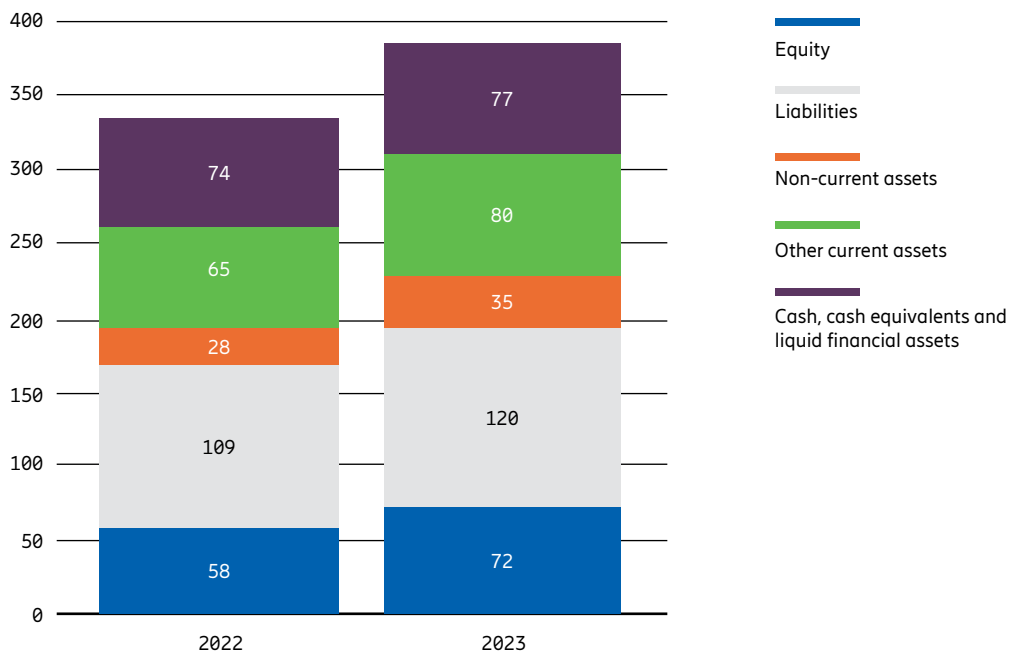


# Financial highlights in 2023

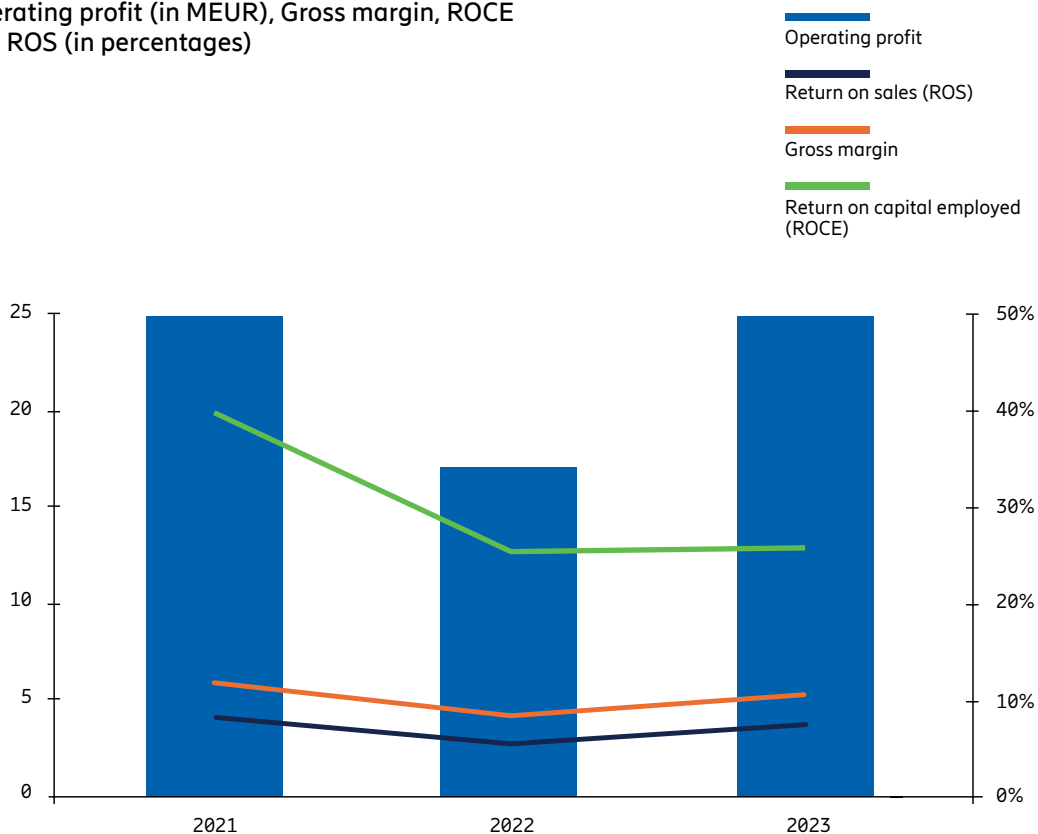
|   | Ericsson Nikola Tesla Group |       |         | Ericsson Nikola Tesla d.d. |       |         |
|---|-----------------------------|-------|---------|----------------------------|-------|---------|
|   | 2023                        | 2022  | 2021    | 2023                       | 2022  | 2021    |
| <b>Statement of comprehensive income and cash flow items (in EUR million)</b> |                             |       |         |                            |       |         |
| Sales revenue   | 304                         | 298   | 293     | 232                        | 220   | 202     |
| Selling and Administration expenses   | -13                         | -13   | -12     | -11                        | -11   | -11     |
| Operating profit  | 25                          | 17    | 25      | 21                         | 19    | 15      |
| Profit for the year   | 22                          | 16    | 24      | 19                         | 20    | 15      |
| Operating cash flow   | 17                          | 25    | 49      | 6                          | 27    | 33      |
| <b>Year-end position (in EUR million)</b>                                     |                             |       |         |                            |       |         |
| Total assets  | 193                         | 167   | 160     | 163                        | 136   | 117     |
| Cash, cash equivalents and liquid financial assets                            | 77                          | 74    | 68      | 60                         | 65    | 48      |
| Capital employed  | 87                          | 63    | 62      | 75                         | 53    | 46      |
| Equity  | 72                          | 58    | 54      | 61                         | 49    | 40      |
| <b>Per share indicators</b>   |                             |       |         |                            |       |         |
| Earnings per share (EPS) in euro  | 17                          | 12    | 18      | 14                         | 15    | 11      |
| Dividends per share   | 15 eur*                     | 6 eur | 8.5 eur | 15 eur*                    | 6 eur | 8.5 eur |
| Number of shares outstanding, average (in millions)                           | 1,323                       | 1,323 | 1,331   | 1,323                      | 1,323 | 1,331   |
| <b>Other information (in EUR million)</b>                                     |                             |       |         |                            |       |         |
| Additions to property, plant and equipment                                    | 2                           | 2     | 2       | 2                          | 2     | 2       |
| Depreciation of property, plant and equipment                                 | 3                           | 4     | 5       | 3                          | 4     | 4       |
| <b>Alternative Performance Measures (APMs)</b>                                |                             |       |         |                            |       |         |
| Gross margin  | 10.5%                       | 8.2%  | 11.5%   | 11.2%                      | 7.9%  | 11.2%   |
| Operating margin  | 8.1%                        | 5.7%  | 8.5%    | 8.9%                       | 8.7%  | 7.3%    |
| EBITDA Margin   | 10.1%                       | 7.9%  | 11.0%   | 10.8%                      | 10.9% | 10.2%   |
| Return on equity (ROE)  | 30.6%                       | 28.4% | 47.3%   | 31.1%                      | 43.8% | 37.8%   |
| Return on capital employed (ROCE)   | 25.6%                       | 25.4% | 39.9%   | 25.2%                      | 39.3% | 32.0%   |
| Return on sales (ROS)   | 7.3%                        | 5.3%  | 8.0%    | 8.1%                       | 8.9%  | 7.6%    |
| Equity ratio  | 37.6%                       | 34.7% | 33.6%   | 37.1%                      | 36.3% | 34.4%   |
| Capital turnover  | 3.5                         | 4.8   | 5.0     | 3.1                        | 4.4   | 4.2     |
| Current ratio   | 1.5                         | 1.3   | 1.3     | 1.5                        | 1.3   | 1.3     |
| P/E ratio   | 11.9                        | 18.9  | 13.8    | 14.0                       | 15.4  | 21.3    |

\* As proposed by the Management Board and Supervisory Board

## Balance sheet structure (in MEUR)

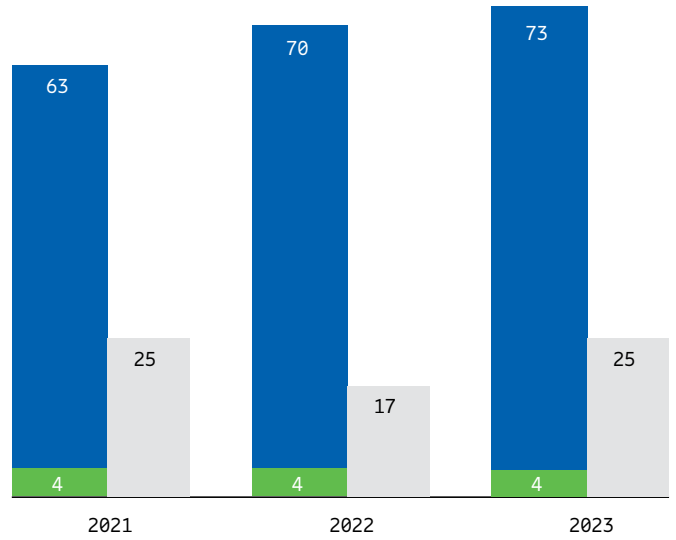


## Operating profit (in MEUR), Gross margin, ROCE and ROS (in percentages)

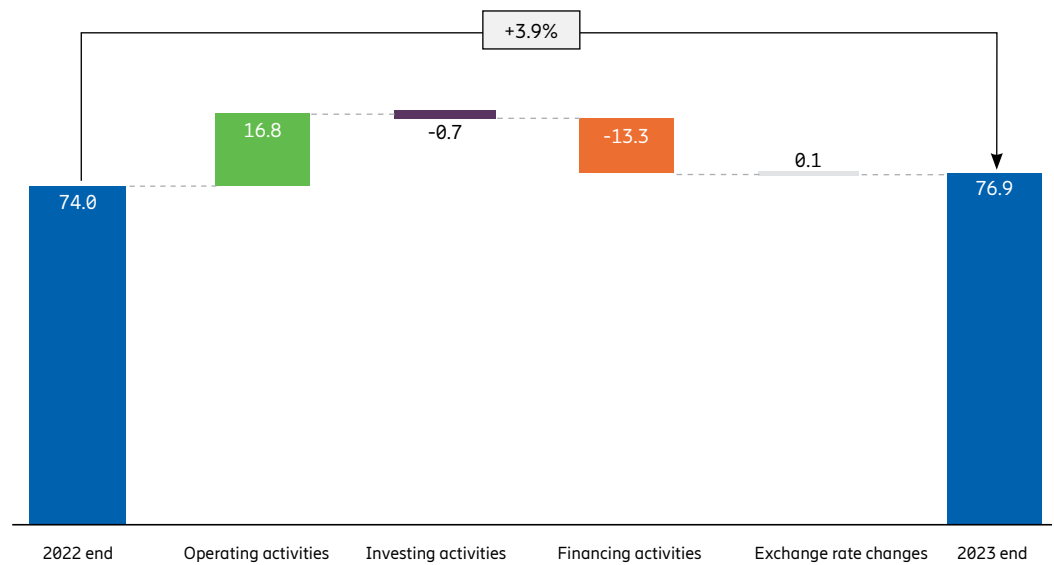


Development of liquid assets and operating cash flow (in MEUR)

- █ Cash and cash equivalents
- █ Liquid financial assets
- █ Operating profit

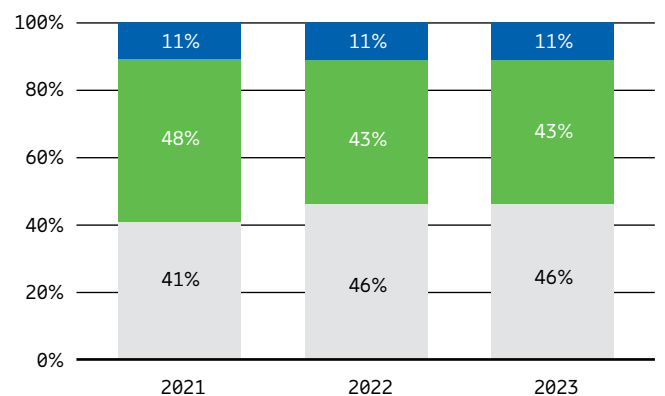


Change in liquid assets (in MEUR)



Sales revenue by market (in percentages)

- █ Export
- █ Domestic market
- █ Ericsson



# Statement by the Director of Finance

For Ericsson Nikola Tesla Group 2023 was a demanding year, not as much financially as related to strategic thinking about our existing market position; the continuation of market positioning regarding target markets and ICT segments; the need for a continuous adjustment of internal environment; way of working and compliance; all with the aim to implement our strategy in optimal and timely manner.

The use of artificial intelligence, automation and improvement of processes, extensive projects, such as fully equipped new premises in Split, and currency conversion from HRK to EUR, as well as a continuous need for a more efficient way of working, required serious consideration about the existing models of work, and their improvement. This resulted in significant adjustments of business operations through realization of internal digital transformation and business efficiency projects in regard to optimization and automation; all this bearing in mind the current regulation and legislation in Croatia, the EU and beyond; geopolitical situation on our markets, as well as continuously growing transparency requirements related to business sustainability. In addition, following the externally conditioned circumstance of some markets unavailability (e.g., Belarussian market) and non-renewal of contract (e.g., the contract with Hrvatski Telekom regarding managed services), it was necessary to accelerate the implementation of the part of our strategy that refers to additional investments in new competences, products and services, improvement of working conditions, investments in expansion and modernization of the existing work premises and creating additional capacities in data centers; all this investments started in the beginning of 2023. At the same time, we have additionally expanded our focus on business and customer financing sources, and in this segment we continue to cooperate intensively with the domestic and foreign banks. Moreover, we are entering into more projects that are financed by the EU funds and are aligned with our strategy to gain additional knowledge and develop innovation in green technologies and advanced ICT. All this proves our strength that despite the mentioned challenges, we found ways to continue operating profitably and achieve good and quality results in all

business segments, and we would like to highlight sales performance, as a result of a continuation of successful cooperation with our customers in the operator segment in Croatia and export markets. At the same time, we were working on new business opportunities and new customers, as well as maintaining a strong position in services to Ericsson, and a stronger focus on Digital Society segment.

Despite the complex circumstances in 2023, sales revenue increased by 2.2% from EUR 297.6 million to EUR 304.2 million owing to positive shifts in sales in Croatian market and services to Ericsson, which offset the decline in revenue from other export markets. Gross margin grew from 8.2% to 10.5%, resulting from increase in sales, business efficiency program, and lower costs incurred by contract termination and closing the office in the sanctioned market of Belarus during 2023. It is necessary to emphasize that inflation still had a strong impact on cost increase, and the total working capital increased, expressed in working capital days, from 13 days to 32 days which reflects the complexity in terms of work and capital engagement in demanding projects in Croatia and export markets. In addition, payment dynamics were prolonged on all markets, including Ericsson, which can be seen from the increase of working capital days from 32 days to 48 days related to services to Ericsson. Selling and administrative expenses remain impacted by investments in digital transformation and intense activities on securing new business opportunities, and they grew by 2.9 %, from EUR 12.6 million to EUR 13 million. As a result of business activities, operating profit increased by 45.2% from EUR 17.1 million to EUR 24.8 million. Finance income stabilized at EUR 0.5 million, and all these positive results led to an increase of profit before tax by 43.8%, from EUR 17.6 million to EUR 25.2 million, i.e. net profit increase from EUR 15.8 million to EUR 22.2 million, which is an increase of 40.3% year-over-year.

We have kept a stable financial position by reporting assets of EUR 192.6 million in the Group's balance sheet as at December 31, 2023, which is an increase of 15.6% compared to EUR 166.6 million at the



**Damir Bušić**

Director Finance, Sourcing and Commercial Management

end of 2022. The financial effects of these investments are presented in the cash flow statements, and we have maintained a positive cash flow from operating activities amounting to EUR 16.7 million.

A stable balance sheet is the result of continuous and focused compliance with the long-term guidelines in the following areas: (i) strengthening the company's cash flow by generating business and monitoring its collection, (ii) implementing projects while optimizing costs and working capital, (iii) securing new contracts within our focus areas in accordance with the set plans and strategy, (iv) overall optimization of the company's costs and management of business-critical investments, including all more significant aspects of sustainable business, and (v) further improvement of ethics and compliance program and building a company culture based on integrity and moral principles. Adhering to these guidelines in our daily work, we secure continuous quality, sustainability, results, and competitiveness.

We have been continuously working to timely recognize, assess, and mitigate risks. Furthermore, we have been investing in the knowledge and skills of our employees and expanded competences in key areas.

The results achieved in 2023, as well as in 2022, confirm that we face all the obstacles and challenges we come across while doing business with competence and full support, trust, and engagement of our employees. Furthermore, by overcoming those, we become more competitive in the markets where we operate, as well as capable of recognizing, estimating, and taking advantage of new business opportunities.

# Information for shareholders

»» Shares of Ericsson Nikola Tesla d.d. are traded in the Regular Market of the Zagreb Stock Exchange under the ticker symbol ERNT-R-A.

For the second consecutive year, the company received the recognition for the best compliance with the Code of Corporate Governance among the issuers on the Regular Market of the Zagreb Stock Exchange, awarded by the Croatian Financial Services Supervisory Agency (HANFA).

## Share trading and price trend

According to the regular turnover in 2023, Ericsson Nikola Tesla's share is ranked

eighth on the Zagreb Stock Exchange with a turnover of EUR 11.1 million (2022: EUR 11.0 million). In block transactions, an additional EUR 273.8 thousand were traded (2022: EUR 909.0 thousand).

In 2023, share price decreased by 12.1% to EUR 199. At the end of 2023, Ericsson Nikola Tesla's market capitalization was EUR 265.0 million (end of 2022: EUR 301.3 million). As regards the free float

market capitalization, Ericsson Nikola Tesla is ranked tenth on the Zagreb Stock Exchange, with EUR 133.8 million, which represents 2.2 % of the total free float market capitalization. At the end of 2023, Ericsson Nikola Tesla's share weight in CROBEX Index was 5.5%.

On the Zagreb Stock Exchange, the year started with modest trade statistic, however, during the year the market gained

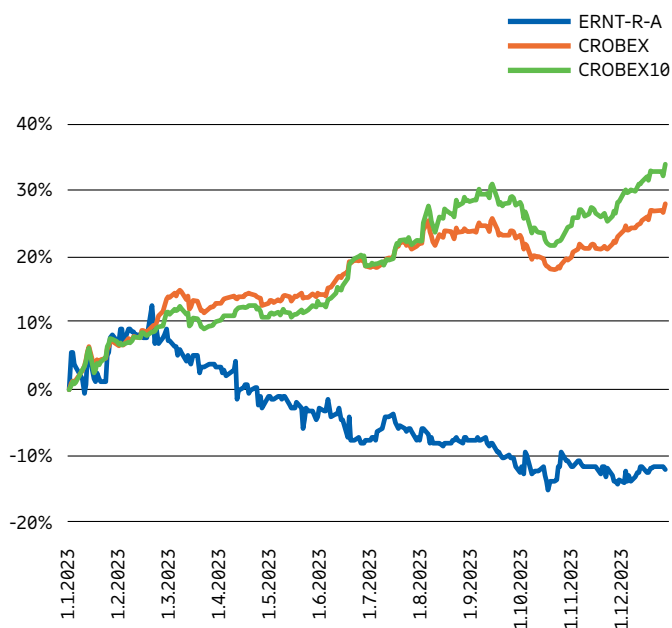
Average ERNT-R-A share price trend 2019 - 2023 (in EUR)



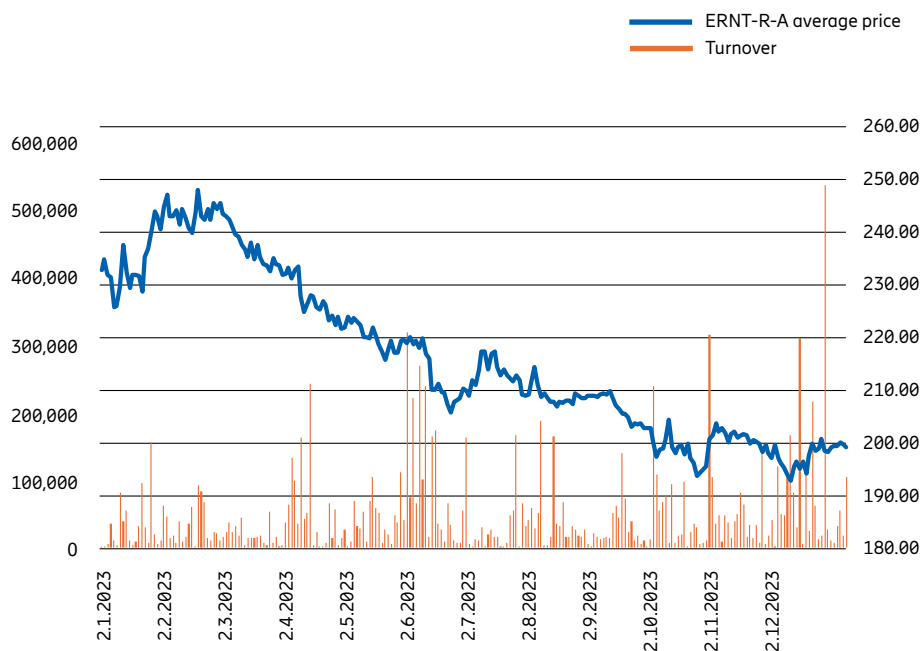
| ERNT-R-A Share price and turnover                | 2019   | 2020   | 2021   | 2022   | 2023   |
|--|--------|--------|--------|--------|--------|
| Highest (EUR)                                    | 187.8  | 203.1  | 258.8  | 270.8  | 255.0  |
| Lowest (EUR)                                     | 129.01 | 135.4  | 199.1  | 187.8  | 191.5  |
| Last - end of year (EUR)                         | 185.8  | 199.1  | 239.4  | 226.3  | 199.0  |
| Turnover (in EUR million) – within the orderbook | 7.7    | 16.1   | 11.2   | 11.0   | 11.1   |
| Turnover (in EUR million) – block transactions   | -      | 0.70   | 4.44   | 0.91   | 0.27   |
| Trade volume – within the orderbook              | 49,652 | 93,010 | 50,525 | 47,841 | 52,579 |
| Trade volume - block transactions                | -      | 3,500  | 19,638 | 4,171  | 1,250  |
| Dividend per share (EUR)                         | 6.5    | 10.9   | 8.5    | 6      | 15*    |

\* As proposed by the Management Board and Supervisory Board (10 EUR regular and 5 EUR extraordinary dividend)

### ERNT-R-A share price development as compared to Zagreb Stock Exchange share indices in 2023



### ERNT-R-A share turnover and average price trend in 2023 (in EUR)



momentum and the share turnover within the orderbook increased by 17.5% year-over-year. However, lower block turnover in shares resulted in a 16.7 percent correction in the total turnover of shares.

The market capitalization of shares increased by 27%. All indexes, apart from CROBEXkonstrukt, have recorded double-digit growth. The highest growth

was achieved by the sector index CROBEXindustrija (56.07%), while the lowest increase was achieved by CROBEXtulist (16.7%).

#### Share capital

As at 31 December 2023, Ericsson Nikola Tesla joint-stock company had a share capital amounting to EUR 17,674,030.00 divided into 1,331,650 ordinary shares

without the nominal value. Each share carries one vote at the company's General Meeting. The total number of treasury shares at the end of 2023 was 5,886 representing 0.44% of the share capital. The shares were owned by 6,769 shareholders.

#### Ericsson Nikola Tesla d.d. major shareholders as at 31 December 2023

| Shareholders  | Number of shares | % of share capital |
|---|------------------|--------------------|
| Telefonaktiebolaget LM Ericsson   | 653,473          | 49.07              |
| PBZ d.d. / Raiffeisen mandatory pension fund, B category                                      | 123,514          | 9.28               |
| Erste & Steiermarkische Bank d.d. / PBZ Croatia osiguranje mandatory pension fund, B category | 40,490           | 3.04               |
| Raiffeisenbank Austria d.d. / Raiffeisen voluntary pension fund                               | 18,360           | 1.38               |
| PBZ d.d. / custodian client account   | 14,351           | 1.08               |
| OTP banka d.d. / OTP Index fund – open-end alternative investment fund with public offering   | 9,715            | 0.73               |
| OTP banka d.d. / Erste Plavi mandatory pension fund, B category                               | 9,613            | 0.72               |
| PBZ d.d. / Raiffeisen mandatory pension fund, A category                                      | 6,523            | 0.49               |
| Vuleta Ivica  | 5,960            | 0.45               |
| Ericsson Nikola Tesla d.d.  | 5,886            | 0.44               |
| Other shareholders  | 443,765          | 33.32              |