commercial radio stations and television stations operated at a loss, with radio stations at a loss of 0.61 million denars and television stations at a loss of 107.94 million denars. Over the past five years, commercial television stations had a worse financial result only in the pandemic year of 2020.

Table 2: Financial performance result of the public broadcasting service and commercial broadcasters over the past five years

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------|--------|---------|---------|-------|---------|
| MRT | -26.02 | -527.15 | 74.47 | -6.74 | 35.04 |
| Commercial TV stations | -69.48 | -7.64 | -109.92 | 50.69 | -107.94 |
| Commercial radio stations | -1.41 | -0.01 | 0.77 | 12.56 | -0.61 |

In 2022, the average number of employees in regular employment in the industry was 1,791 individuals. Out of these, 681 were employed in the public broadcasting service, 940 in commercial television stations, and 170 in commercial radio stations. At the end of the year, there were 1,726 individuals in regular employment and 574 freelancers.

Number of broadcasters

At the beginning of the year, a total of 110 broadcasters were airing programs, including 44 commercial television stations, 62 commercial radio stations, and four non-profit radio stations. During the year, two television licenses (for the regional City¹ TV and the local Kanal 21²) and two radio licenses (for the regional Capitol FM³ and the local Lav⁴ radio) ceased to be valid. Additionally, one television broadcasting license was granted at the local level (to CBC TV News⁵ from Kumanovo).

At the end of the year, 107 broadcasters had licenses for broadcasting programs (43 commercial television stations, 61 commercial radio stations, and four non-profit radio stations).

¹ Decision on removing of the Commercial Broadcasting Company CITY TELEVIZIJA DOOEL Skopje from the register of broadcasters (Up1 No. 08-65 from 10.03.2022)

² Decision on removing of the Commercial Broadcasting Company KANAL-21 DOOEL Veles from the register of broadcasters (Up1 No. 08-317 from 21.10.2022)

³ Decision on revoking the radio broadcasting license of the Commercial Broadcasting Company CAPITOL FM DOOEL Skopje (Up1 No. 08-213 from 29.07.2022)

⁴ Decision on revoking the radio broadcasting license of the Commercial Broadcasting Company Ivancho Pashoski RADIO LAV DOOEL Ohrid (Up1 No. 08-170 from 01.07.2022)

⁵ Decision on granting a license for television broadcasting via a public electronic communication network that does not use a limited local resource (Up1 No. 08-211 from 04.11.2022)

Ensuring stable and adequate funding for the Macedonian Radio Television remains a challenge. In fact, it is one of the four basic principles for funding public broadcasting services - providing a stable and predictable funding source that will enable the public broadcasting service to perform its tasks to the fullest⁶.

In 2022, the public broadcasting service received less funding from the state budget than stipulated by the law. This situation has been ongoing ever since 2017, when the funding of the public service through the collection of broadcasting fees was abandoned, and direct funding from the state budget was implemented. Since then, the legally stipulated funds have never been transferred to the account of the Macedonian Radio Television (MRT). Every year, the Agency for Audio and Audiovisual Media Services highlights this issue in its regular annual market analyses.

The severity of this problem is also evident in the "Financial Report on the Implementation of the Financial Plan of the PBE MACEDONIAN RADIO TELEVISION for 2022,"⁷ which states that *"the continuous reduction of funds for broadcasting activities and the non-compliance with the Law on AAVMS by the state... the funds being cut from the MRT year after year now exceed figures of 10 million euros per annum."* The report further indicates that *"this is a serious problem the institution has been facing and this continuous lack of financial resources causes it to face difficulties in its current performance, jeopardizes the servicing of statute-barred debts, hinders radio digitalization, production and procurement of new program content, and prevents the implementation of the five-year development strategy..."*.

With the amendments to the Law on Audio and Audiovisual Media Services in 2018, it was envisaged that the percentage allocated from the state budget for funding broadcasting activities would increase each year (0.8% in 2019, 0.9% in 2020, and starting from 2021, 1%).

⁶ EBU, "Public Funding Principles for Public Service Media", [Public Funding Principles for PSM \(ebu.ch\)](https://www.ebu.ch/public-funding-principles-for-psm), accessed on 24.04.2022

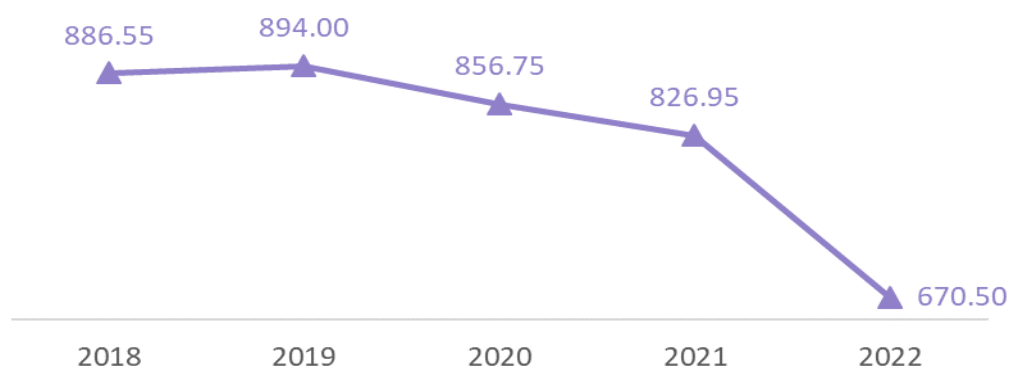
⁷ MRT, "Annual Report on the Performance of the PE MRT for 2022", [Annual Report on the Performance of the PE MRT for 2022.pdf \(mrt.com.mk\)](https://mrt.com.mk/annual-report-on-the-performance-of-the-pe-mrt-for-2022.pdf), accessed on 24.04.2023

However, from 2019 onwards, each year, instead of transferring more funds, the Government is transferring fewer funds from the state budget to the account of MRT.

In the Progress Report on Macedonia for 2021⁸, the European Commission noted that *"the government continued to use its discretionary right in the distribution of state funds to the broadcasting sector, further decreasing the allocations for the public service broadcaster, media regulator and broadcasting public enterprise, contrary to the requirements introduced in the law on Audio and Audiovisual Media Services"*. It also emphasized that *"the authorities need to increase their efforts to reform the public service broadcaster, ensuring its independence and financial sustainability"*.

Despite such indications, the government allocated even fewer funds to the public broadcasting service in 2022 compared to 2021.

Figure 5: Funds disbursed from the state budget for funding the MRT over the past five years



As a result, the Progress Report on Macedonia for 2022, issued by the European Commission⁹ states that *"despite the requirements of the Law on Audio and Audiovisual Media Services specifying the amount of public funding for the public broadcaster as a percentage of the state budget to be 1% as of 2021, the actual rate only reached 0.59% in July 2022 because of the authorities' use of the discretionary powers granted by law. This was insufficient...The continuous decrease in funding is hindering implementation of the public service broadcaster development strategy, creating uncertainty in planning processes and affecting the overall*

⁸ SEA, "Report of the European Commission on North Macedonia for 2021", <https://www.sep.gov.mk/page/?id=1117#.ZEZbLM5ByUk>, accessed on 24.04.2023

⁹ SEA, "Report of the European Commission on North Macedonia for 2022", <https://www.sep.gov.mk/page/?id=1117#.ZEZbLM5ByUk>, accessed on 24.04.2023

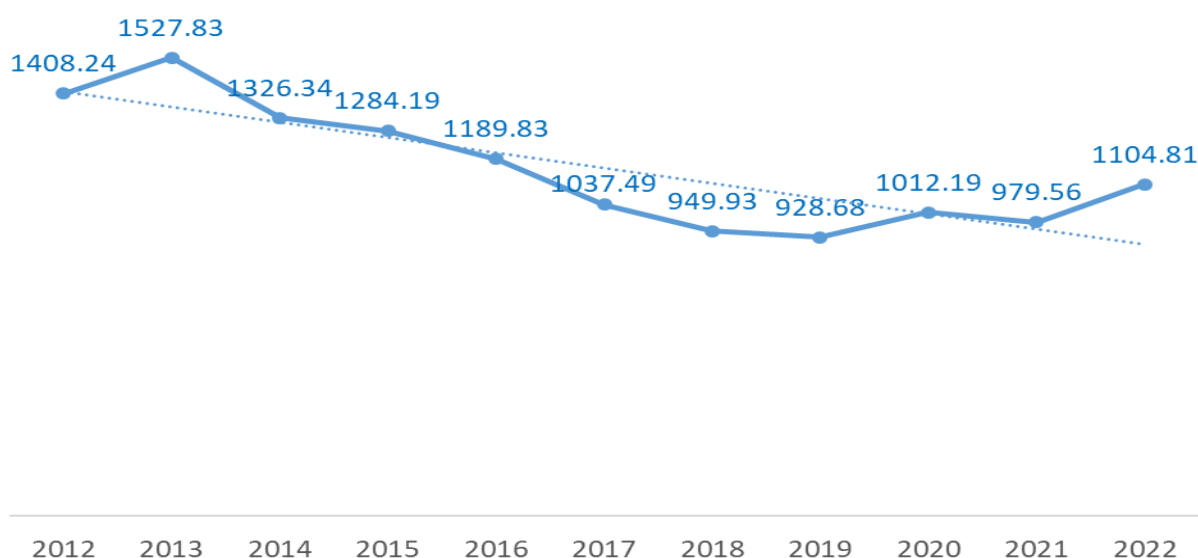
quality of performance. Solutions for the public service broadcaster's old debts towards state institutions were not found, including on the implementation of favourable court rulings with regard to the public service broadcaster's premises. The independence and sustainability of the public broadcaster, both financially and as regards the legal framework, has yet to be fully ensured."

In 2017, when the legal decision for MRT to be funded directly from the state budget was adopted, the main concern was that such a decision did not stem from a prior economic analysis to determine the exact amount of funds the MRT needs in order to fulfill its obligations stipulated by law regarding the programs and program services it should broadcast. Since 2018, the fact that not even these funds are paid in full poses an additional reason for concern.

From the data on total revenues from 2012 until now, it is evident that during the period from 2012 to 2016 (when it was primarily funded through the broadcasting fee), the MRT had a larger budget each year compared to the period after 2016, when the funding started coming directly from the state budget.

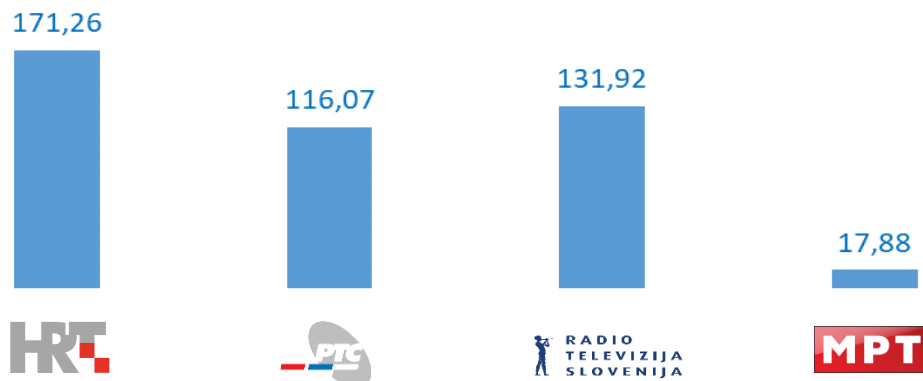
In 2022, a positive trend in the MRT's total revenues was observed compared to the previous year, but it was also noted that the level from the period between 2012 and 2016 has not been reached yet.

Figure 6: Trends in total revenues of the MRT in the period between 2012-2022



If a comparative analysis is made with public broadcasting services in the region, the financial condition of the Macedonian public broadcasting service is even more pronounced.

Figure 7: Total revenues of public broadcasting services in 2021 (in million euros)



In 2021, the Croatian public broadcasting service had total revenues of 171.26 million euros¹⁰, which is almost 10 times more funds than the MRT, the public broadcasting service of Serbia had 116.07 million euros¹¹, which is six times more, and the public broadcasting service of Slovenia had 131.92 million euros¹², seven times more funds.

Table 3: Structure of revenues of the MRT in 2022

| | 2022 |
|---|-----------------|
| Funds for broadcasting activities from the Budget of North Macedonia | 670.50 |
| Revenues from MISA for a higher level of program and technical-technological development of PBE MRT | 350.00 |
| Rent | 0.27 |
| Revenues from services within the country | 2.08 |
| Revenues from services abroad (technical and other services, etc.) | 0.95 |
| Other business revenues (revenues from interest, foreign exchange gains, written-off obligations, revenues from past years) | 12.02 |
| Revenues from enforcement of court decisions | 0.09 |
| Revenue from sale of advertising airtime (marketing) | 37.63 |
| Revenue from sale of programs (deferred rights) and rebroadcasting within the country and abroad | 31.04 |
| Revenues from donations | 0.23 |
| TOTAL: | 1,104.81 |

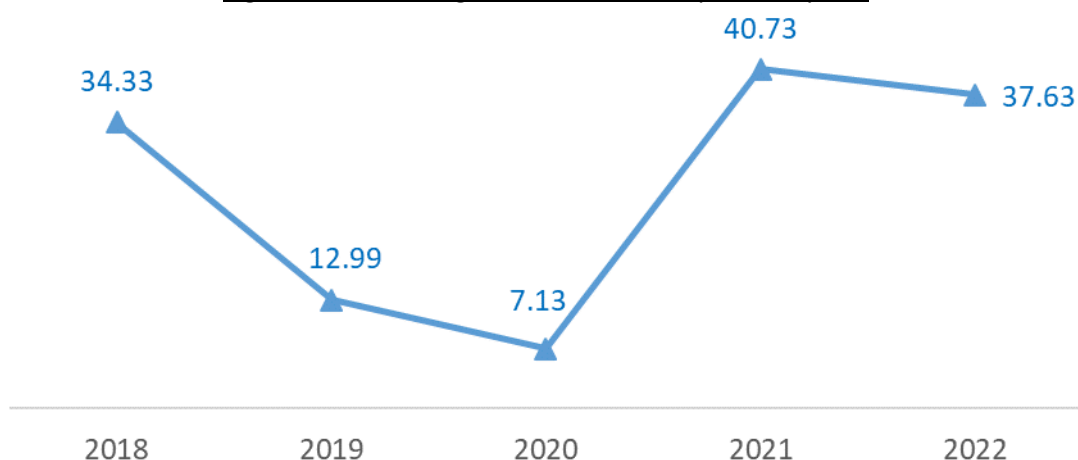
¹⁰ HRT, "Performance Report of HRT for 2021," ([Microsoft Word - FINAL_HRT_IZVJE\212\306E 2021. \ \(20.6.2022.\\) korekcije nakon NO](#)), accessed on 24.04.2023

¹¹ RTS, "Performance Report for 2021", [https://www.rts.rs/upload/storyBoxFileData/2016/02/02/20566876/GO%20IZVE%C5%A0TAJ%20O%20POSLOVANJU%202021.p](https://www.rts.rs/upload/storyBoxFileData/2016/02/02/20566876/GO%20IZVE%C5%A0TAJ%20O%20POSLOVANJU%202021.pdf)df, accessed on 24.04.2023

¹² RTSlovenia, "Annual Report for 2021", [39_424763950651932692_I-letno-porocilo-2021_24-2-2022-lektorirano.pdf \(rtvslo.si\)](#), accessed on 24.04.2023

60.69% of the MRT's total revenues come from funds for broadcasting activities from the Budget of Macedonia, and 31.68% represents additional funds allocated from the state budget, which, according to Article 105, Paragraph 7 of the Law on Audio and Audiovisual Media Services, are transferred through the Ministry of Information Society and Administration "to achieve and maintain a higher level of program and technical-technological development of the public broadcasting service."

Figure 8: Advertising revenues over the past five years



Only 3.41% of the MRT's total revenues is generated from advertising.

The MRT's total expenditure in the analysed year amounted to 1,071.93 million denars, while the total costs were 1,064.52 million denars. In the "Financial Report on the Implementation of the Financial Plan for 2022," the public broadcasting service distributes the costs into five categories: employee costs, travel and transportation costs, joint costs, program rights, and other operating expenses.

The largest portion of expenses (44.32%) falls under the category of "employee costs." This category includes gross salaries of employees (455.47 million denars), severance payments for employees who were eligible for retirement in 2022 (3.84 million denars), vacation allowances (9.75 million denars), and other employee benefits such as anniversary awards, assistance to employees in various circumstances (in case of death, natural disasters, etc.), employee education costs, and mandatory medical check-ups.

Table 4: Structure of expenditure of the MRT over the past five years

| | 2018 | 2019 | 2020 | 2021 | 2022 | |
|---------------------------------|---------------|-----------------|---------------|---------------|-----------------|--------|
| Employee costs | 370.47 | 399.06 | 439.03 | 464.77 | 471.76 | 44.32% |
| Travel and transportation costs | 5.77 | 9.10 | 1.99 | 5.01 | 8.02 | 0.75% |
| Joint costs | 431.56 | 883.47 | 205.63 | 168.78 | 181.59 | 17.06% |
| Program rights | 123.47 | 113.56 | 238.43 | 276.52 | 338.91 | 31.84% |
| Other operating expenses | 39.76 | 50.64 | 52.64 | 70.34 | 64.24 | 6.03% |
| TOTAL COSTS: | 971.03 | 1,455.83 | 937.72 | 985.42 | 1,064.52 | |
| Equipment procurement | 6.51 | 46.74 | 1.88 | 1.88 | 7.41 | |
| TOTAL EXPENDITURE: | 977.54 | 1,502.57 | 939.60 | 987.29 | 1,071.93 | |

31.84% of the total costs were allocated to securing program rights, as follows: 97.1 million denars for the acquisition of rights for transmitting and broadcasting sports events, 97.82 million denars for the acquisition of rights for broadcasting various programs and television projects from different fields and genres (news, educational, children's, documentary, etc.), 116.87 million denars for co-production projects (recording and broadcasting television projects in the fields of music, culture, education, entertainment, children's programs, etc.), and 24.35 million denars for the acquisition of rights for films, TV series, documentary programs, and children's animated series.

The joint costs, total amount of 181.59 million denars, represent 17.06% of the total costs. The largest portion of these costs (58.27 million denars) was allocated to depreciation of fixed assets.

In the analysed year, the MRT spent 7.41 million denars on investments in new equipment. This includes procuring software licenses, air conditioning units, a vehicle for the needs of the programs and other departments in the MRT, uninterruptible power supply devices, and upgrades to the material archiving system.

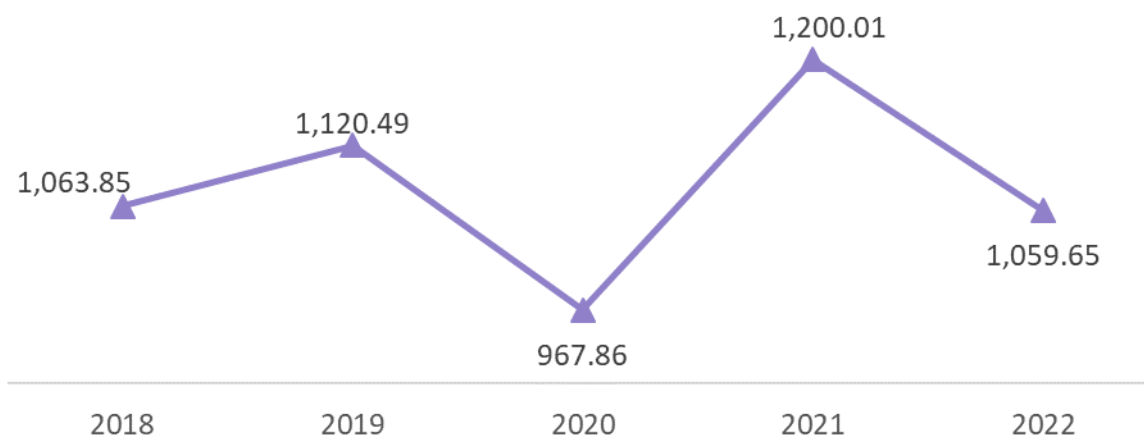
The financial performance result of the MRT in 2022 was a profit of 35.04 million denars after taxation. At the beginning of the year, the MRT had 704 employees, and by 31.12.2022, the number decreased to 681 employees.

STATE-LEVEL TERRESTRIAL TELEVISION STATIONS

In 2022, all five state-level terrestrial television stations generated lower revenues compared to the previous year. Specifically, Alfa experienced a 21% decrease, while Alsat-M, Kanal 5 and Telma saw reductions of 12% and Sitel 8%.

Collectively, these television stations generated total revenues of 1,059.65 million denars, which is 11.70% lower than in 2021. The decrease in revenues can largely be attributed to the fact that in the previous year, during the local elections, these five television stations generated revenues of 108.51 million denars from paid political advertising, whereas in 2022, they did not generate any revenue from this type of advertising.¹³ The year 2022 marks the first year since 2018 that these television stations did not generate revenue from paid political broadcasting.

Figure 9: Trends in total revenues of state-level terrestrial television stations over the past five years



In addition, in 2022, the revenues from the "other revenues" category, which includes various types of financial assistance received by these television stations in the last three years as support to cope with the consequences of the COVID-19 pandemic and the economic crisis, also decreased. In 2020, the

¹³Although local elections were held in the municipalities of Mavrovo and Rostushe, Centar Zhupa and Tetovo in 2022, none of these television stations aired paid political advertising.

financial assistance amounted to 68.4 million denars¹⁴, in 2021 it was 60.79 million denars¹⁵, and in 2022 it decreased to 34.64 million denars. In the analysed year, the assistance was provided by the Agency for Audio and Audiovisual Media Services (through a 50% reduction in the broadcasting license fee)¹⁶ and the Government (by covering the signal transmission costs through the digital terrestrial multiplex). According to the minutes of the 28th session of the Government held on March 15, 2022, *"The Government..., in relation to Measure 4 - Exemption from the MUX fee (the Fifth Set of Economic Measures), instructed the General Secretariat of the Government of the Republic of North Macedonia to make an agreement with the Agency for Electronic Communications for a donation of the total fee that the media in the Republic of North Macedonia pay on these grounds for the year of 2022¹⁷..."*.

Table 5: Individual total revenues of state-level terrestrial television stations over the past five years

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2022/2021 |
|---------------|--------|--------|--------|--------|--------|-----------|
| Alfa TV | 141.82 | 132.78 | 119.89 | 155.52 | 122.64 | -21% |
| Alsatsat-M TV | 156.67 | 159.68 | 141.88 | 185.45 | 162.98 | -12% |
| Kanal 5 TV | 188.13 | 225.73 | 225.95 | 276.34 | 242.09 | -12% |
| Sitel TV | 432.45 | 480.77 | 360.35 | 448.64 | 413.69 | -8% |
| Telma TV | 144.79 | 121.54 | 119.79 | 134.06 | 118.25 | -12% |

¹⁴A donation of 4.36 million denars was provided by AAVMS to each television station, along with financial assistance from the Government for compensating the costs to the operator of the digital terrestrial multiplex, amounting to 5.6 million denars for each television station. Additionally, subsidies were granted for the contributions of the compulsory social security for media employees.

¹⁵ The Government provided financial assistance for the implementation of Measure 3 of the Fifth Set of Economic Measures, which included 2.78 million denars per television station for covering the broadcasting license fee and an additional 5.6 million denars for covering the signal transmission costs through the terrestrial digital multiplex. In addition, apart from TV Alsatsat-M, the other four television stations also received subsidies for salary contributions of their employees, amounting to a total of 18.89 million denars.

¹⁶ AAVMS, "Decision on the allocation of financial assistance to broadcasters in 2022, no. 05-4624/1 dated 22.12.2021", can be accessed at: <https://avmu.mk/wp-content/uploads/2021/12/Odluka-za-dodeluvanje-finansiska-pomos-donacija-za-radiodifuzerite-vo-2022.pdf>

¹⁷ Government of the Republic of North Macedonia, "The Minutes of the 28th Session, held on 15.03.2022", are available at: <https://vlada.mk/vladini-sednici?page=2>

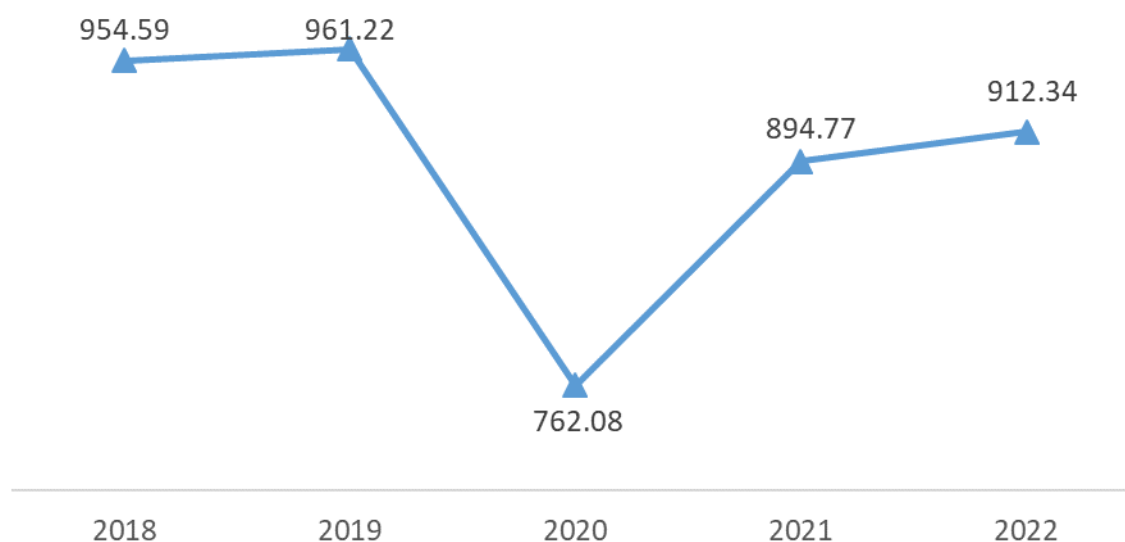
In 2022, Sitel generated the highest total revenues of 413.69 million denars, which represents almost 40% of the combined revenues of the five television stations. The lowest revenues were generated by Telma, amounting to 118.25 million denars.

Table 6: The structure of total revenues of state-level terrestrial television stations over the past five years

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|-----------------|-----------------|---------------|-----------------|-----------------|
| Advertising and teleshopping | 954.59 | 961.22 | 762.08 | 894.77 | 912.34 |
| Paid political advertising | 26.50 | 101.22 | 59.78 | 108.51 | 0.00 |
| Sponsorships | 0.00 | 0.00 | 0.00 | 0.00 | 1.09 |
| Content sales | 11.07 | 9.38 | 0.00 | 94.30 | 80.34 |
| Third-party revenues | 6.25 | 0.00 | 0.00 | 4.24 | 5.79 |
| Other revenues | 64.14 | 47.37 | 145.53 | 98.18 | 60.08 |
| Revenues from main activity | 1,062.55 | 1,119.19 | 967.39 | 1,200.00 | 1,059.64 |
| Revenues from other activities | 1.10 | 0.88 | 0.03 | 0.01 | 0.01 |
| Extraordinary revenues | 0.20 | 0.42 | 0.44 | 0.00 | 0.00 |
| Total revenues | 1,063.85 | 1,120.49 | 967.86 | 1,200.01 | 1,059.65 |

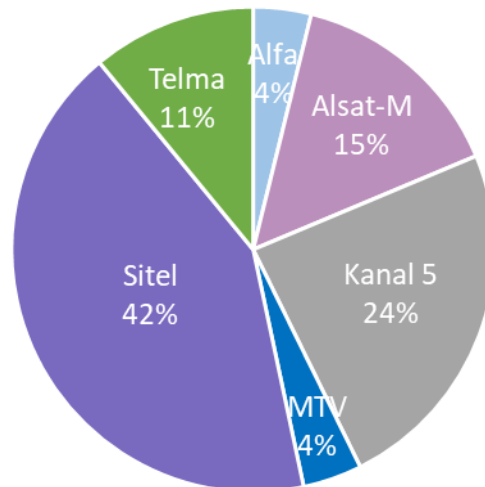
Advertising revenues amounted to 912.34 million denars, of which Sitel generated 402.5 million denars, Kanal 5 - 227.8 million denars, Alsat-M - 140.9 million denars, Telma - 104.35 million denars, and Alfa - 36.79 million denars.

Figure 10: Trends in advertising revenues (excluding PPA) of state-level terrestrial television stations over the past five years



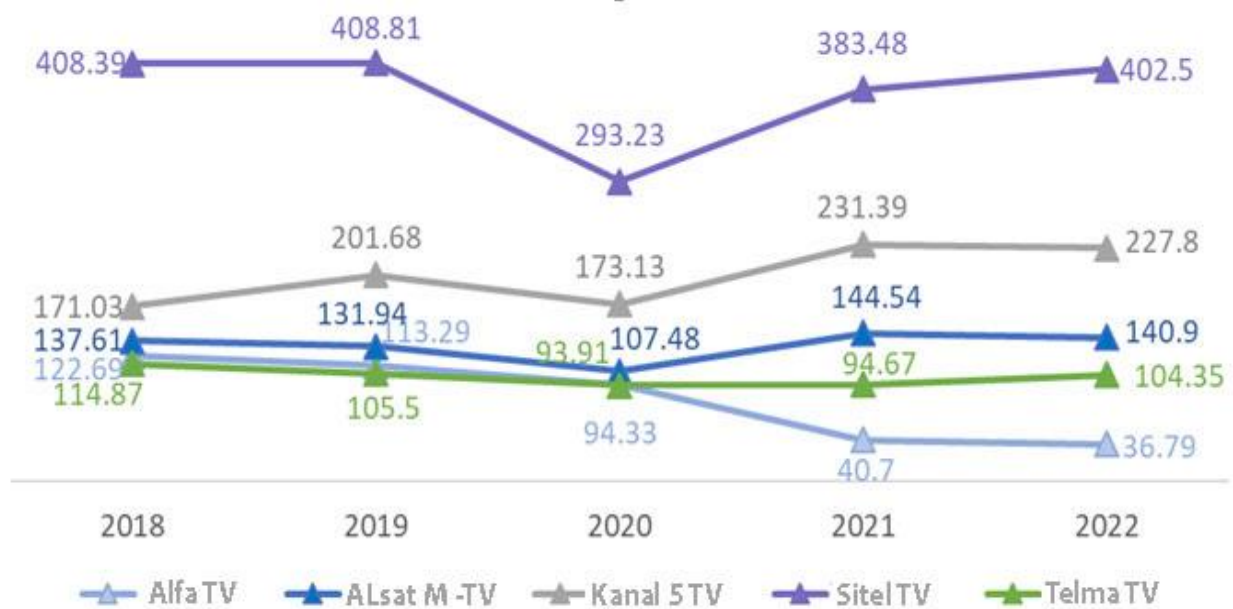
Compared to the previous year, all five television stations collectively generated higher advertising revenues (excluding paid political advertising), but the overall level has not yet reached the pre-pandemic state, as indicated by the figure above.

Figure 11: Share of advertising revenues in total advertising revenues in 2022



If we compare the revenues solely from commercial advertising in 2021 and 2022, it can be observed that in the analysed year, revenues decreased by 10% for Alfa, 3% for Alsat-M, and 2% for Kanal 5, while they increased by 5% for Sitel and 10% for Telma.

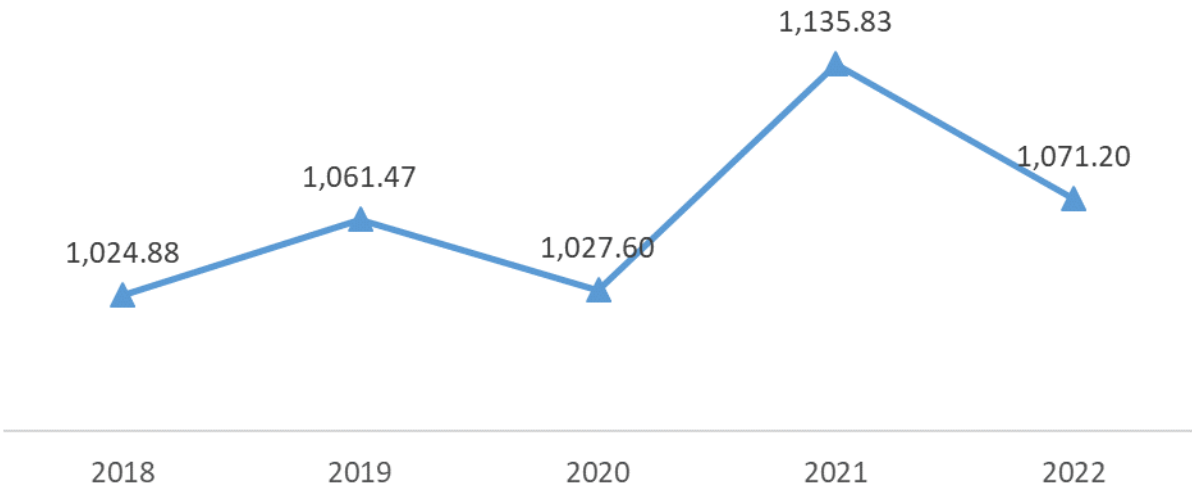
Figure 12: Trends in individual advertising revenues (excluding PPA) of terrestrial television stations over the past five years



Alfa is the only television station that generated revenues from sponsorships (1.09 million denars) and content sales (80.34 million denars) in 2022, which is more than double the revenue it generated from advertising and teleshopping. On the other hand, Telma is the only one that generated revenues from services provided to third parties, amounting to 5.79 million denars.

The collective costs of the five television stations amounted to 1,071.20 million denars. During the last five years, the television stations spent more only in 2021.

Figure 13: Trends in total costs of state-level terrestrial television stations over the past five years



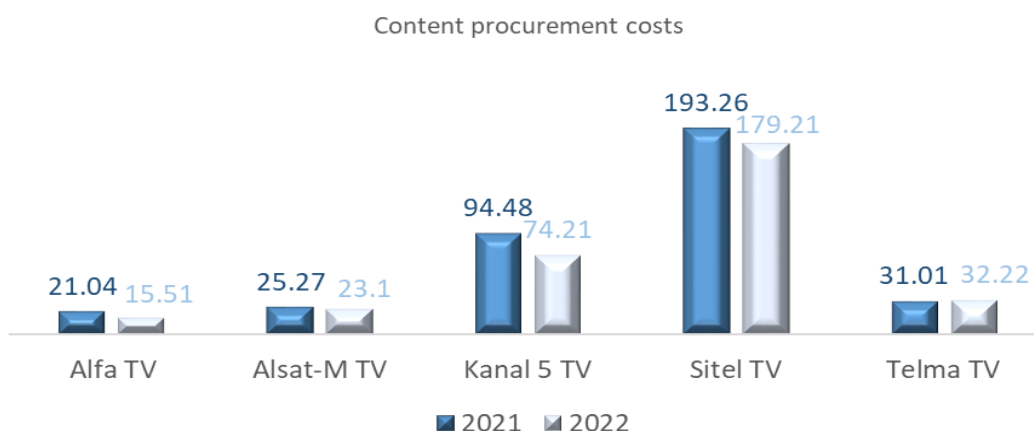
Unlike the previous year, when the majority of costs were allocated to content procurement, in 2022, television stations spent the most on salaries and other compensations for individuals related directly to program production, amounting to a total of 327.53 million denars, which represents 43% of the direct costs for program creation. They spent slightly less on content procurement, specifically 324.25 million denars.

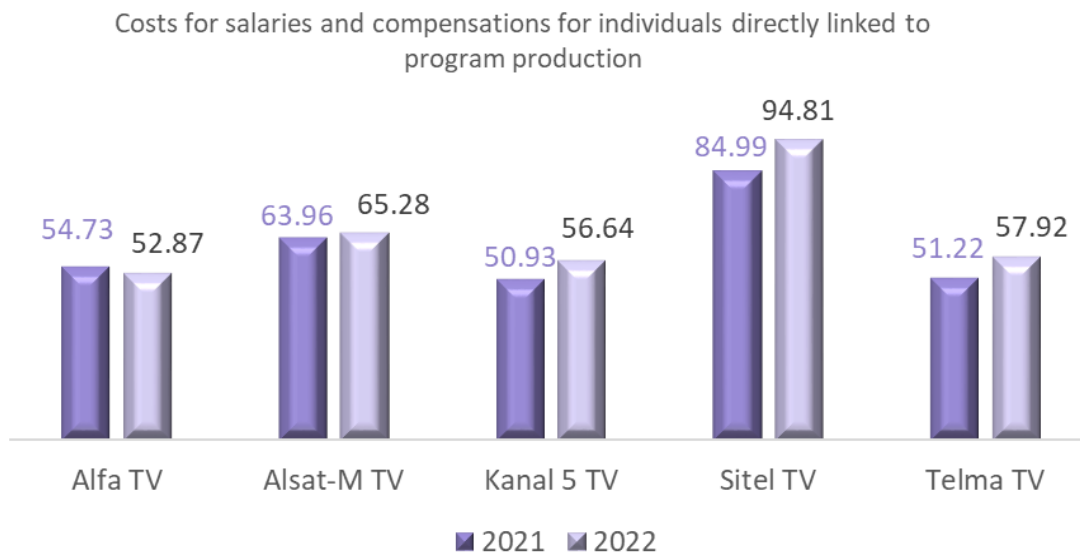
Table 7: Structure of costs of state-level terrestrial television stations

| | Amount (in million denars) |
|--|-------------------------------|
| Material costs | 34.78 |
| Program procurement costs | 324.25 |
| Non-material costs (services) | 75.27 |
| Salaries and other compensations for individuals directly involved in program production | 327.53 |
| Direct program creation costs | 761.83 |
| Salaries and other compensations for individuals not directly involved in program production | 32.99 |
| Equipment depreciation | 63.80 |
| Depreciation of rights and licenses | 0.13 |
| Rent and other overhead costs | 25.95 |
| Other operating expenses | 182.09 |
| Total operating expenses | 1,066.79 |
| Expenditure from other activities | 3.86 |
| Extraordinary expenditure | 0.55 |
| Total operating expenses | 1,071.20 |

Sitel allocated the most funds for salaries and content procurement, while Alfa spent the least. Compared to 2021, all television stations except Telma spent less on program procurement. However, the situation is different when it comes to salaries and compensations for individuals directly involved in program production. Except for Alfa, which spent less compared to 2021, the other four television stations reported higher costs for this category.

Figure 14: Costs of terrestrial television stations for content procurement and salaries of individuals directly involved in program production





The combined financial performance result of the five television stations in 2022 is a loss of 15.15 million denars, mainly due to the high loss of Telma (24.11 million denars). The other four television stations achieved a positive financial result.

Table 8: Financial performance result of the state-level terrestrial television stations over the past five years

| | Alfa TV | Alsat-M TV | Kanal 5 TV | Sitel TV | Telma TV |
|------|---------|------------|------------|----------|----------|
| 2018 | 9.51 | 5.36 | 0.28 | 18.68 | -21.48 |
| 2019 | 39.33 | 8.44 | 1.5 | 28.45 | -21.91 |
| 2020 | -8.85 | 0.53 | -12.11 | -21.89 | -17.47 |
| 2021 | 11.17 | 17.09 | 0.16 | 16.35 | 7.4 |
| 2022 | 0.41 | 3.51 | 0.18 | 4.86 | -24.11 |

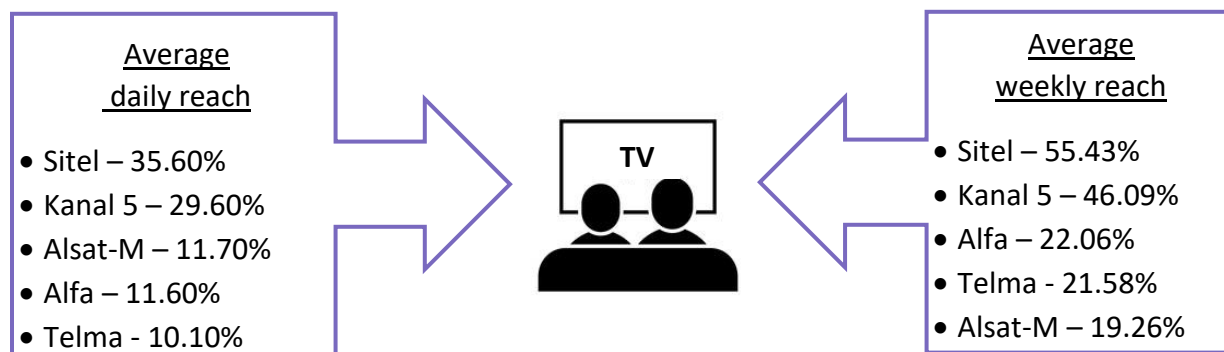
The average number of employees in regular employment was 600, which is 12 fewer than in 2021. The total number of hired individuals was 683 on 31.12.2022. Sitel had the highest number of employees in regular employment (147 individuals), while Kanal 5 had the highest number of freelancers (28 individuals).

Table 9: Average and total number of employees in state-level terrestrial television stations

| | Average number of employees in regular employment | Total number of employees on 31.12.2022 | |
|--------------|---|---|-----------|
| | | regular employment | freelance |
| Alfa TV | 102 | 95 | 25 |
| Alsat-M TV | 101 | 101 | 23 |
| Kanal 5 TV | 140 | 136 | 28 |
| Sitel TV | 151 | 147 | 0 |
| Telma TV | 106 | 105 | 23 |
| Total | 600 | 584 | 99 |

According to the data from the research¹⁸ on viewership and listenership of broadcasters conducted by the Agency, Sitel was yet again the most-watched television station this year, with an average daily reach of 35.60% and an average weekly reach of 55.43%.

Figure 15: Average daily and weekly reach of state-level terrestrial television stations

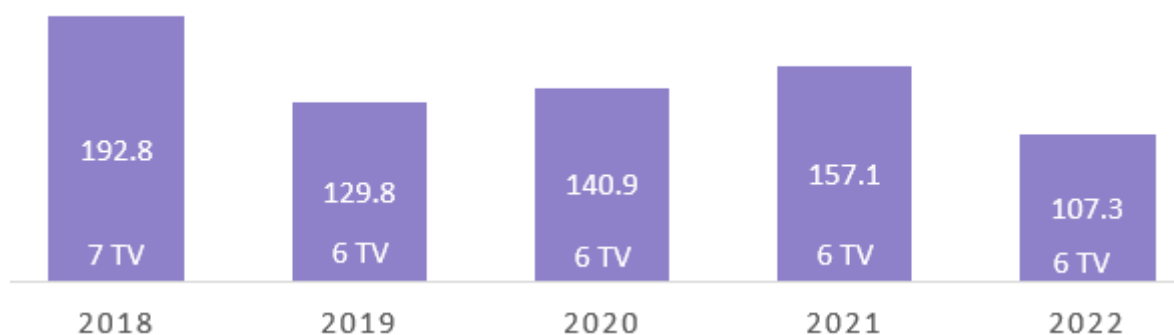


¹⁸ The data is available on the following link: https://avmu.mk/wp-content/uploads/2023/01/Податоци-за-досегот-на-радиостаниците-и-за-уделот-во-вкупната-гледаност-на-телевизиските-станции-годишен-извештај-за-2022-година_compressed.pdf

STATE-LEVEL TV STATIONS VIA UNLIMITED RESOURCES

The combined revenues of the six television stations broadcasting programs via unlimited resources at state level amount to 107.28 million denars, which is the lowest in the past five years. Compared to the previous year, these revenues have decreased by 32%. This decrease, similar to state-level terrestrial television stations, is primarily due to the revenues generated from paid political advertising in 2021 (53.66 million denars) and the financial assistance allocated to cover the broadcasting license fee (15.47 million denars). In 2022, the Agency reduced the license fee for these television stations by 50%, total amount of 7.25 million denars.

Figure 16: Trends in total revenues of state-level television stations via unlimited resources over the past five years¹⁹



Kompani 21-M generated the highest revenues in the analysed year - 49 million denars, accounting for nearly half of the total revenues in this segment of the industry. 24 Vesti generated total revenues amounting to 38.36 million denars, while the revenues of other television stations are significantly lower - Nasha TV generated 7.62 million denars, Shenja 7.59 million denars, Klan 4.56 million denars, and Sonce 0.15 million denars.

¹⁹ The total revenues of television stations in 2018 include the revenues generated by 1 TV, amounting to 39.23 million denars.

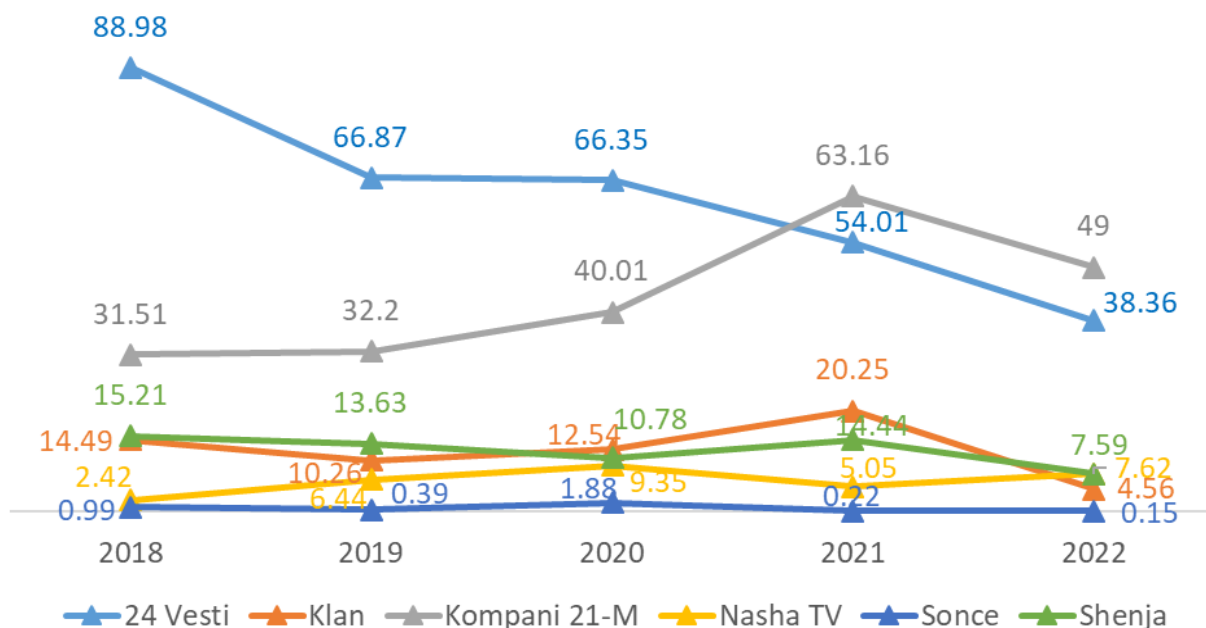
Table 10: Total revenues of state-level television stations via unlimited resources
over the past five years

| | 2018 | 2019 | 2020 | 2021 | 2022 | Index 22/21 |
|--------------|---------------|---------------|---------------|---------------|---------------|----------------|
| 24 Vesti | 88.98 | 66.87 | 66.35 | 54.01 | 38.36 | -28.98% |
| Klan | 14.49 | 10.26 | 12.54 | 20.25 | 4.56 | -77.48% |
| Kompani 21-M | 31.51 | 32.20 | 40.01 | 63.16 | 49.00 | -22.42% |
| Nasha TV | 2.42 | 6.44 | 9.35 | 5.05 | 7.62 | 50.89% |
| Sonce | 0.99 | 0.39 | 1.88 | 0.22 | 0.15 | -31.82% |
| Shenja | 15.21 | 13.63 | 10.78 | 14.44 | 7.59 | -47.44% |
| total | 153.60 | 129.79 | 140.91 | 157.13 | 107.28 | -31.73% |

Since 2018, 24 Vesti has been generating lower revenues each year, and in 2022, the revenues were 2.3 times lower than in 2018.

In 2022, Klan and Shenja achieved significantly lower total revenues compared to each of the previous four years.

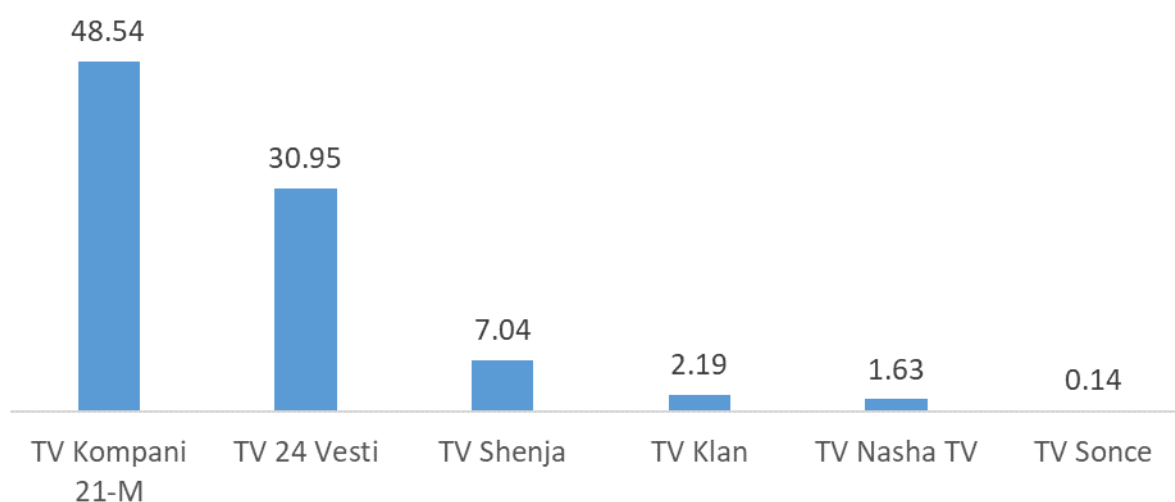
Figure 17: Trends in total revenues of state-level television stations via unlimited resources
over the past five years



Kompani 21-M reduced its revenues compared to 2021 but still generated higher revenues than in the previous three years.

84.35% of the collective revenues of these television stations were generated from advertising, 3.35% from content sales (all funds in the amount of 3.59 million denars were generated by Nasha TV on these grounds), and 12.30% were from other sources and extraordinary revenues.

Figure 18: Advertising revenues of state-level television stations via unlimited resources in 2022



Kompani 21-M TV and 24 Vesti TV generated the highest advertising revenues.

From 2018 to 2021, the television stations also generated revenues from paid political advertising, which varied significantly depending on whether it was a referendum, parliamentary, local, or presidential elections. In 2022, local elections were held in the municipalities of Mavrovo and Rostushe, Centar Zhupa, and Tetovo. Only Kompani 21-M aired paid political advertising during the elections for members of the Council of the Municipality of Tetovo, generating funds in the amount of 3.47 million denars.

The figure below shows the advertising revenues generated by each of these six television stations solely from commercial advertising, excluding revenues from paid political advertising.

Table 11: Advertising revenues (excluding PPA) of state-level television stations via unlimited resources over the past five years

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|-----------------|-------|-------|-------|-------|-------|
| 24 Vesti TV | 60.1 | 48.27 | 41.19 | 35.26 | 30.95 |
| Nasha TV | 2.15 | 3.66 | 2.58 | 1.49 | 1.63 |
| Kompani 21-M TV | 22 | 15.4 | 15.14 | 32.13 | 45.07 |
| Shenja TV | 14.06 | 13.26 | 3.97 | 3.24 | 7.04 |
| Klan TV | 0.74 | 1.12 | 0.47 | 3.81 | 2.19 |
| Sonce TV | 0.11 | 0.26 | 0.17 | 0.2 | 0.14 |

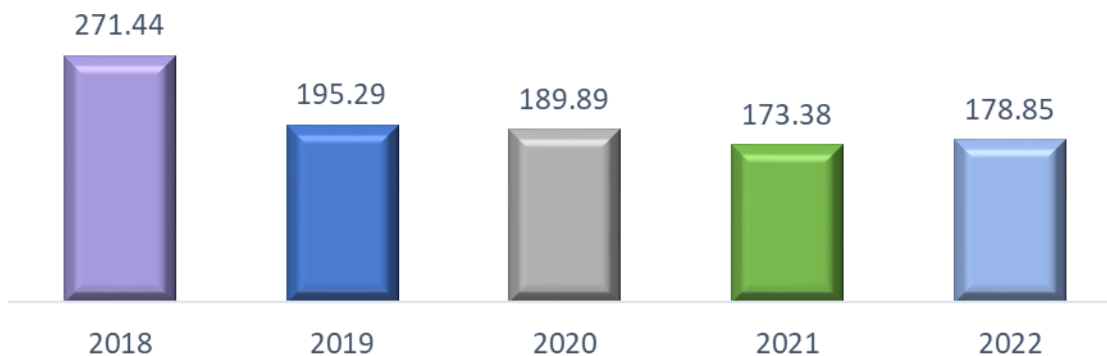
The advertising revenues of 24 Vesti have consistently decreased, reaching the lowest amount in the analysed year (30.95 million denars), which is half of the amount in 2018.

There has been a continuous decline in advertising revenues for Shenja from 2018 to 2021, but in 2022, this television station managed to generate more revenues than in the previous two pandemic years.

When it comes to Kompani 21-M, these revenues declined from 2018 to 2020, but started to increase from 2021 onwards. The remaining three television stations (Nasha TV, Sonce, and Klan) have insignificant shares in the total advertising revenues of this segment of the television market.

The six television stations together spent 178.85 million denars. From 2018 onwards, less funds were spent only in 2021.

Figure 19: Trends in total costs of state-level television stations via unlimited resources over the past five years²⁰



²⁰ The total costs of television stations in 2018 include the costs incurred by 1 TV, amounting to 37.36 million denars

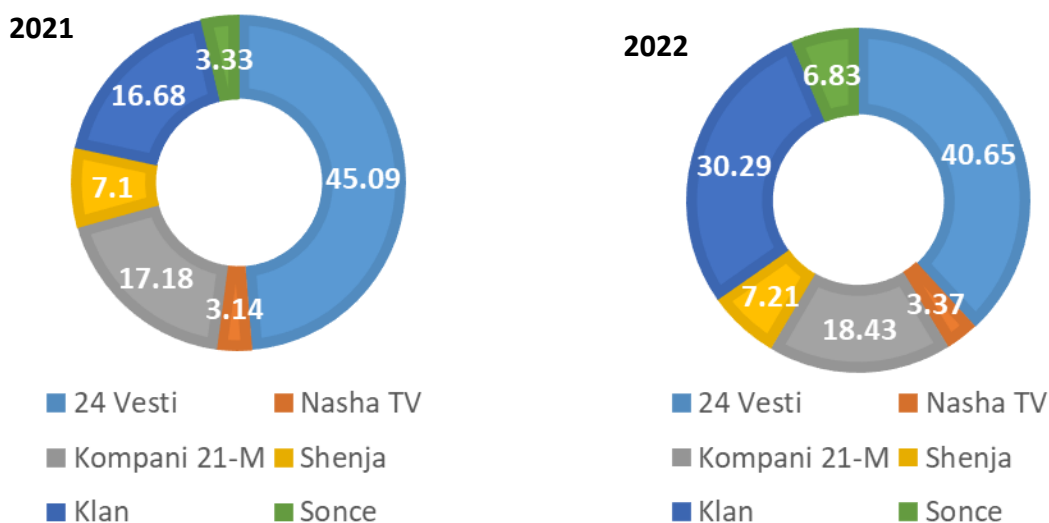
The direct costs for program production, including material and non-material costs, as well as costs for salaries of employees directly related to program content production, are the highest and account for 60% of the total costs (a total amount of 106.78 million denars).

Table 12: Structure of costs of state-level television stations via unlimited resources

| | Amount (in million denars) |
|--|---------------------------------------|
| Material costs | 9.03 |
| Program procurement costs | 10.41 |
| Non-material costs (services) | 7.39 |
| Salaries and other compensations for individuals directly involved in program production | 90.36 |
| Direct program creation costs | 117.19 |
| Salaries and other compensations for individuals not directly involved in program production | 14.62 |
| Equipment depreciation | 9.51 |
| Depreciation of rights and licenses | 1.54 |
| Rent and other overhead costs | 5.88 |
| Other operating expenses | 28.81 |
| Total operating expenses | 177.56 |
| Expenditure from other activities | 0.00 |
| Extraordinary expenditure | 1.29 |
| Total operating expenses | 178.85 |

Compared to the previous year, the six television stations spent 14.26 million denars more on program production. Except for 24 Vesti, which allocated fewer funds for this purpose, the other television stations spent more.

Figure 20: Costs for program production of state-level television stations via unlimited resources
in 2021 and 2022



The largest cost item for program production was the salaries of employees directly related to program production, amounting to 90 million denars. 24 Vesti spent the most on salaries for these individuals - 40.04 million denars, which is expected given that this television station had the highest number of employees (an average of 90 employees in regular employment). Significant amounts were also spent by Klan (19.77 million denars) and Kompani 21-M (14.50 million denars).

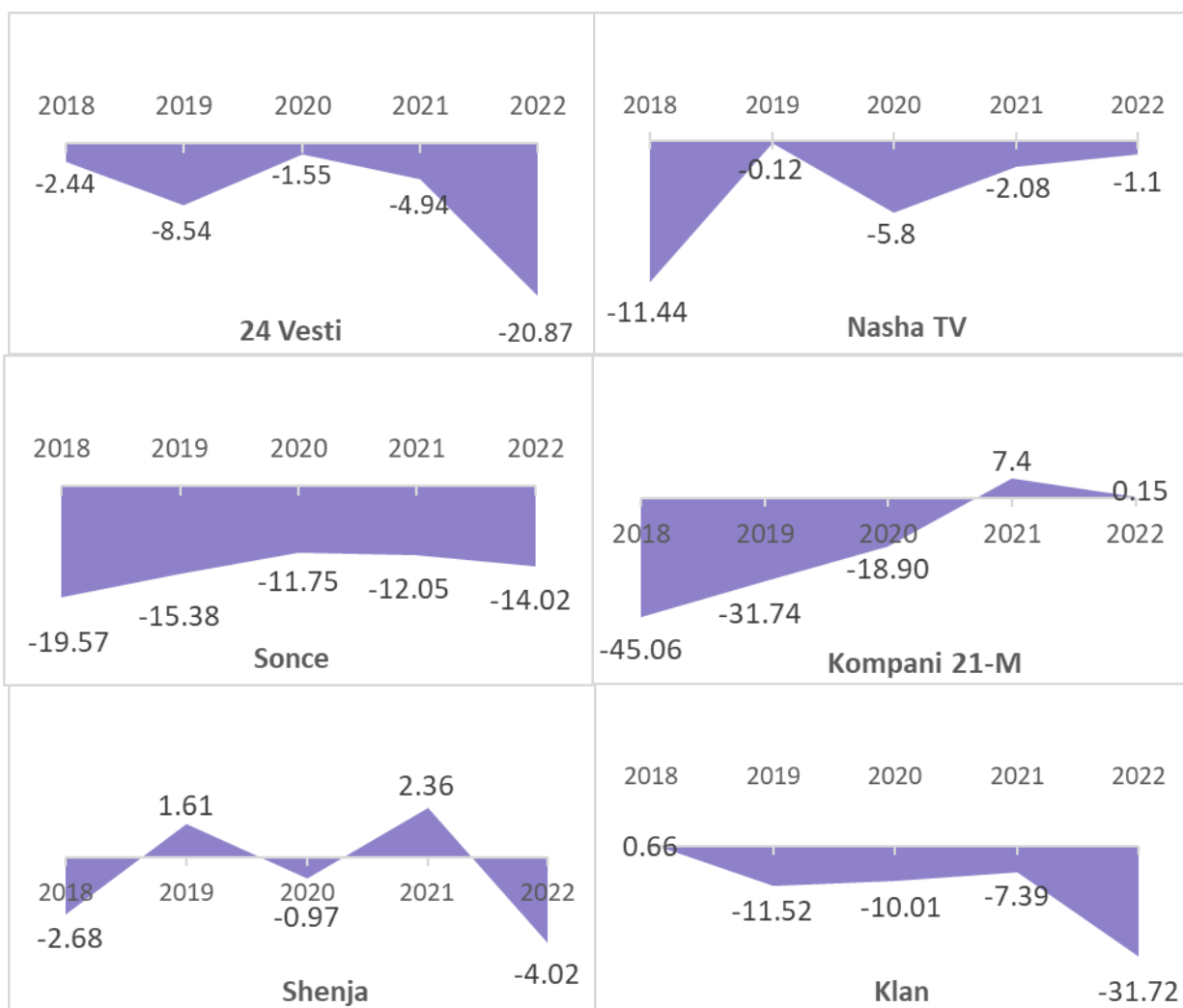
For content procurement, the television stations together spent 10.41 million denars. Of these, 45% (in the amount of 4.71 million denars) were the costs of 24 Vesti. Among the six television stations, only Kompani 21-M did not have this type of cost.

Total financial performance result of these six television stations was a loss of 71.58 million denars. If the data for the last five years are compared, these television stations had a worse financial result only in 2018 than the one in 2022, when they operated at a loss of 80.53 million denars. Namely, during this period, the television stations did not achieve a profit at all.

Looking at the individual stations, only Kompani 21-M operated with a profit in the analysed year (albeit insignificant, at only 0.15 million denars). The other five stations showed a loss, with Klan having the largest loss of 31.72 million denars.

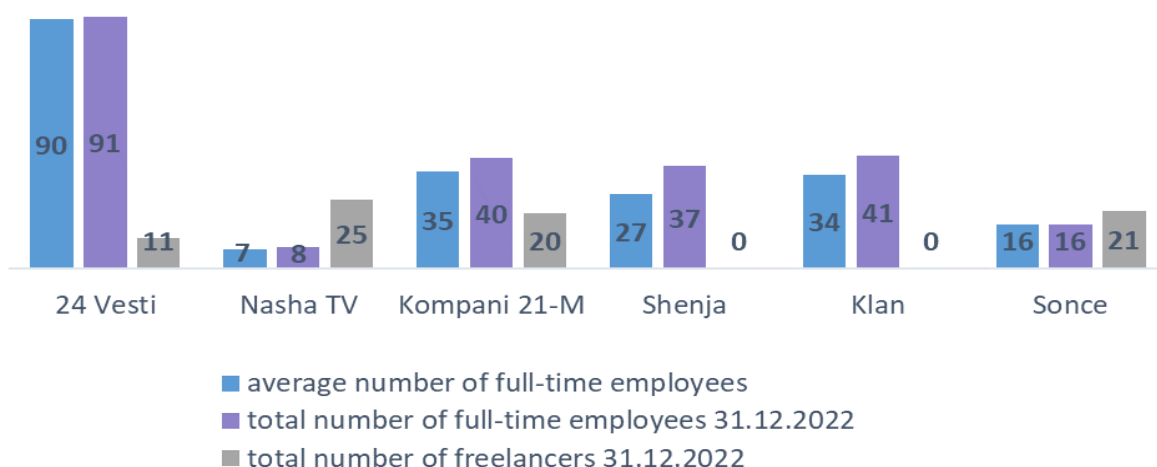
24 Vesti, Nasha TV, and Sonce consistently operated at a loss, with 24 Vesti having the highest loss in 2022 (20.87 million denars), and Nasha TV and Sonce in 2018 (11.44 million denars and 19.57 million denars, respectively). Kompani 21-M achieved a profit only in 2021 and 2022, Shenja in 2019 and 2021, and Klan only in 2018.

Figure 21: Trends in the financial results of state-level television stations via unlimited resources over the past five years



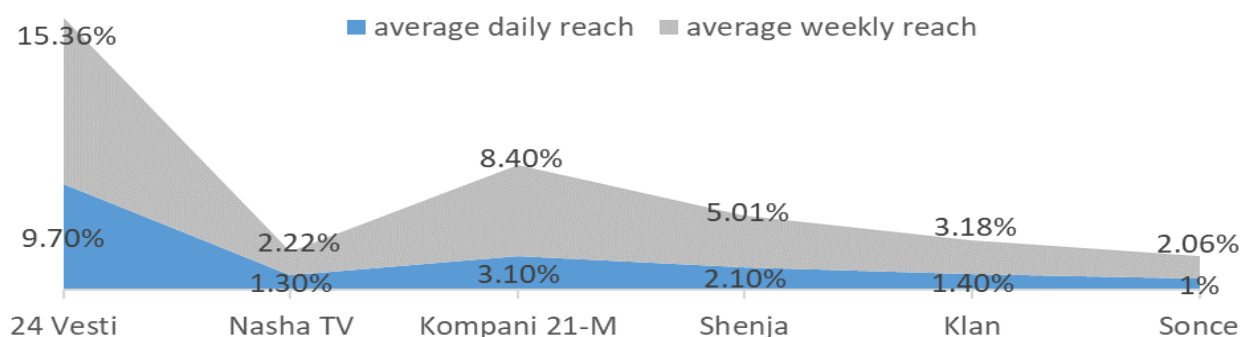
The average number of employees in regular employment decreased by 19 individuals compared to 2021 and amounted to 209 individuals. The total number of employees on 31.12.2022 was 310 individuals (233 in regular employment and 77 freelancers). Except for Nasha TV, which experienced an increase of six employees, the other television stations saw a decrease in the average number of employees as follows: 24 Vesti by eight individuals, Kompani 21-M by three individuals, Shenja by eight individuals, Klan by four individuals, and Sonce by two individuals. In 2022, 24 Vesti had the highest number of employed individuals.

Figure 22: Average and total number of employees in state-level television stations via unlimited resources



This year, out of the six television stations, 24 Vesti had the highest viewership yet again, with an average daily reach of 9.70% and an average weekly reach of 15.36%. The television station with the lowest viewership was Sonce.

Figure 23: Average daily and weekly reach of state-level television stations via unlimited resources



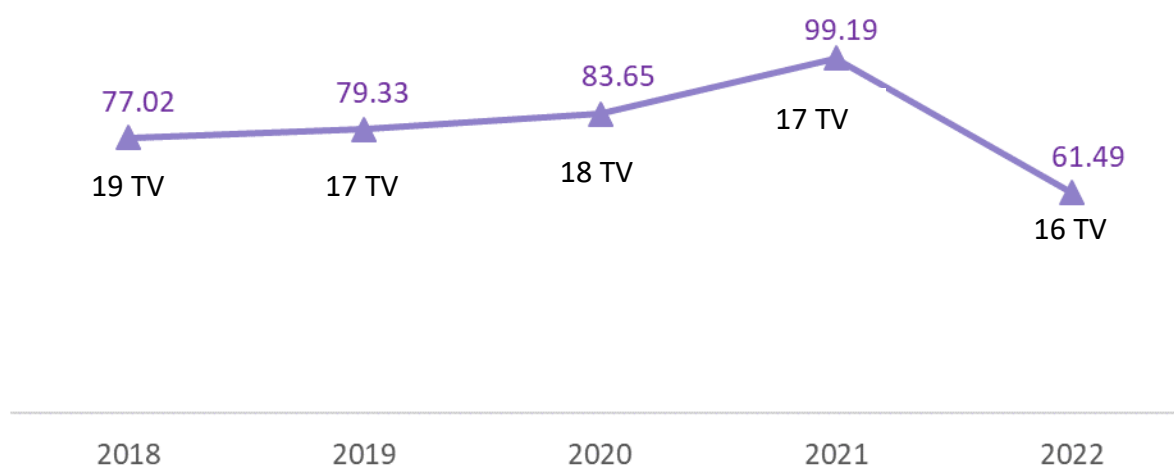
REGIONAL-LEVEL TELEVISION STATIONS

At the beginning of 2022, there were 18 television stations broadcasting programs at the regional level. In March, City TV stopped operating, and the license of this television station ceased to be valid by law. By the end of the year, there were 17 television stations broadcasting programs at the regional level. However, the Analysis only includes data from 16 television stations because Iris did not provide its financial performance data for 2022 to the Agency.

The total revenue generated by these 16 television stations in 2022 amounted to 61.49 million Macedonian denars. This represents a 38% decrease compared to 2021. It is important to note that the total revenues from the previous year include the financial assistance provided to regional television stations for coping with the consequences of the pandemic, amounting to 10.72 million denars, as well as the revenues from paid political advertising during local elections, amounting to 38.37 million denars.

In 2022, in order to facilitate coping with the consequences of the pandemic and the energy crisis, the Agency reduced the license fee costs for regional television stations by 50%, total amount of 3.23 million denars.

Figure 24: Trends in total revenues of regional television stations over the past five years



There is a decrease in revenues compared to the previous year in each region. The most notable decrease is observed in regions D6 and D7, where revenues drop by over 50%.

**Table 13: Total revenues of regional television stations over the past five years
(by broadcasting regions)**

| | 2018 | 2019 | 2020 | 2021 | 2022 | growth rate 2022/2021 |
|-----------|-------------|-------------|-------------|-------------|-------------|----------------------------------|
| D1-Skopje | 31.12 | 24.77 | 29.3 | 25.18 | 16.52 | -34.39% |
| D1-Veles | 2.31 | 3.76 | 2.08 | 4.13 | 2.69 | -34.87% |
| D2 | 2.71 | / | / | / | / | / |
| D3 | 10.19 | 10.34 | 10.91 | 14.72 | 11.34 | -22.96% |
| D4 | 7.87 | 10.79 | 11.75 | 10.46 | 6.37 | -39.10% |
| D5 | 7.04 | 11.57 | 9.58 | 15.2 | 8.74 | -42.50% |
| D6 | 5.14 | 6.84 | 5.01 | 8.45 | 2.59 | -69.35% |
| D7 | 0.02 | 0.49 | 0.36 | 0.64 | 0.07 | -89.06% |
| D8 | 10.60 | 10.76 | 14.67 | 20.41 | 13.17 | -35.47% |

Looking at them separately, each television station shows a downward trend in total revenues, with the most significant decreases observed in Topestrada (93% decrease), Shutel (90% decrease), and TV 3 (89% decrease).

Table 14: Total revenues of regional television stations in 2021 and 2022

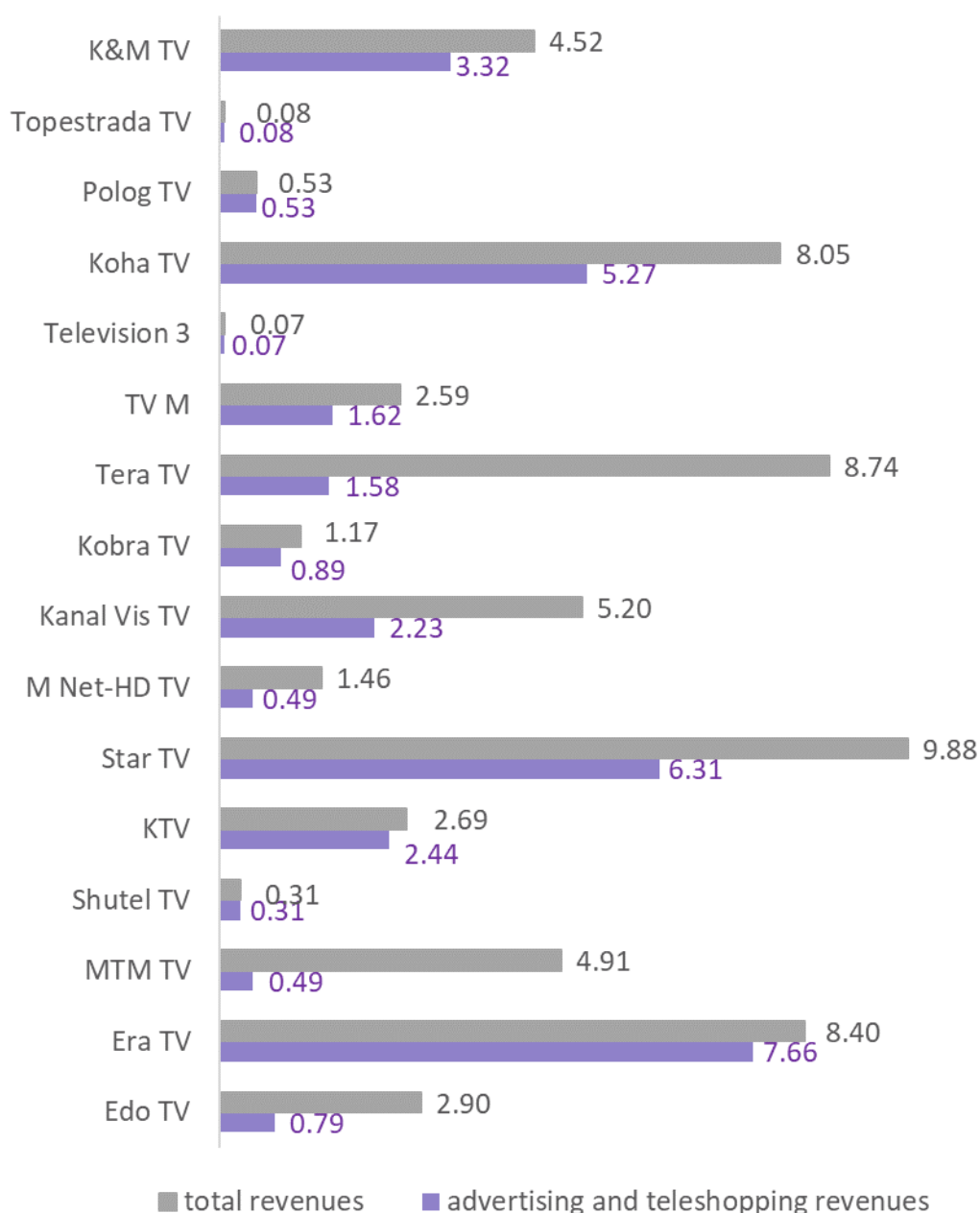
| TV | 2021 | 2022 | growth rate 2022/2021 | TV | 2021 | 2022 | growth rate 2022/2021 |
|--------------|-------------|-------------|----------------------------------|---------------|-------------|-------------|----------------------------------|
| Edo TV | 2.99 | 2.90 | -3.01% | Kobra TV | 1.75 | 1.17 | -33.14% |
| Era TV | 12.08 | 8.40 | -30.46% | Tera TV | 15.20 | 8.74 | -42.50% |
| MTM TV | 6.85 | 4.91 | -28.32% | TVM | 8.45 | 2.59 | -69.35% |
| Shutel TV | 3.25 | 0.31 | -90.46% | TV 3 | 0.64 | 0.07 | -89.06% |
| KTV TV | 4.13 | 2.69 | -34.87% | Koha TV | 12.84 | 8.05 | -37.31% |
| Iris TV | 1.81 | N/A | | Polog TV | 1.49 | 0.53 | -64.43% |
| Star TV | 10.35 | 9.88 | -4.54% | Topestrada TV | 1.22 | 0.08 | -93.44% |
| M Net-HD TV | 2.56 | 1.46 | -42.97% | K&M TV | 4.86 | 4.52 | -7.00% |
| Kanal Vis TV | 8.71 | 5.20 | -40.30% | | | | |

The structure of revenues is dominated by advertising revenues (55%). In 2022, they amounted to 34.08 million denars. This amount includes advertising revenues from paid political advertising (PPA) during the local elections for members of the Council of the Municipality of

Tetovo. Only three television stations aired PPA, namely: Koha, which generated revenue of 2.13 million denars, Polog with revenue of 0.47 million denars, and K&M with revenue of 2.09 million denars.

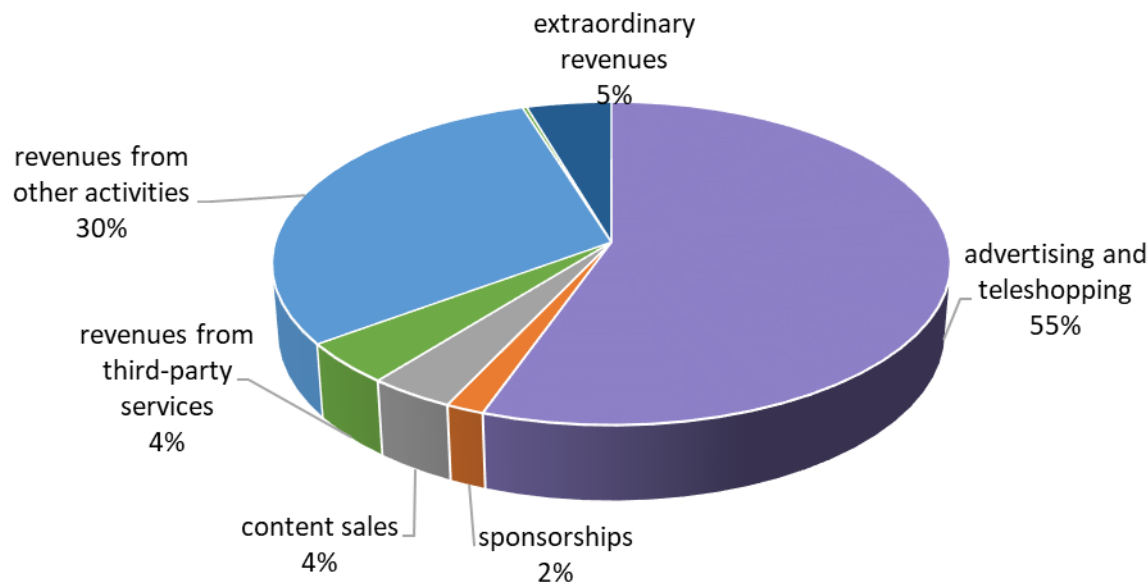
Shutel, Topestrada, TV 3 and Polog were funded solely through advertising, meaning that 100% of their total revenues came from advertising.

Figure 25: Advertising revenues and total revenues of regional television stations



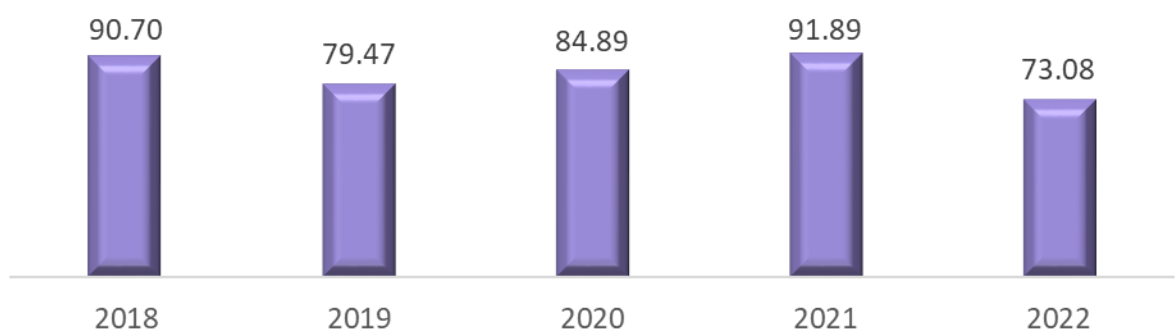
Only MTM and Tera reported revenues from content sales (0.04 million denars and 2.19 million denars, respectively), while Tera was also the only television station that reported revenues from services provided to third parties (2.59 million denars) and revenues from other activities (0.15 million denars). In terms of sponsorship revenue for shows, Kobra earned 0.09 million denars, and M TV earned 0.91 million denars in 2022.

Figure 26: Structure of revenues of regional television stations



This year, regional television stations spent the least over the past five years. Their total costs amounted to 73.08 million denars, which is a 20% decrease compared to the previous year.

Figure 27: Trends in total costs of regional television stations over the past five years



Era reported the highest total costs at 12.63 million denars, while Shutel reported the lowest at 0.22 million denars.

More than half of the total expenses are direct costs for program creation (63%), which have been consistently decreasing in the last five years, except for 2021, when there was a negligible increase compared to the previous year. Content procurement costs decreased by 69% compared to 2021, and the program content production costs decreased by 11%.

Table 15: Direct costs of regional television stations for program creation over the past five years

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| In-house production | 58.11 | 51.24 | 50.9 | 50.51 | 44.96 |
| Content procurement | 2.73 | 3.08 | 3.34 | 3.96 | 1.21 |
| Direct program creation costs | 60.84 | 54.32 | 54.24 | 54.47 | 46.17 |

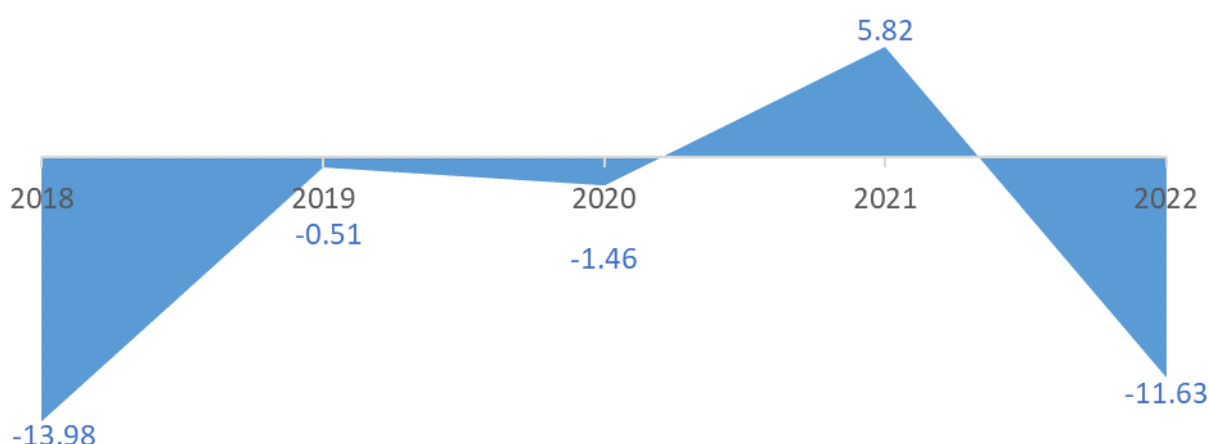
The table below shows the structure of costs for regional television stations, indicating that salaries of employees directly involved in program production accounted for half of the total expenses of regional television stations and amounted to 36.25 million denars. Star allocated the highest amount of funds for employee salaries, reaching 8.03 million denars.

Table 16: Structure of costs of regional television stations

| | Amount (in million denars) |
|--|-------------------------------|
| Material costs | 6.15 |
| Program procurement costs | 1.21 |
| Non-material costs (services) | 2.56 |
| Salaries and other compensations for individuals directly involved in program production | 36.25 |
| Direct program creation costs | 46.17 |
| Salaries and other compensations for individuals not directly involved in program production | 2.74 |
| Equipment depreciation | 5.20 |
| Depreciation of rights and licenses | 0.85 |
| Rent and other overhead costs | 5.93 |
| Other operating expenses | 9.09 |
| Total operating expenses | 69.98 |
| Expenditure from other activities | 0.21 |
| Extraordinary expenditure | 2.89 |
| Total operating expenses | 73.08 |

Unlike the previous year when regional television stations together reported a profit of 5.82 million denars, they ended 2022 with a loss of 11.63 million denars. Only seven television stations had a positive financial result at the end of the year, while the remaining nine operated at a loss. Tera had the highest profit of 0.71 million denars, while Era reported the highest loss of 4.23 million denars.

Figure 28: Financial result of regional television stations over the past five years



In 2022, the number of employees in regular employment decreased by 23 individuals, and the average number of employees decreased by 24 individuals. However, the number of freelancers increased by 14 individuals. At the end of the year, a total of 106 individuals were employed in regular employment, 92 individuals were freelancers, and the average number of employees in regular employment was 94 individuals.

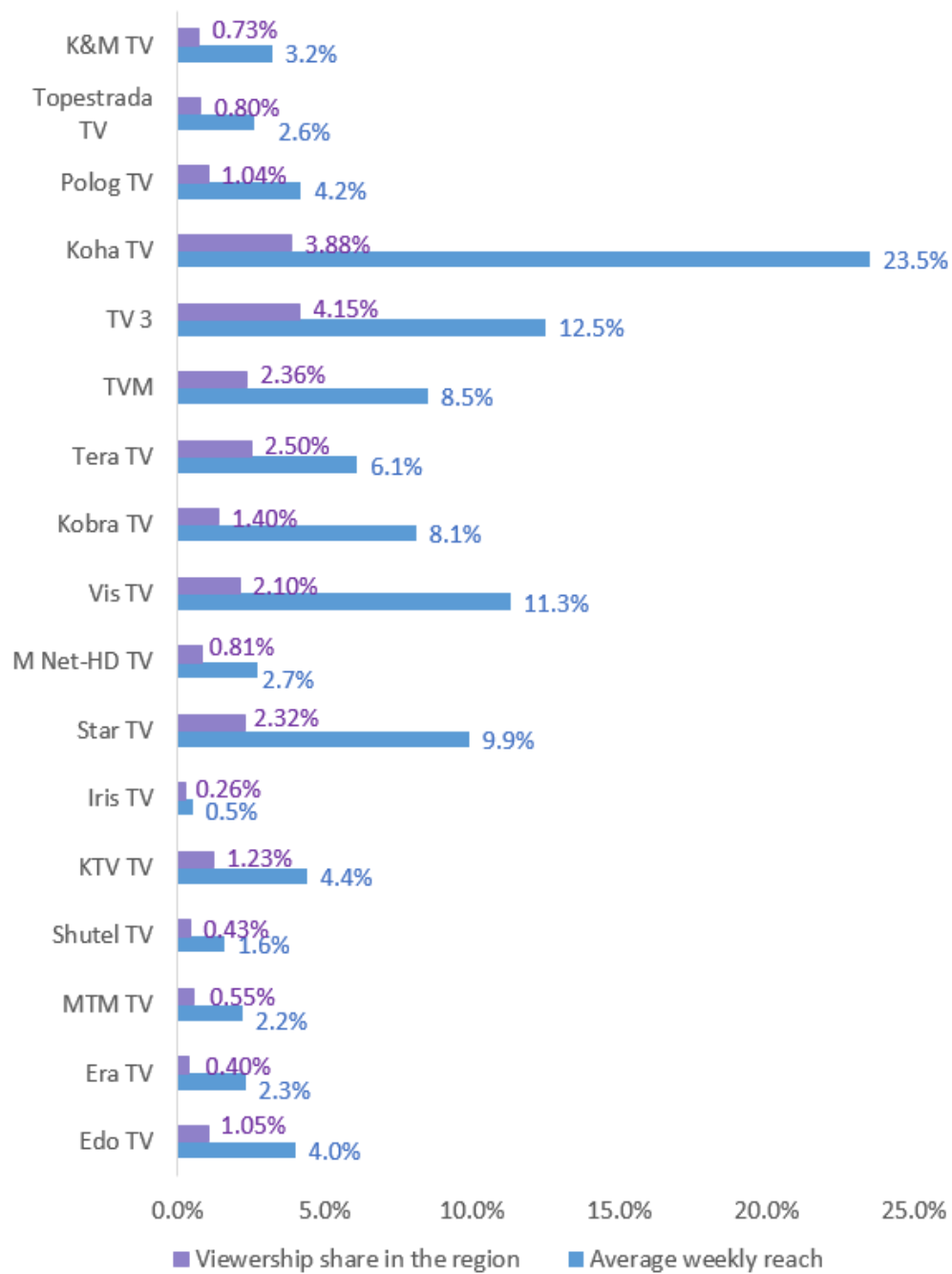
Table 17: Average and total number of employees in regional television stations

| | Average number of employees in regular employment | Total number of employees on 31.12.2022 | |
|-----------|---|---|-----------|
| | | regular employment | freelance |
| Edo TV | 8 | 8 | 8 |
| Era TV | 19 | 25 | 0 |
| MTM TV | 3 | 3 | 7 |
| Shutel TV | N/A | 0 | 11 |
| KTV TV | 6 | 6 | 6 |

| | | | |
|---------------|-----------|------------|-----------|
| Star TV | 8 | 9 | 6 |
| M Net-HD TV | 4 | 4 | 7 |
| Kanal Vis TV | 6 | 8 | 0 |
| Kobra TV | 4 | 4 | 9 |
| Tera TV | 10 | 10 | 4 |
| TVM | 8 | 8 | 4 |
| TV 3 | 3 | 4 | 4 |
| Koha TV | 10 | 10 | 3 |
| Polog TV | 1 | 1 | 9 |
| Topestrada TV | 1 | 1 | 6 |
| K&M TV | 3 | 5 | 8 |
| Total | 94 | 106 | 92 |

According to the data on the reach of radio stations and the share in the total viewership of television stations, the most watched regional television station was Koha, with an average weekly reach of 23.5%. The highest viewership share in the region was held by TV 3, with 4.15%.

Figure 29: Viewership share in the region and average weekly reach of regional television stations

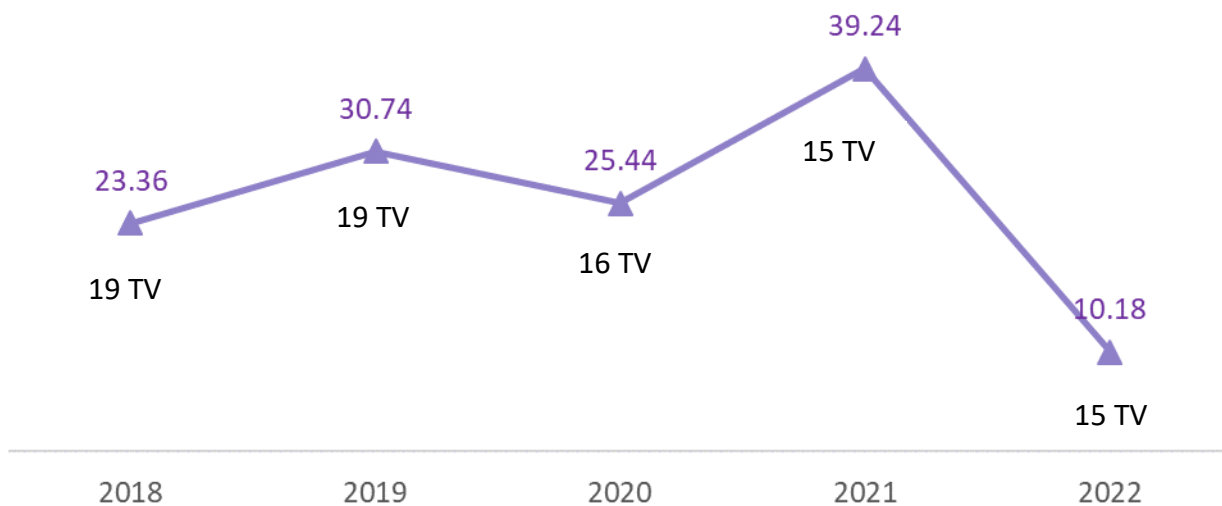


LOCAL TELEVISION STATIONS

At the beginning of the year, 15 television stations were broadcasting at the local level. In October, the license of one television station (Kanal 21 from Veles) ceased to be valid, so the Agency does not have data on its performance in 2022. At the beginning of December, a new entity (TV News from Kumanovo) started operating.

The local television stations together generated revenues of 10.19 million denars, which is the lowest since 2018. In previous years, they generated significant revenues from paid political advertising, including 25.61 million denars in total during the local elections in 2021, 9.36 million denars during the parliamentary elections in 2020, 11.4 million denars during the presidential elections in 2019, and 0.91 million denars from media coverage of the referendum in 2018. In 2022, in order to facilitate coping with the consequences of the pandemic and ease the workload due to the energy crisis, the Agency reduced the amount that television stations had to pay for the broadcasting license by 50%. The total value of the reduction was 0.97 million denars for all local television stations combined.

Figure 30: Trends in total revenues of local television stations over the past five years



All television stations generated lower revenues compared to 2021. The highest revenues in the analysed year, amounting to 2.52 million denars, were generated by G-TV, and Plus also had quite a significant amount of 2.3 million denars. These two television stations together

accounted for almost half of the total revenues of all local television stations. News TV started operating in December 2022 and did not generate any revenues from its operations by the end of the year.

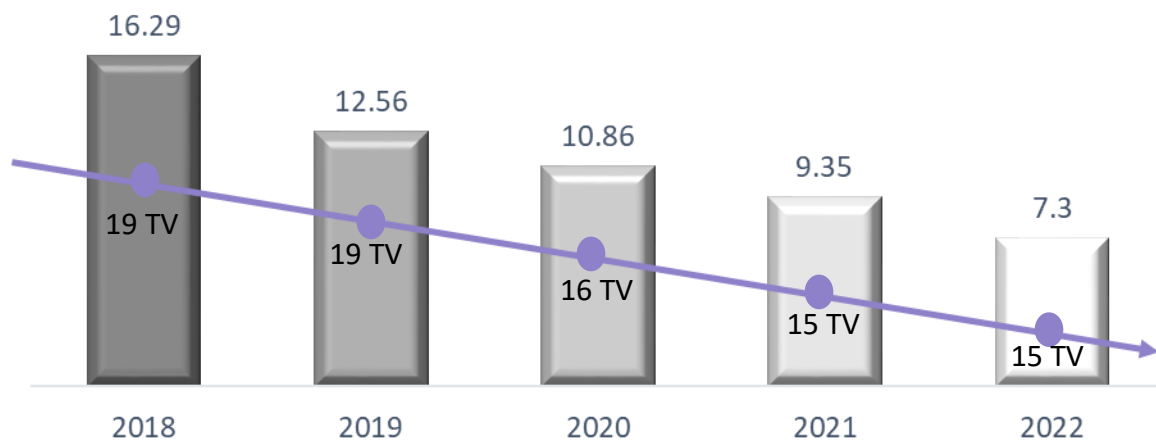
Out of the total 10.19 million denars, 7.30 million were generated from advertising. The highest revenues were generated by Plus on these grounds (1.39 million denars) and G-TV (1.27 million denars), while Zdravkin (0.03 million denars) and Spectra (0.08 million denars) had the lowest revenues.

Table 18: Total revenues and advertising revenues of local television stations in 2022

| | total revenues | advertising revenues |
|--------------|---------------------------|---------------------------------|
| Festa | 0.13 | 0.13 |
| TV K | 0.84 | 0.78 |
| Kanal 8 | 0.59 | 0.56 |
| Protel | 0.85 | 0.78 |
| Zdravkin | 0.03 | 0.03 |
| Svet | 0.73 | 0.17 |
| Kaltrina | 0.16 | 0.16 |
| Spektra | 0.08 | 0.08 |
| Dibra | 0.18 | 0.18 |
| Gurra | 0.43 | 0.42 |
| Due | 0.91 | 0.91 |
| G-TV | 2.52 | 1.27 |
| Plus | 2.3 | 1.39 |
| Uskana media | 0.44 | 0.44 |
| News | 0 | 0 |

If we consider the situation solely in terms of commercial advertising, taking into account that revenues from paid political advertising in the previous four years have significantly varied, it is evident that there is a trend of continuous decline. The value of advertising revenues in 2022 is, even 55% lower than in 2018.

Figure 31: Trends in advertising revenues (excluding PPA) of local television stations over the past five years

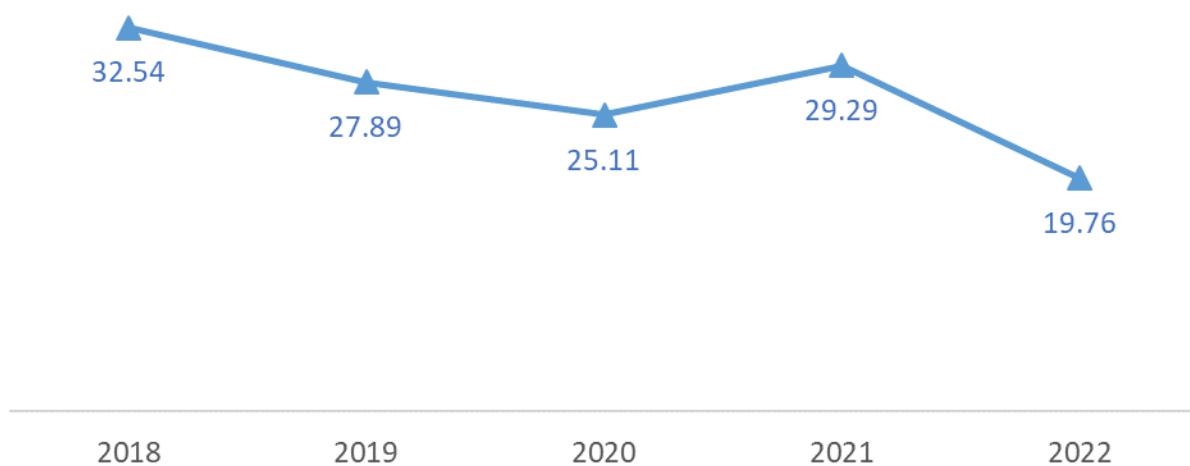


In addition to advertising revenues, there were other revenues amounting to 2.14 million denars, of which 96% were generated by G-TV and Plus.

Only Plus had revenues from content sales amounting to 0.11 million denars, while Svet had revenues from services provided to third parties amounting to 0.55 million denars.

The total expenditures incurred by local television stations amounted to 19.76 million denars, which is nearly 10 million denars less than in 2021. Furthermore, over the last five years, this is the lowest amount of expenses these television stations have incurred.

Figure 32: Trends in total costs of local television stations over the past five years



The highest costs, amounting to almost the same as in 2021, were incurred for salaries and other compensation for individuals directly involved in program production. Namely, in 2022, 10.78 million denars were spent for this purpose, with more than half (6.26 million denars) being incurred by four television stations – Plus (2.46 million denars), Protel (1.45 million denars), G-TV (1.31 million denars) and Kaltrina (1.04 million denars).

The other program production costs (material and non-material costs) amounted to 5.08 million denars, while the content procurement accounted for 0.37 million denars.

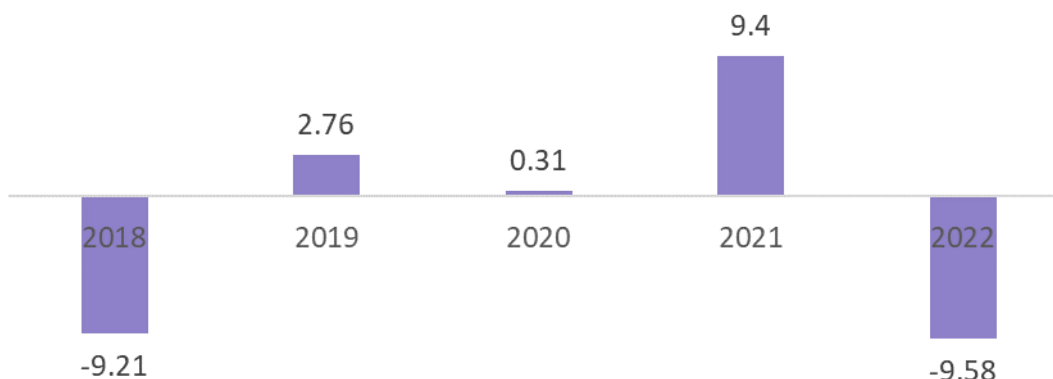
Table 19: Structure of costs of local television stations

| | Amount (in million denars) |
|--|---------------------------------------|
| Material costs | 2.59 |
| Program procurement costs | 0.37 |
| Non-material costs (services) | 2.48 |
| Salaries and other compensations for individuals directly involved in program production | 10.78 |
| Direct program creation costs | 16.22 |
| Salaries and other compensations for individuals not directly involved in program production | 0.15 |
| Equipment depreciation | 1.20 |
| Depreciation of rights and licenses | 0.00 |
| Rent and other overhead costs | 0.60 |
| Other operating expenses | 1.40 |
| Total operating expenses | 19.57 |
| Expenditure from other activities | 0.01 |
| Extraordinary expenditure | 0.18 |
| Total operating expenses | 19.76 |

Only G-TV achieved a profit in 2022, but it was an insignificant amount of only 0.03 million denars. The remaining television stations operated at a loss.

In contrast to the profit of 9.4 million denars that local television stations generated in 2021, their loss in 2022 amounted to almost the same, specifically 9.58 million denars. This is the worst financial result of the performance of local television stations during the period from 2018 to 2022.

Figure 33: Financial performance result of local television stations over the past five years



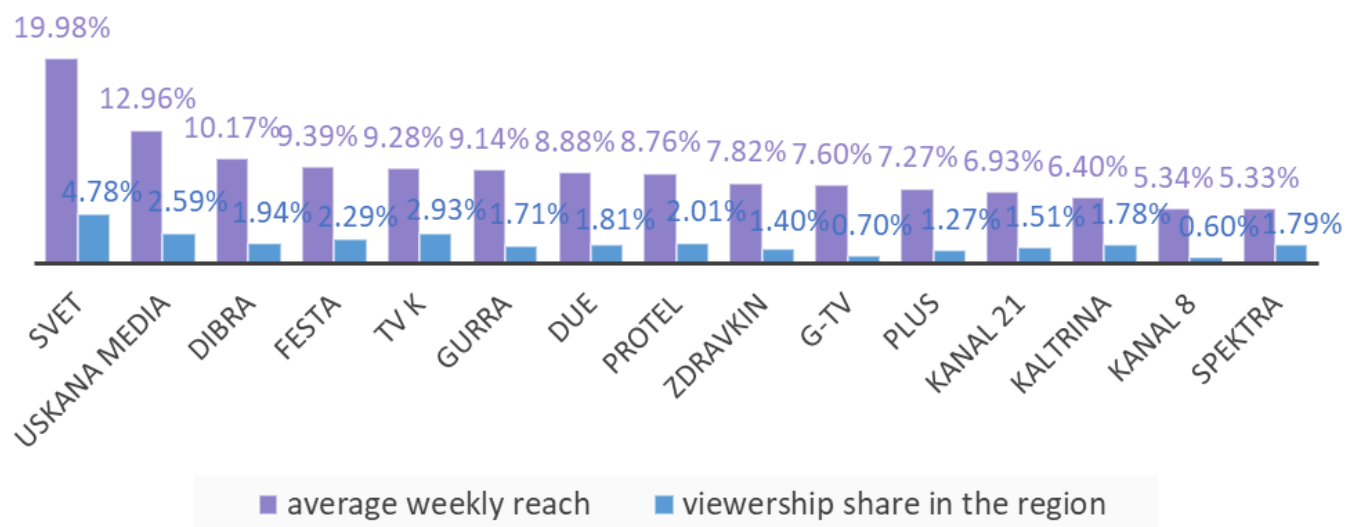
The average number of employees in regular employment remained the same as the previous year, at 37 individuals. At the end of the year, the total number of employees in regular employment was 38, while the total number of freelancers was 64 individuals.

Table 20: Average and total number of employees in local television stations

| | Average number of employees in regular employment | Total number of employees on 31.12.2022 | |
|-----------------|---|---|-----------|
| | | regular employment | freelance |
| Festa TV | 1 | 1 | 6 |
| TV K | 2 | 2 | 3 |
| Kanal 8 TV | 2 | 2 | 4 |
| Protel TV | 4 | 4 | 2 |
| Zdravkin TV | 1 | 1 | 5 |
| Svet TV | 1 | 1 | 5 |
| Kaltrina TV | 3 | 5 | 6 |
| Spektra TV | 1 | 2 | 3 |
| Dibra TV | 3 | 3 | 6 |
| Gurra TV | 1 | 1 | 5 |
| Due TV | 3 | 3 | 3 |
| G-TV | 6 | 4 | 2 |
| Plus TV | 7 | 7 | 4 |
| Uskana media TV | 1 | 2 | 5 |
| News TV | 1 | 0 | 5 |
| Total | 37 | 38 | 64 |

Svet and Uskana Media had the highest average weekly reach and the largest viewership share in the region where they broadcast their programs.

Figure 34: Average weekly reach and viewership share in the region for local television stations



STATE-LEVEL RADIO STATIONS

The total revenues of Antenna 5, Kanal 77, Metropolis and Jon amounted to 71.55 million denars, representing the highest revenues generated in this segment of the radio market from 2018 to 2022. Compared to the previous year, these revenues increased by 11%.

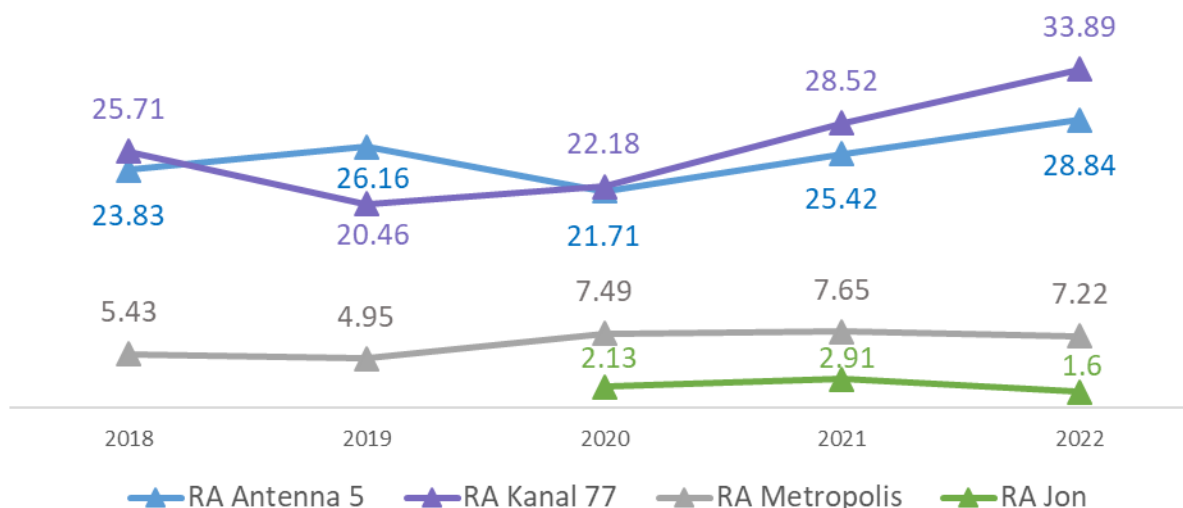
Figure 35: Trends in total revenues of state-level radio stations
between 2018 and 2022



Almost half of the total funds come from the revenues of Kanal 77, amounting to 33.89 million denars. Except for 2019, this radio station consistently generated the highest revenues compared to other entities in this market over the past five years. The revenues of Antenna 5 amounted to 28.84 million denars, Metropolis had revenues of 7.22 million denars, while Jon had revenues of 1.6 million denars.

Compared to the previous year, the total revenues increased for Antenna 5 and Kanal 77 (by 5.37 million denars and 3.42 million denars, respectively), while they decreased for Metropolis and Jon (by 0.43 million denars and 1.31 million denars, respectively).

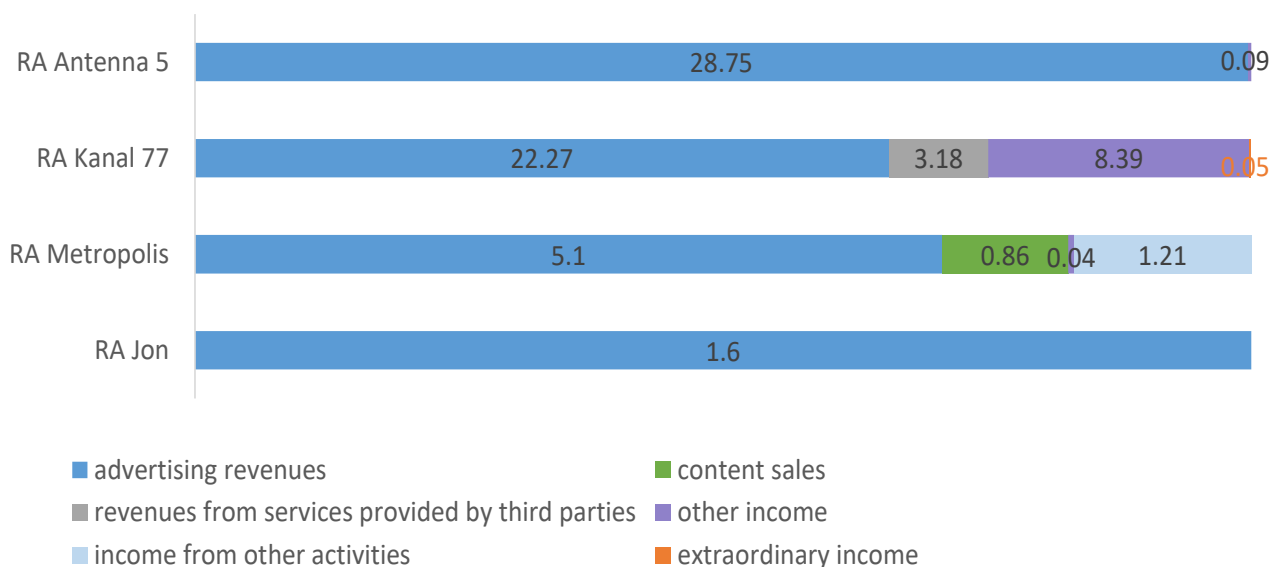
Figure 36: Trends in individual revenues of state-level radio stations
over the past five years



The main funding source for all four radio stations was the sale of advertising airtime.

For Antenna 5, advertising accounted for 99.7% of total revenues, for Kanal 77 it was 65.7%, for Metropolis it was 70.6% and for Jon 100% of the revenues were generated from advertising. Antenna 5 had the largest share of advertising revenues among the four radio stations, accounting for 49.8%, with a total amount of 28.75 million denars.

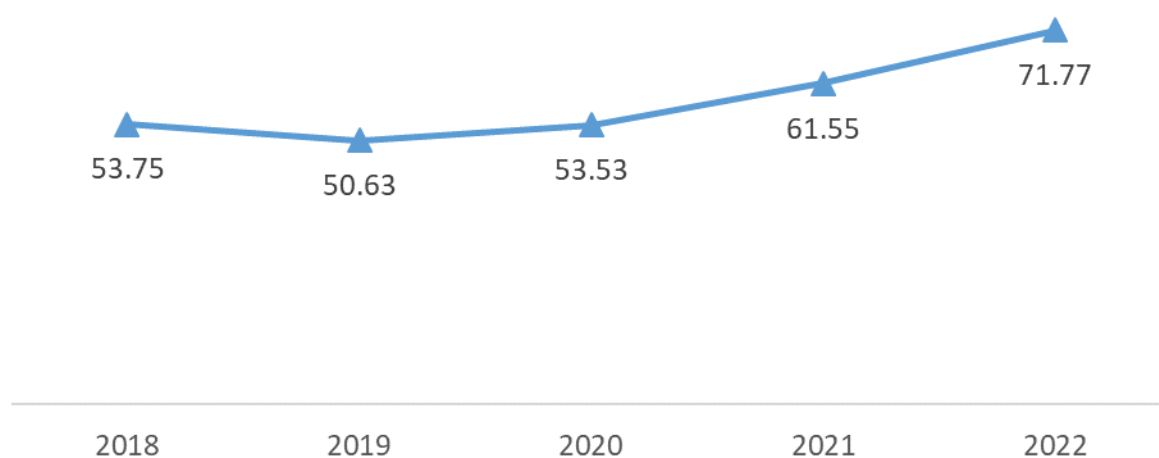
Figure 37: Structure of revenues for state-level radio stations



In the analysed year, the four radio stations received a donation from the Agency, which consisted of a 50% reduction in their radio broadcasting license fee in 2022, total amount of 1.38 million denars for all four radios.

The costs incurred by the radio stations amounted to 71.77 million denars. Over the past five years, total costs only decreased in 2019 compared to 2018 (by 5.8%). Since 2019, they have been continuously increasing.

Figure 38: Trends in total costs of state-level radio stations over the past five years



The majority of the costs (63% of total costs) were direct costs for program creation, i.e. program production costs (covering material costs, non-material costs and salaries for individuals directly involved in program production) and content procurement costs.

Antenna 5 accounted for the entire amount spent on content procurement, total amount of 1.24 million denars.

For program production, Kanal 77 allocated 26.79 million denars, Antenna 5 allocated 9.79 million denars, Jon allocated 4.04 million denars and Metropolis allocated 3.48 million denars.

Table 21: Structure of expenses of state-level radio stations

| | Amount (in million denars) |
|--|-------------------------------|
| Material costs | 14.34 |
| Program procurement costs | 1.24 |
| Non-material costs (services) | 13.89 |
| Salaries and other compensations for individuals directly involved in program production | 15.87 |
| Direct program creation costs | 45.34 |
| Salaries and other compensations for individuals not directly involved in program production | 3.12 |
| Equipment depreciation | 5.88 |
| Depreciation of rights and licenses | 0.00 |
| Rent and other overhead costs | 5.27 |
| Other operating expenses | 9.70 |
| Total operating expenses | 69.32 |
| Expenditure from other activities | 0.31 |
| Extraordinary expenditure | 2.14 |
| Total operating expenses | 71.77 |

Antenna 5 (1.62 million denars), Kanal 77 (0.16 million denars) and Metropolis (0.05 million denars) achieved profits in the analysed year, while Jon operated at a loss (of 2.44 million denars). From 2018 to 2022, except for Radio Jon, which incurred losses each year, the other radio stations consistently reported profits, with Antenna 5 consistently having the highest profit.

Figure 39: Financial performance result of state-level radio stations over the past five years

| | Antenna 5 | Kanal 77 | Metropolis | Jon |
|-------------|-----------|----------|------------|-------|
| 2018 | 0.37 | 0.33 | 0.1 | / |
| 2019 | 1.9 | 0.19 | 0.04 | -1.75 |
| 2020 | 2.04 | 0.02 | 1.65 | -4.26 |
| 2021 | 4.3 | 0.4 | 1.02 | -3.65 |
| 2022 | 1.62 | 0.16 | 0.05 | -2.44 |

The total number of employees on 31.12.2022 was 69, while the average number of employees in regular employment was 46. Kanal 77 had the highest number of employees in regular employment at the end of the year (17 employees), while Jon had the highest number of freelancers (9 individuals).

Table 22: Average and total number of employees in state-level radio stations

| | Average number of employees in regular employment | Total number of employees on 31.12.2022 | |
|--------------|---|---|-----------|
| | | regular employment | freelance |
| Antenna 5 | 15 | 15 | 6 |
| Kanal 77 | 17 | 17 | 2 |
| Metropolis | 10 | 12 | 4 |
| Jon | 4 | 4 | 9 |
| Total | 46 | 48 | 21 |

The most listened-to radio station was Antenna 5, with 10.4% of respondents stating that they had listened to it during the previous day (average daily reach), and 21.5% stating that they had listened to it during the previous week (average weekly reach).

Figure 40: Average daily and weekly reach of state-level radio stations

Daily reach:

- Antenna 5 – 10.4%
- Kanal 77 – 7.2%
- Metropolis - 1.8%
- Jon – 1.1%



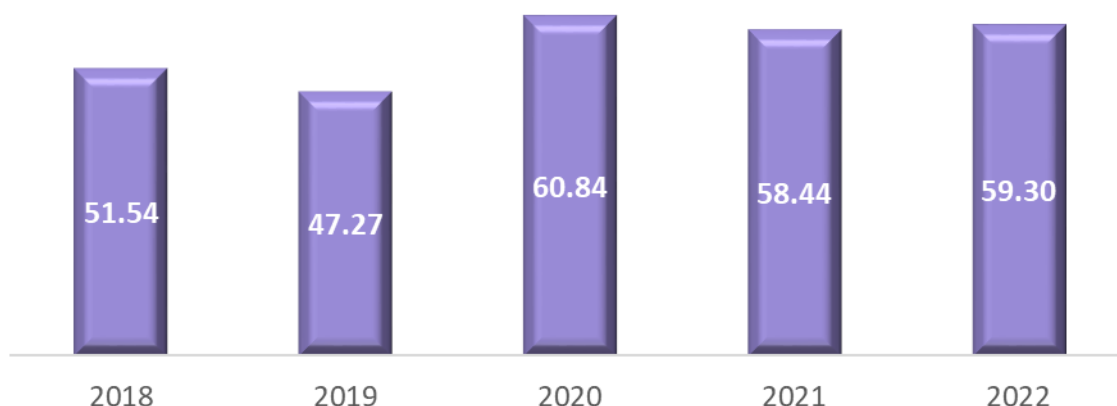
Weekly reach:

- Antenna 5 – 21.5%
- Kanal 77 – 15%
- Metropolis - 4.3%
- Jon – 3.1%

REGIONAL RADIO STATIONS

In 2022, the 16 regional radio stations²¹ together generated revenues amounting to 59.30 million denars. Over the past five years, they reported higher total revenues only in 2020, but it was an insignificant amount of 1.54 million denars.

Figure 41: Trends in the total revenues of regional radio stations between 2018 and 2022



This year, the highest revenues were generated by Buba Mara, with an amount of 14.70 million denars, which is 4.29 million denars more than the previous year. The lowest revenues were generated by Lider, amounting to only 0.08 million denars.

Radio stations were mainly funded through the sale of advertising airtime. Among the commercial radio stations, Buba Mara generated the highest revenues on these grounds, with 9.19 million denars, followed by Sportsko Radio 90.3FM with 7.94 million denars. Only Jazz FM had more extraordinary revenues than advertising revenues.

²¹ At the beginning of the year, there were 17 regional radio stations broadcasting programs at the regional level. In July, the license of the radio station Capitol FM ceased to be valid, and as a result, the Agency does not have data on its financial performance during its operations.

Table 23: Total revenues and advertising revenues of regional radio stations

| | total revenues | advertising revenues |
|------------------|---------------------------|---------------------------------|
| Arachina | 1.43 | 1.42 |
| Buba Mara | 14.70 | 9.19 |
| Vat | 4.44 | 4.43 |
| Zona M-1 | 0.79 | 0.79 |
| Urban | 1.20 | 1.18 |
| Club FM | 2.44 | 2.43 |
| Life FM | 2.82 | 2.82 |
| Rosa AB | 0.95 | 0.89 |
| RFM | 0.42 | 0.40 |
| City | 5.30 | 5.16 |
| Sky | 5.06 | 4.96 |
| Lider | 0.08 | 0.08 |
| Sportsko 90.3 FM | 9.23 | 7.94 |
| Student FM 92.9 | 3.84 | 0.00 |
| Fortuna | 6.02 | 6.02 |
| Jazz FM | 0.58 | 0.07 |

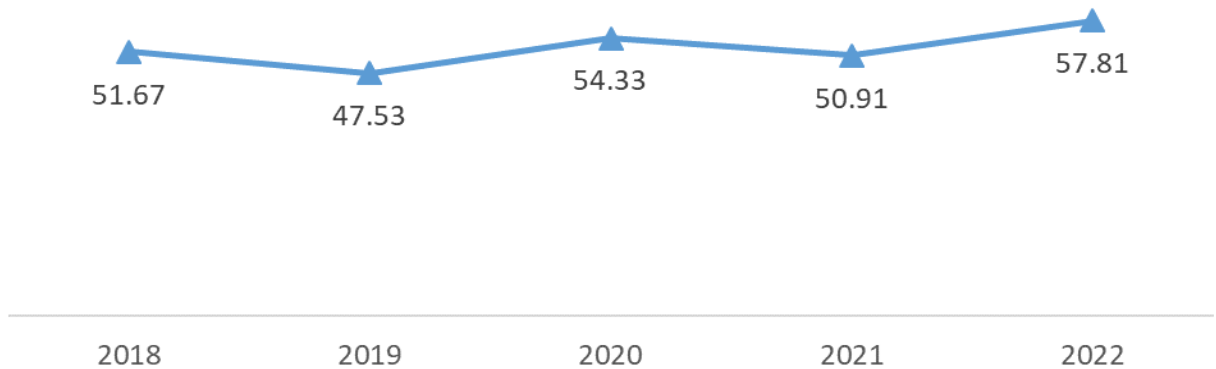
The realized funds from the "other revenues" category accounted for nearly 9% of the structure of revenues, amounting to 5.18 million denars in absolutes.

Apart from advertising and other revenues, only Buba Mara (4.80 million denars from services provided to third parties), RFM (0.02 million denars from content sales), Sportsko Radio 90.3 FM (1.01 million denars from sponsorships), and Jazz FM (0.51 million denars from extraordinary revenues) generated revenue from other sources.

In comparison to 2021, the following radio stations - Buba Mara, Club FM, Life, RFM, Sky, Sportsko Radio 90.3 FM and Fortuna generated higher revenues in 2022. Others experienced a decline in revenues.

In 2022, the regional radios incurred the highest expenses from 2018 until now, amounting to 57.81 million denars.

Figure 42: Trends in the total costs of the regional radio stations between 2018 and 2022



They spent the most funds on salaries and other compensations for individuals directly involved in program production, total amount of 28.76 million denars. More than half of these expenses were incurred by Buba Mara (5.38 million denars), Sportsko Radio 90.3 FM (5.26 million denars), and Fortuna (4.74 million denars). The remaining program production costs (material and non-material costs) amounted to 9.20 million denars.

Only five radio stations - Club FM, City, Sportsko Radio 90.3 FM, Fortuna and Jazz FM - had expenses for content procurement.

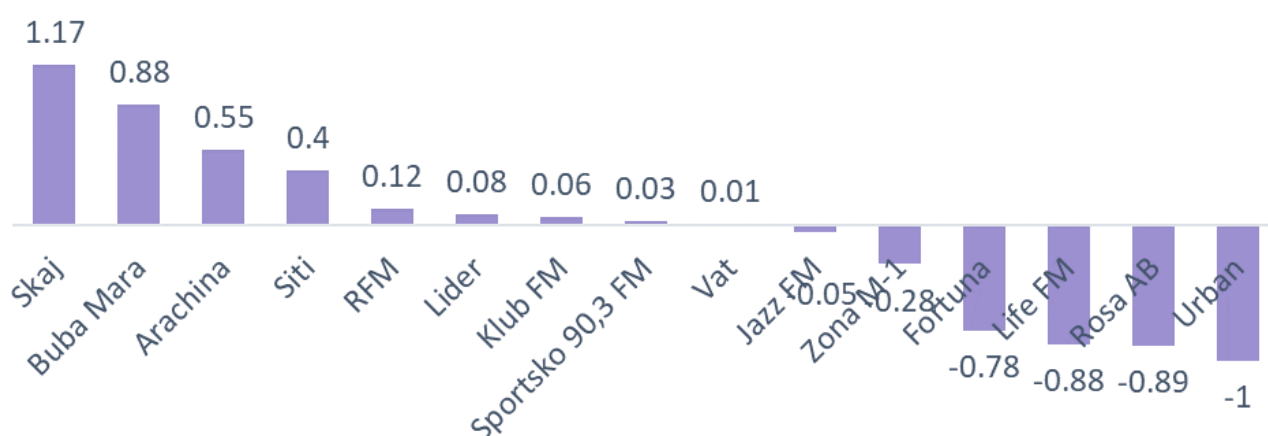
Table 24: Structure of costs of regional radio stations

| | Amount (in million denars) |
|--|-------------------------------|
| Material costs | 3.29 |
| Program procurement costs | 3.50 |
| Non-material costs (services) | 5.91 |
| Salaries and other compensations for individuals directly involved in program production | 28.76 |
| Direct program creation costs | 41.45 |
| Salaries and other compensations for individuals not directly involved in program production | 5.08 |
| Equipment depreciation | 1.95 |
| Depreciation of rights and licenses | 0.11 |
| Rent and other overhead costs | 2.46 |
| Other operating expenses | 6.65 |
| Total operating expenses | 57.70 |
| Expenditure from other activities | 0.11 |
| Extraordinary expenditure | 0.00 |
| Total operating expenses | 57.81 |

The collective financial performance result of these radio stations was a loss of 0.58 million denars. Nine commercial radio stations achieved a profit from their performance, while six incurred losses.

This year, the highest profit was achieved by Sky (1.17 million denars). The largest loss was incurred by Urban FM (one million denars).

Figure 43: Financial performance result of regional radio stations



The average number of employees in regular employment was 48. The radio station with the highest number of employees was Sportsko Radio 90.3 FM (seven individuals), while the most freelancers were engaged by Zona M-1 and Lider (ten individuals each).

Table 25: Average and total number of employees in regional radio stations

| | Average number of employees in regular employment | Total number of employees on 31.12.2022 | |
|-----------|---|---|-----------|
| | | regular employment | freelance |
| Arachina | 1 | 1 | 5 |
| Buba Mara | 6 | 6 | 6 |
| Vat | 4 | 4 | 4 |
| Zona M-1 | 1 | 1 | 10 |
| Urban | 3 | 3 | 2 |
| Club FM | 5 | 5 | 2 |
| Life FM | 4 | 3 | 2 |

| | | | |
|----------------------------------|-----------|-----------|-----------|
| Rosa AB | 2 | 2 | 3 |
| RFM | N/A | 0 | 8 |
| City | 5 | 5 | 3 |
| Sky | 4 | 4 | 2 |
| Lider | 0 | 0 | 10 |
| Sportsko Radio 90.3 FM | 7 | 7 | 3 |
| University Radio STUDENT FM 92.9 | 0 | 0 | 7 |
| Fortuna | 5 | 6 | 0 |
| Jazz FM | 1 | 1 | 4 |
| Total | 48 | 48 | 71 |

The three most listened to regional radio stations in 2022 were Buba Mara, Fortuna, and City.

Table 26: Average weekly reach of regional radio stations

| radio station | average weekly reach | radio station | average weekly reach |
|---------------------------|----------------------|--------------------|----------------------|
| RA Buba Mara | 15.2% | RA Rosa AB | 2.5% |
| RA Fortuna | 11.6% | RA Club FM | 0.8% |
| RA City | 11.0% | RA Urban | 0.4% |
| RA Sky | 9.7% | RA Lider | 0.4% |
| RA Zona M-1 | 6.5% | RA Jazz FM | 0.4% |
| RA Vat | 3.4% | RA Capitol | 0.4% |
| RA Sportsko Radio 90.3 FM | 3.0% | RA Student FM 92.9 | 0.2% |
| RA Life FM | 2.9% | RA RFM | 0.0% |
| RA Arachina | 2.5% | | |

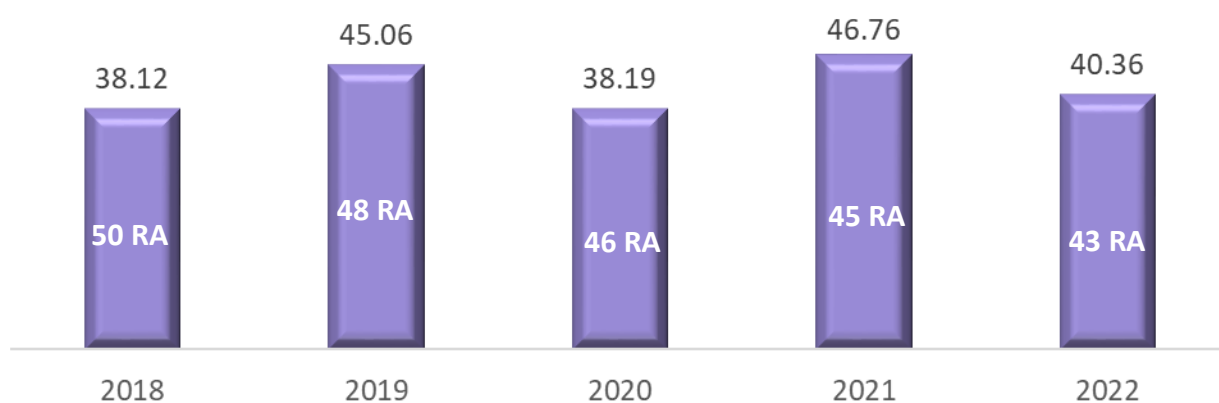
LOCAL RADIO STATIONS

At the beginning of the year, a total of 45 radio stations were broadcasting at local level. In July 2022, the license of Lav radio ceased to be valid, and in January 2023, the license of Sky Radio Plus also ceased to be valid. As a result, the Analysis covers data on the economic performance of 43 local radio stations.

The total revenues of these radio stations amounted to 40.36 million denars, which is 14% lower than the previous year. This difference is mainly due to the revenues generated by the radio stations in 2021 from paid political advertising (amounting to 3.21 million denars) and financial assistance to cover the license fees (amounting to 0.96 million denars).

In 2022, the Agency reduced the amount of funds that local radio stations had to pay for broadcasting licenses by 50%, total amount of 0.42 million denars.

Figure 44: Trends in the total revenues of local radio stations between 2018 and 2022



The Kavadarci radio station generated the highest revenues, amounting to 5.07 million denars, of which 2.10 million denars were from advertising, 1.77 million denars from other revenues, and 1.20 million denars from other activities. Impuls had the lowest revenues among commercial radio stations, amounting to 0.03 million denars, while Uskana-Plus did not generate any revenue.

Among the three non-profit radio stations (University Radio UKLO FM, University Radio UGD FM and Marija-Blagovest), only Marija-Blagovest reported revenues, amounting to 3.32 million denars.

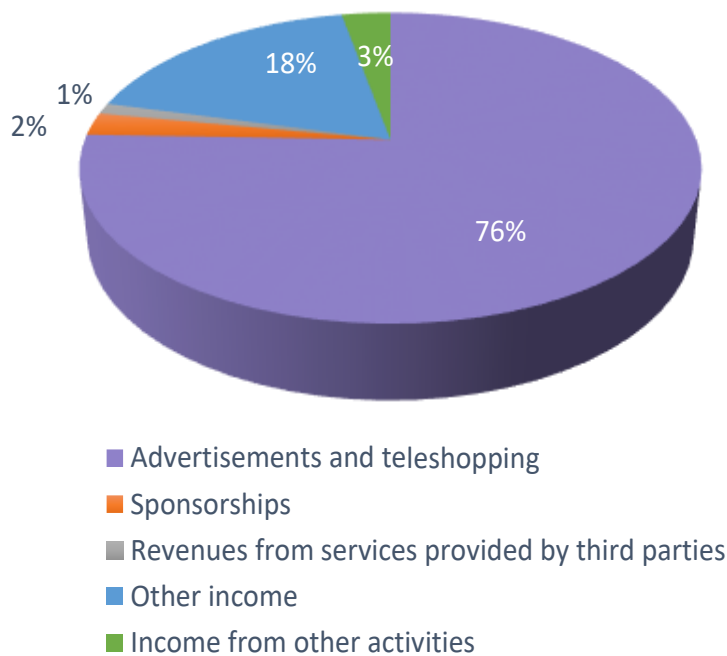
The sale of advertising airtime was the main source of revenue for almost all local radio stations. Namely, the share of advertising revenue in total revenue was less than 50% for only three stations: Balkan FM (27% of revenues were from advertising), Kavadarci (42% were from advertising) and Red FM (46% generated from advertising).

Table 27: Total revenues and advertising revenues of local commercial radio stations

| RADIO STATIONS | Total revenues | Advertising revenues | RADIO STATIONS | Total revenues | Advertising revenues |
|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| 106 | 1.25 | 1.12 | Puls | 1.01 | 1.00 |
| B-97 | 0.46 | 0.38 | Super | 2.05 | 2.05 |
| Valandovo | 0.45 | 0.42 | Choki | 0.29 | 0.29 |
| Goldi | 0.68 | 0.68 | Meff | 1.08 | 1.08 |
| Merak 5 FM | 0.34 | 0.34 | Holidej | 1.73 | 1.73 |
| La Kosta | 0.24 | 0.13 | Pela | 0.98 | 0.81 |
| Kometa | 0.67 | 0.63 | Eko | 0.18 | 0.18 |
| PRO-FM | 0.31 | 0.21 | Modea | 0.40 | 0.31 |
| Balkan FM | 0.39 | 0.10 | Sveti Nikole | 1.41 | 1.21 |
| Time | 1.51 | 1.44 | Play | 1.23 | 0.96 |
| Zora | 0.43 | 0.43 | Rrapi | 1.03 | 0.69 |
| Galaksi-2002 | 0.91 | 0.91 | Ekspres | 2.22 | 2.21 |
| Kavadarci | 5.07 | 2.10 | Hit | 1.25 | 1.25 |
| Aleksandar Makedonski | 0.11 | 0.09 | Bleta | 0.96 | 0.82 |
| Akord | 0.24 | 0.24 | Kiss | 0.75 | 0.42 |
| Medison | 0.14 | 0.14 | Plus Forte | 0.64 | 0.64 |
| Uskana-Plus | 0.00 | 0.00 | Radio 7 | 1.46 | 0.99 |
| Kochani FM | 1.13 | 1.07 | Red FM | 0.25 | 0.11 |
| Bum | 1.57 | 1.01 | Angels | 1.77 | 1.76 |
| Jehona FM | 0.45 | 0.43 | Impuls | 0.03 | 0.02 |

The share of "other income" in the total revenues of local radio stations was 18% (7.22 million denars), while the share of sponsorship revenues, revenues provided by third parties and other activities was negligible.

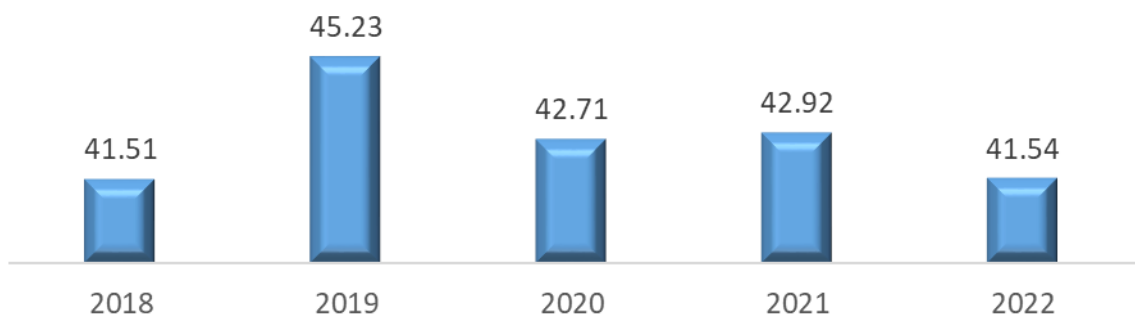
Figure 45: Structure of revenues of local radio stations



The total expenses of local radio stations amounted to 41.54 million denars. The Kavadarci radio station had the highest expenses, total amount of 4.49 million denars, of which 59% were for employee salaries.

Uskana Plus and University Radio UGD FM did not report any operating expenses.

Figure 46: Trends in the total costs of local radio stations between 2018 and 2022



Similar to previous years, the cost of salaries for individuals directly involved in program production remains the highest item in the structure of costs of local radio stations (50%). University Radio UKLO FM allocated the most funds for this purpose (1.84 million denars), while among the commercial radios, Super radio station allocated the highest amount (1.50 million denars).

Table 28: Structure of costs of local radio stations

| | Amount (in million denars) |
|--|---------------------------------------|
| Material costs | 5.85 |
| Program procurement costs | 0.85 |
| Non-material costs (services) | 4.68 |
| Salaries and other compensations for individuals directly involved in program production | 20.90 |
| Direct program creation costs | 32.28 |
| Salaries and other compensations for individuals not directly involved in program production | 3.31 |
| Equipment depreciation | 1.00 |
| Depreciation of rights and licenses | 0.00 |
| Rent and other overhead costs | 1.21 |
| Other operating expenses | 3.03 |
| Total operating expenses | 40.83 |
| Expenditure from other activities | 0.70 |
| Extraordinary expenditure | 0.01 |
| Total operating expenses | 41.54 |

In 2022, the radio stations together generated a positive financial result amounting to 0.59 million denars. 27 radio stations operated with a profit, while 13 reported losses from their operations. Marija-Blagovest had the highest profit (1.08 million denars), while B-97 had the highest loss (0.44 million denars).

The number of employees in regular employment was 81, which is ten fewer than the previous year. On the other hand, there were 91 freelancers, three more than in 2021. The average number of employees in regular employment was 76.

Table 29: Average and total number of employees in local radio stations

| radio station | Average number of employees in regular empl. | Total number of employees on 31.12.2022 | | radio station | Average number of employees in regular empl. | Total number of employees on 31.12.2022 | |
|--------------------------|--|---|-----------|-------------------------|--|---|-----------|
| | | regular empl. | freelance | | | regular empl. | freelance |
| RA 106 | 3 | 3 | 2 | RA Super | 4 | 4 | 0 |
| RA B-97 | 1 | 2 | 4 | RA 5 Choki | 1 | 1 | 2 |
| University Radio UKLO FM | 3 | 3 | 0 | RA Meff | 1 | 1 | 3 |
| RA Valandovo | 1 | 1 | 2 | RA Holidej | 3 | 3 | 1 |
| RA Goldi | 1 | 1 | 4 | RA Pela | 3 | 3 | 0 |
| RA Merak 5 FM | N/A | 1 | 3 | RA Eko | 1 | 1 | 3 |
| RA La Kosta | 1 | 1 | 3 | RA Modea | 1 | 1 | 2 |
| RA Kometa | 1 | 1 | 2 | RA Sveti Nikole | 3 | 2 | 1 |
| RA PRO-FM | 1 | 1 | 3 | RA Play | 2 | 2 | 1 |
| RA Balkan FM | 2 | 2 | 1 | RA Rrapi | 2 | 3 | 0 |
| RA Time | 4 | 4 | 2 | RA Ekspres | 4 | 4 | 0 |
| RA Zora | 1 | 2 | 2 | RA Hit | 3 | 3 | 2 |
| RA Galaksi-2002 | 2 | 3 | 2 | RA Bleta | 1 | 2 | 2 |
| RA Kavadarci | 2 | 2 | 3 | RA Kiss | 2 | 2 | 2 |
| RA Aleksandar Makedonski | 1 | 1 | 2 | RA Plus Forte | 1 | 1 | 2 |
| RA Akord | 1 | 1 | 4 | Radio 7 | 1 | 1 | 3 |
| RA Medison | 1 | 1 | 2 | RA Red FM | 1 | 1 | 3 |
| RA Uskana-Plus | N/A | 0 | 4 | RA Angels FM | 4 | 4 | 0 |
| RA Kochani FM | 3 | 3 | 2 | University Radio UGD FM | 4 | 4 | 0 |
| RA Bum | 1 | 1 | 5 | RA Marija-Blagovest | 2 | 2 | 2 |
| RA Jehona FM | 1 | 1 | 2 | RA Impuls | N/A | 0 | 5 |
| RA Puls | 1 | 1 | 3 | Total | 76 | 81 | 91 |

According to the data on the reach of radio stations and the total viewership share of television stations in 2022, the most listened-to radio station was Time, with an average weekly reach of 31.9%.

Table 30: Average weekly reach of local radio stations

| Radio station | Average weekly reach | Radio station | Average weekly reach |
|------------------|----------------------|---------------------|----------------------|
| RA 106 | 11.1% | RA Super | 17.4% |
| RA B-97 | 4.8% | RA 5 Choki | 2.7% |
| RA UKLO FM | 1.6% | RA Meff | 11.5% |
| RA Valandovo | 20.6% | RA Holidej | 17.0% |
| RA Goldi | 7.2% | RA Pela | 13.0% |
| RA Merak 5 FM | 9.6% | RA Eko | 12.7% |
| RA La Kosta | 23.3% | RA Modea | 14.4% |
| RA Kometa | 5.0% | RA Sveti Nikole | 13.2% |
| RA PRO-FM | 7.1% | RA Play | 7.1% |
| RA Balkan FM | 5.6% | RA Rrapi | 6.4% |
| RA Time | 31.9% | RA Ekspres | 8.1% |
| RA Zora | 13.3% | RA Hit | 9.7% |
| RA Galaksi-2002 | 6.9% | RA Bleta | 20.8% |
| RA Kavadarci | 31.2% | RA Kiss | 6.8% |
| RA A. Makedonski | 9.1% | RA Plus Forte | 5.0% |
| RA Akord | 8.7% | RA Radio 7 | 4.4% |
| RA Medison | 5.3% | RA Red FM | 4.4% |
| RA Uskana-Plus | 6.4% | RA Angels FM | 13.6% |
| RA Kochani FM | 12.5% | RA UGD FM | 1.8% |
| RA Bum | 11.4% | RA Marija-Blagovest | 3.5% |
| RA Jehona FM | 6.5% | RA Impuls | 14.2% |
| RA Puls | 7.4% | | |

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