

PRESS INFO

July 27, 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 H1 2021

Highlights:

- Sales revenue: MHRK **1,014.2**
- Gross margin: **15.2%**
- Operating profit: MHRK **119.3**
- Profit before tax: MHRK **120.8**
- Net profit: MHRK **101.4**
- Cash flow from operating activities: MHRK **141.8**

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

"Ericsson Nikola Tesla Group has continued to achieve outstanding business results, despite a very challenging market environment. Compared to H1 2020, all key business indicators are growing. Sales revenue increased by 5%, recording growth in all market segments. Gross margin recorded a strong growth to 15.2% (H1 2020: 7.8%), as a result of lower transition and transformation costs, the effect of cost efficiency programs and favorable business mix. Accordingly, operating profit increased by 179.1% year-over-year to MHRK 119.3, while net profit increased by 190% to MHRK 101.4. A strong cash flow from operating activities was also realized, amounting to MHRK 141.8, and at the end of H1 2021, cash and cash equivalents, including short term financial assets amounted to MHRK 436.3.

The uncertainty caused by the COVID-19 pandemic has remained present during H1 2021, and is likely to continue to some extent. Although the emergence of new variants of the virus is causing caution, at the local and global level restrictions of movement are being eased and the global economy is slowly opening up. However, the political situation in certain markets in which we operate, such as in Belarus, continues to worsen. Most of our activities on the Belarusian market are in the operator segment. In Q4 2020, we entered in the Industry and Society segment by signing an agreement covering the implementation of the central software platform of the centralized eHealth system of Belarus, the implementation of which is ongoing as planned.

PRESS INFO

July 27, 2021



Considering the new circumstances, Ericsson Nikola Tesla Group has been continuously monitoring and estimating potential risks, with a strong focus on quality and timely delivery of contracted business deals, maintaining business continuity and collection of receivables. Our focus on risk perception and mitigation is best reflected in our business results. An important basis for overcoming risks in Ericsson Nikola Tesla Group is the process of an integrated business risk management system (Enterprise Risk Management), which has been an integral part of our management system for many years. The focus on all forms of compliance remains a continuous priority for our Group. The driving force behind our organizational culture are high ethical standards in business, ensuring that all decisions are made transparently and with integrity.

In the domestic market, at the end of May, the Croatian Network Regulatory Agency (HAKOM) launched the long-awaited public auction procedure for issuing licenses for the use of RF spectrum for the fifth generation (5G) mobile communications networks, and allocation of licenses are expected soon. With our partners HT and A1 Hrvatska, we have continued the activities on the implementation of strategic projects, in order for them to be able to offer their users real gigabit 5G network of high quality, capacity and low latency. In the ICT segment for Industry and Society, we have been working intensively on innovative solutions in the field of e-health, e-business and public safety, which strengthened our overall business results. With the State Geodetic Administration and the Ministry of Justice and Public Administration, we have signed a two-year framework agreement related to the maintenance services of the Joint Information System of Land Registry and Cadaster (JIS). We are proud of our team of experts, who developed and tested the upgrades of the CEZIH system in an extremely short time and, in cooperation with the Ministry of Health and the Ministry of the Interior and partners, integrated it into a complete solution for the EU digital COVID certificate. In this way they contributed to positioning Croatia as the first EU member that secured prerequisites, tested and implemented the system for issuing and border control of COVID certificate. Regarding export markets, I would like to highlight the contract with the operator HT Eronet, which includes the implementation of the latest technological version of the IP Multimedia Subsystem (IMS), which continues our successful long-term cooperation.

The delivery of services to Ericsson has been continuously growing, and all activities and deliveries are ongoing as planned. I would like to highlight the contribution of many of our experts, who consciously and productively work for the global organization on research and development, and other expert activities. Their contribution to Group's results has been stable and significant.

Our employees and their health have been and remain our priority. During the COVID-19 pandemic we have approached to solving many challenges strategically and responsibly, and in the moment when it was possible, we have organized the vaccination of Ericsson Nikola Tesla Group's employees at the Company's premises. A team of doctors vaccinated approximately 700 employees, and many employees have been vaccinated in the meantime in accordance with the national program of vaccination. With the desire to act timely and long-term, and take a comprehensive approach to employees' health, the company had decided to take a step further, and launched a program PrevENTion. The program includes a series of activities aimed at preventing and improving mental and physical health and increasing the balance between private life and work.

The results achieved in the first six months, as well as a large number of important and complex projects on which we work on, as well as the knowledge, motivation and commitment of our employees, strengthen our belief in achieving the Group's targets for 2021. More than ever before, the strategic role of ICT industry for the development of society as a whole and the acceleration of reforms through digital transformation has been recognized which makes us optimistic about new business opportunities. We continue to invest in 5G and new technologies, Industry 4.0 in the field of health, land registry and cadaster, transport, agriculture, environment, smart cities, etc., the Group's digital transformation, retaining key employees and attracting new talents, as well

PRESS INFO

July 27, 2021



as competence development, because only through technological leadership and with excellent and motivated experts we can create and implement modern ICT solutions that accelerate the digital transformation of the society and contribute to the economic recovery and raising the competitiveness of Croatia.”

Financial Highlights for the Group:

- Sales revenue amounted to MHRK 1,014.2 (H1 2020: MHRK 966.3), up by 5% year-over-year. In total sales revenue, domestic market accounted for 44.1%, services to Ericsson accounted for 44.9%, while other export markets accounted for 11.0%.
- Sales in the Networks segment amounted to MHRK 468.3 (H1 2020: MHRK 543.0), Digital Services amounted to MHRK 282.3 (H1 2020: MHRK 213.7), Managed Services amounted to MHRK 260.1 (H1 2020: MHRK 205.4), and Emerging Business and Other amounted to MHRK 3.5 (H1 2020: MHRK 4.2).
- Gross profit was MHRK 154.3 (H1 2020: MHRK 75.2), up by 105.1% year-over-year, due to lower transition and transformation costs, the effect of cost efficiency program and favorable business mix. Gross margin increased to 15.2% (H1 2020: 7.8%).
- Selling and administrative expenses increased by 2.9% year-over-year to MHRK 43.0 (H1 2020: MHRK 41.8). Despite an increased engagement on the presale activities related to 5G radio access and core networks, and projects of broadband network implementation, the share of selling and administrative expenses in sales revenue amounted to 4.2% (H1 2020: 4.3%).
- Operating profit amounted to MHRK 119.3, which is an increase by 179.1% year-over-year (H1 2020: MHRK 42.7), because of a significant gross profit increase.
- Gain from financial activities amounted to MHRK 1.5 (H1 2020: MHRK 0.9) because of positive exchange differences and interest income.
- Profit before tax increased by 176.6% year-over-year to MHRK 120.8 (H1 2020: MHRK 43.7).
- Net profit was MHRK 101.4 (H1 2020: MHRK 35), up by 190% year-over-year. Return on sales (ROS) is 10% (H1 2020: MHRK 3.6%).
- Cash flow from operating activities amounted to MHRK 141.8 (H1 2020: MHRK 157.6) because of good cash collection from certain customers.
- Working Capital Efficiency, expressed in WCD, was 10 days (H1 2020: 42 days), and excluding services to Ericsson, Working Capital Efficiency was 22 days (H1 2020: 87 days). The reduced number of Working Capital Days is the result of finalization of demanding network modernization projects, which until now required a longer and a more intense engagement of material and human resources.
- Cash and cash equivalents, including short term financial assets, as at June 30, 2021 amounted to MHRK 436.3 (34.4% of the total assets), while at the end of 2020, they amounted to MHRK 314.0 (31.6% of the total assets). The increase in the total cash is the result of good cash collection from customers, advanced payments on certain contracts and less investment outflows /activities in the first six months.
- The Group has a solid balance sheet with the total assets of MHRK 1,267.2 as at June 30, 2021, up by 27.4% compared to end of 2020. The increase of balance sheet is mainly contributed by the work-in progress (WIP) due to the dynamics of contract execution, new receivables, as well as a strong growth of

PRESS INFO

July 27, 2021



cash in the observed period. Equity ratio is 26.8% (end of 2020: 34.8%). Decrease in the equity ratio is a result of dividend distribution. Since dividend will be paid out in July 2021, at 30 June 2021 the dividend payable in the amount of MHRK 109.2 is presented in the balance sheet within "Trade and other payables".

- With related parties, the transactions were as follows: sales of products and services amounted to MHRK 455.3 (H1 2020: MHRK 439.1), while procurement of products and services amounted to MHRK 143.1 (H1 2020: MHRK 181.6).
- As at June 30, 2021, balances outstanding with related parties were as follows: receivables amounted to MHRK 105.6 (end of 2020: MHRK 89.0), and payables amounted to MHRK 54.0 (end of 2020: MHRK 10.9).

Business situation in major markets

In the domestic market, sales revenue amounted to MHRK 447.0 (H1 2020: MHRK 421.1), up by 6.2% year-over-year.

With the strategic partner Hrvatski Telekom intensive activities continue on the development of optical access network, i.e. the realization of FTTH connections 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 networks with the planned annual realization even greater than the record 2020, during which more than 75,000 new households were covered by the new optical infrastructure.

The implementation of Ericsson's state-of-the-art technology from radio access network domain and 5G continues through a multi-year cooperation agreement. HT's 5G network, which currently operates on Dynamic Spectrum Sharing (DSS) technology, covers a total of 76 Croatian cities, 11 municipalities and two million of Croatian citizens.

Testing in Zagreb, by connecting the commercial users on the frequency of 3.5 GHz, which Hrvatski Telekom started in March 2021, showed excellent results and reached speeds higher than 1.2 gigabits. Testing continues in a limited scope on the part of commercial users, as well as with the creation of the necessary preconditions for the introduction of 5G in rural and hard-to-reach areas including islands, through deliveries related to the modernization of microwave transmission technologies.

With the strategic partner A1 Croatia, after signing an agreement on multi-year extension of cooperation in the field of radio network including 5G, the implementation of state-of-the-art technological solutions has been intensified, including 5G based on Dynamic Spectrum Sharing (DSS). The first testing of 5G technology in Croatia in the 700 MHz frequency range was achieved with excellent results. Testing continues in the 3.5 GHz frequency band in a limited scope, as part of preparations for the commercial introduction of 5G technology following the allocation of frequencies by the regulator. In the past period, modernization has continued, as well as capacity expansion on LTE technology and microwave transmission systems. The preparations for the introduction of 5G technology are also taking place by introducing new functionalities within the core network.

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

In ICT solutions for Industry and Society, a two-year framework agreement was signed with the State Geodetic Administration and the Ministry of Justice and Public Administration related to the maintenance services of the Joint Information System of Land Registry and Cadaster (JIS). The agreement includes basic, adaptive and perfection maintenance services of JIS, special services, support to the digital geodetic study and import of

PRESS INFO

July 27, 2021



cadastral municipalities into JIS and the establishment of a Land Database. An agreement was also signed with the Ministry of Justice and Public Administration for the establishment of eService for the purpose of connecting JIS with other systems of state administration bodies. In the field of healthcare, we continued to upgrade CEZIH system with the functionalities required for the process of issuing COVID certificates.

In export markets (Ericsson market excluded) sales revenue amounted to MHRK 111.5 (H1 2020: MHRK 105.4), up by 5.7% year-over-year. The execution of regular business activities has been aggravated by the political and economic crisis in certain export markets, primarily in Belarus and Bosnia and Herzegovina, as well as the impact of the COVID-19 pandemic.

In the operator segment, sales revenues decreased, which was offset by an increase in revenues in the Industry and Society segment to a large extent from the Belarusian contract related to healthcare informatization.

With the operator HT Eronet (Bosnia and Herzegovina) we have contracted the implementation of the latest technological version of IP Multimedia Subsystem (IMS). We have also contracted an upgrade of the network performance measurement system, and the implementation of the new Ericsson Diameter Signaling Controller solution. We have continued the activities on the modernization and maintenance of telecommunication networks with the operators Crnogorski Telekom (Montenegro) and IPKO (Kosovo). In Belarus, with caution and focus on risk reduction, we have continued the activities with the operator beCloud on LTE network expansion, and with the operator A1 Belarus on the expansion of transmission network.

In ICT solutions for industry & Society, the most significant activities are related to the implementation of the Central Software Platform for the Centralized e-Health System of the Republic of Belarus. During Q2 2021, the first phase of the project was successfully delivered.

In Ericsson market, sales revenue amounted to MHRK 455.7 (H1 2020: MHRK 439.8), up by 3.6% year-over-year.

Ericsson Nikola Tesla's R&D Center has continued its activities on strategic business/projects. All work and deliveries are ongoing as planned. In the business segment Networks, development of significant number of features related to classic and 5G products is ongoing, at the same time new assignments for Radio software development have been agreed. Within the business segment Digital Services in the area Mobile Switching Center, development of the number of features is ongoing. In the area of Home Location Register, transfer of full operational responsibility to our center was formally concluded in April, new features were delivered in several projects and competence development and organizational setup is ongoing. Cloud development activities released new components and verified new features and Centralized User Database delivered all committed features for H1. In Service Area Networks, Wireline and Legacy, the latest Software was deployed in several live networks, number of customer support activities were successfully executed, and several integration projects are ongoing including new, complex features for specific customers.

The experts from the Services and Solutions Center for Networks, in addition to the projects for the customers of Ericsson Nikola Tesla Group, 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, Kenya, India, Pakistan, Japan, Indonesia, Malaysia, Taiwan, Vietnam, Hong Kong, Brazil, South African Republic, 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

PRESS INFO

July 27, 2021



in the United Kingdom, Germany, Sweden, Switzerland, Denmark, Finland, France, Luxembourg, the Netherlands, Ireland, Norway, Lithuania, Italy, Czech Republic, Australia, Tahiti, Pakistan, Mexico, 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 are achieving excellent results on test environment management projects and IT operations for Ericsson corporation, also have a key role in our company's transformation and provide a quality support for a smooth work from home and remote support to customers.

The segment of ICT for Industry and Society, in addition to many projects for Ericsson Nikola Tesla, also achieves quality results on projects in IoT platforms and Connected Urban Traffic for the needs of Ericsson corporation.

Ericsson Nikola Tesla's research teams are working on many projects in the field of Industry 4.0, most of which are partially funded by the EU. Areas of our interest are health, ecology, and business process automation through the application of big data analysis, machine learning and artificial intelligence.

Other information

At Ericsson Nikola Tesla, joint-stock company, Annual General Meeting, held on June 29, 2021, among other decisions, a decision was passed to pay a dividend of HRK 82 per share out of retained earnings from the year 2019 and 2020.

The dividend shall be paid out on July 28, 2021 to all the Company's shareholders who had the Company shares registered on their securities account in the Central Depository & Clearing Company on July 02, 2021.

The Shareholders Annual General Meeting reached a decision to allocate HRK 25,000,000.00 from retained earnings for 2019 to reserves for treasury shares and gave the consent to the Management Board to award up to 25,000 treasury shares to the Company's employees.

Decisions were reached on appointment of Petra Vranjes, Head of Finance and Business Control for Segment Digital Services in Ericsson, and Ana Vrsaljko Metelko, Attorney at Law, as the new members of the Supervisory Board.

Furthermore, the Remuneration Policy for the Management Board, Decision on the Remuneration of the Members of the Supervisory Board, and Remuneration Report for Supervisory Board members and Management Board in 2020, were approved.

PRESS INFO

July 27, 2021



Ericsson Nikola Tesla major shareholders (as at June 30, 2021)

	Number of shares	% of share capital
Telefonaktiebolaget LM Ericsson	653,473	49.07
PBZ d.d. / Raiffeisen mandatory pension fund, B category	123,514	9.28
OTP banka d.d. / Erste Plavi mandatory pension fund, B category	46,835	3.52
Addiko Bank d.d. / PBZ Croatia osiguranje mandatory pension fund, B category	40,490	3.04
PBZ d.d. / The Bank of New York as Custodian	12,709	0.95
PBZ d.d. / custodian client account	10,241	0.77
OTP banka d.d. / OTP Index fund - open-end alternative investment fund with public offering	9,474	0.71
Raiffeisenbank Austria d.d. / Raiffeisen voluntary pension fund	8,094	0.61
Vuleta Ivica	5,080	0.38
PBZ d.d. / Raiffeisen mandatory pension fund, A category	3,668	0.28
Other shareholders	418,072	31.40

Share price information in Q2 2021:

Highest (HRK)	Lowest (HRK)	Closing (HRK)	Market cap. (in MHRK)
1,710.00	1,575.00	1,680.00	2,237.1

PRESS INFO

July 27, 2021



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 until June 30, 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".

PRESS INFO

July 27, 2021



For additional information, please contact:

Snježana Bahtijari

Company Communications Director

Ericsson Nikola Tesla d.d.

Krapinska 45

HR-10 002 Zagreb

Tel.: +385 1 365 4556

Mob.: +385 91 365 4556

Fax: +385 1 365 3156

E-mail: snjezana.bahtijari@ericsson.com

Orhideja Gjenero

Investor Relations Manager

Ericsson Nikola Tesla d.d.

Krapinska 45

HR-10 002 Zagreb

Tel.: +385 1 365 4431

Mob.: +385 91 365 4431

Fax: +385 1 365 3156

E-mail: orhideja.gjenero@ericsson.com

E-mail: odnosi.investitori@ericsson.com

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 30 June 2021

	2021 HRK '000	2020 HRK '000
Sales revenue	1.014.217	966.294
Cost of sales	-859.964	-891.104
Gross profit	154.252	75.191
Selling expenses	-20.112	-21.490
Administrative expenses	-22.894	-20.310
Other operating income	8.598	9.636
Other operating expenses	-550	-277
Operating profit	119.294	42.750
Finance income	2.416	1.989
Finance expense	-883	-1.049
Finance income/(expense), net	1.533	940
Profit before tax	120.827	43.689
Income tax	-19.383	-8.713
Profit for the year	101.443	34.976
Other comprehensive income	-200	104
Total comprehensive income for the year	101.243	35.080
Earnings per share (HRK)	76,20	26,27

Ericsson Nikola Tesla d.d.
Consolidated statement of financial position
as at 30 June 2021

	2021 HRK '000	2020 HRK '000
ASSETS		
Non-current assets		
Property, plant and equipment	142.004	153.802
Right of use assets	59.111	53.955
Intangible assets	4.468	4.522
Loans and receivables	23.785	37.867
Deferred tax assets	9.560	9.541
Total non-current assets	238.928	259.688
Current assets		
Inventories	146.209	86.616
Trade receivables	306.134	193.332
Receivables from related parties	105.584	89.002
Other receivables	13.557	6.226
Income tax receivable	554	11.979
Prepayments	19.902	33.411
Financial assets at fair value through profit or loss	33.193	32.966
Cash and cash equivalents	403.110	281.056
Total current assets	1.028.242	734.588
TOTAL ASSETS	1.267.170	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	38.903	13.904
Reserve of currency conversion	-481	-281
Retained earnings	161.381	192.934
Total equity	339.120	345.874
Non-current liabilities		
Borrowings	23.350	30.387
Lease liabilities	40.486	37.384
Other non-current liabilities	447	1.095
Employee benefits	10.506	10.388
Total non-current liabilities	74.788	79.254
Current liabilities		
Payables to related parties	53.969	10.937
Borrowings	14.129	14.316
Trade and other payables	363.475	230.553
Income tax payable	12.448	2.463
Provisions	15.268	13.718
Accrued charges and deferred revenue	133.946	87.262
Contract liabilities	241.144	192.322
Lease liabilities	18.883	17.576
Total current liabilities	853.261	569.147
Total liabilities	928.050	648.401
TOTAL EQUITY AND LIABILITIES	1.267.170	994.275

Ericsson Nikola Tesla d.d.
Consolidated statement of cash flows
for the period ended 30 June 2021

	2021 HRK '000	2020 HRK '000
Cash flows from operating activities		
<i>Profit before tax</i>	120.827	43.689
Adjustments for:		
Depreciation and amortisation	28.607	27.209
Impairment losses and reversals	-564	561
Gain on sale of property, plant and equipment	-78	-148
Net loss/(gain) on remeasurement of financial assets	-246	138
Interest income	-1.357	-1.557
Interest expense	836	916
Foreign exchange (gains)/losses, net	-475	1.285
Equity-settled transactions	1.166	-1.678
	148.715	70.416
<i>Changes in working capital</i>		
In receivables	-121.447	74.908
In inventories	-59.592	24.046
In provisions	1.673	16
In payables	173.988	-10.314
<i>Cash generated from operations</i>	143.336	159.072
Interest paid	-1.063	-598
Income taxes paid	-464	-914
Net cash from operating activities	141.810	157.560
Cash flows from investing activities		
Interest received	869	601
Proceeds from sale of property, plant and equipment	31	138
Purchases of property, plant and equipment, and intangible assets	-6.447	-29.980
Deposits given to financial institutions - net	3.222	0
Receipt of government grant	1.325	5.565
Net change of financial assets at fair value through profit and loss	0	5.105
Net cash used in investing activities	-1.000	-18.571
Cash flows from financing activities		
Proceeds from borrowings	0	41.804
Repayment of borrowings	-7.044	-21.497
Purchase of treasury shares	0	-1.235
Dividends paid	-3	0
Payment of lease liability	-11.392	-11.416
Net cash used in financing activities	-18.440	7.656
Effects of exchange rate changes on cash and cash equivalents	-316	402
Net increase/(decrease) in cash and cash equivalents	122.054	147.047
Cash and cash equivalents at the beginning of the year	281.056	97.906
Cash and cash equivalents at the end of the year	403.110	244.954

Annex 1

ISSUER'S GENERAL DATA

Reporting period:

1.1.2021

to

30.6.2021

Year:

2021

Quarter:

2.

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

3361

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., BII 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)

(name of the bookkeeping firm)

Contact person:

Tatjana Ricijaš

(only name and surname of the contact person)

Telephone:

+385(0)13653343

E-mail address:

tatjana.ricijas@ericsson.com

Audit firm:

KPMG Croatia d.o.o.

(name of the audit firm)

Certified auditor:

Domagoj Hrkać

(name and surname)

BALANCE SHEET
balance as at 30.06.2021

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	259.687.503	238.927.858
I INTANGIBLE ASSETS (ADP 004 to 009)	003	4.522.336	4.467.728
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	349.090	294.482
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	207.756.432	201.114.845
1 Land	011	15.605.344	15.605.344
2 Buildings	012	77.990.000	98.932.397
3 Plant and equipment	013	60.927.031	50.591.606
4 Tools, working inventory and transportation assets	014	21.111.662	32.422.939
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	3.513.806
8 Other tangible assets	018	52.644	48.753
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	23.742.294	13.008.083
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	13.008.083
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	10.777.084
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	10.403.839
4 Other receivables	035	436.135	373.245
V DEFERRED TAX ASSETS	036	9.541.493	9.560.118
C) CURRENT ASSETS (ADP 038+046+053+063)	037	701.176.687	1.008.340.661
I INVENTORIES (ADP 039 to 045)	038	86.616.333	146.208.675
1 Raw materials and consumables	039	22.285.408	43.004.932
2 Work in progress	040	64.329.125	103.201.943
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 052)	046	296.498.370	414.924.176
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	89.001.784	105.584.232
3 Customer receivables	049	193.332.095	306.134.394
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	12.714.303	1.220.809
6 Other receivables	052	1.450.188	1.984.741
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	37.008.143	44.098.284
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	32.936.148	33.182.140
8 Loans, deposits, etc. given	061	4.070.000	10.916.124
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	281.055.836	403.109.546
D) PREPAID EXPENSES AND ACCRUED INCOME	064	33.410.824	19.901.541
E) TOTAL ASSETS (ADP 001+002+037+064)	065	994.275.019	1.267.170.060
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 069)	067	345.873.801	339.120.500
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	20.058.483	45.055.498
1 Legal reserves	071	6.658.250	6.658.250
2 Reserves for treasury shares	072	13.903.446	38.903.446
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	-281.331	-481.376
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	-281.331	-481.376
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	98.394.647	59.938.088
1 Retained profit	084	98.394.647	59.938.088
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	94.539.989	101.443.292
1 Profit for the business year	087	94.539.989	101.443.292
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	24.101.012	25.773.587
1 Provisions for pensions, termination benefits and similar obligations	091	15.417.275	13.771.153
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	2.527.256
6 Other provisions	096	5.654.234	8.755.263
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	68.866.524	64.283.449
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	63.836.810
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	446.639
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	286.357.063	500.025.682
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	53.969.300
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	33.011.662
7 Liabilities for advance payments	116	10.512.321	37.123.269
8 Liabilities to suppliers	117	103.431.782	140.425.574
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	99.116.679	78.041.493
11 Taxes, contributions and similar liabilities	120	30.467.967	48.292.166
12 Liabilities arising from the share in the result	121	0	109.162.418
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	337.966.642
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	994.275.019	1.267.170.060
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021 to 30.06.2021

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	975 929 963	483 213 532	1 022 814 964	572 883 011
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	966 294 426	478 631 886	1 014 216 818	568 358 401
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	9 635 537	4 581 646	8 598 146	4 524 610
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	933 180 072	473 949 264	903 521 240	498 855 913
1 Changes in inventories of work in progress and finished goods	008	45 072 485	29 638 266	-38 872 990	-14 725 563
2 Material costs (ADP 010 to 012)	009	413 840 454	207 400 131	448 682 885	259 147 384
a) Costs of raw materials and consumables	010	178 167 397	85 149 781	149 465 083	83 188 928
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	235 473 057	142 250 350	299 217 802	175 958 436
3 Staff costs (ADP 014 to 016)	013	411 262 434	205 430 831	433 176 752	220 154 020
a) Net salaries and wages	014	244 175 386	117 151 338	270 318 476	137 496 306
b) Tax and contributions from salary costs	015	120 529 490	62 375 905	113 832 341	57 013 491
c) Contributions on salaries	016	46 557 558	25 903 587	49 025 935	25 644 223
4 Depreciation	017	27 209 151	13 434 281	28 607 464	14 249 711
5 Other costs	018	25 744 357	10 240 398	23 551 319	13 040 581
6 Value adjustments (ADP 020+021)	019	969 279	721 181	1 005 534	344 513
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	969 279	721 181	1 005 534	344 513
7 Provisions (ADP 023 to 028)	022	9 004 727	6 877 915	6 819 818	6 210 558
a) Provisions for pensions, termination benefits and similar	023	8 945 797	6 848 858	2 887 388	2 734 355
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	58 930	29 057	578 115	121 888
f) Other provisions	028	0	0	3 354 315	3 354 315
8 Other operating expenses	029	277 185	206 261	550 467	434 729
III FINANCIAL INCOME (ADP 031 to 040)	030	1 988 607	-217 320	2 416 437	-1 093 480
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	93 278	-24 367	0	-29 803
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	1 184 821	584 853	1 356 848	986 444
8 Exchange rate differences and other financial income	038	710 508	-777 806	813 598	-2 108 349
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	245 991	58 228
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	1 049 088	-73 862	853 456	545 487
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	-29 658
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	18 466	18 466
3 Interest expenses and similar expenses	044	806 256	487 286	864 990	556 689
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	242 832	-560 948	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+030+049 +050)	053	977 918 570	482 996 212	1 025 231 401	571 789 531
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	934 229 160	473 875 602	904 404 705	499 401 410
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	43 689 410	9 120 610	120 826 696	72 388 121
1 Pre-tax profit (ADP 053-054)	056	43 689 410	9 120 610	120 826 696	72 388 121
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	8 713 371	3 705 023	19 383 404	11 780 831
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	34 976 039	5 415 587	101 443 292	60 607 290
1 Profit for the period (ADP 055-059)	060	34 976 039	5 415 587	101 443 292	60 607 290
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	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
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 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
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	34 976 039	5 415 587	101 443 292	60 607 290
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 080+ 87)	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	104 022	-22 034	-200 045	-190 528
1 Exchange rate differences from translation of foreign operations	088	104 022	-22 034	-200 045	-190 528
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	104 022	-22 034	-200 045	-190 528
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	35 080 061	5 393 553	101 243 247	60 416 762
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	35 080 061	5 393 553	101 243 247	60 416 762
1 Attributable to owners of the parent	100	35 080 061	5 393 553	101 243 247	60 416 762
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 30.06.2021

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	43.689.410	120.826.696
2 Adjustments (ADP 003 to 010):	002	26.726.584	27.888.649
a) Depreciation	003	27.209.151	28.607.464
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-147.859	-78.442
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	138.165	-245.991
d) Interest and dividend income	006	-1.556.510	-1.356.848
e) Interest expenses	007	915.987	835.805
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	1.284.719	-474.755
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	-1.117.069	601.416
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	70.415.994	148.715.345
3 Changes in the working capital (ADP 013 to 016)	012	88.656.328	-5.378.922
a) Increase or decrease in short-term liabilities	013	-10.314.200	173.988.108
b) Increase or decrease in short-term receivables	014	74.907.955	-121.447.261
c) Increase or decrease in inventories	015	24.046.276	-59.592.343
d) Other increase or decrease in working capital	016	16.297	1.672.574
II Cash from operations (ADP 011+012)	017	159.072.322	143.336.423
4 Interest paid	018	-597.882	-1.063.360
5 Income tax paid	019	-914.395	-463.552
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	157.560.045	141.809.511
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	137.866	31.178
2 Cash receipts from sales of financial instruments	022	5.104.667	0
3 Interest received	023	600.601	869.372
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	3.221.666
6 Other cash receipts from investment activities	026	5.565.499	1.324.521
III Total cash receipts from investment activities (ADP 021 to 026)	027	11.408.633	5.446.737
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-29.979.966	-6.446.652
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	-29.979.966	-6.446.652
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-18.571.333	-999.915
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	41.804.230	0
4 Other cash receipts from financing activities	038	0	
V Total cash receipts from financing activities (ADP 035 to 038)	039	41.804.230	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-21.496.583	-7.044.132
2 Cash payments for dividends	041	-390	-3.485
3 Cash payments for finance lease	042	-11.416.145	-11.392.174
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-1.234.760	
5 Other cash payments from financing activities	044		
VI Total cash payments from financing activities (ADP 040 to 044)	045	-34.147.878	-18.439.791
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	7.656.352	-18.439.791
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	402.232	-316.095
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	147.047.296	122.053.710
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	244.953.587	403.109.546

STATEMENT OF CASH FLOWS - direct method
for the period 01.01.2021 to 30.06.2021

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 Cash receipts from customers	001		
2 Cash receipts from royalties, fees, commissions and other revenue	002		
3 Cash receipts from insurance premiums	003		
4 Cash receipts from tax refund	004		
5 Other cash receipts from operating activities	005		
I Total cash receipts from operating activities (ADP 001 to 005)	006	0	0
1 Cash payments to suppliers	007		
2 Cash payments to employees	008		
3 Cash payments for insurance premiums	009		
4 Interest paid	010		
5 Income tax paid	011		
6 Other cash payments from operating activities	012		
II Total cash payments from operating activities (ADP 007 to 012)	013	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)	014	0	0
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	015		
2 Cash receipts from sales of financial instruments	016		
3 Interest received	017		
4 Dividends received	018		
5 Cash receipts from the repayment of loans and deposits	019		
6 Other cash receipts from investment activities	020		
III Total cash receipts from investment activities (ADP 015 to 020)	021	0	0
1 Cash payments for the purchase of fixed tangible and intangible assets	022		
2 Cash payments for the acquisition of financial instruments	023		
3 Cash payments for loans and deposits	024		
4 Acquisition of a subsidiary, net of cash acquired	025		
5 Other cash payments from investment activities	026		
IV Total cash payments from investment activities (ADP 022 to 026)	027	0	0
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)	028	0	0
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	029		
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	030		
3 Cash receipts from credit principals, loans and other borrowings	031		
4 Other cash receipts from financing activities	032		
V Total cash receipts from financing activities (ADP 029 to 032)	033	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034		
2 Cash payments for dividends	035		
3 Cash payments for finance lease	036		
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	037		
5 Other cash payments from financing activities	038		
VI Total cash payments from financing activities (ADP 034 to 038)	039	0	0
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 + 039)	040	0	0
1 Unrealised exchange rate differences in respect of cash and cash equivalents	041		
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)	042	0	0
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	043		
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (042+043)	044	0	0

STATEMENT OF CHANGES IN EQUITY
for the period from **1.1.2021** to **30.6.2021**

Attributable to owners of the parent																		in HRK	
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 this period	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		-59.649					0		160.357.289	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	-59.649	0	0	0	0	0	0	160.357.289	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	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	0	-221.682	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	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	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	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	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	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	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	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	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	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	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	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	0
20 Payment of share in profit/dividend	20														-65.230.996	0	-65.230.996	0	-65.230.996
21 Other distributions and payments to members/shareholders	21				-969.100	-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	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	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	-281.331	0	0	0	0	0	0	98.394.647	94.539.989	345.873.801	0	345.873.801
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		-281.331							98.394.647	94.539.989	345.873.801		345.873.801
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	-281.331	0	0	0	0	0	0	98.394.647	94.539.989	345.873.801	0	345.873.801
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0		101.443.292	101.443.292	0	101,443.292
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	-200.045	0	0	0	0	0	0	0	0	-200.045	0	-200.045
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	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	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	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	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	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	0
13 Other changes in equity unrelated to owners	40	0	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	41	0	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	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	43	0	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	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	25.000.000	0	0	0	0	0	0	0	0	0	-25.000.000	0	0	0	0
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	-109.162.416	0	-109.162.416	0	-109.162.416
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	1.165.870	0	1.165.870	0	1.165.870
22 Carryforward per annual plane	49	0	0	0	0	0	0	0	0	0	0	0	0	0	94.539.989	-94.539.989	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	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 current business year reporting period (ADP 31 to 50)	51	133.165.000	0	6.658.250	38.903.446	506.200	0	-481.376	0	0	0	0	0	0	59.938.088	101.443.292	339.120.500	0	339.120.500
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	-200.045	0	0	0	0	0	0	0	0	-200.045	0	-200.045
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	-200.045	0	0	0	0	0	0	0	101.443.292	101.243.247	0	101.243.247
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	25.000.000	0	0	0	0	0	0	0	0	0	-38.456.559	-94.539.989	-107.996.548	0	-107.996.548

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: Q2 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 16.A (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 profit 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 reporting period 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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn	'000 kn
Segment sales revenue	468,264	542,988	282,250	213,719	260,211	205,366	3,492	4,221	0	0	1,014,217	966,294
Operating profit	86,194	55,539	29,957	14,316	25,825	-6,941	212	145	-22,894	-20,309	119,294	42,750

Transactions with related parties:

	30.6.2021	30.6.2020
	HRK 000	HRK 000
Sales	455,307	439,109
Purchases	143,107	181,620

Balances with related parties

	30.6.2021	31.12.2020
	HRK 000	HRK 000
Receivable	105,584	89,002
Payable	53,969	10,937

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 3306 (Q22020: 3216). 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 Telefonaktiebolaget LM Ericsson (Sweden, Torshamnsgatan 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.](http://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 AOP 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 is indicated in TFI-POD form under AOP 051 Receivables from government and other institutions, 052 Other receivables, 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 AOP 083 Retained profit/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 AOP 117 Liabilities to suppliers, 119 Liabilities to employees, 120 Taxes, contributions and similar liabilities, 121 Liabilities arising from the share in the result.

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 AOP 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 AOP 007 Operating expenses.