

OPERATING RESULTS FOR KONČAR GROUP
CONSOLIDATED REPORTS OF KONČAR GROUP
January – June 2021



Key performance indicators surge

Newly contracted business

+46.5%

compared to the first six months of 2020

Backlog

+13.8%

compared to 1 January 2021

Operating income

+18.3%

compared to the first six months of 2020

EBITDA

+54.9%

compared to the first six months of 2020

EBITDA margin

+190 bps

compared to the first six months of 2020

Export sales

+9.6%

compared to the first six months of 2020

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A Report of the Management Board

Statement by Gordan Kolak, Chairman of the Management Board



Further growth in newly concluded contracts in the first half of 2021 and the balance of backlog, together with the growth of all performance indicators, reflect a series of activities undertaken by KONČAR Group in the context of a challenging economic context. Our environment is still characterised by much uncertainty arising from the COVID-19 pandemic, but we have successfully demonstrated our resilience and focus on our business partners, employees, manufacturing and commercial activities – and we are excited about our performance during the first six months of 2021.

KONČAR ended the first half of this year with excellent results, with all key performance indicators exhibiting growth compared to the same period of the previous year.

The Group generated consolidated operating income in the amount of HRK 1,626.0 million, representing a year-on-year surge by 18.3%. Export sales continued to grow and amounted to HRK 983.6 million, representing an increase of HRK 86.2 million (9.6%) compared to the first half of 2020. The share of export in total revenue from the sale of products and services was 61.7%. Newly contracted business amounted to HRK 2,178.1 million, which was HRK 691.8 million (46.5%) rise compared to 2020. Book-to-bill ratio for the period January – June 2021 is 1.37.

In addition to these sales results, the Group has also achieved excellent financial results. EBITDA amounted to HRK 129.7 million, representing a growth of HRK 46 million compared to the period January – June 2020. EBITDA margin was 8.1% (6.2% in the same period of 2020). Operating profit stood at HRK 81.3 million and the consolidated net result of the Group amounted to HRK 74.3 million, which is HRK 41.2 million more compared to the same period of the previous year.

Backlog at the end of June was HRK 4.8 billion, representing a 13.8% increase compared to the beginning of the year. Sales revenue plan is fully met by the existing contracts and the Group also expects new contracts to be concluded before the end of the year and performed in 2022 and onwards. At the end of the half-year period, the backlog of contracts to be performed in the upcoming years amounts to HRK 3 billion.

In addition to great financial results, the Group signed several important contracts in Q2, including a contract worth HRK 330 million for the revitalisation of HPP Senj and a significant contract which represents a step forward in the Asian market. After two years of continued tendering and negotiation, for the first time in our history, we won a contract in the complex Japanese market. In the context of that project, KONČAR will provide services to a Japanese client which include design, manufacture and supervision of assembly of three generators for two different small hydropower plants.

Deliveries of low-floor trams to Latvia launched in the first half of this year. Our companies in the transformer segment realised twenty-fold year-on-year growth in sales, maintaining their good financial results despite a significant disruption in the prices of raw materials and supplies, primarily copper, aluminium, steel and transformer sheet metal.

End-of-year business forecasts have been made at the Group level. We expect income to reach the planned volumes and to further expand newly contracted business. Low levels of indebtedness, alignment in the sources of finance and investments, combined with overall financial stability, enable us to realise our objectives. We are confident that the Group will continue to grow and develop in the upcoming period.

Gordan Kolak, MSc. Eng.
Chairman of the Management Board

A handwritten signature in blue ink, appearing to read 'G. Kolak', written over a light blue grid background.

KEY PERFORMANCE INDICATORS

in HRK 000				Index
Performance indicators	I-II Q 2020	I-II Q 2021	Δ	2021/2020
Operating income	1,373,981	1,626,046	252,065	118.3
Sales revenue – total	1,341,225	1,593,104	251,879	118.8
Sales revenue – export	897,413	983,627	86,214	109.6
Operating expenses	1,339,233	1,544,741	205,508	115.3
Operating profit	34,748	81,305	46,557	234.0
Operating margin	2.6%	5.1%		+257 bps
Net profit	33,142	74,337	41,195	224.3
Depreciation and amortisation	48,984	48,394	-590	98.8
EBITDA	83,732	129,699	45,967	154.9
EBITDA margin	6.2%	8.1%		+190 bps
Normalised EBITDA ¹	76,336	116,531	40,195	152.7
Normalised EBITDA margin ¹	5.7%	7.3%		+162 bps
Cash balance (deposits + cash) ²	819,772	698,217	-121,555	85.2
Loans (long-term + short-term) ²	224,939	237,815	12,876	106.9
Transactions contracted	1,486,318	2,178,148	691,830	146.5
Backlog ²	4,228,305	4,813,349	585,044	113.8
Book-to-bill ratio	1.11	1.37		

Normalised EBITDA¹: EBITDA decreased by the net effect of provisions, asset sale revenue, loss compensation revenue, and increased by value adjustment of current assets

Cash balance, loans, backlog²: Balance as at 31 December 2020

Key Indicators of Profit and Loss Statement for January – June 2021

Total **consolidated revenue** generated by the Group amounted to HRK 1,636.9 million, representing an increase by HRK 248.8 million (17.9%) compared to the first six months of 2020.

The Group generated consolidated **operating income** in the amount of HRK 1,626 million, representing a year-on-year increase by 18.3%. Share of sales revenue in operating income is 97.8%.

Operating expenses amounted to HRK 1,544.7 million, representing a year-on-year increase by 15.3%. Regarding operating expenses, material costs (cost of raw materials and supplies, costs of goods sold and other external costs) amounted to HRK 1,113.2 million. The share of material costs in operating income, adjusted for inventory value changes, was 67.2% and it decreased by 0.9 percentage points compared to the same period in the previous year.

In the first half of 2021 there was a significant increase in the prices of the main raw materials and supplies, especially those pertaining to the transformer program (copper, aluminium, transformer sheet metal, transformer oil, steel), which was reflected in an increase in the costs of materials. The impact of the price increase on performance is expected in the second half of 2021 and in 2022. The Group implements measures and activities aimed at mitigating the impact of the mentioned price increase on business performance.

Staff costs amounted to HRK 322.1 million, representing a year-on-year increase by HRK 9.4 million (3%). The share of staff costs in operating income was 19.4%, representing a decrease by 2.5 percentage points compared to the period from January to June 2020.

Net financial result was positive and amounted to HRK 4.3 million. In the comparative period, it amounted to HRK 10.8 million. This is mostly related to fluctuations in foreign currency exchange rates in the most significant markets for the Group.

All companies realised a **positive result** in the first half of the year.

EBITDA amounted to HRK 129.7 million, representing an increase by HRK 46 million compared to the first half of 2020. EBITDA margin was 8.1% (it was 6.2% in the same period in the previous year).

Normalised EBITDA amounted to HRK 116.5 million, representing an increase by HRK 40.2 million compared to 2020. Normalised EBITDA was calculated in the manner that EBITDA was decreased by the net effect of provisioning, asset sale revenue and loss compensation revenue, and increased by value adjustment of current assets.

Consolidated profit and loss statement

Items (in HRK 000)	I-II Q 2020	I-II Q 2021	Δ	Index 2021/2020
OPERATING INCOME	1,373,981	1,626,046	252,065	118.3
OPERATING EXPENSES	1,339,233	1,544,741	205,508	115.3
Material costs and change in value of inventories	894,500	1,083,794	189,294	121.2
Staff costs	312,690	322,077	9,387	103.0
Depreciation and amortisation	48,984	48,394	-590	98.8
Other costs	82,418	88,805	6,387	107.7
Value adjustment of non-current and current assets	641	1,671	1,030	260.7
OPERATING PROFIT	34,748	81,305	46,557	234.0
SHARE IN PROFIT OF ASSOCIATED PARTIES	0	4,451	4,451	
SHARE IN LOSS OF ASSOCIATED PARTIES	1,957	360	-1,597	
FINANCE INCOME	14,088	6,414	-7,674	45.5
FINANCE COSTS	3,325	2,094	-1,231	63.0
TOTAL INCOME	1,388,069	1,636,911	248,842	117.9
TOTAL EXPENSES	1,344,515	1,547,195	202,680	115.1
Profit before tax	43,554	89,716	46,162	206.0
Corporate tax	10,412	15,379	4,967	147.7
PROFIT FOR THE PERIOD	33,142	74,337	41,195	224.3

Financial position

				Index
Summarised balance sheet (in 000 HRK)	31/12/2020	30/06/2021	Δ	2021/2020
Assets	4,174,892	4,158,736	-16,156	99.6
Non-current assets	1,598,223	1,589,553	-8,670	99.5
Current assets	2,576,669	2,569,183	-7,486	99.7
Liabilities	1,504,372	1,447,335	-57,037	96.2
Provisions	177,779	177,686	-93	99.9
Non-current liabilities	123,116	135,237	12,121	109.8
Current liabilities	1,203,477	1,134,412	-69,065	94.3
Equity	2,670,520	2,711,401	40,881	101.5

Key Characteristics of the Balance Sheet as at 30/06/2021

Inventories increased by HRK 96.4 million. Regarding the structure of inventories, the amount of inventories of raw materials and supplies increased by HRK 45.5 million, the amount of work in progress increased by HRK 45.7 million, the amount of inventories of finished and semi-finished goods decreased by HRK 18.6 million, inventories of trade goods increased by HRK 0.4 million and the amount of advance payments for inventory purchases increased by HRK 23.3 million. Increase in inventories was caused, for the most part, by an increased level of inventories in companies that are expected to have increased deliverables in the upcoming period.

Total current receivables increased by HRK 21.1 million. Trade receivables and contract assets increased by HRK 27.4 million. Dividend receivables decreased by HRK 25.6 million (dividend of an affiliated company). Other receivables increased by 19.3 million and they mostly pertained to receivables from the state (VAT and overpaid tax receivables) and interest receivables.

Financial assets and cash decreased by HRK 120,2 million and pertained to the balance of deposits, which decreased by HRK 33.4 million, and loans granted, which increased by HRK 1.2 million. At the Group level, cash balance was HRK 655.6 million and decreased by HRK 88,2 million.

Current liabilities amounted to HRK 1,134,4 million, representing a decrease by HRK 69 million compared to the balance as at 31 December 2020.

Regarding the structure of current liabilities, significant changes pertained to liabilities based on tax and contributions, which decreased by HRK 30.4 million, followed by trade payables, which decreased by HRK 28.9 million, and advances payable, which decreased by HRK 22.4 million.

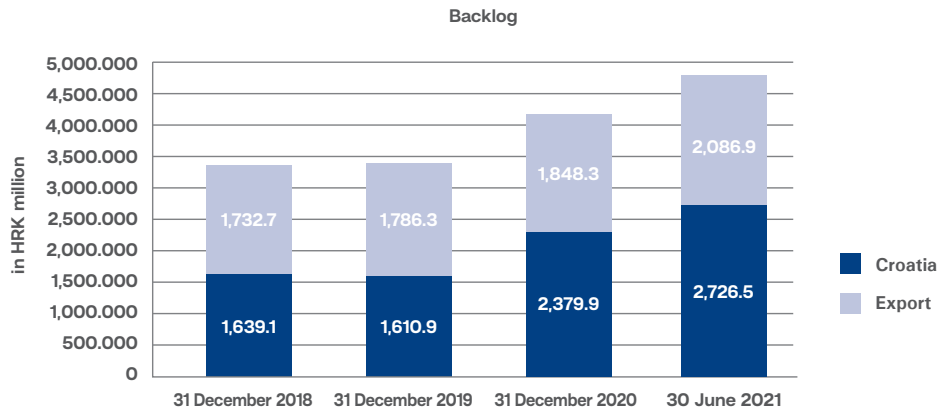
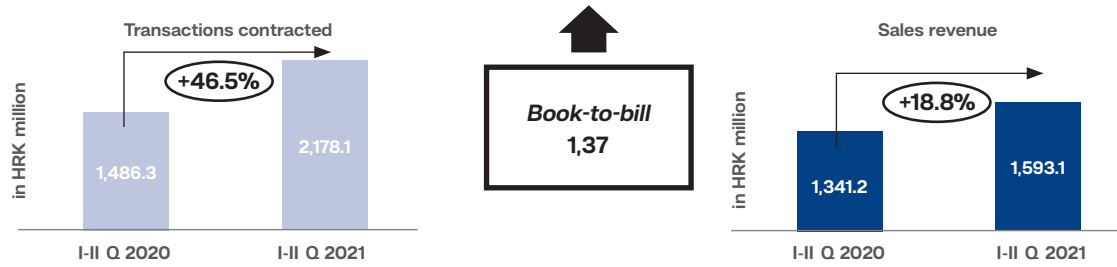
Current liabilities toward banks amounted to HRK 108.2 million, representing an increase by HRK 3.7 million compared to the balance at the end of 2020. Other current liabilities amounted to HRK 25 million, representing an increase by HRK 6.3 million. Accrued expenses and deferred income amounted to HRK 153.6 million, representing an increase by HRK 2.3 million. Group companies settle trade payables properly and timely.

Total loans (long-term and short-term) amounted to HRK 237,8 million, representing an increase by HRK 12.9 million compared to the balance as at 31 December 2020. The Group has a low level of indebtedness to financial institutions and total loans account for 5.7% of total sources.

in HRK 000	31/12/2020	30/06/2021	Δ
Non-current liabilities toward banks	120,407	129,669	9,262
Current liabilities toward banks	104,532	108,146	3,614
Financial assets	77,084	44,910	-32,174
Cash and cash equivalents	743,747	655,570	-88,177
Net debt	-595,892	-462,665	133,227
Normalised EBITDA (January - June 2021)	76,336	116,531	40,195
Net debt/normalised EBITDA	neg	neg	

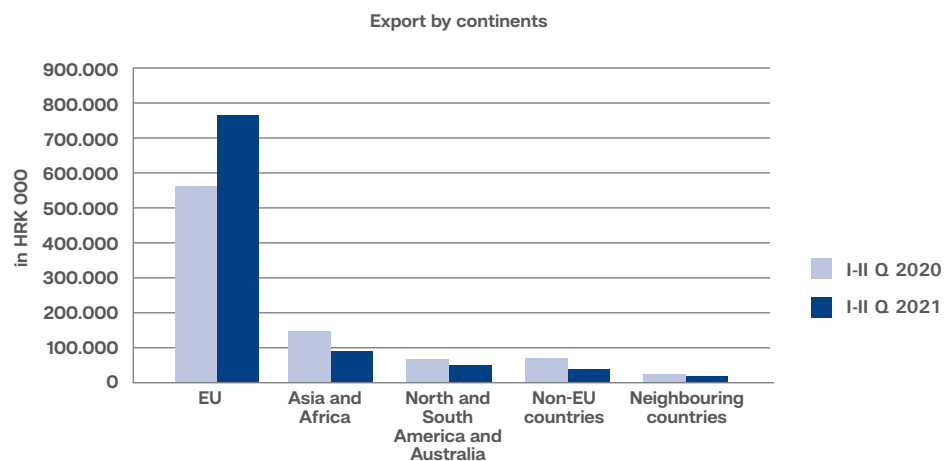
in HRK 000	31/12/2020	30/06/2021	Δ
Current assets	2,576,669	2,569,183	-7,486
Current liabilities	1,203,477	1,134,412	-69,065
Current ratio	2.1	2.3	

Market position



Operating Income by Sales Markets

in HRK 000	I-II Q 2020	%	I-II Q 2021	%
Croatia	443,812	33.1	609,477	38.3
EU countries	576,224	43.0	774,544	48.6
EU total	1,020,036	76.1	1,384,021	86.9
Asia and Africa	144,129	10.7	97,329	6.1
North and South America and Australia	69,623	5.2	48,401	3.0
Non-EU countries	74,715	5.6	39,102	2.5
Neighbouring countries	32,722	2.4	24,251	1.5
Other countries total	321,189	23.9	209,083	13.1
Total sales revenue	1,341,225	100.0	1,593,104	100.0



In the period from January to June 2021, KONČAR Group companies generated consolidated revenue from sale of products and services in the amount of HRK 1,593.1 million, representing an increase by HRK 251.9 million (18.8%) compared to the result achieved in the same period of 2020.

Revenue generated in the Croatian market amounted to HRK 609.5 million, which was HRK 165.7 million (37.3%) more than in the same period of 2020. The share of revenue generated in the Croatian market in total revenue from sale of products and services was 38.3%.

Regarding the structure of revenue from sale of products and services in the Croatian market, revenue generated from sale of products and services to HEP Group companies (HEP – Generation, HEP – Distribution System Operator and Croatian Transmission System Operator) amounted to HRK 274.8 million (45% of total revenue generated from sale of products and services in the Croatian market). Revenue from sale of products and services to HŽ Passenger Transport, HŽ Infrastructure and Rolling Stock Technical Services amounted to HRK 119.6 million (19.6% of total revenue generated in the Croatian market).

Revenue generated from sale of products and services in foreign markets amounted to HRK 983.6 million, representing an increase by HRK 86.2 million (9.6%) compared to the result achieved in the previous year. The share of export in total revenue from sale of products and services was 61.7%.

When it comes to export by individual countries, the most significant export volume pertained to the German market, amounting to HRK 181.6 million or 18.5% of total export. Compared to the same period of the previous year, the value of goods and services exported to Germany increased by HRK 78.4 million. Goods and services exported to Sweden amounted to HRK 145.4 million (14.8% of total export) and those exported to Austria amounted to HRK 78.8 million (8% of total export).

Compared to the same period in the previous year, apart from Germany and Sweden, a significant increase in revenue from export sale of products and services pertained to the following markets: Greece (HRK +38.9 million), the United Arab Emirates (HRK +25.9 million) and the Netherlands, where the value of goods and services exported increased by HRK 17.2 million compared to the same period last year.

Compared to the previous year, export to EU countries increased by HRK 198.3 million, with total export in the first half of the year amounting to HRK 774.5 million, whereas other continents exhibit a mild decrease in revenue as a result of travel restrictions and inability to contact customers directly during lockdown.

In the first half of 2021, KONČAR Group companies signed contracts for new projects worth HRK 2,178.1 million. Compared to the previous year, the value of newly contracted projects increased by HRK 691.8 million (46.5%). Book-to-bill ratio for Jan-June 2021 was 1.37.

From the total amount of transactions contracted, HRK 956.0 million (43.9% of total transactions contracted) pertains to the Croatian market, whereas HRK 1,222.1 million (56.1% of total transactions contracted) pertains to export contracts.

Out of the new contracts concluded in the Croatian market, the most significant portion pertains to contracts for companies members of the HEP Group (HEP – Generation, HEP – Distribution System Operator, Croatian Transmission System Operator), specifically HRK 665.5 million (69.6% of the total transactions contracted in the Croatian market). Out of the total new contracts with the HEP Group, the most important one pertains to the contract for replacement of primary equipment of Senj Hydroelectric Power Plant. Contracted works and equipment worth HRK 330 million are the main part of the project of reconstruction of HPP Senj, which is intended to increase the power output of the plant by 20 MW. Works are planned to commence in 2022 and be completed in 2026.

In the period from January – June 2021, new contracts concluded in foreign markets totalled HRK 1,222.1 million, which is HRK 157.1 million (14.7%) more than what was contracted in the same period in the previous year.

Out of all the works contracted in foreign markets, the largest portion pertained to EU countries, specifically HRK 927.3 million, which was HRK 129.8 million (16.3%) more than was contracted in the first half of 2020. The most significant increase in the number of contracts pertained to the Italian market (HRK +56.7 million), Germany (HRK +46.4 million) and Sweden (HRK +44.2 million compared to the previous year).

After a drop in the number of contracts in 2020 and Q1 2021 in markets outside the EU, Q2 2021 saw an increase in the number of contracts in other markets. In the European markets of non-EU countries, new contracts amounted to HRK 90.1 million, which was HRK 29.6 more compared to the same period in 2020. New contracts concluded in neighbouring countries amounted to HRK 49.6 million (HRK 13.3 million more), contracts concluded in the Americas and Australia were worth HRK 49 million (HRK 9.2 million more). A drop is still recorded in the markets of Asia and Africa (HRK 24.9 million less), where the Group concluded new contracts worth HRK 106.1 million.

Based on the delivery schedule, a total of HRK 908.4 million of works are to be delivered in 2021 (41.7% of newly contracted business), whereas 2022 and the subsequent years will see deliverables worth HRK 1,269.8 million (58.3% of total newly contracted business in 2020).

The value of transactions contracted (backlog) as at 31 December 2021 amounted to HRK 4,813.3 million, representing a 13.8% increase compared to the value at the beginning of the year. Out of total backlog, contracts intended to be performed in 2021 amounted to 1,774.0 million, which means that the sales revenue plan for 2021 is completely covered by contracts.

Information for Shareholders

KOEI-R-A	30/06/2020	30/06/2021	Index
Final price (HRK)	466.00	755.00	162.0
Highest price (HRK)	670.00	765.00	114.2
Lowest price (HRK)	430.00	580.00	134.9
Volume	52,937	60,074	113.5
Turnover (HRK)	26,899,368	40,543,870	150.7
Market capitalisation (HRK)	1,187,786,468	1,921,813,995	161.8
EPS (HRK)	6.30	21.26	337.5

(profit of the parent company owner/weighted average number of shares)

The shares of KONČAR – Elektroindustrija d.d. are quoted on the Official Market of Zagreb Stock Exchange. The shares are marked with the "KOEI-R-A" symbol. In accordance with the applicable regulations, the company provides access to the information about its operations and activities on a regular basis, as well as the data about the facts and circumstances that may affect the price of shares (price-sensitive information).

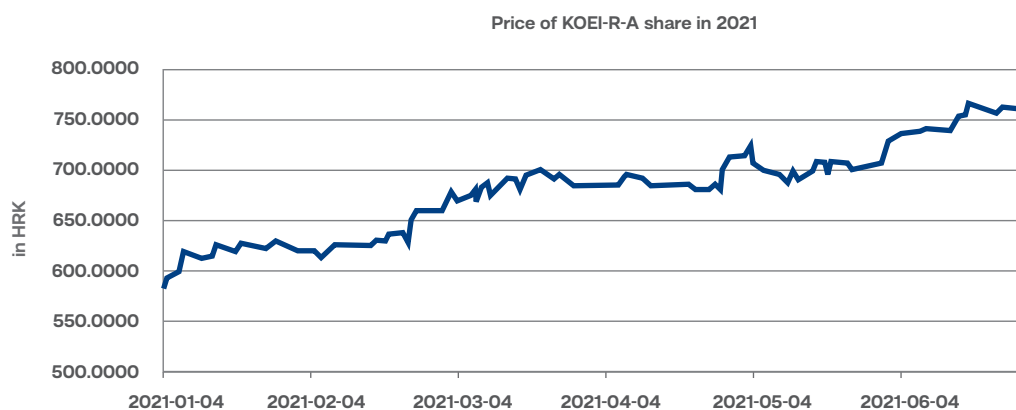
The company's share capital amounts to HRK 1,208,895,930.00 and is divided into 2,572,119 ordinary shares with a nominal value of HRK 470.00.

Compared to the same period of 2020, the price of a KONČAR share increased by 62%.

Earnings per share amounted to HRK 21.26, representing an increase by HRK 14.97 compared to Q1 and Q2 2020.

Market capitalisation amounted to HRK 1.92 billion, representing an increase by HRK 733 million compared to the balance as at 30 June 2020.

Company's General Assembly was held on 1 June 2021. Shareholders voted in acceptance of the decision of payment of dividend to shareholders, in the amount of HRK 5.80 per share. Dividend has been paid on 30. June, specifically, from available profit generated in 2020 and accumulated retained profit from previous years.



B Consolidated financial statements of KONČAR Group for January – June 2021

Annex 1

ISSUER'S GENERAL DATA

Reporting period:	01/01/2021	to	30/06/2021
Year:	2021	Quarter:	2

Quarterly financial statements

Registration number (MB):	03282635	Issuer's home Member State code:	HR
Entity's registration number (MBS):	080040936		
Personal identification number (OIB):	45050126417	LEI:	74780000HOSHMRW0115
Institution code:	501		
Name of the issuer:	KONČAR - ELECTRICAL INDUSTRY INC.		
Postcode and town:	10000	ZAGREB	
Street and house number:	FALLEROVO ŠETALIŠTE 22		
E-mail address:	koncar.finance@koncar.hr		
Web address:	www.koncar.hr		
Number of employees (end of the reporting period):	3591		
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)	
Audited:	RN	(RN-not audited/RD-audited)	

Names of subsidiaries (according to IFRS):	Registered office:	MB:
Končar - Infrastructure and Services Ltd.	Zagreb	1343068
Končar - Electrical Engineering Institute Inc.	Zagreb	3645363
Končar - Electronics and Informatics Inc.	Zagreb	3282899
Končar - Small Electrical Machines Inc.	Zagreb	3282678
Končar - Generators and Motors Inc.	Zagreb	1356216
Končar - Renewable Sources Ltd.	Zagreb	2435071
Končar - Instrument Transformers Inc.	Zagreb	3654656
Končar - Distribution and Special Transformers Inc.	Zagreb	3654664
Končar - Switchgear Inc.	Zagreb	3641287
Končar - Electric Vehicles Inc.	Zagreb	3282660
Končar - Eng, for Plant Installation & Commissioning Inc.	Zagreb	3654362
Končar - Power Plant and EI, Traction Engineering Inc.	Zagreb	3654354
Končar - Metal Structures Inc.	Zagreb	1114328
Končar - Investments Ltd.	Zagreb	5423392
Advanced Energy Solutions Ltd.	Zagreb	5435765
Power Engineering Transformatory Sp. z o.o.	Czerwonaka, Poznan, Poljska	

Bookkeeping firm:	No	(Yes/No)
Contact person:	MARINA MARKUŠIĆ (only name and surname of the contact person)	
Telephone:	01 3667 175	
E-mail address:	marina.markusic@koncar.hr	
Audit firm:	KPMG Croatia d.o.o. (name of the audit firm)	
Certified auditor:	Igor Gošek (name and surname)	

BALANCE SHEET

balance as at 30.06.2021

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.			
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	1,598,222,545	1,589,553,532
I INTANGIBLE ASSETS (ADP 004 to 009)	003	45,901,669	43,708,172
1 Research and development	004	20,555,919	18,682,616
2 Concessions, patents, licences, trademarks, software and other rights	005	12,405,805	12,486,887
3, Goodwill	006	7,342,331	7,342,331
4 Advances for the purchase of intangible assets	007	75,000	0
5 Intangible assets in preparation	008	5,522,614	5,190,909
6 Other intangible assets	009	0	5,429
II TANGIBLE ASSETS (ADP 011 to 019)	010	1,191,744,853	1,183,461,510
1 Land	011	163,997,809	164,006,663
2 Buildings	012	421,498,039	419,951,361
3 Plant and equipment	013	318,767,541	318,818,257
4 Tools, working inventory and transportation assets	014	61,371,579	62,498,000
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	8,871,464	4,105,675
7 Tangible assets in preparation	017	66,244,827	62,680,583
8 Other tangible assets	018	1,894,713	2,002,183
9 Investment property	019	149,098,881	149,398,788
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	298,567,693	302,967,626
1 Investments in holdings (shares) of undertakings within the group	021	3,582,280	3,602,301
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	236,022,868	240,473,971
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	2,317,988	2,163,874
8 Loans, deposits, etc, given	028	2,648,852	2,800,838
9 Other investments accounted for using the equity method	029	51,200,356	50,839,693
10 Other fixed financial assets	030	2,795,349	3,086,949
IV RECEIVABLES (ADP 032 to 035)	031	24,654,923	22,291,642
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	17,976,133	15,657,483
4 Other receivables	035	6,678,790	6,634,159
V DEFERRED TAX ASSETS	036	37,353,407	37,124,582
C) CURRENT ASSETS (ADP 038+046+053+063)	037	2,567,173,396	2,564,300,253
I INVENTORIES (ADP 039 to 045)	038	744,775,526	841,156,442
1 Raw materials and consumables	039	364,577,853	410,066,558
2 Work in progress	040	244,360,544	308,440,822
3 Finished goods	041	90,229,157	53,303,450
4 Merchandise	042	199,302	628,148
5 Advances for inventories	043	36,423,695	59,708,461
6 Fixed assets held for sale	044	8,984,975	9,009,003
7 Biological assets	045	0	0

BALANCE SHEET

balance as at 30.06.2021

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
II RECEIVABLES (ADP 047 to 052)			
	046	1,001,565,463	1,022,662,565
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	42,665,090	23,417,058
3 Customer receivables	049	876,782,299	897,782,612
4 Receivables from employees and members of the undertaking	050	761,901	1,493,462
5 Receivables from government and other institutions	051	31,307,176	39,499,323
6 Other receivables	052	50,048,997	60,470,110
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)			
	053	77,085,219	44,911,379
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	0	0
8 Loans, deposits, etc, given	061	76,414,310	44,651,834
9 Other financial assets	062	670,909	259,545
IV CASH AT BANK AND IN HAND			
	063	743,747,188	655,569,867
D) PREPAID EXPENSES AND ACCRUED INCOME			
	064	9,496,925	4,883,234
E) TOTAL ASSETS (ADP 001+002+037+064)			
	065	4,174,892,866	4,158,737,019
OFF-BALANCE SHEET ITEMS			
	066	3,716,143,789	4,158,737,019
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)			
	067	2,670,520,331	2,711,401,163
I INITIAL (SUBSCRIBED) CAPITAL			
	068	1,208,895,930	1,208,895,930
II CAPITAL RESERVES			
	069	719,579	719,579
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)			
	070	777,786,714	813,253,850
1 Legal reserves	071	70,601,681	71,715,000
2 Reserves for treasury shares	072	34,518,334	34,518,334
3 Treasury shares and holdings (deductible item)	073	-15,869,707	-15,869,707
4 Statutory reserves	074	458,880,493	486,614,070
5 Other reserves	075	229,655,913	236,276,153
IV REVALUATION RESERVES			
	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)			
	077	-148,941	-553,025
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	-148,941	-553,025
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)			
	083	319,397,188	340,551,204
1 Retained profit	084	319,397,188	340,551,204
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)			
	086	73,888,927	54,117,604
1 Profit for the business year	087	73,888,927	54,117,604
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST			
	089	289,980,934	294,416,021

BALANCE SHEET

balance as at 30.06.2021

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
B) PROVISIONS (ADP 091 to 096)	090	177,779,842	177,686,597
1 Provisions for pensions, termination benefits and similar obligations	091	40,040,341	39,649,800
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	1,075,400	1,075,400
4 Provisions for renewal of natural resources	094	3,421,971	3,421,971
5 Provisions for warranty obligations	095	133,242,130	133,041,338
6 Other provisions	096	0	498,088
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	123,116,239	135,237,901
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	120,406,692	129,668,712
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	2,709,547	5,569,189
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	1,052,203,224	980,778,719
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	69,964,603	12,987,919
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	104,532,728	108,146,312
7 Liabilities for advance payments	116	347,826,312	325,413,366
8 Liabilities to suppliers	117	388,573,753	416,607,389
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	40,831,596	43,776,589
11 Taxes, contributions and similar liabilities	120	76,953,401	46,508,654
12 Liabilities arising from the share in the result	121	568,889	566,603
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	22,951,942	26,771,887
E) ACCRUALS AND DEFERRED INCOME	124	151,273,230	153,632,639
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	4,174,892,866	4,158,737,019
G) OFF-BALANCE SHEET ITEMS	126	3,716,143,789	3,877,815,965

STATEMENT OF PROFIT OR LOSS for the period 01.01.2021 to 30.06.2021

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.					
Item	AOP 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	1,373,981,672	754,998,813	1,626,046,131	916,833,361
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	1,341,225,864	736,705,170	1,593,104,117	901,582,993
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	32,755,808	18,293,643	32,942,014	15,250,368
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	1,339,231,705	730,390,306	1,544,741,170	872,563,148
1 Changes in inventories of work in progress and finished goods	008	-48,648,800	28,413,673	-29,384,613	15,226,041
2 Material costs (ADP 010 to 012)	009	943,145,120	480,573,584	1,113,177,678	619,349,668
a) Costs of raw materials and consumables	010	784,400,342	398,965,953	928,247,741	515,946,568
b) Costs of goods sold	011	28,762,735	14,311,570	38,504,681	20,585,258
c) Other external costs	012	129,982,043	67,296,061	146,425,256	82,817,842
3 Staff costs (ADP 014 to 016)	013	312,690,559	156,086,500	322,076,742	163,245,817
a) Net salaries and wages	014	185,338,204	92,158,725	197,882,184	100,280,607
b) Tax and contributions from salary costs	015	86,334,339	43,038,653	80,945,369	39,659,018
c) Contributions on salaries	016	41,018,016	20,889,122	43,249,189	23,306,192
4 Depreciation	017	48,984,252	24,421,850	48,394,615	24,136,571
5 Other costs	018	79,498,850	39,037,123	86,600,357	48,130,502
6 Value adjustments (ADP 020+021)	019	641,209	345,944	1,671,841	1,060,382
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	641,209	345,944	1,671,841	1,060,382
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	023	0	0	0	0
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	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	2,920,515	1,511,632	2,204,550	1,414,167
III FINANCIAL INCOME (ADP 031 to 040)	030	14,088,314	4,285,154	6,415,048	3,063,263
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	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	5,467,303	2,980,084	5,414,932	2,539,305
8 Exchange rate differences and other financial income	038	7,237,470	0	276,391	0
9 Unrealised gains (income) from financial assets	039	285,630	283,955	237,767	237,767
10 Other financial income	040	1,097,911	1,021,115	485,958	286,191
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	3,325,485	3,001,329	2,094,167	4,572,519
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	1,181,175	0	3,604,537

STATEMENT OF PROFIT OR LOSS for the period 01.01.2021 to 30.06.2021

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.					
Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
3 Interest expenses and similar expenses	044	2,701,780	1,365,309	2,021,350	955,831
4 Exchange rate differences and other expenses	045	0	0	0	0
5 Unrealised losses (expenses) from financial assets	046	93,232	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	530,473	454,845	72,817	12,151
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	12,329,387	4,451,103	248,486
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	1,243,712	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	714,104	649,648	360,663	278,641
IX TOTAL INCOME (ADP 001+030+049 +050)	053	1,388,069,986	771,613,354	1,636,912,282	920,145,110
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	1,344,515,006	734,041,283	1,547,196,000	877,414,308
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	43,554,980	37,572,071	89,716,282	42,730,802
1 Pre-tax profit (ADP 053-054)	056	43,554,980	37,572,071	89,716,282	42,730,802
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
XII INCOME TAX	058	10,412,502	4,966,338	15,378,956	9,138,683
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	33,142,478	32,605,733	74,337,326	33,592,119
1 Profit for the period (ADP 055-059)	060	33,142,478	32,605,733	74,337,326	33,592,119
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	33,142,478	32,605,733	74,337,326	33,592,119
1 Attributable to owners of the parent	076	16,062,461	23,130,973	54,117,605	22,813,292
2 Attributable to minority (non-controlling) interest	077	17,080,017	9,474,760	20,219,721	10,778,827
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	33,142,478	32,605,733	74,337,326	33,592,119
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	-2,823,691	-505,791	-766,326	-322,804
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

STATEMENT OF PROFIT OR LOSS for the period 01.01.2021 to 30.06.2021

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.					
Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
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	-2,823,691	-505,791	-766,326	-322,804
1 Exchange rate differences from translation of foreign operations	088	-2,823,691	-505,791	-766,326	-322,804
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	-2,823,691	-505,791	-766,326	-322,804
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	30,318,787	32,099,942	73,571,000	33,269,315
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	30,318,787	32,099,942	73,571,000	33,269,315
1 Attributable to owners of the parent	100	14,573,529	22,864,270	53,713,521	22,643,077
2 Attributable to minority (non-controlling) interest	101	15,745,258	9,235,672	19,857,479	10,626,238

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

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.			
Item	AOP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Cash receipts from customers	001	1,702,226,241	1,542,884,483
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	6,736,369	4,003,079
4 Cash receipts from tax refund	004	71,058,636	46,755,927
5 Other cash receipts from operating activities	005	16,809,246	25,040,451
I Total cash receipts from operating activities (ADP 001 to 005)	006	1,796,830,492	1,618,683,940
1 Cash payments to suppliers	007	-1,147,148,130	-1,251,946,105
2 Cash payments to employees	008	-303,806,502	-324,729,765
3 Cash payments for insurance premiums	009	-5,652,573	-6,536,854
4 Interest paid	010	-2,799,897	-2,030,051
5 Income tax paid	011	-11,036,764	-12,758,564
6 Other cash payments from operating activities	012	-143,594,975	-117,397,548
II Total cash payments from operating activities (ADP 007 to 012)	013	-1,614,038,841	-1,715,398,887
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)	014	182,791,651	-96,714,947
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	015	973,764	965,078
2 Cash receipts from sales of financial instruments	016	0	340,666
3 Interest received	017	4,795,670	2,870,824
4 Dividends received	018	16,861,402	25,662,349
5 Cash receipts from the repayment of loans and deposits	019	276,263,049	57,407,578
6 Other cash receipts from investment activities	020	20,648,745	23,906
III Total cash receipts from investment activities (ADP 015 to 020)	021	319,542,630	87,270,401
1 Cash payments for the purchase of fixed tangible and intangible assets	022	-40,572,868	-33,395,722
2 Cash payments for the acquisition of financial instruments	023	-9,509,171	-750,698
3 Cash payments for loans and deposits	024	-51,648,565	-25,092,267
4 Acquisition of a subsidiary, net of cash acquired	025	0	0
5 Other cash payments from investment activities	026	0	-17,000
IV Total cash payments from investment activities (ADP 022 to 026)	027	-101,730,604	-59,255,687
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)	028	217,812,026	28,014,714
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	029	0	0
2 Cash receipts the from issue of equity financial instruments and debt financial instruments	030	0	0
3 Cash receipts from credit principals, loans and other borrowings	031	26,177,058	53,705,845
4 Other cash receipts from financing activities	032	904,904	748,706
V Total cash receipts from financing activities (ADP 029 to 032)	033	27,081,962	54,454,551
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034	-91,984,709	-38,886,531
2 Cash payments for dividends	035	-4,010,306	-31,747,626
3 Cash payments for finance lease	036	-558,568	-557,348
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capita	037	-5,151,979	0
5 Other cash payments from financing activities	038	-781,638	-740,405
VI Total cash payments from financing activities (ADP 034 to 038)	039	-102,487,200	-71,931,910
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 + 039)	040	-75,405,238	-17,477,359
1 Unrealised exchange rate differences in respect of cash and cash equivalents	041	4,717,664	-1,999,729
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)	042	329,916,103	-88,177,321
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	043	369,785,816	743,747,188
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (042+043)	044	699,701,919	655,569,867

STATEMENT OF CHANGES IN EQUITY
for the period from 01/01/2021 to 30/06/2021

B Consolidated financial statements of KONČAR Group for January – June 2021

in HRK

Item	AOP 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			Total attributable to owners of the parent
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	1,208,895,930	719,579	68,577,327	35,092,359	10,919,915	440,410,513	220,450,709	0	0	0	0	0	0	318,917,644	27,371,314	2,309,515,460	262,119,300	2,571,634,760
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	1,208,895,930	719,579	68,577,327	35,092,359	10,919,915	440,410,513	220,450,709	0	0	0	0	0	0	318,917,644	27,371,314	2,309,515,460	262,119,300	2,571,634,760
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	73,888,927	73,888,927	53,686,643	127,575,570
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	-1,268,376	0	0	0	0	0	0	0	0	-1,268,376	-1,137,040	-2,405,416
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	4,949,792	0	0	0	0	0	0	0	0	0	0	-4,949,792	0	-4,949,792
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	0	0	-13,096,323	-13,096,323
21 Other distributions and payments to members/shareholders	21	0	0	0	-574,025	0	0	0	0	0	0	0	0	0	3,927,203	0	3,353,178	-11,591,646	-8,238,468
22 Transfer to reserves according to the annual schedule	22	0	0	2,024,354	0	0	18,469,980	10,324,639	0	0	0	0	0	0	-3,447,659	-27,371,314	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	1,208,895,930	719,579	70,601,681	34,518,334	15,869,707	458,880,493	229,506,972	0	0	0	0	0	0	319,397,188	73,888,927	2,380,539,397	289,980,934	2,670,520,331
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	-1,268,376	0	0	0	0	0	0	0	0	-1,268,376	-1,137,040	-2,405,416
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	-1,268,376	0	0	0	0	0	0	0	73,888,927	72,620,551	52,549,603	125,170,154
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	2,024,354	-574,025	4,949,792	18,469,980	10,324,639	0	0	0	0	0	0	479,544	-27,371,314	-1,596,614	-24,687,969	-26,284,583

STATEMENT OF CHANGES IN EQUITY
for the period from 01/01/2021 to 30/06/2021

B Consolidated financial statements of KONČAR Group for January – June 2021

in HRK

Item	AOP 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	Total attributable to owners of the parent		
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)
Current period																			
1 Balance on the first day of the previous business year	28	1,208,895,930	719,579	70,601,681	34,518,334	15,869,707	458,880,493	229,506,972	0	0	0	0	0	0	319,397,188	73,888,927	2,380,539,397	289,980,934	2,670,520,331
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	148,941	0	0	0	0	0	0	-148,941	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 28 to 30)	31	1,208,895,930	719,579	70,601,681	34,518,334	15,869,707	458,880,493	229,655,913	0	0	0	0	0	-148,941	319,397,188	73,888,927	2,380,539,397	289,980,934	2,670,520,331
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	54,117,604	54,117,604	20,219,721	74,337,325
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	-404,084	0	0	-404,084	-362,242	-766,326
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	0	0	0	0	0	0	0	0	0	0	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	-14,763,604	0	-14,763,604	-16,978,617	-31,742,221
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	-2,504,171	0	-2,504,171	1,556,225	-947,946
22 Transfer to reserves according to the annual schedule	49	0	0	1,113,319	0	0	27,733,577	6,620,240	0	0	0	0	0	0	38,421,791	-73,888,927	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 previous business year reporting period (ADP 31 to 50)	51	1,208,895,930	719,579	71,715,000	34,518,334	15,869,707	486,614,070	236,276,153	0	0	0	0	0	-553,025	340,551,204	54,117,604	2,416,985,142	294,416,021	2,711,401,163
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 CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	0	-404,084	0	0	-404,084	-362,242	-766,326
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	-404,084	0	54,117,604	53,713,520	19,857,479	73,570,999
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	1,113,319	0	0	27,733,577	6,620,240	0	0	0	0	0	0	21,154,016	-73,888,927	-17,267,775	-15,422,392	-32,690,167

NOTES TO THE FINANCIAL STATEMENTS - TFI

Name of issuer: Končar – Electrical Industry Inc.

PIN: 45050126417

Reporting period: 1 January 2021 to 30 June 2021

1 GENERAL INFORMATION

Activity

The main activities of Končar – Electrical Industry Group, Zagreb (hereinafter: "the Group") include manufacture of electrical machines and switchgear, manufacture of vehicles, mechanical engineering and metalworking activities.

Končar Group business areas are as follows:

I. Energy and transport: design and construction of electricity generation, transmission and distribution facilities and equipment, electric locomotives, electric multiple units, trams and electrical equipment for railway infrastructure;

II. Industry: electric motor drives, low voltage electrical equipment;

III. Special activities: product research and development, infrastructure services and investments.

Group structure

In addition to the Parent Company, the Group includes 11 dependent companies performing core business activities and 4 dependent companies performing special activities, namely product research and development and infrastructure services.

The Group also has two affiliated companies and two joint ventures in China and Croatia.

The Parent Company of the Group is Končar – Electrical Industry Inc. (PIN: 45050126417), Zagreb, Fallerovo šetalište 22 (hereinafter: "the Company").

The Company manages its wholly-owned companies.

Number of employees

As at 30 June 2021, the Group had 3,591 employees, whereas as at 31 December 2020 it had 3,532 employees.

The average number of employees in the first half of 2021 was 3,552 (first half of 2020: 3,492).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

Consolidated financial statements for the half-year period ended 30 June 2021 have been drawn up in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the EU.

Consolidated financial statements do not include all information and disclosures required in consolidated annual financial statements and they must be read together with the consolidated annual financial statements of the Group as at 31 December 2020. The consolidated annual financial statements of the Group are drawn up in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated annual statements of the Group are available on the official website of Zagreb Stock Exchange (www.zse.hr), Croatian Financial Services Supervisory Agency (www.hanfa.hr) and on the Company's website (www.koncar.hr).

Going concern assumption

The Company's Management Board believes that the Group has sufficient resources to continue its operations in the foreseeable future and has not found any significant uncertainties pertaining to business events and conditions that may cast doubt about the Group's going concern assumption.

Significant accounting policies

Consolidated financial statements for the half-year period ended 30 June 2021 have been drawn up on the basis of the same accounting policies, disclosures and calculation methods used in the consolidated annual financial statements of the Group as at 31 December 2020.

Key accounting estimates

While drawing up the half-yearly consolidated financial statements, the Management Board used the judgements and estimates affecting the application of accounting policies and the recorded amounts of assets and liabilities, revenue and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results. Key accounting estimates are equal to those described in the most recent annual financial statement.

Seasonal effects

The Group is not exposed to significant seasonal or cyclical changes in its business operations.

3 SUBSIDIARIES

	30 June 2021	31 December 2020
	Share in voting rights (%)	Share in voting rights (%)
Dependent companies registered in Croatia that are consolidated:		
Končar – Small Electrical Machines, Zagreb	100.00	100.00
Končar – Power Plant and Electric Traction Engineering, Zagreb	100.00	100.00
Končar – Infrastructure and Services, Zagreb	100.00	100.00
Končar – Electrical Engineering Institute, Zagreb	100.00	100.00
Končar – Generators and Motors, Zagreb	100.00	100.00
Končar – Steel Structures, Zagreb	100.00	100.00
Končar – Switchgear	100.00	100.00
<i>Končar – Renewable Energy Sources, Zagreb</i>	100.00	100.00
<i>Direct ownership</i>	90.30	90.30
<i>Indirect ownership</i>	9.70	9.70
Končar - Electric Vehicles Inc., Zagreb	75.04	75.04
Končar - Electronics and Informatics, Zagreb	88.98	88.98
Končar – Instrument Transformers, Zagreb	99.77	99.77
Končar – Distribution and Special Transformers, Zagreb	67.90	67.90
Končar – Engineering for Plant Installation & Commissioning, Zagreb	100.00	100.00
Subsidiaries registered abroad that are consolidated:		
Power Engineering Transformatory Sp. z o.o. (PET), Poznań, Poland <i>(Indirect ownership through the subsidiary Končar – Distribution and Special Transformers)</i>	100.00	100.00
Dependent companies not consolidated due to immateriality:		
Konell Ltd., Sofia, Bulgaria <i>(Indirect ownership through the subsidiary Končar – Electric Vehicles)</i>	85.00	85.00
Wind Farm Rust Ltd. <i>(Indirect ownership through the subsidiary Končar – Renewable Energy Sources)</i>	100.00	100.00
Končar – Investments, Zagreb	100.00	-
Advanced Energy Solutions Ltd., Zagreb <i>(Indirect ownership through the dependent company Končar – Investments)</i>	51.00	-

The Group has control over several dependent companies due to a majority of voting rights. However, the ownership share in said companies does not correspond to the share of voting rights due to the fact that said companies also have preference shares, which come with the same rights as ordinary shares, but with no voting rights. Ownership share in said companies is as follows:

	30 June 2021	31 December 2020
	Share in ownership, %	Share in ownership, %
Končar – Instrument Transformers, Zagreb	61.97	61.97
Končar – Distribution and Special Transformers, Zagreb	52.73	52.73

4 SEGMENT REPORTING

For management purposes, the Group is organised in business units based on the similarity in the nature of individual product groups and has therefore identified reportable segments. The Group's reportable segments are as follows:

Transformers: includes activities of production and sale of distribution, special, instrument and other transformers in the energy sector;
Rotating machines: includes activities of production and sale of generators and motors and small electrical machines in the energy sector;

Engineering: includes the execution of more complex projects for construction of plant and equipment in the energy and transport sector and related design and engineering services;

Industrial electronics: includes the production and sale of devices and solutions for electronics systems in the energy sector and similar;

Railway vehicles: includes the construction and sale of railway vehicles, such as trains and trams, and related maintenance services in the transport sector.

The reportable segments are an integral part of internal financial statements. The Company's Management Board reviews the internal financial statements regularly and as the main business decision maker, it assesses performance based on those reports in order to take business decisions.

Other operations include the activity of renting real estate, production and sale of switches, circuit breakers, small appliances and machines, and metal processing, which do not represent a separate operating segment.

Segment revenues

An analysis of the Group's revenues by reportable segments disclosed in accordance with IFRS 8 – Operating Segments is presented below. Intersegment sales are eliminated on consolidation.

	1 January 2021 - 30 June 2021	1 January 2020 - 30 June 2020
	HRK 000	HRK 000
Transformers	800,786	697,249
Rotating machines	171,030	142,030
Railway vehicles	155,402	52,654
Engineering works	257,478	247,356
Industrial electronics and development	53,234	58,664
Other	155,175	143,273
Total income from contracts with customers	1,593,104	1,341,226
Related companies	49,158	54,551
Unaffiliated companies	1,543,946	1,286,675
Total income from contracts with customers	1,593,104	1,341,226

5 OTHER OPERATING INCOME AND EXPENSES

In the period from January to June 2021, there were no items of income or operating expenses of exceptional size or incidence that would consequently require additional disclosure.

6 CAPITALISED SALARY COSTS

During the first half of 2021, Group companies capitalised salaries in a total amount of HRK 6,670 thousand (net salaries in the amount of HRK 4,032 thousand, taxes, surcharges and salary contributions paid by the employee in the amount of HRK 1,704 thousand, and salary contributions paid by the employer in the amount of HRK 934 thousand).

7 EARNINGS PER SHARE

	1 January 2021 - 30 June 2021	1 January 2020 - 30 June 2020
	HRK 000	HRK 000
Net profit attributable to the owners of the parent company	54,118	16,062
Weighted average number of shares	2,545,449	2,554,533
Basic and diluted earnings per share	21,26	6,29

8 NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During the first half of 2021, the Group procured assets in the amount of HRK 41,962 thousand. Depreciation costs in the first half of 2021 amounted to HRK 48,395 thousand (first half of 2020: HRK 48,984 thousand).

9 INVENTORIES

During the first half of 2021, the Group recognised value adjustment of inventories in the amount of HRK 1,672 thousand (first half of 2020: HRK 384 thousand).

10 CAPITAL AND RESERVES

Share (subscribed) capital has a nominal value of HRK 1,208,895,930 (31 December 2020: HRK 1,208,895,930) and consists of 2,572,119 shares with a nominal value of HRK 470.00. The Company's ordinary shares are listed on the Official Market of Zagreb Stock Exchange, identified by the symbol KOEI-R-A. As at 30 June 2021, the Company owned 26,670 treasury shares (31 December 2020: 26,670 shares).

11 LOAN LIABILITIES

	30 June 2021 HRK 000	31 December 2020. HRK 000
Loan liabilities		
Non-current	129,669	120,406
Current	108,146	104,533
	237,815	224,939

Bank loans are secured by a lien on immovable and movable property. The current value of immovable property on which a lien has been registered amounts to HRK 301,681 thousand, while the current value of movable property on which a lien has been registered amounts to HRK 35,678 thousand.

Liabilities under loans fall due for payment as follows:

	30 June 2021 HRK 000
Within one year	108,146
In 1 to 2 years	21,098
In 2 to 5 years	32,474
In over 5 years	76,097
	237,815

12 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party, is under joint control or has a significant influence on the business operations of the other party. The Republic of Croatia and other companies under control or significant influence of the Republic of Croatia also have significant ownership of the Group. Accordingly, the Group is related to state institutions and other majority state-owned companies or significantly state-influenced companies. For the purpose of disclosing related party transactions, the Group does not regard routine transactions (such as payment of taxes, duties, etc.) with local utility companies (under direct or indirect state ownership) or with other state authorities as related party transactions. The most significant transactions between the Group and state-owned companies pertain to electricity and heat supply and similar services. In addition to said transactions, in the first half of 2021, the Group generated revenue from sale to state institutions and other majority state-owned companies or significantly state-influenced companies in a total amount of HRK 342,757 thousand (in the first half of 2020: HRK 232,654 thousand), the majority of which pertained to engineering works, railway vehicles and industrial electronics.

All related party transactions are based on usual commercial terms (procurement of goods, sale of products and provision of services).

	30 June 2021 HRK 000	31 December 2020 HRK 000
Receivables		
Associated companies	22,114	41,971
Joint ventures	30	694
	22,144	42,665
Liabilities		
Associated companies	19,958	69,865
Joint ventures	30	-
	19,988	69,865
	1 January 2021 - 30 June 2021 HRK 000	1 January 2020 - 30 June 2020 HRK 000
Sales revenue		
Associated companies	49,014	48,142
Joint ventures	144	56
	49,158	48,198
Operating expenses		
Associated companies	38,429	48,141
Joint ventures	57	56
	38,486	48,197

13 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events occurring between the reporting date and the date of approval of the financial statements that could have a significant impact on the consolidated financial statements of the Group for the first half of 2021 and as a result, those financial statements are appropriate for publication.

C Management's Statement of Responsibility

Consolidated financial statements of KONČAR Group, Zagreb are drawn up in accordance with the International Financial Reporting Standards (IFRS) and with the Croatian Accounting Act.

Unaudited consolidated financial statements of KONČAR Group for the period from 1 January 2021 to 30 June 2021 give a comprehensive and true view of assets and liabilities, profit and loss, financial position and business operations of the issuer and the companies included in the consolidation as a whole.

The Management Report for the period ending 30 June 2021 gives a true and fair view of the company's business performance.

Signed on behalf of the Management Board:

Gordan Kolak, MSc. Eng.
Chairman of the Management Board



Josip Lasić, CFA
Member of the Management Board and CFO



Zagreb, 29 July 2021



KONÇAR

