

PRESS INFO

April 29, 2021



ERICSSON NIKOLA TESLA d.d.
Krapinska 45
10000 Zagreb

SECURITY: ERNT (ISIN: HRERNTRA0000)
LEI: 5299001W91BFWSUOVD63
HOME MEMBER STATE: Republic of Croatia
REGULATED MARKET SEGMENT: Regular market of the Zagreb Stock Exchange

Ericsson Nikola Tesla Group

Management Report on the Company and Ericsson Nikola Tesla Group business performance with comments on the financial results for Q1 2021

Highlights:

- Sales revenue: MHRK **445.9**
- Gross margin: **14.2%**
- Operating profit: MHRK **45.3**
- Profit before tax: MHRK **48.4**
- Net profit: MHRK **40.8**
- Cash flow from operating activities: MHRK **22.6**

Gordana Kovačević, the President of Ericsson Nikola Tesla, commented:

„In Q1 2021, the life and business in Croatia and globally were strongly impacted by the continued spread of the COVID-19 pandemic. Considering the persistence of extraordinary circumstances in which we operate, Ericsson Nikola Tesla Group realized solid business results. Compared to Q1 2020, sales revenue is lower by 8.6% and amount to MHRK 445.9, as a result of cyclical investments of our main customers in the networks, while gross margin improved to 14.2% (10.2%), primarily due to lower transition and transformation costs and the effect of cost-efficiency program. With a share of 60.1% in the total revenue generated in export markets, the company remains one of the largest Croatian exporters.

In regard to investments/ plans for 2021, telecom operators on the domestic market announced continuation of investments in infrastructure, high-speed Internet coverage and 5G. By implementing these plans, the domestic telecom operators, as well as the overall telecommunication market, follow European and global trends that in spite of pandemic, but also because of it, show the direction of accelerated development of communication technologies and services. The beginning of the full implementation of 5G in Croatia is expected in Q3 2021, after HAKOM assigns the necessary radio frequency spectrum. Therefore, we are especially pleased that we have signed a new five-year agreement with A1 Hrvatska. Thus we have continued to be the supplier of the radio part of the mobile network of this operator and at the same time a strategic partner in the field of 5G technology.

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With the strategic partner Hrvatski Telekom, we continue to cooperate on all projects contracted during 2020. We would like to single out Management Services Agreement for the construction and maintenance of fixed and mobile telecommunications infrastructure which is carried out by our subsidiary Ericsson Nikola Tesla Servisi d.o.o., as well as the cooperation agreement in the field of radio access networks with emphasis on 5G. In the segment of ICT solutions for Industry and Society in the domestic market, we have signed new agreements with the Croatian Ministry of the Interior, the Croatian Ministry of Justice and Public Administration, and State Geodetic Administration.

In export markets, sales revenue is lower year-over-year due to the dynamics of operators' investments in networks, and along with the challenges brought by COVID-19 pandemic, the realization of projects is aggravated by the political and economic situation in some markets. Our activities in these markets continue with a strong focus on risk mitigation. The implementation of the Central Software Platform for the Centralized e-Health System of the Republic of Belarus, which is financed by a loan from the International Bank for Reconstruction and Development within the World Bank project, is ongoing as planned.

The delivery of services to Ericsson is stable. At the regular semi-annual R&D Management Business Review meeting, our Research and Development Center (R&D) confirmed the position of highly evaluated center in the global organization, with a customer satisfaction level of more than 90%. The evaluations in all categories are very high, and represent an increase in comparison to a previous evaluation, which proves that even in extraordinary circumstances, Ericsson Nikola Tesla's R&D Center continues to build positive perception within global Ericsson and contribute to the results of our company.

The strength of Ericsson's 5G portfolio was recently confirmed by Gartner report, naming Ericsson a leader in 5G network infrastructure for communications service providers. With over 130 commercial 5G agreements with communication service providers and 85 live 5G networks worldwide, consulting firm Frost & Sullivan in its latest report Frost Radar™ also named Ericsson the leader in the global 5G network infrastructure market in 2020.

By creating innovative solutions, based on the capabilities provided by the modern information-communication technology, Ericsson Nikola Tesla Group enables digital transformation of other industries, but also society itself. In this way, we create new opportunities for our customers and their end users, and through continuous internal transformation we secure the sustainability and competitiveness of our business. Through close cooperation with our customers we create solutions that speed up processes and contribute to a more quality work. As an example, the solution MOST (Managed Operations Support Tool) needs to be mentioned, which is our tool for monitoring the delivery of services to our strategic partner Hrvatski Telekom. By putting this tool into operation in this quarter, an important step was made in the realization of this complex project in which many experts from Ericsson Nikola Tesla and Ericsson Nikola Tesla Servisi have participated, as well as experts from Hrvatski Telekom. By integrating several previously used tools into one, which is also connected to the customer's relevant IT system, we simplify business and achieve a high level of quality.

A recent survey conducted on a sample of joint stock companies with over 500 employees verified the importance that these companies attach to the significance and risks of climate change. The results confirm the correctness of linking our goals in the field of sustainability and corporate responsibility with the strategic determinants of the company. Special emphasis was placed on the best practice that our company has in reporting on climate change at the highest management level; leadership in reporting about the risks of negative impact on the climate ; practice of reporting on business opportunities linked to climate, and leadership in reporting on climate change mitigation. Following our strategic orientation and concrete activities in a form of calculating our own carbon footprint, which comes mostly from energy consumption and transport, to a successful realization of the energy

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efficiency project at Ericsson Nikola Tesla, we are ready for new challenges. In this sense, a key goal in the field of positive impact on climate change has already been defined - to reduce our CO2 emissions by 50% by 2030.

In Q1 2021, intensive vaccinations against COVID-19 began in Croatia and worldwide. Unfortunately, the increase in the number of infected people in Croatia and globally, and the fact that the vaccination is progressing in a slower pace than expected, results in constant updating of local /global restrictive measures to limit the flow of people and goods, which affects business planning and requires great flexibility. Therefore, as main risks, we see the ramp-down of the existing contracts realization, decrease/postponement of investments, restrictions in travelling, delays in equipment delivery due to reduced production and logistics capacities as well as physical and mental health of employees. With the primary focus on the safety, health and well-being of our employees, customers, partners and suppliers, we remain focused on risk management, profitability, and operating cash flow.

The global pandemic has significantly increased the need for networking and communication resulting in strong data traffic growth and increased awareness of the need for faster digital transformation of society with an emphasis on the digitalization of public services. Therefore, in 2021 we will continue to invest in 5G and new technologies, digital transformation of the Group, retaining key people and attracting new talents and developing competencies, because only through technological leadership and with highly qualified experts we can create and implement modern ICT solutions that contribute to digital transformation with positive impact on industry, society and individuals. "

Financial Highlights for the Group:

- Sales revenue amounted to MHRK 445.9 (Q1 2020: MHRK 487.7), 8.6% lower year-over-year. Of the total sales revenue, the domestic market accounted for 39.9%, services to Ericsson accounted for 48.7%, while other export markets accounted for 11.4%.
- Sales in the Networks segment amounted to MHRK 219.9 (Q1 2020: MHRK 303.7), Digital Services amounted to MHRK 118.8 (Q1 2020: MHRK 103.1), Managed Services amounted to MHRK 105.4 (Q1 2020: MHRK 78.8), and Emerging Business and Other amounted to MHRK 1.7 (Q1 2020: MHRK 2.0).
- Gross profit amounted to MHRK 63.1 (Q1 2020: MHRK 49.7), up by 26.9% year-over-year, due to lower transition and transformation costs, and the impact of cost-efficiency program. Gross margin increased to 14.2% (Q1 2020: 10.2%).
- Selling and administrative expenses increased by 2.8% year-over-year to MHRK 21.8 (Q1 2020: MHRK 21.2), due to increased presales activities related to 5G radio access and core networks, and broadband network implementation projects.
- Operating profit increased by 35.2% year-over-year to MHRK 45.3 (Q1 2020: MHRK 33.5), as a result of significant increase of gross profit.
- Gain from financial activities amounted to MHRK 3.2 (Q1 2020: MHRK 1.1) because of positive exchange differences.
- Profit before tax increased by 40.1% year-over-year to MHRK 48.4 (Q1 2020: MHRK 34.6).
- Net profit amounted to MHRK 40.8 (Q1 2020: MHRK 29.6) up by 38.2% year-over-year. Return on sales (ROS) was 9.2% (Q1 2020: 6.1%).

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- Cash flow from operating activities amounted to MHRK 22.6 (Q1 2020: MHRK 18.1) positively impacted by solid collection of receivables from certain customers
- Working Capital Efficiency, expressed in WCD, was 18 days (Q1 2020: 44 days), and excluding services to Ericsson, Working Capital Efficiency was 32 days (Q1 2020: 101 days). Improvement in Working Capital Efficiency is due to completion of demanding network modernization projects which required longer and intensive engagement of material and human resources.
- Total cash and cash equivalents, including short term financial assets, as at March 31, 2021 amounted to MHRK 338.0 (32% of the total assets), while at the end of 2020, they amounted to MHRK 314.0 (31.6% of the total assets). Total cash increased slightly due to lower outflows from operating activities as well as less investment outflows / activities in the quarter.
- As at March 31, 2021, the Group had a solid balance sheet with total assets of MHRK 1,038.5, up by 4.4% compared to the end of 2020. The increase in the balance sheet is mostly due to the increase in work in progress (WIP) due to the dynamics of contract execution, new receivables, as well as a slightly lower cash outflows in the quarter. Equity ratio amounted to 37.3% (end of 2020: 34.8%).
- With related parties, the transactions were as follows: sales of products and services amounted to MHRK 216.1 (Q1 2020: MHRK 217.6), while procurement of products and services amounted to MHRK 60.6 (Q1 2020: MHRK 123.3).
- As at March 31, 2021, balances outstanding with related parties were as follows: receivables amounted to MHRK 95.2 (end of 2020: MHRK 89.0), and payables amounted to MHRK 29.8 (end of 2020: MHRK 10.9).

Business situation in major markets

In the domestic market, sales revenue amounted to MHRK 178.0 (Q1 2020: MHRK 199.9), down by 10.9% year-over-year.

During Q1 2021, the cooperation between Hrvatski Telekom and Ericsson Nikola Tesla Group has continued on all strategic projects, contracted during 2020. The cooperation is realized through intensive planning of activities for the investment period until the end of 2021, and a continuous realization in line with the announced plans, which aims to further connect society and create the prerequisites for the development of smart industries, modern cities and the society of the future.

Based on the Management Services Agreement for the construction and maintenance of fixed and mobile telecommunications infrastructure, supervision of the telecommunications network, and field maintenance of the active access and passive network, signed by Ericsson Nikola Tesla Servisi d.o.o., we will continue with the realization of FTTH in the network of Hrvatski Telekom. During 2020 alone, optical infrastructure was deployed to over 75,000 new households.

The implementation of the state-of-the-art Ericsson technology in the domain of radio access network and 5G continues, based on the cooperation agreement in which Ericsson Nikola Tesla d.d. is the supplier of the radio part of mobile network. At the same time, through deliveries related to the modernization of microwave transmission technology, based on the contract signed in mid-December 2020, intensive work was done to achieve all the necessary preconditions for the introduction of 5G in rural and hard-to-reach areas, including islands.

5G network of Hrvatski Telekom currently operates on the technology of Dynamic Spectrum Sharing (DSS), the application of which enables the use of the existing frequencies for 5G and a quick implementation of 5G network.

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In March 2021, Hrvatski Telekom in cooperation with Ericsson Nikola Tesla d.d., was the first to also start including commercial users in testing on the 3.5 GHz frequency.

A new five-year contract on further development of the radio part of the mobile network of this operator was signed with the strategic partner A1 Hrvatska. The implementation of the contract will provide users with the state-of-the-art and secure radio access technology, and the highest quality standards in the development of 5G infrastructure will support the advanced user experience and the implementation of very high capacity networks at the national level. New capacities will be built on 4G technology and all the existing equipment on base stations will be modernized to 5G technology. The new 5G network will offer an open platform for innovation and a range of new business opportunities in various industries.

With the mobile operator Telemach Hrvatska, we have been working on the expansion of capacities of core network, and maintenance of core and transport network.

In the segment of ICT solutions for Industry and Society, an agreement was signed with the Ministry of the Interior of the Republic of Croatia related to the continuation of the Green Borders project, which aims to establish the surveillance of the state border in line with Schengen rules. In this area, a contract related to stationary systems was signed, which refers to equipping additional locations with video equipment and software that functionally comply with the Schengen rules.

A contract was signed with the Croatian Ministry of Justice and Public Administration for services of improvement, refinement, and upgrade of ZUP IT systems and user education. Contracted work includes the development of IT systems to support process and quality management in public administration.

Successful cooperation with the State Geodetic Administration continued with the signing of a contract for geoinformatics services on the establishment of a building register for the area of Varaždin County and the development of a multi-purpose information system for the building register.

In export markets (Ericsson market excluded) sales revenue decreased by 21.1% year-over-year to MHRK 50.8 (Q1 2020: MHRK 64.4) due to the dynamics of operators' investments in networks. In addition to negative impact of COVID-19 pandemic, the political and economic crisis in some export markets makes business more difficult.

With the operator HT Eronet (Bosnia and Herzegovina), we have been working on the build and modernization of LTE network across Bosnia and Herzegovina. We have also continued the activities on the modernization and maintenance of telecommunications networks with the operators Crnogorski Telekom (Montenegro) and IPKO (Kosovo). In Belarus, LTE network expansion projects are being implemented with the operator beCloud, and activities on the expansion of the transmission network are underway with A1 Belarus.

In ICT for Industry&Society, the activities related to the implementation of the Central Software Platform for the Centralized e-Health System of the Republic of Belarus are ongoing as planned. Our teams are finishing the realization of the first phase that includes the solution design, on which the national platform will be built on.

In Ericsson market, sales revenue amounted to MHRK 217.1 (Q1 2020: MHRK 223.4), down by 2.8% year-over-year.

Ericsson Nikola Tesla's R&D Center started 2021 with excellent results, highly recognized from all stakeholders on Management Business Review held in March. All work and deliveries are going according to plan. In business segment Networks, significant number of features related to classic and 5G products are ongoing at the same time building competence of new teams. Within the business area Digital Services, new responsibilities and complete operations in the area of Home Location Register were successfully transferred to R&D center. In the area Mobile Switching Center, development of feature modernization concluded with successful demo. Cloud development activities verified new features and Centralized User Database continued features development and verification according to plan. In Service Area Networks, Wireline and Legacy, number of customer support

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activities were successfully executed.

Ericsson Nikola Tesla Group's experts from the Center for Services and Solutions Center for Networks are included in the activities of integration and optimization of various technologies for Ericsson customers in the United Kingdom, Germany, Sweden, Ireland, Spain, Denmark, Norway, Belgium, Czech Republic, Lithuania, Greece, Malta, Canada, Saudi Arabia, Japan, Indonesia, Malaysia, Taiwan, Hong Kong, etc.

We have continued to work on the development and implementation of software tools for management and optimization of mobile networks (SRS/Smart Rollout Support, ESI/Ericsson Site Integration, RAMT/Rehoming Automation Management Tool, RNPT/ Radio Network Proposal Tools & Gynt) that are used in the network rollout by many operators worldwide, with which Ericsson and Ericsson Nikola Tesla do business.

Experts from Services and Solutions Center in the field of Digital Services, Media and Operations, in addition to projects for the customers of Ericsson Nikola Tesla Group, were also engaged on projects for Ericsson customers in the United Kingdom, Germany, Sweden, Switzerland, Denmark, Finland, France, Luxembourg, Ireland, Norway, Lithuania, Italy, Czech Republic, Australia, Tahiti, Pakistan etc. These are complex projects of introduction of 5G technology, operational and business support systems, as well as projects of introduction of core solutions in Cloud.

The teams working in IT& Engineering Services, in addition to providing excellent support and achieving excellent results on test environment management projects and IT operations for Ericsson corporation, also have a key role in our company's transformation processes, and provide a quality support for smooth work from home and remote support to customers.

In the segment ICT solutions for Industry and Society, in addition to numerous projects for Ericsson Nikola Tesla's customers, quality results are also achieved on projects in the field of IoT platforms and Connected Urban Traffic for the needs of Ericsson corporation.

Other information

At the meeting held on April 23, 2021, Ericsson Nikola Tesla Supervisory Board and Managing Director made a joint proposal to the company's General Meeting to adopt a decision regarding the dividend payment of HRK 82 per share.

Ericsson Nikola Tesla's General Meeting will be held on June 29, 2021. The shareholders who have the Company shares registered on their securities account in the Central Depository & Clearing Company on July 02, 2021 are entitled to dividend payment. Ex-dividend date is July 01, 2021.

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Ericsson Nikola Tesla major shareholders (as at March 31, 2021)

	Number of shares	% of share capital
Telefonaktiebolaget LM Ericsson	653,473	49.07
Addiko Bank d.d. / Raiffeisen mandatory pension fund, B category	123,514	9.28
OTP banka d.d. / Erste Plavi mandatory pension fund, B category	53,680	4.03
Addiko Bank d.d. / PBZ Croatia osiguranje mandatory pension fund, B category	40,458	3.04
PBZ d.d. / The Bank of New York as Custodian	12,619	0.95
OTP banka d.d. / OTP Index fund - open-end alternative investment fund with public offering	9,474	0.71
PBZ d.d. / custodian client account	8,949	0.67
Addiko Bank d.d. / Raiffeisen voluntary pension fund	8,094	0.61
Vuleta Ivica	4,761	0.36
Addiko Bank d.d. / Raiffeisen mandatory pension fund, A category	3,668	0.28
Other shareholders	412,960	31.00

Share price information in Q1 2021:

Highest (HRK)	Lowest (HRK)	Closing (HRK)	Market cap. (in MHRK)
1,650.00	1,500.00	1,590.00	2,117.3

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Ericsson Nikola Tesla d.d.
Krapinska 45
Zagreb

OIB: 84214771175

Pursuant to the Articles 462 to 468 of the Capital Market Law (Official Gazette 65/18) the Managing Director of the joint stock company Ericsson Nikola Tesla d.d. Zagreb, Krapinska 45 gives the following:

Statement of the Management Board responsibility

The accompanying consolidated and non-consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS). The financial statements also comply with the provisions of the Croatian Financial Accounting Law valid as of the date of these financial statements.

Unaudited financial statements for the period January 1, 2021 to March 31, 2021 present a true and fair view of the financial position of the Company and the Group and of the financial performance and cash flows in compliance with applicable accounting standards.

Managing Director:

Gordana Kovačević, MSc

A handwritten signature in dark ink, appearing to read "Gordana Kovačević".

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For additional information, please contact:

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For more information about Ericsson Nikola Tesla's business, please visit: <http://www.ericsson.hr>

Ericsson Nikola Tesla d.d.
Consolidated statement of comprehensive income
for the period ended 31 March 2021

	2021 HRK '000	2020 HRK '000
Sales revenue	445.858	487.663
Cost of sales	-382.732	-437.932
Gross profit	63.126	49.731
Selling expenses	-10.617	-11.002
Administrative expenses	-11.201	-10.226
Other operating income	4.074	5.054
Other operating expenses	-116	-71
Operating profit	45.267	33.486
Finance income	3.510	2.206
Finance expense	-338	-1.128
Finance income/(expense) – net	3.172	1.078
Profit before tax	48.439	34.563
Income tax	-7.603	-5.008
Profit for the year	40.836	29.555
Other comprehensive income	-10	126
Total comprehensive income for the year	40.826	29.681
Earnings per share		

Ericsson Nikola Tesla d.d.
Consolidated statement of financial position
as at 31 March 2021

	2021 HRK '000	2020 HRK '000
ASSETS		
Non-current assets		
Property, plant and equipment	145.472	153.802
Right of use asset	66.533	53.955
Intangible assets	4.499	4.522
Loans and receivables	40.500	37.867
Deferred tax assets	9.548	9.541
Total non-current assets	266.551	259.688
Current assets		
Inventories	110.956	86.616
Trade receivables	198.440	193.332
Contract assets	0	0
Receivables from related parties	95.168	89.002
Other receivables	7.491	6.226
Income tax receivable	4.307	11.979
Financial assets at fair value through profit or loss	33.165	32.966
Prepayments and accrued income	27.552	33.411
Cash and cash equivalents	294.834	281.056
Total current assets	771.913	734.588
TOTAL ASSETS	1.038.464	994.275
EQUITY AND LIABILITIES		
Equity		
Share capital	133.165	133.165
Treasury shares	-506	-506
Legal reserves	6.658	6.658
Reserve for treasury shares	13.903	13.903
Translation reserve	-291	-281
Retained earnings	234.353	192.935
Total equity	387.283	345.874
Non-current liabilities		
Borrowings	26.895	30.387
Lease liability	44.207	37.384
Employee benefits	10.531	10.388
Other non-current liabilities	864	1.095
Total non-current liabilities	82.497	79.254
Current liabilities		
Payables to related parties	29.843	10.937
Borrowings	14.148	14.315
Lease liability	23.011	17.576
Trade and other payables	195.233	230.553
Contract liabilities	202.661	192.322
Income tax payable	3.884	2.463
Provisions	9.417	13.713
Accrued charges and deferred revenue	90.488	87.267
Total current liabilities	568.685	569.147
Total liabilities	651.181	648.401
TOTAL EQUITY AND LIABILITIES	1.038.464	994.275

Ericsson Nikola Tesla d.d.
Consolidated statement of cash flows
for the period ended 31 March 2021

	2021 HRK '000	2020 HRK '000
Cash flows from operating activities		
<i>Profit before tax</i>	48.439	34.563
Adjustments for:		
Depreciation and amortisation	14.358	13.775
Impairment losses and reversals	-114	-111
Gain on sale of property, plant and equipment	-49	-108
Net loss/(gain) on remeasurement of financial assets	-188	804
Interest income	-370	-726
Interest expense	335	326
Foreign exchange losses/(gains)	-2.635	-1.838
Equity-settled transactions	583	839
	60.358	47.524
<i>Changes in working capital</i>		
In receivables	-8.704	-78.258
In inventories	-24.340	-4.653
In provisions	-4.154	-854
In payables	211	54.696
<i>Cash generated from operations</i>	23.371	18.455
Interest paid	-627	-247
Income taxes paid	-193	-154
Net cash from operating activities	22.551	18.054
Cash flows from investing activities		
Interest received	362	302
Proceeds from sale of property, plant and equipment	15	121
Purchases of property, plant and equipment, and intangible assets	-2.166	-11.433
Purchases of financial assets at fair value through profit and loss	3	0
Receipt of government grant	1.241	4.299
Net cash used in investing activities	-546	-6.712
Cash flows from financing activities		
Proceeds from borrowings	0	13.101
Repayment of borrowings	-3.522	-487
Dividends paid	-3	0
Payment of lease liability	-5.730	-5.864
Net cash used in financing activities	-9.256	6.749
Effects of exchange rate changes on cash and cash equivalents	1.029	968
Net decrease/(increase) in cash and cash equivalents	13.779	19.059
Cash and cash equivalents at the beginning of the year	281.056	97.906
Cash and cash equivalents at the end of the year	294.834	116.965

Annex 1

ISSUER'S GENERAL DATA

Reporting period:	1.1.2021	to	31.3.2021
Year:	2021		
Quarter:	1.		

Quarterly financial statements

Registration number (MB):	03272699	Issuer's home Member State code:	HR
Entity's registration number (MBS):	0800002028		
Personal identification number (OIB):	84214771175	LEI:	5299001W91BFWSUOVD63
Institution code:	233		

Name of the issuer:	ERICSSON NIKOLA TESLA D.D. ZAGREB		
Postcode and town:	10000	Zagreb	
Street and house number:	Krapinska 45		
E-mail address:	etk.company@ericsson.com		
Web address:	www.ericsson.hr		
Number of employees (end of the reporting period):	3289		
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)	
Audited:	RN	(RN-not audited/RD-audited)	
Names of subsidiaries (according to IFRS):	Registered office:	MB:	
Libratel d.o.o.	Zagreb, Selska 93	1449613	

ETK BH d.o.o.	Mostar, Kralja Petra Krešimira 4	5-01-0996-11
on Nikola Tesla d.d. - Branch office of Kosovo	Republika Kosova, Kalabria, Obj 1., Bil 1, Kati 1 Nr.13	70633647
Ericsson Nikola Tesla Servisi d.o.o.	Zagreb, Krapinska 45	80921748
Ericsson Nikola Tesla BY d.o.o.	Bjelorusija, Minsk, Ulica Zibickaja 2	192753195

Bookkeeping firm:	No	(Yes/No)	
Contact person:	Tatjana Ricijaš		
Telephone:	+385(0)13653343		
E-mail address:	tatjana.ricijas@ericsson.com		
Audit firm:	KPMG Croatia d.o.o.		
Certified auditor:	Domagoj Hrkać		

BALANCE SHEET
balance as at 31.03.2021

in HRK

Submitter: ERICSSON NIKOLA TESLA D.D.				
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period	
1	2	3	4	
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0	
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	299.687.509	299.551.180	
I) INTANGIBLE ASSETS (ADP 004 to 009)	003	4.522.336	4.458.673	
1 Research and development	004	0	0	
2 Concessions, patents, licences, trademarks, software and other rights	005	349.090	325.427	
3 Goodwill	006	4.173.246	4.173.246	
4 Advances for the purchase of intangible assets	007	0	0	
5 Intangible assets in preparation	008	0	0	
6 Other intangible assets	009	0	0	
II) TANGIBLE ASSETS (ADP 011 to 019)	010	297.795.432	292.094.268	
1 Land	011	15.605.344	15.605.344	
2 Buildings	012	77.990.000	95.717.225	
3 Plant and equipment	013	60.927.031	55.863.353	
4 Tools, working inventory and transportation assets	014	21.111.862	31.007.921	
5 Biological assets	015	0	0	
6 Advances for the purchase of tangible assets	016	0	0	
7 Tangible assets in preparation	017	32.069.751	13.759.729	
8 Other tangible assets	018	52.644	50.698	
9 Investment property	019	0	0	
III) FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	23.742.294	24.311.887	
1 Investments in holdings (shares) of undertakings within the group	021	0	0	
2 Investments in other securities of undertakings within the group	022	0	0	
3 Loans, deposits, etc. to undertakings within the group	023	0	0	
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0	
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0	
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0	
7 Investments in securities	027	0	0	
8 Loans, deposits, etc. given	028	23.742.294	24.311.887	
9 Other investments accounted for using the equity method	029	0	0	
10 Other fixed financial assets	030	0	0	
IV) RECEIVABLES (ADP 032 to 035)	031	14.124.953	16.197.869	
1 Receivables from undertakings within the group	032	0	0	
2 Receivables from companies linked by virtue of participating interests	033	0	0	
3 Customer receivables	034	13.688.818	15.912.291	
4 Other receivables	035	436.135	375.569	
V) DEFERRED TAX ASSETS	036	9.541.493	9.548.497	
C) CURRENT ASSETS (ADP 038+040+053+063)	037	701.176.695	744.361.517	
I) INVENTORIES (ADP 039 to 045)	038	86.616.332	110.995.293	
1 Raw materials and consumables	039	22.285.408	22.477.707	
2 Work in progress	040	64.329.125	88.476.745	
3 Finished goods	041	0	0	
4 Merchandise	042	0	0	
5 Advances for inventories	043	1.800	1.800	
6 Fixed assets held for sale	044	0	0	
7 Biological assets	045	0	0	
II) RECEIVABLES (ADP 047 to 062)	046	299.498.216	301.395.621	
1 Receivables from undertakings within the group	047	0	0	
2 Receivables from companies linked by virtue of participating interests	048	89.001.794	95.167.583	
3 Customer receivables	049	193.332.095	198.438.758	
4 Receivables from employees and members of the undertaking	050	0	0	
5 Receivables from government and other institutions	051	12.714.304	5.126.538	
6 Other receivables	052	1.450.188	2.631.744	
III) CURRENT FINANCIAL ASSETS (ADP 064 to 069)	053	37.096.168	37.205.255	
1 Investments in holdings (shares) of undertakings within the group	054	0	0	
2 Investments in other securities of undertakings within the group	055	0	0	
3 Loans, deposits, etc. to undertakings within the group	056	0	0	
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0	
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0	
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0	
7 Investments in securities	060	32.896.148	33.123.911	
8 Loans, deposits, etc. given	061	4.070.000	4.081.343	
9 Other financial assets	062	0	0	
IV) CASH AT BANK AND IN HAND	063	281.055.836	294.834.389	
D) PREPAID EXPENSES AND ACCRUED INCOME	064	33.410.624	27.551.562	
E) TOTAL ASSETS (ADP 001+002+037+064)	065	299.275.039	1.038.464.269	
OFF-BALANCE SHEET ITEMS	066	0	0	
LIABILITIES	067	345.873.601	367.283.221	
A) CAPITAL AND RESERVES (ADP 068 to 076)	067	133.165.000	133.165.000	
I INITIAL (SUBSCRIBED) CAPITAL	068	133.165.000	133.165.000	
II CAPITAL RESERVES	069	0	0	
III) RESERVES FROM PROFIT (ADP 071+072+073+074+075)	070	25.055.496	20.055.496	
1 Legal reserves	071	6.658.250	6.658.250	
2 Reserves for treasury shares	072	13.903.446	13.903.446	
3 Treasury shares and holdings (deductible item)	073	-506.200	-506.200	
4 Statutory reserves	074	0	0	
5 Other reserves	075	0	0	
IV) REVALUATION RESERVES	076	0	0	
V) FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	0	0	
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0	
2 Cash flow hedge - effective portion	079	0	0	
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0	
4 Other fair value reserves	081	0	0	
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	0	0	
VI) RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	98.113.316	193.226.723	
1 Retained profit	084	98.113.316	193.226.723	
2 Loss brought forward	085	0	0	
VII) PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	94.539.989	40.836.002	
1 Profit for the business year	087	94.539.989	40.836.002	
2 Loss for the business year	088	0	0	
VIII) MINORITY (NON-CONTROLLING) INTEREST	089	0	0	
B) PROVISIONS (ADP 091 to 096)	090	24.101.013	19.947.388	
1 Provisions for pensions, termination benefits and similar obligations	091	15.417.275	11.306.827	
2 Provisions for tax liabilities	092	0	0	
3 Provisions for ongoing legal cases	093	719.915	719.915	
4 Provisions for renewal of natural resources	094	0	0	
5 Provisions for warranty obligations	095	2.309.588	2.520.697	
6 Other provisions	096	5.654.234	5.400.948	
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	68.968.524	71.965.910	
1 Liabilities to undertakings within the group	098	0	0	
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	0	
3 Liabilities to companies linked by virtue of participating interests	100	0	0	
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0	
5 Liabilities for loans, deposits etc.	102	0	0	
6 Liabilities to banks and other financial institutions	103	67.771.047	71.101.736	
7 Liabilities for advance payments	104	0	0	
8 Liabilities to suppliers	105	0	0	
9 Liabilities for securities	106	0	0	
10 Other long-term liabilities	107	1.095.477	864.180	
11 Deferred tax liability	108	0	0	
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	296.357.067	300.076.673	
1 Liabilities to undertakings within the group	110	0	0	
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0	
3 Liabilities to companies linked by virtue of participating interests	112	10.936.701	29.842.659	
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0	
5 Liabilities for loans, deposits etc.	114	0	0	
6 Liabilities to banks and other financial institutions	115	31.891.618	37.159.184	
7 Liabilities for advance payments	116	10.512.321	33.959.839	
8 Liabilities to suppliers	117	103.431.782	98.838.059	
9 Liabilities for securities	118	0	0	
10 Liabilities to employees	119	99.116.679	63.077.657	
11 Taxes, contributions and similar liabilities	120	30.467.967	37.291.575	
12 Liabilities arising from the share in the result	121	0	0	
13 Liabilities arising from fixed assets held for sale	122	0	0	
14 Other short-term liabilities	123	0	0	
E) ACCRUALS AND DEFERRED INCOME	124	269.076.614	259.188.796	
F) TOTAL - LIABILITIES (ADP 067+090+097+109+124)	125	694.275.016	1.038.464.269	
G) OFF-BALANCE SHEET ITEMS	126	0	0	

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021 to 31.03.2021

in HRK

Submitter: ERICSSON NIKOLA TESLA D.D.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	492.716.431	492.716.431	449.931.953	449.931.953
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	487.662.540	487.662.540	445.858.417	445.858.417
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	5.053.891	5.053.891	4.073.536	4.073.536
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	459.230.808	459.230.808	404.665.336	404.665.336
1 Changes in inventories of work in progress and finished goods	008	15.434.219	15.434.219	-24.147.427	-24.147.427
2 Material costs (ADP 010 to 012)	009	206.240.323	206.240.323	189.536.521	189.536.521
a) Costs of raw materials and consumables	010	113.017.616	113.017.616	66.276.155	66.276.155
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	93.222.707	93.222.707	123.259.366	123.259.366
3 Staff costs (ADP 014 to 016)	013	205.831.603	205.831.603	213.022.732	213.022.732
a) Net salaries and wages	014	127.024.047	127.024.047	132.822.170	132.822.170
b) Tax and contributions from salary costs	015	58.153.585	58.153.585	56.918.850	56.918.850
c) Contributions on salaries	016	20.653.971	20.653.971	23.381.712	23.381.712
4 Depreciation	017	13.774.870	13.774.870	14.357.753	14.357.753
5 Other costs	018	15.503.959	15.503.959	10.510.738	10.510.738
6 Value adjustments (ADP 020+021)	019	248.098	248.098	661.021	661.021
a) Fixed assets other than financial assets	020	0	0	0	0
b) Current assets other than financial assets	021	248.098	248.098	661.021	661.021
7 Provisions (ADP 023 to 028)	022	2.126.812	2.126.812	609.260	609.260
a) Provisions for pensions, termination benefits and similar obligations	023	2.096.939	2.096.939	153.033	153.033
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	29.873	29.873	456.227	456.227
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	70.924	70.924	115.738	115.738
III FINANCIAL INCOME (ADP 031 to 040)	030	2.205.928	2.205.928	3.509.916	3.509.916
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	117.645	117.645	29.803	29.803
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	599.969	599.969	370.404	370.404
8 Exchange rate differences and other financial income	038	1.488.314	1.488.314	2.921.947	2.921.947
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	187.763	187.763
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	1.128.270	1.128.270	337.959	337.959
1 Interest expenses and similar expenses with undertakings within the group	042	5.520	5.520	29.658	29.658
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	318.970	318.970	308.301	308.301
4 Exchange rate differences and other expenses	045	0	0	0	0
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	803.780	803.780	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+005+049+050)	053	494.922.358	494.922.358	453.441.869	453.441.869
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	460.359.078	460.359.078	405.003.295	405.003.295
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	34.563.280	34.563.280	48.438.574	48.438.574
1 Pre-tax profit (ADP 053-054)	056	34.563.280	34.563.280	48.438.574	48.438.574
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	5.008.348	5.008.348	7.602.573	7.602.573
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	29.554.932	29.554.932	40.836.002	40.836.002
1 Profit for the period (ADP 055-059)	060	29.554.932	29.554.932	40.836.002	40.836.002
2 Loss for the period (ADP 059-055)	061	0	0	0	0
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066				
2 Discontinued operations loss for the period (ADP 065-062)	067				
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 059-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076	0	0	0	0
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	29.554.932	29.554.932	40.836.002	40.836.002
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+087)	079	0	0	0	0
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	126.056	126.056	-9.517	-9.517
1 Exchange rate differences from translation of foreign operations	088	126.056	126.056	-9.517	-9.517
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086-096)	097	126.056	126.056	-9.517	-9.517
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	29.680.988	29.680.988	40.826.485	40.826.485
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	29.680.988	29.680.988	40.826.485	40.826.485
1 Attributable to owners of the parent	100	29.680.988	29.680.988	40.826.485	40.826.485
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method
for the period 01.01.2021 to 31.03.2021

in HRK

Submitter: ERICSSON NIKOLA TESLA D.D.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	34.563.280	48.438.574
2 Adjustments (ADP 003 to 010):	002	12.960.587	11.919.488
a) Depreciation	003	13.774.870	14.357.753
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-108.410	-49.492
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	803.780	-187.763
d) Interest and dividend income	006	-725.660	-370.404
e) Interest expenses	007	325.552	335.363
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	-1.837.502	-2.635.167
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	727.957	469.197
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	47.523.868	60.358.062
3 Changes in the working capital (ADP 013 to 016)	012	-29.069.027	-36.987.001
a) Increase or decrease in short-term liabilities	013	54.696.375	210.874
b) Increase or decrease in short-term receivables	014	-78.258.047	-8.704.331
c) Increase or decrease in inventories	015	-4.653.013	-24.339.920
d) Other increase or decrease in working capital	016	-854.342	-4.153.625
II Cash from operations (ADP 011+012)	017	18.454.840	23.371.060
4 Interest paid	018	-247.350	-627.419
5 Income tax paid	019	-153.604	-192.504
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	18.053.887	22.551.138
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	120.608	15.362
2 Cash receipts from sales of financial instruments	022		2.663
3 Interest received	023	301.703	361.830
4 Dividends received	024		
5 Cash receipts from repayment of loans and deposits	025		
6 Other cash receipts from investment activities	026	4.298.850	1.240.572
III Total cash receipts from investment activities (ADP 021 to 026)	027	4.721.161	1.620.428
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-11.432.961	-2.166.310
2 Cash payments for the acquisition of financial instruments	029		0
3 Cash payments for loans and deposits for the period	030		
4 Acquisition of a subsidiary, net of cash acquired	031		
5 Other cash payments from investment activities	032	0	
IV Total cash payments from investment activities (ADP 028 to 032)	033	-11.432.961	-2.166.310
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-6.711.800	-545.882
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036		
3 Cash receipts from credit principals, loans and other borrowings	037	13.100.997	
4 Other cash receipts from financing activities	038	0	
V Total cash receipts from financing activities (ADP 035 to 038)	039	13.100.997	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-487.202	-3.522.066
2 Cash payments for dividends	041	-390	-3.485
3 Cash payments for finance lease	042		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043		
5 Other cash payments from financing activities	044	-5.863.949	-5.729.997
VI Total cash payments from financing activities (ADP 040 to 044)	045	-6.351.541	-9.255.548
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	6.749.455	-9.255.548
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	967.556	1.028.845
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	19.059.098	13.778.553
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	97.906.291	281.055.836
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	116.965.389	294.834.389

STATEMENT OF CHANGES IN EQUITY
for the period from **1.1.2021** to **31.3.2021**

Attributable to owners of the parent																		in HKK	
Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling interest)	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 + 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	133.165.000		6.658.250	14.872.546	240.540								0	160.297.640	0	314.752.896	0	314.752.896
2 Changes in accounting policies	02														0	0	0	0	0
3 Correction of errors	03														0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	133.165.000	0	6.658.250	14.872.546	240.540	0	0	0	0	0	0	0	0	160.297.640	0	314.752.896	0	314.752.896
5 Profit/loss of the period	05	0	0	0	0	0		0	0	0	0	0	0	0		94.539.989	94.539.989	0	94.539.989
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0		-221.682	0	0	0	0	0	0	0	0	-221.682	0	-221.682
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18					1.234.760									0	0	-1.234.760	0	-1.234.760
19 Payments from members/shareholders	19	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20														-65.230.956	0	-65.230.956	0	-65.230.956
21 Other distributions and payments to members/shareholders	21					-969.100									3.268.314	0	3.268.314	0	3.268.314
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	133.165.000	0	6.658.250	13.903.446	506.200	0	-221.682	0	0	0	0	0	0	98.334.998	94.539.989	345.673.801	0	345.673.801
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	-221.682	0	0	0	0	0	0	0	0	-221.682	0	-221.682
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	-221.682	0	0	0	0	0	0	0	94.539.989	94.318.307	0	94.318.307
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	-969.100	265.660	0	0	0	0	0	0	0	-61.962.642	0	-63.197.402	0	-63.197.402
Current period																			
1 Balance on the first day of the current business year	28	133.165.000		6.658.250	13.903.446	506.200		-221.682							192.874.987		345.673.801		345.673.801
2 Changes in accounting policies	29																0		0
3 Correction of errors	30																0		0
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	133.165.000	0	6.658.250	13.903.446	506.200	0	-221.682	0	0	0	0	0	0	192.874.987	0	345.673.801	0	345.673.801
5 Profit/loss of the period	32	0	0	0	0	0		0	0	0	0	0	0	0		40.836.002	40.836.002	0	40.836.002
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0		-9.517	0	0	0	0	0	0	0	0	-9.517	0	-9.517
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40																0		0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42																0		0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43																0		0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44																0		0
18 Redemption of treasury shares/holdings	45																0		0
19 Payments from members/shareholders	46																0		0
20 Payment of share in profit/dividend	47																0		0
21 Other distributions and payments to members/shareholders	48																582.936		582.936
22 Carryforward per annual plane	49																0		0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50																0		0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	133.165.000	0	6.658.250	13.903.446	506.200	0	-231.199	0	0	0	0	0	0	193.457.923	40.836.002	367.283.221	0	367.283.221
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																			
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	0	0	0	-9.517	0	0	0	0	0	0	0	0	-9.517	0	-9.517
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 (to 52))	53	0	0	0	0	0	0	-9.517	0	0	0	0	0	0	0	40.836.002	40.826.485	0	40.826.485
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	0	0	0	0	0	0	0	0	0	582.936	0	582.936	0	582.936

NOTES TO FINANCIAL STATEMENTS - TFI
(drawn up for quarterly reporting periods)

Name of the issuer: ERICSSON NIKOLA TESLA D.D.
Personal identification number (OIB): 84214771175

Reporting period: Q1 2021

Notes to financial statements for quarterly periods include:

a) explanation of business events relevant to understanding changes in the statement of financial position and financial performance for the reporting semi-annual period of the issuer with respect to the last business year. Information is provided regarding these events and relevant information published in the last annual financial statement is updated (Items 15 to 15C IAS 34 - Interim financial reporting)

b) information on the access to the latest annual financial statements, for the purpose of understanding information published in the notes to financial statements drawn up for the semi-annual reporting period

c) a statement explaining that the same accounting policies are applied while drawing up financial statements for the semi-annual reporting period as in the latest annual financial statements or, in the case where the accounting policies have changed, a description of the nature and effect of the changes (Item 16A (a) IAS 34 - Interim financial reporting)

d) a description of the financial performance in the case of the issuer whose business is seasonal (Items 37 and 38 IAS 34 - Interim financial reporting)

e) other comments prescribed by IAS 34 - Interim financial reporting

f) in the notes to quarterly periods financial statements, in addition to the information stated above, information in respect of the following matters shall be disclosed:

1. undertaking's name, registered office (address), legal form, country of establishment, entity's registration number and, if applicable, the indication whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened termination proceedings or extraordinary administration

2. adopted accounting policies (only an indication of whether there has been a change from the previous period)

3. the total amount of any financial commitments, guarantees or contingencies that are not included in the balance sheet, and an indication of the nature and form of any valuable security which has been provided; any commitments concerning pensions of the undertaking within the group or company linked by virtue of participating interest shall be disclosed separately

4. the amount and nature of individual items of income or expenditure which are of exceptional size or incidence

5. amounts owed by the undertaking and falling due after more than five years, as well as the total debts of the undertaking covered by valuable security furnished by the undertaking, specifying the type and form of security

6. average number of employees during the financial year

7. where, in accordance with the regulations, the undertaking capitalised on the cost of salaries in part or in full, information on the amount of the total cost of employees during the year broken down into the amount directly debiting the costs of the period and the amount capitalised on the value of the assets during the period, showing separately the total amount of net salaries and the amount of taxes, contributions from salaries and contributions on salaries

8. where a provision for deferred tax is recognised in the balance sheet, the deferred tax balances at the end of the financial year, and the movement in those balances during the financial year

9. the name and registered office of each of the undertakings in which the undertaking, either itself or through a person acting in their own name but on the undertaking's behalf, holds a participating interest, showing the proportion of the capital held, the amount of capital and reserves, and the profit or loss for the latest financial year of the undertaking concerned for which financial statements have been adopted; the information concerning capital and reserves and the profit or loss may be omitted where the undertaking concerned does not publish its balance sheet and is not controlled by another undertaking

10. the number and the nominal value or, in the absence of a nominal value, the accounting par value of the shares subscribed during the financial year within the limits of the authorised capital

11. the existence of any participation certificates, convertible debentures, warrants, options or similar securities or rights, with an indication of their number and the rights they confer

12. the name, registered office and legal form of each of the undertakings of which the undertaking is a member having unlimited liability

13. the name and registered office of the undertaking which draws up the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

14. the name and registered office of the undertaking which draws up the consolidated financial statements of the smallest group of undertakings of which the undertaking forms part as a controlled group member and which is also included in the group of undertakings referred to in point 13

15. the place where copies of the consolidated financial statements referred to in points 13 and 14 may be obtained, provided that they are available

16. the nature and business purpose of the undertaking's arrangements that are not included in the balance sheet and the financial impact on the undertaking of those arrangements, provided that the risks or benefits arising from such arrangements are material and in so far as the disclosure of such risks or benefits is necessary for the purposes of assessing the financial position of the undertaking

17. the nature and the financial effect of material events arising after the balance sheet date which are not reflected in the results and loss account or balance sheet

a) Explanation of business events relevant to understanding changes in the statement of financial position and financial performance are published in Press info/Management letter

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRSs), on the historical cost basis, with the exception of financial instruments which are carried at fair value through profit or loss. Policies have been consistently applied to all the periods presented

b) Last issued annual financial statements are available at ZSE and as well at www.ericsson.hr/en/reports

c) The interim financial statements for the first quarter of 2021 are prepared applying the same accounting policies as in the latest annual financial statements presented in the Annual Report

d) The issuer does not have seasonal business activities.

e)

Segment reporting

	Networks		Digital Services		Managed Services		Other		Unallocated		Total
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021
	-300 kn	-300 kn	-300 kn	-300 kn	-300 kn	-300 kn	-300 kn	-300 kn	-300 kn	-300 kn	-300 kn
Segment sales/expense	219.871	303.672	118.800	103.146	105.444	78.729	1.742	2.548	0	0	448.947
Operating profit	33.280	29.239	13.862	7.691	8.201	4.000	102	141	-11.188	-7.872	45.487

Transactions with related parties:

	31.3.2021	31.3.2020
HRK 000		

Sales

	216.192	217.672
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Purchases

	60.635	123.299
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Balances with related parties

	31.3.2021	31.12.2020
HRK 000		

Receivable

	65.168	69.002
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Payable

	29.843	10.937
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1. Issuer's name, registered office (address), legal form, country of establishment, entity's registration number are disclosed in the sheet General data of this document.

2.

Accounting policies have not been changed in relation to previous reporting period.

3. Financial commitments in term of guarantees that are not included in the balance sheet are not material and Management Board believes that possibility of any outflow is remote. The Group has no commitments concerning pensions that are in scope of IAS 19.

4.

In the reporting period there were no individual items of income or expenditure of exceptional size or incidence.

5.

The Group has no debt falling due after more than five years.

At the balance sheet date, the Group does not have debts covered by valuable securities/insurance.

6.

The average number of employees during the reporting period is 3262 (Q1/2020: 3217). The Group does not categorise employees.

7.

No cost of salaries was capitalised in the reporting period.

8.

Provision for deferred tax is calculated annually, at balance sheet date 31 December. There were no movement in deferred tax balances during reporting period.

9.

The Group has no participating interest.

10.

There were no shares subscribed during the financial year within the limits of the authorised capital.

11.

The Group has no participation certificates, convertible debentures, warrants, options or similar securities or rights.

12.

The Group has no shares in companies having unlimited liability.

13. and 14.

The company Telefonatbolaget LM Ericsson (Sweden, Tomtebodagatan 21, SE-164 83 Stockholm) prepares the consolidated financial statements for the larger Group of companies, in which Ericsson Nikola Tesla Group is included as an associate member of Ericsson.

15.

Those consolidated reports are available at www.ericsson.com/en/investors/financial-reports.

16.

The Company did not have any arrangements that are not included in the balance sheet, where the risks or benefits arising from such arrangements are material.

17.

There are no material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet.

APPENDIX (Reconciliation of the differences arising due to structure and classification of the positions in TFI-POD in XLS format compared to classification of the positions in the audited annual report in PDF):

Balance Sheet

Within the category Non-current assets in Statement of financial position total amount of Loans and receivables is indicated in TFI-POD form under ACP 028 Loans, deposits, etc. given/034 Customer receivables/035 Other receivables.

Within the category Current assets in Statement of financial position total amount of Other receivables, Income tax receivables, Financial assets at fair value through profit or loss is indicated in TFI-POD form under ACP 051 Receivables from government and other institutions/052 Other receivables/060 Investments in securities/061 Loans, deposits, etc. given.

Within the category Equity in Statement of financial position total amount of Retained earnings is indicated in TFI-POD form under ACP 083 Retained profits/loss brought forward and 086 Profit or Loss for the business year.

Within the category Current liabilities in Statement of financial position total amount of Trade and other payables and income tax payable is indicated in TFI-POD in ACP 117 Liabilities to suppliers, 119 Liabilities to employees, 120 Taxes, Also, within the category Current liabilities in Statement of financial position total amount of Provisions, Accrued charges and deferred revenue and Contract liabilities is indicated in TFI-POD form under ACP 091 Provisions for pensions, termination benefits and similar obligations, 093 Provisions for ongoing legal cases/095 Provisions for warranty obligations/096 Other provisions, 116 Liabilities for advance payments, 124 Accruals and deferred income.

P&L

Cost structure in Statement of comprehensive income (FS form) is according to function and the presentation is different from TFI-POD forms where cost is presented by nature. Total amount of Cost of Sales, Selling, Administrative and Other operating expenses equals to amount of ACP 007 Operating expenses.