

PRESS INFO

February 24, 2022



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 2021

Highlights:

- Sales revenue: MHRK **2,203.9**
- Gross margin: **11.5%**
- Operating profit: MHRK **186.4**
- Profit before tax: MHRK **194.2**
- Net profit: MHRK **177.3**
- Cash flow from operating activities: MHRK **369.9**

All Ericsson Nikola Tesla Group's key performance indicators show growth and a continuation of excellent business results.

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

"In Ericsson Nikola Tesla Group, 2021 will be remembered as another year during which, with a lot of skills, knowledge and dedication, we effectively managed health, economic and social consequences of the pandemic and despite these, and all other challenges, achieved defined business targets. Strategic multi-year agreements we signed in 2020 and 2021 with the customers in Croatian and export markets, new responsibilities assigned by Ericsson to our R&D Center and other expert centers for end-to-end solutions and services, our experts' quality and innovativeness, as well as a continuous focus on new areas of growth and transformation processes in the company, had a significant positive impact on the company's results. We have been carefully monitoring and analyzing all the risks, including the disruptions in the global supply chain, as well as economic and political situation in certain markets, and our business results show that we managed to remove or mitigate most of them. We have continued to build an innovative organizational culture of high performance and invest in the future in order to secure successful and long-term sustainable business performance. Another successful year can be attributed to our continuous focus on the customers, investment in technology leadership and exceptional contribution of our employees. I would like to use this opportunity to thank all our employees for their focus, professionalism and integrity, their perseverance and dedication even in such demanding circumstances, as well as our customers and partners for their confidence in us."

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In order to support our customers and secure company's business growth, we have continued to recruit, and in 2021 more than 400 new employees strengthened our big team. The Group now has almost 3,500 employees, mainly highly educated STEM experts. The biggest software design center in Croatia is in Ericsson Nikola Tesla, where more than 1700 experts work on the latest technologies, and that has the potential for further growth. The Group continues to be at the top of the list of the most successful Croatian exporters and is a leader in exporting knowledge.

Compared to 2020, sales revenue increased by 8.9% to MHRK 2,203.9, and all market segments (domestic, export and Ericsson) recorded growth. Gross margin increased significantly to 11.5% (2020: 8.6%). Gross profit increased by 45.9% to MHRK 254.3, as a result of business mix, lower transition and transformation costs, and the effect of operational and cost efficiency programs. This resulted in strong increase of operating profit by 78.6% to MHRK 186.4. Net profit increased by 87.6% to MHRK 177.3. A strong cash flow from operating activities was also achieved, amounting to MHRK 369.9, and thus at the end of 2021, cash and cash equivalents, including short-term financial assets, amounted to MHRK 510.5.

When we talk about global trends, COVID-19 pandemic has once again confirmed the importance of digitalization and the need to connect all business processes. In operator segment, the most significant event of Q3 2020 in Croatia, a public auction for the allocation of the frequency spectrum for 5G network, gave momentum to 5G technology implementation. Our strategic partners, Hrvatski Telekom (HT) and A1 Hrvatska have intensified the implementation of 5G technology across Croatia, and our company, as the provider of solutions, equipment and services for 5G, supported them in this demanding process. We are proud to be recognized and valued as a reliable partner that provides the best customer experience on a quality and safe infrastructure, and this is also confirmed by independent international tests that rank our customers' networks among the best in the world year after year. As regards 5G, we also wish to highlight the contribution of our Research & Development Center (R&D) experts, who have been working within global teams on further development of this technology, as well as our experts from other centers, who worked on the implementation and optimization of 5G networks for Ericsson strategic customers worldwide.

In the segment of build and maintenance of fixed and mobile telecommunication infrastructure of HT, which was carried out by our daughter-company Ericsson Nikola Tesla Servisi d.o.o., we have continued a successful realization of the agreed objectives and activities, and would like to emphasize the completion of FTTH connections build for more than 100,000 households.

In ICT for Industry & Society, we have been focused on e-Health, e-Business, public safety and innovative solutions for Industry 4.0, which strengthened our overall business results. Our team developed and tested the upgrade of Central Healthcare Information System of the Republic of Croatia (CEZIH), and in cooperation with the Croatian Ministry of Health, Ministry of the Interior of the Republic of Croatia, and partners, integrated it in the comprehensive solution for EU Digital COVID Certificate. We also made a significant step forward in e-Environment. Through WaterQ project, co-financed by European funds, we are developing a solution to improve water quality control for the systems of public health and water supply.

In cooperation with all the stakeholders of the ecosystem, which includes operators, industry, public administration and education sector, we try to use 5G innovation potential in the best way possible to create new opportunities and revenues in various sectors. In this way we contribute to sustainability and global competitiveness of Croatian economy, in addition to creating new job opportunities.

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In export markets, we would like to highlight the contracts signed with the operator HT Mostar (Bosnia and Herzegovina) on upgrade and expansion of LTE RAN network, expansion of transmission network and software upgrade and expansion of systems for wireline switching. We have also continued a successful cooperation with our long-term customers, the operators Ipk (Kosovo), Crnogorski Telekom (Montenegro), beCloud (Belarus), Beltelekom (Belarus) and A1 (Belarus) on the expansion, modernization and maintenance of telecommunication networks. In ICT solutions for Industry & Society, the implementation of the second phase of the national health IT platform in Belarus is ongoing. A challenging political situation in some markets, such as in Belarus, continues at the time this report is published. We have been monitoring the situation development and continue to estimate risks in order to timely respond to potential challenges. During the year, we have continued a successful cooperation with the Croatian Bank for Reconstruction and Development (HBOR) to additionally strengthen export in certain markets, and at the same time reduce the political and the financial risks to which the company is exposed to.

The delivery of services to Ericsson has been continuously increasing, and all the activities are ongoing as planned. R&D Center and other expert centers, owing to its experts' knowledge and work, continue to build a positive perception in global corporation and significantly contribute to our company's results. The majority of activities in R&D Center is related to the most important Ericsson's 5G/Cloud products in the segment of radio access and core telecommunication networks. A continuously high quality of software deliveries was recognized by a global customer, and in Q4 2021 an additional expansion of responsibilities was secured in the latest 5G/Cloud business and other technologies. We have continued a very good cooperation with faculties in Zagreb/Split/Osijek, and thus more than 150 students have the opportunity to daily learn and develop their skills by participating in research and development projects.

Furthermore, we have continued to work with students through our Summer Camp. Last year Summer Camp marked its 20th anniversary, and during this period 820 students participated in 380 projects, supported by 150 mentors.

In 2022, we expect increase in demand for ICT solutions to continue, which opens new opportunities for our company. We will continue to invest in research, development and implementation of modern ICT solutions, as well as our own digital transformation. Moreover, we will continue to invest in skills and knowledge of our employees, who are the key to our success, take care of their physical and mental health, and open new jobs. In this way, we secure our company's successful and long-term sustainable business performance and contribute to the realization of EU objectives in a digital decade. Having in mind the importance of ICT as the foundation of the networked society's digital infrastructure, we are positive about the further development of our industry, and the role Ericsson Nikola Tesla Group has in this process.

In addition to the opportunities it brings, 2022 will be a challenging year due to political and economic uncertainties, disruptions in supply chain, significant increase in energy prices, increase in the prices of materials, raw materials and services, and will demand great knowledge, leadership and strong focus on company's strategic directives. We remain focused on further risk management, profitability and cash flow, and on corporate social responsibility. We will put our maximum efforts to continue to be as efficient and as successful, both in overcoming challenges, as well as in the realization of new business opportunities. Excellent business results achieved in 2021 motivate us for further excellence in everything we do.“

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Financial highlights for the Group:

- Sales revenue amounted to MHRK 2,203.9 (2020: MHRK 2,023.0), up by 8.9% year-over-year, and the increase was recorded in all market segments. In total sales revenue, the domestic market accounted for 47.7%, services to Ericsson accounted for 40.8%, while other export markets accounted for 11.5%.
- Sales in the Networks segment amounted to MHRK 957.3 (2020: MHRK 980.5), Digital Services segment amounted to MHRK 582.0 (2020: MHRK 464.8), Managed Services segment amounted to MHRK 658.9 (2020: MHRK 569.6), and Emerging Business and Other amounted to MHRK 5.7 (2020: MHRK 8.1).
- Gross profit was MHRK 254.3 (2020: MHRK 174.4), up by 45.9% year-over-year, as a result of business mix, lower transition and transformation costs, and the effect of operational and cost efficiency programs. Gross margin increased to 11.5% (2020: 8.6%).
- Selling and administrative expenses were 10.6% higher year-over-year, amounting to MHRK 92.7 (2020: MHRK 83.8). The share of selling and administrative expenses in sales revenue was 4.2% (2020: 4.1%).
- Operating profit amounted to MHRK 186.4, up by 78.6% year-over-year (2020: MHRK 104.4) as a result of significant increase in gross profit.
- Gain from financial activities amounted to MHRK 7.8 (2020: MHRK 2.2) as a result of positive exchange differences and interest income.
- Profit before tax increased by 82.1% year-over-year to MHRK 194.2 (2020: MHRK 106.6).
- Net profit amounted to MHRK 177.3 (2020: MHRK 94.5), up by 87.6% year-over-year. Return on Sales (ROS) was 8.0% (2020: 4.7%).
- Cash flow from operating activities amounted to MHRK 369.9 (2020: MHRK 308.1) because of advanced payments and excellent cash collection from certain customers.
- Working Capital Efficiency, expressed in WCD, was 8 days (2020: 25 days), and excluding services to Ericsson, Working Capital Efficiency was 25 days (2020: 44 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 December 31, 2021, amounted to MHRK 510.5 (42.4% of the total assets), while at the end of 2020, they amounted to MHRK 314.0 (31.6% of the total assets). The increase of cash is the result of increase of business activities, good cash collection from customers and received advanced payments on certain contracts.
- The Group has a solid balance sheet with the total assets of MHRK 1,203.7 as at December 31, 2021, up by 21.1% compared to the end of 2020. The increase of balance sheet is mainly contributed by the work-in progress (WIP) conditioned by the contract execution dynamics, new receivables as well as strong growth of cash in the observed period. Equity ratio was 33.6% (end of 2020: 34.8%).
- With related parties, the transactions were as follows: sales of products and services amounted to MHRK 900.0 (2020: MHRK 858.4), while the procurement of products and services amounted to MHRK 297.2 (2020: MHRK 314.7).
- As at December 31, 2021, balances outstanding with related parties were as follows: receivables amounted to MHRK 76.8 (end of 2020: MHRK 89.0), and payables MHRK 12.6 (end of 2020: MHRK 10.9).

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Business situation in major markets

In the domestic market, sales revenue amounted to MHRK 1,051.2 (2020: MHRK 926.7), up by 13.4% year-over-year.

With the strategic partner Hrvatski Telekom, we signed 3 contracts related to design/ build of the passive part of FTTH network. The contracts are co-financed by the European Structural and Investment Funds and will enable the build of the next generation access networks (NGA) and fast and ultra-fast broadband access to network infrastructure for business and public users from remote, not as densely populated and not as developed areas of the Republic of Croatia. We have continued a successful realization of 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, and we would like to highlight the build of FTTH connections for more than 100,000 households.

In the domain of the radio part of mobile network, the focus of our strategic partnership was on the activities related to 5G technology implementation. After the allocation of the frequency spectrum for 5G since mid-August 2021, HT enabled gigabit transfer speed in several towns across Croatia. Moreover, with the support of Ericsson Nikola Tesla's experts, in October 2021 the capabilities of 5G+ technology were demonstrated, with the achieved speeds of up to 4 Gbit/s, and network response time of only 10 milliseconds.

With the strategic partner A1 Hrvatska, important multi-year agreements were signed in 2021. The first agreement was signed in March in radio network and referred to multi-year cooperation on the introduction of 5G radio technology, as well as existing network modernization and expansion of capacities on LTE technology. The second important contract was signed during summer, and encompasses the convergent 5G core network that will, along with the existing core network, secure the possibility to provide an advanced 5G user experience as a response to increasing demands of end users and business clients of A1 Hrvatska. Following the procedure of frequency spectrum allocation in August 2021, A1 Hrvatska successfully launched 5G service into commercial operation on the frequencies 700 MHz and 3.5 GHz. Moreover, 5G service is also commercially active on the existing frequency spectrum by using the Dynamic Spectrum Sharing (DSS) technology. At the same time, a successful cooperation on the implementation of 5G radio access network was expanded by the delivery of antenna systems (Ericsson Antenna System), as well as the expansion and modernization of microwave transmission systems.

In regard to ICT solutions for Industry & Society, contracts were signed with the State Geodetic Administration and the Ministry of Justice and Public Administration for the development and upgrade of the One Stop Shop-OSS of the Joint Information System of Land Registry and Cadaster (JIS). With the Ministry of Justice and Public Administration a contract was signed for the creation of the central database for local and regional municipalities. With the company Odašiljači i veze d.o.o., we signed a contract for the implementation of private 5G network. With the Ministry of the Interior of the Republic of Croatia, we have continued the implementation of the state border monitoring solution. Moreover, further informatization of the Joint Information System of Land Registry and Cadaster has continued. For the Croatian Ministry of Health, further IT upgrade of the Central Healthcare Information System of the Republic of Croatia continued.

In export markets (excluding services to Ericsson) sales revenue amounted to MHRK 253.2 (2020: MHRK 234.4), up by 8.0% year-over-year.

In addition to the negative impact of COVID-19 pandemic, the political and economic crisis in certain markets has been additionally aggravating business performance. In operator segment, sales revenue decreased due to operators' investment dynamics, which was offset by the increase in revenue in the Industry & Society segment from the contract related to healthcare informatization in Belarus.

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In Q4 2021, contracts with HT Mostar were signed for the upgrade and expansion of LTE RAN network, expansion of transmission network and software upgrade and expansion of wireline switching system. Thus, by using Ericsson solutions, HT Mostar will expand the capacities of 4G/4G+ network and increase coverage, which means better services and the best possible experience for end users.

We have continued the activities on the modernization and expansion of telecommunication network of Crnogorski Telekom and in cooperation with Ericsson Nikola Tesla, this operator was the first one in Montenegro to have implemented and tested 5G. With the operator IPKO we have agreed further expansion and upgrade of LTE RAN network, expansion of transmission network and software upgrade and expansion of system for packet network. In the Belarusian market, with caution and focus on business risks mitigation, several new contracts were signed related to mobile networks expansion of operators beCloud and A1 Belarus.

In ICT for Industry & Society, we have continued the implementation of the Central Software Platform for the Centralized e-Health System of the Republic of Belarus. During Q3, the project's first phase was accepted (creating project documents with the requested platform software specifications), and in Q4 we have continued the activities within the project's second phase (detailed specification of platform functionalities and software solution development). In the segment of Industry 4.0, we started the implementation of the management and monitoring platform of the industry's impact on the environment for EP HZHB – (Elektroprivreda Mostar).

In Ericsson market, sales revenue amounted to MHRK 899.5 (2020: MHRK 861.9), up by 4.4% year-over-year.

At the end of 2021, Ericsson Nikola Tesla's R&D Center had over 1500 employees. In the business segment Networks, besides the development of features related to classic and 5G products, a prototype presentation was successfully delivered, and we have also gained new responsibilities in Compute and Digital Silicon area. Within the business segment Digital Services in the area Mobile Switching Center, activities continued in automation and virtualization, and additional SIP (Session Initiation Protocol) features were prepared for final delivery. In the area Home Location Register, numerous features were delivered, and customer support requests were successfully executed. Within Cloud, besides the development and verification activities, transfer of new responsibilities is ongoing, and an increased scope of planned activities for 2022 was confirmed. In the area Unified Data Management, the work on a number of features and quality improvements is ongoing, as well as on the verification activities. In Service Area Networks, Wireline and Legacy, number of customer support activities were successfully executed, and support services for the next period were agreed.

The experts from the Center for Services and Solutions for Networks, in addition to projects for the customers of Ericsson Nikola Tesla Group, are included in the design and optimization activities and integration of various technologies for Ericsson customers in the United Kingdom, Germany, Sweden, Switzerland, Spain, Ireland, Denmark, Norway, Belgium, Czech Republic, Slovakia, Romania, Lithuania, Greece, Malta, Morocco, Algeria, Canada, USA, Saudi Arabia, Bahrein, Singapore, Kenya, India, Pakistan, Nigeria, Japan, Indonesia, Malaysia, Taiwan, Vietnam, Hong Kong, Brazil, Japan, SAR, etc. We also became one of the four Ericsson regional centers in the world for services in Networks – Service Area Network and build – Service Area Build.

The activities continued on the development and implementation of software tools for mobile networks management and optimization which 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, the Netherlands, Ireland, Norway, Lithuania, Italy, Greece, Albania, Macedonia, Czech Republic, Australia, Tahiti, Pakistan, Mexico, etc. These are complex projects of introduction of 5G technology, operational and business

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support systems, as well as projects of introduction of core solutions in Cloud.

Within the program EU Insulae h2020 (Industry 4.0), we have been developing a platform for monitoring and management of energy flows on the island Unije. This includes building a platform which collects data for sensors' infrastructure based on IoT technologies, analyses the data and with the assistance of artificial intelligence provides recommendations to optimize consumption.

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 had a key role in transformation processes of Ericsson Nikola Tesla Group and provided quality support for a smooth work from home and remote support to customers.

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

Other information

Ericsson Nikola Tesla's major shareholders (as at December 31, 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
Erste & Steiermarkische Bank d.d.. / PBZ Croatia osiguranje mandatory pension fund, B category	40,490	3.04
OTP banka d.d. / Erste Plavi mandatory pension fund, B category	30,961	2.33
Raiffeisenbank Austria d.d. / Raiffeisen voluntary pension fund	16,739	1.26
PBZ d.d. / custodian client account	10,703	0.80
PBZ d.d. / The Bank of New York as Custodian	9,860	0.74
OTP banka d.d. / OTP Index fund - open-end alternative investment fund with public offering	9,474	0.71
Ericsson Nikola Tesla d.d.	6,951	0.52
Vuleta Ivica	5,318	0.40
Other shareholders	424,167	31.85

Share price information in 2021:

Highest (HRK)	Lowest (HRK)	Closing (HRK)	Market cap. (in MHRK)
1,950.00	1,500.00	1,840.00	2,450.2

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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 December 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 black 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.
 Statement of comprehensive income
 for the period ended 31 December 2021

	2021 HRK '000	2020 HRK '000
Sales revenue	1.522.626	1.417.214
Cost of sales	-1.351.875	-1.272.263
Gross profit	170.751	144.951
Selling expenses	-42.775	-39.710
Administrative expenses	-39.965	-33.714
Other operating income	22.918	20.301
Impairment loss on financial assets	-385	-9.336
Operating profit	110.544	82.492
Finance income	9.630	6.133
Finance expense	-1.142	-3.385
Finance income/(expense), net	8.488	2.748
Profit before tax	119.032	85.240
Income tax	-3.825	-8.749
Profit for the year	115.207	76.491
Other comprehensive income	-	-
Total comprehensive income for the year	115.207	76.491
Earnings per share (HRK)	87	57

Ericsson Nikola Tesla d.d.
 Statement of financial position
 as at 31 December 2021

	2021 HRK '000	2020 HRK '000
ASSETS		
Non-current assets		
Property, plant and equipment	129.380	148.687
Right of use assets	29.231	37.780
Intangible assets	1.080	347
Investments in subsidiaries	1.053	1.053
Loans and receivables	21.976	37.867
Deferred tax assets	12.555	8.397
Total non-current assets	195.275	234.131
Current assets		
Inventories	89.048	44.179
Trade receivables	108.484	81.353
Receivables from related parties	80.178	97.933
Contract Assets	-	-
Other receivables	36.236	5.729
Income tax receivable	-	11.651
Financial assets at fair value through profit or loss	32.997	32.936
Prepayments	6.335	32.379
Cash and cash equivalents	332.301	245.833
Total current assets	685.579	551.993
TOTAL ASSETS	880.854	786.124
EQUITY AND LIABILITIES		
Equity		
Share capital	133.165	133.165
Treasury shares	-12.421	-506
Legal reserves	6.658	6.658
Reserve for treasury shares	36.512	13.904
Retained earnings	139.322	153.872
Total equity	303.236	307.093
Non-current liabilities		
Borrowings	16.982	30.292
Lease liabilities	21.314	26.559
Other non-current liabilities	442	411
Employee benefits	6.102	7.335
Total non-current liabilities	44.840	64.597
Current liabilities		
Payables to related parties	5.797	29.759
Borrowings	14.088	14.236
Trade and other payables	148.676	112.735
Income tax payable	4.103	-
Provisions	13.307	13.598
Accrued charges and deferred revenue	91.365	65.300
Contract liabilities	247.309	167.119
Lease liabilities	8.133	11.687
Total current liabilities	532.778	414.434
Total liabilities	577.618	479.031
TOTAL EQUITY AND LIABILITIES	880.854	786.124

Ericsson Nikola Tesla d.d.
 Statement of cash flows
 for the period ended 31 December 2021

	2021 HRK '000	2020 HRK '000
Cash flows from operating activities		
<i>Profit before tax</i>	119.032	85.240
Adjustments for:		
Depreciation and amortisation	45.171	42.734
Effects of lease derecognition	-3	-
Impairment losses and reversals	-400	9.934
Gain on sale of property, plant and equipment	-43	-25
Net loss/(gain) on remeasurement of financial assets	-121	-265
Amortisation of discount	52	13
Interest income	-3.741	-6.031
Interest expense	1.058	1.291
Foreign exchange (gains)/losses, net	-4.651	4.783
Equity-settled transactions	4.405	3.268
	160.759	140.942
<i>Changes in working capital</i>		
In receivables	4.580	135.657
In inventories	-44.869	125.746
In provisions	-1.524	748
In payables	128.943	-125.472
<i>Cash generated from operations</i>	247.889	277.621
Interest paid	-1.238	-1.224
Income taxes paid	-78	-407
Net cash from operating activities	246.573	275.990
Cash flows from investing activities		
Proceeds from loans given	-	16.014
Loans given	-	-15.000
Interest received	2.834	1.784
Dividends received	59	59
Proceeds from sale of property, plant and equipment	108	169
Purchases of property, plant and equipment, and intangible assets	-15.262	-59.252
Deposits given to financial institutions - net	-1.208	789
Receipt of government grant	1.325	11.261
Net change of financial assets at fair value through profit and loss	-	5.013
Net cash used in investing activities	-12.144	-39.163
Cash flows from financing activities		
Proceeds from borrowings	-	20.609
Repayment of borrowings	-14.831	-13.796
Purchase of treasury shares	-14.307	-1.235
Dividends paid	-109.166	-65.231
Payment of lease liabilities	-11.697	-11.502
Net cash used in financing activities	-150.001	-71.155
Effects of exchange rate changes on cash and cash equivalents	2.040	-1.672
Net increase/(decrease) in cash and cash equivalents	86.468	164.000
Cash and cash equivalents at the beginning of the year	245.833	81.833
Cash and cash equivalents at the end of the year	332.301	245.833

Annex 1

ISSUER'S GENERAL DATA

Reporting period:	1.1.2021	to	31.12.2021
Year:	2021		
Quarter:	4.		

Quarterly financial statements

registration number (MB): **03272699** Issuer's home Member State code: **HR**

Entity's registration
number (MBS): **0800002028**

Issuer's home Member
State code: **HR**

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) 2669

Consolidated report: **KN** (KN-not consolidated/KD-consolidated)

Audited: **RN** (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): **Registered office:** **MB:**

Bookkeeping firm: **No** (Yes/No) _____
(name of the bookkeeping firm) _____

Contact person: **Tatjana Ricijaš**

(only name and surname of the contact person)

KPMG Croatia d.o.o.

(name of the audit firm)
Certified auditor: Domagoj Hrkać

BALANCE SHEET
balance as at 31.12.2021

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			
1.01	0	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	234,431,290	197,106,211
1.1 Tangible assets (ADP 004 to 009)	003	347,257	-1,078,200
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	347,257	1,079,768
3 Goodwill	006	0	0
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	166,456,923	160,442,467
1 Land	011	15,605,344	15,605,344
2 Buildings	012	63,556,029	62,568,871
3 Plant and equipment	013	59,286,511	46,285,611
4 Tools, working inventory and transportation assets	014	16,328,520	14,804,630
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	0	0
7 Tangible assets in preparation	017	31,854,457	62,030
8 Other tangible assets	018	52,644	46,807
9 Intangible assets in preparation	019	0	0
III) FINANCIAL ASSETS (ADP 021 to 030)	020	24,708,100	17,533,200
1 Investments in holdings (shares) of undertakings within the group	021	1,052,798	1,052,798
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	48,531
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. give	028	23,742,294	16,431,966
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	5,495,745
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	5,127,139
4 Other receivables	035	436,135	368,806
V) DEFERRED TAX ASSETS	036	3,987,046	12,555,071
C) CURRENT ASSETS (ADP 039+046+053+063)	037	519,614,299	679,244,968
IV) INVESTMENTS (ADP 039 to 045)	038	44,178,000	89,047,000
1 Raw materials and consumables	039	0	0
2 Work in progress	040	44,178,639	89,047,839
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Financial assets	045	0	0
II) RECEIVABLES (ADP 047 to 052)	046	102,726,440	211,581,010
1 Receivables from undertakings within the group	047	10,027,853	5,786,039
2 Receivables from companies linked by virtue of participating interests	048	87,904,823	74,392,078
3 Customer receivables	049	81,353,019	108,484,202
4 Receivables from employees and members of the undertaking	050	0	0
5 Receivables from government and other institutions	051	12,276,444	4,496,122
6 Other receivables	052	1,064,306	18,422,977
III) CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	36,876,146	46,314,410
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	32,997,449
8 Loans, deposits, etc. give	061	4,040,000	13,316,970
9 Financial assets	062	0	0
IV) CASH AT BANK AND IN HAND	063	245,833,070	332,301,292
D) PREPAID EXPENSES AND ACCRUED INCOME	064	32,378,859	6,334,220
E) TOTAL ASSETS (ADP 001+002+037+064)	065	786,124,428	882,685,558
OFF-BALANCE SHEET ITEMS	066	0	0
LIABILITIES			
A) CURRENT AND RESERVES (ADP 068 to 078)	067	507,601,924	495,256,761
1 INITIAL (SUBSCRIBED) CAPITAL	068	133,165,000	133,165,000
1.1 Capital reserves	069	0	0
III) RESERVES FROM PROFIT (ADP 071+072+073+074+075)	070	20,055,496	30,748,150
1 Legal reserves	071	6,658,250	6,658,250
2 Reserves for treasury shares	072	13,903,446	36,511,836
3 Treasury shares and holdings (deductible item)	073	-506,200	-12,421,930
4 Monetary 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 hedges - effective portion	079	0	0
3 Hedge of an 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	77,382,005	24,115,606
1 Retained profit	084	77,382,005	24,115,606
2 Loss brought forward	085	0	0
VII) PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	76,490,881	115,206,995
1 Profit for the business year	087	76,490,881	115,206,995
2 Loss for the business year	088	0	0
VIII) MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	7,334,818	6,102,034
1 Provisions for pensions, termination benefits and similar obligations	091	7,334,818	6,102,034
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	57,262,034	38,735,260
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	56,850,760	38,295,580
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities to shareholders	106	0	0
10 Other long-term liabilities	107	411,270	442,700
11 Deferred tax liability	108	0	0
12 Liabilities for leases	109	192,526,787	246,632,895
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	110	23,160,257	1,621,627
1 Liabilities to undertakings within the group	111	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	112	6,598,169	3,975,002
3 Liabilities to companies linked by virtue of participating interests	113	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	114	0	0
5 Liabilities for loans, deposits etc.	115	25,922,400	22,221,650
6 Liabilities to banks and other financial institutions	116	10,512,321	52,527,993
7 Liabilities for advance payments	117	3,481,057	14,406,438
8 Liabilities to suppliers	118	0	0
9 Liabilities for securities	119	0	0
10 Liabilities to employees	120	84,092,234	111,900,908
11 Taxation, contributions and similar liabilities	120	25,161,965	26,471,734
12 Liabilities arising from a 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	13,598,127	13,307,381
E) ACCRUALS AND DEFERRED INCOME	124	221,907,427	286,145,711
F) TOTAL LIABILITIES (ADP 097+098+099+109+123)	125	786,124,428	880,854,472
G) OFF-BALANCE SHEET ITEMS	126	0	0

STATEMENT OF PROFIT OR LOSS
for the period 01.01.2021 to 31.12.2021

in HRK

Submitter: ERICSSON NIKOLA TESLA D.D.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
I OPERATING INCOME (ADP 002 to 006)	001	1.437.515.039	387.480.262	1.545.543.306	457.212.286
1 Income from sales with undertakings within the group	002	21.202.972	11.661.196	7.118.754	-3.660.601
2 Income from sales (outside group)	003	1.396.011.390	368.778.090	1.515.506.761	454.382.880
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	1.365.900	398.424	1.873.654	530.036
5 Other operating income (outside the group)	006	18.934.777	6.642.252	21.044.137	5.959.971
II OPERATING EXPENSES (ADP 08+09+13+017+018+019+022+029)	007	1.355.023.392	373.706.326	1.434.999.255	435.042.852
1 Changes in inventories of work in progress and finished goods	008	126.343.754	33.687.576	-44.869.201	-7.319.455
2 Material costs (ADP 010 to 012)	009	398.645.257	98.925.701	573.084.684	178.071.437
a) Costs of raw materials and consumables	010	253.199.798	90.263.059	330.230.952	109.140.696
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	145.445.459	8.662.242	242.853.732	68.930.741
3 Staff costs (ADP 014 to 016)	013	727.640.967	203.698.552	805.663.166	237.513.103
a) Net salaries and wages	014	427.906.735	118.561.930	490.300.113	140.969.838
b) Tax and contributions from salary costs	015	216.295.962	60.910.112	222.303.645	67.302.001
c) Contributions on salaries	016	10.438.270	2.422.510	93.059.408	29.241.264
4 Depreciation	017	42.733.785	11.006.700	45.171.233	10.688.534
5 Other costs	018	43.221.087	15.124.900	46.835.080	18.270.894
6 Value adjustments (ADP 020+021)	019	1.891.022	358.076	0	-1.357.395
a) Fixed assets other than financial assets	020	0	0	0	0
b) Current assets other than financial assets	021	1.891.022	358.076	0	-1.357.395
7 Provisions (ADP 023 to 028)	022	5.211.1518	2.219.871	8.729.611	-1.076.962
a) Provisions for persons, termination benefits and similar	023	4.415.233	1.644.894	8.094.809	2.167.405
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	542.998	321.690	634.802	109.948
f) Other provisions	028	253.287	253.287	0	-3.354.315
8 Other operating expense	029	9.336.032	8.688.480	384.682	252.900
III FINANCIAL INCOME (ADP 031 to 040)	030	6.133.212	4.298.744	9.652.875	5.133.450
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	6.497	1	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	-88.601	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	6.024.715	4.285.344	3.740.809	1.250.520
8 Exchange rate differences and other financial income	038	0	0	4.631.326	2.771.791
9 Other gains/losses (income) from financial assets	039	0	0	0	0
10 Other financial expenses	040	102.000	102.000	1.280.740	1.111.139
IV FINANCIAL EXPENSES (ADP 042 to 046)	041	3.384.781	1.187.557	1.165.360	308.126
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	33.354	2.843
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	22.980	885
3 Interest expenses and similar expenses	044	1.291.152	314.632	1.057.558	250.930
4 Exchange rate differences and other expenses	045	2.080.585	928.061	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	13.044	-55.136	51.468	51.468
V SHARE IN PROFIT OR LOSS 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	1.443.648.291	391.779.006	1.555.196.181	462.345.736
X TOTAL EXPENDITURE (ADP 007+041+051+052)	054	1.358.408.173	374.893.883	1.436.164.815	435.348.978
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	85.240.078	16.885.123	119.031.566	26.996.758
1 Pre-tax profit (ADP 053-054)	056	85.240.078	16.885.123	119.031.566	26.996.758
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	8.749.197	1.696.305	3.824.571	-7.823.155
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	76.490.881	15.189.818	115.206.995	34.819.913
1 Profit for the period (ADP 055-059)	060	76.490.881	15.189.818	115.206.995	34.819.913
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				
1 Profit (loss) (ADP 055)	069	0	0	0	0
2 Pro-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071				
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072				
1 Profit for the period (ADP 068-071)	073				
2 Loss for the period (ADP 071-068)	074				
APPENDIX P&L (to be filled 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	76.490.881	15.189.818	115.206.995	34.819.913
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+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	0	0	0	0
1 Exchange rate differences from translation of foreign operations	088	0	0	0	0
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	0	0	0	0
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	76.490.881	15.189.818	115.206.995	34.819.913
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	76.490.881	15.189.818	115.206.995	34.819.913
1 Attributable to owners of the parent	100	76.490.881	15.189.818	115.206.995	34.819.913
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 31.12.2021

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	85.240.078	119.031.566
2 Adjustments (ADP 003 to 010):	002	55.702.026	41.727.844
a) Depreciation	003	42.733.755	45.171.233
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	-25.231	-42.742
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	-265.282	-120.671
d) Interest and dividend income	006	-6.031.212	-3.740.809
e) Interest expenses	007	1.291.147	1.057.558
f) Provisions	008	0	
g) Exchange rate differences (unrealised)	009	4.783.347	-4.650.531
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	13.215.502	4.053.806
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	140.942.104	160.759.410
3 Changes in the working capital (ADP 013 to 016)	012	136.678.744	87.130.060
a) Increase or decrease in short-term liabilities	013	-125.472.011	128.942.805
b) Increase or decrease in short-term receivables	014	135.656.777	4.579.988
c) Increase or decrease in inventories	015	125.745.642	-44.869.202
d) Other increase or decrease in working capital	016	748.336	-1.523.531
II Cash from operations (ADP 011+012)	017	277.620.848	247.889.470
4 Interest paid	018	-1.223.923	-1.237.798
5 Income tax paid	019	-406.637	-78.544
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	275.990.288	246.573.128
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	168.735	108.327
2 Cash receipts from sales of financial instruments	022	5.013.292	
3 Interest received	023	1.783.760	2.834.010
4 Dividends received	024	58.615	59.371
5 Cash receipts from repayment of loans and deposits	025	16.804.102	
6 Other cash receipts from investment activities	026	11.260.833	1.324.523
III Total cash receipts from investment activities (ADP 021 to 026)	027	35.089.337	4.326.231
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-59.252.057	-15.261.833
2 Cash payments for the acquisition of financial instruments	029	0	
3 Cash payments for loans and deposits for the period	030	-15.000.000	-1.208.485
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-74.252.057	-16.470.318
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-39.162.720	-12.144.087
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	20.609.226	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	20.609.226	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-13.795.972	-14.830.171
2 Cash payments for dividends	041	-65.231.346	-109.165.903
3 Cash payments for finance lease	042	-11.502.388	-11.697.423
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	-1.234.760	-14.307.340
5 Other cash payments from financing activities	044		
VI Total cash payments from financing activities (ADP 040 to 044)	045	-91.764.466	-150.000.837
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-71.155.240	-150.000.837
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	-1.671.780	2.040.018
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	164.000.548	86.468.222
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	81.832.522	245.833.070
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	245.833.070	332.301.292

STATEMENT OF CHANGES IN EQUITY

for the period from 1.1.2021 to 31.12.2021

Item	ADP code	Attributable to owners of the parent													Minority (non-controlling) interest	Total capital and reserves			
		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			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	133.165.000	0	6.658.250	14.872.546	240.540	0	0	0	0	0	0	0	0	139.344.647	0	293.799.903	0	293.799.903
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	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	139.344.647	0	293.799.903	0	293.799.903
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	76.490.881	76.490.881	0	76.490.881
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	1.234.760	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-65.230.956	0	-65.230.956	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	-969.100	-969.100	0	0	0	0	0	0	0	0	3.268.314	0	3.268.314	0
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	0	0	0	0	0	0	0	77.382.005	76.490.881	307.093.382	0	307.093.382
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	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	76.490.881	76.490.881	0	76.490.881
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	0	-969.100	265.860	0	0	0	0	0	0	0	-61.962.842	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	0	6.658.250	13.903.446	506.200	0	0	0	0	0	0	0	0	77.382.005	76.490.881	307.093.382	0	307.093.382
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0	77.382.005	76.490.881	307.093.382	0	307.093.382
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	115.206.995	115.206.995	0
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	0	25.000.000	14.307.340	0	0	0	0	0	0	0	-25.000.000	0	-14.307.340	0	-14.307.340
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	-109.162.418	0	-109.162.418	0	-109.162.418
21 Other distributions and payments to members/shareholders	48	0	0	0	0	-2.391.610	-2.391.610	0	0	0	0	0	0	0	4.405.139	0	4.405.139	0	4.405.139
22 Carryforward per annual plane	49	0	0	0	0	0	0	0	0	0	0	0	0	0	76.490.881	-76.490.881	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	36.511.836	12.421.930	0	0	0	0	0	0	0	0	24.115.607	115.206.995	303.235.758	0	303.235.758
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	0	0	0	0	0	0	0	0	0	0	0	0
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 to 52)	53	0	0	0	0	0	0	0	0	0	0	0	0	0	0	115.206.995	115.206.995	0	115.206.995
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	0	22.608.390	11.915.730	0	0	0	0	0	0	0	-53.266.398	-76.490.881	-119.064.619	0	-119.064.619

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

Name of the issuer: ERICSSON NIKOLA TESLA D.O.O.

Personal identification number (OIB): 84771175

Reporting period: Q4 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 period and of the period with respect to the balance sheet year information is provided regarding these events and relevant information published in the latest annual financial statements or in the annual report to updated (items 15 to 19c 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 case of 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 date of incorporation; whether the undertaking is undergoing liquidation, bankruptcy proceedings, shortened liquidation proceedings or extrajudicial 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 periods 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 reporting 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 costs of employees 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 the deferred tax balance sheet

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 name and registered office of each of the undertakings in which the undertaking has a participating interest 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 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, 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, registered office and legal form of each of the undertakings in which the undertaking is a member of the consolidated financial statements of the largest group of undertakings of which the undertaking forms part as a controlled group member

14. the name, registered office of the undertaking which drew 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 and benefits arising from such arrangements are material and as 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 basis of the principles of IFRSs, 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 ZEE and as well at www.ericsson.hr/reports.

c) The interim financial statements for the first half of 2021 are prepared applying the same accounting policies as in the latest annual financial statements presented in the Annual Report for 2020.

d) The issuer does not have seasonal business activities.

e)

Segment	Networks	Digital Services	Managed Services	Other	Unallocated	Total
31.12.2021	31.12.2020	31.12.2020	31.12.2020	31.12.2021	31.12.2020	31.12.2021
900,000	900,000	900,000	900,000	900,000	900,000	900,000
Segment sales, revenue	300,761	300,001	256,391	605,871	10,710	15,241
Segment sales, profit	90,000	90,000	75,921	18,161	2,010	7,789
Segment profit	207,668	207,001	181,371	487,860	0	1,417,214
Segment profit	207,668	207,001	181,371	487,860	0	1,417,214

Transactions with related parties:	31.12.2020	31.12.2020
	HRK 000	HRK 000
Sales	923,776	931,384
Purchases	207,668	333,984

Balances with related parties	31.12.2021	31.12.2020
	HRK 000	HRK 000
Receivable	80,178	97,933
Payable	5,707	29,759

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 cut-off is remote. The Company has no commitments concerning persons 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 Company has no debt falling due after more than five years.

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

6. The average number of employees during the reporting period is 2615 (Q1-Q4 2020: 2524). The Company 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. Movement in deferred tax balances during reporting period were as follows:

	HRK 000
As at 1 January 2020	15,449
Tax credited to the income statement	5,594
Tax charged to the income statement	-12,646
As at 31 December 2020	8,397
As at 1 January 2021	8,397
Tax credited to the income statement	5,594
Tax charged to the income statement	-12,646
As at 31 December 2021	8,397

9. The Company has no participating interest.

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

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

12. The Company has no shares in companies having unlimited liability.

13. and 14. The company Telefónica S.A.U (Spain, Tocinojugal 21, SE-164 83 Stockholm) prepares the consolidated financial statements for the larger Group of companies, in which Ericsson Nika Tesla Group is included as an associate member of Ericsson.

15. These consolidated reports are available at www.ericsson.com/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 (Recalculation 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 023 Loans, deposits, etc. to undertakings within the group, 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 021 Receivables from government and other institutions,022 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 earnings and 086 Profit/Loss for the year.

Additionally, within the category Non-current liabilities in Statement of financial position total amount of Borrowings and Lease liabilities are shown under AOP 103 Liabilities to bank and other financial institutions.

Within the category Current liabilities in Statement of financial position total amount of Accrued charges and deferred revenue and Contract liabilities is indicated in TFI-POD form under AOP 116 Liabilities to suppliers,119 Liabilities to employees,120 Taxes, contributions and similar liabilities.

Additionally, within the category Current liabilities in Statement of financial position total amount of Provisions is indicated in TFI-POD form under AOP 123 Other short-term liabilities.

Additionally, both categories Borrowings and Lease liabilities in Statement of financial position are shown under AOP 115 Liabilities to bank and other financial institutions.

P&L

Cost structure in Statement of comprehensive income (F8 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.