

## The Report of Ericsson Nikola Tesla d.d. Supervisory Board on the supervision performed on the Company's operations in 2023

April 23, 2024

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 the Company's business operations, taking respective decisions and conclusions at four (4) regular and three (3) extraordinary Supervisory Board meetings, held in 2023.

In 2023, the members of the Supervisory Board were:

- Franck Pierre Roland Bouétard (Chairperson)
- Olgica Spevec (Deputy Chair)
- Ana Vrsaljko Metelko (Member)
- Petar Šimundža (Member and employees' representative)
- Carl Henrik Magnus Carle (Member as of June 14, 2023)

There was full attendance of the Supervisory Board members at the meetings, except for the meeting held on June 29, 2023 when Mr. Carle 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 regular meetings, the Supervisory Board discussed business environment, key risks, activities and contracts with customers, focus areas, strategic projects, realization of targets, financial performance, investments and strategic directions. Further topics of discussion encompass compliance, internal audit procedures, significant business transactions that include the Company and its related parties, as well as issues regarding human resources, shareholders and share value evolution. The Supervisory Board has been regularly informed about the development of business and responsibilities of the Research & Development Center, Customer Services and Solutions Center, Center for ICT solutions for Digital Society, IT & Engineering Services Unit, and the daughter company Ericsson Nikola Tesla Servisi d.o.o..

At extraordinary Supervisory Board meetings, the members discussed preliminary results for 2022, targets for 2023, evaluation of Supervisory board performance and cooperation with the Management Board, approval of annual financial statements for 2022, dividend proposal for 2022, and the Remuneration Report for Supervisory Board members and Management Board in 2022.

In April 2023, a strategic workshop between the Management Board and the Supervisory Board was held, at which financial plans of Ericsson Nikola Tesla Group for period 2023 to 2026 were analyzed for every business segment (Telco, Digital Society, R&D, Service delivery), as well as progress by each strategic direction. The Supervisory board commended the progress and gave guidelines for further activities.

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. Ericsson Nikola Tesla's Compliance and Investigation Officer regularly informed the members

of the Supervisory Board about the reported compliance concerns, vetted third parties with indicated risks and efficiently established certifications of conflict-of-interest. The Supervisory Board also focused on the efficiency of the risk management system and internal control. During 2023, it has strengthened external and internal risks identification and monitored defined action plans to reduce these risks.

At the beginning of 2024, the Supervisory Board conducted a self-assessment of the effectiveness, competences and composition of the Supervisory Board and its Audit Committee in 2023, as well as the performance of individual members. Furthermore, the Supervisory Board assessed the efficiency 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. The tools for assessment included detailed questionnaires and discussions.

The overall conclusion is that Ericsson Nikola Tesla's Supervisory Board and its Audit Committee are efficient in performing their tasks and have knowledge and experience aligned with the requirements of the Company's business. Close and open communication and constructive dialogue with the Management Board and Executive Management is especially highlighted, as well as individual competences of the Board's members, their preparation for the meetings and commitment to their individual roles, as well as the joint role of the Supervisory Board as an important component in the Company's overall business.

In the forthcoming period, the Supervisory Board will continue to monitor strategy execution and provide support to the Management Board and Executive Management to grow business and boost innovations through new products and business models. It will keep focus on key financial indicators, business risks and challenges. It will maintain quality of constructive and effective cooperation and communication (within the SB as well as with the MB) and will continue to strengthen transparent and open communication with the Company's shareholders.

Management Board assessed its own effectiveness in 2023 and presented its conclusions to the Supervisory Board.

In 2020, the Supervisory Board set a target percentage regarding the representation of women by 2025; 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. At the end of 2023, the share of women in the Supervisory Board was 40% and 25% in Executive Management. At Group's level, the share of women among line managers, program & project managers as well as among the total number of employees was 25%. Ericsson Nikola Tesla is on the right track regarding this target; at the company level, the share of women among line managers and program and project managers was 27% and in the total number of employees it was 29%.

Analyzing the reports of the Management Board and monitoring the development of key financial indicators, the Supervisory Board concluded that Ericsson Nikola Tesla operated in 2023 in line with its targets. The Group achieved quality business results, thanks to its strong market position, innovation potential and high level of experience in the development of modern ICT solutions, thus demonstrating strong resilience and the ability to adapt to challenging geopolitical and economic environment. The commitment and energy of Ericsson Nikola Tesla's employees are critical to the Company's success. Therefore, strong emphasis was placed on career management, leadership, and other factors that secure Ericsson Nikola Tesla's ability to attract, motivate and retain talent. In accordance with strategic directions, in 2024 the Group remains focused on strengthening its activities in the Digital Society segment, in the quality of its delivery, in enhanced collaboration model with Ericsson as well as in finding new business models and opportunities in markets. Furthermore, due to still challenging market conditions, the focus will remain on risk management, operational efficiency and continuous improvement of the company's culture based on integrity, ethics and compliance.

### Work of the Audit Committee

The Audit Committee, a sub-committee of the Supervisory Board of Ericsson Nikola Tesla d.d., held five (5) meetings in 2023, during which it discussed the financial performance during the year and annual financial statements, audit plan for 2023, internal and external audit findings, high-level 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 findings, audit fee as well as the Report on the audit of the financial statements. It evaluated the performance of the external auditors and enquired into their qualifications, independence and objectivity. After negotiations with external auditors, the Committee approved the audit fee for 2023. It also pre-approved non-audit services provided by the external auditors.

The Committee monitored the activities and approved the plan and objectives of the team for Operational Excellence/Development & Quality and Independent Internal Audit for 2023. Risk management, internal controls and compliance requirements have been checked during 2023 by independent internal audits and assessments, as well as by external audits of Ericsson Nikola Tesla Group Management System. Based on the outcome of the mentioned audits and assessments, the Committee concluded that Ericsson Nikola Tesla Group risk management framework has been adequate and functional. A stronger focus on continuous process improvements and business efficiency is recommended.

With respect to compliance, the Committee decided about reported compliance concerns. It evaluated and monitored Ericsson Nikola Tesla Group Ethics and compliance program activities, tracking and evaluating improvements after assessments conducted internally and reported to the Committee by Independent Internal Audit Officer and Compliance and Investigation Officer. The Committee also supported the organization of workshops related to conflict-of-interest regulation and initiated education on the novelties of the European Union Competition Act. The Committee is of the opinion that Ericsson Nikola Tesla Group has well established and efficient compliance procedures. Furthermore, it supports all the measures and processes that are in place, as well as further strengthening of the compliance program.

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 2024.

During 2023, the members of the Audit Committee were: Olgica Spevec (Chairperson) independent Ericsson Nikola Tesla SB Member, Vesna Vašiček (Member) external expert and Carl Henrik Magnus Carle (Member as of June 29, 2023) Ericsson's representative in the Supervisory Board. There was full attendance of Audit Committee members at all 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:

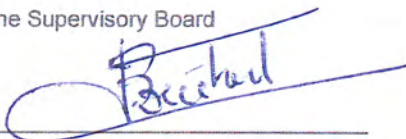
- To the best of our knowledge, Ericsson Nikola Tesla d.d. in all material aspects operates in compliance with the laws and Company's enactments and in accordance with the decisions made by the Annual General Meeting;

- 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:

1. Management Board's Decision on Approving consolidated and non-consolidated annual financial statements;
2. Decision by the Supervisory Board on Approving consolidated and non-consolidated annual financial statements;
3. Management Board and Supervisory Board Decision proposal on allocating retained earnings from year 2022 and the Company profit achieved in the financial year 2023.

For the Supervisory Board



Franck Pierre Roland Bouétard, Chairperson

Ericsson Nikola Tesla d.d. Zagreb  
Krapinska 45

OIB: 84214771175

Zagreb, 23. travnja 2024.

Zagreb, April 23, 2024

**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:

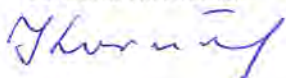
- Utvrđuju se godišnja financijska izvješća Društva za 2023.g.
- Utvrđuju se godišnja konsolidirana financijska izvješća Društva i njegovih podružnica („Grupa“) za 2023.g.

- The Annual Financial Statements of the Company for 2023 have been approved.
- The Annual Consolidated Financial Statements of the Company and its subsidiaries (the “Group“) for 2023 have been approved.

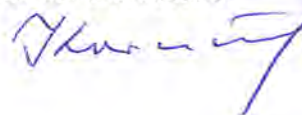
Ericsson Nikola Tesla d.d. Zagreb  
Uprava

Ericsson Nikola Tesla d.d. Zagreb  
Management Board

Gordana Kovačević



Gordana Kovačević



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HR-10 000 Zagreb  
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OIB: 84214771175

Zagreb, 23. travnja 2024.

Zagreb, April 23, 2024

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

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

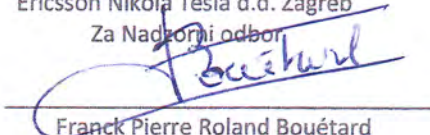
Temeljem članka 300.d Zakona o trgovačkim društvima, Nadzorni odbor dioničkog društva Ericsson Nikola Tesla d.d. Zagreb donosi slijedeće:

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 2023. godinu.
- Utvrđuju se godišnja konsolidirana financijska izvješća Društva i njegovih podružnica („Grupa“) za 2023. godinu.

- The Annual Financial Statements of the Company for 2023 have been approved.
- The Annual Consolidated Financial Statements of the Company and its subsidiaries (the “Group“) for 2023 have been approved.

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

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Zagreb, 23. travnja 2024.

**Predmet: Prijedlog Odluke Uprave i Nadzornog odbora Društva o raspodjeli zadržane dobiti iz 2022. i o uporabi dobiti Društva ostvarene u financijskoj godini 2023.**

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 2023. u iznosu od 18.840.713,66 EUR rasporedit će se u zadržanu dobit.
- Dioničarima Društva isplatit će se dividenda u iznosu od 15 eura po dionici iz zadržane dobiti iz 2022. i 2023. godine.

Zagreb, April 23, 2024

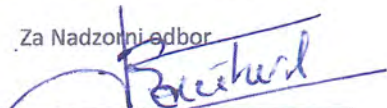
**Subject: Management Board and Supervisory Board Decision proposal on allocating retained earnings from year 2022 and the Company profit achieved in the financial year 2023**

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 2023, amounting to EUR 18,840,713.66 will be allocated to retained earnings.
- The Company shareholders shall be paid dividend of EUR 15 per share out of retained earnings from year 2022 and retained earnings from year 2023.

Ericsson Nikola Tesla d.d. Zagreb

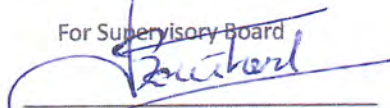
Za Nadzorni odbor



Franck Pierre Roland Bouétard  
Predsjednik

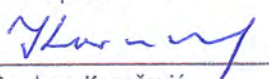
Ericsson Nikola Tesla d.d. Zagreb

For Supervisory Board



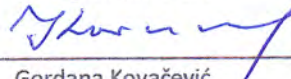
Franck Pierre Roland Bouétard  
Chairperson

Uprava



Gordana Kovačević

Management Board



Gordana Kovačević

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