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HOME MEMBER STATE: Republic of Croatia
REGULATED MARKET SEGMENT: Regular Market of the Zagreb Stock Exchange

Ericsson Nikola Tesla Group

Zagreb, October 28, 2025

Management Report on the Company and Ericsson Nikola Tesla Group business performance with comments on the financial results for the first nine months of 2025

Highlights:

- Sales revenue: EUR 165.6 million
- Gross profit: 12.6%
- Operating profit: EUR 16.0 million
- Profit before tax: EUR 16.5 million
- Net profit: EUR 13.5 million
- Cash flow from operating activities: EUR 13.7 million

Gordana Kovačević, President of Ericsson Nikola Tesla's Management Board, commented:

“In the first nine months of 2025, Ericsson Nikola Tesla achieved stable business results, despite challenging global and regional environment. The total sales revenue amounted to EUR 165.6 million, down by 1.5% year-over-year, due to lower sales in export markets, while the domestic market recorded growth, and services to Ericsson remained stable. Business activities took place in a dynamic market environment, characterized by accelerated use of new technologies, growth in demand for digital services and the need for an increased efficiency of business processes. The Company was focused on strengthening strategic partnerships, development of 5G and advanced ICT solutions, digital transformation of the public sector, and sustainable business.

Ericsson Nikola Tesla continues to play a key role as a technological partner to domestic and regional operators, by participating in the projects of network modernization, digital transformation of public sector and the development of advanced solutions based on artificial intelligence and automation. The sales in the domestic market recorded growth

owing to digital transformation projects in the public sector and modernization of mobile network infrastructure. Telekom operators in Croatia continue to invest in 5G infrastructure, digital services, and optics, aiming to strengthen network capacities and improve user experience. In the Digital Society segment, during Q3 we have signed many contracts with key institutions, such as the Ministry of Justice, Public Administration and Digital Transformation, State Geodetic Administration, and the Ministry of Labor, Pension System, Family and Social Policy.

In export markets, we have continued quality cooperation on mobile networks modernization and maintenance for the operators HT Mostar, Crnogorski Telekom, Ipko Kosovo, and Telekom Kosova. The sales revenue in this market segment declined primarily due to lower sales revenue in Kosovo, because at the end of 2024 we completed a large project of modernization of the overall radio access network of Telekom Kosova.

Sales of services to Ericsson remained stable, confirming the strategic importance of cooperation within the Ericsson Group. Research and Development Center of Ericsson Nikola Tesla (ENT R&D) continues to have an important role in the development of advanced communication technologies and is positioned as one of the most successful within Ericsson global organization. During Q3, 2025, many projects in 5G RAN and Core network are being developed as planned, with a high level of quality and efficiency of delivery. It is particularly significant that ENT R&D has been selected as one of Ericsson's preferred suppliers for next three years in 5G/6G RAN software development. Accordingly, new hiring is planned. In line with technological trends, the Center continues its competence-building program in the field of artificial intelligence (AI) aimed at improving the quality and productivity of software development. This initiative additionally strengthens ENT R&D capacities for future challenges in the development of complex network solutions.

At the end of Q3, we marked the closing of the 24th edition of ENT Summer Camp, one of the significant programs for connecting the academia and the ICT industry. This year's Summer Camp gathered more than 40 students from Croatia and abroad. Over the course of 5 weeks, the students developed 15 innovative projects and were mentored by experienced experts from Ericsson Nikola Tesla. The participants worked on solutions based on state-of-the-art technologies, including Artificial Intelligence (AI), Augmented Reality (AR), Big Data, etc. ENT Summer Camp reaffirms our commitment to the development of young talents and sustainable cooperation with the academia, through which we directly contribute to raising the quality of education in ICT.

Ericsson Nikola Tesla won The Best in Compliance award in the category Best Third-Party Compliance Program, confirming the dedication to ethics, integrity and teamwork in line with the highest business standards. At the conference "IPO as an Opportunity for Long-Term Owners and Growth through the Capital Market", Ericsson Nikola Tesla was awarded for the best compliance with the Corporate Governance Code in 2024 among companies listed on the Regular Market of the Zagreb Stock Exchange. This recognition was awarded as part of the discussion on the importance of transparent and responsible management in the context of capital market. Both recognitions confirm our continuous commitment to transparent, ethical and responsible business performance.

In terms of financial indicators, in the first nine months of 2025, gross profit amounted to EUR 20.9 million, down by 6.1% year-over-year, primarily as a result of increased material and employee costs, and activities aimed at

digitalization and optimization of business operations. Gross margin was 12.6% (first nine months of 2024: 13.3%). Operating profit amounted to EUR 16.0 million, down by 10.7%, with the operating margin amounting to 9.7% (first nine months of 2024: 10.7%). Despite the lower operating profit, net profit increased by 13.7%, and amounted to EUR 13.5 million, as a result of lower income tax. Financial stability is confirmed by a solid balance sheet, with an equity ratio of 42.3%. Cash and cash equivalents, including the short-term financial assets, amounted to EUR 53.5 million, which accounts for 33.7% of the total assets. A positive cash flow from operating activities was generated in the amount of EUR 13.7 million, as a result of intensified activities related to collection of receivables from customers and ensuring current liquidity.

We have been working intensely to secure stable business performance by implementing the strategy focused on strengthening the leading position in mobile networks, growth in the Digital Society segment, excellence in Services and Research& Development (R&D). Our strategy is based on technological leadership, innovation, and the expertise of our professionals, as well as years of experience in implementing the most advanced technological solutions. In line with the global trends, we continue to invest in digital transformation, including the application of artificial intelligence and automation of business processes, cyber security, development of new products and services, and competencies of our employees. The focus is on further business diversification, cost efficiency and acquiring new markets and customers. Ericsson Nikola Tesla remains a reliable partner in digitalization of society and economy, with a clear vision of technological development and responsible business. I believe that the obligations contracted so far, as well as the intensive activities we have undertaken regarding the realization of new business opportunities, will contribute to quality business performance in the upcoming period.

As this is my last address after almost 21 years at the helm of the company, I would like to thank all the customers and partners for their long-standing trust and cooperation, and my colleagues for their dedication and support in shaping the company into the company that we have today. For me, it has been an honor and privilege to work in Ericsson Nikola Tesla. I am proud of all the achievements accomplished by our team, of our technology leadership, innovativeness, the numerous projects we have successfully delivered together with our customers and partners, and the transformations we have carried out to ensure the company's long-term, sustainable future. As of November 1, 2025, Mr. Siniša Krajnović will be the President of Ericsson Nikola Tesla's Management Board. Mr. Krajnović is a leader with extensive professional experience in leadership and technology, who started his career in ENT, and spent most of his professional journey in Ericsson, holding various senior management positions. I am pleased that the company will be led by a person with such extensive professional experience, expertise and knowledge. I wish Siniša, members of the Management Board and Leadership Team, and all colleagues a continuous success in their future activities."

Financial highlights for the Group:

- Sales revenue amounted to EUR 165.6 million (first nine months of 2024: EUR 168.1 million), down by 1.5% year-over-year.

- Sales according to business segments: Telecom amounted to EUR 46.1 million (first nine months of 2024: EUR 47.3 million), Digital Society amounted to EUR 14.7 million (first nine months of 2024: EUR 16.4 million), R&D and Services amounted to EUR 104.8 million (first nine months of 2024: EUR 104.4 million).
- Gross profit amounted to EUR 20.9 million (first nine months of 2024: EUR 22.3 million), down by 6.1% year-over-year as a result of increased material and employee costs, and activities aimed at digitalization and optimization of business operations. Gross margin decreased to 12.6% (first nine months of 2024: 13.3%).
- Selling and administrative expenses increased by 5.4% year-over-year and amounted to EUR 9.3 million (first nine months of 2024: EUR 8.8 million), primarily because of higher investments in the development of new business opportunities. The share of selling and administrative expenses in the total sales revenue was 5.6% (first nine months of 2024: EUR 5.2%).
- Operating profit amounted to EUR 16.0 million (first nine months of 2024: EUR 17.9 million), down by 10.7% year-over-year, as a result of lower gross profit and increased selling and administrative expenses. Operating margin was 9.7% (first nine months of 2024: 10.7%).
- Profit from financial activities amounted to EUR 0.5 million (first nine months of 2024: EUR 0.8 million), as a result of decline in interest income due to the decrease in market interest rates.
- Profit before tax decreased by 12.1% year-over-year and amounted to EUR 16.5 million (first nine months of 2024: EUR 18.8 million).
- Net profit amounted to EUR 13.5 million (first nine months of 2024: EUR 11.9 million), up by 13.7% year-over-year, as a result of lower income tax. Return on sales (ROS) was 8.2% (first nine months of 2024: EUR 7.1%).
- Working capital efficiency, expressed in Working Capital Days (WCD), was 43 days (first nine months of 2024: 35 days). WCD continues to be affected by the demanding projects in terms of work and capital engagement, along with the previously extended dynamics of collection of receivables on all markets.
- Cash flow from operating activities amounted to EUR 13.7 million (first nine months of 2024: EUR 1.2 million), due to increased activities related to collection of receivables from customers and ensuring current liquidity.
- Cash and cash equivalents, including the short-term financial assets, as at September 30, 2025, amounted to EUR 53.5 million (33.7% of the total assets), and at the end of 2024 they amounted to EUR 63.1 million (35.1% of the total assets).
- The Group has a solid balance sheet with the total assets of EUR 158.6 million as at September 30, 2025, down by 11.7% compared to the end of 2024, primarily because of lower short-term receivables as well as cash and cash equivalents, while the inventory has been increasing. At the end of Q3 2025, equity ratio was 42.3% (end of 2024: 37.9%).
- With related parties, the transactions were as follows: sales of products and services amounted to EUR 103.2 million (first nine months of 2024: EUR 102.5 million), while the procurement of products and services amounted to EUR 23.3 million (first nine months of 2024: EUR 29.1 million).
- As at September 30, 2025, balances outstanding with related parties were as follows: receivables amounted to EUR 36.1 million (end of 2024: EUR 39.5 million), and payables amounted to EUR 6.0 million (end of 2024: EUR 16.4 million).

Business situation in major markets

In the domestic markets sales revenue amounted to EUR 42.8 million (first nine months of 2024: EUR 38.5 million), up by 11.2% year-over-year.

With Hrvatski Telekom (HT) deliveries continued based on the exclusive multi-year contracts related to radio and core part of the network and microwave technology. Our strategic partnership in the radio part of mobile network has certainly contributed to the fact that once again Hrvatski Telekom's mobile network was recognized as the best in Croatia. This was confirmed by the results of an independent quality assessment of mobile networks organized by the Croatian Regulatory Authority for Network Industries (HAKOM).

At the beginning of Q3, the focus was on the delivery of equipment, integration and optimization of complex configurations for the concerts held in Zagreb and Sinj where, for the first time in Croatia, an advanced Ericsson Live RAN Insights solution was implemented - a system for almost simultaneous monitoring of performance of 4G/5G RAN network.

The planned activities are ongoing on the implementation of Ericsson dual-mode 5G Core network and 5G Standalone Architecture (5G SA). We would like to highlight Rijeka Gateway 5G Campus Network project, where Hrvatski Telekom provided 5G network for the new container terminal, and which was recognized as one of the most innovative digital connectivity projects in Europe. At the European Digital Connectivity Awards 2025 ceremony in Brussels, this project was one of top three finalists in the category "Excellence and Innovation in Implementing Gigabit-Ready Infrastructure".

With our partner A1 Hrvatska, in line with the multi-year contracts, we have been working on the modernization of radio network, as well as on the extension of coverage and capacity of the 5G radio network, and on the modernization and build of the convergent core network and microwave transmission systems.

In line with our strategic direction towards public administration digitalization, Ericsson Nikola Tesla has signed several significant contracts with key institutions. A two-year framework agreement was signed with the State Geodetic Administration and the Ministry of Justice, Public Administration and Digital Transformation on the maintenance of the Joint Information System of Land Registry and Cadaster (JIS). With the aforementioned Ministry, a framework agreement was signed for the maintenance of the Human Resources Management (HRM) system and the introduction of the aforementioned system in 16 state administration bodies.

With the Ministry of Labor, Pension System, Family and Social Policy, a framework agreement was signed for the maintenance service of the system for e-delivery and e-database of collective agreements (eKolektivni).

Cooperation with Hrvatske ceste (Croatian Roads Ltd.) continued by signing a new contract related to the maintenance of the National Access Point integrated system and route guidance system, while within the project "Establishment of a waiting time measurement system at border crossings – the whole of Croatia", ENT is responsible for delivering an integrated software analytical solution.

In the area of healthcare, contract was signed with the Gospić General Hospital for maintenance of the hospital information system.

Ericsson Nikola Tesla Servisi contracted with the State Geodetic Administration a cadastral survey and preparation of survey report for 3 cadastral municipalities.

In export markets (excluding services to Ericsson) sales revenue amounted to EUR 18.0 million (first nine months of 2024: EUR 25.2 million), down by 28.6% year-over-year, due to lower sales revenue in Kosovo, because at the end of 2024, we completed a large project of modernization of the overall radio access network of Telekom Kosova, six months before the agreed deadline.

In Bosnia and Herzegovina, with the operator HT Mostar, we have contracted new extension of the LTE radio access network and the modernization of the existing Ericsson Network Manager system and the Ericsson Network IQ platform for the management, monitoring and reporting on the performance of Ericsson network elements in the network of HT Mostar.

In Kosovo, with the operator IPKO, we continue to cooperate on the modernization and expansion of capacity of 4G/5G mobile networks, as well as on services projects of modernization of IPKO' core network. With Telekom Kosova, we signed a new contract which encompasses the expansion of radio and transmission network, and continuation of maintenance and modernization of core and radio network until the end of 2026.

With the operator Crnogorski Telekom we continued the activities on the modernization of mobile network, and delivery of equipment and services based on multi-year exclusive contracts which encompass radio and core part of the network. Special focus is on implementation of Ericsson dual-mode 5G Core network, thus ensuring high level of technology readiness for the introduction of the most advanced 5G services.

In Cyprus, the activities are ongoing on the modernization of the land administration information system of the Department of Lands and Surveys of the Republic of Cyprus.

In Ericsson market sales revenue remained at the same level year-over-year, amounting to EUR 104.8 million (first nine months of 2024: EUR 104.4 million).

Ericsson Nikola Tesla Research & Development Center (ENT R&D) has been selected as one of Ericsson preferred suppliers for the next three years in areas of 5G/6G RAN software development. During Q3, many projects regarding 5G RAN and core network are ongoing as planned. The overall evaluation of the R&D Center's performance by Ericsson has remained very high, which makes us a reliable choice for fast and efficient delivery of high-quality products and services. We have received excellent feedback in all areas, emphasis on great collaboration, willingness to walk an extra mile when it comes to quality, efficiency, commitment to deliveries. Furthermore, our R&D continued competence build up program to increase competence and productivity of end-to-end software development.

Experts from the Customer Services and Solutions Center, in addition to customers of Ericsson Nikola Tesla Group, were engaged on many projects for Ericsson customers through activities of creating solutions and defining network parameters, and optimization and integration of networks for mobile operators in many EU Member States, as well as other countries, such as the United Kingdom, Switzerland, Norway, the United States of America, Canada, Australia, India, Mexico, etc. These are complex projects that, among other activities, included the introduction of 5G

technology, operational and business support systems, as well as projects of introduction of core solutions in Cloud. The activities have also continued on the development and implementation of software tools for management and optimization of mobile networks which are used in network rollout by many operators worldwide.

The teams working on activities in the field of IT& Engineering Services, in addition to providing support and achieving excellent results on test environment management projects and IT operations for Ericsson corporation, also have a key role in the processes of Ericsson Nikola Tesla Group's digital transformation.

Other information

Extraordinary General Meeting of Ericsson Nikola Tesla, joint-stock-company, will be held on November 14, 2025, at the registered office of the Company in Zagreb, Krapinska 45. The agenda and the materials which serve as the basis to reach the decisions are published on the Company's web site: [Notice of the Extraordinary General Meeting of Ericsson Nikola Tesla d.d.](#)

For additional information, please contact:

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For more information about Ericsson Nikola Tesla's business, please visit: www.ericssonnikolatesla.com

Pursuant to the Articles 462 to 468 of the Capital Market Law (Official Gazette 65/18) the Managing Director of the joint stock company Ericsson Nikola Tesla d.d. Zagreb, Krapinska 45 gives the following:

Statement
of the Management Board responsibility

The accompanying consolidated and non-consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS). The financial statements also comply with the provisions of the Croatian Financial Accounting Law valid as of the date of these financial statements.

Unaudited financial statements for the period January 1, 2025 to September 30, 2025 present a true and fair view of the financial position of the Company and the Group and of the financial performance and cash flows in compliance with applicable accounting standards.

Gordana Kovačević, MSc, President of the Management Board

Hrvoje Benčić, member of the Management Board

Damir Bušić, member of the Management Board

Milan Živković, MSc, member of the Management Board