

# Business Results of KONČAR Group

## Consolidated Report for KONČAR Group

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for the period  
January - September  
2022



**KONČAR**  
Inspired by challenge



# Key indicators

Export

**+25%**

Sales revenue

**+26%**

Backlog

**+19%**

EBITDA

**+63%**

Book-to-bill ratio

**1.31**

Net profit

**+81%**

*Compared to 2021  
Backlog compared to 31 Dec 2021  
Without Dalekovod Group*

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# A Statement of the Management Board

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



KONČAR Group ends Q3 2022 with good business results, which are reflected in growing income, a significantly higher order intake, greater net profit and realized EBITDA. We have leveraged growth opportunities stemming from rising demand for power engineering products and equipment, primarily transformers, which has enabled us to increase our income across all key markets.

Our results come on the back of tailwinds in the face of all negative and complex macroeconomic conditions that businesses have been experiencing in the last three years. The war in Ukraine and economic sanctions against Russia add on to the consistent pressures from supply chain disruptions. Surging energy prices, rampant inflation and soaring interest rates drive up costs and impact profitability. In such an uncertain and volatile environment, KONČAR Group management was agile to respond and organize efficient and better operations that can absorb unprecedented external shocks. The share of costs of raw materials and commodities in sales increased by 5.7 percentage points on Group level, reaching up to 10 percentage points in those Group members with long-term agreements. The management has been exceptionally dedicated to negotiating existing agreements that had been concluded before the surge in prices, all with the aim of realizing deliveries within the agreed terms.

Irrespective of all the efforts invested in negotiations with customers and suppliers, it is not realistic to expect that all cost elements will be incorporated into the final product price nor is it realistic to expect that the prices will return to pre-pandemic levels. This situation points to possible further pressures on profit margins. In order to maintain profitability levels, certain savings have been realized in operating costs, which is primarily reflected in improved productivity.

Encouraging indicators that boost further optimism are the growth of order intake and book-to-bill ratio. In the period January - September new order intake amounts to HRK 3,993.0 million. Book-to-bill ratio remains high at 1.31. Backlog at the end of September amounts to HRK 5,955.0 million, which represents a gain in the amount of HRK 946.4 million (18.9%) in relation to 2021 year-end. The merger of Dalekovod has additionally increased backlog by HRK 1 billion, totalling HRK 6,971.7 million for KONČAR Group.

Good order intake has resulted in an expansion of income generated from the sales of products and services across all markets. Consolidated income generated from the sales of products and services amounts to HRK 3,046.5 million, representing a year-on-year increase of HRK 635.9 million or 26.4%. The integration of Dalekovod resulted in an EBITDA sales upturn in the amount of HRK 524.3 million and it now reaches HRK 3,562.7 million. The majority of the income is generated in foreign markets. Together with Dalekovod, realized exports grow by HRK 415.0 million and stand at HRK 2,277.5 million or 64% of total sales income as at the end of September. Considerable growth in order intake across export markets has been achieved this year, creating preconditions for further export gains in the upcoming period.

Excellent sales results are matched with good financial performance. The consolidated net profit of KONČAR Group amounts to HRK 277.3 million, up by HRK 123.9 million or 80.7% year-on-year. EBITDA amounts to HRK 373.7 million, representing an increase of HRK 144.8 million compared to the period Q1-Q3 2021. EBITDA margin is 12.3 percent (compared to 9.5 percent in Q1-Q3 2021). Normalized EBITDA amounts to HRK 219.5 million and is HRK 26.2 million higher year-on-year. Normalized EBITDA margin is 7.2%.

The integration of Dalekovod resulted in an EBITDA upturn in the amount of HRK 24.6 million and it now reaches HRK 398.3 million.

In an environment where forecasting options have been increasingly precarious, we expect to end the business year on plan. Moving forward into the next year, the priority is to maintain export orientation and an upward growth trajectory while boosting profitability and continuing the rolled out investment cycle.

Gordan Kolak  
President of the Management Board

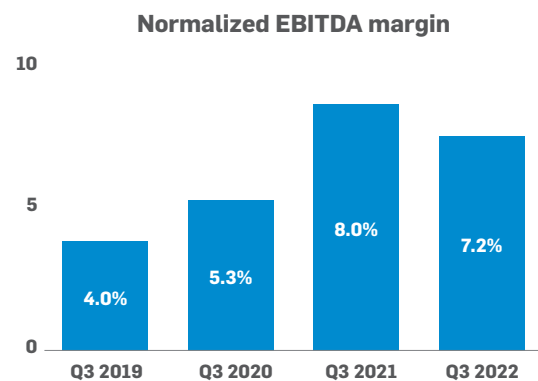
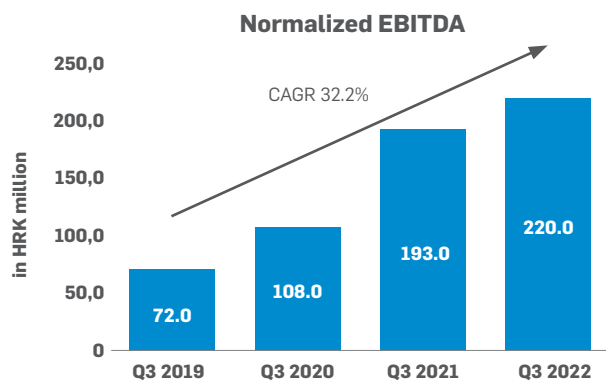
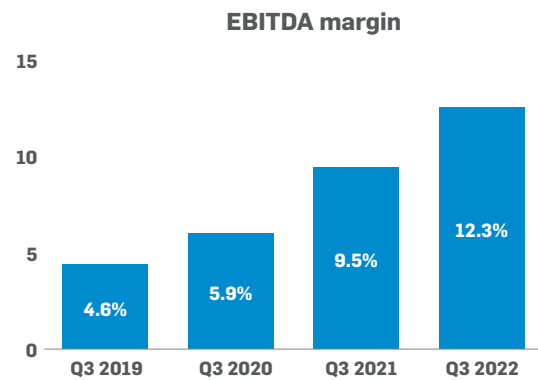
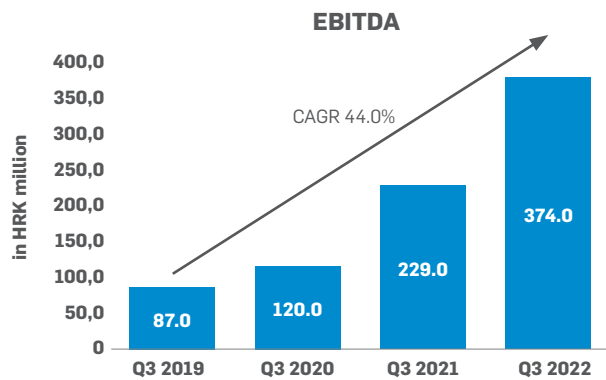
A handwritten signature in blue ink, appearing to read 'Gordan Kolak', written in a cursive style.

## KEY PERFORMANCE INDICATORS

in HRK 000	KONČAR			Dalekovod	KONČAR Group		
	Q3 2021	Q3 2022	Index 2022/2021		Q3 2022	Q3I 2022.	Δ 2022/2021
<b>Operating income</b>	<b>2,481,543</b>	<b>3,238,556</b>	<b>130,5</b>	<b>527,783</b>	<b>3,758,218</b>	<b>1,276,675</b>	<b>151.4</b>
Sales revenue – total	2,410,626	3,046,542	126,4	524,320	3,562,744	1,152,118	147.8
Sales revenue – export	1,494,511	1,862,305	124,6	414,978	2,277,547	783,036	152.4
<b>Operating expenses</b>	<b>2,325,328</b>	<b>2,942,505</b>	<b>126,5</b>	<b>518,180</b>	<b>3,453,648</b>	<b>1,128,320</b>	<b>148.5</b>
Operating profit	156,215	296,051	189,5	9,603	304,570	148,355	195.0
Operating margin	6.5	9.7		1.8%	8.5		
Net profit	153,458	277,347	180,7	4,145	280,406	126,948	182.7
Depreciation and amortisation	72,713	77,691	106,8	14,971	93,749	21,036	128.9
<b>EBITDA</b>	<b>228,928</b>	<b>373,742</b>	<b>163,3</b>	<b>24,574</b>	<b>398,319</b>	<b>169,391</b>	<b>174.0</b>
EBITDA margin	9,5%	12,3%		4,7%	11,2%		
Normalised EBITDA <sup>1</sup>	193,259	219,501	113,6	24,042	243,547	50,288	126.0
Normalised EBITDA margin <sup>1</sup>	8.0%	7.2%		4.6%	6.8%		
Cash balance (deposits + cash) <sup>2</sup>	544,928	361,658	66,4	41,694	403,350	-141,578	74.0
Loans (long-term + short-term) <sup>2</sup>	300,275	501,006	166,8	70,716	511,805	211,530	170.4
<b>Transactions contracted</b>	<b>3,362,466</b>	<b>3,992,963</b>	<b>118,8</b>	<b>420,954</b>	<b>4,413,817</b>	<b>1,051,351</b>	<b>131.3</b>
Backlog <sup>2</sup>	5,008,626	5,955,048	118,9	1,008,528	6,971,694	1,963,068	139.2
Book-to-bill ratio	1.39	1.31		0.80	1.24		

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

Cash balance, loans, backlog: balance as at 31 December 2021





## Key Indicators of the Income Statement for the period January - September 2022

Following the session of the General Assembly of Dalekovod d.d. and the election of the members of the Supervisory Board on 31 March 2022, the conditions for acquiring control over Dalekovod Group companies and integration into KONČAR's operations and consolidated financial statements were met. The Consolidated Financial Statements of KONČAR include the consolidated results of Dalekovod Group for the period April - September 2022.

For the purpose of data comparability, the business results of Dalekovod are excluded from the Consolidated Statement of KONČAR Group for the period from January to September 2022, while the results which integrate Dalekovod for the period April - September 2022 are presented separately.

## Income Statement / excluding Dalekovod

For the period January - September 2022, KONČAR Group member companies realised total operating income in the amount of HRK 3,238.6 million, which represents an increase of HRK 757.0 million or 30.5% year-on-year. When that amount is deduced from operating income, the year-on-year growth amounts to HRK 638.4 million or 26%.

Consolidated income generated from the sales of products and services amounts to HRK 3,046.5 million, representing a year-on-year increase of HRK 635.9 million or 26.4%.

Other operating income for Q1-Q3 2022 amounts to HRK 192.0 million, representing a year-on-year gain of HRK 121.1 million. Among other income, the most significant amount pertains to the one-off item: acquisition of Dalekovod, operating income pertains for the most part to other provisions, income from the sale of non-core assets, loss compensation income and income from state aid subsidies.

Operating expenses amount to HRK 2,942.5 million, representing a year-on-year increase of 26.5 percent. With reference to operating expenses, material costs (cost of raw materials and commodities, costs of goods sold and other external costs) amount to HRK 2,265.9 million and are HRK 604.8 million (36.4%) higher year-over-year. The share of material costs in sales income, adjusted for inventory value changes, amounts to 72%, representing an increase of 4.2 percentage points compared to the same period in the previous year. The share of costs of raw materials and commodities in sales rose to 62.5% and is 5.7 percentage points higher year-on-year. The share of costs of goods sold in the income generated from sales is down by 0.3 percentage points. Other external costs stand at HRK 247.8 million, while their share in sales income amounts to 7.9%. The share of other expenses in sales income was reduced by 1.2 percentage points year-on-year.

Staff costs amount to HRK 535.1 million, representing a year-on-year increase of HRK 47.7 million or 9.8%. The share of staff costs in sales income amounts to 17.0%, representing a year-on-year decrease of 2.9 percentage points.

Other operating expenses amount to HRK 153.2 million, representing a year-on-year increase of HRK 19.1 million. Other operating expenses pertain to staff remuneration and other employees' rights amounting to HRK 70.9 million, and to non-production services, intellectual services, insurance premiums and other, amounting to HRK 82.3 million. The share of other expenses in adjusted sales income is 0.6 percentage points lower compared to the same period in 2021.

Operating profit (EBIT) amounts to HRK 296.1 million, representing a year-on-year increase of HRK 139.8 million. Operating margin stands at 9.7%.

Normalized operating profit amounts to HRK 141.8 million, which is HRK 21.3 million rise year-over-year. Normalized EBIT margin is 4.7% which is a 0.3 percentage points improvement on last year's performance (5% for Q1-Q3 2021).

The balance of profit and loss, attributable to holders of ownership interest and shareholders of the Group parent company, associated companies and joint ventures, amounts to HRK 12.5 million.

The difference between finance income and expenses is positive, amounting to HRK 2.8 million.

Total consolidated income generated by the Group amounts to HRK 3,261.3 million, representing a growth of HRK 756.2 million (30.2%) compared to Q1-Q3 2021. Operating profit of HRK 296.1 million, share in the profit of associated parties and joint ventures in the amount of HRK 12.5 million and a positive difference between finance income and expenses in the amount of HRK 2.8 million, resulted in consolidated profit before tax amounting to HRK 311.6 million. Income tax advance amounts to HRK 34.3

million. The realized net profit for the reporting period stands at HRK 277.1 million.

EBITDA amounts to HRK 373.7 million, representing a growth of HRK 144.8 million compared to Q1-Q3 2021. EBITDA margin is 12.3% (Q1-Q3 2021 it stood at 9.5%).

Normalized EBITDA amounts to HRK 219.5 million and is HRK 26.2 million higher year-on-year. Normalized EBITDA is EBITDA less the net effect of provisions, asset sale income, loss 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 7.2 percent (it amounted to 8 percent in the same period of 2021).

## Consolidated Profit and Loss Statement

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Item (HRK 000)	Q3 2021	Q3 2022	Δ	2022/2021
<b>OPERATING INCOME</b>	<b>2,481,543</b>	<b>3,238,556</b>	<b>757,013</b>	<b>130.5</b>
<b>OPERATING EXPENSES</b>	<b>2,325,328</b>	<b>2,942,505</b>	<b>617,177</b>	<b>126.5</b>
Material costs and changes in the value of inventories	1,620,485	2,165,065	544,580	<b>133.6</b>
Staff costs	487,477	535,149	47,672	<b>109.8</b>
Depreciation and amortisation	72,713	77,691	4,978	<b>106.8</b>
Other costs	140,793	159,319	18,526	<b>113.2</b>
Value adjustment of non-current and current assets	3,860	5,281	1,421	<b>136.8</b>
<b>OPERATING PROFIT</b>	<b>156,215</b>	<b>296,051</b>	<b>139,836</b>	<b>189.5</b>
SHARE IN PROFIT OF ASSOCIATED PARTIES	16,628	12,821	-3,807	
SHARE IN LOSS OF ASSOCIATED PARTIES	344	77	-267	
FINANCE INCOME	6,965	9,927	2,962	<b>142.5</b>
FINANCE COSTS	3,115	7,086	3,971	<b>227.5</b>
<b>TOTAL INCOME</b>	<b>2,505,136</b>	<b>3,261,304</b>	<b>756,168</b>	<b>130.2</b>
<b>TOTAL EXPENSES</b>	<b>2,328,787</b>	<b>2,949,668</b>	<b>620,881</b>	<b>126.7</b>
Profit before tax	176,349	311,636	135,287	<b>176.7</b>
Corporate tax	22,891	34,289	11,398	<b>149.8</b>
<b>PROFIT FOR THE PERIOD</b>	<b>153,458</b>	<b>277,347</b>	<b>123,889</b>	<b>180.7</b>

## Consolidated Income Statement including Dalekovod

Dalekovod Group generated operating income in the amount of HRK 527.8 million for the period April - September 2022. Sales income amounts to HRK 524.3 million and operating profit in the amount of HRK 9.6 million was realized. Realized EBITDA is HRK 24.6 million with 4.7% EBITDA margin. Normalized EBITDA and normalized EBITDA margin remain on the same level. The realized net profit stands at HRK 4.1 million.

When Dalekovod is integrated into the Consolidated Statements of KONČAR, operating income reaches the amount of HRK 3,758.2 million and is HRK 1,276.7 million higher compared to the amount achieved in the period January - September 2021. Income from the sales of products and services rose by HRK 1,152.1 million. Exports were realized in the amount of HRK 2,277.5 million and account for 64% of the total sales income. EBITDA amounts to HRK 398.3 million with 11.2% EBITDA margin. Consolidated net profit of KONČAR Group (KONČAR and Dalekovod) amounts to HRK 280.4 million.

## Consolidated Income Statement including Dalekovod

Item (HRK 000)	Index			
	Q3 2021	Q3 2022	Δ	2022/2021
<b>OPERATING INCOME</b>	<b>2,481,543</b>	<b>3,758,217</b>	<b>1,276,674</b>	<b>151.4</b>
<b>OPERATING EXPENSES</b>	<b>2,325,328</b>	<b>3,453,648</b>	<b>1,128,320</b>	<b>148.5</b>
Material costs and changes in the value of inventories	1,620,485	2,465,991	845,506	<b>152.2</b>
Staff costs	487,477	671,013	183,536	<b>137.7</b>
Depreciation and amortisation	72,713	93,747	21,034	<b>128.9</b>
Other costs	140,793	217,618	76,825	<b>154.6</b>
Value adjustment of non-current and current assets	3,860	5,279	1,419	<b>136.8</b>
<b>OPERATING PROFIT</b>	<b>156,215</b>	<b>304,569</b>	<b>148,354</b>	<b>195.0</b>
SHARE IN PROFIT OF ASSOCIATED PARTIES	16,628	12,820	-3,808	
SHARE IN LOSS OF ASSOCIATED PARTIES	344	77	-267	
<b>FINANCE INCOME</b>	<b>6,965</b>	<b>7,056</b>	<b>91</b>	<b>101.3</b>
<b>FINANCE COSTS</b>	<b>3,115</b>	<b>8,842</b>	<b>5,727</b>	<b>283.9</b>
<b>TOTAL INCOME</b>	<b>2,505,136</b>	<b>3,778,093</b>	<b>1,272,957</b>	<b>150.8</b>
<b>TOTAL EXPENSES</b>	<b>2,328,787</b>	<b>3,462,567</b>	<b>1,133,780</b>	<b>148.7</b>
Profit before tax	176,349	315,526	139,177	<b>178.9</b>
Corporate tax	22,891	34,408	11,517	<b>150.3</b>
<b>PROFIT FOR THE PERIOD</b>	<b>153,458</b>	<b>281,118</b>	<b>127,660</b>	<b>183.2</b>
Income/loss from discontinued operations		-712	-712	
	<b>153,458</b>	<b>280,406</b>	<b>126,948</b>	<b>182.7</b>

## Statement of Financial Position

## Key indicators of the Statement of Financial Position as at 30 September 2022 - consolidated with Dalekovod

Significant changes to the Consolidated Statement of Financial Position of KONČAR Group at the end of Q3 2022 compared to the position at 2021 year-end are the result of the integration of Dalekovod Group into the operations of KONČAR Group.

Compared to the position as at year end 2021, significant changes occurred in the following items:

- Balance of total consolidated funds and sources of funds as at 30 September 2022 amounts to HRK 5,695.0 million, representing an increase of HRK 1,247.7 million or 28.1% compared to the balance as at 31 December 2021.
- Inventories increased by HRK 441.4 million. All members of the Group recorded a rise in inventories and the most significant increase is with the companies where increased deliveries are expected in the upcoming period (rail vehicles, transformer segment). Non-current assets held for sale amount to HRK 17.8 million, a reduction of HRK 35.2 million. The decrease resulted from sales of facilities that are not in the function of the core business.
- Total current receivables rose by HRK 638.1 million. Trade receivables and contract assets grew by HRK 496.4 million. The effect of Dalekovod on the growth of total current receivables amounts to HRK 481.7 million.
- Financial assets decreased by HRK 285.3 million. Deposits over three months amount to HRK 15.8 million and are down by HRK 106.0 million compared 2021 year-end. Other financial assets amount to HRK 1.0 million, representing a decrease of HRK 179.3 million compared to 31 December 2021, and pertain to the process of share capital increase of Dalekovod.
- Cash balance at the end of Q3 2022 is down HRK 36.2 million and amounts to HRK 387.6 million.
- Capital and reserves amount to HRK 3,197.8 million, a rise of HRK 354.1 million compared to the balance as at 31 December 2021.
- Non - controlling (minority interest) amounts to HRK 517.9 million, which is HRK 202.5 million gain in relation to 31 December 2021.
- Non - current provisions amount to HRK 200.1 million and are up by HRK 22.3 million compared to 2021 year-end.
- Non - current liabilities stand at HRK 394.1 million, representing an increase of HRK 289.1 million. The amount of liabilities towards long-term loans expanded by HRK 96.7 million. Current liabilities for loans (not towards banks) amount to HRK 155.4 million, representing an increase of HRK 155.0 million compared to 2021 year-end.
- Current liabilities amount to HRK 1,680.5 million and are higher by HRK 508.5 million compared to the balance as at 31 December 2021.



- In the structure of current liabilities, significant changes occurred in the item pertaining to trade payables, which increased by HRK 333.7 million, largely attributed to the companies operating in the transformer segment and integration of Dalekovo in the amount of HRK 212.5 million.
- Current liabilities toward banks amount to HRK 193.1 million, representing a decrease of HRK 5.9 million compared to the balance as at the end of 2021.
- Accrued expenses and deferred income amount to HRK 221.8 million, representing an increase of HRK 73.6 million.

Total current assets and prepaid expenses exceed 2 times total current liabilities, accrued expenses and deferred income. The structure of the Consolidated Statement of Financial Position indicates a balance between funding sources and investments and an overall financial stability of KONČAR Group.

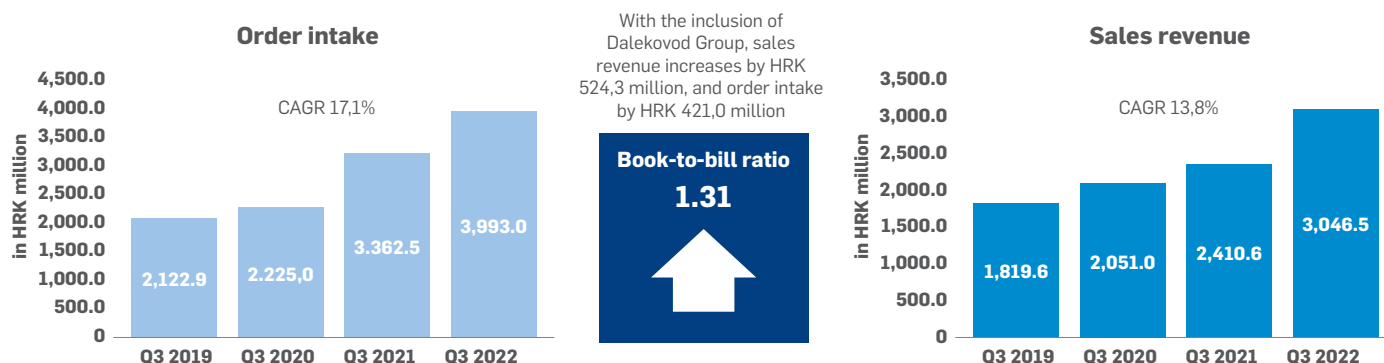
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Summarised balance sheet (in HRK 000)	31/12/2021	30/9/2022	Δ	2022/2021
<b>Assets</b>	<b>4,447,304</b>	<b>5,695,029</b>	<b>1,247,725</b>	<b>128.1</b>
Non-current assets	1,502,885	1,983,060	480,175	132.0
Current assets	2,944,419	3,711,969	767,550	126.1
<b>Liabilities</b>	<b>1,603,663</b>	<b>2,497,270</b>	<b>893,607</b>	<b>155.7</b>
Provisions	178,661	200,876	22,215	112.4
Non-current liabilities	104,914	394,061	289,147	375.6
Current liabilities	1,320,088	1,902,333	582,245	144.1
<b>Equity</b>	<b>2,843,641</b>	<b>3,197,759</b>	<b>354,118</b>	<b>112.5</b>

in HRK 000	31/12/2021	30/9/2022	Δ
Current assets	2,944,418	3,711,969	767,551
Current liabilities	1,320,086	1,902,333	582,247
<b>Current ratio</b>	<b>2,2</b>	<b>2,0</b>	

in HRK 000	31/12/2021	30/9/2022	Δ
Non-current liabilities toward banks	100,912	173,407	72,495
Current liabilities towards banks	199,014	183,048	-15,966
Liabilities for loans	350	155,350	155,000
Financial assets	180,960	980	-179,980
Cash and cash equivalents (deposits+cash)	544,928	403,350	-141,578
<b>Net debt</b>	<b>-425,612</b>	<b>107,475</b>	<b>533,087</b>
Normalized EBITDA	53,729	243,547	189,818
<b>Net debt / normalized EBITDA</b>	<b>neg</b>	<b>0,4</b>	

## Market position



in HRK 000

Segments	Realised January - September 2021	Share in total	Realised January - September 2022	Share in total
<b>Power generation</b>	<b>329,658</b>	<b>12,6</b>	<b>402,515</b>	<b>10,2</b>
<b>Power transmission and distribution total</b>	<b>1,721,557</b>	<b>64,1</b>	<b>2,507,171</b>	<b>63,8</b>
Transmission	571,183	21,1	1,046,367	26,6
Distribution	1,150,374	42,9	1,460,804	37,2
<b>Rail solutions and infrastructure</b>	<b>402,663</b>	<b>14,9</b>	<b>577,062</b>	<b>14,7</b>
Rail solutions	365,108	13,5	508,961	12,9
Construction and modernisation of rail infrastructure	37,555	1,4	68,101	1,7
<b>Digital solutions</b>	<b>13,436</b>	<b>0,5</b>	<b>20,087</b>	<b>0,5</b>
<b>Other</b>	<b>212,807</b>	<b>8,0</b>	<b>424,633</b>	<b>10,8</b>
<b>Total unconsolidated sales income</b>	<b>2,680,121</b>	<b>100</b>	<b>3,931,468</b>	<b>100,0</b>
<b>Intercompany eliminations</b>	<b>269,495</b>		<b>368,724</b>	
<b>Total consolidated sales income</b>	<b>2,410,626</b>		<b>3,562,744</b>	

In the period from January to September 2022, KONČAR Group companies generated consolidated income from the sales of products and services in the amount of HRK 3,046.5 million, representing an increase of HRK 635.9 million (26.4%) compared to the results achieved in the same period in 2021. The integration of Dalekovod resulted in a sales upturn in the amount of HRK 524.3 million and it now reaches HRK 3,562.7 million.

Income generated in the domestic market amounts to HRK 1,184.2 million, which is HRK 268.1 million (29.3%) growth year-on-year. Sales in the domestic market accounted for 38.9% of the total sales income.

In the structure of income from the sales in the domestic market, income from the sales of products and services to HEP Group companies (HEP – Generation, HEP – Distribution System Operator and Croatian Transmission System Operator, as well as indirectly to Brodomerkur and Brodometalurgija for HEP) amount to HRK 469.4 million (15.5% of the total income from the sales of products and services). The realized amount is HRK 62.2 million higher year-on-year.

Income from the sales of products and services to HŽ Passenger Transport, HŽ Infrastructure and Rolling Stock Technical Services amounts to HRK 312.2 million (10.2% of the total income generated from sales). The most significant amount, HRK 193 million, pertains to the realization of the agreement for the delivery of trains to HŽ Passenger Transport.

The integration of Dalekovod resulted in an increase of income generated in the domestic market in the amount of HRK 109.3 million and it now reaches HRK 1,285.2 million. Dalekovod generates the majority of the domestic market income from agreements with HEP.

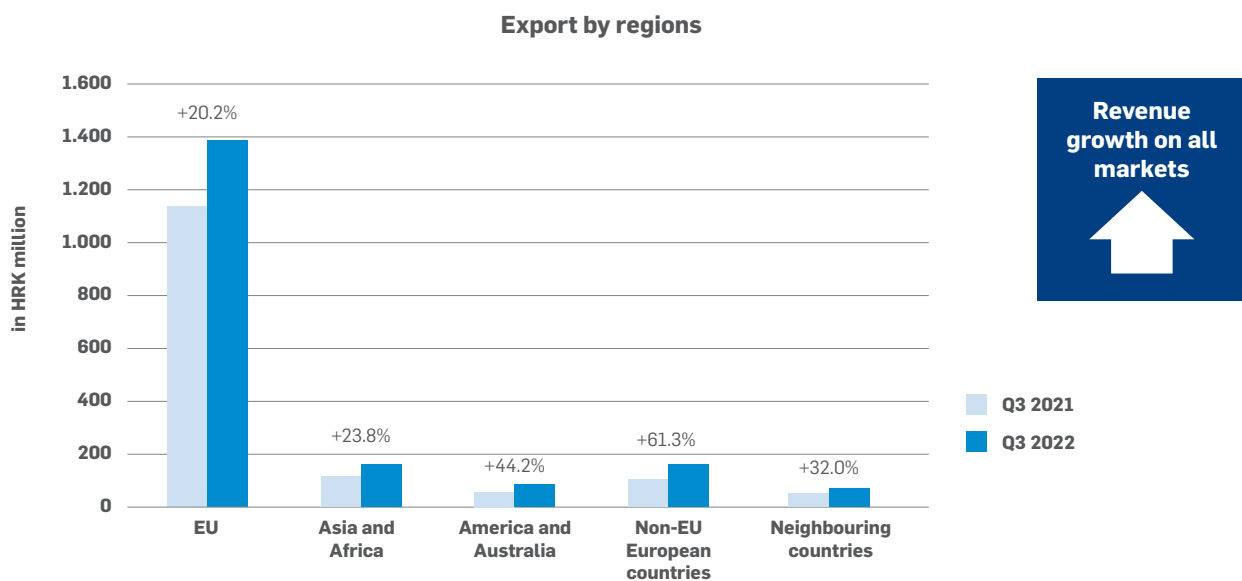
Income generated from the sales of products and services in foreign markets amounts to HRK 1,862.3 million, representing a gain of HRK 367.8 million or 24.6 percent year-on-year. Exports account for 61.1 percent of the total product and service sales income.

By country, the most significant export volume pertains to the German market, in the amount of HRK 332.7 million, accounting for 17.9 percent of the total exports (an increase of HRK 40,0 million year-on-year). Goods and services exported to Sweden amount to HRK 238.8 million (12.8 percent of the total exports) and to Austria they amount to HRK 95.7 million (5.1 percent of the total exports).

Year-over-year, product and service export income increased across all markets. The most significant growth in exports was realised in the EU market with an expansion of HRK 215.9 million. Exports to the European Union countries amounts to HRK 1,343.4 million or 72.1% of the total exports.

The integration of Dalekovod resulted in an exports upturn in the amount of HRK 415.0 million and at September-end it amounted to HRK 2,277.5 million or 64% of total sales income. Dalekovod boosted exports to Sweden by HRK 162.2 million and Norway by HRK 113.5 million.

In the period from January to September 2022, order intake in foreign markets grew significantly, which created conditions for further export growth in the upcoming period.



### Order intake and backlog

In Q1-Q3 2022, KONČAR Group companies contracted new projects worth HRK 3,993.0 million. Compared to the previous year, the value of order intake rose by HRK 630.5 million (18.8%). Book-to-bill ratio for Q1-Q3 2022 is 1.31.

Out of the total amount of order intake, HRK 2,927.0 million (73.3% of total order intake) pertains to export agreements, whereas HRK 1,066.0 million (26.7% of the total order intake) pertains to the Croatian market.

In terms of order intake in the domestic market, the most significant portion in the amount of HRK 752.9 million pertains to the agreements with HEP Group (HEP – Generation, HEP – Distribution System Operator, Croatian Transmission System Operator). HEP accounts for 18.9% of the total order intake. Two significant agreements in the domestic market include the agreement with Hrvatske vode (Croatian waters) in the amount of HRK 77.8 million and the tramway maintenance and service agreement with Zagrebački holding (Zagreb holding) in the amount of HRK 73.7 million.

In the period from January to September 2022, order intake in the foreign markets amounted to HRK 2,927.0 million, a gain of HRK 911.9 million or 45.3% percent year-on-year.

Of the total order intake in foreign markets, the majority pertains to the the European Union countries, amounting to HRK 1,983.9 million, which is HRK 444.2 million or 29.4 percent more than contracted in the same period in 2021. The EU market accounts for 67.8% of the total order intake.

There is an upturn in order intake across all markets compared to Q1-Q3 2021. The volume of order intake outside EU increased by HRK 248.4 million, in Asia and Africa it grew by HRK 148.0 million, in the American and Australian markets by HRK 35.6 million and in the neighbouring countries by HRK 35.7 million.

Broken down by countries, the most significant order intake volume pertains to the German market, in the amount of HRK 612.2 million (HRK 204.1 rise year-on-year), followed by Iraq as the second market in terms of order intake in 2022. In June, an agreement, worth EUR 65 million was signed with Iraq's Ministry of Electricity for the revitalization of Haditha hydropower plant. The plant built in the 1980s, with the installed capacity of 6x128 MVA, is one of KONČAR's flagship projects. The consortium agreement with the Iraqi company includes the partial revitalization of the HPP. Končar - Engineering will spearhead this project and other companies within KONČAR Group will also be involved in the project: Generators and Motors, Electronic and Informatics, Metal Structures, Instrument Transformers, Switchgear and Power Transformers. Of the total amount of the agreement, the amount of HRK 253.6 million pertains to KONČAR. The largest part of the agreement is scheduled for implementation in 2023 and 2024.

Significant orders also include Sweden which accounts for HRK 303.0 million in Q1-Q3, Spain with HRK 174.8 million, and Austria with HRK 125.6 million.

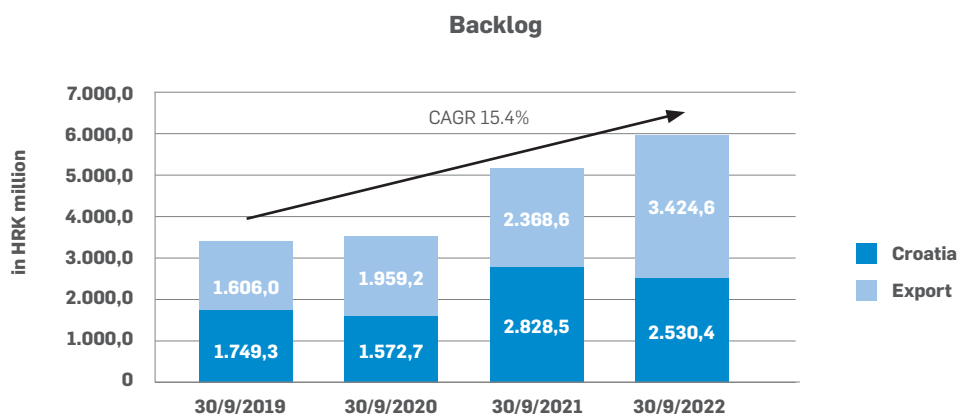
In terms of delivery dynamics, HRK 1,346.0 million was contracted to be realised in 2022, which accounts for 33.7% of order intake, and HRK 2,647.0 million (66.3 %) was contracted for realization in the upcoming years.

The value of order intake (backlog) as at the end of September 2022 amounts to HRK 5,955.0 million, representing an 18.9% increase compared to the value at the year-start. Backlog at the end of Q3 2022 is higher by HRK 757.9 million year-on-year (HRK 5,197.2 million as at 30 September 2021).

In the balance of open liabilities, orders for realization in 2022 amount to HRK 2,530.4 million, which represents full realization of the sales income plan.

Including Dalekovod, backlog as at the end of September stands at HRK 6,971.7 million.

Dalekovod Group companies recorded HRK 420.8 million of order intake in the period April - September 2022. The largest part of the order intake, amounting to HRK 159.5 million, pertains to customers in Sweden and North Macedonia. Order intake in the domestic market amounts to HRK 162.4 million.





## Information for Shareholders

KOEI-R-A	30/9/2021	30/9/2022	Index
Final price (HRK)	720,00	870,00	120.8
Highest price (HRK)	765,00	980,00	128.1
Lowest price (HRK)	580,00	825,00	142.2
Volume	74,788	47,691	63.8
Turnover (HRK)	51,542,825	42,750,765	82.9
Market capitalisation (HRK)	1,832,723,280	2,214,540,630	120.8
EPS (HRK) (profit of the parent company owner/weighted average number of shares)	48,28	72,36	149.9

The shares of Končar – Electrical Industry Inc. are listed on the Official Market of the Zagreb Stock Exchange. The shares are identified by the identification code 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.

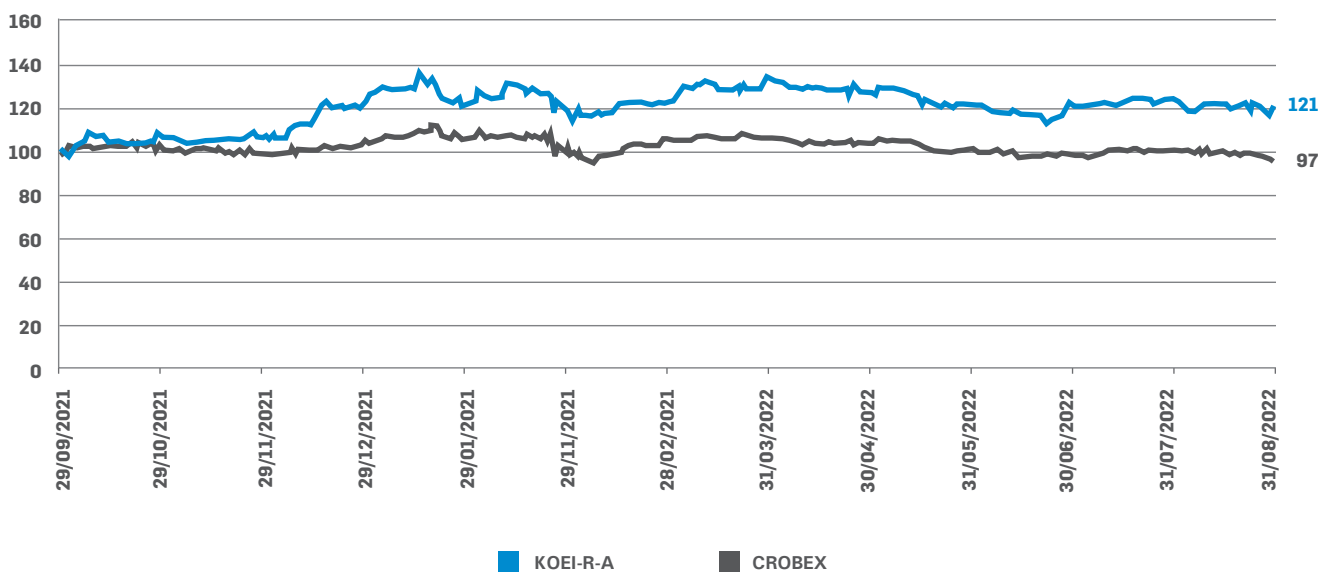
Compared to the same date in 2021, the final KONČAR share price increased by 20.8 percent.

Earnings per share amount to HRK 72.36, representing a gain of HRK 24.08 compared to earnings per share realized in Q1-Q3 2021.

Market capitalisation amounts to HRK 2,214.5 million, representing a growth of HRK 381.8 million year-on-year.

On 10 June 2022, the General Assembly of the Shareholders of Končar – Electrical Industry Inc. was held. The Assembly adopted the resolution to distribute dividends to the Company's Shareholders in the amount of HRK 13.0 per share. The dividend was distributed on 10 July 2022 to all Shareholders registered in the Issuer's Register (Book of Shares) as at 25 June 2022.

### Indices of KOEI price and CROBEX value changes through the past year



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

## Annex 1

### ISSUER'S GENERAL DATA

Reporting period:	<b>01/01/2022</b>	to	<b>30/09/2022</b>
Year:	<b>2022</b>	Quarter:	<b>3</b>

### Tromjesečni financijski izvještaji

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>74780000HOSHMRAWO115</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>4776</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 - Infrastrucure and Services Ltd.</b>	<b>Zagreb</b>	<b>1343068</b>
<b>Končar - Electrical Engineering Institute Ltd.</b>	<b>Zagreb</b>	<b>3645363</b>
<b>Končar - Electronics and Informatics Inc.</b>	<b>Zagreb</b>	<b>3282899</b>
<b>Končar - Motors and Electrical Systems Ltd.</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 Ltd.</b>	<b>Zagreb</b>	<b>3641287</b>
<b>Končar - Electric Vehicles Inc.</b>	<b>Zagreb</b>	<b>3282660</b>
<b>Končar - Engineering Co. Ltd.</b>	<b>Zagreb</b>	<b>3654354</b>
<b>Končar - Metal Structures Ltd.</b>	<b>Zagreb</b>	<b>1114328</b>
<b>Končar - Investments Ltd.</b>	<b>Zagreb</b>	<b>5423392</b>
<b>Končar - Digital Ltd.</b>	<b>Zagreb</b>	<b>5478421</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 31.09.2022

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>1,983,060,525</b>
<b>I INTANGIBLE ASSETS (ADP 004 to 009)</b>	<b>003</b>	<b>50,281,675</b>	<b>90,165,758</b>
1 Research and development	004	23,441,820	19,950,203
2 Concessions, patents, licences, trademarks, software and other rights	005	13,639,257	45,198,907
3, Goodwill	006	7,342,331	8,555,331
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	5,857,012	16,461,317
6 Other intangible assets	009	1,255	0
<b>II TANGIBLE ASSETS (ADP 011 to 019)</b>	<b>010</b>	<b>1,128,124,352</b>	<b>1,506,156,369</b>
1 Land	011	153,078,764	305,165,284
2 Buildings	012	423,354,403	474,708,385
3 Plant and equipment	013	282,923,461	403,224,954
4 Tools, working inventory and transportation assets	014	61,709,713	96,569,353
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	7,290,898	54,601,125
7 Tangible assets in preparation	017	82,354,481	68,108,972
8 Other tangible assets	018	2,119,205	2,296,713
9 Investment property	019	115,293,427	101,481,583
<b>III FIXED FINANCIAL ASSETS (ADP 021 to 030)</b>	<b>020</b>	<b>275,512,196</b>	<b>292,414,117</b>
1 Investments in holdings (shares) of undertakings within the group	021	9,882,280	9,882,280
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	245,672,104
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	2,334,767
8 Loans, deposits, etc, given	028	2,497,574	9,671,503
9 Other investments accounted for using the equity method	029	20,503,106	21,481,606
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>58,766,676</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	12,351,749
4 Other receivables	035	24,228	46,414,927
<b>V DEFERRED TAX ASSETS</b>	<b>036</b>	<b>34,223,039</b>	<b>35,557,605</b>
<b>C) CURRENT ASSETS (ADP 038+046+053+063)</b>	<b>037</b>	<b>2,926,581,656</b>	<b>3,683,460,603</b>
<b>I INVENTORIES (ADP 039 to 045)</b>	<b>038</b>	<b>987,085,333</b>	<b>1,428,491,255</b>
1 Raw materials and consumables	039	497,075,569	849,355,133
2 Work in progress	040	286,011,805	337,850,696
3 Finished goods	041	79,653,664	147,119,969
4 Merchandise	042	991,303	4,259,711
5 Advances for inventories	043	70,416,953	72,145,284
6 Fixed assets held for sale	044	52,936,039	17,760,462
7 Biological assets	045	0	0

## BALANCE SHEET

### balance as at 31.09.2022

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	1,850,637,944
2 Receivables from companies linked by virtue of participating interests	047	0	0
3 Customer receivables	048	55,571,385	41,200,762
4 Receivables from employees and members of the undertaking	049	995,792,393	1,473,659,055
5 Receivables from government and other institutions	050	678,444	2,284,690
6 Other receivables	051	36,365,969	91,899,018
6 Other receivables	052	125,200,973	241,594,419
<b>III CURRENT FINANCIAL ASSETS (ADP 054 to 062)</b>			
1 Investments in holdings (shares) of undertakings within the group	053	302,056,346	16,735,726
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	121,468,792	16,284,193
9 Other financial assets	061	180,587,554	451,533
IV CASH AT BANK AND IN HAND	062	423,830,813	387,595,678
<b>D ) PREPAID EXPENSES AND ACCRUED INCOME</b>	063	17,836,520	28,507,781
<b>E) TOTAL ASSETS (ADP 001+002+037+064)</b>	064	4,447,303,517	5,695,028,909
<b>OFF-BALANCE SHEET ITEMS</b>	065	4,853,437,636	4,022,417,227
<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	3,197,759,210
II CAPITAL RESERVES	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	805,599,688	842,460,991
1 Legal reserves	071	70,543,024	72,799,858
2 Reserves for treasury shares	072	34,518,334	34,107,162
3 Treasury shares and holdings (deductible item)	073	-15,869,707	-15,458,535
4 Statutory reserves	074	480,131,885	511,382,824
5 Other reserves	075	236,276,152	239,629,682
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	-114,657	-390,459
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	-390,459
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	077	349,185,016	443,990,630
1 Retained profit	083	349,185,016	443,990,630
2 Loss brought forward	084	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	085	163,945,197	184,189,137
1 Profit for the business year	086	163,945,197	184,189,137
2 Loss for the business year	087	0	0
VIII MINORITY (NON-CONTROLLING) INTEREST	088	315,410,670	517,893,402
	089		



## BALANCE SHEET

### balance as at 31.09.2022

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>200,876,324</b>
1 Provisions for pensions, termination benefits and similar obligations	091	38,356,892	43,640,753
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	4,451,979	25,661,743
4 Provisions for renewal of natural resources	094	5,940,601	5,940,601
5 Provisions for warranty obligations	095	119,186,884	120,608,905
6 Other provisions	096	10,725,000	5,024,322
<b>C) LONG-TERM LIABILITIES (ADP 098 to 108)</b>	<b>097</b>	<b>104,913,819</b>	<b>394,060,301</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	173,406,893
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	39,232
9 Liabilities for securities	106	0	11,602,457
10 Other long-term liabilities	107	3,651,816	30,281,574
11 Deferred tax liability	108	0	23,380,145
<b>D) SHORT-TERM LIABILITIES (ADP 110 to 123)</b>	<b>109</b>	<b>1,183,895,480</b>	<b>1,680,544,503</b>
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	13,241,375	30,327,683
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	183,048,212
7 Liabilities for advance payments	116	306,826,207	392,889,319
8 Liabilities to suppliers	117	511,192,171	841,146,101
9 Liabilities for securities	118	0	1,412,509
10 Liabilities to employees	119	45,957,750	86,817,137
11 Taxes, contributions and similar liabilities	120	57,421,521	108,030,281
12 Liabilities arising from the share in the result	121	528,155	712,010
13 Liabilities arising from fixed assets held for sale	122	0	1,035,806
14 Other short-term liabilities	123	49,714,391	35,125,445
<b>E) ACCRUALS AND DEFERRED INCOME</b>	<b>124</b>	<b>136,191,439</b>	<b>221,788,571</b>
<b>F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)</b>	<b>125</b>	<b>4,447,303,517</b>	<b>5,695,028,909</b>
<b>G) OFF-BALANCE SHEET ITEMS</b>	<b>126</b>	<b>4,853,437,636</b>	<b>4,022,417,227</b>

## STATEMENT OF PROFIT OR LOSS for the period 01.03.2022 to 30.09.2022

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>2,484,724,683</b>	<b>858,678,552</b>	<b>3,758,220,838</b>	<b>1,411,300,334</b>
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	2,412,895,631	819,791,514	3,562,744,206	1,385,756,254
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	71,829,052	38,887,038	195,476,632	25,544,080
<b>II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)</b>	<b>007</b>	<b>2,327,483,268</b>	<b>782,742,098</b>	<b>3,453,652,406</b>	<b>1,345,665,888</b>
1 Changes in inventories of work in progress and finished goods	008	-39,924,631	-10,540,018	-97,786,965	19,937,458
<b>2 Material costs (ADP 010 to 012)</b>	<b>009</b>	<b>1,662,560,223</b>	<b>549,382,545</b>	<b>2,563,776,608</b>	<b>942,496,317</b>
a) Costs of raw materials and consumables	010	1,393,682,292	465,434,551	2,081,353,845	757,575,968
b) Costs of goods sold	011	47,209,054	8,704,373	94,853,678	37,065,518
c) Other external costs	012	221,668,877	75,243,621	387,569,085	147,854,831
<b>3 Staff costs (ADP 014 to 016)</b>	<b>013</b>	<b>487,478,850</b>	<b>165,402,108</b>	<b>671,015,303</b>	<b>250,633,902</b>
a) Net salaries and wages	014	299,156,732	101,274,548	428,606,683	160,141,937
b) Tax and contributions from salary costs	015	122,916,870	41,971,501	160,297,697	60,920,991
c) Contributions on salaries	016	65,405,248	22,156,059	82,110,923	29,570,974
4 Depreciation	017	72,713,263	24,318,648	93,749,244	34,150,758
5 Other costs	018	134,148,826	47,548,469	211,299,237	94,888,305
<b>6 Value adjustments (ADP 020+021)</b>	<b>019</b>	<b>3,862,017</b>	<b>2,190,176</b>	<b>5,279,323</b>	<b>3,079,744</b>
a) fixed assets other than financial assets	020	32,726	32,726	0	0
b) current assets other than financial assets	021	3,829,291	2,157,450	5,279,323	3,079,744
<b>7 Provisions (ADP 023 to 028)</b>	<b>022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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	6,644,720	4,440,170	6,319,656	479,404
<b>III FINANCIAL INCOME (ADP 031 to 040)</b>	<b>030</b>	<b>6,966,589</b>	<b>551,541</b>	<b>7,056,966</b>	<b>2,737,912</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	85,372	85,372	1,488,384	103,989
7 Other interest income	037	5,596,537	181,605	3,218,372	1,037,977
8 Exchange rate differences and other financial income	038	19,715	0	1,629,195	1,629,195
9 Unrealised gains (income) from financial assets	039	455,818	218,051	0	-190,795
10 Other financial income	040	809,147	66,513	721,015	157,546
<b>IV FINANCIAL EXPENSES (ADP 042 to 048)</b>	<b>041</b>	<b>3,115,412</b>	<b>1,021,245</b>	<b>8,842,371</b>	<b>895,804</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 30.09.2022

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	3,025,402	1,004,052	7,881,332	3,317,396
4 Exchange rate differences and other expenses	045	0	0	0	-3,204,768
5 Unrealised losses (expenses) from financial assets	046	0	0	738,916	738,916
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	90,010	17,193	222,123	44,260
<b>V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VRITUE OF PARTICIPATING INTERESTS</b>	<b>049</b>	<b>13,028,705</b>	<b>8,577,602</b>	<b>9,372,026</b>	<b>2,204,415</b>
<b>VI SHARE IN PROFIT FROM JOINT VENTURES</b>	<b>050</b>	<b>3,600,067</b>	<b>3,616,048</b>	<b>3,448,968</b>	<b>1,167,970</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>344,682</b>	<b>0</b>	<b>77,037</b>	<b>23,828</b>
<b>IX TOTAL INCOME (ADP 001+030+049 +050)</b>	<b>053</b>	<b>2,508,320,044</b>	<b>871,423,743</b>	<b>3,778,098,798</b>	<b>1,417,410,631</b>
<b>X TOTAL EXPENDITURE (ADP 007+041+051 + 052)</b>	<b>054</b>	<b>2,330,943,362</b>	<b>783,763,343</b>	<b>3,462,571,814</b>	<b>1,346,585,520</b>
<b>XI PRE-TAX PROFIT OR LOSS (ADP 053-054)</b>	<b>055</b>	<b>177,376,682</b>	<b>87,660,400</b>	<b>315,526,984</b>	<b>70,825,111</b>
1 Pre-tax profit (ADP 053-054)	056	177,376,682	87,660,400	315,526,984	70,825,111
2 Pre-tax loss (ADP 054-053)	057	0	0	0	0
<b>XII INCOME TAX</b>	<b>058</b>	<b>22,891,599</b>	<b>7,512,643</b>	<b>34,408,330</b>	<b>14,949,701</b>
<b>XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)</b>	<b>059</b>	<b>154,485,083</b>	<b>80,147,757</b>	<b>281,118,654</b>	<b>55,875,410</b>
1 Profit for the period (ADP 055-059)	060	154,485,083	80,147,757	281,118,654	55,875,410
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>-712,389</b>	<b>-75,238</b>
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	712,389	75,238
<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	712,389	75,238
<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>177,376,682</b>	<b>87,660,400</b>	<b>314,814,595</b>	<b>70,749,873</b>
1 Pre-tax profit (ADP 068)	069	177,376,682	87,660,400	314,814,595	70,749,873
2 Pre-tax loss (ADP 068)	070	0	0	0	0
<b>XVII INCOME TAX (ADP 058+065)</b>	<b>071</b>	<b>22,891,599</b>	<b>7,512,643</b>	<b>34,408,330</b>	<b>14,949,701</b>
<b>XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)</b>	<b>072</b>	<b>0</b>	<b>0</b>	<b>280,406,265</b>	<b>55,800,172</b>
1 Profit for the period (ADP 068-071)	073	154,485,083	80,147,757	280,406,265	55,800,172
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>154,485,083</b>	<b>80,147,757</b>	<b>280,406,264</b>	<b>55,800,171</b>
<b>1 Attributable to owners of the parent</b>	<b>076</b>	<b>122,906,639</b>	<b>68,789,034</b>	<b>184,189,137</b>	<b>39,968,437</b>
<b>2 Attributable to minority (non-controlling) interest</b>	<b>077</b>	<b>31,578,444</b>	<b>11,358,723</b>	<b>96,217,127</b>	<b>15,831,734</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>154,485,083</b>	<b>80,147,757</b>	<b>280,406,264</b>	<b>55,800,171</b>
<b>II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)</b>	<b>079</b>	<b>-495,230</b>	<b>271,096</b>	<b>-523,046</b>	<b>130,815</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 30.09.2022

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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>-495,230</b>	<b>271,096</b>	<b>-523,046</b>	<b>130,815</b>
1 Exchange rate differences from translation of foreign operations	088	-495,230	271,096	-523,046	130,815
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>-495,230</b>	<b>271,096</b>	<b>-523,046</b>	<b>130,815</b>
<b>VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)</b>	<b>098</b>	<b>153,989,853</b>	<b>80,418,853</b>	<b>279,883,218</b>	<b>55,930,986</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>153,989,853</b>	<b>80,418,853</b>	<b>279,883,219</b>	<b>55,930,986</b>
<b>1 Attributable to owners of the parent</b>	<b>100</b>	<b>122,645,504</b>	<b>68,931,983</b>	<b>183,913,336</b>	<b>39,843,456</b>
<b>2 Attributable to minority (non-controlling) interest</b>	<b>101</b>	<b>31,344,349</b>	<b>11,486,870</b>	<b>95,969,883</b>	<b>16,087,530</b>



## STATEMENT OF CASH FLOWS - direct method for the period 01.01.2022 to 30.09.2022

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	2,459,860,614	3,333,911,408
2 Cash receipts from royalties, fees, commissions and other revenue	002	0	0
3 Cash receipts from insurance premiums	003	7,116,267	3,318,958
4 Cash receipts from tax refund	004	77,799,206	137,695,512
5 Other cash receipts from operating activities	005	36,156,601	44,161,117
<b>I Total cash receipts from operating activities (ADP 001 to 005)</b>	<b>006</b>	<b>2,580,932,688</b>	<b>3,519,086,995</b>
1 Cash payments to suppliers	007	-1,946,008,024	-2,856,144,782
2 Cash payments to employees	008	-494,660,184	-669,737,225
3 Cash payments for insurance premiums	009	-7,674,620	-21,035,161
4 Interest paid	010	-2,916,442	-3,884,918
5 Income tax paid	011	-15,797,633	-24,348,470
6 Other cash payments from operating activities	012	-172,327,412	-193,322,973
<b>II Total cash payments from operating activities (ADP 007 to 012)</b>	<b>013</b>	<b>-2,639,384,315</b>	<b>-3,768,473,529</b>
<b>A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 006 + 013)</b>	<b>014</b>	<b>-58,451,627</b>	<b>-249,386,534</b>
<b>Cash flow from investment activities</b>			
1 Cash receipts from sales of fixed tangible and intangible assets	015	15,870,841	14,905,741
2 Cash receipts from sales of financial instruments	016	3,250,970	2,864,716
3 Interest received	017	4,283,412	6,407,895
4 Dividends received	018	26,092,738	35,951,554
5 Cash receipts from the repayment of loans and deposits	019	59,625,912	120,392,365
6 Other cash receipts from investment activities	020	33,648,991	114,035,007
<b>III Total cash receipts from investment activities (ADP 015 to 020)</b>	<b>021</b>	<b>142,772,864</b>	<b>294,557,278</b>
1 Cash payments for the purchase of fixed tangible and intangible assets	022	-49,850,389	-133,900,065
2 Cash payments for the acquisition of financial instruments	023	-7,050,698	-1,607,650
3 Cash payments for loans and deposits	024	-33,115,450	-11,345,700
4 Acquisition of a subsidiary, net of cash acquired	025	0	-220,656,466
5 Other cash payments from investment activities	026	-21,000	-119,632
<b>IV Total cash payments from investment activities (ADP 022 to 026)</b>	<b>027</b>	<b>-90,037,537</b>	<b>-367,629,513</b>
<b>B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 021 + 027)</b>	<b>028</b>	<b>52,735,327</b>	<b>-73,072,235</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	145,189,119	517,774,902
4 Other cash receipts from financing activities	032	1,008,284	1,919,377
<b>V Total cash receipts from financing activities (ADP 029 to 032)</b>	<b>033</b>	<b>146,197,403</b>	<b>519,694,279</b>
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	034	-58,094,963	-162,740,907
2 Cash payments for dividends	035	-31,749,068	-54,149,278
3 Cash payments for finance lease	036	-716,020	-4,764,767
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	-1,894,838	-11,452,733
<b>VI Total cash payments from financing activities (ADP 034 to 038)</b>	<b>039</b>	<b>-92,454,889</b>	<b>-233,107,685</b>
<b>C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 033 + 039)</b>	<b>040</b>	<b>53,742,514</b>	<b>286,586,594</b>
1 Unrealised exchange rate differences in respect of cash and cash equivalents	041	-2,189,228	-362,960
<b>D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 014 + 028 + 040 + 041)</b>	<b>042</b>	<b>45,836,986</b>	<b>-36,235,135</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>789,584,174</b>	<b>387,595,678</b>

# STATEMENT OF CHANGES IN EQUITY for the period 01.01.2022 to 31.09.2022

B Consolidated financial statements of KONČAR Group for the period January - September 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 31.09.2022

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

in HRK

Item	AOP code	Attributable to owners of the parent															Minority (non-controlling) interest	Total capital and reserves	
		Initial (subscribed) capital	Capital re-serves	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	184,189,137	184,189,137	96,217,127	280,406,264
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	-275,802	0	0	-275,802	-247,244	-523,046
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	129,588,000	129,588,000
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	-33,090,837	0	-33,090,837	-21,045,441	-54,136,278
21 Other distributions and payments to members/shareholders	48	0	0	0	-411,172	-411,172	0	-712,578	0	0	0	0	0	0	1,525,135	0	812,557	-2,029,710	-1,217,153
22 Transfer to reserves according to the annual schedule	49	0	0	2,256,834	0	0	31,250,939	4,066,108	0	0	0	0	0	0	126,371,316	-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	72,799,858	34,107,162	15,458,535	511,382,824	239,629,682	0	0	0	0	0	-390,459	443,990,630	184,189,137	2,679,865,808	517,893,402	3,197,759,210
<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	-275,802	0	0	-275,802	129,340,756	129,064,954
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	-275,802	0	184,189,137	183,913,335	225,557,883	409,471,218
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	2,256,834	-411,172	-411,172	31,250,939	3,353,530	0	0	0	0	0	0	94,805,614	-163,945,197	-32,278,280	-23,075,151	-55,353,431

## NOTES TO FINANCIAL STATEMENTS - TFI

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

**PIN: 45050126417**

**Reporting period: 1 January 2022 - 30 September 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 performing core business activities and three subsidiaries performing special activities, namely product research and development and infrastructure services.

The Group has one affiliated company in 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 30 September 2022, the Group had 4,776 employees (31 December 2021: 3,640 employees). The number of employees increased due to the integration of Dalekovod Group into the operations of KONČAR Group as of 1 April 2022. Dalekovod Group employed 1,094 people as at 30 September 2022.

The average number of employees in the period January - September 2022 was 4,336 (the corresponding period in 2021: 3,616).

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

The Consolidated Financial Statements for the quarterly period January - September 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 Financial Statements of the Group are available at 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 the period January - September 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, income 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>30 September 2022</b>	<b>31 December 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 - Engineering Ltd., Zagreb	100.00	100.00
Končar - Infrastructure and Services Ltd., Zagreb	100.00	100.00
Končar - Electrical Engineering Institute Ltd., Zagreb	100.00	100.00
Končar - Generators and Motors Ltd., Zagreb	100.00	100.00
Končar - Steel Structures Ltd., Zagreb	100.00	100.00
Končar - Switchgear Ltd.	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 Ltd., 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., Zagreb	100.00	100.00
Končar - Digital Ltd., Zagreb	100.00	100.00
<b>Consolidated indirectly owned companies registered in Croatia:</b>		
<i>Advanced Energy Solutions Ltd., Zagreb (indirect ownership through the subsidiary Končar - Investments Ltd.)</i>	51.00	51.00
<i>Dalekovod d.d., Zagreb (indirect ownership through Advanced Energy Solutions Ltd.)</i>	75.16	-
<i>Proizvodnja MK d.o.o., Velika Gorica (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Proizvodnja OSO d.o.o., Velika Gorica (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Dalekovod Projekt d.o.o., Zagreb (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Dalekovod EMU d.o.o., Vela Luka (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>EL-RA d.o.o., Vela Luka (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Dalekovod Adria d.o.o., Zagreb (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Cinčaonica usluge d.o.o. in liquidation, Dugo selo, (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<b>Consolidated indirectly owned companies not registered in Croatia:</b>		
<i>Power Engineering Transformatory Sp. z o.o. (PET) Poznań, Poland (indirect ownership through the subsidiary Končar – Distribution and Special Transformers Inc.)</i>	100.00	100.00
<i>Dalekovod Mostar d.o.o., Mostar, Bosnia and Herzegovina (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Dalekovod Ljubljana d.o.o., Ljubljana, Slovenia (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Dalekovod Norge AS, Oslo, Norway (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<i>Dalekovod Ukrajina d.o.o., Kiev, Ukraine (indirect ownership through Dalekovod d.d.)</i>	100.00	-
<b>Indirectly owned companies not consolidated due to immateriality:</b>		
<i>Konell Ltd., Sofia, Bulgaria (Indirect ownership through the subsidiary Končar – Electric Vehicles Ltd.)</i>	85.00	85.00
<i>Windfarm Rust Ltd. (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>30 September 2022</b>	<b>31 December 2021</b>
	Ownership share (%)	Ownership share (%)
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 into 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 control
- 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 income by segment*

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

	<b>1 January 2022 - 30 September 2022</b>	<b>1 January 2021 - 30 September 2021</b>
	HRK' 000	HRK' 000
Power generation	<b>402,515</b>	<b>329,658</b>
Power transmission and distribution	<b>2,507,171</b>	<b>1,721,557</b>
- transmission	1,046,367	571,183
- distribution	1,460,804	1,150,374
Rails solutions and infrastructure	<b>577,063</b>	<b>402,663</b>
- rail solutions	508,961	365,108
- construction and modernization of railway infrastructure	68,101	37,555
Digital solutions	<b>20,087</b>	<b>13,436</b>
Total reportable segments	<b>3,506,835</b>	<b>2,467,313</b>
Other	424,633	212,807
<b>Total income from contracts with customers</b>	<b>3,931,468</b>	<b>2,680,120</b>
Intercompany eliminations	<b>(368,724)</b>	<b>(267,224)</b>
<b>Total income from contracts with customers</b>	<b>3,562,744</b>	<b>2,412,896</b>
Affiliated companies	95,707	74,037
Unaffiliated companies	3,467,037	2,338,859
<b>Total income from contracts with customers</b>	<b>3,562,744</b>	<b>2,412,896</b>

Dalekovod Group accounts for 13.3% (HRK 524.32 million) of the total sales income.

## 5. OTHER OPERATING INCOME AND EXPENSES

Other operating income amounts to HRK 195.48 million and relates to asset sale revenue, loss compensation income and a one-off effect of the transaction related to the share capital increase of Dalekovod.

## 6. CAPITALISED SALARY COSTS

In the period Q1-Q3 2022, the Group companies capitalised salaries in the total amount of HRK 8,390 thousand (net salaries in the amount of HRK 5,045 thousand, taxes, surcharges and salary contributions paid by the employee amounting to HRK 2,278 thousand, and salary contributions paid by the employer in the amount HRK 1,067 thousand).

## 7. EARNINGS PER SHARE

	<b>1 January 2021 - 30 September 2022</b>	<b>1 January 2021 - 30 September 2021</b>
	HRK' 000	HRK' 000
<b>Profit for the year attributable to the owners</b>	<b>184,189</b>	<b>122,907</b>
Weighted average number of shares	2,545,295	2,545,449
<b>Basic and diluted earnings per share in HRK</b>	<b>72,36</b>	<b>48,28</b>

## 8. NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS

Over the course of Q1-Q3 2022, the Group procured assets in the amount of HRK 157,549 thousand (Q3 2021: HRK 70,315 thousand). Depreciation expenses in the period Q1-Q3 2022 amounted to HRK 93,749 thousand (Q1 - Q3 2021: HRK 72,713 thousand).

## 9. INVENTORIES

In the period Q1-Q3 2022, the Group recognised value adjustment of inventories in the amount of HRK 5,265 thousand (Q1-Q3 2021: HRK 3,812 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 2021: 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 30 September 2022, the Company owned 25,979 treasury shares (as at 31 December 2021: 26,670 shares).

## 11. LIABILITIES UNDER LOANS

	<b>30 September 2022</b>	<b>31 December 2021</b>
	HRK' 000	HRK' 000
<b>Liabilities under loans</b>		
Non-current	173,407	100,912
Current	183,048	199,014
	<b>356,455</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 154,854 thousand, while the current value of movable property on which a lien has been registered amounts to HRK 36,978 thousand.

Long-term bank borrowings mature as follows:

	<b>30 September 2022</b> HRK' 000
Within one year	188,694
In 1 to 2 years	12,143
In 2 to 5 years	123,504
More than 5 years	32,114
	<b>356,455</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, over the course of the period Q1-Q3 2022 the Group realised the total of HRK 879.8 million (Q1-Q3 2021: HRK 570.3 million) of sales income 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.

	<b>30 September 2021</b> HRK' 000	<b>31 December 2021</b> HRK' 000
<b>Receivables</b>		
Affiliated companies	36,646	53,912
Joint ventures	4,555	1,660
	<b>41,201</b>	<b>55,572</b>
<b>Liabilities</b>		
Affiliated companies	30,231	13,192
Joint ventures	97	49
	<b>30,328</b>	<b>13,241</b>
	<b>1 January 2022 - 30 September 2022</b> HRK' 000	<b>1 January 2021 - 30 September 2021</b> HRK' 000
<b>Sales income</b>		
Affiliated companies	93,712	73,682
Joint ventures	2,124	354
	<b>95,836</b>	<b>74,036</b>
<b>Operating expenses</b>		
Affiliated companies	100,298	70,959
Joint ventures	278	168
	<b>100,576</b>	<b>71,127</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 the period January - September 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.

Consolidated Financial Statements of KONČAR Group for the period from 1 January to 30 September 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 Statement for the period ending 30 September 2022 gives a true and fair view of the Group's business performance.

Signed on behalf of the Management Board:

Gordan Kolak  
President of the Management Board



Josip Lasić, CFA  
Member of the Management Board in charge of Finance



Zagreb, 27 October 2022



**KONČAR**

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