



Končar – Elektroindustrija d.d.
(in English: Končar – Electrical Industry Inc.),
Fallerovo šetalište 22, 10000 Zagreb

Security: KOEI-R-A
ISIN: HRKOEIRA0009
LEI: 74780000HOSHMRW0115
Home Member State: Croatia
Regulated Market Segment: Zagreb Stock Exchange Official Market

Zagreb, 13th March, 2020

- Croatian Financial Services Supervisory Agency
- Zagreb Stock Exchange
- HINA Croatian News Agency
- Company Web Site

Subject: Announcement on COVID-19 Influence on Issuer's Business Operations

Pursuant ESMA (the European Securities and Markets Authority) recommendations, Končar – Elektroindustrija d.d. (in English: Končar – Electrical Industry Inc.), hereby informs the investment public on the possible influence of COVID-19 to the Issuer's business operations.

Končar – Electrical Industry Inc. has been monitoring the situation bound to the influence of COVID-19 and its potential influence on its business operations with an utmost attention.

Unaudited financial reports for the time period from January to December, 2019, were published on 28th February, 2020, and according to the stated COVID -19 did not have any influence on the 2019 Business Operations.

Business Operations during January and February were developing without any more significant influence and it is not possible to quantify consequences for the next time period at the moment.

The Končar Group sales activities are exposed to global disturbances within the chain of purchase of materials and delivery of products, having, consequently, a possible negative influence to the business operations if the situation worsens significantly and if the total standstill in the market lasts for a time period longer than 30 days.

Possible negative influences are quantitatively unpredictable because they depend on more than one factor that could be described as follows:

- Deadlock and decreasing of sales activities due to the decrease of the total activities in the main markets of the Group;
- Deadlock and delay of deliveries of individual providers that are exposed to COVID-19 more significantly;
- Limited possibilities of other resources due to various limitations and capacities of providers in less endangered areas;
- Disturbances in the road transportation due to various limitations in both directions, in the direction of the purchase of materials and in the direction of the delivery of products to buyers;
- Limited business trips and completion of contracts in the sense of installation and assembly of contracted projects at buyers' construction sites and commissioning of contracts;

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- Risk of a standstill in the production due to inability of employees to work in case of spreading of COVID-19 to a part of employees bound to the production cycle for which there is no possibility to be done working from home.

Končar – Electrical Industry Inc. has provided for the personal protection equipment, working instructions and procedures in accordance with the recommendations of the Disease Control Centre of the Croatian Institute of Public Health (Hrvatski zavod za javno zdravstvo), considered as the factors with which the Company can decrease negative influences of COVID-19 spreading. The Company also prepare analyses for the case of a longer persistence of the risk and the development of the pandemic.

The situation has been constantly monitored and all relevant information that could have negative influences to the business operations will be published in due time.

Končar – Electrical Industry Inc. Managing Board