

KONČAR Inc.

Fallerovo šetalište 22, 10000 Zagreb

Security: KOEI-R-A

ISIN: HRKOEIRA0009

LEI: 74780000H0SHMRAW0I15

Home Member State: Croatia

Regulated Market Segment: Official Market of the Zagreb Stock Exchange

Zagreb, 28 May 2026

## **SUBJECT: Counterproposal to the Proposed Decision of the General Assembly**

Pursuant to Article 282 of the Companies Act, KONČAR Inc. hereby publishes the counterproposal submitted by the shareholder Dino Štrlek, Antuna Štera 27, 42000 Varaždin, PIN (OIB): 32461005033, to the proposed decision under item 5 of the agenda of the General Assembly of KONČAR Inc., convened for 12 June 2026 at 12:00 noon in Zagreb, Fallerovo šetalište 22, at the KONČAR Inc. business tower, 11th floor.

The counterproposal is attached to this notice.

KONČAR Inc.

**Shareholder**

Dino Štrlek  
Antuna Štera 27  
42000 VARAŽDIN

26 May 2026

**KONČAR – Electrical Industry Inc. for manufacturing and services**

Fallerovo šetalište 22  
10000 Zagreb  
c/o Company Management Board

**SUBJECT:** Counterproposal by a shareholder to agenda item 5 of the Notice for the General Assembly of KONČAR – Electrical Industry Inc. for manufacturing and services – Decision on allocation of distributable profit for 2025

Pursuant to the provisions of Article 282 of the Companies Act (Official Gazette No. 111/9, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23), Dino Štrlek, Antuna Štera 27, PIN (OIB): 32461005033, holder of **300 ordinary shares** of KONČAR – Electrical Industry Inc., Zagreb, Fallerovo šetalište 22, PIN (OIB): 45050126417, registered in the CDCC Inc. registry under the security identifier KOEI-R-A and ISIN code HRKOEIRA0009, hereby submits:

**COUNTERPROPOSAL**

to the proposed resolution under agenda item 5 of the General Assembly of the Company, convened for 12 June 2026, such that it is amended and reads as follows:

**Ad. 5) Decision on allocation of distributable profit for 2025**

*"Pursuant to the provision of Article 220 of the Companies Act and the provision of Article 11 of the Articles of Association of KONČAR – Electrical Industry Inc. for manufacturing and services, on 12 June 2026, the Company's General Assembly adopts the following*

***Decision***

1. The net profit of KONČAR Inc. generated in the financial year 2025 amounts to **EUR 80,142,080.29**.
2. Out of that distributable profit, the shareholders will be paid a dividend of **15.00 EUR per share**.
3. Dividend will be paid to the shareholders registered in the Depository of Dematerialized Securities of the Central Depository and Clearing Company (CDCC) as holders of shareholder rights 14th (fourteenth) day following the General Assembly meeting. Hence, 26 June 2026 is the record date.
4. Dividend payment will be made no later than within 14 (fourteen) days from the record date, that is, until (and including) 10 July 2026.
5. The ex-dividend date (the date from which Company shares will trade without the right to dividend payment) is 25 June 2026.
6. The remaining distributable profit will be allocated to retained earnings."

## Statement of Reasons

The submitter considers that the Management Board's proposal of 4.00 EUR per share (payout ratio 12.72%) is not proportionate to the Company's achieved business results or financial strength, for the following reasons:

**1. Exceptional business results justify a higher payout.** Net profit of 80.14 million EUR in 2025, the rise in the KOEI-R-A share price from 444.00 EUR to 700.00 EUR in 2025 alone, and a book-to-bill ratio significantly above 1, all point to financial strength that unquestionably supports a dividend payment of 15.00 EUR per share.

**2. Stable financial position.** Total assets amount to 487.2 million EUR, capital and reserves 341.6 million EUR (equity-to-assets ratio 70.1%), and bank loan obligations of only 14.5 million EUR.

The proposed payout of 38.2 million EUR does not jeopardize either the Company's liquidity or its investment capacity.

**3. Dividends received from subsidiaries amount to 49.65 million EUR.** In 2025, the parent company received more from its subsidiaries than is being proposed to be paid out to shareholders under this proposal, which in itself speaks to the disproportion between the generated cash flow and the distribution proposed by the Management Board.

**4. A payout ratio of 47.70% is consistent with the practice of comparable companies.** In the sector of electrical power equipment and industrial conglomerates in the region, a payout ratio in the range of 40–50% of net profit is standard practice for financially stable and highly capitalized companies without significant capital requirements at the parent level.

**5. Shareholders' right to a reasonable return on dividends.** As a holder of \_\_\_ shares, the submitter emphasizes that the dividend represents the primary and most direct form of shareholder participation in the Company's results, and that regular and fair dividend payment is the fundamental expression of return on invested capital.

Given the exceptional business results achieved in 2025 and the financial strength of the Company that unquestionably supports this, a dividend of 15.00 EUR per share represents a reasonable and justified return, consistent with the legitimate expectations of all shareholders, regardless of the size of their holding. It is proposed that the Chairman of the General Assembly submit this counter - proposal to shareholders for a vote to adopt the counter-proposal resolution, prior to voting on the Management Board's proposed resolution, and that the Company publish it in the prescribed manner.

Dino Štrlek