

# Business results of KONČAR Group

## Consolidated report for KONČAR Group

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January - March  
2022



**KONČAR**  
Inspired by challenge



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# A Report of the Management Board

## Statement by Gordan Kolak, President of the Management Board



The first quarter of 2022 was another record quarter for KONČAR in which we achieved double - digit growth across all key performance indicators.

Our series of successful results has continued against the backdrop of the unstable macro environment marked by the Russian invasion of Ukraine. The economy that is yet to recover from the impact of the pandemic has been facing major new challenges. The war in Ukraine has further exacerbated problems in global supply chains. The surge of inflation, largely the result of unpredictably high energy prices and soaring prices of commodities and raw materials, hindered all businesses, including the operations of KONČAR Group in the first quarter of 2022.

Following the annexation of Crimea in 2014 and the first imposition of sanctions on Russia, KONČAR significantly reduced its business activities in the Russian market, and therefore the war does not have a direct material impact on KONČAR's operations. The indirect consequences are numerous. Their impact on operations is difficult to assess at this time, and will largely depend on the duration and intensity of the war and its outcome and consequences.

Good results achieved last year have enabled us to successfully defeat such an unpredictable and exceptional situation and further financially strengthen the position of the Group. Along with strong financial position, excellent order intake has created the basis for revenue growth realised from the sales of products and services across all key markets.

In the period from January to March 2022, sales revenues amounted to HRK 884.1 million, which represents an increase of HRK 192.6 million or 27.9 percent year-on-year. Revenues generated from sales of products and services in international markets amounted to HRK 528.1 million representing an increase of 14.8 percent year-on-year. The share of exports in revenues from the sales of products and services amounted to 60%, two thirds of which pertained to the EU countries. In all other export markets, revenues also increased by HRK 60 million compared to the corresponding period last year. Order intake matched good sales performance. Book-to-bill ratio, ratio of new orders to orders delivered and billed in the current year, amounted to 1.6. The balance of open contracted liabilities increased by an additional 48.5 percent and amounted to HRK 5,548.5 million at the end of the first quarter.

Excellent market performance is reflected in financial results. The realized net profit for Q1 2022 amounts to HRK 112.2 million, which is HRK 71.4 million more than the realized profit in the same period in 2021. Realized EBITDA amounted to HRK 139.3 million and EBITDA margin is 15.8 percent (in Q1 2021 it amounted to 8.9 percent). Normalized EBITDA amounted to HRK 80.0 million, which is HRK 26.3 million more than in the comparable period of 2021. Normalized EBITDA margin is up by 1.3 percentage points and amounts to 9.1 percent.

The calculation of normalized EBITDA does not include one-off items that impacted the results realised in Q1 2022. One-off items pertain to the profit realised from the sale of assets not in function of the core business, income from insurance claims, income from state-issued subsidies and the effect of the transaction related to the share capital injection in Dalekovod.

Following the completion of the financial restructuring of Dalekovod and the election of new members of the Supervisory Board at the General Assembly of Dalekovod held on 31 March 2022 the conditions for acquiring control over Dalekovod Group companies and integration in KONČAR's operations and consolidated financial statements were met. By integrating Dalekovod into the operations of the KONČAR Group, primarily into the segment related to the reconstruction and modernization of the power transmission and distribution grid, the portfolio of services and comprehensive solutions will be expanded, and the share of export revenues will increase, adding greater value.

The priorities of KONČAR Group in the upcoming period remain the same - strong revenue and profitability growth, orientation on export markets, and the continuation of the investment and development cycle with a focus on sustainable development. The war in Ukraine has created new instabilities and limitations and it requires special attention and additional caution in decision - making. The Management of KONČAR Group has closely monitored the development of the situation and will take all available measures to mitigate the risk and invest additional efforts in order to realise the set plans in this business year.

mr.sc. Gordan Kolak, dipl.ing.  
President of the Management Board

A handwritten signature in blue ink, appearing to read 'G. Kolak', written over a faint blue line.

## KEY PERFORMANCE INDICATORS

HRK 000	Q1 2021	Q1 2022	Δ	Index 2022/2021
<b>Operating income</b>	<b>709,212</b>	<b>953,981</b>	<b>244,769</b>	<b>134.5</b>
Sales revenue – total	691,522	884,146	192,624	127.9
Sales revenue – export	460,012	528,083	68,071	114.8
<b>Operating expenses</b>	<b>672,162</b>	<b>840,352</b>	<b>168,190</b>	<b>125.0</b>
Operating profit	37,050	113,629	76,579	306.7
Operating margin	5.4%	12.9%	7.5%	+411 bps
Net profit	40,758	112,198	71,440	275.3
Depreciation and amortisation	24,258	25,631	1,373	105.7
<b>EBITDA</b>	<b>61,308</b>	<b>139,260</b>	<b>77,952</b>	<b>227.1</b>
EBITDA margin	8.9%	15.8%	6.9%	+732 bps
Normalised EBITDA <sup>1</sup>	53,729	80,046	26,317	149.0
Normalised EBITDA margin <sup>1</sup>	7.8%	9.1%	1.3%	+130 bps
Cash balance (deposits + cash) <sup>2</sup>	545,298	725,948	180,650	133.1
Loans (long-term + short-term) <sup>2</sup>	300,276	459,519	159,243	153.0
<b>Transactions contracted</b>	<b>958,662</b>	<b>1,424,030</b>	<b>465,368</b>	<b>148.5</b>
Backlog <sup>2</sup>	5,008,627	5,548,511	539,884	110.8

Normalised EBITDA<sup>1</sup>: EBITDA less the net effect of provisions, asset sale income, damage compensation income, income from state aid and one-off effects of transactions related to Dalekovod

Cash balance, loans, backlog<sup>2</sup>: Balance as at 31 December

## Key Indicators of Profit and Loss Statement for the period - March 2022

Total consolidated income generated by the Group amounted to HRK 965.0 million, representing an increase of HRK 244.6 million (34.0%) compared to Q1 2021.

Operating income amounted to HRK 953.9 million, representing a year-on-year increase of 34.5 percent.

Income from sales of products and services accounted for HRK 884.1 million or 92.7% of operating income, and other operating income accounted for HRK 69.8 million or 7.3%.

Consolidated income generated from sales of products and services amounted to HRK 884.1 million, representing a year-on-year increase of HRK 192.6 million (27.9%).

Other operating income amounted to HRK 69.8 million, representing a year-on-year increase of HRK 52.1 million. Other operating income pertains for the most part to income from reversal of provisions, income from the sale of non-core assets, income from insurance claims, income from state aid and effect of the transaction related to the share capital increase of Dalekovod. Operating expenses amounted to HRK 840.4 million, representing a year-on-year increase of 25.0 percent. Regarding operating expenses, material costs (cost of raw materials and supplies, costs of goods sold and other external costs) amounted to HRK 690.4 million. The share of material costs in sales income, adjusted for inventory value changes, was 70.5%, representing an increase of 3.4 percentage points compared to the same period in the previous year. Savings were made as the costs of goods sold decreased by 0.8 percentage points compared to the same period in 2021, and other costs were 2 percentage points lower than in Q1 2021.

Staff costs amounted to HRK 172.5 million, representing a year-on-year increase of HRK 13.7 million or 8.6%. The share of staff costs in sales income amounted to 17.6%, representing a year-on-year decrease of 4 percentage points.

Other operating expenses amounted to HRK 43.8 million, representing a year-on-year increase of HRK 5.3 million. Other operating expenses pertained to staff remuneration and other employees' rights amounting to HRK 18.1 million, and to non-production services, intellectual services, insurance premiums and other, amounting to HRK 25.7 million.

Operating profit (EBIT) amounted to HRK 113.6 million, representing a year-on-year increase of HRK 76.6 million. The operating margin was 12.9 percent and it more than doubled year-on-year (it amounted to 5.4 percent for the period January-March 2021). Normalized operating profit margin amounted to 6.2%, representing an increase of 1.9 percentage points in comparison to the same period of the previous year (in Q1 2021, it amounted to 4.3%).

The affiliated company realized a profit of HRK 13.4 million. Using the equity method, the share in the profit of Končar-Power Transformers Ltd., attributable to the shareholders of the Group parent company, amounts to HRK 6.6 million. Based on the latest figures, profit from joint ventures amounted to HRK 1 million.

The balance of profit and loss, attributable to holders of ownership interest and shareholders of the Group parent company, associated companies and joint ventures, amounted to HRK 7.6 million.

The difference between financial income and expenses is positive, amounting to HRK 1.5 million.

Operating profit of HRK 113.6 million, share in the profit of associated parties in the amount of HRK 7.6 million and a positive difference between finance income and expenses in the amount of HRK 1.5 million, resulted in consolidated profit before tax amounting to HRK 122.7 million. Income tax advance amounted to HRK 10.5 million. Net profit for the period January - March 2022 amounted to HRK 112.2 million, of which non-controlling interest (minority interest) is attributed a profit of HRK 13.7 million (compared to HRK 9.4 million year-on-year) and parent company shareholders are attributed a profit in the amount of HRK 98.5 million (compared to HRK 31.3 million year-on-year). Consolidated result of the Group increased by HRK 71.4 million compared to the same financial period of the last year.

EBITDA amounted to HRK 139.3 million, representing an increase of HRK 78.0 million compared to Q1 2021. EBITDA margin was 15.8% (Q1 2020: 8.9%).

Normalized EBITDA amounted to HRK 80.0 million and is HRK 26.3 million higher year-on-year. Normalized EBITDA is EBITDA less the net effect of provisions, asset sale income, damage compensation income, income from state-issued subsidies and one-off effects of transactions related to Dalekovod and increased by value adjustment of non-current and current assets. Normalized EBITDA margin was 9.1 percent (it amounted to 7.8 percent in the same period of 2021).

### Consolidated Profit and Loss Statement

Item (HRK 000)	Q1 2021	Q1 2022	Δ	2022/2021
<b>OPERATING INCOME</b>	<b>709,212</b>	<b>953,981</b>	<b>244,769</b>	<b>134.5</b>
<b>OPERATING EXPENSES</b>	<b>672,162</b>	<b>840,352</b>	<b>168,190</b>	<b>125.0</b>
Changes in the value of inventories	-44,626	-95,373		
Material costs	493,828	690,423	196,595	<b>139.8</b>
Staff costs	158,831	172,501	13,670	<b>108.6</b>
Depreciation and amortisation	24,258	25,631	1,373	<b>105.7</b>
Other costs	39,260	45,895	6,635	<b>116.9</b>
Value adjustment of non-current and current assets	611	1,275	664	<b>208.7</b>
<b>OPERATING PROFIT</b>	<b>37,050</b>	<b>113,629</b>	<b>76,579</b>	<b>306.7</b>
SHARE IN PROFIT OF ASSOCIATED PARTIES	4,202	7,581	3,379	
SHARE IN LOSS OF ASSOCIATED PARTIES	82	23	-59	
FINANCE INCOME	6,956	3,407	-3,549	<b>49.0</b>
FINANCE COSTS	1,125	1,888	763	<b>167.8</b>
<b>TOTAL INCOME</b>	<b>720,370</b>	<b>964,969</b>	<b>244,599</b>	<b>134.0</b>
<b>TOTAL EXPENSES</b>	<b>673,369</b>	<b>842,263</b>	<b>168,894</b>	<b>125.1</b>
Profit before tax	47,001	122,706	75,705	<b>261.1</b>
Corporate tax	6,243	10,508	4,265	<b>168.3</b>
<b>PROFIT FOR THE PERIOD</b>	<b>40,758</b>	<b>112,198</b>	<b>71,440</b>	<b>275.3</b>

## Financial position

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Summarised balance sheet (HRK 000)	31/12/2021	31/3/2022	Δ	2022/2021
<b>Assets</b>	<b>4,447,304</b>	<b>4,837,565</b>	<b>390,261</b>	<b>108.8</b>
Non-current assets	1,502,885	1,866,756	363,871	124.2
Current assets	2,944,419	2,970,809	26,390	100.9
<b>Liabilities</b>	<b>1,603,663</b>	<b>1,883,619</b>	<b>279,956</b>	<b>117.5</b>
Provisions	178,661	181,058	2,397	101.3
Non-current liabilities	104,914	277,353	172,439	264.4
Current liabilities	1,320,088	1,425,208	105,120	108.0
<b>Equity</b>	<b>2,843,641</b>	<b>2,953,946</b>	<b>110,305</b>	<b>103.9</b>

## Key indicators of the Balance Sheet as at 31 March 2022

Compared to the balance at year-end 2021, significant changes occurred in the following items:

Balance of total consolidated funds and sources of funds as at 31 March 2022 amounted to HRK 4,837.6 million, representing an increase of HRK 390.3 million or 8.8 percent compared to the balance as at 31 December 2021.

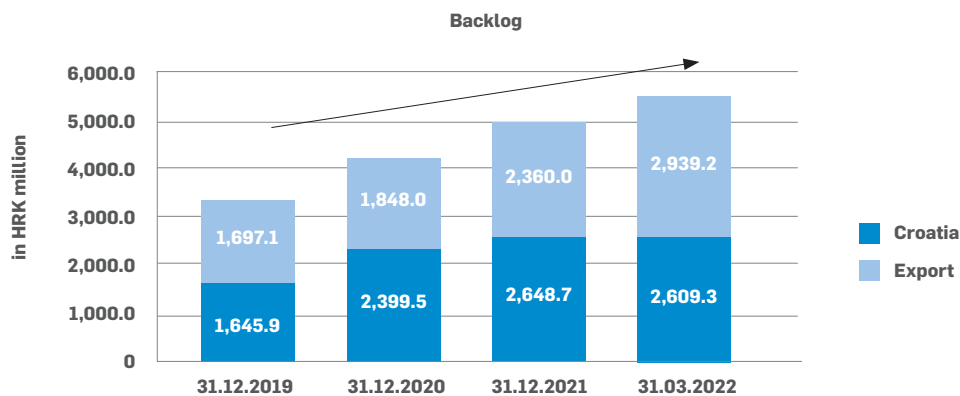
- Inventories increased by HRK 120.6 million. Regarding the structure of inventories, the volume of inventories of raw materials and supplies increased by HRK 53.3 million, the amount of work in progress increased by HRK 41.9 million, the amount of inventories of finished and semi-finished goods increased by HRK 51.4 million, inventories of trade goods remained at the level as at the end of 2021, and the amount of advance payments for inventory increased by HRK 7,6 million. There was an increase in inventories in all members of the Group and the most significant increase was in the companies where increased deliveries are expected in the upcoming period (rail vehicles, transformer segment). Non-current assets held for sale amounted to HRK 19.5 million, which is a decrease of HRK 33.5 million in comparison to their value as at 31 December 2021. The decrease resulted from sales of non-core property.
- Total current receivables were decreased by HRK 94.9 million. Trade receivables and contract assets decreased by HRK 23.5 million. Dividend receivables decreased by HRK 34.2 million (dividend of the affiliated company).
- Financial assets decreased by HRK 175.4 million. Deposits over three months amounted to HRK 126.0 million and were higher by HRK 4.3 million compared to the end of 2021. Other financial assets amount to HRK 0.3 million, representing a decrease of HRK 179.7 million compared to 31 December 2021, and pertain to the process of share capital increase of Dalekovod.
- At the Group level, cash balance increased by HRK 175.8 million.
- Capital and reserves amounted to HRK 2,953.9 million, which is an increase of HRK 110.3 million compared to the balance as at 31 December 2021. The most significant increase pertains to the retained earnings.
- Non-controlling (minority) interest amounted to HRK 326.3 million, which is HRK 10.9 million more than as at 31 December 2021.
- Non-current provisions amounted to HRK 181.1 million and are higher by HRK 2.5 million compared to the year-end 2021.
- Non-current liabilities amounted to HRK 277.4 million, representing an increase of HRK 172.4 million. Liabilities for long-term loans from banks increased by HRK 16.5 million and liabilities for loans in the amount of HRK 155 million pertaining to the loan issued to KONČAR - Investments Ltd. for the share capital increase of Dalekovod.
- Current liabilities amounted to HRK 1,250.7 million and are higher by HRK 78.7 million compared to the balance as at 31 December 2021.
- Regarding the structure of current liabilities, significant changes pertained to trade payables, which increased by HRK 62.9 million.
- Current liabilities toward banks amounted to HRK 186.8 million, representing a decrease of HRK 12.2 million compared to the balance at the end of 2021.
- Accrued expenses and deferred income amounted to HRK 174.5 million, representing an increase of HRK 26.4 million.

Total current assets and prepaid expenses are 2.1 times higher than total current liabilities and accrued expenses and deferred income. The structure of the consolidated balance sheet indicates a balance between funding sources and investments and an overall financial stability of KONČAR Group.

in HRK 000	31 December 2021	31 March 2022	Δ
Non-current liabilities toward banks	104,914	277,353	172,439
Current liabilities toward banks	199,014	186,724	-12,290
Financial assets	302,057	126,601	-175,456
Cash and cash equivalents	545,298	725,948	180,650
<b>Net debt</b>	<b>-543,427</b>	<b>-388,472</b>	<b>154,955</b>
Normalised EBITDA (January - December 2021)	53,729	80,046	26,317
<b>Net debt/normalised EBITDA</b>	<b>neg</b>	<b>neg</b>	

in HRK 000	31 December 2021	31 March 2022	Δ
Current assets	2,944,418	2,970,809	26,391
Current liabilities	1,320,086	1,425,208	105,122
<b>Current ratio</b>	<b>2.2</b>	<b>2.1</b>	

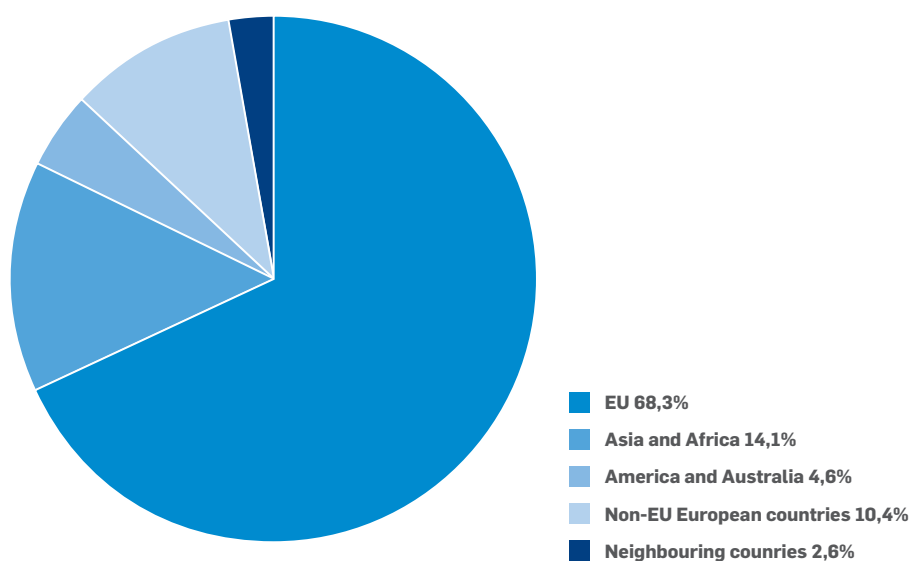
## Market position





## Operating income by sales markets

in HRK 000	Q1 2021	%	Q1 2022	%
Croatia	231,510	33.5	356,063	40.3
EU countries	352,766	51.0	360,615	40.8
<b>EU total</b>	<b>584,276</b>	<b>84.5</b>	<b>716,678</b>	<b>81.1</b>
Asia and Africa	61,448	8.9	74,284	8.4
America and Australia	23,382	3.4	24,548	2.8
Non-EU European countries	17,106	2.5	55,143	6.2
Neighbouring countries	5,310	0.8	13,493	1.5
<b>TOTAL SALES REVENUE</b>	<b>691,522</b>	<b>100.0</b>	<b>884,146</b>	<b>100.0</b>



## HRK 000

Segments	Realised Q1 2021	Share in total	Realised Q1 2022	Share in total
<b>Power generation</b>	<b>95,832</b>	<b>12.6</b>	<b>79,725</b>	<b>8.2</b>
<b>Power transmission and distribution total</b>	<b>505,505</b>	<b>66.4</b>	<b>634,005</b>	<b>65.1</b>
Transmission	196,312	25.8	242,754	24.9
Distribution	309,193	40.6	391,251	40.2
<b>Rail solutions and infrastructure</b>	<b>80,015</b>	<b>10.5</b>	<b>160,464</b>	<b>16.5</b>
Rail solutions	70,983	9.3	152,010	15.6
Construction and modernisation of rail infrastructure	9,032	1.2	8,454	0.9
<b>Digital solutions</b>	<b>3,974</b>	<b>0.5</b>	<b>6,673</b>	<b>0.7</b>
<b>Other</b>	<b>75,649</b>	<b>9.9</b>	<b>92,409</b>	<b>9.5</b>
<b>Total unconsolidated sales income</b>	<b>760,975</b>	<b>100.0</b>	<b>973,276</b>	<b>100.0</b>
<b>Intercompany eliminations</b>	<b>69,453</b>		<b>89,129</b>	
<b>Total consolidated sales income</b>	<b>691,522</b>		<b>884,147</b>	

In the period from January to March 2022, KONČAR Group companies generated consolidated income from sale of products and services in the amount of HRK 884.1 million, representing an increase of HRK 192.6 million (27.9%) compared to the result achieved in the same period of 2021.

Incomes generated in the Croatian market amounted to HRK 356.1 million, which is HRK 124.6 million or 53.8% more than in the same period in 2021. The share of the domestic market accounted for 40.3% of total income from sales of products and services.

In the structure of income from sales in the domestic market, income from sales of products and services to HEP Group Companies (HEP Generation, HEP Distribution System Operator, and Croatian Transmission System Operator) amounted to HRK 155.2 million (17.5% of total income from the sales of products and services).

Income from sale of products and services to HŽ Passenger Transport, HŽ Infrastructure and Rolling Stock Technical Services amounted to HRK 93.0 million (10.5% of the total income from sales).

Incomes generated from the sales of products and services in foreign markets amounted to HRK 528.1 million, representing an increase of HRK 68.1 million or 14.8 percent year-on-year. Exports account for 59.7 percent of the total product and service sales income.

By country, the most significant export volume pertained to the German market, in the amount of HRK 100.2 million, accounting for 19.0 percent of the total exports (an increase of HRK 19 million year-on-year). Goods and services exported to Sweden amounted to HRK 46.8 million (8.9 percent of the total exports) and to UAE they amounted to HRK 39.8 million (7.5 percent of the total exports).

Compared to last year, product and service export income increased in all markets. Exports to the EU countries amounted to HRK 360.6 million, accounting for 68.3% of total exports. This represents a year-on-year increase of HRK 7.8 million. Exports to Asian and African countries amounted to HRK 74.3 million (an increase of HRK 12.8 million), exports to European countries outside the EU amounted to HRK 55.1 million (an increase of HRK 38 million), exports to the Americas and Australia amounted to HRK 24.5 million, representing an increase of HRK 1.2 million year-on-year. Exports to the neighbouring countries amounted to HRK 13.5 million (an increase of HRK 8.2 million).

In the period from January to March 2022, order intake in foreign markets increased significantly, allowing further export growth in the following period.

### Order intake and backlog

In Q1 2022, KONČAR Group companies contracted new projects worth HRK 1,424.0 million. Compared to the previous year, the value of order intake increased by HRK 465.4 million (48.5%).

Book-to-bill ratio for Q1 2022 was 1.61.

Out of the total amount of order intake, HRK 1,107.4 million (77.7% of total order intake) pertains to export contracts, whereas HRK 316.6 million (22.2% of the total order intake) pertains to the Croatian market.

In terms of the order intake in the Croatian market, the most significant portion in the amount of HRK 158.4 million pertains to the contracts for HEP Group (HEP – Generation, HEP – Distribution System Operator, Croatian Transmission System Operator). The share of HEP in the total order intake in stands at 11.1 percent. One of the significant contracts in the domestic market is the agreement for the maintenance and service of trams with Zagreb Holding in the amount of HRK 56.8 million.

In the period from January to March 2022, order intake in the foreign markets amounted to HRK 1,107.4 million, an increase of HRK 503.0 million or 83.2% percent year-on-year.

Of the total order intake in foreign markets, the majority pertains to the European Union countries, amounting to HRK 798.3 million, which is HRK 316.5 million or 65.7 percent more than contracted in the same period in 2021. There was an upturn in order intake across all markets compared to Q1 2021. The volume of order intake outside EU increased by HRK 136.4 million, in the Americas, it grew by HRK 31.3 million, in Asian and African countries by HRK 17.2 million and in the neighbouring countries by HRK 1.7 million. Broken down by countries, the most significant order intake volume pertained to the German market, in the amount of HRK 178.1 million, to the Swedish market in the amount of HRK 113.5 million, Great Britain in the amount of HRK 104.5, Spain in the amount of HRK 95.5 million, Austria in the amount of HRK 81 million and Finland in the amount of HRK 61.9 million.

In terms of delivery dynamics, HRK 710.5 million was contracted to be realised in 2022, which accounts for 49.9% of order intake, and HRK 713.5 million (50.1 percent) was contracted for realization in the following years.

The value of order intake (backlog) as at the end of Q1 2022 amounted to HRK 5,548.5 million, representing a 10.8% increase compared to the value at the beginning of the year. Backlog at the end of Q1 2022 is higher by HRK 1,177.7 million year-on-year (HRK 4,370.8 million as at 31 March 2021).

### Information for shareholders

KOEI-R-A	31 March 2021	31 March 2022	Index
Final price (HRK)	680.00	890.00	130,9
Highest price (HRK)	700.00	980.00	140,0
Lowest price (HRK)	580.00	825.00	142,2
Volume	31.729	23.449	73,9
Turnover (HRK)	20.305.475	20.951.355	103,2
Market capitalisation (HRK)	1.730.905.320	2.265.449.610	130,9
EPS (HRK)	12,30	38,71	314,7

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

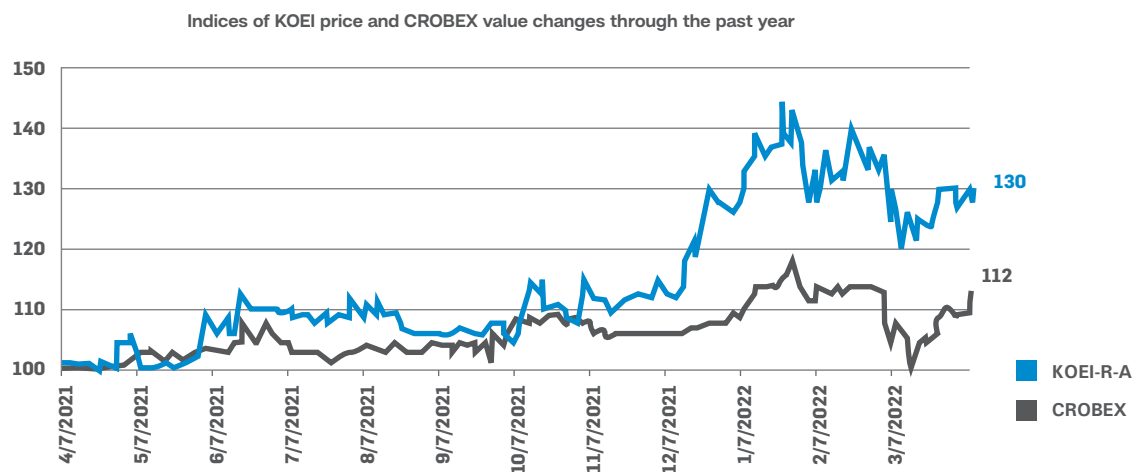
The shares of KONČAR – Electrical Industry Inc. are listed on the Official Market of the Zagreb Stock Exchange. The shares are identified by the symbol "KOEI-R-A". In keeping with the positive regulations, the Company ensures regular access to information on operations and activities and information on any facts and circumstances that may influence the share price (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 date in 2021, the final KONČAR share price increased by 30.9 percent.

Earnings per share amounted to HRK 38.71, representing an increase of more than 3 times the earnings per share in Q1 2021. Market capitalisation amounted to HRK 2,265.4 million, representing an increase of HRK 534.5 million compared to the balance as at December 2021.

### Indices of KOEI price and CROBEX value changes



# B Consolidated financial statements of KONČAR Group for the period January – March 2022

## Annex 1

### ISSUER'S GENERAL DATA

Reporting period:	<b>01/01/2022</b>	to	<b>31/03/2022</b>
Year:	<b>2022</b>	Quarter:	<b>1</b>

### Quarterly financial statements

Registration number (MB):	<b>03282635</b>	Issuer's home Member State code: <b>HR</b>
Entity's registration number (MBS):	<b>080040936</b>	
Personal identification number (OIB):	<b>45050126417</b>	LEI: <b>74780000HOSHMRWOI15</b>
Institution code:	<b>501</b>	
Name of the issuer:	<b>KONČAR - ELECTRICAL INDUSTRY INC.</b>	
Postcode and town:	<b>10000</b>	<b>ZAGREB</b>
Street and house number:	<b>FALLEROVO ŠETALIŠTE 22</b>	
E-mail address:	<b>koncar.finance@koncar.hr</b>	
Web address:	<b>www.koncar.hr</b>	
Number of employees (end of the reporting period):	<b>3644</b>	
Consolidated report:	<b>KD</b>	(KN-not consolidated/KD-consolidated)
Audited:	<b>RN</b>	(RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS):	Registered office:	MB:
<b>Končar - Infrastructure and Services Ltd.</b>	<b>Zagreb</b>	<b>1343068</b>
<b>Končar - Electrical Engineering Institute Inc.</b>	<b>Zagreb</b>	<b>3645363</b>
<b>Končar - Electronics and Informatics Inc.</b>	<b>Zagreb</b>	<b>3282899</b>
<b>Končar - Small Electrical Machines Inc.</b>	<b>Zagreb</b>	<b>3282678</b>
<b>Končar - Generators and Motors Inc.</b>	<b>Zagreb</b>	<b>1356216</b>
<b>Končar - Renewable Sources Ltd.</b>	<b>Zagreb</b>	<b>2435071</b>
<b>Končar - Instrument Transformers Inc.</b>	<b>Zagreb</b>	<b>3654656</b>
<b>Končar - Distribution and Special Transformers Inc.</b>	<b>Zagreb</b>	<b>3654664</b>
<b>Končar - Switchgear Inc.</b>	<b>Zagreb</b>	<b>3641287</b>
<b>Končar - Electric Vehicles Inc.</b>	<b>Zagreb</b>	<b>3282660</b>
<b>Končar - Power Plant and EI, Traction Engineering Inc.</b>	<b>Zagreb</b>	<b>3654354</b>
<b>Končar - Metal Structures Inc.</b>	<b>Zagreb</b>	<b>1114328</b>
<b>Končar - Investments Ltd.</b>	<b>Zagreb</b>	<b>5423392</b>
<b>Advanced Energy Solutions Ltd.</b>	<b>Zagreb</b>	<b>5435765</b>
<b>Končar - Digital Ltd.</b>	<b>Zagreb</b>	<b>5478421</b>
<b>Power Engineering Transformatory Sp. z o.o.</b>	<b>Czerwonaka, Poznan, Poljska</b>	

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

## BALANCE SHEET

### balance as at 31.03.2022

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>A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID</b>	<b>001</b>	0	0
<b>B) FIXED ASSETS (ADP 003+010+020+031+036)</b>	<b>002</b>	<b>1,502,885,341</b>	<b>1,866,755,692</b>
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>50,281,675</b>	<b>57,476,683</b>
1 Research and development	004	23,441,820	22,444,947
2 Concessions, patents, licences, trademarks, software and other rights	005	13,639,257	17,865,117
3, Goodwill	006	7,342,331	7,342,331
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	5,857,012	9,823,975
6 Other intangible assets	009	1,255	313
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>1,128,124,352</b>	<b>1,165,632,502</b>
1 Land	011	153,078,764	162,678,259
2 Buildings	012	423,354,403	440,025,295
3 Plant and equipment	013	282,923,461	308,786,698
4 Tools, working inventory and transportation assets	014	61,709,713	63,346,409
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	7,290,898	15,940,640
7 Tangible assets in preparation	017	82,354,481	60,740,088
8 Other tangible assets	018	2,119,205	2,232,633
9 Investment property	019	115,293,427	111,882,480
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>275,512,196</b>	<b>593,274,183</b>
1 Investments in holdings (shares) of undertakings within the group	021	9,882,280	319,882,280
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	236,796,078	243,381,534
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	2,475,644	2,613,984
8 Loans, deposits, etc, given	028	2,497,574	2,548,432
9 Other investments accounted for using the equity method	029	20,503,106	21,476,096
10 Other fixed financial assets	030	3,357,514	3,371,857
<b>IV RECEIVABLES (ADP 032 to 035)</b>	<b>031</b>	<b>14,744,079</b>	<b>14,743,991</b>
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	14,719,851	14,719,851
4 Other receivables	035	24,228	24,140
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	<b>34,223,039</b>	<b>35,628,333</b>
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>2,926,581,656</b>	<b>2,951,580,057</b>
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>987,085,333</b>	<b>1,107,692,442</b>
1 Raw materials and consumables	039	497,075,569	550,385,094
2 Work in progress	040	286,011,805	329,647,438
3 Finished goods	041	79,653,664	129,276,452
4 Merchandise	042	991,303	868,733
5 Advances for inventories	043	70,416,953	78,062,073
6 Fixed assets held for sale	044	52,936,039	19,452,652
7 Biological assets	045	0	0

## BALANCE SHEET

### balance as at 31.03.2022

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>II RECEIVABLES (ADP 047 to 052)</b>			
1 Receivables from undertakings within the group	046	1,213,609,164	1,117,629,082
2 Receivables from companies linked by virtue of participating interests	047	0	0
3 Customer receivables	048	55,571,385	32,417,004
4 Receivables from employees and members of the undertaking	049	995,792,393	960,236,209
5 Receivables from government and other institutions	050	678,444	1,517,707
6 Other receivables	051	36,365,969	39,395,612
6 Other receivables	052	125,200,973	84,062,550
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>			
1 Investments in holdings (shares) of undertakings within the group	053	302,056,346	126,600,820
2 Investments in other securities of undertakings within the group	054	0	0
3 Loans, deposits, etc, to undertakings within the group	055	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	056	0	0
5 Investment in other securities of companies linked by virtue of participating interests	057	0	0
6 Loans, deposits etc, to companies linked by virtue of participating interests	058	0	0
7 Investments in securities	059	0	0
8 Loans, deposits, etc, given	060	0	0
9 Other financial assets	061	121,468,792	126,290,815
9 Other financial assets	062	180,587,554	310,005
IV CASH AT BANK AND IN HAND	063	423,830,813	599,657,713
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	064	17,836,520	19,229,053
<b>E ) TOTAL ASSETS (ADP 001+002+037+064)</b>	065	4,447,303,517	4,837,564,802
<b>OFF-BALANCE SHEET ITEMS</b>	066	4,853,437,636	3,917,008,291
<b>LIABILITIES</b>			
<b>A) CAPITAL AND RESERVES (ADP 068 to 070+076+077+081+084+087)</b>			
I INITIAL (SUBSCRIBED) CAPITAL	067	2,843,641,423	2,953,946,148
II CAPITAL RESERVES	068	1,208,895,930	1,208,895,930
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	069	719,579	719,579
1 Legal reserves	070	805,599,688	805,714,343
2 Reserves for treasury shares	071	70,543,024	70,657,679
3 Treasury shares and holdings (deductible item)	072	34,518,334	34,518,334
4 Statutory reserves	073	-15,869,707	-15,869,707
5 Other reserves	074	480,131,885	480,131,885
5 Other reserves	075	236,276,152	236,276,152
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	-114,657	-851,571
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	-114,657	-851,571
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	077	349,185,016	514,598,586
1 Retained profit	083	349,185,016	514,598,586
2 Loss brought forward	084	0	0
2 Loss brought forward	085	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	163,945,197	98,540,636
1 Profit for the business year	087	163,945,197	98,540,636
2 Loss for the business year	088	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	089	315,410,670	326,328,645

## BALANCE SHEET

### balance as at 31.03.2022

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>B) PROVISIONS (ADP 091 to 096)</b>	<b>090</b>	<b>178,661,356</b>	<b>181,058,191</b>
1 Provisions for pensions, termination benefits and similar obligations	091	38,356,892	37,955,849
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	4,451,979	4,451,978
4 Provisions for renewal of natural resources	094	5,940,601	5,940,601
5 Provisions for warranty obligations	095	119,186,884	121,495,532
6 Other provisions	096	10,725,000	11,214,231
<b>C) LONG-TERM LIABILITIES (ADP 098 to 108)</b>	<b>097</b>	<b>104,913,819</b>	<b>277,352,606</b>
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	350,000	155,350,000
6 Liabilities to banks and other financial institutions	103	100,912,003	117,444,852
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	3,651,816	4,557,754
11 Deferred tax liability	108	0	0
<b>D) SHORT-TERM LIABILITIES (ADP 110 to 123)</b>	<b>109</b>	<b>1,183,895,480</b>	<b>1,250,662,902</b>
1 Liabilities to undertakings within the group	110	0	700,590
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	13,241,375	12,991,467
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	199,013,910	186,723,772
7 Liabilities for advance payments	116	306,826,207	323,060,913
8 Liabilities to suppliers	117	511,192,171	587,585,692
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	45,957,750	52,775,615
11 Taxes, contributions and similar liabilities	120	57,421,521	59,116,612
12 Liabilities arising from the share in the result	121	528,155	609,366
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	49,714,391	27,098,875
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>136,191,439</b>	<b>174,544,955</b>
<b>F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)</b>	<b>125</b>	<b>4,447,303,517</b>	<b>4,837,564,802</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>4,853,437,636</b>	<b>3,917,008,291</b>

## STATEMENT OF PROFIT OR LOSS for the period 01.03.2022 to 31.03.2022

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
<b>I OPERATING INCOME (ADP 002 to 006)</b>	<b>001</b>	<b>709,212,770</b>	<b>709,212,770</b>	<b>953,983,950</b>	<b>953,983,950</b>
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	691,521,124	691,521,124	884,147,372	884,147,372
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	17,691,646	17,691,646	69,836,578	69,836,578
<b>II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)</b>	<b>007</b>	<b>672,178,022</b>	<b>672,178,022</b>	<b>840,355,011</b>	<b>840,355,011</b>
1 Changes in inventories of work in progress and finished goods	008	-44,610,654	-44,610,654	-95,374,000	-95,374,000
2 Material costs (ADP 010 to 012)	009	493,828,010	493,828,010	690,424,041	690,424,041
a) Costs of raw materials and consumables	010	412,301,173	412,301,173	609,527,729	609,527,729
b) Costs of goods sold	011	17,919,423	17,919,423	16,291,095	16,291,095
c) Other external costs	012	63,607,414	63,607,414	64,605,217	64,605,217
3 Staff costs (ADP 014 to 016)	013	158,830,925	158,830,925	172,501,504	172,501,504
a) Net salaries and wages	014	97,601,577	97,601,577	105,611,382	105,611,382
b) Tax and contributions from salary costs	015	41,286,351	41,286,351	43,844,044	43,844,044
c) Contributions on salaries	016	19,942,997	19,942,997	23,046,078	23,046,078
4 Depreciation	017	24,258,044	24,258,044	25,631,067	25,631,067
5 Other costs	018	38,469,855	38,469,855	43,771,009	43,771,009
6 Value adjustments (ADP 020+021)	019	611,459	611,459	1,275,809	1,275,809
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	611,459	611,459	1,275,809	1,275,809
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	790,383	790,383	2,125,581	2,125,581
<b>III FINANCIAL INCOME (ADP 031 to 040)</b>	<b>030</b>	<b>6,956,322</b>	<b>6,956,322</b>	<b>3,408,268</b>	<b>3,408,268</b>
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	567,863	567,863
7 Other interest income	037	2,875,627	2,875,627	1,223,128	1,223,128
8 Exchange rate differences and other financial income	038	3,880,928	3,880,928	1,124,784	1,124,784
9 Unrealised gains (income) from financial assets	039	0	0	190,795	190,795
10 Other financial income	040	199,767	199,767	301,698	301,698
<b>IV FINANCIAL EXPENSES (ADP 042 to 048)</b>	<b>041</b>	<b>1,126,185</b>	<b>1,126,185</b>	<b>1,889,317</b>	<b>1,889,317</b>
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	0	0	0



## STATEMENT OF PROFIT OR LOSS for the period 01.03.2022 to 31.03.2022

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	1,065,519	1,065,519	1,810,352	1,810,352
4 Exchange rate differences and other expenses	045	0	0	0	0
5 Unrealised losses (expenses) from financial assets	046	9,279	9,279	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	51,387	51,387	78,965	78,965
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS</b>	<b>049</b>	<b>4,202,617</b>	<b>4,202,617</b>	<b>6,585,456</b>	<b>6,585,456</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>	<b>0</b>	<b>0</b>	<b>996,130</b>	<b>996,130</b>
<b>VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST</b>	<b>051</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VIII SHARE IN LOSS OF JOINT VENTURES</b>	<b>052</b>	<b>82,022</b>	<b>82,022</b>	<b>23,140</b>	<b>23,140</b>
<b>IX TOTAL INCOME (ADP 001+030+049 +050)</b>	<b>053</b>	<b>720,371,709</b>	<b>720,371,709</b>	<b>964,973,804</b>	<b>964,973,804</b>
<b>X TOTAL EXPENDITURE (ADP 007+041+051 + 052)</b>	<b>054</b>	<b>673,386,229</b>	<b>673,386,229</b>	<b>842,267,468</b>	<b>842,267,468</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 053-054)</b>	<b>055</b>	<b>46,985,480</b>	<b>46,985,480</b>	<b>122,706,336</b>	<b>122,706,336</b>
1 Pre-tax profit (ADP 053-054)	056	46,985,480	46,985,480	122,706,336	122,706,336
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
<b>XII INCOME TAX</b>	<b>058</b>	<b>6,240,273</b>	<b>6,240,273</b>	<b>10,507,802</b>	<b>10,507,802</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)</b>	<b>059</b>	<b>40,745,207</b>	<b>40,745,207</b>	<b>112,198,534</b>	<b>112,198,534</b>
1 Profit for the period (ADP 055-059)	060	40,745,207	40,745,207	112,198,534	112,198,534
2 Loss for the period (ADP 059-055)	061	0	0	0	0
<b>DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)</b>					
<b>XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)</b>	<b>062</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
<b>XV INCOME TAX OF DISCONTINUED OPERATIONS</b>	<b>065</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)</b>					
<b>XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)</b>	<b>068</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
<b>XVII INCOME TAX (ADP 058+065)</b>	<b>071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>APPENDIX to the P&amp;L (to be filled in by undertakings that draw up consolidated annual financial statements)</b>					
<b>XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)</b>	<b>075</b>	<b>40,745,207</b>	<b>40,745,207</b>	<b>112,198,534</b>	<b>112,198,534</b>
<b>1 Attributable to owners of the parent</b>	<b>076</b>	<b>31,304,313</b>	<b>31,304,313</b>	<b>98,540,636</b>	<b>98,540,636</b>
<b>2 Attributable to minority (non-controlling) interest</b>	<b>077</b>	<b>9,440,894</b>	<b>9,440,894</b>	<b>13,657,898</b>	<b>13,657,898</b>
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)</b>					
<b>I PROFIT OR LOSS FOR THE PERIOD</b>	<b>078</b>	<b>40,745,207</b>	<b>40,745,207</b>	<b>112,198,534</b>	<b>112,198,534</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)</b>	<b>079</b>	<b>-443,522</b>	<b>-443,522</b>	<b>-1,397,522</b>	<b>-1,397,522</b>
<b>III Items that will not be reclassified to profit or loss (ADP 081 to 085)</b>	<b>080</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0

## STATEMENT OF PROFIT OR LOSS for the period 01.03.2022 to 31.03.2022

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
<b>IV Items that may be reclassified to profit or loss (ADP 088 to 095)</b>	<b>087</b>	<b>-443,522</b>	<b>-443,522</b>	<b>-1,397,522</b>	<b>-1,397,522</b>
1 Exchange rate differences from translation of foreign operations	088	-443,522	-443,522	-1,397,522	-1,397,522
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
<b>V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087- 086 - 096)</b>	<b>097</b>	<b>-443,522</b>	<b>-443,522</b>	<b>-1,397,522</b>	<b>-1,397,522</b>
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>40,301,685</b>	<b>40,301,685</b>	<b>110,801,012</b>	<b>110,801,012</b>
<b>APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)</b>					
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)</b>	<b>099</b>	<b>40,301,685</b>	<b>40,301,685</b>	<b>110,801,012</b>	<b>110,801,012</b>
<b>1 Attributable to owners of the parent</b>	<b>100</b>	<b>31,070,444</b>	<b>31,070,444</b>	<b>97,803,722</b>	<b>97,803,722</b>
<b>2 Attributable to minority (non-controlling) interest</b>	<b>101</b>	<b>9,231,241</b>	<b>9,231,241</b>	<b>12,997,290</b>	<b>12,997,290</b>

## STATEMENT OF CASH FLOWS - direct method for the period 01.01.2022 to 31.03.2022

in HRK

Submitter: KONČAR ELECTRICAL INDUSTRY INC.			
Item	AOP code	Same period of the previous year	Current period
1	2	3	4
<b>Cash flow from operating activities</b>			
1 Cash receipts from customers	001	820,865,731	963,720,619
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	779,662	2,191,602
4 Cash receipts from tax refund	004	16,047,552	33,987,866
5 Other cash receipts from operating activities	005	14,612,598	9,171,561
<b>I Total cash receipts from operating activities (ADP 001 to 005)</b>	<b>006</b>	<b>852,305,543</b>	<b>1,009,071,648</b>
1 Cash payments to suppliers	007	-591,191,768	-730,576,332
2 Cash payments to employees	008	-156,158,563	-165,738,575
3 Cash payments for insurance premiums	009	-1,930,263	-2,473,847
4 Interest paid	010	-992,178	-800,051
5 Income tax paid	011	-5,246,147	-4,106,039
6 Other cash payments from operating activities	012	-68,928,584	-56,117,871
<b>II Total cash payments from operating activities (ADP 007 to 012)</b>	<b>013</b>	<b>-824,447,503</b>	<b>-959,812,715</b>
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)</b>	<b>014</b>	<b>27,858,040</b>	<b>49,258,933</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	015	319,562	7,779,511
2 Cash receipts from sales of financial instruments	016	0	0
3 Interest received	017	52,087	2,142,995
4 Dividends received	018	25,614,349	34,781,022
5 Cash receipts from the repayment of loans and deposits	019	500,000	30,904
6 Other cash receipts from investment activities	020	14,400	113,923,750
<b>III Total cash receipts from investment activities (ADP 015 to 020)</b>	<b>021</b>	<b>26,500,398</b>	<b>158,658,182</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	022	-17,724,562	-30,147,088
2 Cash payments for the acquisition of financial instruments	023	-400,668	-1,607,650
3 Cash payments for loans and deposits	024	-2,053,709	-3,791,948
4 Acquisition of a subsidiary, net of cash acquired	025	0	-310,000,000
5 Other cash payments from investment activities	026	-8,000	-1,800
<b>IV Total cash payments from investment activities (ADP 022 to 026)</b>	<b>027</b>	<b>-20,186,939</b>	<b>-345,548,486</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)</b>	<b>028</b>	<b>6,313,459</b>	<b>-186,890,304</b>
<b>Cash flow from financing activities</b>			
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	21,872,676	362,876,201
4 Other cash receipts from financing activities	032	148,092	158,811
<b>V Total cash receipts from financing activities (ADP 029 to 032)</b>	<b>033</b>	<b>22,020,768</b>	<b>363,035,012</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034	-17,719,824	-49,510,496
2 Cash payments for dividends	035	-4,884	-14,659
3 Cash payments for finance lease	036	-392,053	-159,488
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capita	037	0	0
5 Other cash payments from financing activities	038	-396,900	-1,170,924
<b>VI Total cash payments from financing activities (ADP 034 to 038)</b>	<b>039</b>	<b>-18,513,661</b>	<b>-50,855,567</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 + 039)</b>	<b>040</b>	<b>3,507,107</b>	<b>312,179,445</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	041	2,180,786	1,278,826
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)</b>	<b>042</b>	<b>39,859,392</b>	<b>175,826,900</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>043</b>	<b>743,747,188</b>	<b>423,830,813</b>
<b>F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (042+043)</b>	<b>044</b>	<b>783,606,580</b>	<b>599,657,713</b>

# STATEMENT OF CHANGES IN EQUITY for the period 01.01.2022 to 31.03.2022

B Consolidated financial statements of KONČAR Group for the period January - March 2022

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)
<b>Previous period</b>																			
1 Balance on the first day of the previous business year	01	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
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	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	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	163,945,197	163,945,197	47,446,027	211,391,224
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	34,284	0	0	34,284	30,734	65,018
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	0	0	0	0	0	0	0	0	0	0	0	0	0
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	-14,763,604	0	-14,763,604	-16,978,617	-31,742,221
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0	0	0	-1,524,521	0	-1,524,521	-5,068,408	-6,592,929
22 Transfer to reserves according to the annual schedule	22	0	0	-58,657	0	0	21,251,392	6,620,239	0	0	0	0	0	0	46,075,953	-73,888,927	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	70,543,024	34,518,334	15,869,707	480,131,885	236,276,152	0	0	0	0	0	-114,657	349,185,016	163,945,197	2,528,230,753	315,410,670	2,843,641,423
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
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	34,284	0	0	34,284	30,734	65,018
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	34,284	0	163,945,197	163,979,481	47,476,761	211,456,242
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	-58,657	0	0	21,251,392	6,620,239	0	0	0	0	0	0	29,787,828	-73,888,927	-16,288,125	-22,047,025	-38,335,150

# STATEMENT OF CHANGES IN EQUITY for the period 01.01.2022 to 31.03.2022

B Consolidated financial statements of KONČAR Group for the period January - March 2022

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)
<b>Current period</b>																			
1 Balance on the first day of the previous business year	28	1,208,895,930	719,579	70,543,024	34,518,334	15,869,707	480,131,885	236,276,152	0	0	0	0	0	-114,657	349,185,016	163,945,197	2,528,230,753	315,410,670	2,843,641,423
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 previous business year (restated) (ADP 28 to 30)	31	1,208,895,930	719,579	70,543,024	34,518,334	15,869,707	480,131,885	236,276,152	0	0	0	0	0	-114,657	349,185,016	163,945,197	2,528,230,753	315,410,670	2,843,641,423
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	98,540,636	98,540,636	13,657,898	112,198,534
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	-736,914	0	0	-736,914	-660,608	-1,397,522
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	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	1,583,028	0	1,583,028	-2,079,315	-496,287
22 Transfer to reserves according to the annual schedule	49	0	0	114,655	0	0	0	0	0	0	0	0	0	0	163,830,542	-163,945,197	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	70,657,679	34,518,334	15,869,707	480,131,885	236,276,152	0	0	0	0	0	-851,571	514,598,586	98,540,636	2,627,617,503	326,328,645	2,953,946,148
<b>APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)</b>																			
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	-736,914	0	0	-736,914	-660,608	-1,397,522
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	-736,914	0	98,540,636	97,803,722	12,997,290	110,801,012
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	114,655	0	0	0	0	0	0	0	0	0	0	165,413,570	-163,945,197	1,583,028	-2,079,315	-496,287

## NOTES TO FINANCIAL STATEMENTS - TFI

**Name of issuer: KONČAR - Electrical Industry Inc.**

**PIN: 45050126417**

**Reporting period: 01/01/2022 to 31/03/2022**

### 1. GENERAL INFORMATION

#### Business segments

The main business segments of KONČAR Group (hereinafter: the Group) are:

- power generation
- power transmission and distribution
- rail solutions and infrastructure
- digital solutions and platforms

#### Group structure

In addition to the Parent Company, the Group includes 11 subsidiaries operating in the core business segments and 5 dependent companies performing special activities, namely product research and development, infrastructure services and investments.

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 subsidiaries.

#### Number of employees

As at 31 March 2022 the Group employed 3,644 people (as at 31 December 2021 it employed 3,640 people).

The average number of employees in the period January - March 2022 was 3,642 (the corresponding period in 2021: 3,531).

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

The Consolidated financial statements for the quarterly period January - March 2022 have been drawn up in accordance with the International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

The 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 2021. 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](http://www.zse.hr)), Croatian Financial Services Supervisory Agency ([www.hanfa.hr](http://www.hanfa.hr)) and on the Company's website ([www.koncar.hr](http://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

The Consolidated financial statements for Q1 2022 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 2021.

#### Key accounting estimates and judgments

While drawing up quarterly consolidated financial statements, the Management Board used the judgments and estimates affecting the application of accounting policies and the recorded amounts of assets and liabilities, revenues 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**

	<b>31/03/2022</b>	<b>31/12/2021</b>
	Voting rights (%)	Voting rights (%)
<b>Consolidated subsidiaries registered in Croatia:</b>		
KONČAR - Motors and Electrical Systems Ltd., Zagreb	100.00	100.00
KONČAR - Power Plant and Electric Traction Engineering Inc., Zagreb	100.00	100.00
KONČAR - Infrastructure and Services Ltd., Zagreb	100.00	100.00
KONČAR - Electrical Engineering Institute Inc., Zagreb	100.00	100.00
KONČAR - Generators and Motors Inc., Zagreb	100.00	100.00
KONČAR - Steel Structures Inc., Zagreb	100.00	100.00
KONČAR - Switchgear Inc.	100.00	100.00
KONČAR - Renewable Energy Sources Ltd., Zagreb	100.00	100.00
<i>Direct ownership</i>	91.25	91.25
<i>Indirect ownership</i>	8.75	8.75
KONČAR - Electric Vehicles Inc., Zagreb	75.04	75.04
KONČAR - Electronics and Informatics Inc., Zagreb	100.00	97.64
KONČAR - Instrument Transformers Inc., Zagreb	99.77	99.77
KONČAR - Distribution and Special Transformers Inc., Zagreb	67.90	67.90
KONČAR - Investments Ltd.	100.00	-
KONČAR - Digital Ltd., Zagreb	100.00	-
Advanced Energy Solutions Ltd., Zagreb ( <i>Indirect ownership through the subsidiary KONČAR - Investments Ltd.</i> )	51.00	-
<b>Subsidiaries registered abroad that are consolidated:</b>		
Power Engineering Transformatory Sp. z o.o. (PET), Poznan, Poland ( <i>Indirect ownership through subsidiary KONČAR - Distribution and Special Transformers Inc.</i> )	100.00	100.00
<b>Dependent companies not consolidated due to immateriality:</b>		
Konell Ltd., Sofia, Bulgaria ( <i>Indirect ownership through the subsidiary KONČAR - Electric Vehicles inc.</i> )	85.00	85.00
Windfarm Rust Ltd. Windfarm Rust Ltd. ( <i>Indirect ownership through the subsidiary KONČAR - Renewable Energy Sources Ltd.</i> )	100.00	100.00

The Group has control over several subsidiaries arising from the majority of voting rights. However, the ownership share in these subsidiaries does not correspond to the share of voting rights due to the fact that the companies also have issued preference shares, which carry the same rights as ordinary shares, but with no voting rights. The share in the ownership of these subsidiaries is as follows:

	<b>31/03/2022</b>	<b>31/12/2021</b>
	Voting rights (%)	Voting rights (%)
KONČAR - Instrument Transformers Inc., Zagreb	61.97	61.97
KONČAR - Distribution and Special Transformers Inc., 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 identified reportable segments: The reportable segments of the Group are as follows:

- power generation - manufacturing and revitalization of generators, construction and revitalization of HPPs, construction of solar power plants, manufacturing of converters, manufacturing and installation of wind turbines, management, maintenance and servicing
- power transmission and distribution - manufacturing and sales of distribution, special, instrument and other types of transformers, transformer boilers, substations, equipment for primary and secondary power distribution, low voltage plants, monitoring systems, diagnostics, testing and technical supervision
- rail solutions and infrastructure - construction and sales of rail vehicles such as trains and trams, and related maintenance services

- digital solutions and platforms - digital solutions, digital services, digitalization of products and production, business support systems, ICT infrastructure and services.

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 segments include leasing real estate that is not in the function of the core business segments, as well as the part of the manufacturing of small motors and electrical machines, and as such does not represent a separate operating segment.

#### Sales revenues by segment

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

	<b>01/01/2022 to 31/03/2022</b> HRK' 000	<b>01/01/2021 to 31/03/2021</b> HRK' 000
Power generation	79,725	95,832
Power transmission and distribution		
- transmission	242,754	196,312
- distribution	391,251	309,193
Rails solutions and infrastructure		
- rail solutions	152,010	70,983
- construction and modernization of railway infrastructure	8,454	9,032
Digital solutions	6,673	3,974
Total reportable segments	880,867	685,325
Other	92,409	75,649
<b>Total income from contracts with customers</b>	<b>973,277</b>	<b>760,974</b>
Intercompany eliminations	<b>(89,129)</b>	<b>(69,453)</b>
<b>Total income from contracts with customers</b>	<b>884,147</b>	<b>691,521</b>
Affiliated companies	26,986	21,728
Unaffiliated companies	857,161	669,793
<b>Total income from contracts with customers</b>	<b>884,147</b>	<b>691,521</b>

## 5. OTHER OPERATING INCOME AND EXPENSES

Other operating income amounts to HRK 69.84 million and relates to income from the sale of assets, income from compensation and a one-off effect of the transaction related to the share capital increase of Dalekovod.

## 6. CAPITALISED SALARY COSTS

During Q1 2022, Group companies capitalised salaries in a total amount of HRK 6,843 thousand (net salaries in the amount of HRK 4,137 thousand, taxes, surcharges and salary contributions paid by the employee amounting to HRK 1,697 thousand, and salary contributions paid by the employer in the amount HRK 1,009 thousand).

## 7. EARNINGS PER SHARE

	<b>01/01/2022 to 31/03/2022</b> HRK' 000	<b>01/01/2021 to 31/03/2021</b> HRK' 000
<b>Profit for the year attributable to the owners</b>	<b>98,540</b>	<b>31,304</b>
Weighted average number of shares	2,545,449	2,545,449
<b>Basic and diluted earnings per share</b>	<b>38,71</b>	<b>12,30</b>



## 8. NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

During Q1 2022, the Group procured assets in the amount of HRK 70,189 thousand (Q1 2021: HRK 17,867 thousand). Depreciation expense in Q1 2022 amounted to HRK 25,631 (Q1 2021: HRK 24,258 thousand).

## 9. INVENTORIES

In Q1 2022, the Group recognised value adjustment of inventories in the amount of HRK 1,276 thousand (Q1 2021: HRK 611 thousand).

## 10. EQUITY AND RESERVES

Share (registered) capital is determined in the nominal amount of HRK 1,208,895,930.00 (as at 31 December 2020: HRK 1,208,895,930.00) divided in 2,572,119 shares in the 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 KOE1-R-A. As at 31 March 2022, the Company owned 26,670 treasury shares (as at 31 December 2021: 26,670 shares). 26,670 shares).

## 11. LIABILITIES UNDER LOANS

	<b>31/03/2022</b> HRK' 000	<b>31/12/2021</b> HRK' 000
<b>Liabilities under loans</b>		
Non-current	117,445	100,912
Current	186,724	199,014
	<b>304,169</b>	<b>299,926</b>

Bank borrowings are secured by mortgages over the Group's immovable property and pledges over its movable property. The current value of immovable property on which a lien has been registered amounts to HRK 206,866 thousand, while the current value of movable property on which a lien has been registered amounts to HRK 16,401 thousand.

Long-term bank borrowings mature as follows:

	<b>31/03/2022</b> HRK' 000
Within one year	186,724
In 1 to 2 years	7,577
In 2 to 5 years	65,330
More than 5 years	44,538
	<b>304,169</b>

## 12. RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability to control the other party, if it is under joint control or has a significant impact on the business of the other party. The Republic of Croatia and other companies under control or a 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 related party disclosures, the Group does not consider routine transactions (such as taxes, levies, etc.) with various local utility entities (directly or indirectly owned by the State) or with other bodies to be related party transactions. The most significant transactions between the Group and state-owned companies pertain to electricity and heat supply and similar services. Apart from the above, in Q1 2022 the Group realised the total of HRK 263.0 million (Q1 2021: HRK 114.5 million) of sales revenues with state institutions and other companies where the State is a majority owner or has a significant influence, which mostly pertain to engineering services in the energy sector, rail vehicles and industrial electronics.

All related party transactions are based on arm's length conditions (purchase of goods, sale of products and provision of services).

	<b>31/12/2021</b> HRK' 000	<b>31/12/2021</b> HRK' 000
<b>Receivables</b>		
Affiliated companies	31,895	53,912
Joint ventures	522	1,660
	<b>32,417</b>	<b>55,572</b>
<b>Liabilities</b>		
Affiliated companies	12,991	13,192
Joint ventures	-	49
	<b>12,991</b>	<b>13,241</b>
	<b>01/01/2022</b> <b>to 31/03/2022</b> HRK' 000	<b>01/01/2021</b> <b>to 31/03/2021</b> HRK' 000
<b>Sales revenues</b>		
Affiliated companies	26,986	21,611
Joint ventures	0	117
	<b>26,986</b>	<b>21,728</b>
<b>Operating expenses</b>		
Affiliated companies	24,677	14,454
Joint ventures	75	1,469
	<b>24,752</b>	<b>15,923</b>

### 13. EVENTS AFTER THE REPORTING 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 quarterly consolidated financial statements of the Group for Q1 2022 and as a result, those financial statements are appropriate for disclosure.

## C Management's Statement of Responsibility

Consolidated financial statements of KONČAR Group have been 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 to 31 March 2022 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 31 March 2022 gives a true and fair view of the company's business performance.

Signed on behalf of the Management Board:

mr.sc. Gordan Kolak, dipl. ing  
President of the Management Board



Josip Lasić, CFA  
Member of the Management Board and CFO



Zagreb, 28 April 2022



**KONČAR**

Fallerovo šetalište 22  
10000 Zagreb, Croatia  
phone: +385 1 3655 555  
e-mail: [marketing@koncar.hr](mailto:marketing@koncar.hr), [ir@koncar.hr](mailto:ir@koncar.hr)