



Independent limited assurance report on the Remuneration Report of Ericsson Nikola Tesla d.d.

To the Management Board and Supervisory Board of Ericsson Nikola Tesla d.d.

We were engaged by the Management Board of Ericsson Nikola Tesla d.d. ("Company") to express limited assurance on the Remuneration Report for the year ended 31 December 2024 ("Report"), in the form of a conclusion given, that based on our work performed and evidence obtained, nothing has come to our attention to cause us to suspect that the Report has not been prepared in accordance with the requirements specified in Paragraphs 1 and 2 of Article 272r of the Companies Act applicable in the Republic of Croatia.

Management Board and Supervisory Board responsibilities

The Management Board and Supervisory Board are responsible for:

- compilation of the Remuneration Report for the year 2024 in accordance with the disclosure requirements of Article 272.r paragraphs 1 and 2 of the Companies Act;
- identification of individuals who will be included in the Remuneration Report in accordance with Article 272.r paragraph 1 of the Companies Act;
- selection and application of appropriate remuneration policies, as well as making reasonable judgments and assessments in relation to the data disclosed in the Remuneration Report;
- measurement of remuneration for the year ended on 31 December 2024 in accordance with the requirements specified in Article 272.r paragraphs 1 and 2 of the Companies Act; and
- publication of the Remuneration Report on the Company's website in accordance with the provisions specified in Article 272.r paragraph 4 of the Companies Act.

Management is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation and presentation of the Remuneration Report that is free from material misstatement, whether due to fraud or error;
- measurement and reporting of compensations in accordance with the Reporting Criteria;
- selecting and applying policies as well as making judgments and estimates that are reasonable in relation to the preparation of the Remuneration Report.

Our responsibility

Our responsibility is to examine the Remuneration Report and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with *the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB).

We have fulfilled the requirements of independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).



Independent limited assurance report on the Remuneration Report of Ericsson Nikola Tesla d.d. (continued)

We apply the International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services, issued by IAASB. The standard requires us to design, implement, and operate a quality management system, including policies and procedures relevant to compliance with ethical requirements and professional standards, as well as applicable legal and regulatory requirements.

The scope of the limited assurance engagement is significantly less than the scope of engagements where reasonable assurance is expressed regarding risk assessment procedures, including understanding internal controls and procedures performed in response to assessed risks. The nature and extent of our procedures were determined based on the risk assessment and our professional judgment to express a conclusion with limited assurance. Procedures included:

- inquiries,
- sample examination of relevant documentation,
- verification of the content of the Report against Applicable criteria.

Our engagement did not include an audit or review of the Remuneration Report or related accounting and other records on the basis of which it was compiled.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion with limited assurance.

Limitations in the preparation of the Remuneration Report

The interpretation of performance results is to some extent subjective because it takes into account both qualitative and quantitative aspects. Due to the inherent subjectivity in interpreting qualitative reward criteria, but also subjectivity applied in measuring quantitative goals (for example, related to measuring results for the year), different acceptable methodologies for measuring the achievement of individual goals are possible. Furthermore, various other estimates and judgments were used in the preparation of the Remuneration Report, including, but not limited to: compliance with the remuneration policy; the manner in which the members of the Management Board and the Supervisory Board support the long-term success of the Company and the manner in which the benchmarks for assessing that performance have been applied; an explanation of how workers' remuneration was taken into account in calculating average remuneration and what is the composition of workers included in that calculation.

Applicable Criteria

The applicable criteria for determining the individuals to be included in the Remuneration Report and the requirements related to disclosing their remuneration are contained in the provisions of Article 272.r paragraphs 1 and 2 of the Companies Act.

Statement of Management Board and Supervisory Board

The Management Board and the Supervisory Board state that the Remuneration Report for the year ended 31 December 2024 is accurate and complete and includes all required information as specified in Paragraphs 1 and 2 of Article 272r of the Companies Act.



Independent limited assurance report on the Remuneration Report of Ericsson Nikola Tesla d.d. (continued)

Conclusion with limited assurance

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Remuneration Report for the year ended 31 December 2024 is not prepared, in all material respects, in compliance with the requirements specified in Paragraphs 1 and 2 of Article 272r of the Companies Act.

This conclusion should be considered in context with the remainder of our limited assurance report, especially in context with the *Limitations in the preparation of the Remuneration Report and the Restrictions on the use of our report* paragraphs.

Restrictions on the use of our report

Our report is intended solely for the purpose specified in Article 272r of the Companies Act. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Croatia d.o.o.

KPMG Croatia d.o.o. za reviziju
Croatian registered auditors
Eurotower, 17th floor
Ivana Lučića 2a
10000 Zagreb
Croatia

29 April 2025

Domagoj Hrkać
Management Board Member, Croatian registered auditor

Ericsson Nikola Tesla d.d.

Pursuant to Article 272.r of the Companies Act, the Supervisory Board and Management Board of Ericsson Nikola Tesla d.d. (hereinafter: the Company) submits to the General Meeting:

Remuneration Report for Supervisory Board members and Management Board in 2024

Remuneration to the Supervisory Board

The Supervisory Board consists of five members – four members are elected by the General Meeting, and one member is elected by the Company's employees.

Members of the Supervisory Board in 2024:

Franck Pierre Roland Bouétard	Chairman	Appointed on June 20, 2018, reappointed on June 27, 2022, Chairman and member until November 22, 2024
Stefan Koetz	Chairman	Appointed on November 22, 2024
Olgica Spevec	Member; Deputy Chair	Appointed on June 13, 2019; elected Deputy Chair on December 17, 2020; reappointed on June 14, 2023
Ana Vrsaljko Metelko	Member	Appointed on June 29, 2021
Petar Šimundža	Member and employees' representative	Appointed on November 29, 2022
Carl Henrik Magnus Carle	Member	Appointed on June 14, 2023

The members of the Supervisory Board are entitled to monthly remuneration for their work in the Supervisory Board from the day they are appointed to duty until the day of its termination.

Each member of the Supervisory Board is entitled to receive a monthly remuneration amounting to half of the average monthly gross salary paid by the Company in the month for which the remuneration is paid. The member of the Supervisory Board, who is also a member of the Audit Committee, additionally receives a monthly amount of EUR 500.00.

To maintain its independence and full objectivity, the remuneration of the members of the Supervisory Board is independent of the Company's results and does not include a variable part of compensation.

Members of the Supervisory Board are entitled to reimbursement of appropriate expenses incurred during the performance of their duties.

When defining a remuneration model for work various internal factors were taken into consideration, such as the Company's position and opportunities, practices of local companies in telecom industry, as well as salaries and remunerations policies in the Company and Ericsson Nikola Tesla Group.

Remunerations paid (including reimbursement of expenses) to individual members of the Supervisory Board in 2024 (since January 1 to December 31, 2024), in gross 1 (EUR) amounts:

		Remuneration for work	Other expenses
Franck Bouetard	Chairman until November 22, 2024	15,674.87	12,902.04
Olgica Spevec	Member; Deputy Chair	23,479.34	649.27
Ana Vrsaljko Metelko	Member	17,479.34	581.2
Petar Šimundža	Member and employees' representative	17,479.35	-
Stefan Koetz	Chairman	-	320.59
Carl Henrik Magnus Carle	Member	-	187.72

The members of the Supervisory Board proposed by the largest single shareholder, LM Ericsson, who are elected at the General Meeting of Shareholders, waive the right to receive monthly remuneration for their work in the Supervisory Board, in line with the policies of their employer.

The Company believes that the remuneration paid to the members of the Supervisory Board is in line with the engagement and tasks they perform within the Supervisory Board or Audit Committee, and the Company's position and business performance.

The Company did not provide any advance payments or loans to the members of the Supervisory Board, and there are no financial obligations of the Company towards the members of the Supervisory Board.

The Company did not give any gifts or benefits to the members of the Supervisory Board.

Remuneration to the Management Board

Remuneration and evaluation of the work of the Management Board are focused on the sustainable development and growth of the Company and are implemented in accordance with the Remuneration Policy of the Management Board adopted by the Supervisory Board.

The Management Board of the Company consists of one member:

- Gordana Kovačević – Management Board President (CEO)

During 2024, there were no changes in the membership of the Management Board.

The total remuneration of the members of the Management Board consists of a fixed component (contractual payment and/or salary) and a variable component defined in the Remuneration Policy of the Management Board.

In 2024, the Management Board of the Company was paid the following gross 1 amounts:

- | | |
|--------------------------------------|----------------|
| - Fixed annual basic salary | 329,854.72 EUR |
| - Variable component of remuneration | 96,620.47 EUR |

According to the definition of the maximum annual target remuneration of Management Board members from the Remuneration Policy of the Management Board, the target remuneration of the Management Board in 2024 amounts to 129.29% of the basic (contractual) salary and does not exceed the maximum amount of 160%.

During 2024, the Management Board was not allocated any of the Company's own shares.

Additional perks of the job (company car, meals in the Company, medical check-up, additional medical insurance, holiday cash grant, payment in kind) paid to the Management Board in 2024 in the amount 10,317.49 EUR.

Elements of Management Board Remuneration

Annual target remuneration

Annual target remuneration includes the contract payment and/or salary and the STI (Short Term Incentive) component of compensation for achieving the annual business targets at the Commitment level. The share of the STI component in the annual targeted remuneration for the members of the Management Board is defined by the Supervisory Board and included in individual contract. Other elements of compensation and other non-monetary rewards and services can be determined in individual contracts. The annual target remuneration is assessed once a year and, if necessary, an increase is made under the condition that there is headroom in the budget secured for this purpose.

The amount of basic (contract) payment is determined based on responsibility level, complexity of assignments, complexity and size of organization, diversity of business segments and technologies involved, considering companies in the labor market, relevant in terms of core business, size, and complexity. The basic monthly contract payment is agreed in individual employment contracts and/or managerial contracts.

Short term incentive plan (STI)

The Management Board member's goals are defined in line with strategic determinants of the future business development, and the Company's business goals, approved by the Supervisory Board for a certain year. A short-term incentive plan is used to reward the achievement of the Company's targets, mainly financial ones, and optional non-financial goals (e.g. ESG), over the course of one year.

The level of achievement at the commitment level for short-term incentive within the framework of the annual target remuneration for the members of the Management Board is determined by the Supervisory Board. The level of achievement at the commitment level for the members of the Management Board for the award for all employees of the Company is defined by the Supervisory Board and included in the individual contract.

The company business goals for 2024 were as follows:

- Orders Booked (OB)
- Net Sales (NS)
- Operating Income (OI)
- Operating Cash Flow (OCF)
- Working Capital Days (WCD)
- Customer Satisfaction
- eSatisfaction
- Sustainability & Corporate Responsibility

The Supervisory Board approves the Company's annual goals based on the approved Business Plan. Following the approval of annual financial reports, total performance is evaluated as the basis of calculation.

Spot bonus

During 2024, no individual awards were paid to the Management Board in the form of a one-off payment.

Long term incentive plan

During 2024, the Management Board did not participate in the long-term incentive plan and did not receive any income on that basis.

Allocation of treasury shares

If treasury shares are allocated to the Management Board, an allocation is based on the decision made by the Company's Supervisory Board and is conditioned by exceptionally good results in the past period, i.e. high expectations for the coming period.

Treasury shares can be allocated as a spot bonus or through a long-term incentive plan.

The option of allocating treasury shares is a long-term compensation instrument based on which the Management Board enters the ownership structure and enables them to benefit from the success of the share in the capital market.

During 2024, the Management Board was not allocated any of the Company's own shares.

Additional perks of the job

In addition to the above components, compensation includes other additional perks for the job. Additional perks for the job are non-monetary benefits and services provided by the Company as well as receipts in kind, e.g. company car, meals in the Company, medical check-up for, severance pay when leaving the Company, various education, etc.

In 2024, additional perks for the job paid to the Management Board amounted to 10,317.49 EUR and do not exceed the maximum amount of 20,000.00 EUR defined by the Management Board Remuneration Policy.

Other information

The table below shows the average employee remuneration in 2024, gross 1 amount, which include fixed and variable part of salary, other compensation elements, salary in kind and all other payments related to employee employment status, divided by the average number of employees in full-time equivalent (FTE).

Average remuneration per employee	2024	2023	2022	2021	2020
Average remuneration (EUR)	42,335	40,260	38,081	36,036	35,780
Average FTE	2,776	2,749	2,688	2,615	2,482

Business Results Ericsson Nikola Tesla d.d.	2024	2023	2022	2021	2020
Revenue (EUR)	258,216,894	239,258,171	234,556,246	206,406,955	191,155,750
Profit (EUR)	22,469,997	18,840,714	19,579,104	15,290,596	10,152,085

Business Results Ericsson Nikola Tesla Group	2024	2023	2022	2021	2020
Revenue (EUR)	257,262,756	311,654,649	303,863,920	297,227,838	271,866,614
Profit (EUR)	15,597,461	22,194,311	15,816,523	23,538,144	12,518,150

Management Board has not received any payment or commitment from a third party in connection with the performance of its business during the last financial year.

The Company did not demand a refund of the payments to the Management Board.

The Company has not made any advances or loans to the Management Board nor are there any financial obligations in favor of the Management Board.

In case a contract is terminated by the Company due to personal/business reasons with a simultaneous termination of employment (if the member of the Management Board is also the employee of the Company), the Company is obliged to pay the member of the Management Board severance pay as defined in the Labor law and potentially in individual contract with such a member. In any case, the amount of severance pay may not exceed the amount of 60% of the average monthly gross salary paid over the 3 months preceding the termination of the employment relationship for every year of service with the Company.

In the case of retirement, severance pay is given in the amount defined by the Company's Collective Agreement and/or potentially in an individual contract with the member of the Management Board. In any case, the amount of severance pay in case of retirement of the member of the Management Board, can not exceed the amount of 18 average monthly contractual gross salaries paid over the 3 months preceding the termination of employment.

The employment contract stipulates a non-compete clause upon termination of the contract.

There are no additional fees for the Management Board when taking over the membership in the Supervisory Boards and similar positions / functions in companies in which the Company directly or indirectly owns its share, as well as in associations to which the Company belongs according to the scope of business.

In accordance with Article 247.a of the Companies Act, the Remuneration Report will be prepared for the General Assembly to be held on June 26, 2025.

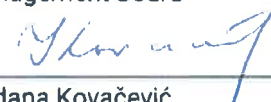
Zagreb, 29.04.2025

For Supervisory Board



Stefan Kötzt
Chairperson

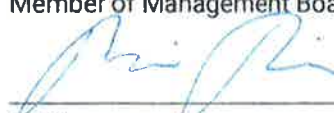
Management Board



Gordana Kovačević
President of Management Board



Hrvoje Benčić
Member of Management Board



Damir Bušić
Member of Management Board



Milan Živković
Member of Management Board

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