



**BUSINESS RESULTS OF THE KONČAR GROUP for the period from January to
September 2019**

Exports account for 62% of total revenue

From January to September 2019, companies in the KONČAR Group generated a consolidated revenue from the sales of goods and services in the amount of HRK 1,868.6 million, which is a 7.2% increase compared to the same period last year.

The operating revenue amounted to HRK 1,935.4 million, with revenue from the sales of goods and services accounting for 97% of that amount. The operating expenses amounted to HRK 1,916.8 million. For the three quarters of 2019, the Group's consolidated profit before tax amounted to HRK 34.4 million, which represents a reduction in comparison to the same period of 2018.

This is mostly due to the fact that the execution of some important contracts has been delayed or blocked, including the construction of a hydro power plant in Bosnia and Herzegovina and the delivery of equipment to an Iranian customer, which has been delayed due to a new round of sanctions imposed on Iran.

Revenue generated in the domestic market amounted to HRK 721.2 million. The sales of goods and services to HEP - Generation, HEP - Distribution System Operator and the Croatian Transmission System Operator (HOPS) accounted for the largest part of the revenues in the domestic market.

The sales of goods and services to foreign markets generated a revenue in the amount of HRK 1,147.5 million, which, in spite of the blocked contracts for Iran and Bosnia and Herzegovina, represents a 7.1 percent increase compared to the same period last year.

Exports made up 62% of the total revenue from the sales of goods and services, with the most important foreign markets being Germany, Sweden, Austria, UAE and Hungary.

Compared to the same period last year, a significant increase in revenues from the sales of goods and services in foreign markets was achieved in UAE, Austria and Germany.

From January to September 2019, companies in the KONČAR Group concluded a number of new contracts, the value of which exceeds HRK 2.1 billion.

As of 30 September 2019, outstanding commitments are 8% higher compared to the beginning of the year and they amount to more than HRK 3.4 billion.



Long-term financing sources (capital, long-term provisions and long-term liabilities) exceed the fixed assets and the average value of stocks by HRK 600 million. Current assets are 2.8 times greater than short-term liabilities. The structure of the consolidated balance sheets indicates a good balance between funding sources and investments and good financial stability of the KONČAR Group.

Note: In 2019, there was a change in the number of dependent companies operating within the Group. According to the previously adopted decisions on the restructuring of companies that do not operate within the Group's core business, in the second quarter of 2019, the shares of KONČAR - Household Appliances were sold through an M&E buyout model, and said company is no longer part of the Group. Furthermore, a part of the production range of KONČAR - Low Voltage Switches and Circuit Breakers was sold to Lovato Electric s.p.a. from Bergamo. Lovato Electric s.p.a. continues to manufacture rotary cam switches and has taken over an adequate number of workers, whose rights under Collective Labor Agreement have been protected, which shows consideration for the preservation of jobs and the continuation of the production.

Said transactions are expected to have a positive effect on the Group's business operations in the forthcoming period. For comparability purposes, said companies have been excluded from the presented data regarding the results achieved in the same accounting period of 2018.