



**MAKEDONSKI TELEKOM AD SKOPJE**

**Explanation on the operation for the period**

**January – March 2026**



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## Chief Executive Officer's Statement

"And in the first quarter of 2026 the focus remains on the latest technologies and best customer experience. We continue further with excellent financial results, strong investments for building key infrastructure and accelerating the digitalization of the country.

Apart from all global economic challenges 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.

## Analysis of the financial results

Makedonski Telekom in the first quarter of 2026 continued with the excellent results. This is an outcome of the successful operations, focus on the modernization and expanding of the network infrastructure and pioniring in the implementation of the latest technologies, aiming towards best customers' experience.

**Growth of the sales revenues by 5.8%.** The sales revenues at the end of the first quarter of 2026 marked an increase by 5.8% compared to the same period of the previous year and amounted to MKD 3,114 millions.

In the scope of the revenues from core business there is increase by 4.3% in the fix services and growth by 6.5% in the mobile segment compared to the same period of the previous year, while the system integration revenues marked significant increase by 17.1%.

**Increase of EBITDA by 2.8%.** The Earnings before interest, taxation, depreciation and amortization (EBITDA) in the first quarter of 2026 amounts MKD 1,311 millions. It is increased by 2.8% compared to the same period of the previous year due to the increased sales revenues.

**The EBITDA margin** in the first quarter of 2026 has decreased by 1.2 p.p. and amounts 41.8% compared to 43.0% at the end of the same period of the previous year.

**Growth of the Net income by 0.6%.** As a result of the movements of the revenues and costs as well as the financial incomes and expenses the Net profit for the first quarter of 2026 has increased by 0.6% compared to the same period of the previous year and amounts MKD 545 millions. The increase is a result of the increased sales revenues partially off set by increased operating expenses and decreased financial revenues derived from the financial assets' fair value (shares in the other Macedonian companies) stated through profit and loss.



<i>In MKD millions</i>	<i>2025 Jan - Dec</i>	<i>2026 Jan - Mar</i>	<i>Change YoY</i>
(1) Total Operating revenues	2.962	3.139	6,0%
(2) Sales revenues	2.943	3.114	5,8%
(3) Total Operating expenses	2.346	2.497	6,4%
(4) Electricity cost	91	82	-9,8%
(5) Depreciation and amortization	659	669	1,5%
(6) = (3) - (5) Operating expenses excluding Depreciation and amortization	1.687	1.828	8,3%
<b>(7) = (1) - (6) Earning before interest, taxation, depreciation and amortization (EBITDA)</b>	<b>1.275</b>	<b>1.311</b>	<b>2,8%</b>
(7a) = (7) / (1) EBITDA margin in %	43,0%	41,8%	-3,0%
<b>(8) = (1) - (3) Operating Profit (Earning before interest and taxation - EBIT)</b>	<b>616</b>	<b>642</b>	<b>4,3%</b>
(9) Financial incomes	17	7	-61,6%
(10) Financial expenses	23	33	43,3%
(11) income tax	67	70	4,1%
<b>(12) = (8) - (9) - (10) - (11) Net Profit</b>	<b>542</b>	<b>545</b>	<b>0,6%</b>

## Analysis and explanation of the revenues

The overall analysis refers to the Unaudited Income Statement of Makedonski Telekom (MKT) for the period 01.01.2026 - 31.03.2026, prepared in accordance with the International Financial Reporting Standards (IFRSs).

### Mobile services

#### Mobile voice and non-voice services

On the mobile market, MKT has a **market share of 48.1%** (internal estimation, compared to 47.8% at the end of the same period of the previous year). The subscribers' base at the end of the first quarter of 2026 amounts to 1,284 thousand subscribers and it is increased by 1.9% compared to the same period of the previous year.

At the end of the first quarter of 2026, the revenues from **mobile retail voice and mobile non-voice services** marked an increase by 6.7% compared to the same period of the previous year.

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

#### Wholesale voice services

The revenues from **wholesale voice services** at the end of the first quarter of 2026 are decreased by 3.6% compared to the same period of the previous year. The decline is due to lower volume of incoming international traffic supported by the decrease in volume of traffic in I2M (Internet to Machine) and M2M (Machine to Machine) along with the effect on revenue from Western Balkan roaming regulation.



### *Sales of equipment*

The revenues from the sale of equipment at the end of the first quarter of 2026 have increased by 9.2% compared to the same period of the previous year as a result of the increase of revenues from sale of handsets, due to higher quantity of sold equipment and higher average sale price.

### *The blended ARPU (Average Revenue Per User)*

The blended ARPU for voice and non-voice services at the end of the first quarter of 2026 marked an increase by 4.8% compared to the same period of the previous year amounting to MKD 413.

### *Fixed services*

#### *Fixed voice and non-voice services*

MKT maintains the **leading position on the fixed voice market with 63.1%** (internal estimation compared to 62.2% at the end of the same period of the previous year).

The **voice retail revenues** in the first quarter of 2026 in the fixed segment voice services are stable compared to the same period of the previous year.

At the end of the first quarter of 2026 the number of customers in the fix voice (including the customers using the convergent services) marked an increase by 2.3% compared to the same period of the previous year reaching 239 thousand customers at the end of the first quarter of 2026.

At the end of the first quarter of 2026, **the number of total BB accesses** (including the customers using the convergent services) is increased by 3.0% and amounts 250.8 thousand compared to 243.5 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 quarter of 2026 has increased by 3.5% and amounts 226.5 thousand compared to 218.7 thousand at the end of the same period of the previous year. The **broadband Internet market share** at the end of the first quarter of 2026 **amounts to 50.0%** (internal estimation, compared to 49.6% at the end of the same period of the previous year). The investments in the optic network have resulted in a continuous increase of the number of accesses to the optic network in the country. At the end of the first quarter of 2026 Makedonski Telekom has enabled more than 377 thousand accesses to the optic network which is an increase by 7.6% compared to the same period of the previous year.

The **revenues from retail Internet** at the end of the first quarter of 2026 have increased by 9.3% compared to the same period of the previous year.

Regarding the **TV market**, MKT has a leading position with **market share of 38.4%** of the total TV market (internal estimation, compared to 36.5% 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 quarter of 2026 achieved an increase of the number of IPTV customers (including Magenta1, 3 Play and other TV services) by 6.1% compared to the same period of the previous year, which has resulted in a customer base of 171 thousand customers at the end of the first quarter of 2026.

**TV revenues (digital television via Internet protocol "IPTV")** at the end of the first quarter of 2026 have increased by 9.1% 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 quarter of 2026 declined by 7.3% 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 quarter of 2026 have increased by 17.1% compared to the same period of the previous year, mostly as a result of the different ICT projects realization dynamics.

### *Detailed explanation of the expenses*

#### *Operating expenses*

On the cost side, at the end of the first quarter of 2026, the operating expenses are increased by 6.5% compared to the same period of the previous year, mostly due to increase of cost of trading goods sold, cost for services, employee related expenses as well as other operating expenses.

**The cost of trading goods sold** is increased by 15% in line with the increased equipment sales as well as the higher average cost on the sold equipment at the end of the first quarter of 2026 compared to the same period of the previous year.

**The cost for services** at the end of the the first quarter of 2026 is increased by 8.8% compared to the same period of the previous year mainly due to increase of cost for marketing, cost for billing and collection of receivables, maintenance cost for telecommunication equipment compensated with the decreased cost for electricity and IT maintenance.

The **employee related expenses** at the end of the first quarter of 2026 are increased by 3.7% due to higher personal expenses compensated by the lower expenses for the implemented long term incentive programs compared to the same period of the previous year.

#### *Capital expenditures*

The amount of total Capital expenditures (CAPEX), at the end of the first quarter of 2026 is MKD 411 millions compared to MKD 423 millions at the end of the same period of the previous year.



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

The annual inflation rate has decelerated and at the end of February 2026 it was on a level of 2.9% (3.2% in January 2026), as a result of the deceleration of the food component partly due to higher comparison base from the same period of the previous year, when the measures for prices decrease were ceased. The inflation spread compared to the Eurozone marked a decrease, because of deceleration of the domestic inflation compared to the slight acceleration of the inflation rate in the Eurozone. The average inflation rate for 2026 is projected at around 4.5% with the latest IMF country reports and it is on a relatively high level compared to the historical average. The reassessment of the import prices relevant for the inflation, have partially upward trend with emphasized uncertainty and risks of the future dynamics of the global prices on the basic products due to the geopolitical conflicts and climate changes <sup>1</sup>

The ongoing military conflict in Ukraine and the related sanctions targeted against the Russian Federation as well as the other ongoing military conflicts on the Middle East 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

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<sup>1</sup> NBRSM – Latest macroeconomic indicators Current situation overview – March 2026