

Pursuant to the provisions of Articles 549 and 518 of the Companies Act (Official Gazette 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23; hereinafter: CA)-----

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KONČAR – Electrical Industry Inc. for manufacturing and services, Zagreb, Fallerovo šetalište 22, registered in the court register of the Commercial Court in Zagreb, Court Reg. No. (MBS): 080040936, PIN: 45050126417, represented by the President of the Management Board Gordan Kolak and Member of the Management Board Josip Lasić (hereinafter: acquiring company or KONČAR Inc.)-----

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and-----

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KONČAR – Engineering Ltd. for production and services, Zagreb, Fallerovo šetalište 22, registered in the court register of the Commercial Court in Zagreb, Court Reg. No. (MBS): 080084327, PIN: 29898970552, represented by the President of the Management Board Željko Bago (hereinafter: acquired company or KET)-----

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and-----

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KONČAR – Infrastructure and Services Ltd. for services, Zagreb, Fallerovo šetalište 22, registered in the court register of the Commercial Court in Zagreb, Court Reg. No. (MBS): 080203357, PIN: 00160548872, represented by director Jasna Horvat (hereinafter: acquired company or KEIU)-----

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on 8 May 2024 (say: the eighth of May two thousand and twenty-four) in Zagreb concluded the following-----

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**MERGER AGREEMENT**  
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**1. Underlying assumptions**-----

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The Parties conclude this Agreement based on the following assumptions:-----

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1.1. KONČAR – Electrical Industry Inc. for manufacturing and services is a public company registered in the court register of the Commercial Court in Zagreb under Court Reg. No.: 080040936, with share capital in the amount of EUR 159,471,378 (say: one hundred and fifty-nine million four hundred and seventy-one thousand three hundred and seventy-eight), which is divided into 2,572,119 (say: two million five hundred and seventy-two thousand one hundred and nineteen) ordinary registered shares in the nominal amount of EUR 62 (say: sixty-two) each. -----

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1.2. KONČAR – Engineering Ltd. for production and services is a limited liability company registered in the court register of the Commercial Court in Zagreb under Court Reg. No.: 080084327, with share capital in the amount of EUR 8,123,000 (say: eight million one hundred and twenty-three thousand), which consists of 1 (say: one) membership interest in the nominal amount of EUR 8,123,000 (say: eight million one hundred and twenty-three thousand), held by the founder and sole member KONČAR – Electrical Industry Inc. for manufacturing and services. -----

1.3. KONČAR – Infrastructure and Services Ltd. for services is a limited liability company registered in the court register of the Commercial Court in Zagreb under Court Reg. No.: 080203357, with share capital in the amount of EUR 6,621,000.00 (say: six million six hundred and twenty-one thousand), which consists of 1 (say: one) membership interest in the nominal amount of EUR 6,621,000.00 (say: six million six hundred and twenty-one thousand), held by the founder and sole member KONČAR – Electrical Industry Inc. for manufacturing and services. -----

1.4. This merger is carried out for economic reasons concerning the creation of common synergistic effects through better market efficiency and savings as a result of: greater concentration of knowledge and experience, reduction of duplicate functions, increase of revenue due to stronger capital base and stronger market presence, as well as increase of productivity through strengthening of business relationships and volume of product and service exchanges with customers. -----

1.5. The legal actions required for the merger to be carried out have been performed. -----

Based on the above assumptions, which constitute an integral part of this Agreement, the Parties have agreed as follows: -----

## **2. Subject of the Agreement** -----

2.1. By virtue of this Agreement, the Parties regulate their mutual rights and obligations arising from the merger and transfer of all assets as well as all rights and obligations of the companies KET and KEIU as companies acquired by KONČAR Inc. as the acquiring company, with the acquisition involving the acquired companies' assets, rights and obligations being transferred to the acquiring company, and the taking over of all movable and immovable assets, rights and obligations of the acquired companies by the acquiring company. -----

2.2. The acquiring company shall become the owner of movable property, real property, financial instruments as well as all other tangible and intangible assets and rights of the acquired companies KET and KEIU as of the date of registering the merger in the court register. -----

2.3. Acquired companies KET and KEIU explicitly authorise the acquiring company to transfer the right of ownership from the acquired companies to the acquiring company in the land register and other public registers, following the execution and approval of this Agreement at general assembly meetings of the acquired companies and following the registration of the merger with the Commercial Court in Zagreb. -----

2.4. The Parties mutually agree that from the date of execution of this Agreement until the date of registration of the merger in the court register in Zagreb, they shall not in any way significantly reduce or encumber their assets. -----

2.5. The list of real property owned by the acquired companies and transferred to the acquiring company was created on the date of conclusion of this Agreement and is enclosed to this Agreement as Appendix 1. -----

## **3. Increase of share capital and transfer of membership interests** -----

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3.1. The acquiring company holds all membership interests in the acquired companies KET and KEIU. Thus, pursuant to the provision of Article 549, paragraph 2 in connection with Article 520, paragraph 1 of the CA, the merger does not increase the acquiring company's share capital, and the acquired companies and their members do not acquire any shares in the acquiring company. -----

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3.2. Membership interests which the acquiring company holds in the acquired companies shall cease to exist upon registration of the merger in the court register of the Commercial Court in Zagreb. -----

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**4. Financial reports, timeframe of internal merger and transfer of assets** -----

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4.1. The Parties accept the balance sheets of acquired companies, profit and loss statements, cash flow statements and reports on the state of the company as at 31 December 2023 (the thirty-first of December two thousand and twenty-three) as authentic and final documents. -----

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4.2. On the date of registration of the merger in the court register of the Commercial Court in Zagreb, foreseeably by 1 July 2024 (say: the first of July two thousand and twenty-four), the acquired companies KET and KEIU shall transfer to the acquiring company all of their assets, the value of which is established based on the financial reports referred to in the previous paragraph of this Article, taking into consideration normal business activities in the period leading up to the registration of the merger in the court register of the Commercial Court in Zagreb, in particular those resulting from previously assumed rights and obligations, as well as the value of due but unrealised rights and obligations, which is not presented in this Agreement.-----

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4.3. In that sense, the Parties agree that all actions taken by them since 15 June 2024 (say: the fifteenth of June two thousand and twenty-four) shall be considered actions which are valid as though they were taken for the account of the acquiring company, provided that the merger occurs.-----

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4.4. The provision of the previous paragraph of this Article pertains exclusively to internal relationships between the Parties and shall have no effect vis-à-vis third parties. -----

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**5. Special benefits**-----

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5.1. The Parties agree and acknowledge that as a result of this merger, no benefits have been or shall be given to management board members, supervisory board members, shareholders or members of companies participating in the merger.-----

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5.2. The Parties agree that the merger shall not lead to any changes in the acquiring company's Management Board and Supervisory Board. Management board members and supervisory board members of the acquired companies KET and KEIU shall cease to be members of the above bodies as of the date of registration of the merger in the court register of the Commercial Court in Zagreb and they shall hold no function in the acquiring company's bodies. The terms of valid agreements concerning the performance of tasks of president/members of the management board/director of acquired companies shall apply

to the rights of the president and members of the management board and directors of the acquired companies. -----  
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5.3. By registering the merger, the management board and other bodies of acquired companies shall cease to exist and no legal succession shall be established with the acquiring company, in terms of neither function nor rights, except for rights accrued prior to the date of registration of the merger. -----  
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**6. Employment contracts** -----  
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6.1. Pursuant to the provision of Article 137 of the Labour Act (Official Gazette 93/14, 127/17, 98/19, 151/22, 64/23), as of the date of registration of the merger in the court register of the Commercial Court in Zagreb for the acquiring company, all employment contracts of the acquired companies' employees shall be transferred to the acquiring company as the new employer. -----  
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**7. Security for creditors** -----  
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7.1. The acquiring company undertakes to provide security for claims to the Parties' creditors who apply for this purpose within six months of the date of publication of the registration of the merger in the court register of the Commercial Court in Zagreb, under the conditions stipulated in Article 523 of the CA. -----  
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**8. Costs** -----  
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8.1. The acquiring company shall bear the costs associated with the performance of this Agreement, such as notarial, court and other fees related to the implementation of this merger, while each Party shall bear its own costs incurred in negotiations and preparations for the merger. -----  
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**9. Approval of the Agreement** -----  
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9.1. Pursuant to Article 531, paragraph 1 of the Companies Act, no approval of this Agreement by the acquiring company's General Assembly is required; on the other hand, general assembly meetings of the acquired companies shall be held for the purpose of approval of this Agreement at the latest by 20 June 2024 (say: the twentieth of June two thousand and twenty-four). -----  
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9.2. The acquiring company's Supervisory Board shall adopt a decision on approval of this Agreement at the latest by 20 June 2024 (say: the twentieth of June two thousand and twenty-four). -----  
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**10. Applications for registration** -----  
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10.1. The Parties undertake to submit an application for registration of the merger in the court register of the Commercial Court in Zagreb immediately upon approval of this Agreement by the acquired companies. -----  
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**11. Complete agreement**-----  
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11.1. This Agreement contains the complete agreement between the Parties. Upon its execution, all prior agreements, oral and/or written arrangements concerning its subject reached between the Parties shall be excluded.-----  
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**12. Transferability**-----  
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12.1. No Party may assign, outsource or in any way transfer this Agreement, as well as all rights and obligations based thereon, without the prior written consent of the other Parties.-----  
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**13. Partial performance**-----  
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13.1. This Agreement shall remain fully in force and produce legal effects regarding any non-performed and/or non-implemented term of this Agreement, including but not limited to all guarantees, warranties and obligations, regardless of any partial performance of obligations, except in cases where a provision to the contrary exists in this Agreement or in legislation in force.-----  
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**14. Severability**-----  
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14.1. If any term or terms of this Agreement are deemed invalid, the Parties undertake to promptly substitute the null and void, invalid or unenforceable term with other terms, ensuring that the amended terms achieve the same or substantially the same purpose and/or intent as envisioned by the null and void, invalid or unenforceable term in a lawful and permissible manner, taking into account the Parties' expressed intention and interests.-----  
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**15. Dispute resolution**-----  
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15.1. The Parties shall attempt to amicably resolve any disputes that may arise based on this Agreement between the Parties and between the shareholders and the acquiring company, taking into account fairness and the purpose of the Agreement as envisioned by the Parties. Where no amicable dispute resolution may be reached, the Commercial Court in Zagreb shall be the competent court for dispute resolution.-----  
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**16. Headings**-----  
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16.1. The headings of individual parts of this Agreement are provided solely for convenience and shall have no effect on its interpretation.-----  
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**17. Amendments to the Agreement**-----  
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17.1. This Agreement may be amended at any time, exclusively in the form of a written agreement signed by the authorised representatives of each Party, in the same form in which it was concluded. -----  
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**18. Representations and warranties** -----  
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18.1. The Parties declare and guarantee to each other that they have taken all necessary legal and other actions for the purpose of valid acceptance and performance of their obligations hereunder, as well as that the performance of their obligations hereunder shall not lead to violation or breach of any contract or contractual restrictions to which they committed. -----  
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**19. Number of counterparts** -----  
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This Agreement has been drawn up in 10 (say: ten) counterparts, of which each Party shall keep 1 (say: one) counterpart for its own needs, while the other counterparts shall be used for the performance of the Agreement. -----  
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**20. Entry into effect** -----  
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20.1. This Agreement shall enter into effect once the following conditions have been cumulatively met: -----  
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- a) When it has been signed by the Parties' authorised representatives and when the notary public has certified it as a notarial deed -----  
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- b) When it has been approved by the acquired companies' general assemblies -----  
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- c) When it has been approved by the acquiring company's Supervisory Board. -----  
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20.2. In witness of their acceptance of all rights and obligations hereunder, the Parties' authorised representatives sign this Agreement in their own hand. -----  
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For **KONČAR – Electrical Industry Inc. for manufacturing and services,**  
*President of the Management Board:*

Gordan Kolak

*Member of the Management Board:*

Josip Lasić

For **KONČAR – Engineering Ltd. for production and services,**  
*President of the Management Board:*

Željko Bago

For **Končar – Infrastructure and Services Ltd. for services,**  
*Director:*

Jasna Horvat