

- Croatian Financial Services Supervisory Agency (HANFA)
- Zagreb Stock Exchange Inc.
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- Official company website

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Security: KOEI-R-A

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Home Member State: Croatia

Regulated market segment: Official market of the Zagreb Stock Exchange

Zagreb, 15 December 2022

## **Subject: The Supervisory Board of the Company adopts the 2023 Business Plan of KONČAR Group**

At the session held on 15 December 2022, the Supervisory Board of KONČAR - Electrical Industry Inc. adopted the consolidated Business Plan of KONČAR Group for 2023, at the proposal of the Company's Management Board.

The plan for the next year was prepared in uncertain and complex global circumstances impacted by the pace of the industrial post-Covid recovery, the duration of the Russian aggression against Ukraine and the ensuing energy crisis and inflation trends. Despite these circumstances, further growth and development of KONČAR Group are forecast in the upcoming year.

On the basis of good order intake at the end of 2022, KONČAR Group plans to realise over EUR 760 million in income in 2023. The value of backlog at the end of 2022 is expected to reach EUR 1 billion. Order intake for 2023 is forecast in the amount above EUR 610 million, indicating that it accounts for 80% of the planned income from the sales of products and services. Exports, primarily to European Union countries, continue to dominate in the total income. The majority of the planned EUR 434 million income realised in the foreign markets is planned from Sweden, Germany, Spain and Austria. Compared to previous years, the export plan to Norway has significantly expanded, primarily as a result of the integration of Dalekovod into KONČAR Group.

In addition to growing the income side, one of the four strategic goals set out in KONČAR Group 2020+ Strategy is investment in the development of products, technologies and manufacturing capacities as the driver for the realisation of sales plans.

The investment cycles continues in 2023, with a focus on investments in new equipment and machinery. Energy transition and green CAPEX result in investments in improved energy efficiency and working conditions, primarily investments in photovoltaic power plants and use of renewable energy sources. Investment in research and development is recognized as long-term investment with the aim of creating sustainable and profitable business and building up new competencies, which will contribute to the stability and further growth of KONČAR Group.

The most significant planned projects include continued development of environmentally friendly products in power engineering, the development of equipment and components for battery and hybrid trains, and projects in the field of digital technologies. The 2023 investment plan amounts to more than EUR 60 million.

Investments in human resources, lifelong learning, professional development, and upskilling remain priority goals. In 2023, EUR 1.2 million is allocated towards learning and training costs. The Group plans to hire 205 new people, primarily highly educated employees, which would bring the total headcount to 4,885 at the end of 2023.

The adopted business plan for 2023 is ambitious and requires focus on the set goals in order to achieve further growth and sustainability of KONČAR Group.

KONČAR - Electrical Industry Inc.