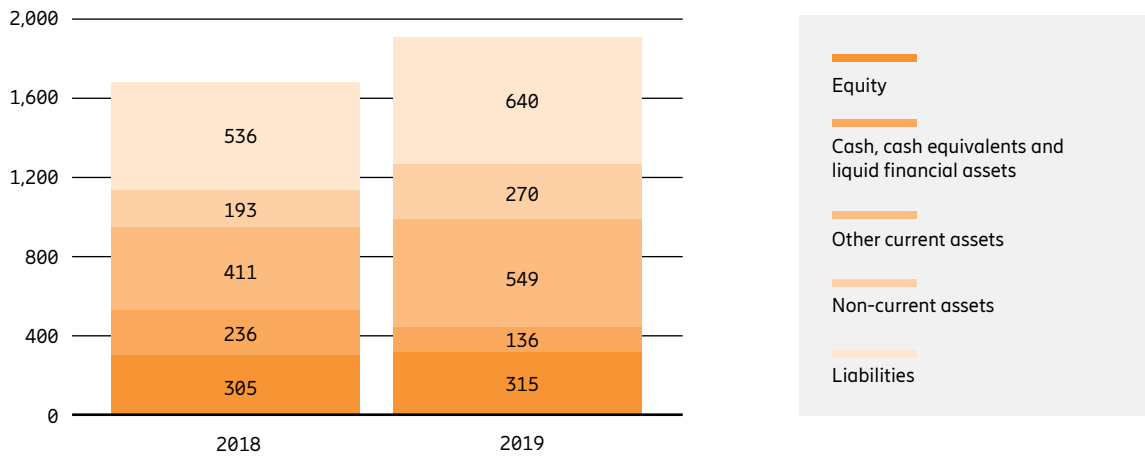


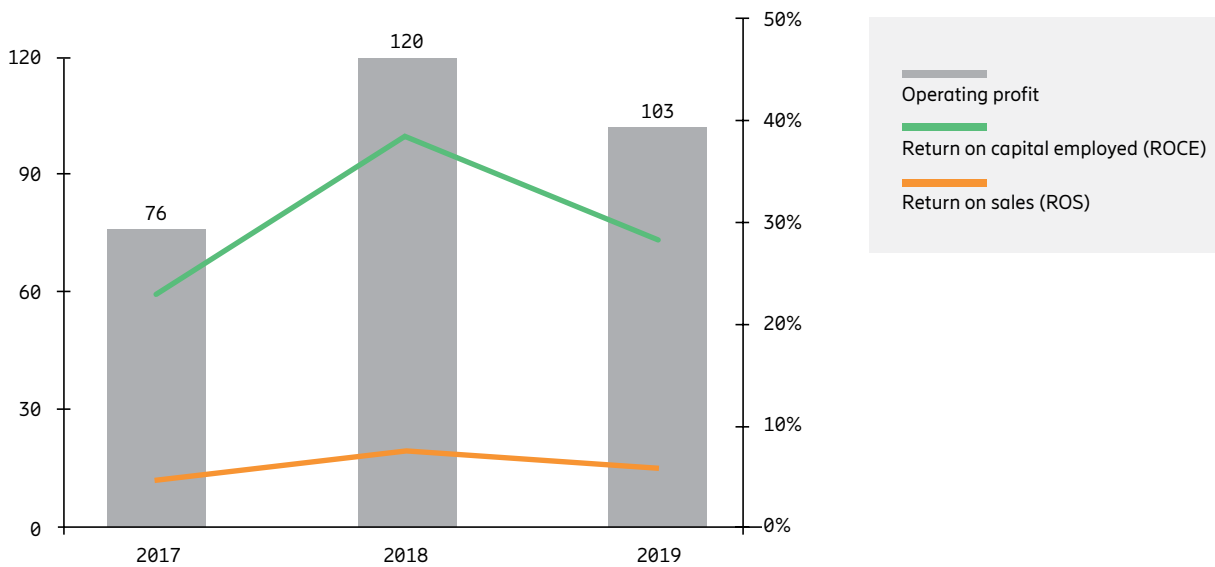
Financial highlights in 2019

| | Ericsson Nikola Tesla Group | | | Ericsson Nikola Tesla d.d. | | |
|---|-----------------------------|-------|-------|----------------------------|-------|-------|
| | 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| Income statement and cash flow items (in MHRK) | | | | | | |
| Sales revenue | 1,779 | 1,558 | 1,482 | 1,545 | 1,374 | 1,465 |
| Selling and Administration expenses | -82 | -73 | -80 | -75 | -66 | -78 |
| Operating profit | 103 | 120 | 76 | 94 | 117 | 71 |
| Profit for the year | 103 | 114 | 68 | 96 | 112 | 64 |
| Operating cash flow | 69 | 75 | 108 | 40 | 81 | 103 |
| Year-end position (in MHRK) | | | | | | |
| Total assets | 955 | 840 | 822 | 897 | 819 | 795 |
| Cash, cash equivalents and liquid financial assets | 136 | 236 | 244 | 121 | 231 | 230 |
| Capital employed | 395 | 326 | 266 | 352 | 305 | 244 |
| Equity | 315 | 305 | 236 | 294 | 291 | 223 |
| Per share indicators | | | | | | |
| Earnings per share (EPS) (in HRK) | 77 | 85 | 51 | 72 | 84 | 48 |
| Dividend per share | | 70.6 | 32.5 | | 70.6 | 32.5 |
| Number of shares outstanding, average (in millions) | 1,331 | 1,332 | 1,330 | 1,331 | 1,331 | 1,330 |
| Other information (in MHRK) | | | | | | |
| Additions to property, plant and equipment | 68 | 40 | 26 | 65 | 39 | 26 |
| Depreciation of property, plant and equipment | 36 | 34 | 40 | 37 | 29 | 36 |
| Alternative Performance Measures (APMs) | | | | | | |
| Gross margin | 9.2% | 9.1% | 10.2% | 10% | 10% | 9.9% |
| Operating margin | 5.8% | 7.7% | 5.1% | 6.1% | 9% | 4.8% |
| EBITDA margin | 9.0% | 9.9% | 7.9% | 8.7% | 10.7% | 7.3% |
| Cash conversion | 35.9% | 38.9% | 68.2% | 25% | 44% | 69.4% |
| Return on equity (ROE) | 33.1% | 42.0% | 26.0% | 32.7% | 43.5% | 25.5% |
| Return on capital employed (ROCE) | 28.5% | 38.4% | 22.9% | 29.1% | 40.7% | 23.4% |
| Return on sales (ROS) | 5.8% | 7.3% | 4.6% | 6.2% | 8.1% | 4.4% |
| Equity ratio | 33.0% | 36.3% | 28.7% | 32.8% | 35.5% | 28.1% |
| Capital turnover | 4.9 | 5.3 | 5.0 | 4.7 | 5.0 | 5.4 |
| Current ratio | 1.2 | 1.3 | 1.1 | 1.2 | 1.2 | 1.1 |
| P/E ratio | 18.2 | 11.8 | 23.6 | 19.5 | 12.0 | 24.9 |

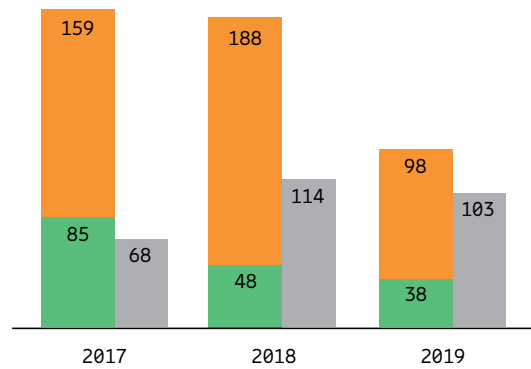
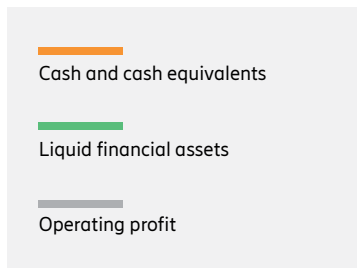
Balance sheet structure (in MHRK)



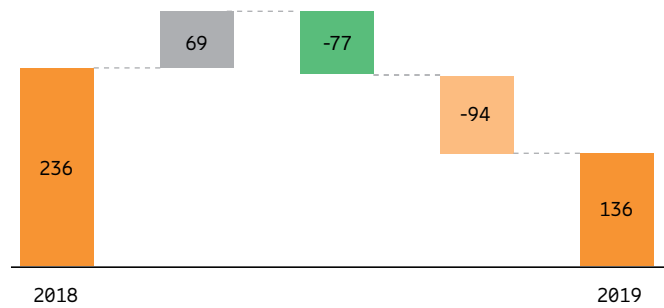
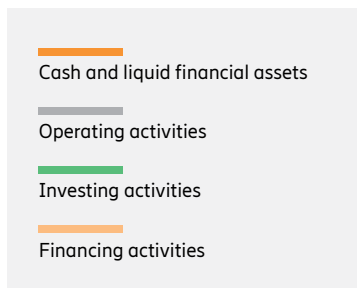
Operating profit (in MHRK), ROCE and ROS (in percentages)



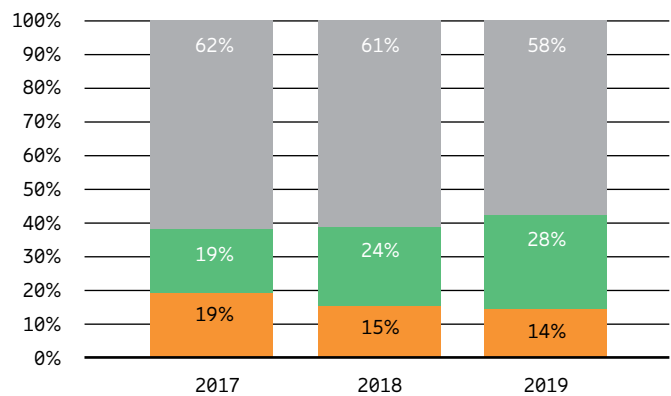
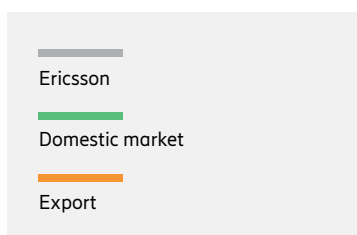
Development of liquid assets and operating profit (in MHRK)



Change in liquid assets (in MHRK)



Sales revenue by market (in percentages)



Information for shareholders

Shares of Ericsson Nikola Tesla d.d. are traded in the Regular Market of the Zagreb Stock Exchange under the ticker symbol ERNT-R-A.

Share trading and price trend

In 2019, share price increased by 38.61%. At the end of 2019, Ericsson Nikola Tesla's market capitalization was MHRK 1,864.3 (end of 2018: MHRK 1,345.0). As regards the free float market capitalization, Ericsson Nikola Tesla is ranked ninth on the Zagreb Stock Exchange, with MHRK 949.1, representing 2.7 percent of the total free float market capitalization. At the end of 2019, Ericsson Nikola Tesla's share weight in CROBEX Index was 9.1 percent.

At the Zagreb Stock Exchange, 2019 was marked by mainly volatile trade statistics, with the second half of 2019 mostly showing a positive trend.

All trade indicators recorded positive movements: turnover within the orderbook was up by +9%, with share turnover increasing by 38%. To conclude - total turnover in 2019 was almost up by +5% compared to 2018.

Market value, measured in market capitalization, increased by 13% in total, while the share market capitalization increased by 11.5%. Some of the indices

were corrected (CROBEXkonstrukt, CROBEXturst and CROBEXtransport), however other indices grew by double digits: the highest growth was recorded by CROBEXnutris (+38.18), followed by CROBEXtr (+19.42%), followed by CROBEX10 (+18%), CROBEXplus (+17%), CROBEXprime (+16.42%), and CROBEX (+15.36%). As well as in the previous years, liquidity was mostly concentrated in a smaller number of shares; approximately 75% of the total turnover is creditable to 10 shares with the biggest turnover.

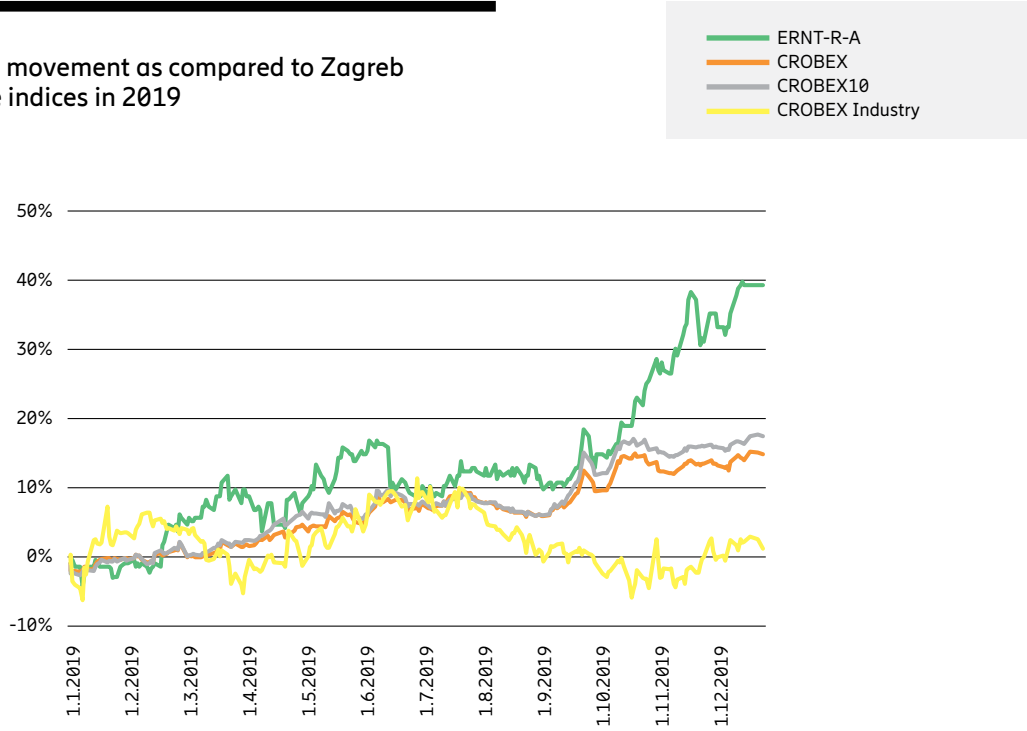
Average ERNT-R-A share price trend 2015-2019 (in HRK)



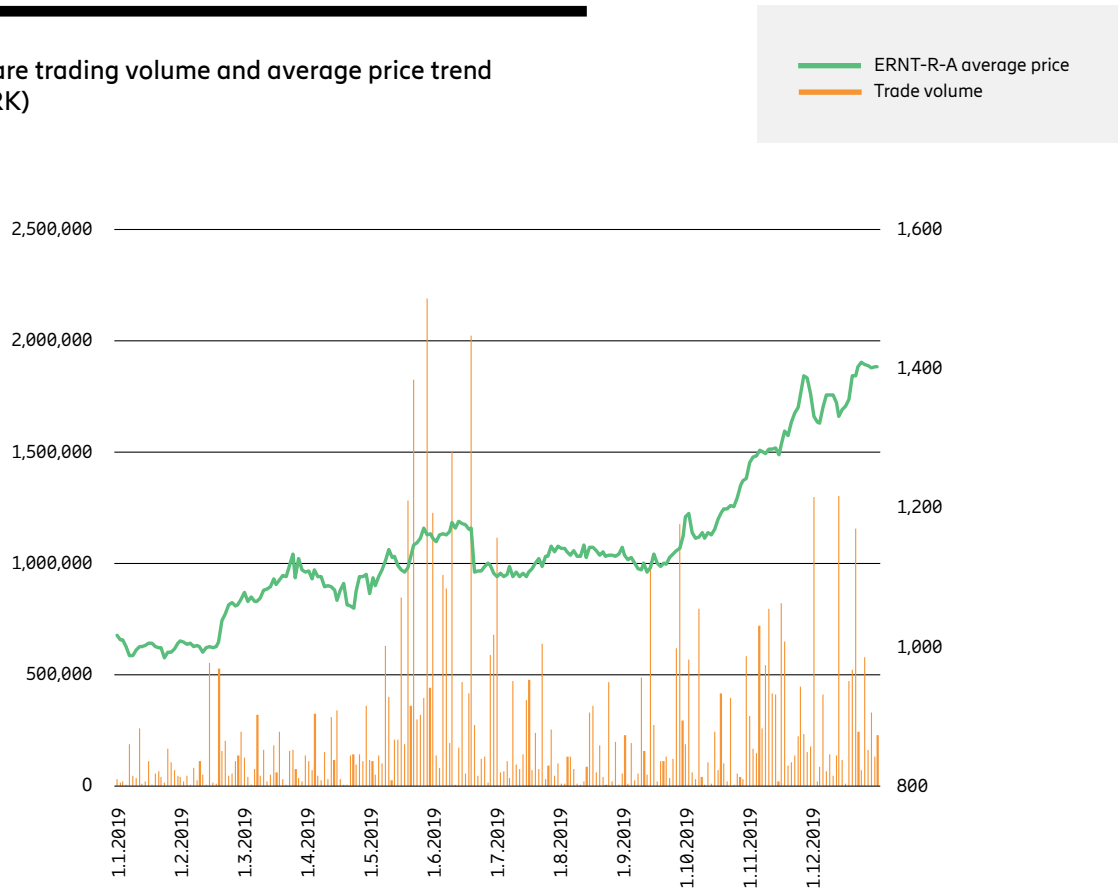
| Share price and turnover | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|--------|----------|----------|--------|--------|
| Highest (HRK) | 1,390 | 1,177.99 | 1,444.00 | 1,240 | 1,415 |
| Lowest (HRK) | 930 | 940 | 1,066.51 | 976 | 972 |
| Last - end of the year (HRK) | 1,045 | 1,164 | 1,203.99 | 1,010 | 1,400 |
| Turnover (in MHRK) | 79.4 | 53.2 | 55.1 | 39.3 | 58.0 |
| Trade volume | 68,888 | 49,628 | 43,312 | 36,116 | 49,652 |
| Dividend per share (HRK) | | | | | |
| - regular | 20 | 20 | 32.5 | 70.6 | 0* |
| - extraordinary | 80 | 70 | - | - | |

* proposal of the decision to the Annual General Meeting to allocate the Company's net profit for 2019 to retained earnings.

ERNT-R-A share price movement as compared to Zagreb Stock Exchange share indices in 2019



ERNT-R-A share trading volume and average price trend in 2019 (in HRK)



Ericsson Nikola Tesla d.d. major shareholders as at 31 December 2019

| Shareholders | Number of shares | % of share capital |
|---|------------------|--------------------|
| Telefonaktiebolaget LM Ericsson | 653,473 | 49.07% |
| Addiko bank d.d. / Raiffeisen mandatory pension fund, B category | 123,514 | 9.28% |
| OTP banka d.d. / Erste Plavi mandatory pension fund, B category | 56,013 | 4.21% |
| Addiko Bank d.d. / PBZ Croatia osiguranje mandatory pension fund, B category | 16,810 | 1.26% |
| PBZ d.d. / The Bank of New York as custodian | 12,728 | 0.96% |
| OTP banka d.d. / OTP Index fund - open-end alternative investment fund with public offering | 9,827 | 0.74% |
| PBZ d.d. / custodian client account | 9,736 | 0.73% |
| Zagrebačka banka d.d. / Harding Loevner Frontier Emerging markets portfolio | 9,318 | 0.70% |
| Zagrebačka banka d.d. / State Street Bank and Trust Company, Boston | 8,630 | 0.65% |
| Addiko Bank d.d. / Raiffeisen voluntary pension fund | 8,094 | 0.60% |
| Other shareholders | 423,507 | 31.80% |

Share capital

As at 31 December 2019, Ericsson Nikola Tesla joint-stock company had share capital amounting to HRK 133,165,000 distributed in 1,331,650 ordinary registered Class A shares. Each share carries one vote at the Annual General Meeting. The total number of treasury shares at the end of 2019 was 211, representing 0.016% of the share capital. The shares were owned by 6,639 shareholders.