

AD Plastik d.d.

Joint-stock company
for automotive plastic components manufacturing

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AD PLASTIK, d.d., Solin
SUPERVISORY BOARD
Solin, May 31, 2023

to the General Assembly of AD PLASTIK d.d.
to the Management Board of AD PLASTIK d.d.

REPORT ON THE PERFORMED SUPERVISION OVER MANAGEMENT OF BUSINESS OF AD PLASTIK GROUP FOR 2022

I. Introductory part

Composition of the Supervisory Board:

Sergey Dmitrievich Bodrunov, President,
Ivica Tolić, Deputy President,
Bože Plazibat, member,
Ivka Bogdan, member,
Alina Viktorovna Koretskaya, member,
Igor Anatolyevich Solomatin, member,
Anđelka Čulo, member.

Subject to supervision:

The Supervisory Board has examined:

- Annual Financial Statements of AD Plastik d.d. for 2022,
- Consolidated Annual Financial Statement of AD Plastik Group for 2022,
- Report by the audit firm KPMG Croatia d.o.o. on the performed audit of the Annual Financial Statements of AD Plastik Group for 2022,
- Annual Report by Management Board on the status of AD Plastik Group for 2022,
- Draft Decision on the loss coverage for 2022

II. Results of the examination

- 1) The Company has conducted business in accordance with the laws and acts of the Company and the decisions of the General Assembly.
- 2) Annual Financial Statement of AD Plastik d.d. for 2022, as well as the Consolidated Annual Financial Statement of AD Plastik Group for 2022 have been drawn up in accordance with the status set out in Company's account ledgers. The Supervisory Board has no objections, and it gave consent to the aforementioned financial statements.
- 3) The Supervisory Board has adopted the report by an independent auditor - the audit firm KPMG Croatia d.o.o. Zagreb on the performed audit of the Annual Financial Statements of AD Plastik Group for 2022 and it has no objections regarding the said Auditor's Report.

4) The Supervisory Board has adopted the report by the Management Board on the status of AD Plastik Group for 2022, including the report on the status of the Company at the level of AD Plastik d.d. and AD Plastik Group and it has no objections regarding the said report by Management Board.

5) The Supervisory Board is of the opinion that the draft decision of the Management Board on the coverage of loss realized by AD Plastik d.d. in the business year 2022 is consistent with the business results, that it is in the function of the business plan for the current year, that it protects the interests of the shareholders and that it complies with the positive regulations of the Republic of Croatia. Therefore, the Supervisory Board approves the submitted draft decision of the Management Board on the coverage of the Company's loss realized in 2022, as follows:

Loss of AD Plastik d.d. Solin (hereinafter: the Company) for the year 2022 amounted to HRK 103,550,248, which according to the fixed HRK to EUR exchange rate amounts to EUR 13,743,479.73, and will be covered as follows:

1. from retained earnings of previous years in the amount of HRK 98,715,707 (EUR 13,101,825.87),
2. from capital reserves in the amount of HRK 4,834,541 (EUR 641,653.86).

It has been proposed to the General Assembly to adopt the draft decision from the previous paragraph.

6) The Supervisory Board has examined the management of the business of the Company and the Group as follows:

6.1. by reviewing the Company's and Group's reports, namely: Balance Sheet with the sum of assets and liabilities, Statement of Profit and Loss, Cash Flow Statement for 2022, indicating the net increase in cash and cash equivalents, as well as Notes to the Financial Statements.

6.2. by discussing the reports set out in paragraph 6.1. at the meetings of the Supervisory Board.

6.3. by reviewing the reports on audit for 2022 performed by the audit firm KPMG Croatia d.o.o. and by discussing the mentioned report at the Supervisory Board's meeting held on May 31, 2023.

7) During 2022 the Supervisory Board held 4 (four) meetings, namely on: March 10, 2022, May 24, 2022, September 15, 2022, and December 15, 2022.

In addition to the regular reports by the Company's Management Board on the results and status of business of the Company and the Group, as well as joint business development consultations, the following issues have been discussed in more detail at the meetings of the Supervisory Board:

- Report on the implementation of the policy on the provision of non-audit services for the year 2021;
- Draft Decision on the approval of the Questionnaire on Compliance with the Corporate Governance Code for 2021;
- Report of the Supervisory Board on the evaluation of the effectiveness of the Supervisory Board and its committees for 2021;
- Report of the Management Board to the Supervisory Board on the conclusions regarding the evaluation of the effectiveness of the Management Board for 2021;
- Draft Decision on the use of profit realized in 2021;
- Adopting Remuneration Report of Management and Supervisory Board Members for 2021;
- Draft Decision on granting authority to the Management Board to acquire its own shares;
- Report on the implementation of the corporate management policy of subsidiary and affiliated companies of the company AD Plastik d.d. for 2021;
- Draft Decision on authorizing the Deputy President of the Supervisory Board to conclude the Annexes to the manager's contracts with the President and members of the Management Board of the Company;
- Draft Decision on the appointment of the candidates for two members of the Supervisory Board;
- Draft Decision on the appointment of two members of the Audit Committee;
- Draft Decision on the number of members of the Company's Management Board;

- Draft Decisions on the appointment of two members of the Company's Management Board, and authorizing the Deputy President of the Supervisory Board to conclude manager's contracts with the appointed members of the Management Board;
- Draft Decision on awarding a remuneration (bonus) to the President and a member of the Company's Management Board for successful work in 2021;
- Draft Main Strategy of AD Plastik Group for the period 2023-2030;
- Draft Annual Business Plan of AD Plastik Group for 2023;
- Draft Medium-Term Development Plan of AD Plastik Group for the period 2023 – 2025.

Three committees of the Supervisory Board operated in 2022:

a) During 2022 Audit Committee held four meetings, namely:

- 36th meeting on March 10, 2022, where it adopted the Report by the Internal Audit Director on the audits performed in the 4th quarter of 2021, the Report on the implementation of the Annual Internal Audit Plan for 2021, and the Report on the implementation of the policy on the provision of non-audit services for the year 2021;
- 37th meeting on May 24, 2022, where it adopted the Report of the Audit Committee on the supervision over the conduction of mandatory audit of the Annual Financial Statements of AD Plastik d.d. and Consolidated Annual Financial Statements of AD Plastik Group for 2021, reviewed the Annual Financial Statements of AD Plastik d.d. and Consolidated Annual Financial Statements of AD Plastik Group for 2021, as well as Auditor's Reports on the performed audit of the aforementioned financial statements, and it also made recommendations to the Supervisory Board on the adoption of these reports. Apart from that, the Audit Committee also discussed draft decisions on the use of profit for 2021, as well as on the appointment of the auditor for 2022 and determining remuneration for their work, and made recommendations to the Supervisory Board to adopt Drafts of the said decisions. Finally, the Audit Committee adopted the Draft of the amended Annual Internal Audit Plan for 2022, as well as the Internal Audit Report on the audits performed in the first quarter of 2022;
- 38th meeting on September 15, 2022, where it discussed the Internal Audit Report on the audits performed in the second quarter of 2022;
- 39th meeting on December 15, 2022, where the Audit Committee discussed the Report by the Internal Audit Director on the audits performed in the 3rd quarter of 2022, adopted the Draft Annual Internal Audit Plan of the Company for 2023, and agreed with the Report by the audit firm KPMG Croatia d.o.o. dated November 25, 2022, regarding the audit plan and strategy for the year ending on December 31, 2022.

b) During 2022 Appointment Committee held three meetings, namely:

- 14th meeting on May 24, 2022, where the proposals of the candidates for two members of the Supervisory Board were adopted,
- 15th meeting on September 15, 2022, where the proposals of the candidates for two members of the Company's Management Board were adopted, and
- 16th meeting on December 15, 2022, where the proposals of the candidates for two members of the Company's Audit Committee were adopted.

c) During 2022 Remuneration Committee held two meetings, namely:

- 18th meeting on May 24, 2022, where Draft Annexes to manager's contracts with the President and members of the Management Board of the Company were adopted, and recommendations to the Supervisory Board on adopting the Remuneration Report of Management and Supervisory Board Members for 2021 were given,

- 19th meeting on September 15, 2022, where the Draft manager's contracts with the two members of the Company's Management Board, and the Draft Decision on awarding a remuneration (bonus) to the President and a member of the Company's Management Board for successful work in 2021 were adopted.

8) The Supervisory Board and the Management Board have accepted and adopted financial statements at Company and Group levels.

9) Decisions of the Management Board and Supervisory Board on the financial statements for 2022 are attached to this report.

10) In accordance with the Corporate Governance Code of the Zagreb Stock Exchange and the Hanfa, at the meeting held on March 9, 2023, the Supervisory Board adopted a Report in which it positively assessed its effectiveness and composition, as well as the effectiveness and composition of its committees, and the individual results of the members, as well as the effectiveness of the cooperation arrangement between the Supervisory Board and the Management Board of the Company for 2022. The aforementioned Report of the Supervisory Board has been included in the Integrated Annual Report of the Company for 2022.

President of the Supervisory Board
Sergey Dmitrievich Bodrunov

