

Ericsson Nikola Tesla d.d.
Krapinska 45
10000 Zagreb

Security: ERNT (ISIN: HRERNTRA0000)
LEI: 5299001W91BFWSUOVD63
Home member state: Republic of Croatia
Regulated market segment: Regular Market of the Zagreb Stock Exchange

Ericsson Nikola Tesla Group

Zagreb, 29 April 2026

Management Report on the Company and Ericsson Nikola Tesla Group business performance with comments on the financial results for the first quarter of 2026

Highlights:

- Sales revenue: EUR 61.0 million
- Gross margin: 17.1%
- Operating profit: EUR 7.5 million
- Profit before tax: EUR 7.5 million
- Net profit: EUR 6.2 million
- Cash flow from operating activities: EUR 16.0 million

Siniša Krajnović, President of the Management Board of Ericsson Nikola Tesla, commented:

“In the first quarter of 2026, the Ericsson Nikola Tesla Group recorded an increase in sales revenue and other key financial indicators, confirming the resilience of its business and its ability to deliver on defined objectives in a demanding market and technological environment. The achieved results confirm the successful execution of contracted activities, while overall business performance was further strengthened by operational efficiency and a balanced contribution from the Group’s key segments.

During the quarter, particular emphasis was placed on activities laying the foundations for further growth and development, including the definition of the long-term ENT2030 strategy as well as the development and realization of new business opportunities. Investments in digital transformation continued, including the application of artificial intelligence and automation of business processes, strengthening of cybersecurity, development of products and services, and enhancement of employee competencies.

In the domestic market, we continued the execution of contracted activities in the telecom solutions segment, primarily through projects aimed at the modernization and expansion of the networks of leading operators. Our long-standing cooperation with Hrvatski Telekom and A1 Hrvatska remains focused on the further development of 5G technology, optimization of network resources and enhancement of service quality. Through close cooperation with key public sector institutions, the Digital Society segment continued to strengthen its development momentum. Particular emphasis was placed on projects in the areas of healthcare, public administration, and public and national security, thereby further confirming Ericsson Nikola Tesla's role as a reliable partner in the development of secure, scalable and interoperable digital solutions. In this context, the implementation of a strategic partnership between industry and academic community, aimed at the development of unmanned and autonomous systems, was initiated as part of our long-term positioning in the field of solutions for mission-critical systems.

In export markets, within the telecom segment we maintained our technical and operational presence through the development of partnerships and the realization of mobile network modernization projects with customers in Bosnia and Herzegovina, Montenegro and Kosovo.

Software Engineering and Services represent one of the key pillars of business stability and an important source of added value. ENT's Research and Development Center maintained a high level of activity and stable capacities, with strong involvement in the development of advanced RAN and software solutions within the Ericsson Group. Customer Solutions and Services further contributed to business performance through the delivery of complex projects for Ericsson's customers in international markets.

A significant cash flow from operating activities was generated, primarily as a result of regular collection of receivables, while the Group's balance sheet remains stable. Such a financial position enables continued investments in key competencies, employee development, digital transformation and technological excellence.

Through the ENT2030 strategy, we have defined the long-term position of Ericsson Nikola Tesla as a market- and technology-strong, financially resilient and operationally efficient company. Building on this foundation, we plan to grow our business while further strengthening our role as a leader in telecommunications solutions, a reliable partner in digital transformation, including the development of solutions for mission-critical systems and as one of the leading R&D and service centers within the Ericsson Group.

We base our growth on clearly focused business segments. In the Telecom solutions segment, we continue to develop the existing market base, strengthen cooperation with alternative operators and selectively build new export opportunities. We view the Digital Society segment as a driver of future growth through solutions for eHealth, land administration, social security, shared public administration platforms, cybersecurity and new technology verticals, with a particular focus on networks for mission-critical systems in the areas of defense and public and national security. At the same time, we continuously strengthen the Software Engineering and Services segment through increased productivity and the application of artificial intelligence, thereby further reinforcing ENT's position within the Ericsson Group.

Our people and organizational culture are at the center of implementation of the ENT2030 strategy. Our ENTCode value framework is focused on ethics, responsibility and professionalism, while promoting cooperation, innovation and clear personal accountability. We are confident that such an organizational culture represents one of the key prerequisites for long-term competitiveness and successful execution of strategic objectives.

As we enter the remainder of 2026, we remain committed to consistent execution of our strategic priorities, responsible business management and maintenance of stable operational performance. This combination of clear direction, operational efficiency and financial stability forms the foundation of long-term value that Ericsson Nikola Tesla builds for its employees, customers and shareholders.”

Financial highlights for the Group:

- Sales revenue amounted to EUR 61.0 million (Q1 2025: EUR 54.2 million), up by 12.6 % year-over-year.
- Sales by business segment amounted to: Software Engineering and Services EUR 38.2 million (Q1 2025: EUR 36.7 million), Telecom EUR 18.1 million (Q1 2025: EUR 13.6 million), Digital Society EUR 4.6 million (Q1 2025: EUR 3.9 million).
- Gross profit amounted to EUR 10.4 million (Q1 2025: EUR 8.3 million), representing an increase of 25.3% year-over-year driven by stronger sales performance, a more favorable sales mix, and improved operational efficiency. Gross margin increased to 17.1% (Q1 2025: 15.3%).
- Selling and administrative expenses increased by 22.8% year-over-year, amounting to EUR 3.6 million (Q1 2025: EUR 3.0 million), primarily as a result of intensified activities aimed at driving sales growth. The share of selling and administrative expenses in the total sales revenue was 6.1% (Q1 2025: 5.6%).
- Operating profit amounted to EUR 7.5 million (Q1 2025: EUR 6.8 million), representing 10.5% year-on-year increase, primarily driven by higher gross profit. Operating margin was 12.3% (Q1 2025: 12.6%).
- Profit from financial activities was EUR 15 thousand (Q1 2025: EUR 265 thousand).
- Profit before tax increased by 6.5% year-over-year and amounted to EUR 7.5 million (Q1 2025: EUR 7.1 million).
- Net profit amounted to EUR 6.2 million (Q1 2025: EUR 5.8 million), up by 6.1% year-over-year. Return on Sales (ROS) was 10.1% (Q1 2025: 10.7%).
- Working Capital Efficiency, expressed in WCD, was 50 days (Q1 2025: 39 days). Working Capital Days reflect the dynamics of project execution and temporarily higher working capital requirements related to complex customer solutions.
- Cash flow from operating activities amounted to EUR 16.0 million (Q1 2025: EUR 4.4 million) reflecting regular collection of receivables related to projects completed at the end of 2025.
- Cash and cash equivalents, including short-term financial assets, as at 31 March 2026, amounted to EUR 60.1 million (35.5% of total assets) and at the end of 2025 they amounted to EUR 51.9 million (30.5% of the total assets).

- The Group maintained a solid balance sheet with the total assets of EUR 169.1 million as at 31 March 2026, representing a slight decrease of 0.8% compared to year-end 2025. The decrease is primarily due to a lower level of receivables from customers, in line with improved collection dynamics. Equity ratio at the end of Q1 2026 was 45.1% (end of 2025: 41%).
- With related parties, the transactions were as follows: sales of products and services amounted to EUR 37.7 million (Q1 2025: EUR 36.1 million), while the procurement of products and services amounted to EUR 9 million (Q1 2025: EUR 7.7 million).
- As at 31 March 2026, balances outstanding with related parties were as follows: receivables amounted to EUR 36.2 million (end of 2025: EUR 44.1 million) and payables to EUR 8.3 million (end of 2025: EUR 13.1 million).

Business situation in major markets

In the domestic market, sales revenue amounted to EUR 17.5 million (Q1 2025: EUR 13.1 million), up by 33.6% year-over-year.

During the first quarter, deliveries continued to Hrvatski Telekom (HT) based on multi-year exclusive contracts in the domains of the radio part of the mobile network, microwave equipment and dual-mode 5G Core network. In addition, within HT EU BB projects Ericsson Nikola Tesla was selected as the supplier for the delivery and integration of active equipment for equipping nine mobile base stations.

Cooperation with A1 Hrvatska included the modernization of the radio access network, as well as the expansion of coverage and the increase of 5G radio network capacity. Activities related to the modernization and rollout of the convergent core network and the modernization of microwave transmission systems were also continued.

Within the Digital Society segment, cooperation with key customers in the domestic market continued. In the area of digital transformation, new contracts in the healthcare sector are noted, including cooperation with the Ministry of Health related to the CEZIH system, as well as the continuation of upgrades to hospital information systems. We expanded cooperation with the Ministry of Justice, Public Administration and Digital Transformation on the HRM project aimed at further development and enhancement of digital solutions for human resources management in public administration, as well as with Croatian Roads on the project of further development of the national access point.

In the area of national and public security, new contracts were concluded with the Ministry of the Interior of the Republic of Croatia related to EU's external border surveillance and the development of a new portal for the 112 emergency system. A cooperation agreement was signed with the high-tech company DOK-ING and two leading scientific and research academic institutions, the Faculty of Electrical Engineering and Computing (FER) and the Faculty of Mechanical Engineering and Naval Architecture (FSB), aimed at the development of next-generation unmanned systems and advanced robotic solutions. This agreement on strong cooperation between science and Croatian industry is a prerequisite for establishing collaboration based on the triple helix model. Within this partnership, ENT will contribute with its expertise in the field of communication and digital technologies.

In export markets (excluding services to Ericsson) sales revenue amounted to EUR 5.2 million (Q1 2025: EUR 4.4 million), up by 18.2% year-over-year.

A contract was signed with HT Mostar to provide support for the maintenance of Ericsson solutions in fixed and mobile networks, enabling more efficient and agile management and maintenance of network systems.

An agreement was signed with Crnogorski Telekom to continue the long-standing cooperation focused on the modernization and further development of the 5G network. The agreement covers strengthening 5G network capacity and coverage in urban and suburban areas, as well as further modernization and expansion of 5G coverage in rural areas.

Cooperation with Telekom Kosovo continued on the modernization of the mobile network, covering ongoing maintenance and upgrades of the core, radio and transmission infrastructure, as well as the delivery of new voice solutions within the LTE network. With operator IPKO, activities focused on mobile network maintenance, the modernization and expansion of the 4G/5G radio and transport network, and the migration of the UDM solution to a new platform.

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

In the Ericsson market, sales revenue amounted to EUR 38.3 million (Q1 2025: EUR 36.7 million), up by 4.4% year-over-year.

During the first quarter, ENT's Research and Development Center delivered stable financial performance. Despite changes in investment dynamics at the Ericsson Group level, the planned capacity level of ENT R&D for 2026 remains unchanged. ENT retained its position as one of the leading suppliers, with high ratings from all key stakeholders.

The increase in capacity in the network technologies segment by employing an additional 50 experts is progressing according to plan. Among the key projects is the development of new radio platforms and radio functionalities aimed at increasing RAN network coverage and throughput. In addition, R&D teams participate in the development of the next-generation RAN compute platform, which represents a key technological foundation for further development and competitiveness of Ericsson's RAN portfolio.

Within ENT R&D, more than 100 AI-supported development initiatives are underway, focused on increasing productivity and efficiency across the entire chain of software development activities.

Experts from the Customer Solutions and Services Center, in addition to working for customers of the Ericsson Nikola Tesla Group, are also engaged in numerous projects for Ericsson's customers worldwide, including several Ericsson projects related to the delivery of services for mission-critical infrastructure. Activities include solution design, definition of network parameters, and optimization and integration of networks for mobile operators across numerous EU member states, as well as in other countries worldwide. These are complex projects that, among others, include the introduction of 5G technology, operational and business support systems, and projects for the introduction of core solutions in the cloud. Activities also continued on the development and implementation of software tools for the

management and optimization of mobile networks of many operators, using, among other things, AI technology.

For additional information, please contact:

Antonija Lončar

Marketing, Communication and CSR Director

Ericsson Nikola Tesla d.d.

Krapinska 45

HR-10 002 Zagreb

Tel.: +385 1 365 4473

Mob.: +385 91 365 4473

E-mail: antonija.loncar@ericssonnikolatesla.com

Orhideja Gjenero

Investor Relations Manager

Ericsson Nikola Tesla d.d.

Krapinska 45

HR-10 002 Zagreb

Tel.: +385 1 365 4431

Mob.: +385 91 365 4431

E-mail: orhideja.gjenero@ericssonnikolatesla.com

E-mail: odnosi.investitori@ericssonnikolatesla.com

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

Pursuant to Articles 462 to 468 of the Capital Market Act (Official Gazette 65/18), the Management Board of the joint-stock company Ericsson Nikola Tesla d.d. Zagreb, Krapinska 45, hereby issues 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 Accounting Act valid on the date when these financial statements are published.

Unaudited financial statements for the period from 1 January 2026 to 31 March 2026 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.

Siniša Krajnović, President of the Management Board

Branka Vučemilo Elezović, member of the Management Board

Damir Bušić, member of the Management Board

Hrvoje Benčić, member of the Management Board