

KONČAR Inc.
Fallerovo šetalište 22
Zagreb
GENERAL ASSEMBLY

SUPERVISORY BOARD REPORT
TO THE GENERAL ASSEMBLY OF KONČAR-ELECTRICAL INDUSTRY Inc.

During 2024, the Supervisory Board exercised oversight over the operations of the Company in accordance with the provisions of applicable law and the Company's Articles of Association.

Until 13 July 2024, the Supervisory Board was composed of the following members:

Joško Miliša	President of the Supervisory Board
Darko Horvatin	Deputy President of the Supervisory Board
Branko Lampl	Member of the Supervisory Board
Ivan Milčić	Member of the Supervisory Board
Maja Martinović	Member of the Supervisory Board
Ruža Podborkić	Member of the Supervisory Board
Mario Radaković	Member of the Supervisory Board
Zvonimir Savić	Member of the Supervisory Board
Danko Škare	Member of the Supervisory Board

At the General Assembly of KONČAR Inc. held on 12 June 2024, five Supervisory Board members , Joško Miliša, Danko Škare, Mario Radaković, Zdravko Kačić, and Igor Filipović, were elected for a term of office from 13 July 2024 to 12 July 2028.

The Supervisory Board members appointed by the shareholder Kapitalni fond d.d., namely, Darko Horvatin, Maja Martinović, and Zvonimir Savić. as well as the employee representative on the Supervisory Board, Ruža Siluković, continued to serve their respective terms.

On 29 October 2024, the term of office for Ms Ruža Siluković, employee representative on the Supervisory Board of KONČAR Inc., expired. Pursuant to the Decision of the KONČAR Inc. Works Council, dated 17 October 2024, Mr Lovro Jurišić was appointed as the new employee representative to the Supervisory Board, effective as of 30 October 2024, for a four-year term.

As of 13 July 2024, the Supervisory Board was composed as follows:

Joško Miliša	President of the Supervisory Board
Darko Horvatin	Deputy President of the Supervisory Board
Igor Filipović	Member of the Supervisory Board
Zdravko Kačić	Member of the Supervisory Board
Maja Martinović	Member of the Supervisory Board
Ruža Podborkić (until 29 October)	Member of the Supervisory Board
Lovro Jurišić (from 30 October)	
Mario Radaković	Member of the Supervisory Board
Zvonimir Savić	Member of the Supervisory Board
Danko Škare	Member of the Supervisory Board

In 2024, the Supervisory Board held 22 meetings. All the members participated in decision-making at all the meetings, casting their votes either in person, by videoconferencing or in writing, as provided for in the Rules of Procedure of Supervisory Board.

The Management Board and the Supervisory Board maintained close cooperation in the interests of the Company and the Group, both through formal meetings and through other channels of communication as necessary. The Supervisory Board was duly and regularly informed by the Management Board on any business events of greater importance, the course of business operations, income and expenditure and the general status of the Company and the Group. The Management Board submitted to the Supervisory Board quarterly, semi-annual and annual business reports, within legally prescribed time limits. These reports were reviewed without objections and unanimously approved by the Supervisory Board. In addition, the Management Board regularly updated the Supervisory Board on corporate strategy, planning, business developments, risk management, compliance, material deviations from initial plans and forecasts, as well as on significant business transactions involving the Company and its affiliated companies.

The Supervisory Board evaluated the profile and competencies of individual Supervisory Board members and members of its committees. The evaluation was carried out by the president of the Supervisory Board with the assistance of appropriate committees, without engaging an external auditor.

The Board operates with an optimal composition of nine members, who collectively bring the breadth of expertise, sector-specific knowledge, and professional acumen required for the effective execution of their fiduciary responsibilities. The assessment of the Supervisory Board Members and its committees confirmed that each member contributes effectively, demonstrates commitment to their role, and devotes sufficient time to performing their duties.

Administrative support in preparing Supervisory Board meetings is provided by the Company Secretary, in an efficient and timely manner.

Of the total nine members of the Supervisory Board, the proportion of female members for the greater part of the year (until 17 October 2024) stood at 22%. The Board advocates for diversity in its composition while maintaining a strong emphasis on the qualifications and professional competence of candidates.

Four committees operate within the Supervisory Board, assisting the Supervisory Board in the performance of its duties: Audit Committee, Strategic and Business Development Committee, Appointments Committee and Remuneration Committee. Members of all the committees are appointed from the ranks of the Supervisory Board.

Darko Horvatin serves as the Chairman of the Audit Committee, with Mario Radaković and Joško Miliša as its Members. In 2024, the Audit Committee held three meetings. All Committee Members participated in the decision-making process at every meeting. At the meetings, the committee members discussed, made decisions and gave recommendations to the Supervisory Board on the following matters: reports on the implementation of the annual internal audit plan, implementation of the policy on the provision of non-audit services for 2024, supervision of the statutory audit and consolidated and unconsolidated annual financial statements for 2024, making recommendations for the adoption of those reports, and appointing auditors for 2024.

Strategic and Business Development Committee originally comprised five members, with Ivan Milčić serving as Chair and Branko Lampl, Zvonimir Savić, Joško Miliša, and Maja Martinović as members. Following changes to the composition of the Supervisory Board, and pursuant to the resolution adopted at the meeting held on 12 September 2024, the Committee was reconstituted with the following members: Joško Miliša (Chairman), Mario Radaković, Zvonimir Savić, Igor Filipović, and Maja Martinović. During 2024, the Strategic and Business Development Committee convened two meetings, focusing on the ongoing transformation of KONČAR Inc.'s organisational and operational model, notably through the integration of KONČAR – Engineering Ltd. and KONČAR – Energetika i usluge Ltd. The Committee also deliberated on the KONČAR Group Strategy 2024+, aimed at driving the Group's long-term growth and competitiveness.

Nomination Committee is a working body of the Supervisory Board established to prepare proposals for decisions to be adopted by the Supervisory Board. The Committee is responsible for deliberating and recommending decisions regarding the appointment and selection of Management Board members. During 2024, the Committee was chaired by Danko Škare, with Darko Horvatin and Ivan Milčić serving as members. Following changes to the composition of the Supervisory Board, and pursuant to the resolution adopted at the meeting held on 12 September 2024, the Committee was reconstituted with the following members: Danko Škare as Chair, and Darko Horvatin and Ruža Siluković as members. In 2024, the Nomination Committee held one meeting, during which it acknowledged the resignation of Management Board member Mr. Josip Lasić, effective as of 31 December 2024, due to his transition to a new role outside the KONČAR Group. The Committee also recorded the resignation of Supervisory Board member Mr. Mario Radaković, effective 31 December 2024.

Based on a proposal from the President of the Management Board, the Nomination Committee endorsed the nomination of Mario Radaković for appointment as a member of the Management Board of KONČAR Inc., with responsibility for Finance, for a term

commencing on 1 January 2025 and ending on 21 January 2028, and submitted the recommendation to the Supervisory Board for approval.

Remuneration Committee outlines the content of Management Board member contracts and determines the structure of their remuneration. It is also responsible for preparing and drafting the Company's Remuneration Policy applicable to both the Management Board and the Supervisory Board. The Committee is chaired by Branko Lampl, and Maja Martinović and Ruža Podborkić are the members. Following the Supervisory Board decision of 12 September 2024, the Committee was reconstituted with Zdravko Kačić appointed as Chair, and Maja Martinović and Igor Filipović as members.

In 2024, the Committee convened on five occasions, with all Members in attendance at each session. During these meetings, the Committee approved the new Long-Term Incentive Plan, endorsed the 2023 Remuneration Report for Management and Supervisory Board members, approved amendments to the Remuneration Policy, endorsed the calculation methodology for the 2023 variable compensation of Management Board members, gave consent for the execution of share award and transfer agreements for 2023, and proposed to the Supervisory Board the approval of an additional bonus for Management Board members linked to the achievement of market capitalisation targets in 2024.

By decision of the Supervisory Board dated 6 December 2023, it was established that the term of office of the following Management Board members would expire on 20 January 2024: Gordan Kolak President of the Management Board, Ivan Bahun, Josip Ljulj, Miki Huljić, Josip Lasić and Božidar Poldrugač as Members of the Management Board.

At the same meeting, the Supervisory Board adopted a resolution appointing the following members with effect from 21 January 2024 for a new term until 21 January 2028: Gordan Kolak as the President of the Management Board, and Josip Lasić, Petar Bobek, Miki Huljić and Ivan Paić as Members of the Management Board.

Throughout 2024, the Management Board of KONČAR d.d. operated in the following composition: Gordan Kolak - President of the Management Board, Josip Lasić, Miki Huljić, Petar Bobek, Ivan Paić - Members of the Management Board.

Members of the Management Board of KONČAR - Electrical Industry Inc. regularly attend Supervisory Board meetings, reporting on matters within their respective areas of responsibility and providing any additional clarifications as requested. This enables the Supervisory Board to conduct comprehensive deliberations on all agenda items, form considered opinions, and adopt the necessary resolutions. In that regard, the Supervisory Board has deemed the cooperation with the Management Board successful.

The Supervisory Board has evaluated the effectiveness of the arrangements governing cooperation between the Supervisory Board and the Management Board, as well as the adequacy of the support and information provided by the Management Board.

The Supervisory Board considers that cooperation has been highly effective and that the Management Board has consistently provided timely, comprehensive information and appropriate support to the Board's work.

In line with its obligations, the Supervisory Board had conducted supervision and reviewed the Company's accounts and documentation and subsequently concluded

that KONČAR - Electrical Industry Inc. had operated pursuant to legislation, the Articles of Association and resolutions of the General Assembly.

The Supervisory Board has reviewed the reports submitted by the external auditor, KPMG Croatia d.o.o., Ivana Lučića 2a, Zagreb, following their audit of the Company's annual reports for 2024, and has formally accepted the auditors' findings.

In addition, the Supervisory Board has examined and approved the Management Board's Report on Relations with Affiliated Companies for 2024. This report was also subject to audit, with the external auditor issuing a conclusion providing a reasonable level of assurance regarding their review of the Report. According to the auditor's opinion, the disclosures made in the Report are, in all material respects, accurate, and, with respect to the legal transactions detailed therein, the consideration received or obligations assumed by the Company were not, in any material respect, inappropriately high given the circumstances known at the time such transactions were executed.

Following its review of the Company's 2024 Annual Reports, as submitted by the Management Board, the Supervisory Board determined that the Annual Reports of KONČAR d.d. for 2024 have been prepared in accordance with the records maintained in the Company's books of account and accurately reflect the Company's financial position and business performance. Accordingly, and pursuant to Article 300.d of the Croatian Companies Act, the Supervisory Board has granted its approval to the Annual Reports, which are thereby considered formally adopted.

The Supervisory Board also granted its approval to the Annual Management Report of KONČAR Inc. for 2024, together with the accompanying financial statements.

The Supervisory Board received a proposal from the Management Board regarding the allocation of the 2024 net profit, as follows:

- Net profit for 2024 amounts to EUR 31,453,932.98.
- An amount of EUR 1,572,696.65 shall be allocated to other reserves, of which EUR 198,292.41 relates to unamortised period costs.
- It is proposed that a dividend of EUR 3.00 per share be distributed to shareholders.

The Supervisory Board concurs with the Management Board's proposal regarding the appropriation of profit and recommends its adoption by the General Assembly.

Furthermore, the Supervisory Board has adopted the Report on the Remuneration of the Members of the Management Board and Supervisory Board of KONČAR Inc. The report was subject to an audit by KPMG, who issued a limited assurance conclusion. Based on the procedures performed and the evidence gathered, KPMG concluded that nothing has come to their attention that would indicate that the 2024 Remuneration Report was not, in all material respects, prepared in accordance with the requirements set out in paragraphs 1 and 2 of Article 272.r of the Croatian Companies Act.

The Remuneration Report was duly approved by the Remuneration Committee and subsequently adopted by the Supervisory Board, which now submits the Report to the General Assembly for approval.

Zagreb, 16 April 2025

President of the Supervisory Board
Joško Miliša