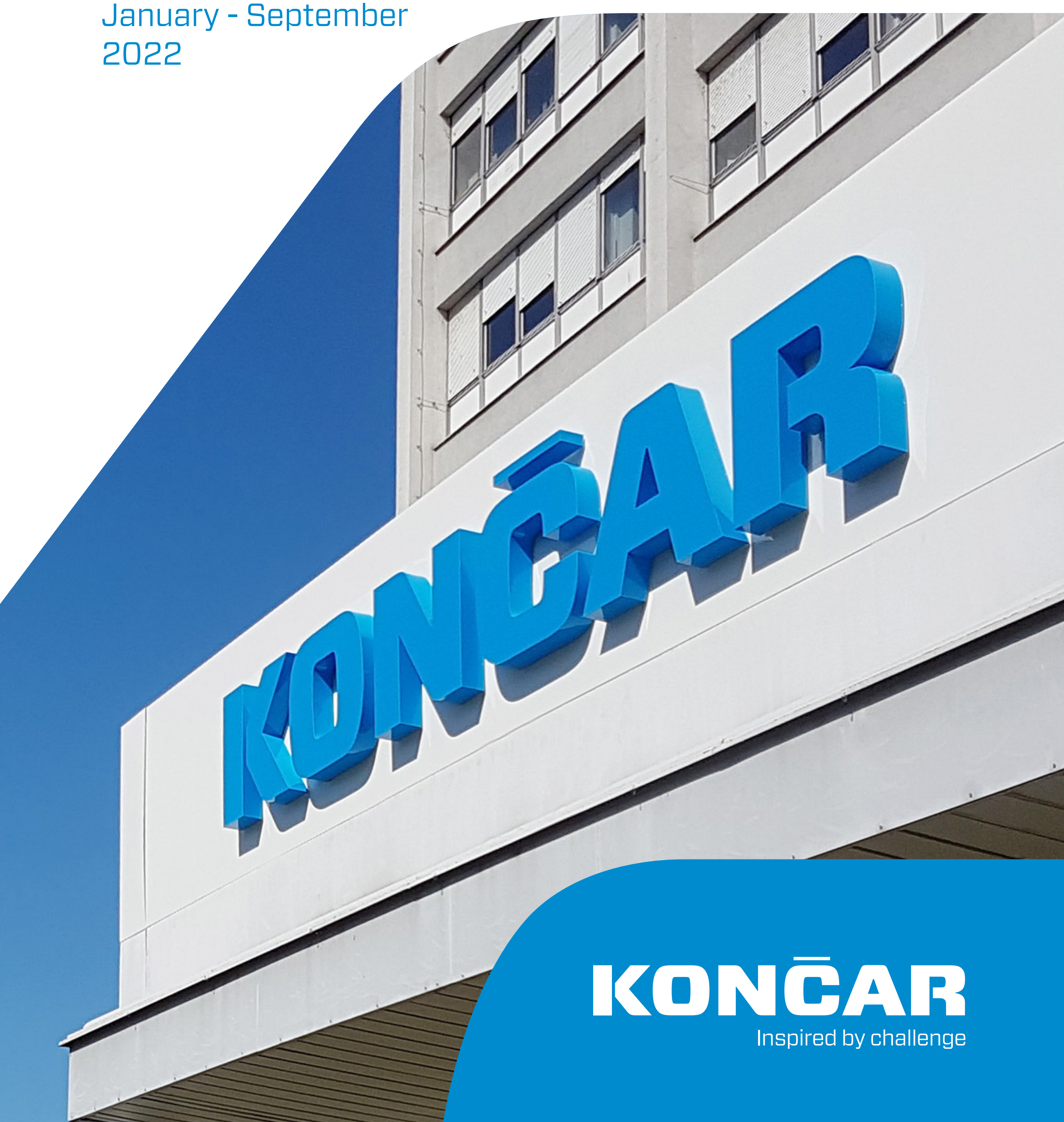
# Business Results of Končar – Electrical Industry Inc.

# Unconsolidated Financial Statements

for the period
January - September
2022




KONČAR
Inspired by challenge

# Contents

# A Management Board Report on the business activity of Končar – Electrical Industry Inc. for the period January – September 2022

## Introduction

Končar – Electrical Industry Inc. is the Parent Company of Končar – Electrical Industry Group. As the Parent Company, the Company prepares consolidated reports, which are presented separately.

This Statement for the period January - September 2022 is a report of the company as a separate entity. The Company manages its wholly-owned subsidiaries and affiliated companies.

The companies within the Group are legally autonomous companies and the Parent Company oversees, strategically directs and supports them through the Supervisory Boards and General Assemblies of companies, all in accordance with the Companies Act, the Articles of Association of KONČAR – Electrical Industry Inc. and the Articles of Association and Articles of Incorporation of the member companies. The Parent Company also manages the part of the assets that are not invested in companies but are directly and indirectly in the function of financial support for marketing, products and equipment of affiliated companies as a credit-guarantee potential.

As the Parent Company of the Group, KONČAR – Electrical Industry Inc. invoices the following services to its subsidiaries:

- Brand usage fee (fee for the usage of company name, trademark and service mark)
- Part of the cost of organized joint exhibitions at fairs,
- Part of the cost of branch offices abroad,
- Part of the cost of joint marketing activities,
- Seminars for management, quality and environmental systems

| in HRK 000 | Q3 2021 | Q3 2022 | Δ | Index 2022/2021 |
|---|---|---|---|---|
| **Total operating income** | **92,244** | **179,486** | **87,242** | **194.6** |
| Sales revenue | 81,674 | 110,767 | 29,093 | 135.6 |
| Dividende revenue | 41,222 | 59,170 | 17,948 | 143.5 |
| Revenue from contracts with customers | 40,452 | 51,597 | 11,145 | 127.6 |
| Other operating income | 10,571 | 68,719 | 58,148 | 650.1 |
| **Operating expenses** | **51,617** | **59,371** | **7,754** | **115.0** |
| EBIT | 40,627 | 120,115 | 79,488 | 295.7 |
| EBIT margin | 49.7% | 108.4% | | |
| Net financial result | 44 | 3,705 | 3,661 | |
| Net profit | 40,671 | 123,820 | 83,149 | 304.4 |
| **EBITDA** | **47,027** | **126,451** | **79,424** | **268.9** |
| EBITDA margin | 57,6% | 114,2% | | |
| EBITDA normalised[1] | 36,702 | 57,793 | 21,091 | 157.5 |
| EBITDA margin normalised[1] | 44.9% | 52.2% | | |

*Normalized EBITDA[1]: EBITDA less the net effect of provisions, asset sale revenue, loss compensation revenue and one-off effects of transactions related to Dalekovod*

## BUSINESS RESULTS

For the period January - September 2022, KONČAR – Electrical Industry Inc. generated HRK 179.5 million in operating income, which is a 94.6% rise year-on-year.

Sales income accounts for HRK 51.6 million of the operating income (Q3 2021: HRK 40.5 million) and mostly pertains to:
- brand usage fee (fee for the usage of company name, trademark and service mark) and fee for the cost of joint marketing activities in the amount of HRK 31.1 million,
- income generated from real estate management in the amount of HRK 17 million,
- income generated from the fees under joint and several guarantees and fees generated from the branch offices in the amount of HRK 3.4 million.

Dividend income from the companies within the Group amounts to HRK 59.1 million (Q3 2021: HRK 41.2 million).

Other operating income amounts to HRK 68.7 million and pertains to profits realised from the sale of assets that are not in the function of the core business and a one-off effect of transactions.

Total operating expenses for the period January - September 2022 amount to HRK 59.4 million and were 15% higher year-on-year.

Operating expenses comprised the following:

- **Material costs** amounting to HRK 16.6 million, of which HRK 15.3 million pertains to other external costs and HRK 1.3 million pertains to costs of commodities and raw materials. The major part of other external costs pertains to services related to work services and real estate management in the amount, utility and water supply fees, cleaning services, maintenance services, marketing services and other services. The cost realization in the period January - September 2022 remains on the same level year-over-year.
- **Staff costs** amount to HRK 15 million, which is a 3.1% decrease year-on-year. The average number of employees in the reporting period was 52 employees, while in the corresponding period 2021 it stood at 49 employees.
- **Depreciation and amortisation** amounts to HRK 6.3 million and is down by 1.0% year-on-year.
- Other costs amount to HRK 20.4 million and are 59.5% higher compared to 2021. The increase of other costs is attributed to the research project agreement that the Parent Company entered into with the Group subsidiary responsible for research and new product development.
- **Finance income** realised in the period January - September 2022 amounts to HRK 3.9 million and is mostly comprised of interest on loans in the amount of HRK 3.6 million. Together with financial expenditure of HRK 204 thousand this gives a positive balance of HRK 3.7 million.
- In line with the 2021 tax return, the Company is under no obligation to pay the 2022 **income tax advance**.

## STATEMENT OF FINANCIAL POSITION

The value of total assets of KONČAR – Electrical Industry Inc. as at 30 September 2022 amounts to HRK 1,778.8 million, which is an increase of HRK 84.1 million compared to 31 December 2021.

**Total non-current assets** amount to HRK 1,383.9 million, which is HRK 4.9 million (or 0.4%) more than as at 31 December 2021. **Non-current assets** item decreased by HRK 0.3 million compared to 31 December 2021 as a result of depreciation calculation, while the **tangible assets** item declined by HRK 1.9 million as a result of depreciation in the amount of HRK 6.9 million and new asset acquisitions amounting to HRK 5 million.

**Non-current financial assets** increased by HRK 9.6 million as a result of share purchase from a subsidiary in the amount of HRK 1.6 million and an HRK 8.0 million share capital injection into a subsidiary. In the course of Q3 2022 there were no other changes in investments in subsidiaries and affiliates compared to 31 December 2021. **Loans granted** in the amount of HRK 155.3 million pertain to loans granted to a subsidiary and there was no change in this item in the reporting period.

**Non-current receivables** amount to HRK 12.3 million, down by HRK 2.3 million compared to 31 December 2021.

**Total current assets** amount to HRK 393.4 million, which is an increase of HRK 78.4 million compared to 31 December 2021, resulting from an increase in cash in the amount of HRK 119.5 million, a rise in financial assets in the amount of HRK 91 million, a decline in receivables of HRK 96.7 million and a reduction of non-current assets held for sale by HRK 35.3 million.

**Non-current assets held for sale** are down compared to 31 December 2021 as a result of the sale of facilities that are not in the function of the core business.

**Trade receivables and contract assets** grew by HRK 11.4 million compared to 31 December 2021. In the same reporting period, there was a decrease in dividend receivables by HRK 25.8 million, which is the result of the collection of dividends in subsidiaries and affiliates.

Compared to 31 December 2021, **other receivables** decreased by HRK 82.4 million, which mostly pertains to return on an investment in a subsidiary.

**Current financial assets** rose by HRK 91 million compared to the balance as at 31 December 2021. The growth is largely the result of receivables for loans granted by the Parent Company to subsidiaries.

**Cash balance** at the end of Q3 2022 amounts to HRK 141.7 million and is higher by HRK 119.5 million compared to the balance as at 31 December 2021.

**Prepaid expenses** record a gain of HRK 704 thousand compared to 31 December 2021 and arise from the costs related to fairs, marketing activities and standardization costs that are to be invoiced to subsidiaries.

**Total capital and reserves** as at 30 September 2022 amount to HRK 1,760.1 million, which is an HRK 91.3 million rise compared to the balance as at 31 December 2021.

As at the Statement of Financial Position date, there was no change in **provisions for pensions and jubilee awards**, which amount to HRK 9.2 million.

**Current liabilities** amount to HRK 8.7 million and are higher by HRK 6.8 million compared to the balance as at 31 December 2021. Liabilities to the state and liabilities to employees decreased in total by HRK 6.2 million compared to 31 December 2021. Trade payables remain at the similar level as at 31 December 2021 and amount to HRK 5.2 million.

**Current provisions and deferrals** decreased compared to 31 December 2021 by HRK 0.4 million as a result of recording accrued un-invoiced liabilities from 2021. The balance currently amounts to HRK 0.7 million of the accrued cost of unused annual leave.

As at 30 September 2022, **off-balance sheet items** include mostly security instruments (including corporate guarantees to third parties) issued at the request of the Group subsidiaries for the requirements of financial institutions and suppliers in the amount of HRK 691,496 thousand (31 December 2021: HRK 944,008 thousand); at the same time, the subsidiaries issued security instruments to the Company with regard to the aforementioned transactions in the amount of HRK 626,292 thousand (31 December 2021: HRK 878,376 thousand). Trade credit insurance from credit relations with affiliated companies amounts to HRK 190.3 million.

# B Financial statements of Končar – Electrical Industry Inc. for the period January – September 2022

## Annex 1

**ISSUER'S GENERAL DATA**

| | | | |
|---|---|---|---|
| Reporting period: | **01/01/2022** | to | **30/09/2022** |
| Year: | **2022** | Quarter: | **3** |

### Quarterly financial statements

| | | |
|---|---|---|
| Registration number (MB): | **03282635** | Issuer's home Member State code: **HR** |
| Entity's registration number (MBS) | **080040936** | |
| Personal identification number (OIB): | **45050126417** | LEI: **74780000H0SHMRAW0I15** |
| Institution code: | **501** | |
| Name of the issuer: | **KONČAR - ELECTRICAL INDUSTRY INC.** | |
| Postcode and town: | **10000** | **ZAGREB** |
| Street and house number: | **FALLEROVO ŠETALIŠTE 22** | |
| E-mail address: | **koncar.finance@koncar.hr** | |
| Web address: | **www.koncar.hr** | |
| Number of employees (end of the reporting period): | **54** | |
| Consolidated report: | **KN** | (KN-not consolidated/KD-consolidated) |
| Audited: | **RN** | (RN-not audited/RD-audited) |

| Names of subsidiaries (according to IFRS): | Registered office: | MB: |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| | | |
|---|---|---|
| Bookkeeping firm: | | (Yes/No) |
| Contact person: | **Ruža Podborkić**<br>(only name and surname of the contact person) | |
| Telephone: | **01 3655 160** | |
| E-mail address: | **ruza.podborkic@koncar.hr** | |
| Audit firm: | (name of the audit firm) | |
| Certified auditor: | (name and surname) | |

# BALANCE SHEET
## balance as at 30.09.2022

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 |
| | | | |
| A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID | 001 | 0 | 0 |
| **B) FIXED ASSETS** (ADP 003+010+020+031+036) | 002 | 1,378,968,740 | 1,383,936,974 |
| I INTANGIBLE ASSETS (ADP 004 to 009) | 003 | 1,515,489 | 1,220,570 |
| 1 Research and development | 004 | 0 | 0 |
| 2 Concessions, patents, licences, trademarks, software and other rights | 005 | 1,403,822 | 1,220,570 |
| 3, Goodwill | 006 | 0 | 0 |
| 4 Advances for the purchase of intangible assets | 007 | 0 | 0 |
| 5 Intangible assets in preparation | 008 | 111,667 | 0 |
| 6 Other intangible assets | 009 | 0 | 0 |
| II TANGIBLE ASSETS (ADP 011 to 019) | 010 | 347,720,583 | 345,795,408 |
| 1 Land | 011 | 3,334,172 | 3,334,172 |
| 2 Buildings | 012 | 19,647,077 | 19,252,298 |
| 3 Plant and equipment | 013 | 2,548,023 | 2,885,520 |
| 4 Tools, working inventory and transportation assets | 014 | 426,500 | 262,241 |
| 5 Biological assets | 015 | 0 | 0 |
| 6 Advances for the purchase of tangible assets | 016 | 0 | 0 |
| 7 Tangible assets in preparation | 017 | 1,973,241 | 378,178 |
| 8 Other tangible assets | 018 | 55,742 | 55,742 |
| 9 Investment property | 019 | 319,735,828 | 319,627,257 |
| III FIXED FINANCIAL ASSETS (ADP 021 to 030) | 020 | 1,015,012,816 | 1,024,569,246 |
| 1 Investments in holdings (shares) of undertakings within the group | 021 | 789,758,907 | 799,366,557 |
| 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 | 67,722,257 | 67,722,257 |
| 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 | 2,181,652 | 2,130,432 |
| 8 Loans, deposits, etc, given | 028 | 155,350,000 | 155,350,000 |
| 9 Other investments accounted for using the equity method | 029 | 0 | 0 |
| 10 Other fixed financial assets | 030 | 0 | 0 |
| IV RECEIVABLES (ADP 032 to 035) | 031 | 14,719,852 | 12,351,750 |
| 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 | 14,719,852 | 12,351,750 |
| 4 Other receivables | 035 | 0 | 0 |
| V DEFERRED TAX ASSETS | 036 | 0 | 0 |
| **C) CURRENT ASSETS** (ADP 038+046+053+063) | 037 | 314,903,143 | 393,351,239 |
| I INVENTORIES (ADP 039 to 045) | 038 | 52,936,039 | 17,621,003 |
| 1 Raw materials and consumables | 039 | 0 | 0 |
| 2 Work in progress | 040 | 0 | 0 |
| 3 Finished goods | 041 | 0 | 0 |
| 4 Merchandise | 042 | 0 | 0 |
| 5 Advances for inventories | 043 | 0 | 0 |
| 6 Fixed assets held for sale | 044 | 52,936,039 | 17,621,003 |
| 7 Biological assets | 045 | 0 | 0 |

# BALANCE SHEET
## balance as at 30.09.2022

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 |
| | | | |
| II RECEIVABLES (ADP 047 to 052) | 046 | 140,606,719 | 43,862,873 |
| 1 Receivables from undertakings within the group | 047 | 65,436,253 | 39,688,843 |
| 2 Receivables from companies linked by virtue of participating interests | 048 | 34,964,383 | 1,037,372 |
| 3 Customer receivables | 049 | 671,351 | 404,975 |
| 4 Receivables from employees and members of the undertaking | 050 | 38,668 | 5,211 |
| 5 Receivables from government and other institutions | 051 | 0 | 0 |
| 6 Other receivables | 052 | 39,496,064 | 2,726,472 |
| III CURRENT FINANCIAL ASSETS (ADP 054 to 062) | 053 | 99,142,010 | 190,179,671 |
| 1 Investments in holdings (shares) of undertakings within the group | 054 | 0 | 0 |
| 2 Investments in other securities of undertakings within the group | 055 | 0 | 0 |
| 3 Loans, deposits, etc, to undertakings within the group | 056 | 0 | 190,179,671 |
| 4 Investments in holdings (shares) of companies linked by virtue of participating interests | 057 | 0 | 0 |
| 5 Investment in other securities of companies linked by virtue of participating interests | 058 | 0 | 0 |
| 6 Loans, deposits etc, to companies linked by virtue of participating interests | 059 | 0 | 0 |
| 7 Investments in securities | 060 | 0 | 0 |
| 8 Loans, deposits, etc, given | 061 | 75,002,676 | 0 |
| 9 Other financial assets | 062 | 24,139,334 | 0 |
| IV CASH AT BANK AND IN HAND | 063 | 22,218,375 | 141,687,692 |
| **D ) PREPAID EXPENSES AND ACCRUED INCOME** | 064 | 810,813 | 1,515,352 |
| **E) TOTAL ASSETS** (ADP 001+002+037+064) | 065 | 1,694,682,696 | 1,778,803,565 |
| **OFF-BALANCE SHEET ITEMS** | 066 | 1,828,854,298 | 1,513,612,836 |
| **LIABILITIES** | | | |
| **A) CAPITAL AND RESERVES** (ADP 068 to 070+076+077+081+084+087) | 067 | 1,668,847,927 | 1,760,160,818 |
| I INITIAL (SUBSCRIBED) CAPITAL | 068 | 1,208,895,930 | 1,208,895,930 |
| II CAPITAL RESERVES | 069 | 719,579 | 719,579 |
| III RESERVES FROM PROFIT (ADP 071+072-073+074+075) | 070 | 422,284,357 | 425,867,529 |
| 1 Legal reserves | 071 | 49,323,077 | 51,160,602 |
| 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 | 217,684,029 | 217,684,029 |
| 5 Other reserves | 075 | 136,628,624 | 138,374,271 |
| IV REVALUATION RESERVES | 076 | 0 | 0 |
| V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082) | 077 | 0 | 0 |
| 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 | 0 | 0 |
| VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085) | 083 | 197,568 | 857,831 |
| 1 Retained profit | 084 | 197,568 | 857,831 |
| 2 Loss brought forward | 085 | 0 | 0 |
| VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088) | 086 | 36,750,493 | 123,819,949 |
| 1 Profit for the business year | 087 | 36,750,493 | 123,819,949 |
| 2 Loss for the business year | 088 | 0 | 0 |
| VIII MINORITY (NON-CONTROLLING) INTEREST | 089 | 0 | 0 |

# BALANCE SHEET
## balance as at 30.09.2022

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) PROVISIONS** (ADP 091 to 096) | **090** | 9,241,370 | 9,241,370 |
| 1 Provisions for pensions, termination benefits and similar obligations | **091** | 9,241,370 | 9,241,370 |
| 2 Provisions for tax liabilities | **092** | 0 | 0 |
| 3 Provisions for ongoing legal cases | **093** | 0 | 0 |
| 4 Provisions for renewal of natural resources | **094** | 0 | 0 |
| 5 Provisions for warranty obligations | **095** | 0 | 0 |
| 6 Other provisions | **096** | 0 | 0 |
| **C) LONG-TERM LIABILITIES** (ADP 098 to 108) | **097** | 0 | 0 |
| 1 Liabilities to undertakings within the group | **098** | 0 | 0 |
| 2 Liabilities for loans, deposits, etc, of undertakings within the group | **099** | 0 | 0 |
| 3 Liabilities to companies linked by virtue of participating interests | **100** | 0 | 0 |
| 4 Liabilities for loans, deposits etc, of companies linked by virtue of participating interests | **101** | 0 | 0 |
| 5 Liabilities for loans, deposits etc, | **102** | 0 | 0 |
| 6 Liabilities to banks and other financial institutions | **103** | 0 | 0 |
| 7 Liabilities for advance payments | **104** | 0 | 0 |
| 8 Liabilities to suppliers | **105** | 0 | 0 |
| 9 Liabilities for securities | **106** | 0 | 0 |
| 10 Other long-term liabilities | **107** | 0 | 0 |
| 11 Deferred tax liability | **108** | 0 | 0 |
| **D) SHORT-TERM LIABILITIES** (ADP 110 to 123) | **109** | 15,428,824 | 8,664,837 |
| 1 Liabilities to undertakings within the group | **110** | 3,323,676 | 3,979,916 |
| 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** | 0 | 0 |
| 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** | 0 | 0 |
| 7 Liabilities for advance payments | **116** | 0 | 0 |
| 8 Liabilities to suppliers | **117** | 2,347,138 | 1,220,016 |
| 9 Liabilities for securities | **118** | 0 | 0 |
| 10 Liabilities to employees | **119** | 4,226,170 | 1,043,486 |
| 11 Taxes, contributions and similar liabilities | **120** | 4,962,280 | 1,938,645 |
| 12 Liabilities arising from the share in the result | **121** | 381,923 | 372,511 |
| 13 Liabilities arising from fixed assets held for sale | **122** | 0 | 0 |
| 14 Other short-term liabilities | **123** | 187,637 | 110,263 |
| **E) ACCRUALS AND DEFERRED INCOME** | **124** | 1,164,575 | 736,540 |
| **F) TOTAL – LIABILITIES** (ADP 067+090+097+109+124) | **125** | 1,694,682,696 | 1,778,803,565 |
| **G) OFF-BALANCE SHEET ITEMS** | **126** | 1,828,854,298 | 1,513,612,836 |

# STATEMENT OF PROFIT OR LOSS
# 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 | |
| | | Cumulative | Quarter | Cumulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| **I OPERATING INCOME** (ADP 002 to 006) | 001 | 92,244,312 | 24,504,971 | 179,456,320 | 22,754,149 |
| 1 Income from sales with undertakings within the group | 002 | 81,108,683 | 13,845,211 | 110,194,301 | 18,365,682 |
| 2 Income from sales (outside group) | 003 | 565,095 | 279,490 | 572,418 | 239,883 |
| 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 | 10,534,274 | 10,359,066 | 10,888,943 | 7,493 |
| 5 Other operating income (outside the group) | 006 | 36,260 | 21,204 | 57,800,658 | 4,141,091 |
| **II OPERATING EXPENSES** (ADP 08+009+013+017+018+019+022+029) | 007 | 51,616,876 | 16,796,542 | 59,341,426 | 19,720,778 |
| 1 Changes in inventories of work in progress and finished goods | 008 | 0 | 0 | 0 | 0 |
| 2 Material costs (ADP 010 to 012) | 009 | 16,494,349 | 5,588,310 | 16,603,676 | 5,169,625 |
| *a) Costs of raw materials and consumables* | 010 | 1,163,538 | 330,878 | 1,308,508 | 370,098 |
| *b) Costs of goods sold* | 011 | 0 | 0 | 0 | 0 |
| *c) Other external costs* | 012 | 15,330,811 | 5,257,432 | 15,295,168 | 4,799,527 |
| 3 Staff costs (ADP 014 to 016) | 013 | 14,633,008 | 4,347,015 | 15,063,213 | 5,119,666 |
| *a) Net salaries and wages* | 014 | 8,093,185 | 2,441,218 | 8,423,565 | 2,875,553 |
| *b) Tax and contributions from salary costs* | 015 | 4,461,197 | 1,283,782 | 4,594,619 | 1,557,319 |
| *c) Contributions on salaries* | 016 | 2,078,626 | 622,015 | 2,045,029 | 686,794 |
| 4 Depreciation | 017 | 6,400,008 | 2,055,319 | 6,335,789 | 2,111,832 |
| 5 Other costs | 018 | 12,805,230 | 3,525,654 | 20,400,621 | 7,319,626 |
| 6 Value adjustments (ADP 020+021) | 019 | 324,535 | 324,535 | 0 | 0 |
| *a) fixed assets other than financial assets* | 020 | 324,535 | 324,535 | 0 | 0 |
| *b) current assets other than financial assets* | 021 | 0 | 0 | 0 | 0 |
| 7 Provisions (ADP 023 to 028) | 022 | 0 | 0 | 0 | 0 |
| *a) Provisions for pensions, termination benefits and similar obligations* | 023 | 0 | 0 | 0 | 0 |
| *b) Provisions for tax liabilities* | 024 | 0 | 0 | 0 | 0 |
| *c) Provisions for ongoing legal cases* | 025 | 0 | 0 | 0 | 0 |
| *d) Provisions for renewal of natural resources* | 026 | 0 | 0 | 0 | 0 |
| *e) Provisions for warranty obligations* | 027 | 0 | 0 | 0 | 0 |
| *f) Other provisions* | 028 | 0 | 0 | 0 | 0 |
| 8 Other operating expenses | 029 | 959,746 | 955,709 | 938,127 | 29 |
| **III FINANCIAL INCOME** (ADP 031 to 040) | 030 | 935,996 | 437,006 | 3,784,595 | 1,552,696 |
| 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 | 123 | 123 | 3,064,516 | 1,205,256 |
| 5 Exchange rate differences and other financial income from operations with undertakings within the grou | 035 | 0 | 0 | 0 | 0 |
| 6 Income from other long-term financial investments and loans | 036 | 0 | 0 | 0 | 0 |
| 7 Other interest income | 037 | 449,666 | 124,455 | 542,486 | 347,440 |
| 8 Exchange rate differences and other financial income | 038 | 0 | 0 | 0 | 0 |
| 9 Unrealised gains (income) from financial assets | 039 | 455,818 | 282,039 | 0 | 0 |
| 10 Other financial income | 040 | 30,389 | 30,389 | 177,593 | 0 |
| **IV FINANCIAL EXPENSES** (ADP 042 to 048) | 041 | 891,570 | -53,595 | 79,540 | 79,271 |
| 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 | 890,168 | -53,954 | 27,632 | 27,632 |

# STATEMENT OF PROFIT OR LOSS
# 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 | |
|---|---|---|---|---|---|
| | | Cumulative | Quarter | Cumulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| 3 Interest expenses and similar expenses | 044 | 1,402 | 359 | 688 | 419 |
| 4 Exchange rate differences and other expenses | 045 | 0 | 0 | 0 | 0 |
| 5 Unrealised losses (expenses) from financial assets | 046 | 0 | 0 | 51,220 | 51,220 |
| 6 Value adjustments of financial assets (net) | 047 | 0 | 0 | 0 | 0 |
| 7 Other financial expenses | 048 | 0 | 0 | 0 | 0 |
| **V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VRITUE OF PARTICIPATING INTERESTS** | 049 | 0 | 0 | 0 | 0 |
| **VI SHARE IN PROFIT FROM JOINT VENTURES** | 050 | 0 | 0 | 0 | 0 |
| **VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST** | 051 | 0 | 0 | 0 | 0 |
| **VIII SHARE IN LOSS OF JOINT VENTURES** | 052 | 0 | 0 | 0 | 0 |
| **IX TOTAL INCOME** (ADP 001+030+049 +050) | 053 | 93,180,308 | 24,941,977 | 183,240,915 | 24,306,845 |
| **X TOTAL EXPENDITURE** (ADP 007+041+051 + 052) | 054 | 52,508,446 | 16,742,947 | 59,420,966 | 19,800,049 |
| **XI PRE-TAX PROFIT OR LOSS** (ADP 053-054) | 055 | 40,671,862 | 8,199,030 | 123,819,949 | 4,506,796 |
| 1 Pre-tax profit (ADP 053-054) | 056 | 40,671,862 | 8,199,030 | 123,819,949 | 4,506,796 |
| 2 Pre-tax loss (ADP 054-053) | 057 | 0 | 0 | 0 | 0 |
| **XII. INCOME TAX** | 058 | 0 | 0 | 0 | 0 |
| **XIII PROFIT OR LOSS FOR THE PERIOD** (ADP 055-059) | 059 | 40,671,862 | 8,199,030 | 123,819,949 | 4,506,796 |
| 1 Profit for the period (ADP 055-059) | 060 | 40,671,862 | 8,199,030 | 123,819,949 | 4,506,796 |
| 2 Loss for the period (ADP 059-055) | 061 | 0 | 0 | 0 | 0 |
| **DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)** | | | | | |
| **XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS** (ADP 063-064) | 062 | 0 | 0 | 0 | 0 |
| 1 Pre-tax profit from discontinued operations | 063 | 0 | 0 | 0 | 0 |
| 2 Pre-tax loss on discontinued operations | 064 | 0 | 0 | 0 | 0 |
| **XV INCOME TAX OF DISCONTINUED OPERATIONS** | 065 | 0 | 0 | 0 | 0 |
| 1 Discontinued operations profit for the period (ADP 062-065) | 066 | 0 | 0 | 0 | 0 |
| 2 Discontinued operations loss for the period (ADP 065-062) | 067 | 0 | 0 | 0 | 0 |
| **TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)** | | | | | |
| **XVI PRE-TAX PROFIT OR LOSS** (ADP 055-+062) | 068 | 0 | 0 | 0 | 0 |
| 1 Pre-tax profit (ADP 068) | 069 | 0 | 0 | 0 | 0 |
| 2 Pre-tax loss (ADP 068) | 070 | 0 | 0 | 0 | 0 |
| **XVII INCOME TAX** (ADP 058+065) | 071 | 0 | 0 | 0 | 0 |
| **XVIII PROFIT OR LOSS FOR THE PERIOD** (ADP 068-071) | 072 | 0 | 0 | 0 | 0 |
| 1 Profit for the period (ADP 068-071) | 073 | 0 | 0 | 0 | 0 |
| 2 Loss for the period (ADP 071-068) | 074 | 0 | 0 | 0 | 0 |
| **APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)** | | | | | |
| **XIX PROFIT OR LOSS FOR THE PERIOD** (AOP 076+077) | 075 | 0 | 0 | 0 | 0 |
| **1 Attributable to owners of the parent** | 076 | 0 | 0 | 0 | 0 |
| **2 Attributable to minority (non-controlling) interest** | 077 | 0 | 0 | 0 | 0 |
| **STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)** | | | | | |
| **I PROFIT OR LOSS FOR THE PERIOD** | 078 | 40,671,862 | 8,199,030 | 123,819,949 | 4,506,796 |
| **II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX** (ADP 80+ 87) | 079 | 0 | 0 | 0 | 0 |
| **III Items that will not be reclassified to profit or loss** (ADP 081 to 085) | 080 | 0 | 0 | 0 | 0 |
| 1 Changes in revaluation reserves of fixed tangible and intangible assets | 081 | 0 | 0 | 0 | 0 |

# STATEMENT OF PROFIT OR LOSS
# for the period 01.01.2022 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 | |
| 2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income | 082 | 0 | 0 | 0 | 0 | |
| 3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk | 083 | 0 | 0 | 0 | 0 | |
| 4 Actuarial gains/losses on the defined benefit obligation | 084 | 0 | 0 | 0 | 0 | |
| 5 Other items that will not be reclassified | 085 | 0 | 0 | 0 | 0 | |
| 6 Income tax relating to items that will not be reclassified | 086 | 0 | 0 | 0 | 0 | |
| **IV Items that may be reclassified to profit or loss** (ADP 088 to 095) | 087 | 0 | 0 | 0 | 0 | |
| 1 Exchange rate differences from translation of foreign operations | 088 | 0 | 0 | 0 | 0 | |
| 2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income | 089 | 0 | 0 | 0 | 0 | |
| 3 Profit or loss arising from effective cash flow hedging | 090 | 0 | 0 | 0 | 0 | |
| 4 Profit or loss arising from effective hedge of a net investment in a foreign operation | 091 | 0 | 0 | 0 | 0 | |
| 5 Share in other comprehensive income/loss of companies linked by virtue of participating interests | 092 | 0 | 0 | 0 | 0 | |
| 6 Changes in fair value of the time value of option | 093 | 0 | 0 | 0 | 0 | |
| 7 Changes in fair value of forward elements of forward contracts | 094 | 0 | 0 | 0 | 0 | |
| 8 Other items that may be reclassified to profit or loss | 095 | 0 | 0 | 0 | 0 | |
| 9 Income tax relating to items that may be reclassified to profit or loss | 096 | 0 | 0 | 0 | 0 | |
| **V NET OTHER COMPREHENSIVE INCOME OR LOSS** (ADP 080+087- 086 - 096) | 097 | 0 | 0 | 0 | 0 | |
| **VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD** (ADP 078+097) | 098 | 40.671.862 | 8.199.030 | 123.819.949 | 4.506.796 | |
| **APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)** | | | | | | |
| **VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD** (ADP 100+101) | 099 | 0 | 0 | 0 | 0 | |
| **1 Attributable to owners of the parent** | 100 | 0 | 0 | 0 | 0 | |
| **2 Attributable to minority (non-controlling) interest** | 101 | 0 | 0 | 0 | 0 | |

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

in HRK

| Submitter: KONČAR ELECTRICAL INDUSTRY INC, | | | |
|---|---|---|---|
| Naziv pozicije | AOP oznaka | Isto razdoblje prethodne godine | Tekuće razdoblje |
| 1 | 2 | 3 | 4 |
| **Cash flow from operating activities** | | | |
| 1 Cash receipts from customers | 001 | 21.344.920 | 32.226.001 |
| 2 Cash receipts from royalties, fees, commissions and other revenue | 002 | 0 | 0 |
| 3 Cash receipts from insurance premiums | 003 | 0 | 0 |
| 4 Cash receipts from tax refund | 004 | 0 | 0 |
| 5 Other cash receipts from operating activities | 005 | 3.381.612 | 3.340.980 |
| **I Total cash receipts from operating activities** (ADP 001 to 005) | 006 | 24.726.532 | 35.566.981 |
| 1 Cash payments to suppliers | 007 | -27.573.407 | -24.711.937 |
| 2 Cash payments to employees | 008 | -19.726.894 | -20.982.743 |
| 3 Cash payments for insurance premiums | 009 | 0 | 0 |
| 4 Interest paid | 010 | 0 | -182 |
| 5 Income tax paid | 011 | 0 | 0 |
| 6 Other cash payments from operating activities | 012 | -8.657.779 | -10.759.638 |
| **II Total cash payments from operating activities** (ADP 007 to 012) | 013 | -55.958.080 | -56.454.500 |
| **A) NET CASH FLOW FROM OPERATING ACTIVITIES** (ADP 006 + 013) | 014 | -31.231.548 | -20.887.519 |
| **Cash flow from investment activities** | | | |
| 1 Cash receipts from sales of fixed tangible and intangible assets | 015 | 13.349.500 | 51.371.768 |
| 2 Cash receipts from sales of financial instruments | 016 | 36.531.389 | 52.864.716 |
| 3 Interest received | 017 | 62.826 | 391.691 |
| 4 Dividends received | 018 | 66.866.730 | 85.141.697 |
| 5 Cash receipts from the repayment of loans and deposits | 019 | 1.000.000 | 122.533.678 |
| 6 Other cash receipts from investment activities | 020 | 0 | 113.510.765 |
| **III Total cash receipts from investment activities** (ADP 015 to 020) | 021 | 117.810.445 | 425.814.315 |
| 1 Cash payments for the purchase of fixed tangible and intangible assets | 022 | -394.010 | -4.985.314 |
| 2 Cash payments for the acquisition of financial instruments | 023 | -8.750.698 | -9.607.650 |
| 3 Cash payments for loans and deposits | 024 | -1.000.000 | -237.740.694 |
| 4 Acquisition of a subsidiary, net of cash acquired | 025 | 0 | 0 |
| 5 Other cash payments from investment activities | 026 | 0 | -18.339 |
| **IV Total cash payments from investment activities** (ADP 022 to 026) | 027 | -10.144.708 | -252.351.997 |
| **B) NET CASH FLOW FROM INVESTMENT ACTIVITIES** (ADP 021 + 027) | 028 | 107.665.737 | 173.462.318 |
| **Cash flow from financing activities** | | | |
| 1 Cash receipts from the increase in initial (subscribed) capital | 029 | 0 | 0 |
| 2 Cash receipts the from issue of equity financial instruments and debt financial instruments | 030 | 0 | 0 |
| 3 Cash receipts from credit principals, loans and other borrowings | 031 | 0 | 0 |
| 4 Other cash receipts from financing activities | 032 | 0 | 0 |
| **V Total cash receipts from financing activities** (ADP 029 to 032) | 033 | 0 | 0 |
| 1 Cash payments for the repayment of credit principals, loans andother borrowings and debt financial instruments | 034 | 0 | 0 |
| 2 Cash payments for dividends | 035 | -14.764.124 | -33.100.248 |
| 3 Cash payments for finance lease | 036 | 0 | 0 |
| 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 | 0 | 0 |
| **VI Total cash payments from financing activities** (ADP 034 to 038) | 039 | -14.764.124 | -33.100.248 |
| **C) NET CASH FLOW FROM FINANCING ACTIVITIES** (ADP 033 +039) | 040 | -14.764.124 | -33.100.248 |
| 1 Unrealised exchange rate differences in respect of cash and cash equivalents | 041 | -879.708 | -5.234 |
| **D) NET INCREASE OR DECREASE IN CASH FLOWS** (ADP 014 + 028 + 040 + 041) | 042 | 60.790.357 | 119.469.317 |
| **E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | 043 | 264.354.168 | 22.218.375 |
| **F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** (042+043) | 044 | 325.144.525 | 141.687.692 |

# STATEMENT OF CHANGES IN EQUITY
# for the period from 01.01.2022 to 30.09.2022

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 differ-ences from translation of foreign operations | Retained profit / loss brought forward | Profit/loss for the business year | Total at-tributable to owners of the parent | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 (3 to 6 - 7 + 8 to 17) | 19 | 20 (18+19) |
| **Previous period** | | | | | | | | | | | | | | | | | | | |
| **1 Balance on the first day of the previous business year** | **01** | 1,208,895,930 | 719,579 | 48,982,462 | 34,518,335 | 15,869,708 | 217,684,029 | 136,288,008 | 0 | 0 | 0 | 0 | 0 | 0 | 8,830,097 | 6,812,307 | 1,646,861,039 | 0 | 1,646,861,039 |
| 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 | 48,982,462 | 34,518,335 | 15,869,708 | 217,684,029 | 136,288,008 | 0 | 0 | 0 | 0 | 0 | 0 | 8,830,097 | 6,812,307 | 1,646,861,039 | 0 | 1,646,861,039 |
| 5 Profit/loss of the period | **05** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,750,493 | 36,750,493 | 0 | 36,750,493 |
| 6 Exchange rate differences from translation of foreign operations | **06** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 0 | 0 | 0 | 0 | 0 |
| 21 Other distributions and payments to members/shareholders | **21** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -8,632,528 | -6,131,077 | -14,763,605 | 0 | -14,763,605 |
| 22 Transfer to reserves according to the annual schedule | **22** | 0 | 0 | 340,615 | 0 | 0 | 0 | 340,615 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -681,230 | 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 | 49,323,077 | 34,518,335 | 15,869,708 | 217,684,029 | 136,628,623 | 0 | 0 | 0 | 0 | 0 | 0 | 197,569 | 36,750,493 | 1,668,847,927 | 0 | 1,668,847,927 |
| **APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)** | | | | | | | | | | | | | | | | | | | |
| **I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)** | **25** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **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 | 0 | 0 | 36,750,493 | 36,750,493 | 0 | 36,750,493 |
| **III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)** | **27** | 0 | 0 | 340,615 | 0 | 0 | 0 | 340,615 | 0 | 0 | 0 | 0 | 0 | 0 | -8,632,528 | -6,812,307 | -14,763,605 | 0 | -14,763,605 |

# STATEMENT OF CHANGES IN EQUITY
# for the period from 01.01.2022 to 30.09.2022

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) |
| **Current period** | | | | | | | | | | | | | | | | | | | |
| **1 Balance on the first day of the previous business year** | **28** | 1,208,895,930 | 719,579 | 49,323,077 | 34,518,335 | 15,869,708 | 217,684,029 | 136,628,623 | 0 | 0 | 0 | 0 | 0 | 0 | 197,569 | 36,750,493 | 1,668,847,927 | 0 | 1,668,847,927 |
| 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 | 49,323,077 | 34,518,335 | 15,869,708 | 217,684,029 | 136,628,623 | 0 | 0 | 0 | 0 | 0 | 0 | 197,569 | 36,750,493 | 1,668,847,927 | 0 | 1,668,847,927 |
| 5 Profit/loss of the period | **32** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 123,819,949 | 123,819,949 | 0 | 123,819,949 |
| 6 Exchange rate differences from translation of foreign operations | **33** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7 Changes in revaluation reserves of fixed tangible and intangible assets | **34** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale) | **35** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 Profit or loss arising from effective cash flow hedge | **36** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 10 Profit or loss arising from effective hedge of a net investment in a foreign operation | **37** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Share in other comprehensive income/loss of companies linked by virtue of participating interests | **38** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 12 Actuarial gains/losses on the defined benefit obligation | **39** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 Other changes in equity unrelated to owners | **40** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14 Tax on transactions recognised directly in equity | **41** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit) | **42** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure | **43** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 Decrease in initial (subscribed) capital arising from the reinvestment of profit | **44** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 Redemption of treasury shares/holdings | **45** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Payments from members/shareholders | **46** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20 Payment of share in profit/dividend | **47** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -33,090,837 | -33,090,837 | 0 | -33,090,837 |
| 21 Other distributions and payments to members/shareholders | **48** | 0 | 0 | 0 | -411,173 | -411,173 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 583,779 | 0 | 583,779 | 0 | 583,779 |
| 22 Transfer to reserves according to the annual schedule | **49** | 0 | 0 | 1,837,525 | 0 | 0 | 0 | 1,745,648 | 0 | 0 | 0 | 0 | 0 | 0 | 76,483 | -3,659,656 | 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 | 51,160,602 | 34,107,162 | 15,458,535 | 217,684,029 | 138,374,271 | 0 | 0 | 0 | 0 | 0 | 0 | 857,831 | 123,819,949 | 1,760,160,818 | 0 | 1,760,160,818 |
| **APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)** | | | | | | | | | | | | | | | | | | | |
| **I OTHER COMPREHENSIVE INCOME OF THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)** | **52** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **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 | 0 | 0 | 123,819,949 | 123,819,949 | 0 | 123,819,949 |
| **III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)** | **54** | 0 | 0 | 1,837,525 | -411,173 | -411,173 | 0 | 1,745,648 | 0 | 0 | 0 | 0 | 0 | 0 | 660,262 | -36,750,493 | -32,507,058 | 0 | -32,507,058 |

# NOTES TO THE FINANCIAL STATEMENTS - TFI

**Name of issuer: Končar – Electrical Industry Inc.**
**PIN: 45050126417**
**Reporting period: 1 January 2022 to 30 Septemmber 2022**

**1 General information about the company**
Končar – Electrical Industry Inc. (PIN: 45050126417) Zagreb, Fallerovo šetalište 22 ("the Company") is the Parent Company of the Končar – Electrical Industry Group. As the parent company, the Company also prepares consolidated reports, which are presented separately. These unconsolidated financial statements of the Company are financial statements of the company as a separate entity. The Company manages its wholly-owned dependent and affiliated companies.

The average number of employees during the period January - September 2022 was 52 employees (same period last year: 49 employees).

**2 Significant accounting policies**

These statements for the period ended 30 Septmeber 2022 are to be read together with the most recent annual financial statement of the Company as of and for the year ended 31 December 2021 ("the most recent annual financial statements") considering the fact that they do not include all the necessary information for the entire set of financial statements drawn up in accordance with the International Financial Reporting Standards. However, the explanations selected include explanations of the events and transactions significant for understanding changes in the financial position and performance of the Company since the most recent annual financial statement. Annual individual and consolidated financial statements have been published on the Company's website.

In preparing these financial statements, the Management Board used the judgments and estimates affecting the application of accounting policies and the recorded amounts of assets and liabilities, revenue and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results. Key accounting estimates are equal to those described in the most recent annual financial statement. The accounting policies applied in these financial statements are equal to those applied in the financial statements of the Company as of and for the year ended 31 December 2021.

**Sesonal effects**
The Company is not exposed to significant seasonal or cyclical changes in its business operations.

**3 Sales revenue**

| | **January-September 2022** HRK | **January-September 2021** HRK |
|---|---:|---:|
| Income from dividends /i/ | 59,169,771 | 41,221,991 |
| Income from contracts with customers /ii/ | 51,596,948 | 40,451,787 |
| | **110,766,719** | **81,673,778** |

/i/ Income from dividends

| | **January-September 2022** HRK | **January-September 2021** HRK |
|---|---:|---:|
| Income from dividends – dependent companies | 59,169,771 | 41,221,991 |
| Income from dividends – affiliated companies | - | - |
| | **59,169,771** | **41,221,991** |

/ii/ Income from contracts with customers

| | **January-September 2022** HRK | **January-September 2021** HRK |
|---|---:|---:|
| *Type of service* | | |
| Income from brand fees (fees for using the company name, trademark and service mark) | 31,107,654 | 19,172,541 |
| Income from real estate management | 17,026,385 | 18,000,000 |
| Income from other fees | 3,462,909 | 3,279,246 |
| **Total income from contracts with customers** | **51,596,948** | **40,451,787** |

**4 Other income and operating expenses**

Other income in period from January to September 2022 mostly relates to the gain from the sale of land and buildings and to the gain based on return of redemption of claims on loans.

During the same period, there were no items of operating expenses of exceptional size or incidence that would consequently require additional disclosure.

**5 Income tax**

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the reporting period by the management's best estimate of the average annual income tax rate expected for the full financial year. Income tax expense is adjusted for the tax effect of certain items recognised in full in the reporting period. Considering the tax loss carryforwards, the Company does not recognise income tax expense.

| **6 Earnings per share** | **January-September 2022** HRK | **January-September 2021** HRK |
|---|---|---|
| Profit for the year | 123,819,949 | 40,671,862 |
| Weighted average number of shares | 2,545,295 | 2,545,449 |
| **Earnings per share in HRK** | **48.65** | **15.98** |

**7 Property, plant and equipment**

In period from January to September 2022, the Company purchased assets in the amount of HRK 5.140 thousand (same period last year: HRK 1.204 thousand), while depreciation costs amounted to HRK 6.336 thousand (same period last year: HRK 6.400 thousand).

**8 Investments in subsidiaries**

The increase relate to the recapitalization of Končar - Digital Ltd., Zagreb, and to the purchase of shares in Končar - Electronics and Informatics Inc., Zagreb. There were no changes regarding other investments in subsidiaries and associates compared to 31 December 2021.

| | **30 September 2022** HRK' 000 | **31 December 2021** HRK' 000 | **30 September 2022** Share in % | **31 December 2021** Share in % |
|---|---|---|---|---|
| **Stakes (shares) in subsidiaries in Croatia** | | | | |
| Končar – Switchgear; Zagreb | 84,364 | 84,364 | 100 | 100 |
| Končar – Steel Structures, Zagreb | 126,419 | 126,419 | 100 | 100 |
| Končar – Generators and Motors, Zagreb | 107,928 | 107,928 | 100 | 100 |
| Končar – Distribution and Special Transformers, Zagreb | 62,118 | 62,118 | 52.73 | 52.73 |
| Končar – Electrical Engineering Institute, Zagreb | 60,936 | 60,936 | 100 | 100 |
| Končar – Infrastructure and Services, Zagreb | 56,691 | 56,691 | 100 | 100 |
| Končar – Electronics and Informatics, Zagreb | 62,935 | 61,328 | 100 | 97.64 |
| Končar – Renewable Energy Sources, Zagreb | 43,196 | 43,196 | 91.25 | 91.25 |
| Končar - Engineering Co. Ltd. , Zagreb | 70,103 | 70,103 | 100 | 100 |
| Končar- Motors and electrical systems Ltd., Zagreb | 48,601 | 48,601 | 100 | 100 |
| Končar – Electric Vehicles, Zagreb | 36,409 | 36,409 | 75.04 | 75.04 |
| Končar – Instrument Transformers, Zagreb | 30,446 | 30,446 | 61.97 | 61.97 |
| Končar-Digital, Zagreb | 9,200 | 1,200 | 100 | 100 |
| Končar-Investments, Zagreb | 20 | 20 | 100 | 100 |
| | **799,366** | **789,759** | | |

**9 Capital and reserves**

Share (subscribed) capital has a nominal value of HRK 1,208,895,930 (31 December 2021: HRK 1,208,895,930) and consists of 2,572,119 shares with a nominal value of HRK 470.00. The Company's ordinary shares are listed on the Official Market of Zagreb Stock Exchange, identified by the symbol KOEI-R-A. As at 30 Septmber 2022, the Company owned 25,979 treasury shares (31 December 2021: 26,670 shares).

**10 Contingent liabilities and off-balance sheet items**

Off-balance sheet records as at 30 September 2022 include collaterals issued (including corporate guarantees to third parties) at the request of third parties and the Group's subsidiaries to financial institutions and suppliers in the amount of HRK 691,496 thousand (31 December 2021: HRK 944,008 thousand) , while subsidiaries issued collateral to the Company from the aforementioned transactions in the amount of HRK 626,292 thousand (31 December 2021: HRK 878,376 thousand). Collaterals received on the basis of loans granted towards subsidiaries amounts HRK 190,3 million (31 December 2021: HRK 0)

**11 Related party transactions**

| | Transactions for the year ended | |
|---|---|---|
| ***in HRK thousand*** | **30 September 2022** | **30 September 2021** |
| **Income from services** | | |
| Subsidiaries | 48,958 | 38,031 |
| Associates | 2,089 | 1,878 |
| **Gain on sale of assets** | | |
| Subsidiaries | 10,866 | 14 |
| Associates | 0 | 0 |
| **Income from dividends** | | |
| Subsidiaries | 59,170 | 41,222 |
| Associates | 0 | 0 |
| **Finance income** | | |
| Subsidiaries | 3,065 | 0 |
| **Cost of services** | | |
| Subsidiaries | 18,893 | 12,519 |

| ***in HRK thousand*** | **30 September 2022** | **31 December 2021** |
|---|---|---|
| **Receivables from operating activities** | | |
| Subsidiaries | 28,380 | 15,419 |
| Associates | 1,037 | 749 |
| **Dividend receivables** | | |
| Subsidiaries | 0 | 34,213 |
| Associates | 8,418 | 0 |
| **Other receivables** | | |
| Subsidiaries | 0 | 50,000 |
| **Receivables from financing activities** | | |
| Subsidiaries | 348,421 | 155,370 |
| **Liabilities from operating activities** | | |
| Subsidiaries | 3,980 | 3,324 |

**12 Events after the reporting date**

After the reporting date, until the date of approval of the financial statements, there were no events that would significantly affect the Company's financial statements, which should, consequently, be adjusted and/or disclosed.

# C Management's Statement of Responsibility

Unaudited Financial Statements of KONČAR – Electrical Industry Inc. for the period 1 January to 30 September 2022 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) and with the Croatian Accounting Act.

Unaudited Financial Statements of KONČAR – Electrical Industry Inc. for the period from 1 January 2022 to 30 September 2022 give a comprehensive and a true and fair view of assets and liabilities, profit and loss, financial position and business operations of the issuer and the Company.

The Management Statement for the period ending 30 September 2022 gives a true and fair view of the company's business performance.

Signed on behalf of the Management Board::

mr.sc. Gordan Kolak
President of the Management Board

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

Zagreb, 27 October 2022

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