

The Report of Ericsson Nikola Tesla d.d. Supervisory Board on the supervision performed on the Company's operations in 2021

April 20, 2022

Pursuant to the provisions of the Croatian Companies Act and Ericsson Nikola Tesla d.d. Articles of Association, the Supervisory Board of Ericsson Nikola Tesla d.d. monitored the managing of Company's business operations, taking respective decisions and conclusions at four (4) regular and four (4) extraordinary Supervisory Board meetings, held in 2021.

In 2021, the members of the Supervisory Board were:

Franck Pierre Roland Bouétard (Chairperson)

Olgica Spevec (Deputy Chairperson)

Vidar Mohammar (Member until June 29, 2021)

Dubravko Radošević (Member until June 29, 2021)

Petra Vranjes (Member as of June 29, 2021)

Ana Vrsaljko Metelko (Member as of June 29, 2021)

Vladimir Filipović (Member and Employees' Representative)

There was full attendance of the Supervisory Board members at the meetings, except for the meeting held on April 7, 2021, when Dubravko Radošević was absent, and the meeting held on December 17, when Petra Vranjes was absent.

The Company's Management Board regularly informed the Supervisory Board on all important business activities, assets and liabilities positions, revenues, and the course of business performance.

At the regular meetings, the Supervisory Board discussed business environment, risk management, activities with the customers, focus areas, strategic projects, realization of targets and financial performance. Further topics of discussion encompassed investments, compliance, significant business transactions that include the Company and its related parties, as well as issues regarding human resources and shareholders. The Supervisory Board has been continuously monitoring business development and responsibilities of Research & Development Center, Center for Digital Services, Customer Operations & Networks, Center for ICT solutions for Industry and Society, IT & Engineering Services Unit, and a daughter company Ericsson Nikola Tesla Servisi d.o.o.

At extraordinary Supervisory Board meetings, the members discussed targets for 2021, approval of annual financial reports for 2020, dividend proposal for 2020, succession planning for Management Board and Supervisory Board, Remuneration Policy and Report as well as

introduction of new Supervisory Board members Ana Vrsaljko Metelko and Petra Vranjes. Petra Vranjes was also elected as a new member of the Audit Committee.

The Supervisory Board approved Decision on Remuneration of Supervisory Board members, Remuneration Policy for the Management Board as well as Remuneration Report for Supervisory Board and Management Board in 2020. Based on the Supervisory Board Chairperson proposal, Supervisory Board approved a contract salary increase for Management Board of 3% and one-time extraordinary bonus for exceptional contribution in 2020 of 2 monthly contract salaries. During the year, the Supervisory Board worked on the Management Board succession plan, identifying a pool of candidates.

In September 2021, a strategy workshop between the Management Board and the Supervisory Board was launched to discuss and agree on the Ericsson Nikola Tesla Group strategic direction from 2023-2028 with an objective to finalize it by mid-2022.

The Supervisory Board strongly supported the activities on strengthening ethics and compliance business practice to ensure that the Company meets the highest standards, in line with the Code of Business Ethics of Ericsson Nikola Tesla Group. Members of the Supervisory Board and Audit Committee passed vetting and compliance training.

Furthermore, the Supervisory Board analyzed the effectiveness of the risk management and internal control system and based on the recommendation of the Audit Committee, appointed an independent internal audit officer of Ericsson Nikola Tesla Group.

The Supervisory Board conducted a self-assessment of the effectiveness, competencies and composition of the Supervisory Board and its Audit Committee as well as the performance of individual members. Furthermore, the Supervisory Board assessed the effectiveness of cooperation with the Management Board and the adequacy of the support and information it receives from the Management Board.

The evaluation was performed by the Supervisory Board itself, without the engagement of external advisors. Evaluation tools included detailed questionnaires and discussions.

The overall conclusion is that Ericsson Nikola Tesla's Supervisory Board and its Audit Committee performed well, had sufficient knowledge and experience, and were efficient in performing their tasks. Especially strong is alignment with the Executive management, diversity of the Supervisory Board members in terms of their qualifications and gender representation, commitment to fulfilling obligations in accordance with their legal role, and continuous support to the Management Board to overcome various challenges.

The Supervisory Board will continue to monitor compliance with corporate governance regulations to ensure that the Company operates in a legal and ethical manner. It will continue to evaluate the proposed targets / strategy, including key assumptions, main risks and required resources, as well as to intensify communication of the Supervisory Board members with the shareholders in order to receive feedback about the shareholders' expectations.

The Management Board assessed its own effectiveness and presented its conclusions at the meeting of the Supervisory Board. The Supervisory Board members agreed with the self-assessment of the Management Board and thanked the Management Board for successfully managing the Ericsson Nikola Tesla Group in challenging times and contributing to the results achieved in 2021.

In 2020, the Supervisory Board set a target percentage regarding the representation of women; namely 40% of women in the Supervisory Board and 30% in the Executive Management, among managers and at the level of the entire company in the next five years. In 2021, with the appointment of two new female members, the representation of women in the Supervisory Board exceeded the target and is 60%. At the Group's level, the representation of women in Executive Management is 23.5%, among line managers & program and project managers 24%, and among the total number of employees 25%.

Analyzing the reports of the Management Board and monitoring the development of the key financial indicators, the Supervisory Board assessed that Ericsson Nikola Tesla Group achieved excellent business results in 2021, despite numerous economic and political risks and the continuation of the COVID-19 pandemic. In addition to an increase in sales revenue in all market segments, a significant growth of profitability was achieved, as well as a strong cash flow from business activities. The business year was marked by the allocation of the frequency spectrum for 5G network in the domestic market, which boosted the implementation of 5G technology. Numerous business activities have been carried out on the modernization and expansion of telecommunications networks and digital transformation of the public and private sectors in the domestic and export markets. Furthermore, new responsibilities have been obtained from Ericsson Corporation in research and development as well as in the area of solutions and services. Ericsson Nikola Tesla Group remains focused on its strategic directions, risk management and cost and operational efficiency, with the aim of achieving defined targets and building an even stronger company in the future.

The Audit Committee, a sub-committee of the Supervisory Board of Ericsson Nikola Tesla d.d., held six (6) meetings in 2021, during which it discussed the financial performance during the year and annual financial statements, audit plan for 2021, audit findings, key risks, quality control and risk management system, issues regarding compliance and safety and performed other tasks defined by Audit Act and the Audit Committee Charter.

The Audit Committee met regularly with external auditors to review the audit plan and the audit report on the annual financial statements. It also pre-approved all non-audit services provided by the external auditors.

The Audit Committee reached decisions about the reported compliance concerns. It evaluated Ericsson Nikola Tesla Group's Ethics and compliance program, and monitored the implementation of these activities with a special focus on anti-bribery and corruption risk assessment processes, conducted internally and externally. The Committee's opinion is that Ericsson Nikola Tesla Group has well established and efficient compliance procedures.

The Audit Committee analyzed in detail the risk management system, conducted the selection process and proposed to the Supervisory Board the appointment of an independent internal audit officer. Furthermore, it monitored the activities and approved the Independent Internal Audit Plan for 2022. Considering OE/OD&Q network's activities performed during 2021 together with the introduction of Ericsson Nikola Tesla Group Independent Internal Audit as reinforcement of Enterprise Risk Management („3rd line of defense“), the Committee concluded that Ericsson Nikola Tesla Group has an efficient risk management and internal control system, deeply incorporated into organization at all levels.

Based on the recommendation of the Audit Committee, the Supervisory Board proposed to the General Meeting of Shareholders the appointment of KPMG Croatia as the auditor of Ericsson Nikola Tesla d.d. for 2022.

During 2021, the members of the Audit Committee were: Olgica Spevec (Chairperson), Vesna Vašiček (Member), Vidar Mohammar (Member until June 29, 2021), and Petra Vranjes (Member as of July 12, 2021). There was full attendance of Audit Committee members at the meetings.

Based on the review of financial and other relevant business documents, the Management Board's report, and the Company's auditors' report, the Supervisory Board concluded the following:

- To the best of our knowledge, Ericsson Nikola Tesla d.d. in all material aspects operates in compliance with the laws and Company's enactments and in accordance with the decisions made by the Annual General Meeting
- The annual financial reports have been prepared in accordance with the business records of Ericsson Nikola Tesla d.d. and its subsidiaries, and in all material aspects reflect the correct financial and business situation of Ericsson Nikola Tesla d.d. and its subsidiaries
- The Management Board's proposal relating to net profit allocation is supported and approved
- There are no objections regarding the Management Board's report and consequently the report is approved
- There are no objections regarding the Auditors' report and consequently the report is approved
- Pursuant to the above stated, the submitted annual financial statements are approved.

Pursuant to the Croatian Companies Act, Article 300 d, the following documents are enclosed to this Report:

- Management Board's Decision on Approving consolidated and non-consolidated annual financial statements;
- Decision by the Supervisory Board on Approving consolidated and non-consolidated annual financial statements.

For the Supervisory Board



Franck Pierre Roland Bouétard, Chairperson

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Ericsson Nikola Tesla d.d. Zagreb
Krapinska 45

OIB: 84214771175

Zagreb, 20. travnja 2022

Zagreb, April 20, 2022

Predmet: **Odluka Uprave Društva o utvrđenju godišnjih
financijskih izvješća**

Subject: **Management Board Decision on Approving
Annual Financial Reports**

Temeljem članka 300.d Zakona o trgovačkim društvima, a nakon primitka suglasnosti Nadzornog odbora dioničkog društva Ericsson Nikola Tesla d.d. Zagreb donosim slijedeću ODLUKU:

In accordance with the Company Act, Article 300.d and subsequent to the approval of the Supervisory Board of the Joint Stock Company Ericsson Nikola Tesla d.d. Zagreb, I herewith forward the following DECISION:

- Utvrđuju se godišnja financijska izvješća Društva za 2021.g.
- Utvrđuju se godišnja konsolidirana financijska izvješća Društva i njegovih podružnica („Grupa“) za 2021.g.
- The Annual Financial Statements of the Company for 2021 have been approved.
- The Annual Consolidated Financial Statements of the Company and its subsidiaries (the “Group“) for 2021 have been approved.

Ericsson Nikola Tesla d.d. Zagreb
Uprava



Gordana Kovačević

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Ericsson Nikola Tesla d.d. Zagreb
Management Board



Gordana Kovačević

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Zagreb, 20. travnja 2022.

Zagreb, April 20, 2022

**Predmet: Odluka Nadzornog odbora Društva o
utvrđenju godišnjih financijskih izvješća**

**Subject: Supervisory Board Decision on Approving
Annual Financial Reports**

Temeljem članka 300.d Zakona o trgovačkim društvima, Nadzorni odbor dioničkog društva Ericsson Nikola Tesla d.d. Zagreb donosi slijedeće:

Pursuant to the Company Act, Article 300.d the Supervisory Board of the Joint Stock Company Ericsson Nikola Tesla d.d. Zagreb, hereby confirms that:

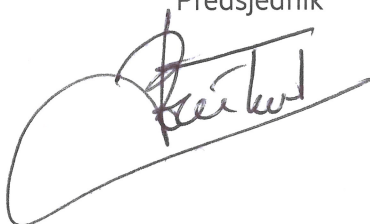
- Utvrđuju se godišnja financijska izvješća Društva za 2021.g.
- Utvrđuju se godišnja konsolidirana financijska izvješća Društva i njegovih podružnica („Grupa“) za 2021. godinu.

- The Annual Financial Statements of the Company for 2021 have been approved.
- The Annual Consolidated Financial Statements of the Company and its subsidiaries (the “Group”) for 2021 have been approved.

Ericsson Nikola Tesla d.d. Zagreb
Za Nadzorni odbor


Ericsson Nikola Tesla d.d. Zagreb
For Supervisory Board

Franck Pierre Roland Bouétard
Predsjednik



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Franck Pierre Roland Bouétard
Chairperson



Ericsson Nikola Tesla d.d. Zagreb
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Zagreb, 20. travnja 2022.

Predmet: Prijedlog Odluke Uprave i Nadzornog odbora Društva o raspodjeli zadržane dobiti iz 2020. i o uporabi dobiti Društva ostvarene u financijskoj godini 2021.

Temeljem članka 300.b Zakona o trgovačkim društvima, Uprava i Nadzorni odbor dioničkog društva Ericsson Nikola Tesla d.d. Zagreb predlažu Glavnoj skupštini Društva usvajanje sljedeće odluke:

- Dobit Društva za financijsku godinu 2021. u iznosu od 115.206.994,95 kuna rasporedit će se u zadržanu dobit.
- Iznos od 10.000.000,00 kuna iz zadržane dobiti za 2020. godinu rasporedit će se u rezerve za vlastite dionice.
- Dioničarima Društva isplatit će se dividenda u iznosu od 64 kune po dionici iz zadržane dobiti iz 2020. i 2021. godine.

Zagreb, April 20, 2022

Subject: Management Board and Supervisory Board Decision proposal on allocating retained earnings from year 2020 and the Company profit achieved in the financial year 2021

Pursuant to the Company Act, Article 300.b the management Board and the Supervisory Board of the Joint Stock Company Ericsson Nikola Tesla d.d. Zagreb, propose to shareholders at the Annual General Meeting to adopt the following decision:

- The Company's net profit for the financial year 2020, amounting to HRK 115,206,994.95 will be allocated to retained earnings.
- The amount of HRK 10,000,000.00 from 2020 retained earnings will be allocated to reserves for treasury shares.
- The Company shareholders shall be paid dividend of HRK 64 per share out of retained earnings from year 2020 and retained earnings from year 2021.

Ericsson Nikola Tesla d.d. Zagreb

Za Nadzorni odbor



Franck Pierre Roland Bouétard
Predsjednik

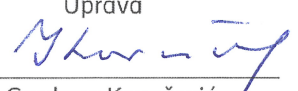
Ericsson Nikola Tesla d.d. Zagreb

For Supervisory Board




Franck Pierre Roland Bouétard
Chairperson

Uprava



Gordana Kovačević

Management Board



Gordana Kovačević

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