

The Report of Ericsson Nikola Tesla d.d. Supervisory Board on the supervision performed on the Company's operations in 2017

Zagreb, April 25, 2018

Pursuant to provisions of the Croatian Companies Act and Ericsson Nikola Tesla d.d. Statute, the Supervisory Board of Ericsson Nikola Tesla d.d. has reviewed the Company's business, taking respective decisions and conclusions in four regular and two extraordinary Supervisory Board meetings held during 2017.

In 2017, the members of the Supervisory Board were as follows:

Arun Bansal (Chairman as of June 06, 2017)

Klas Roland Nordgren (Chairman until June 06, 2017)

Ignac Lovrek (Deputy Chairman)

Vidar Mohammar (Member)

Dubravko Radošević (Member)

Zvonimir Jelić (Member and Employee representative).

The Company Management regularly informed the Supervisory Board on all important business activities and the course of the Company business performance.

At the meetings, the Supervisory Board discussed in detail the financial results, situation in the domestic and export markets and ICT industry trends. Further topics of discussions were as follows: business plans and strategic projects, business risks, investments, innovation management, issues regarding human resources and shareholders. Moreover, the Supervisory Board continuously monitored business development and responsibilities of the Research & Development Centre, Digital Services & Operations, Network & Media and IT & Test Environment (ITTE) units.

At extraordinary Board meetings, the members discussed dividend payment, 2016 annual financial reports and 2017 targets.

The Supervisory Board analyzed and approved the Ericsson Nikola Tesla Group's Business Strategy for period 2017 – 2022, as well as transformation programs focused on further business development.

Analyzing the Managing Director's reports and the key financial indicators, the Supervisory Board evaluated that Ericsson Nikola Tesla Group achieved solid financial results. Sales in Ericsson market continues to grow YoY due to new responsibilities and excellent services capabilities. Domestic market sales increased YoY due to increasing investments in digital transformation, while export markets decreased YoY due to ramping-down of modernization projects and unfavorable currency development. Due to challenging market environment, the Group focus remains on strategic risk management and cost and operating efficiency.

Ericsson Nikola Tesla Group retained its position as ICT leader in Croatia and its position as one of the leading exporters, especially when it comes to export of knowledge / services.

During 2017 the Supervisory Board composition changed. At the Annual General Meeting held on June 6, Arun Bansal, Senior Vice President of Ericsson Corporation and Head of Market Area Europe & Latin

America, was elected as the new Board member instead of Klas Roland Nordgren, former member and chairman of the Supervisory Board.

The Audit Committee held four meetings in 2017. During these meetings, the Audit Committee discussed financial performance during the year, annual financial statements, 2017 audit plan, audit findings, internal control and risk management system, and performed other tasks pursuant to EU and local audit regulations. The Audit Committee regularly informed other Supervisory Board members of its findings and recommendations. In 2017, members of the Audit committee were: Ignac Lovrek (Chairman), Vidar Mohammar (Member) and Vesna Vašiček (member as of February 21, 2017).

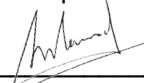
Based on the review of financial and other relevant business documents, the Managing Director's report and the report provided by auditors, the Supervisory Board concluded the following:

- 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 respects reflect the correct financial and business situation of Ericsson Nikola Tesla d.d. and its subsidiaries;
- The Managing Director's proposal relating to net income (profit) allocation is supported and approved;
- There are no objections regarding the Managing Director'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 Companies Act, art. 300d the following documents are enclosed with this report:

1. Decision by the Managing Director on the established consolidated and non-consolidated annual financial statements;
2. Decision by the Supervisory Board on the established consolidated and non-consolidated annual financial statements;

For the Supervisory Board



Arun Bansal, Chairman

Ericsson Nikola Tesla d.d. Zagreb
Krapinska 45

OIB: 84214771175

Zagreb, 25. travnja 2018

Zagreb, April 25, 2018

Predmet: Odluka Uprave Društva

Subject: Managing Director Decision

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 2017.g.
- Utvrđuju se godišnja konsolidirana financijska izvješća Društva i njegovih podružnica („Grupa“) za 2017.g.

- The Annual Financial Reports of the Company for 2017 have been submitted and approved.
- The Annual Consolidated Financial Statements of the Company and its subsidiaries (the “Group“) for 2017 have been submitted and approved.

Ericsson Nikola Tesla d.d. Zagreb
Uprava

Ericsson Nikola Tesla d.d. Zagreb
Managing Director

Gordana Kovačević

Gordana Kovačević


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Zagreb, 25. travnja 2018.

Zagreb, April 25, 2018

Predmet: Odluka Nadzornog odbora Društva

Subject: Supervisory Board Decision

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

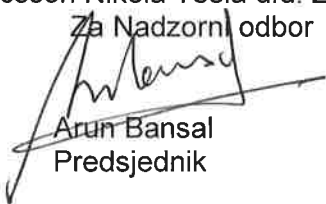
Pursuant to the Company Act, Article 300.d the Supervisory Board of the Joint Stock Company Ericsson Nikola Tesla d.d. Zagreb, hereby confirms that:

- Utvrđuju se godišnja financijska izvješća Društva za 2017.g.
- Utvrđuju se godišnja konsolidirana financijska izvješća Društva i njegovih podružnica („Grupa“) za 2017. godinu.

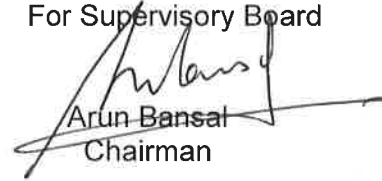
- The Annual Financial Reports of the Company for 2017 have been submitted and approved.
- The Annual Consolidated Financial Statements of the Company and its subsidiaries (the “Group“) for 2017 have been approved.

Ericsson Nikola Tesla d.d. Zagreb

Za Nadzorni odbor


Arun Bansal
Predsjednik

Ericsson Nikola Tesla d.d. Zagreb
For Supervisory Board


Arun Bansal
Chairman