

Končar – Electrical Industry Inc.
Zagreb, Fallerovo šetalište 22

Pursuant the Trading Company Act, Article 277, Para 2 and 3 (Official Gazette of the Republic of Croatia No 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 111/12, 68/13 and 110/15) and the Statutes of Končar – Electrical Industry Inc., Zagreb, Fallerovo šetalište 22, Article 33, and on the basis of the Decision of the Managing Board of the Company on convening of the AGM passed on 19th April, 2019, we, hereby, announce convening and the invitation to the

Annual General Meeting of Končar – Electrical Industry Inc.

To be held at the business skyscraper of Končar – Electrical Industry Inc., Fallerovo šetalište 22, Zagreb, 4th Floor, Room 407-8, on 6th June, 2019, beginning at 12:00 p.m. for which opening of the Annual General Meeting and verification of the present shareholders was determined together with the following

Agenda:

1. Managing Board 2018 Annual Report on the position of the Company and dependent Companies;
2. Končar – Electrical Industry Inc. 2018 Financial Reports and 2018 Consolidated Financial Report including the Auditor Report as determined by the Managing and the Supervisory Board of the Company;
3. Supervisory Board Report on supervision of management of business operations of the Company in 2018;
4. Decision on payment of dividends;
5. Decision on the relieve of Managing and Supervisory Board Members from duty:
 - a) Decision on relive of Managing Board Members from duty for the year 2018;
 - b) Decision on relive of Supervisory Board Members from duty for the year 2018;
6. Decision on appointment of the Auditor for the year of 2019.

The Managing and the Supervisory Boards commonly propose to the Annual General Meeting to pass decisions expressed under items 4 and 5, while the Supervisory Board proposes passing of decisions expressed under item 6 of the Agenda.

The Annual General Meeting does not pass decisions expressed under Items 1, 2 or 3, but it takes the notice of them.

Draft Decisions:

Ad.1. The Annual General Meeting takes the notice of the Managing Board 2018 Annual Report on the position of the Company and dependent Companies.

Ad.2. The Annual General Meeting takes the notice of the information on 2018 Končar – Electrical Industry Inc. Financial Reports and 2018 Končar Group Consolidated Financial Reports as determined by the Managing and the Supervisory Board including Auditor Reports on the performed audit of financial reports.

In 2018 the Company generated in thousands of Croatian Kunas (HRK):

- Total revenues	- in the amount of HRK: 174.204,
- Total expenditures	- in the amount of HRK: 98.701,
- Profit before tax	- in the amount of HRK: 75.503,
- Income tax	- in the amount of HRK: 0,

- Net profits	- in the amount of HRK:	75.503,
- Total assets of the Company:	- in the amount of HRK:	1.725.166,
- Capital, reserves and unallocated profits	- in the amount of:	1.676.815.

In 2018 the Končar Group generated in thousands of Croatian kunas (HRK)

- Total consolidated revenues	- in the amount of HRK:	2.962.693,
- Total consolidated expenditures	- in the amount of HRK:	2.820.488,
- Profit before tax	- in the amount of HRK:	142.205,
- Income tax	- in the amount of HRK:	13.497,
- Profits after tax	- in the amount of HRK:	128.708,
- Total assets	- in the amount of HRK:	3.727.175,
- Capital, reserves and unallocated profits	- in the amount of HRK:	2.537.482.

Ad.3. The AGM takes the notice of the Supervisory Board Report on supervision of management of business operations of the Company in 2018.

Ad. 4. Pursuant the provision of the Trading Company Act, Article 220 (Official Gazette of the Republic of Croatia No 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 111/12, 68/13 and 110/15) and provisions of the Statutes of Končar – Electrical Industry Inc., Article 25, 27 and 36, the Annual General Meeting of Končar – Electrical Industry Inc., on 6th June, 2019, passes the following

Decision

on payment of dividends for 2018

I A dividend in the amount of HRK 15.00 per share will be paid to shareholders from remaining profits generated in the business year of 2018 in the amount of HRK 38,358,870.00.

II A dividend will be paid to every shareholder that is registered in the Register of Book-Entry Securities in the Depository of the Central Clearing Depository Association (SKDD) as a holder of rights arising from the share on the 15th (fifteenth) day after the date of holding of the AGM making 21st June, 2019, the date of acquisition of the right to claim payment of dividends (the record date).

III The payment of dividends shall be affected not later than 15 (fifteen) days from the date of acquisition of the claim to pay the dividend (the record date), i.e. 6th July, 2019 inclusive.

E x p l a n a t i o n

The Managing Board and the Supervisory Board have determined 2018 Financial Statements of the Company on 18th April, 2019.

The net profits of KONČAR – Electrical Industry Inc. generated in the business year of 2018 amount to HRK 75,503,105.02. The profits in the amount of HRK 75,503,105.02 are allocated into:

- Legal reserves (5%)	- in the amount of HRK:	3,775,155.25,
- Other reserves	- in the amount of HRK:	33,369,079.77,
Total		HRK 37.144.235,02.

The Managing Board and the Supervisory Board have proposed to the Annual General Meeting of Končar – Electrical Industry Inc. that the Company pays a dividend in the amount of HRK 15.00 per share to its shareholders as the decided by the Annual General Meeting in the operative part of this Decision.

Ad.5. a) Pursuant the provision of the Trading Company Act, Article 275 (Official Gazette of the Republic of Croatia No 111/93, 34/99, 121/99, 52/00, 118/03, 107/07,

146/08, 137/09, 125/11, 111/12, 68/13 and 110/15) the Annual General Meeting of Končar – Electrical Industry Inc., on 6th June, 2019, passes the following

Decision

The Company Managing Board Members are relieved of duty to manage business operations in 2018.

b) Pursuant the provision of the Trading Company Act, Article 275 (Official Gazette of the Republic of Croatia No 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 111/12, 68/13 and 110/15) the Annual General Meeting of Končar – Electrical Industry Inc., on 6th June, 2019, passes the following

Decision

The Company Supervisory Board Members are relieved of duty to supervise managing of business operations of the Company in 2018.

Ad.6. Pursuant the provision of the Trading Company Act, Article 275 (Official Gazette of the Republic of Croatia No 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 111/12, 68/13 and 110/15) and provisions of the Statutes of Končar – Electrical Industry Inc., Article 36, the Annual General Meeting of Končar – Electrical Industry Inc., on 6th June, 2019, passes the following

Decision

Company PricewaterhouseCoopers Ltd. from Zagreb, Heinzelova Street No 70, is appointed to be the auditor for Končar – Electrical Industry Inc. Financial Reports and the Končar Group Consolidated Financial Reports for the year of 2019.

Conditions for participation in the Annual General Meeting and usage of the right to vote:

Every shareholder registered in the Register of Book Entry Securities of the Depository of the Central Clearing Depository Association (Središnje klirinško depozitarno društvo - SKDD) 7 (in words: seven) days before holding of the Annual General Meeting, i.e. on 29th May, 2019, shall have right to participate in the Annual General Meeting and use his/her right to vote personally or to be represented by his/her legal representative or proxy, if the shareholder announces his/her intent to participate at the AGM to the Company in writing to the address of the Company with the note "Announcement of participation at the AGM" not later than 6 (in words: six) days prior to holding of the AGM, i.e. by 30th May, 2019 inclusive. Shareholders or their proxies who do not announce participation shall not have an opportunity to participate in the Annual General Meeting.

Every shareholder can be represented by a proxy, a natural or a legal person, on the basis of a written valid power of attorney. Each power of attorney shall comprise the personal data of the shareholder who gives the power of attorney, the number of shares or votes he/she disposes of, the power of attorney to the proxy to participate in the Annual General Meeting and to vote and the date of the power of attorney and the time of the validity of the power of attorney. Every power of attorney given by a natural person shall be signed in front of a public notary who will certify it or in the Company premises in front of the person authorised by the Company Managing Board for such a transaction.

Every power of attorney can be delivered by post or personally in the headquarters of the Company, Shareholders Office every working day by the beginning of the Annual General Meeting or immediately during identification at the AGM. Power of attorney fill-in forms are available at the Company web site www.koncar.hr.

Shareholders in the possession of shares in the amount of 5 % of the share capital can send their proposals of any subject to be listed in the Annual General Meeting Agenda to the Managing Board for publication. Any application for listing of a subject on the AGM Agenda shall be received at least 30 days prior to holding of the Annual General Meeting and shareholders shall give an explanation and a draft decision

Shareholders and their proxies can have an insight into materials representing basic documents for passing of decisions whose drafts are published, in the headquarters of the Company, in the Shareholders Office every working day, except Saturdays, from 10:00 a.m. to 14:00 p.m. from the date of publishing of this Invitation on Court Register at the Company web sites.

All data bound to holding of the Annual General Meeting are published at the Company web site.

In case the Annual General Meeting cannot be held on the day of 6th June, 2019 due to the lack of the quorum defined by the Statutes, the Annual General Meeting will be held at the same place, on the day of 7th June, 2019 beginning at 12:00 p.m.

Končar – Electrical Industry Inc.
Managing Board