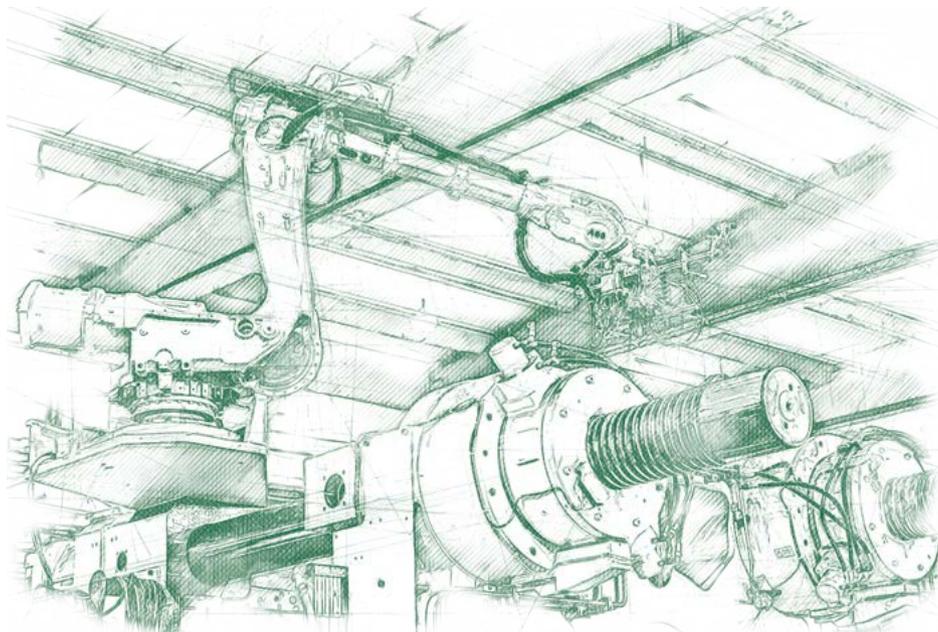




2023

**INTEGRATED  
ANNUAL REPORT**



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## IMPRESUM

**Publisher** AD Plastik d.d.  
Matoševa 8, 21210 Solin

**For publisher** Josip Divić  
Management Board Member  
for Finance, Controlling, Accounting and IT

**Editor** Lori Vitaljić

**Graphic design** Gingola d.o.o.

**Edition** 10

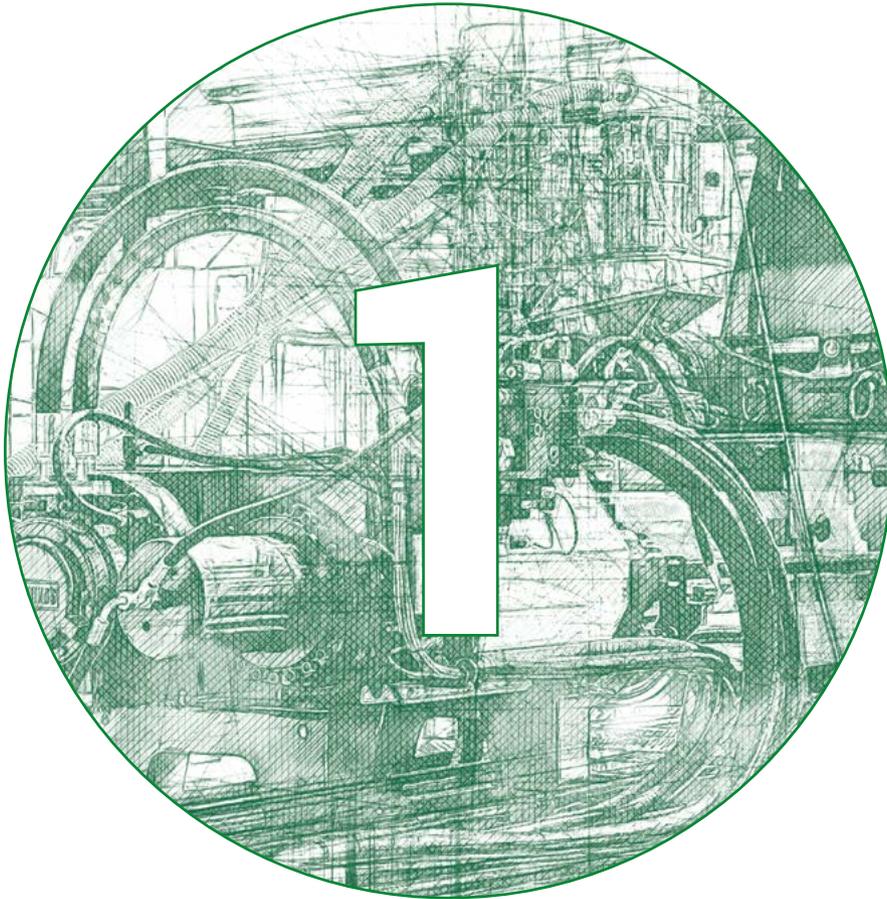
GRI 2-3

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This pdf document is not the official format for publication of Annual report.

**All data in the report refer to December 31, 2023**

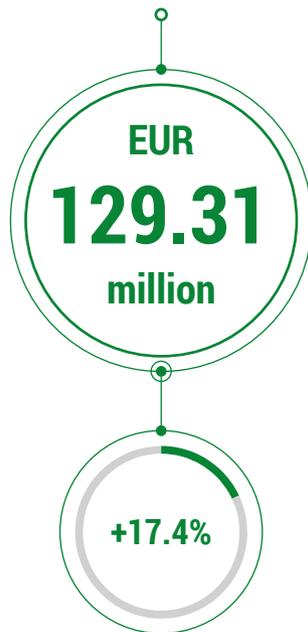
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# **A BRIEF OVERVIEW**

# IN NUMBERS

## OPERATING REVENUE

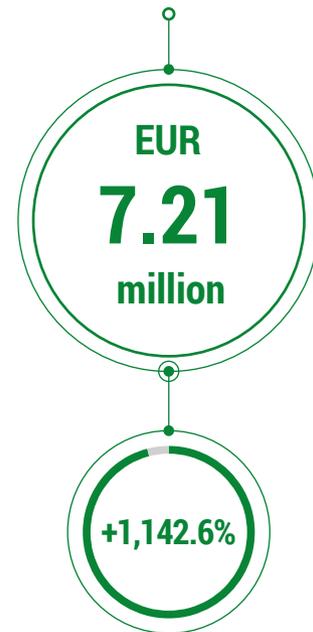


## NET LOSS

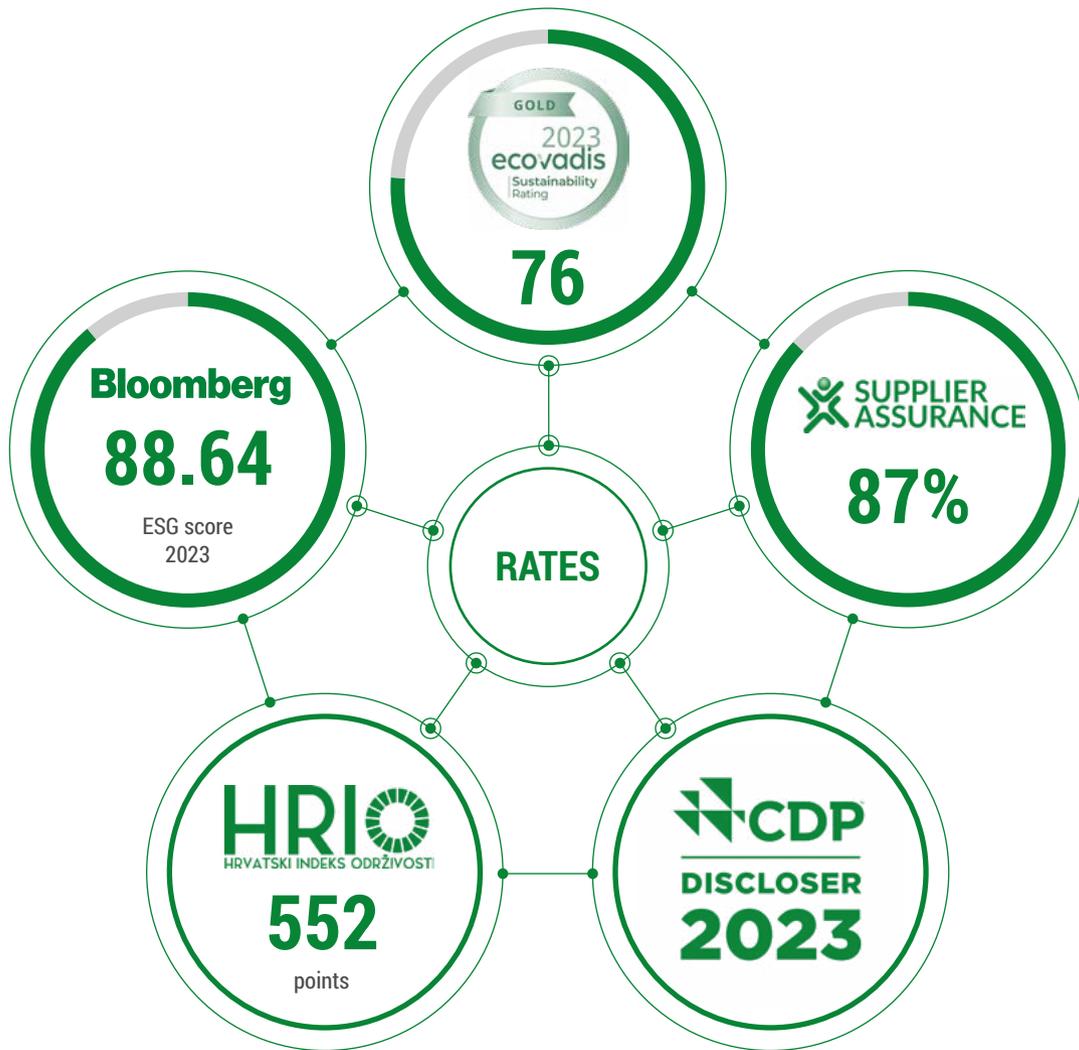


## EBITDA

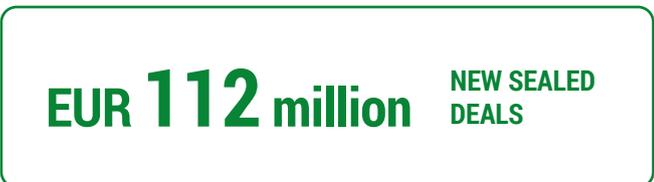
(EARNINGS BEFORE INTEREST, TAXES,  
DEPRECIATION AND AMORTIZATION)



AS OF DECEMBER 31, 2023



ALL EUROPEAN PRODUCTION SITES



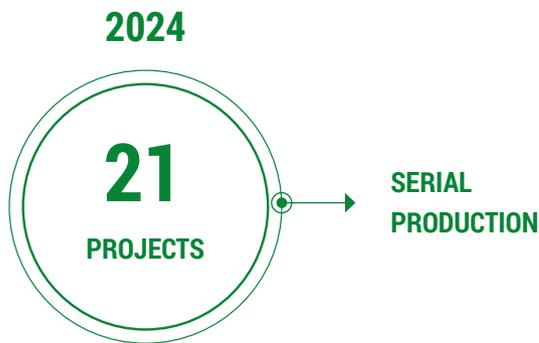
# LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

## Transformation of the automotive industry towards connected, sustainable, and safe mobility

GRI 2-22

The automotive industry has been undoubtedly and unstopably changing, and the external influences we have witnessed in recent years have further accelerated the transformation towards connected, sustainable, and safe mobility. After several years of uncertainty, we can finally say that there is a noticeable positive turn in the automotive market.

This is also confirmed by the numbers of newly registered vehicles, which, compared to the previous year, have increased by 13.9 percent in the European market. Accordingly, the orders of our customers have been growing, and the production of new vehicle models is also starting. In the past year, we had 30 active projects, six of which have started, and the start of serial production of another 21 projects is expected in 2024. The cycles of preparation for the production of a large number of projects, the so-called project year as the 2023 year was, are particularly reflected in the dynamics of our development and industrialization activities. However, the start of serial production of new projects has had a positive effect on the company's revenue and profitability, which we expect in the coming period.



In the same way, our sales activities are maximally focused on better capacity utilization of the factories and sealing new deals. During 2023 we sealed new deals worth another EUR 112 million, which is a total of EUR 317 million of new sealed deals in the last two years. This is the path we will certainly continue to follow in the coming periods.

The financial business results of AD Plastik Group for 2023 confirm progress and the much-desired recovery of the market. The operating revenue of the Group in the reporting period increased by 17.4 percent compared to the previous year and amounted to EUR 129.31 million.

- ▶ At the same time, our business expenses increased by only 3.4 percent, which confirms our focus on effective cost management. Revenue in the EU and Serbian markets was 20.6 percent higher, and its share in the Group's total revenue grows, as planned, amounting to 88.3 percent. EBITDA at the Group level was EUR 7.21 million, which is a significant increase compared to EUR 0.58 million achieved the year before. Progress in achieving financial results compared to the comparative period is evident, and the net loss of EUR 1.27 million at the Group level is many times lower than a year earlier. Unlike the net loss in 2022, the parent company ended 2023 with a net profit of EUR 1.04 million.

Sales growth is evidence of the success of our strategy, but we also recognize the importance of balancing the influence of strategic customers in total sales. Through the conquest of new markets in Europe, our goal is to become one of the leading suppliers in the development and production of injection-molded and painted exterior and interior components with added value. We want to position ourselves as a tier one supplier of high reliability, cost and technical competitiveness, as well as market and development flexibility, with an emphasis on product design development in accordance with customer specifications and market requirements. Our mission is to be a desirable and technologically modern employer, with a motivating reward system that ensures employee satisfaction and long-term business. Reducing the carbon footprint is indispensable part of our strategy in which we have clearly indicated sustainable business as a part of the strategic approach in all segments.

The priority of the automotive industry is to reduce the weight of the vehicle, which is why polymer materials are used more and more. This is an opportunity we recognize to expand our product range and customer portfolio. We work intensively on materials research, including fully or partially recycled and plant-based raw materials, in order to find high-quality, sustainable and safe solutions for the vehicles of the future.

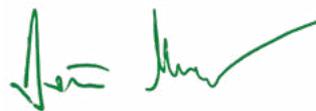
Our strategy is based on the well-being of employees and stakeholders and transparent and responsible business with clear goals in the areas of environmental protection, corporate governance and social responsibility. We have been working intensively on reducing our carbon footprint and emissions and

increasing the utilization of renewable energy sources in order to reduce the impact on climate change.

A motivating, healthy and safe business environment as well as constant improvement of internal processes are important guidelines for our growth and development. The awards we receive from the professional public are an additional motivation in the realization of strategy, and they were present in the observed period. I would like to particularly highlight the HRIO award in the category of sustainable corporate governance, the Ford Q1 quality certificate and the award for the best supplier for Eastern Europe awarded in Hungary. We are members of the founding assembly of UN Global Compact Croatia, and I am personally a member of the Management Committee, because in this way we want to further contribute to the promotion of sustainability and social responsibility.

A year of realization of a large number of projects and the start of their serial production is ahead of us and our primary goal is to launch production cycles successfully, to the satisfaction of all stakeholders. At the same time, we pay special attention to the research and development of new products in order to reach a higher level of their complexity, improve our competitiveness, and maintain the status of a reliable and quality partner.

The new year has started with a quite dynamics, ambitiously and optimistically, and I believe that the good foundations laid in the previous period are a prerequisite for further strengthening our position in the global market. We are determined in our promise to be leaders in sustainable development and responsible business, and accordingly we will continue to invest efforts and find innovative solutions to realize this. We are ready to take a leading role in the transformation of the industry towards a more sustainable future because we believe that caring for the environment is not only a prerequisite for success, but also a moral obligation of every organization in today's society.



Marinko Došen  
President of the Management Board

# ABOUT THE INTEGRATED REPORT

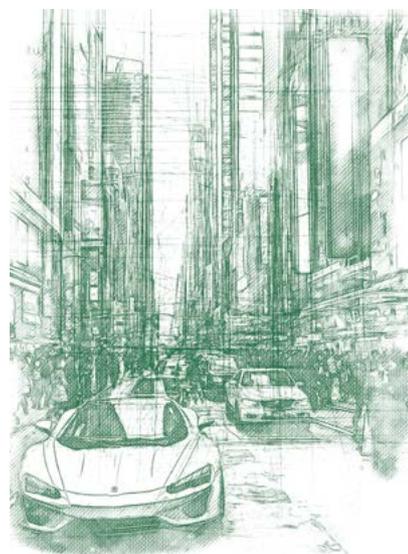
**GRI 2-3** This is the seventh Integrated Annual Report of AD Plastik Group in a row and it contains all important information about the business in the reporting period. All financial and non-financial indicators are presented in the period from January 1 to December 31, 2023, i.e. on December 31, 2023, and data from all business entities of the Group have been included.

**GRI 2-2** Serial production operations in Kaluga have been stopped, so its sustainability indicators are not included in this report, but are presented in comparative periods in accordance with reports published in previous years. At the same time, the financial indicators are included in the audited consolidated financial statements of the Group. Financial results of the affiliated company in Romania have also been included in the financial statements using the equity method, but their sustainability indicators are not shown and are highlighted as an affiliated company in the communication. AD Plastik Group consists of 100% owned companies shown in the corporate matrix on page [20](#) of this report.

Reports on business operations and sustainability as well as annual financial statements form an integral part of the integrated report so that all interested stakeholders can learn more about the social and environmental aspects important for the company and its business operations, as well as its management and influence. Sustainable business has been reported on since 2012, and this is the eleventh sustainability report prepared in accordance with GRI (Global Reporting Initiative) standards (General Disclosures 2021).

The Integrated Annual Report of the Group is published on the website of the company, the Zagreb Stock Exchange and the UN Global Compact, and all interested stakeholders can obtain it on request in electronic or printed form. Business and calendar year coincide, and reporting is done in annual cycles. The Integrated Annual Report of the Group for 2022 was published on April 21, 2023, while the publication of this report is planned for April 24, 2024, as announced in the Events Calendar published at the end of 2023 on the website of the company and the Zagreb Stock Exchange (page [146](#)).

The Sustainability Report is verified by the Croatian Business Council for Sustainable Development, an expert and independent body whose opinion can be found on page [179](#) of this report. AD Plastik Group is a member of HR BCSD, and the President of the Management Board is also the President of their Assembly.



The report details business and sustainability risks to provide a better understanding of business and the industry as a whole. All key indicators of sustainability are presented, and significant progress has been made in the internal understanding of sustainable business as the only possible way towards a successful future. By continuously raising awareness of the importance of sustainable business and certain material topics at all levels within the company, results are achieved that generate added value to society, the environment and the economy. The business results achieved in the observed period have grown, and despite the challenging market environment, the improvement of sustainable business continues in all segments.

# THE MOST IMPORTANT EVENTS OF THE YEAR



## HRIO IN THE CATEGORY OF SUSTAINABLE CORPORATE GOVERNANCE

This year, AD Plastik is the winner of the HRIO award in the category of sustainable corporate governance. "Sustainable corporate governance is the basis of the development of the company's sustainability, because with sustainable management we contribute to the development of all other aspects, social, environmental and economic, and achieve their balance to the satisfaction of all our stakeholders. In this way, we increase transparency, ethics and responsibility, but above all we maintain credibility and trust. All our employees apply high principles of sustainability in their daily work and

without their dedication and effort our success would not be possible. And for that, I thank them very much. Awards are always an additional incentive for us and we believe that by our example

we contribute to the creation of positive changes in society and a better future", said the President of the Management Board Marinko Došen when receiving the award.

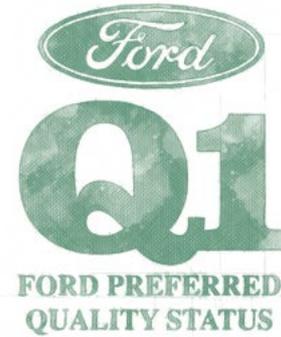


## PRESTIGIOUS FORD Q1 QUALITY CERTIFICATE AWARDED TO THE ZAGREB FACTORY

The Zagreb factory of AD Plastik Group in Jankomir received one of the most prestigious quality certificates in the automotive industry - Ford Q1. Ford representative ceremoniously presented it to the President of the Management Board, Marinko Došen, and with the traditional raising of the Ford Q1 flag, the Zagreb factory was ranked among the highest quality suppliers of this global car manufacturer.

"This is a great recognition for us that confirms the quality of delivered products and the repeatability of our processes in the global market, which further strengthens our position as a desirable and reliable supplier and

partner. Our focus on meeting the requirements of our customers, above all by delivering high-quality and performance products while meeting precisely set deadlines, has shone in all its glory. We have been basing partnership relations with our customers on quality and trust for years, and this is another indicator of how successful we are in this regard. In these very demanding times when we all lack more good news, this certificate has a special value for all our employees. Even during this very demanding procedure, they have shown exceptional knowledge, quality, and passion, and I am exceptionally thankful to them for that," said Marinko Došen while receiving the certificate.



The Ford Q1 certificate is an indicator of the exceptional quality of suppliers and is awarded to those who have achieved excellence according to different and extremely strict criteria. Certification is conducted according to the one of the most demanding methodologies in the automotive industry.

## THE BEST SUPPLIER FOR EASTERN EUROPE



As part of the ceremonial annual gathering organized by Samvardhana Motherhood Peguform (SMP) for its most important suppliers in Hungary, an award ceremony took place for the best partners. Among the many eminent names of the automotive industry, AD Plastik was declared the best supplier of SMP for Eastern Europe, and assessment was based on product and service quality, development, communication, handling, accuracy and precision. "We are very proud of the award because it is a result of a lot of effort and work. Establishing a good and professional relationship with the customer is extremely important and not always easy,

but we succeeded in doing so. We always try our best to meet the deadlines, be available, ensure clear communication and represent customer's interests. SMP has repeatedly expressed its satisfaction with cooperation with us, they see us as their strategic partner also in the future, and this is certainly an additional incentive for us to continue to achieve successful results with our customers," said Marianna Bársonyné Agócs when receiving the award.

## INVESTMENT THAT CONTRIBUTED THE MOST TO EXPORTS

As part of the Lider Invest award ceremony for the best production investments in Croatia, at which the best small, medium and large production investments were awarded, AD Plastik was recognized for a special contribution, namely for the investment that contributed the most to exports.

„Our company’s strategic goals are the development and production of automotive components with added value, which the Ford project certainly is. It is one of the largest packages of exterior products, and its complexity is best illustrated by the fact that the production capacities of the factories in Solin and Zagreb have been engaged“, said Katija Klepo, Relations with State Institutions and Funds Consultant of the Management Board, when receiving the award.



## NEW DEALS

New deals for the European market were sealed with the customer Stellantis during 2023 for various projects, i.e. vehicle models. The expected revenue from the aforementioned deals is EUR 112 million during the next five to eight years, which is the expected duration of these projects.



## FOUNDING ASSEMBLY OF THE UN GLOBAL COMPACT NETWORK OF CROATIA

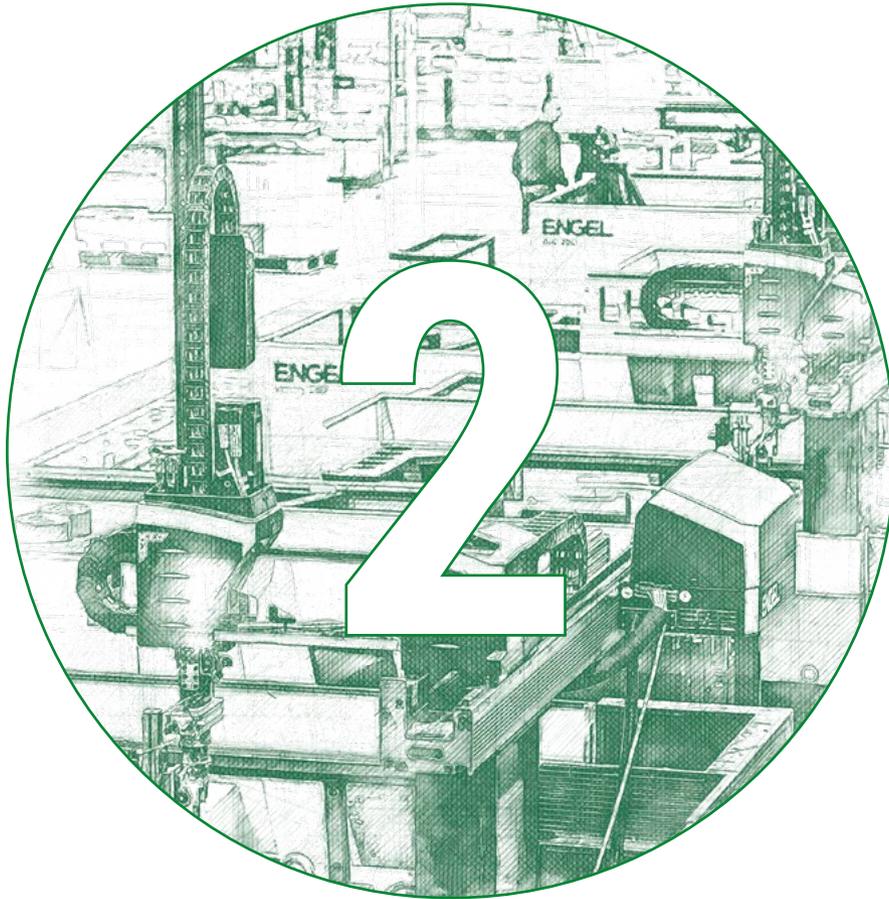


United Nations  
Global Compact

The Founding Assembly of the Global Compact Network of Croatia was held in the Croatian Employers’ Association, and one of its founders is AD Plastik. The Charter of the Global Compact Network of Croatia was adopted, and a decision was made on the establishment and submission of an application for registration of the Association. The Management Committee of the UN Global Compact of Croatia was also elected and given a mandate for

further management and leadership of the network, and President of the Management Board, Marinko Došen, is the member of the Management Committee.

The UN Global Compact’s local networks, which include Croatia, promote corporate sustainability at the national and regional level, helping companies to understand local opportunities, challenges, and expectations.



# COMPANY PROFILE

# ABOUT US

More than 35 years of experience in the development and production of automotive components puts AD Plastik Group in a leading position in Croatia and one of the most prominent positions in the supply chain of the Eastern European automotive industry.

**GRI 2-6** Quality, reliability and competitiveness are the fundamental values of long-term success and survival in the challenging automotive market. The expertise, knowledge and passion of the employees are woven into every product and process of the company.

The ability to adapt to new materials, technologies, safety standards, as well as digitalization and robotization of processes enable successful coping with challenges. AD Plastik Grupa, as a multinational company, bases its business operations on close cooperation with the world's leading car manufacturers during the entire process, from the early stages of development to the final product.

Over ten million car components are produced annually and exported to more than twenty countries on five continents. Commitment to sustainable development in all business segments and high standards of quality and safety are the basic premises of AD Plastik Group's success in the upcoming evolution of mobility.



# MISSION, VISION, KEY VALUES

## ADP VISION

Recognisability for excellence in the development and production of automotive components and business relationships based on trust and partnership.



Creating added value in the automotive market, taking care of safe and sustainable mobility, the satisfaction of all stakeholders and the preservation of the planet.

## ADP MISSION

Dedication to the development and delivery of the highest quality automotive components, thereby contributing to the positive changes in safe, customized and sustainable mobility.



Creating innovative solutions by understanding the needs of its customers and end users and operating in harmony with its environment.

**Taking care about the sustainable future of the company, employees, community and the planet.**

## EXCELLENCE

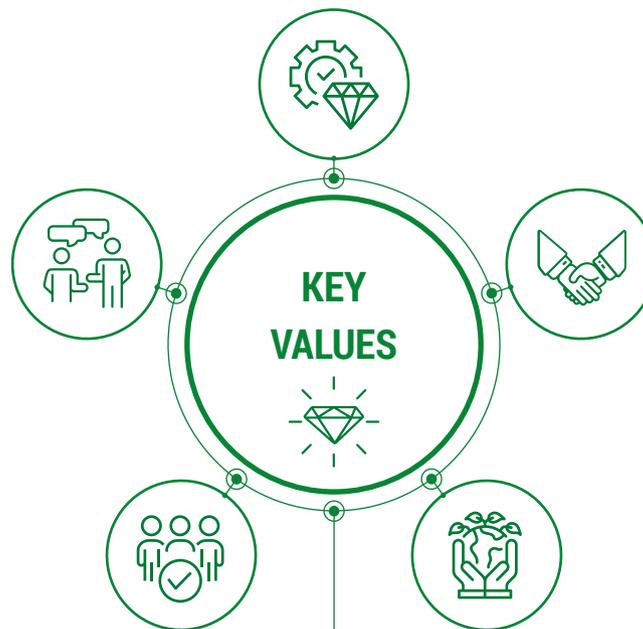
The highest standards of quality, safety and sustainability are the premise for the vision realization. Through constant training and the possibility of personal and business development as well as growth of each individual, the aim is to strive for the best way of working. Constant exploring of areas of growth and innovation is the best response to challenges, and the passion invested in products makes them better and better.

## RESPECT

Long-term business and partnership relations with all stakeholders are based on fairness and respect.

## INTEGRITY

To be an example that others will gladly follow, doing what is being promoted and informing about what is being done. Relationship with all stakeholders is based on trust, open and honest communication.



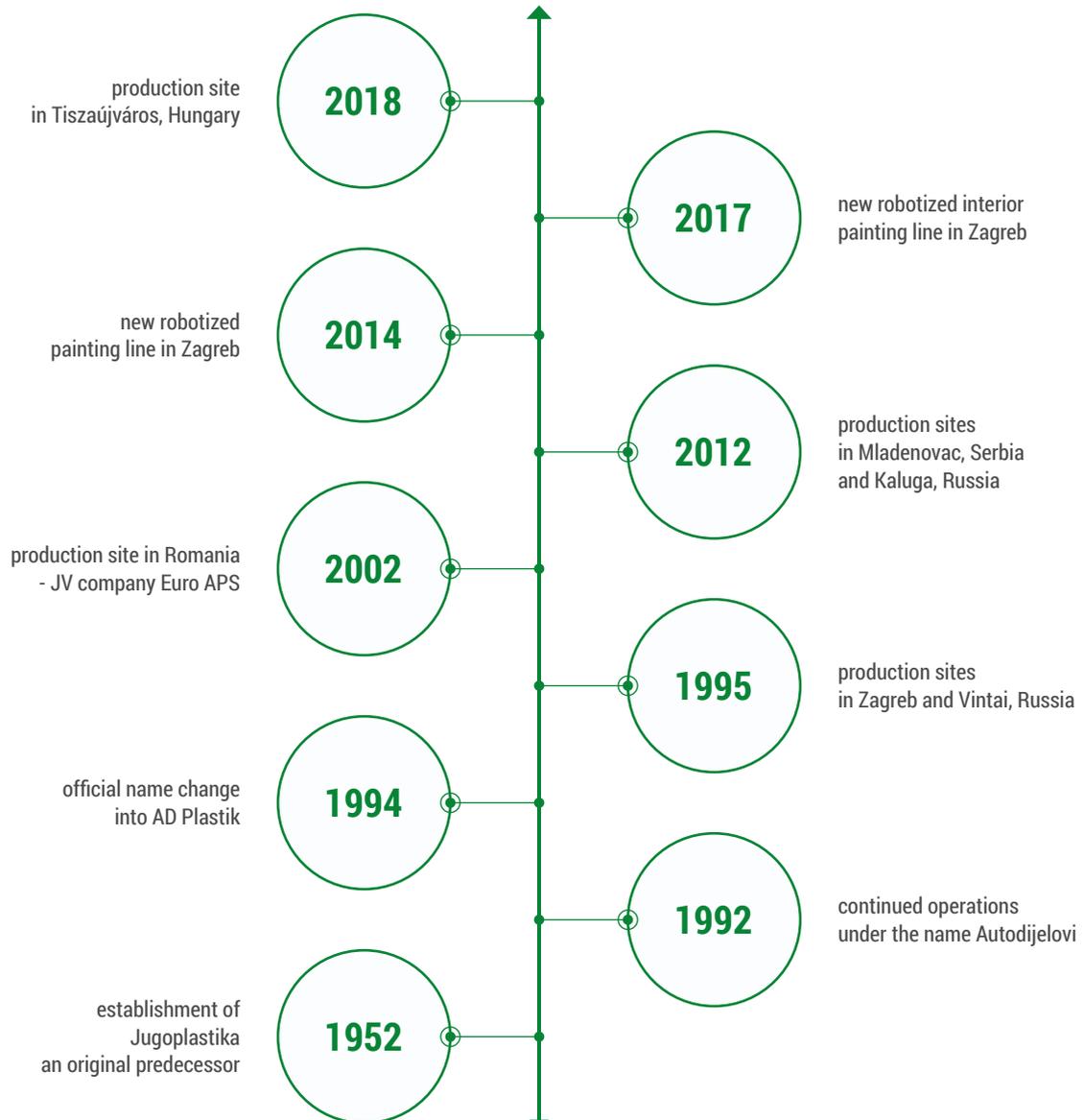
## TOGETHERNESS

Close cooperation and support at all levels are based on trust and taking responsibility. By sharing ideas and knowledge, respecting multiculturalism, diversity and equality a better environment is created every day.

## RESPONSIBILITY

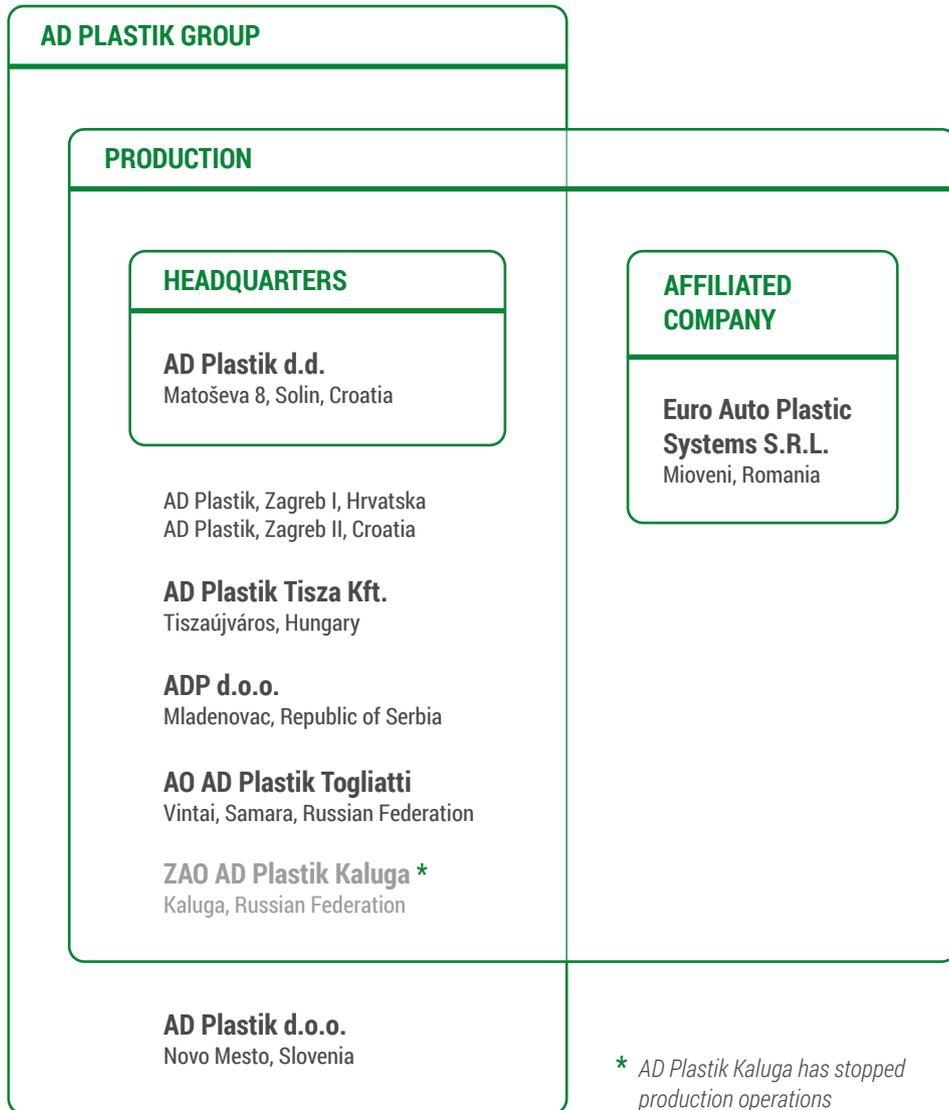
Responsibility for the quality and safety of our products, for which dedication and thoroughness are basic standards. Showing our dedication by committing to the successful realization of results and creation of the added value, through a positive impact on society.

# COMPANY HISTORY



# PRODUCTION SITES

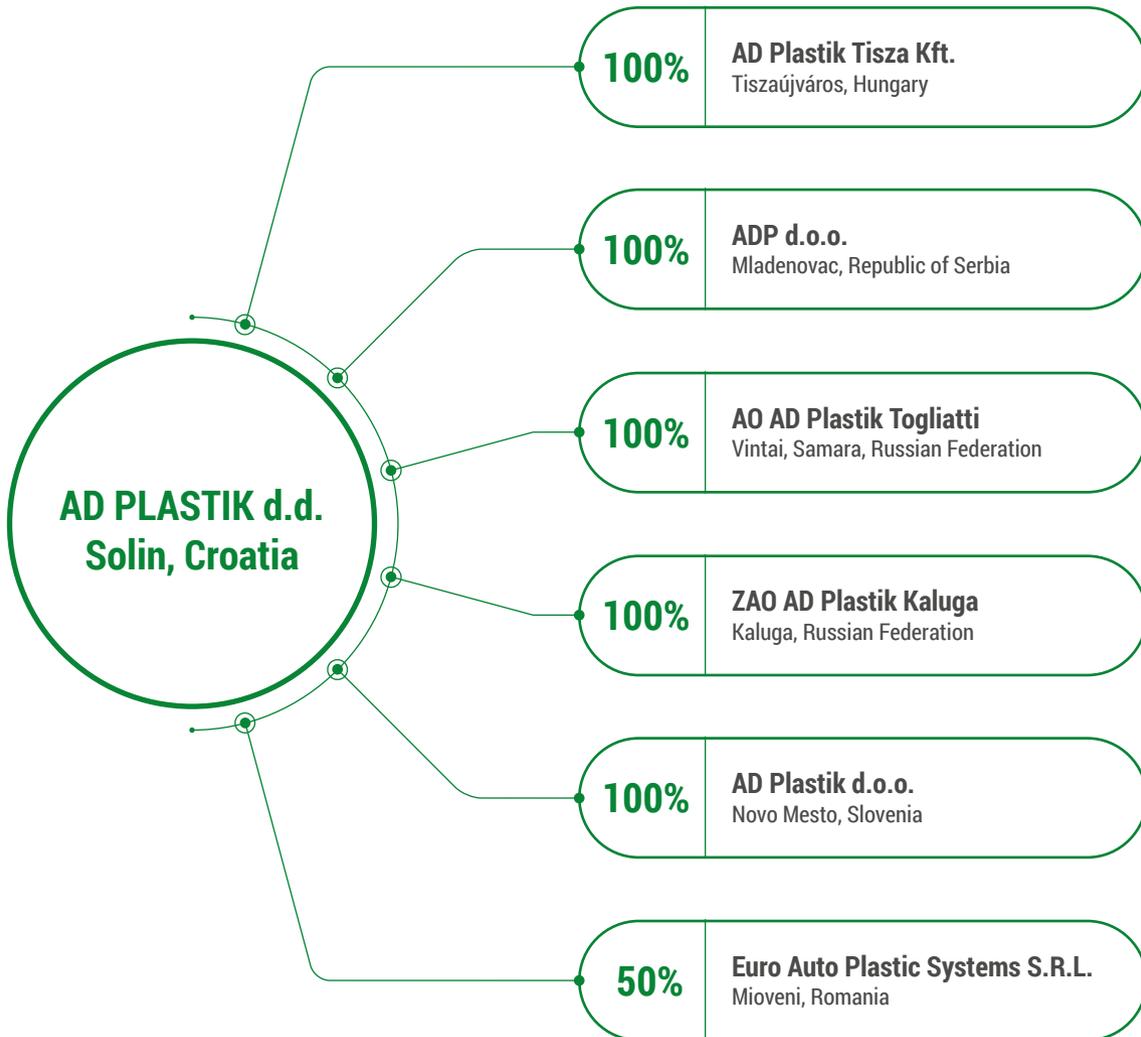
GRI 2-1  
GRI 2-2



\* AD Plastik Kaluga has stopped production operations

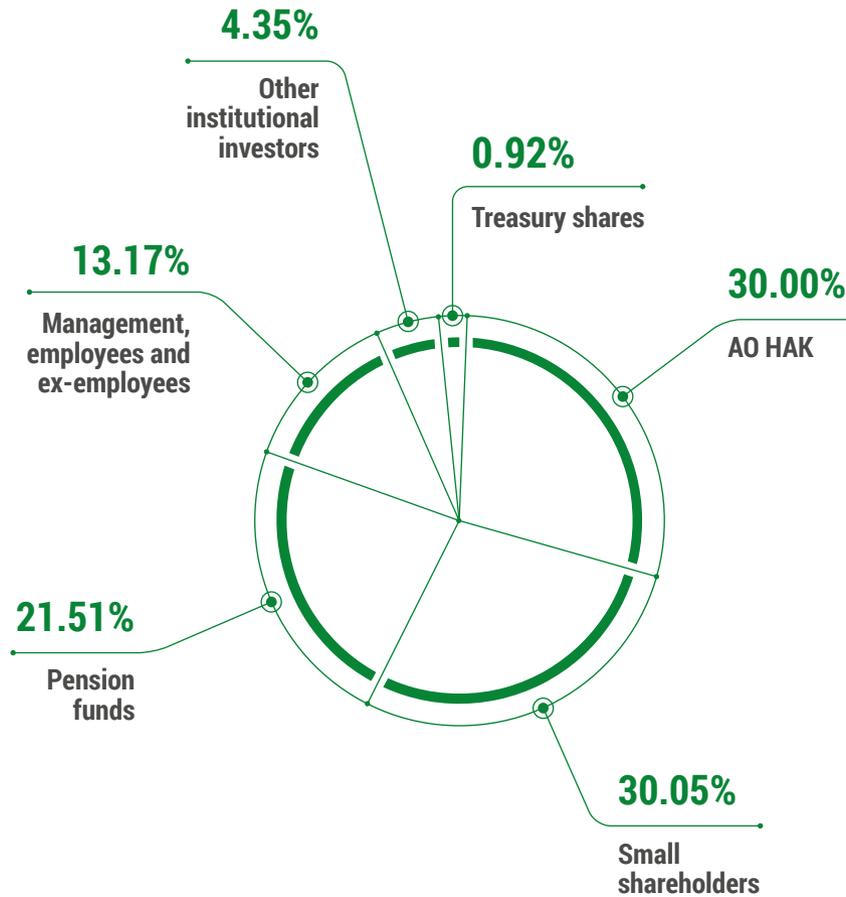
# CORPORATE MATRIX

GRI 2-1



# OWNERSHIP STRUCTURE

GRI 2-1 As of December 31, 2023, the company owned 38,428 shares, i.e. 0.9 percent of the share capital.

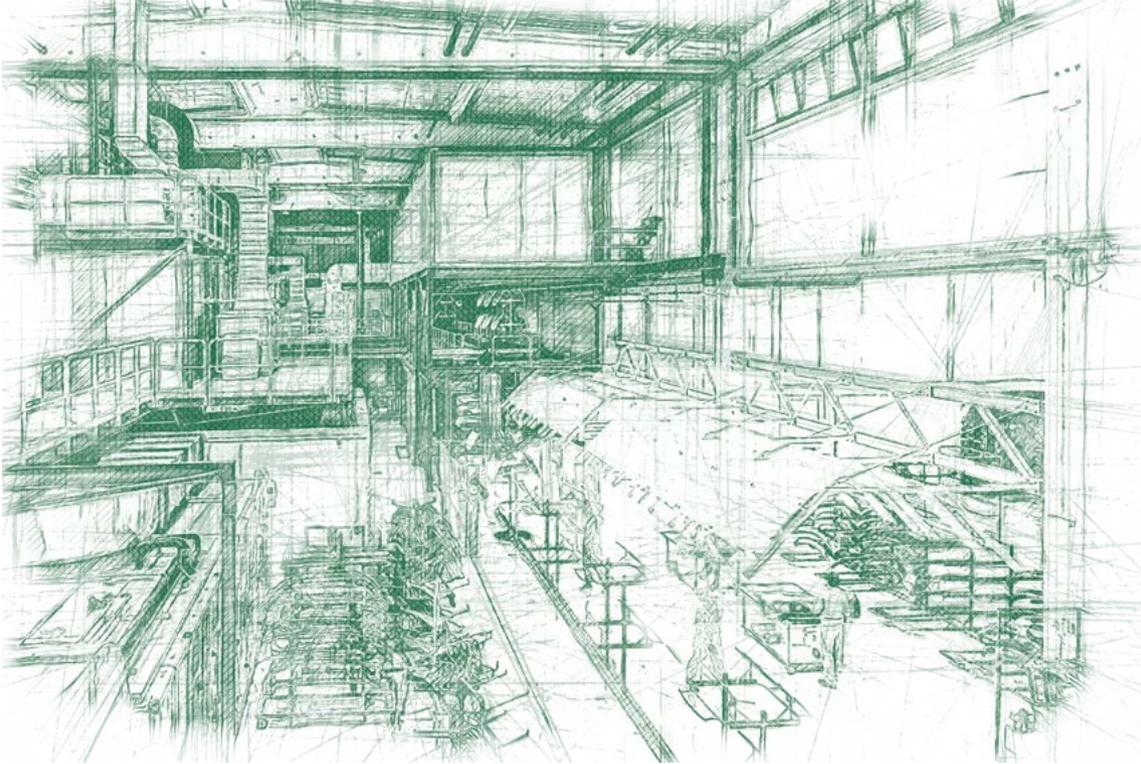


## 10 LARGEST SHAREHOLDERS

	Shareholder	Number of shares	Share
1	AO Holding Avtokomponenty	1,259,875	30.0%
2	Privredna banka Zagreb d.d. / Raiffeisen MPF category B	454,939	10.8%
3	Raiffeisenbank Austria d.d. / Raiffeisen voluntary pension fund	205,458	4.9%
4	Erste & Steiermarkische bank d.d. / PBZ CO MPF - category B	115,199	2.7%
5	Katija Klepo	67,633	1.6%
6	OTP banka d.d. / OTP Index fund - Open investment fund with a public offering	51,256	1.2%
7	Privredna banka Zagreb d.d. / Raiffeisen MPF category A	43,538	1.0%
8	Ivica Tolić	40,881	1.0%
9	Josip Boban	40,000	1.0%
10	AD Plastik d.d.	38,428	0.9%
		<b>2,317,207</b>	<b>55.2%</b>

The ten largest shareholders own 55.2 percent of the company's shares, and compared to the year before, the identical composition was maintained, with minor changes in the order. PBZ CO MPF category B reduced the number of its shares

by 6,781, while OTP index fund - OIF with public offering increased its position by 9,248 shares. AD Plastik d.d. disposed of 2,220 shares as employee excellence awards.

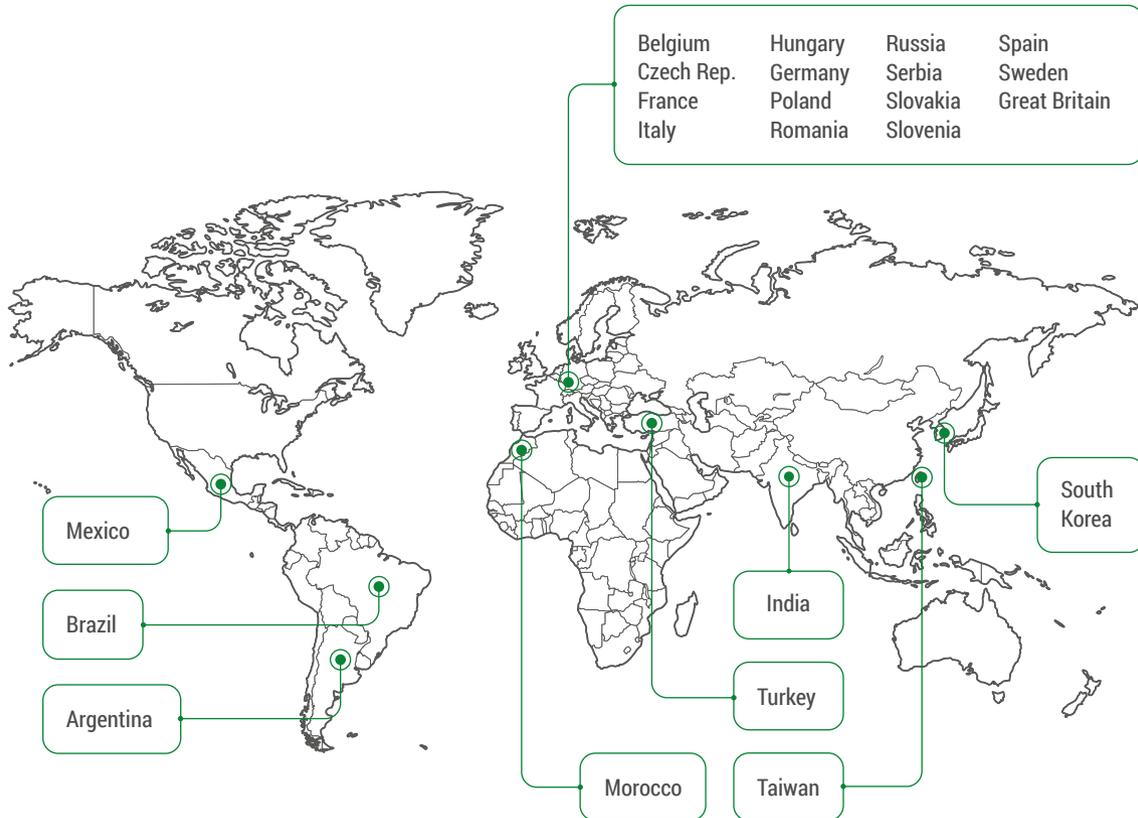


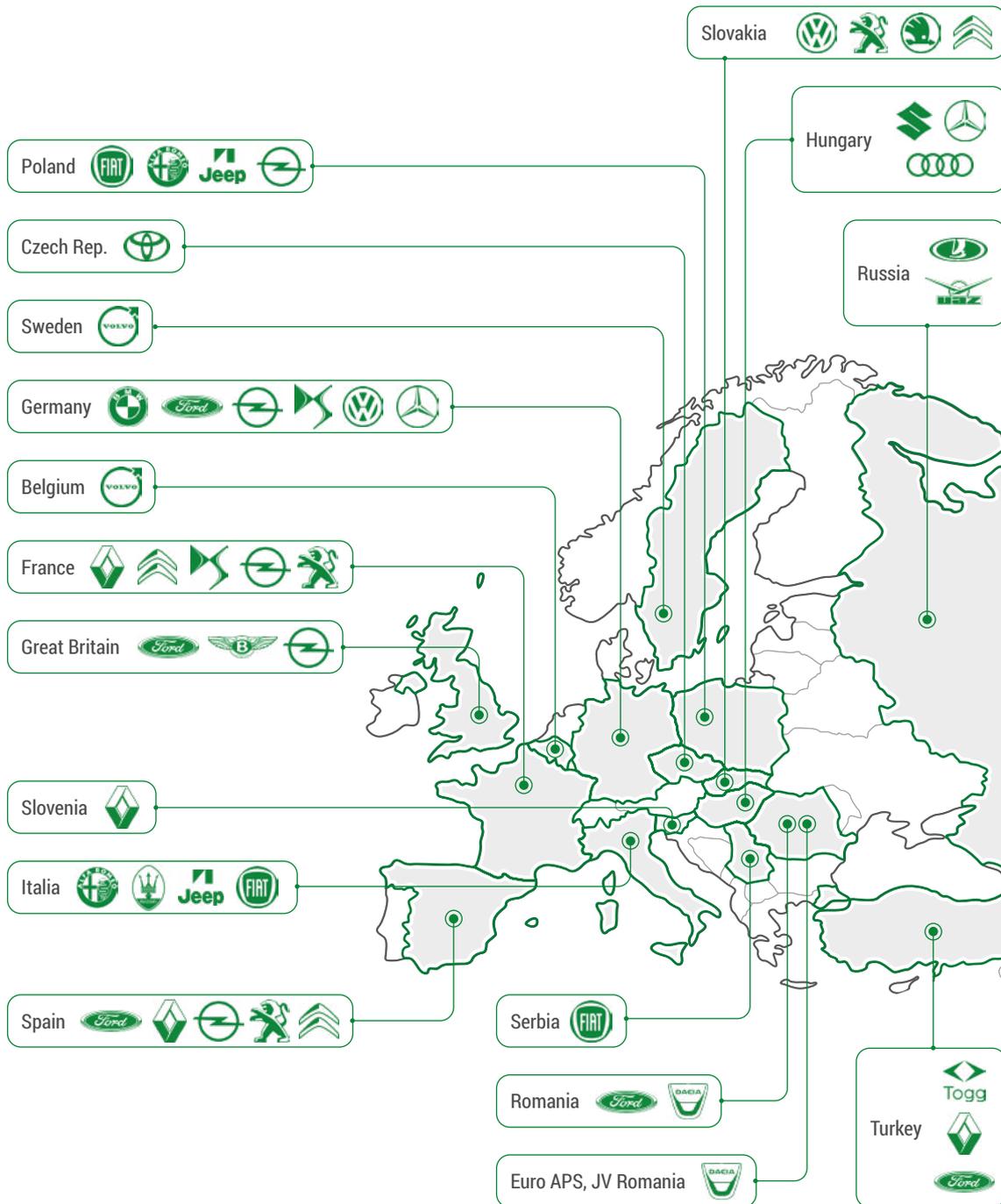
***“You are what you do,  
not what you say you’ll do.”***

**Carl Gustav Jung**

# OVERVIEW OF MARKETS AND CUSTOMERS

GRI 2-6





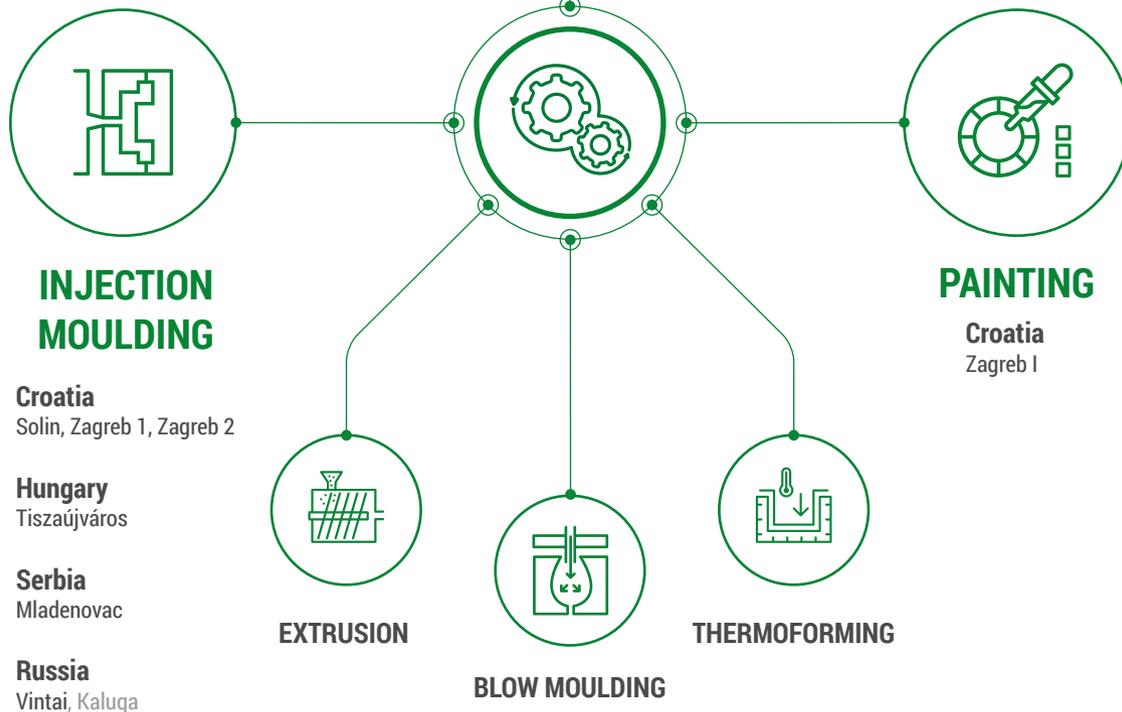
# TECHNOLOGIES

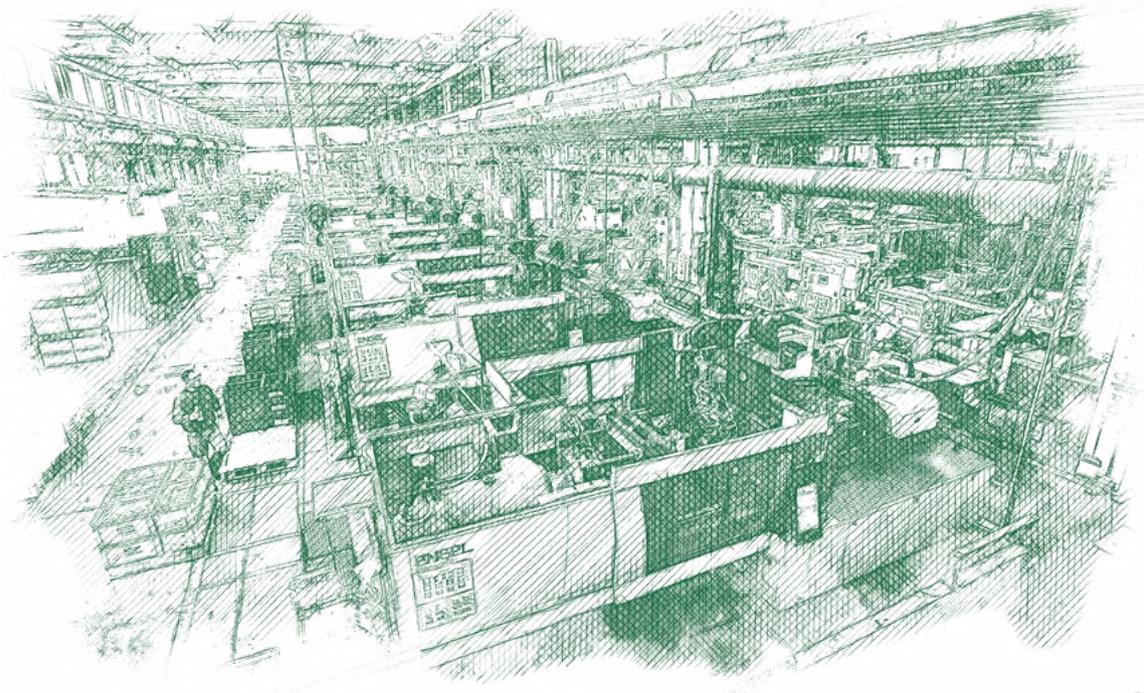
**GRI 2-6** Technological improvements, digitalization, robotization, new materials, processes and possibilities that contribute to product safety and quality are the fundamental guidelines for the development of the automotive industry and AD Plastik Group. The development and improvement of production processes, their supervision and increase in efficiency are constant activities, and the representation of individual technologies is adapted to the needs of the markets and customers and to the overall technological development of the automotive industry.

The key technologies are **injection moulding** (all production sites) and **painting** (Zagreb), and the Group's portfolio also includes **extrusion** (Solin), **blow-moulding** (Mladenovac, Tiszaújváros) and **thermoforming** (Mladenovac, Vintai).

Although the production of automotive components is the main activity of the company, a number of additional services are provided during the process that bring added value. One of the most important and increasingly common services is the **assembly** of car parts, which means that customers receive products completely prepared for further use. Assembly involves very complex processes that require knowledge and experience, and often the automation of the process itself, therefore it has been assessed as a service that will be specially improved in the coming periods.

**Ultrasonic and vibration welding, hot stamping, automatic gluing, final laser processing and automatic product control** also represent added value to the Group's production processes.





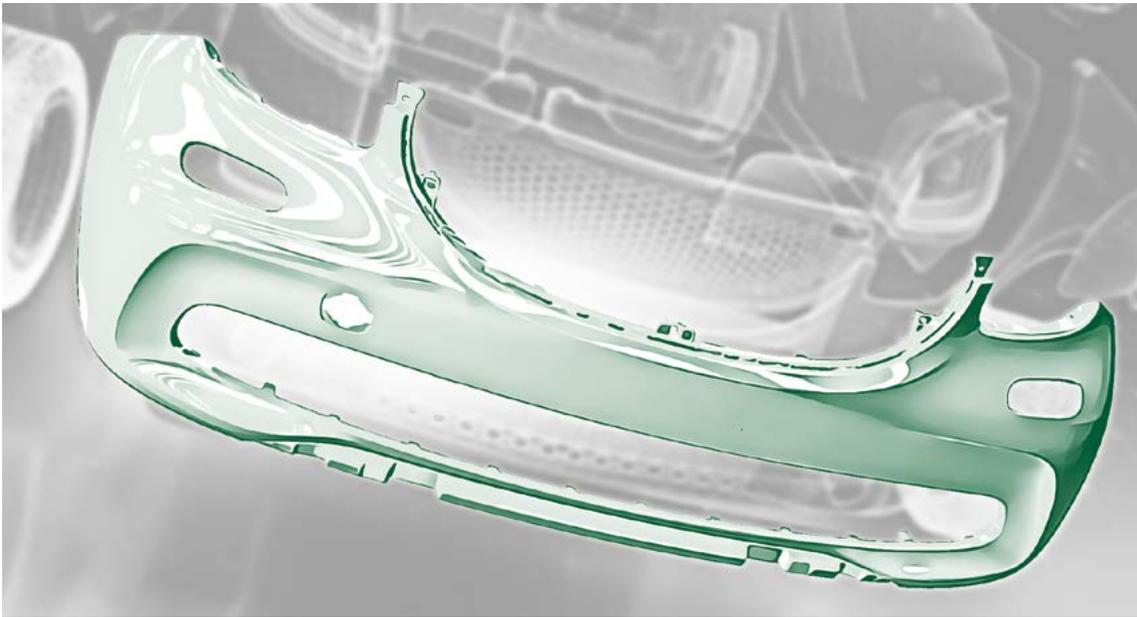
***“If you really want to do something,  
you’ll find a way.  
If you don’t, you’ll find an excuse.”***

# KEY PRODUCTS

GRI 2-6

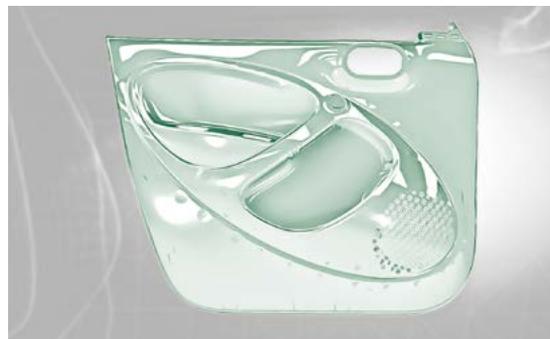
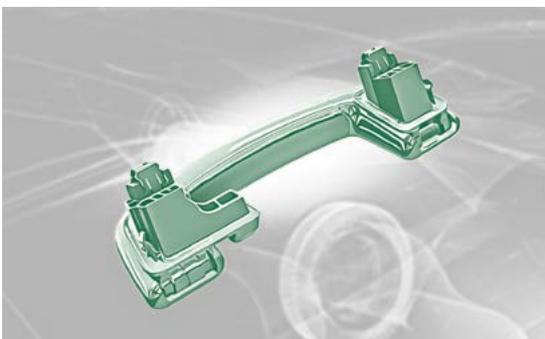
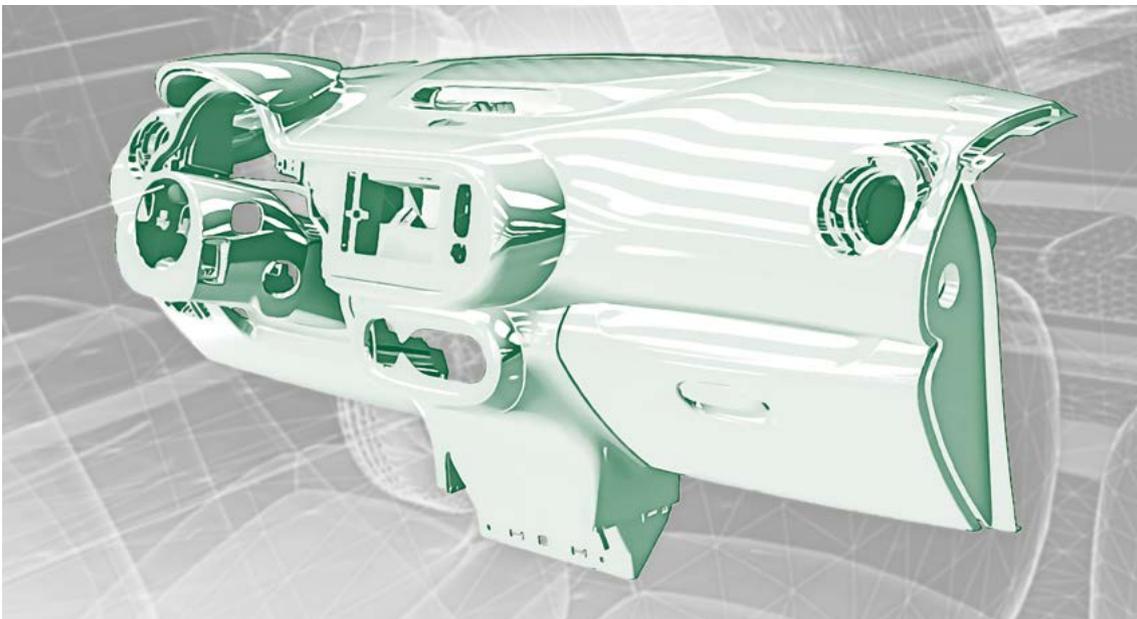
## EXTERIOR COMPONENTS

- Front and Rear Bumpers
- Front Grille and Air Ducts
- Fender Protectors and Rocker Claddings
- Spoilers
- Rear Door Trim (tailgate)
- License Plate Light Holders
- Underbody Covers and Battery Covers
- Deflectors, Cooling Fan Motor Brackets
- Air Distribution Ducts



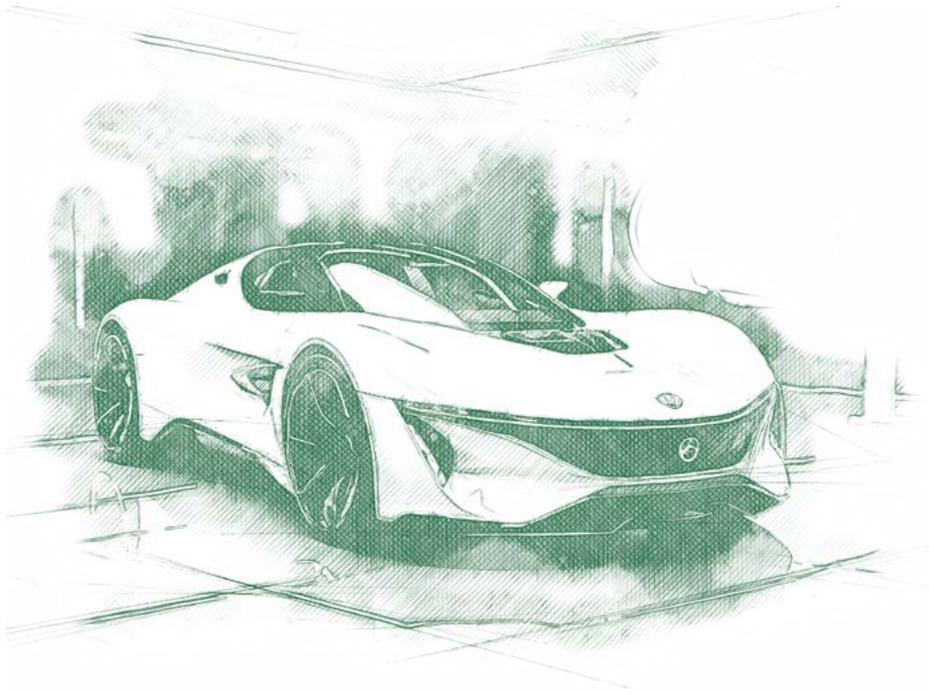
## INTERIOR COMPONENTS

- Door Panels
- Central Console
- Instrument Panel and related parts
- Grab Handles
- Glass Run Channels
- Small injection-moulded components



# RESEARCH AND DEVELOPMENT

The company's research and development activities are focused on the implementation of existing projects, but at the same time on the development of new materials and components which follow the trends and development of the automotive industry.



**GRI 2-6** Realization of development activities is the basic premise of the company's growth and development, and the year 2023 was very intensive in terms of research and development. The preparation of new projects required a great deal of involvement in the realization, validation and establishment of production processes for a whole

range of exterior and interior components and modules for different vehicle models. As a development supplier, the company is responsible for the development of products, processes, tools and process equipment and their validation, and in the reporting period, work was carried out on front and rear bumpers, their components,

roof spoilers, rocker claddings, door panels, wheel arch liners and parts of the instrument panel. More complex modules and components are increasingly common in AD Plastik Group's product portfolio, as well as vehicles from completely different segments, from small ones to sports, off-road and luxury vehicles. ►

- ▶ The so-called carry over practice is increasingly applied, i.e. the multiple use of the same or similar product on different vehicle models, with the use of existing production tools or devices where possible. This reduces the consumption of materials and energy when making tools, and consequently the production costs.

Raising competences through research activities is necessary for the growth of competitiveness and the expansion of the company's product portfolio, so that sector was also quite dynamic in the past period. There has been intensive and interactive work on gathering the knowledge necessary for the development of an all-plastic module for the rear door trim, the development of high-gloss products for exterior components, and the development of recyclable ecological materials that can be applied to components of the bumper.

since 2012



average CO<sub>2</sub> emissions  
from new cars  
have decreased by

17%

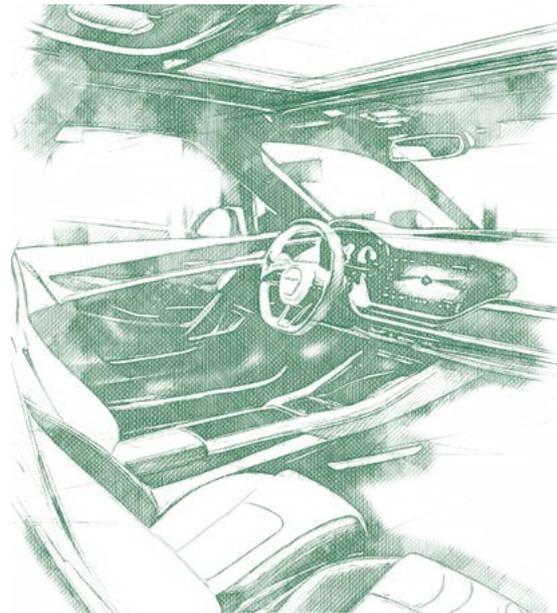


The transformation of the automotive industry is unstoppable, safe and sustainable mobility and additional services that enable connection with the vehicle, the environment and the world for end users are at the center of events. Taking into account the reduced range of electric vehicles on a single charge of the battery, activities within the industry are focused on increasing the capacity and utilization of batteries and on reducing the weight of the vehicle. Thus, more and more metal parts in cars are replaced by plastic ones, which reduces their weight and carbon footprint, and at the same time increases the driving range of electric versions. Reducing the carbon footprint has no alternative and sustainability is undoubtedly the top priority in the automotive industry, which is confirmed by the historically greatest activity within the research and development teams.

AD Plastik Group is actively planning to expand its production portfolio in order to support the goals of sustainable development, strategically oriented towards the circular economy and encouragement of the use of recycled materials. Intensive work has been done with customers and suppliers to find quality and environmentally friendly solutions. Many years of experience and knowledge are used to develop new solutions aimed at reducing vehicle weight, while meeting functional, safety and aesthetic requirements. In cooperation with the development centers of suppliers and customers, knowledge and capabilities for the development of complex products are confirmed and improved. Competencies focused on the design of products, processes, tools and equipment, as well as production capabilities, are key elements of the company's further growth and development.

# PRODUCTION AND SALES

The automotive industry is one of the European Union's economic jewels, which has significantly been contributing to economic growth, prosperity and development of innovative technologies for the past 50 years. Almost 13 million Europeans are employed in the automotive sector, which accounts for more than seven percent of the European Union's GDP.



GRI 2-6

The automotive industry has been facing significant transformations, and external influences in recent years have further accelerated this process. New regulations, i.e. environmental, social and management initiatives for the achievement of sustainability goals, were also a major driver of changes within the industry. It requires changes to the entire business models because compliance and risk management are no longer enough to achieve desired goals.

Although in recent years the electrification of vehicles has been one of the most important topics, it seems to have come under little scrutiny in terms of the speed of consumer acceptance. Price competitiveness and driving range are some of the most important obstacles to overcome. At the same time, some new players from China and India are appearing on the global automotive stage, which is a serious challenge to established and globally well-known car manufacturers.

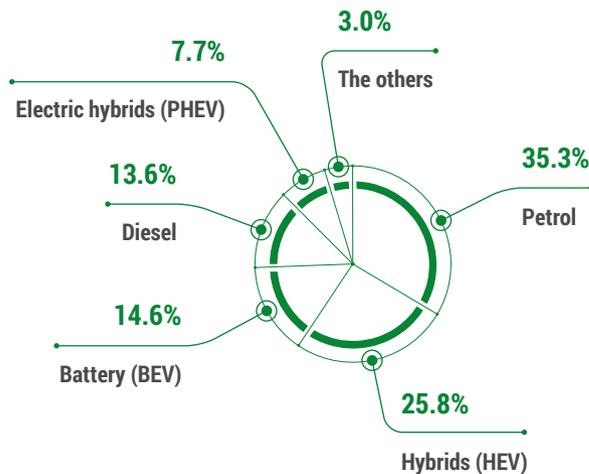
Although at the moment it is almost impossible to compete in price with asian vehicles, solutions at the European Union level will certainly be found in cooperation with the stakeholders. Achieving price competitiveness requires time, but also a significant increase in production, i.e. sales of electric vehicles. Although they are undoubtedly more energy efficient, their production has almost twice the carbon footprint due to the battery itself, whose disposal and replacement cost are also a serious challenge. Therefore, it is not surprising that there are more and more discussions about new sources of clean energy such as the development and implementation of renewable diesel, hydrogen fuel cells, ammonia-based fuels and liquefied natural gas (LNG).

The introduction of 5G vehicle-to-vehicle (V2V) communication is also expected to be a revolution that will keep improving efficiency, safety and the overall data-driven driving experience, which is key to the advancement of smart cities and



- ▶ autonomous driving. Despite all the promises and excitement of futuristic mobility, the industry has also been facing the challenge of maximizing returns to investors. In order to be more efficient and to face the challenges of labor shortage more easily, the consolidation of the industry continues and new strategic partnerships which will ensure more secure access to resources and capacities are announced.

The European automotive industry is a leader in sustainability and decarbonization, and 31 percent of total European investments in research and development refer precisely to this sector. This laid the foundations for a secure future despite the daily challenges of the market.



The crisis of the lack of semiconductors has finally stabilized, but the geopolitical and macroeconomic situation continues to affect business. AD Plastik Group has completely focused its sales activities on the European market, for which it has sealed new deals worth EUR 317 million in the past two years. Sales activities have been intensified and directed towards sealing new deals and raising the level of capacity utilization of all the Group's European factories.

The number of newly registered vehicles in the EU market in the reporting period increased by 13.9 percent compared to the previous year, so a total of 10.5 million new passenger vehicles were registered. This is a significant growth that confirms the recovery of the automotive industry, although

the pre-pandemic figures will be very difficult to reach. Growth in sales of new vehicles was recorded in all EU markets, except Hungarian. Thus, Italy recorded growth of 18.9 percent, Spain 16.7 percent, France 16.1 percent, and Germany, despite a significant drop in sales in December, recorded growth of 7.3 percent.

The Volkswagen Group continues to hold the largest share in sales in the EU market with a 26.1 percent share and it recorded a sales growth of 18 percent, followed by Stellantis with a share of 17.8 percent and sales growth of 2.9 percent, and the Renault Group, holding a share of 10.9 percent, and a sales growth of 16.9 percent.

The share of electric vehicles in total EU sales has also been growing, reaching 14.6 percent in 2023, which is an increase of 37 percent compared to the previous year. Although in December 2023, for the first time in almost three years, a serious drop in sales of electric vehicles was recorded, as expected, they overtook the share of diesel vehicles, which took third place in terms of market representation, with a stable 13.6 percent share. The largest market share is still held by gasoline vehicles with 35.3 percent, which is a slightly smaller share than the year before, although their sales increased by 10.6 percent. In second place are hybrids with a share of 25.8 percent and sales growth of 29.5 percent compared to 2022.

**Despite all the pressures coming down on the automotive industry, car manufacturers confidently move forward towards the future, and 2024 is already considered a year of mild optimism.**

Data source: *acea.be*

# QUALITY

Many years of experience, capitalized knowledge, experienced employees and the constant introduction of new tools and engineering solutions ensure the quality of delivered products and customer satisfaction.

Despite the circumstances and challenges, the high level of commitment to quality and customer satisfaction has no alternative in AD Plastik Group's business operations. Continuous monitoring and analysis of external and internal indicators and events, impact on business and expectations of various interested parties, primarily customers, suppliers and employees, ensure timely recognition of opportunities and risks and the effectiveness of the quality management system. Compliance with international norms and standards additionally confirms commitment to quality, environmental protection, health, occupational safety, energy efficiency and information protection.

Given the importance of quality within the automotive industry, the senior management of the company actively participates in setting goals and business plans, ensures the efficiency of business processes and supervises the implementation of defined plans and programs. At the same time, activities and ideas for improving the quality management system are encouraged, guidelines for achieving the satisfaction of all stakeholders are adopted and the necessary resources to achieve the planned results are provided.

The regular monitoring of the processes by customers continued in 2023, so during the year 22 customer checks were successfully carried out, of which 19 were at production sites in Croatia, two in Serbia and one in Hungary. In 2024, certification of the Hungarian site according to the Tisax standard is planned, and the standards have been withdrawn at the Russian sites due to sanctions.



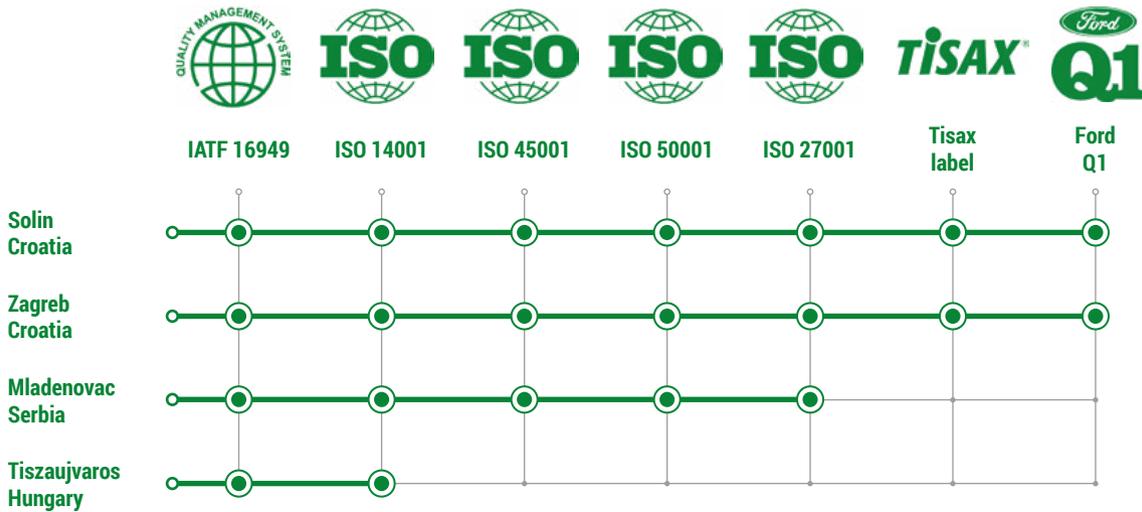
## CERTIFICATES

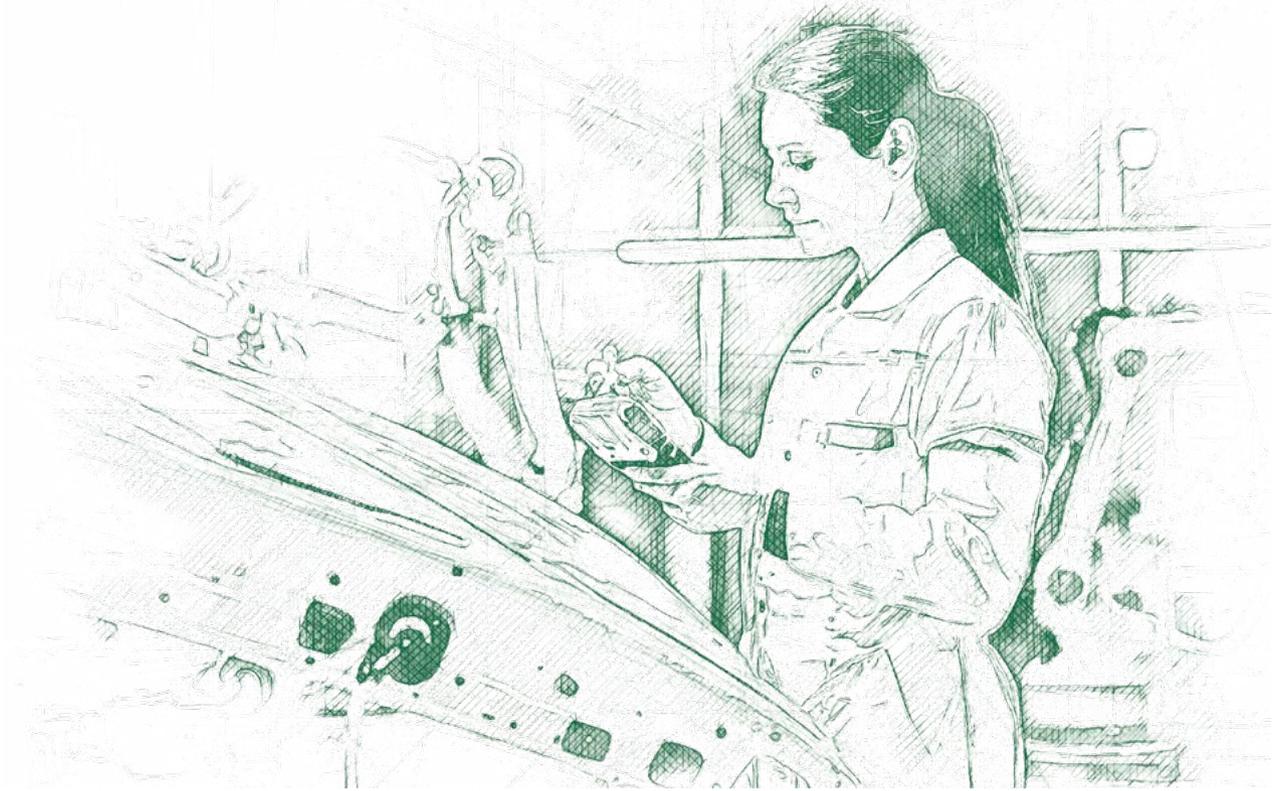
The supervision over certificates is carried out once a year by Bureau Veritas Certification (BVC) at all production sites, except for the AD Plastik Tisza production site where it is carried out by Det Norske Veritas (DNV).



## GLOSSARY

- **IATF 16949** Automotive Quality Management System
- **ISO 14001** Environmental Management System
- **ISO 45001** Occupational Health and Safety Management System
- **ISO 50001** Energy Management System
- **ISO 27001** Information Security Management System
- **TISAX®** Information security system for the automotive industry





***“Where hands are needed,  
words are useless.”***

**Ezop**



# **CORPORATE GOVERNANCE**

# ETHICS AND INTEGRITY

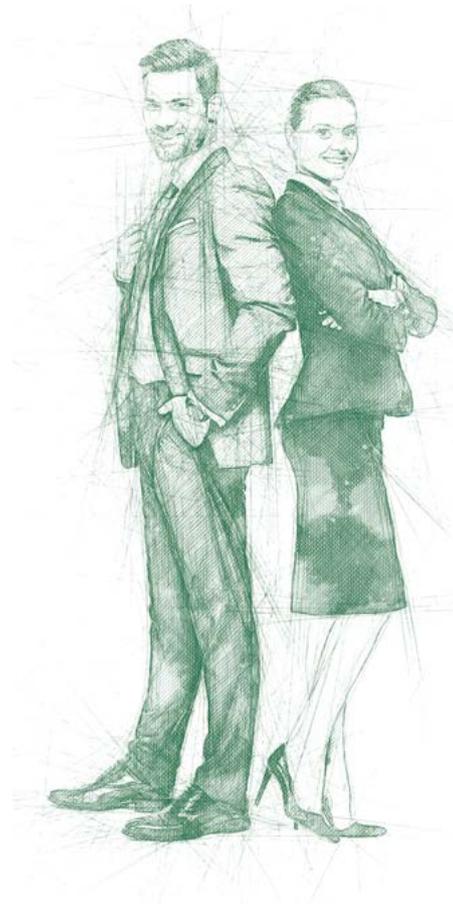
**GRI 2-23** In accordance with its mission and vision, AD Plastik Group continuously strives for development, progress and improvement of business to the satisfaction of all stakeholders. Corporate social responsibility and high standards of corporate governance are the basis of all business activities.

**GRI 412-1** The company's corporate culture is based on high ethical standards, protection of human rights, transparency, fairness and security, all with the aim of long-term growth and development as well as sustainable business at all levels.

**GRI 205-2** Standards of ethical business are defined by the [Code of Business Conduct of AD Plastik Group](#), with which all employees are acquainted, and which can be found on the company's internet and intranet websites. At all sites of the Group, each new employee receives a printed copy of the Code, which also contains the company's policies, and it prescribes how to report behavior that is not in line with the company's values.

**GRI 2-23** **The Code of Business Conduct contains the following policies:**

- Diversity and Equal Opportunities Policy
- Anti-Corruption Policy
- Antimonopoly Policy,
- Energy Management Policy
- Sustainable Supplier Management Policy
- Quality Policy
- Environmental Protection Policy
- Occupational Health and Safety Policy
- Human Rights Protection Policy
- Corporate Security Policy



► GRI 2-24 The stated policies represent a clear determination of the company and further implementation of the prescribed principles is incorporated into the processes of individual departments and the Group as a whole. They are applied in all business processes and are an integral part of internal rules of procedure, procedures and regulations. They are covered in more detail in the description of the management of each individual material topic. Continuous improvements of the effectiveness of the system in various areas of sustainability are also carried out through internal analyses, in accordance with regulations in the field of sustainability.



By applying the Corporate Governance Code of the Zagreb Stock Exchange and HANFA, the transparency of corporate governance is promoted, which is also confirmed by questionnaires on compliance and management practices that are filled out regularly.

GRI 205-2 The inadmissibility of donations that do not meet the Group's integrity standards and do not comply with local regulations is regulated, among other things, by the Anti-Corruption Policy. The entire procedure is described in the [Rulebook on Donations and Sponsorships](#). The principle of free market competition is consistently respected and, according to the Antimonopoly Policy, agreements that may threaten these principles are strictly prohibited.



GRI 2-17  
GRI 406-1  
GRI 412-1 As a confirmation of our orientation and implementation of diversity and non-discrimination policies, the company is one

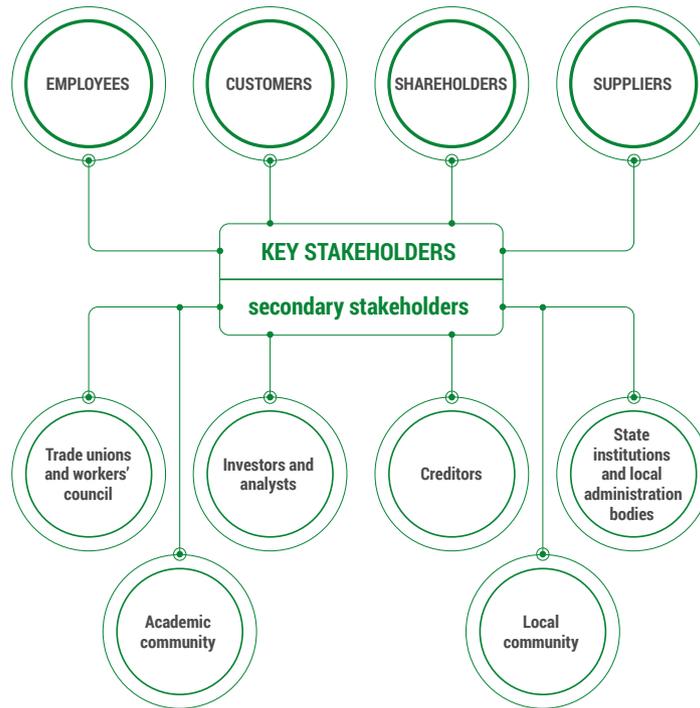
of the first to sign the Diversity Charter in cooperation with HR BCSD, and the President of the Management Board, Marinko Došen, is also an ambassador of diversity. AD Plastik Group deeply promotes diversity, because the creativity, skills and personalities of individuals create an innovative business environment and the basis of the company's long-term success. No form of harassment or discrimination in the workplace is tolerated, and there was not a single reported case of discrimination or violation of human rights during the reporting period.

All of the above is the company's compass when planning and implementing activities, and the Main Strategy 2023-2030 adopted by the Management Board and then approved by the Supervisory Board is based on that. The aforementioned strategy undoubtedly emphasizes sustainable business as a key component of business guidelines for the coming period.

GRI 2-13 During 2023, the Corporate Social Responsibility Committee, established eight years ago, considered the creation of a new independent strategy on sustainability, with clearly defined goals, deadlines and action plans, in accordance with the above-mentioned Company's Main Strategy. Considering the new regulatory obligations and European standards for sustainability reporting, the priority of the work in the reporting period was still the education of the members of the Committee and a thorough analysis of the new requirements and standards. All activities of the Committee are regularly reported at the Management Board meetings, and they report directly to the President of the Management Board. The fact that the member of the Management Board for finance, accounting, controlling and IT is also a member of the Committee greatly contributes to communication with the Management Board.

► GRI 2-12





► **GRI 2-16** Separate communication channels have been established in the company for the most important groups of stakeholders in order to establish focused and effective communication on all important topics and issues of special concern. Investors, for example, regularly and directly address the person in charge of investor relations, whose contact information is also published on the company's website, and they can ensure greater involvement by joining the Association of Small Shareholders. **GRI 2-26** Customers and suppliers express their concerns through specialized portals or regular communication channels with the company's professional staff.

Most communication tools are provided to employees who can express their concern directly or anonymously. In addition to various communication tools, which are described in more detail in the rest of the report, there is also a separate e-mail address for employee questions of special concern. All incoming inquiries are processed regularly and most of them are published in the internal newsletter, if they are about topics important to larger groups of employees. In the observed period,

there were no inquiries expressing concern, and communication with employees and their representatives was regular.

Separate processes of remediation of negative impacts are not specially structured, except for employees, which is defined by a separate rulebook. Two persons of different genders have been appointed to receive complaints and protect the dignity of employees, and the complaints process and methods of resolution are confidential.

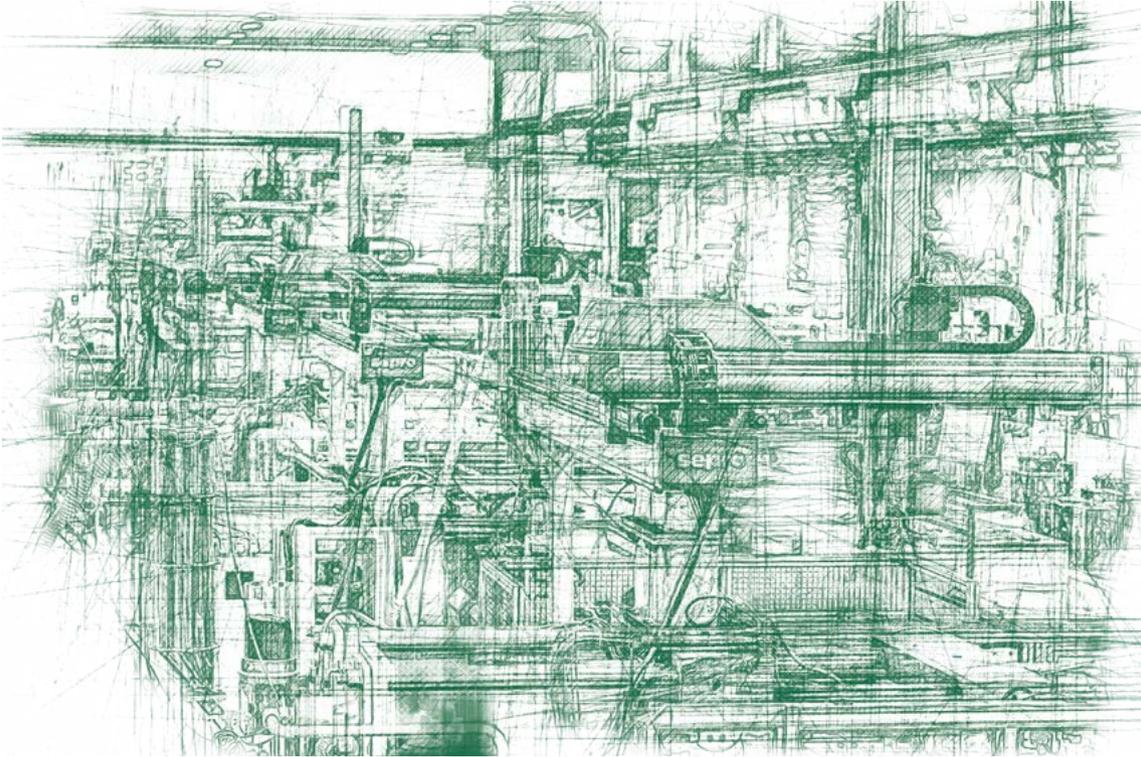
The company advocates transparent public advocacy of the interests of industry, economy and sustainable development through business and interest organizations and opposes any material support of political parties.

During the reporting period, there were no cases of non-compliance with laws and regulations, nor non-compliance or irregularities related to the prescribed code and policies, so no monetary or other sanctions were imposed accordingly.

**GRI 2-25**

**GRI 415-1**

**GRI 2-27**  
**GRI 205-3**  
**GRI 206-1**

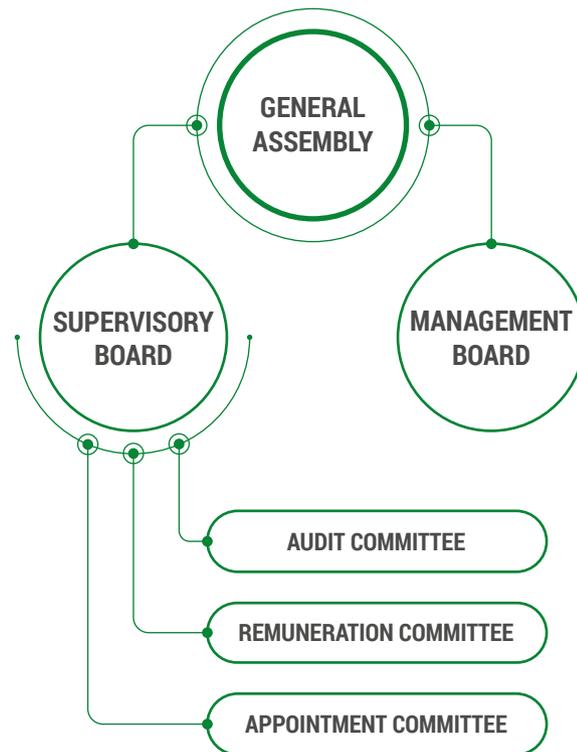


***“If you have a goal,  
you will find a way.”***

# GOVERNANCE STRUCTURE

GRI 2-9

The corporate governance structure is based on a dualist system consisting of a Management Board and a Supervisory Board, which, together with the General Assembly and the Audit Committee, make the four key functions of the company.



## GENERAL ASSEMBLY

The company's shareholders exercise their rights at the General Assembly, where decisions are made on key issues such as the election and removing from the office of members of the Supervisory Board, appropriation of profit, granting clearance to Management Board and Supervisory Board members, appointment of auditors, amendments to the Charter, increase or decrease of share capital and other important issues provided by law.

On July 20, 2023, the regular General Assembly of AD Plastik d.d. was held at the company headquarters in Solin, at which 2,600,946 votes were present or represented, which is 61.9 per cent of the total number of shares and share capital of the company.

In accordance with the law and the Charter, the Assembly considered the Annual Report on the status of the Group for the year 2022, as well as the report of the Supervisory Board on the performed supervision. Decisions were adopted on covering losses, granting clearance to the members of the Management Board and the Supervisory Board for 2022, appointing the Auditor for 2023, and approving the Remuneration Report of the members of the Management Board and the Supervisory Board for 2022. Also, decisions were adopted on the adjustment of the share capital and the nominal amount of shares, the amendment of the Charter for the adjustment with the euro, the amendments to the Rules of Procedure of the General Assembly and the election of a member of the Supervisory Board.

# SUPERVISORY BOARD

In the dualistic model of corporate governance, the Supervisory Board assumes the function of controlling, supervising and monitoring the business.

GRI 2-9  
GRI 2-10

The General Assembly appoints the majority of members of the Supervisory Board who perform a supervisory and strategic role. The Supervisory Board protects the interests of shareholders through various activities and mechanisms, approving certain operations according to the Charter. It also participates in strategic action through the authorization of decisions, evaluation of previous strategies and advisory support to the Management in realizing the company's vision.

The Supervisory Board consists of seven members, four of whom are appointed by the General Assembly, one by the Workers' Council and two by the shareholder - Holding Avtokomponenty Joint Stock Company. Their term of office lasts four years and they can be reappointed.

In 2021, the Profile of the Supervisory Board 2021 was adopted, which ensures diversity in the expertise, education, skills and experience of the members in order to adequately supervise the business, taking into account the business model and strategy of AD Plastik Group and the markets in which they operate.

In 2023, four regular and one extraordinary meeting of the Supervisory Board were held, in accordance with the Events Calendar. All members of the Supervisory Board took part in decision-making at the meetings, respecting the Rules of Procedure of the Supervisory Board, which are available on the company's website.



## MEMBERS OF THE SUPERVISORY BOARD

GRI 2-9

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- |   |  |
|---|--|
| <b>Sergey Dmitrievich Bodrunov</b><br>President | <ul style="list-style-type: none"> <li>• term of office from July 20, 2020 to July 20, 2024</li> <li>• appointed by the shareholder – AO Holding Avtokomponenty</li> </ul> |
|---|--|
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- |                                      |   |
|--------------------------------------|---|
| <b>Ivica Tolić</b><br>Vice President | <ul style="list-style-type: none"> <li>• term of office from August 24, 2020 to August 24, 2024</li> <li>• appointed by the General Assembly</li> <li>• 40,881 ADPL shares</li> <li>• independent member - in accordance with the Zagreb Stock Exchange Code</li> </ul> |
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|--|---|
| <b>Igor Anatolyevich Solomatin</b><br>member | <ul style="list-style-type: none"> <li>• term of office from July 25, 2023 to July 25, 2027</li> <li>• appointed by the General Assembly</li> </ul> |
|--|---|

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|--|---|
| <b>Alina Viktorovna Koretskaya</b><br>member | <ul style="list-style-type: none"> <li>• term of office from July 20, 2020 to July 20, 2024</li> <li>• appointed by the shareholder – Holding Avtokomponenty</li> </ul> |
|--|---|

- |                                |  |
|--------------------------------|--|
| <b>Andjelka Čulo</b><br>member | <ul style="list-style-type: none"> <li>• term of office from May 14, 2020 to May 14, 2024</li> <li>• appointed by the Workers' Council</li> <li>• employee representative</li> </ul> |
|--------------------------------|--|

- |                              |   |
|------------------------------|---|
| <b>Ivka Bogdan</b><br>member | <ul style="list-style-type: none"> <li>• term of office from February 1, 2023 to February 1, 2027</li> <li>• appointed by the General Assembly</li> <li>• 20,000 ADPL shares</li> <li>• independent member - in accordance with the Zagreb Stock Exchange Code</li> </ul> |
|------------------------------|---|

- |                                |   |
|--------------------------------|---|
| <b>Bože Plazibat</b><br>member | <ul style="list-style-type: none"> <li>• term of office from February 1, 2023 to February 1, 2027</li> <li>• appointed by the General Assembly</li> <li>• independent member - in accordance with the Zagreb Stock Exchange Code</li> </ul> |
|--------------------------------|---|
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Curriculum vitae of Supervisory Board candidates are published as part of the materials for the General Assembly when selecting new members, and relevant individual competencies are detailed in them.

## EVALUATION REPORT OF THE SUPERVISORY BOARD

GRI 2-18

In accordance with the Company's Charter, the Supervisory Board operates in its full composition of seven members (three female members and four male members), elected or appointed in accordance with the Act, internal acts and Diversity Policy, which is assessed as the optimal number for the effective performance of duties. Members of the Supervisory Board have high moral standards, different knowledge, skills and professional and practical experience required to properly perform their tasks, while meeting also the special requirement that at least one member of the Supervisory Board is an expert in accounting and/or audit of financial statements. Most members also have international experience, which is of particular importance given that AD Plastik Group operates in the international market. In the described way, the necessary balance was established in the composition of the Supervisory Board not only in terms of skills, experience and competencies, but also in terms of age and gender. The appropriate level of representation of women is supported (over 40 percent in the current composition), which meets the goals and guidelines set out in the Profile of the Supervisory Board, which was adopted at the meeting held on December 16, 2021.

During 2023, the Supervisory Board and its committees regularly held their meetings with the participation of all members who function well, have a balanced composition and the necessary expertise, in line with the company's business requirements, performing thereby their roles and responsibilities appropriately and efficiently.

Consequently, the Supervisory Board assesses that all its individual members and members of its committees are competent to perform tasks that fall within the competence of the Supervisory Board and its committees according to the law,

and that each member in 2023 significantly contributed to their work.

The Supervisory Board also assesses that the joint work and cooperation of all members of the Supervisory Board and its committees in 2023 was satisfactory and that their work was overall successful.

The Executive Director of Legal Affairs, who also performs the duties of the company's secretary, provided administrative support in an efficient and timely manner in the preparation of the meetings of the Supervisory Board and its committees.

The Supervisory Board supports the company's commitment to pay significant attention to the aspect of diversity and, in addition to the much-needed expertise and experience of candidates, and it will be taken into account in future proposals for election and appointment to the Supervisory Board.

The Management Board and the Supervisory Board work closely together for the benefit of the company. During 2023, the Management Board regularly submitted reports to the Supervisory Board prescribed by law and kept it informed of all important business events, business flow, revenue and expenses, all deviations of business events from the original plans and the general condition of the company. Consequently, the Supervisory Board assesses that their relationship with the Management Board in 2023 was correct.

This Evaluation report of the Supervisory Board and its committees was discussed and approved at the meeting of the Supervisory Board held on March 7, 2024, and no external evaluators were engaged in the evaluation process.

## SUPERVISORY BOARD COMMITTEES

Supervisory Board of the company has formed three committees, which act as its advisory and subsidiary bodies.

At their meetings, the committees make recommendations to the Supervisory Board, thus enabling it to deal more effectively with a larger number of more complex issues.

### AUDIT COMMITTEE

President	<b>Ivica Tolić</b>
Members	<b>Bože Plazibat</b> <b>Alina Viktorovna Koretskaya</b> <b>Igor Anatolyevich Solomatin</b>

The Audit Committee monitors the process of financial reporting, the correctness of accounting policies and makes recommendations on the engagement of an external auditor. It also considers the effectiveness of the external auditor and the actions of the Management Board and the Supervisory Board according to the external auditor's recommendations.

In 2023, five meetings of the Audit Committee were held, and all members participated in all meetings, either physically or in writing. At the meetings, the reports on the implementation of the Annual Internal Audit Plan for 2022, the implementation of the policy on the provision of non-audit services in 2022, and the supervision of the implementation of the statutory audit of consolidated and non-consolidated annual financial statements for 2022 were discussed. The Audit Committee made recommendations to the Supervisory Board on the adoption of those reports, the draft decision on loss coverage, the appointment of auditor for the year 2023, and the adoption of the Annual Internal Audit Work Plan.

**The company meets the requirement of Article 104 of the Zagreb Stock Exchange Rules, pursuant to which at least one member of the Audit Committee must be independent.**



## REMUNERATION COMMITTEE

President	<b>Ana Luketin</b>
Members	<b>Igor Anatolyevich Solomatin</b> <b>Ivica Tolić</b>

The Remuneration Committee proposes the remuneration policy of the Management Board, awards for members of the Supervisory Board approved by the General Assembly and the appropriate form and content of contracts with members of the Management Board to the Supervisory Board.

In 2023, two meetings of the Remuneration Committee were held, and all members of the committee participated, either physically or in writing. At the meetings, draft changes to managerial contracts with the president and members of the Management Board, as well as the conclusion of additional agreements to those contracts were discussed. It was proposed to the Supervisory Board to adopt a decision accepting the above-mentioned drafts, in order to comply with the goals set out in the Company's Main Strategy and the Management Board Members' Remuneration Policy. In addition, the draft decision on non-payment of awards to the president and members of the Management Board due to negative business results in 2022 as well as the draft Remuneration Report of members of the Management Board and the Supervisory Board for 2022 were discussed.

## APPOINTMENT COMMITTEE

GRI 2-10

President	<b>Ivica Tolić</b>
Members	<b>Nenad Škomrlj</b> <b>Igor Anatolyevich Solomatin</b>

The Appointment Committee proposes candidates for members of the Management Board and the Supervisory Board and assesses the quality of their work. When proposing candidates, it takes into account the goals of the Diversity Policy, which refers to the selection of members of the Supervisory Board and the Management Board.

In 2023, one meeting of the Appointment Committee was held, in which all members participated, either physically or in writing. At the meeting, a decision was made on the proposals of candidates for members of the Supervisory Board, and a member of the Appointment Committee itself.

## STATEMENT ON THE REMUNERATION POLICY FOR SUPERVISORY BOARD MEMBERS

In 2021 the General Assembly adopted a Decision on the remuneration of Supervisory Board members for a four-year period, which was applied also in 2023.

Decision is based on the principles of ensuring quality and professional members of the Supervisory Board, in order to achieve the company's mission and long-term strategy, and for the benefit of all its stakeholders. This ensures the transparency of the remuneration of the Supervisory Board members, taking into account various external and internal elements, economic conditions, employee remuneration and best practices.

Members of the Supervisory Board are entitled to remuneration for their work and for the participation in the work of the committees of the Supervisory Board, in order to ensure independence and avoid conflicts of interest. Remuneration does not depend on the company's results, but is determined in a fixed amount. The amount of remuneration depends on the function of each member of the Supervisory Board and remuneration is paid once a quarter. For those members who are also members of the Supervisory Board's committees, remuneration payments for the work in committees are made after the individual meetings.

# MANAGEMENT BOARD

GRI 2-14	<p><b>Management Board is the leading body of the company that conducts its entire business on its own responsibility. Its basic tasks include representing the company, adopting the financial statements and the integrated annual report and submitting them to the Supervisory Board for approval, together with the decision on the appropriation of profit.</b></p>	<p>Management Board were appointed, so accordingly the progress of the target percentage of women in its composition was not achieved either.</p>	GRI 2-17	
GRI 2-17	<p>The Management Board regularly submits reports on operations to the Supervisory Board and once a year submits a report on the state of the company to the General Assembly. The Management Board is responsible for convening regular meetings of the General Assembly and defining corporate functions and their tasks, for quality management of business risks and economic, environmental and social impacts of the company.</p>	<p>Board lasts up to five years, with the possibility of re-appointment without limitation of the number of terms of office. Each member of the Management Board represents the company individually and independently, and they are chosen according to their expertise and experience. When choosing candidates, the focus is to select people with experience and knowledge in the field of industry, who are aware of the size of the company and all the tasks set by the mission and vision. Also, the personal qualities and integrity of the candidate are extremely important.</p>	<p>In 2023, there were no external trainings of the Management Board on sustainability, as it is estimated that regular participation in conferences, round tables and thematic meetings on sustainability, as well as participation in work of professional bodies are a sufficient basis for improving the collective knowledge of the Management Board on this topic. Established internal processes and regular reporting to the Corporate Social Responsibility Committee also contribute to this.</p>	GRI 2-12
GRI 2-18	<p>The Supervisory Board regularly assesses the performance of the Management Board according to business performance indicators and maintaining a positive image of the company, and the Management Board also independently conducted a self-assessment of its work for the year 2023.</p>	<p>The company implements the Succession Plan in accordance with the Diversity Policy of the Management Board and the Supervisory Board members, which is published on the company's website. The target percentage of at least 25 percent of female members in the Supervisory Board has been realized, while in the Management Board that share will be realized in a defined five-year period. During 2023, no new members of the</p>	<p>The growing interest of stakeholders in information about the green transition and the reduction of the carbon footprint is evident, so one of the most important topics for the Management Board's assessment in 2023 was energy efficiency. An internal evaluation of the existing procedures and processes was carried out, and despite the satisfactory results, additional activities were planned and clear goals were set, including the purchase of new, more energy efficient equipment and the implementation of internal workshops and trainings. In the reporting period, the emphasis was on improving energy efficiency and timely analysis of the current situation in relation to new corporate requirements on sustainability.</p>	GRI 2-14
GRI 2-10	<p>According to the Charter, the Management Board can consist of three to eight members, and currently there are four members in the Management Board. The term of office of the members of the Management</p>	<p>Board lasts up to five years, with the possibility of re-appointment without limitation of the number of terms of office. Each member of the Management Board represents the company individually and independently, and they are chosen according to their expertise and experience. When choosing candidates, the focus is to select people with experience and knowledge in the field of industry, who are aware of the size of the company and all the tasks set by the mission and vision. Also, the personal qualities and integrity of the candidate are extremely important.</p>	<p>The Management Board also cooperates with external stakeholders in order to monitor the processes of recognition and management of the company's impacts on the economy, environment and people, especially when defining and approving material topics. Feedback from stakeholders is taken into account when making decisions, which are then adopted by the Supervisory Board.</p>	GRI 2-14

## MANAGEMENT BOARD MEMBERS



### MARINKO DOŠEN

President of the Management Board

GRI 2-11

- Management Board President since February 6, 2015
- the current term of office from July 21, 2020 to July 21, 2025
- 28,324 ADPL shares



### MLADEN PEROŠ

Management Board Member for Sales, Projects, Research and Development

- Management Board member since November 9, 2011
- the current term of office from July 21, 2020 to July 21, 2025
- 25,613 ADPL shares



### ZLATKO BOGADI

Management Board Member for Production, Logistics, Quality, Occupational Safety and General Affairs

- Management Board member since September 15, 2022
- current term of office from September 15, 2022 to July 21, 2025
- 3,233 ADPL shares



### JOSIP DIVIĆ

Management Board Member for Finance, Controlling, Accounting and IT

- Management Board member since September 15, 2022
- current term of office from September 15, 2022 to July 21, 2025
- 645 ADPL shares

GRI 2-15

Based on the Rules of Procedure of the Management Board, members of the Management Board are obliged to avoid making decisions that would arise from personal interests or the interests of related persons and may not participate in decisions that would lead to a conflict of interest. In the event that a member of the Management Board notices an existing or potential conflict of interest in connection with a specific issue of any member of the Management Board, they are obliged to immediately inform the other members of the Management Board and the President of the Supervisory Board. If there is a suspicion that a member of the Management Board has not reported a conflict of interest, the President of the Supervisory Board should be notified about it. In order to avoid potential conflicts of interest, managerial contracts contain provisions on the prohibition of competition during and after the termination of employment in the company, as well as the obligation to keep trade secrets.

According to the Rules of Procedure of the Supervisory Board, a member of the Supervisory Board who notices an existing or potential conflict of interest in connection with a decision-making on a certain issue is obliged to immediately inform the other members of the Supervisory Board. In case of suspicion of reporting a conflict of interest by another member, the President of the Supervisory Board must also be informed of this. If there is a suspicion of a conflict of interest of the President of the Supervisory Board, the deputy president should be informed about it.

The Supervisory Board keeps records of all notifications about conflicts of interest, and during 2023 there were no reports of conflicts of interest among the members of the Management Board and the Supervisory Board.



## STATEMENT ON THE REMUNERATION POLICY FOR THE MANAGEMENT BOARD MEMBERS

GRI 2-19  
GRI 2-20

The company has been implementing the Management Board Members' Remuneration Policy from 2021 and all members of the Supervisory Board participated in adoption according to the proposal of the Remuneration Committee, after which the Policy was approved at the General Assembly meeting and then publicly announced.

This Policy establishes a system of remuneration for members of the Management Board that promotes transparency, long-term interests, and the successful and ethical implementation of the business strategy and development of the company and the entire group.

The Remuneration Policy ensures a balance between fixed and variable remuneration of the members of the Management Board, which contributes to transparent and efficient management.

According to the aforementioned Policy, managerial contracts define the rights and obligations of the members of the Management Board in accordance with their function:

- monthly salary
- the annual bonus (award) can be paid in accordance with the achieved result in the business year, depending on the degree of

fulfillment of certain key business indicators determined by individual managerial contracts. The decision on bonus payment is made by the Supervisory Board, having in mind the degree and scope of achieving the objectives. The bonus is paid in company shares or cash.

- life insurance policy
- right to use an official vehicle 24 hours a day
- severance payment in the event of the termination of the term of office, unless the member was repealed prior to the expiry of the term of office caused by their fault or they resigned themselves

The Remuneration Policy foresees also non-financial objectives as a condition for bonus achievement, and the objectives, on the achievement of which the payment and amount of variable remuneration depend, are determined in more detail by the managerial contract, taking into account financial and non-financial indicators of the Group's business operations.

The total annual ratio of the remuneration of the best-paid individual to the average annual remuneration of all employees of the Group is 14.1, and the calculation includes all employees who were employed on December 31, 2023, according to the publication on page 70. In the observed period, there was no increase in the total annual remuneration for the highest paid individual, in this case the President of the Management Board, nor the payment

of variable remuneration. Considering the above and the increase in wages and material rights of employees during 2023, the presented annual ratio is significantly lower than the year before.

Realized wages were used in the calculation, not full-time equivalent (FTE) calculations for each part-time employee, and transportation and food allowances, jubilee awards, bonuses, and the like were included.

GRI 2-21

# CORPORATE FUNCTIONS

Each corporate function has a clearly defined governance level that reports directly to the highest governing body. Improvement of common knowledge about all relevant business issues of the company and its sustainable development are integral elements of regular business. The management regularly holds consultations with individual stakeholders and is obliged to regularly report on this to the Management Board. If necessary or at the request of individual stakeholders, consultations with the Management Board are organized from time to time.



**BRANKO DURĐOV**  
Production Operations  
Consultant



**KATIJA KLEPO**  
Relations with State  
Institutions  
and Funds Consultant



**KREŠIMIR JURUN**  
Executive Director of  
Controlling  
and Accounting



**ANA LUKETIN**  
Executive Director of  
Legal Affairs



**MIRA PAVIĆ**  
Executive Director of Human  
Resources and Corporate  
Architecture



**LIDIJA ŠKARICA**  
Executive Director  
of Strategic Purchasing



**EDO BACCI**  
Technical Director  
of the Production site Solin



**STIPAN BODROŽIĆ**  
Products Development  
Director



**MARKO CAMBJ**  
Director of  
Projects



**TOMISLAV ČEPIĆ**  
Manufacturing Director  
of the  
Production site Zagreb



**MATE GOJSALIĆ**  
Process Development  
Director



**MIRANDA JERKOVIĆ**  
Director of  
Internal Audit



**JADRANKA KONTA**  
Director of  
Occupational Safety  
and General Affairs



**DENIS MILETIĆ**  
Director of  
Logistics



**MARINA NOVAK**  
Quality  
Director



**ANTICA PERKOVIĆ**  
Director of  
Strategic Purchasing  
of Materials



**JOSIP SUZAN**  
Tools Development  
Director



**JOSIP ŠKORO**  
Director of the  
Production site Zagreb



**TONI ŠTAMBUK**  
Sales Director for  
EU and other markets



**JOSIP VULIĆ**  
Director of the  
Production site Solin

# MANAGEMENT OF SUBSIDIARIES

## ADP d.o.o.

Mladenovac, Republic of Serbia

**ANDRIJA KALAJŽIĆ**  
Managing Director



**SUPERVISORY BOARD**  
**President**  
Mladen Peroš  
**Members**  
Denis Miletić  
Ana Luketin

**Other representatives**  
Josip Divić  
Marin Lončar

## AO AD Plastik Togliatti

Russian Federation

**ALEXANDR  
VLADIMIROVICH LEBED**  
Managing Director



**SUPERVISORY BOARD**  
**President**  
Krešimir Jurun  
**Members**  
Denis Miletić  
Branko Durdov  
Jakov Bartulović  
Josip Divić

## AD Plastik Tisza Kft.

Tiszaújváros, Republic of Hungary

**TAMÁS GYŐR**  
Managing Director



**SUPERVISORY BOARD**  
**President**  
Zlatko Bogadi  
**Members**  
Danijel Kovač  
Josip Divić

## AD Plastik d.o.o.

Novo Mesto, Republic of Slovenia

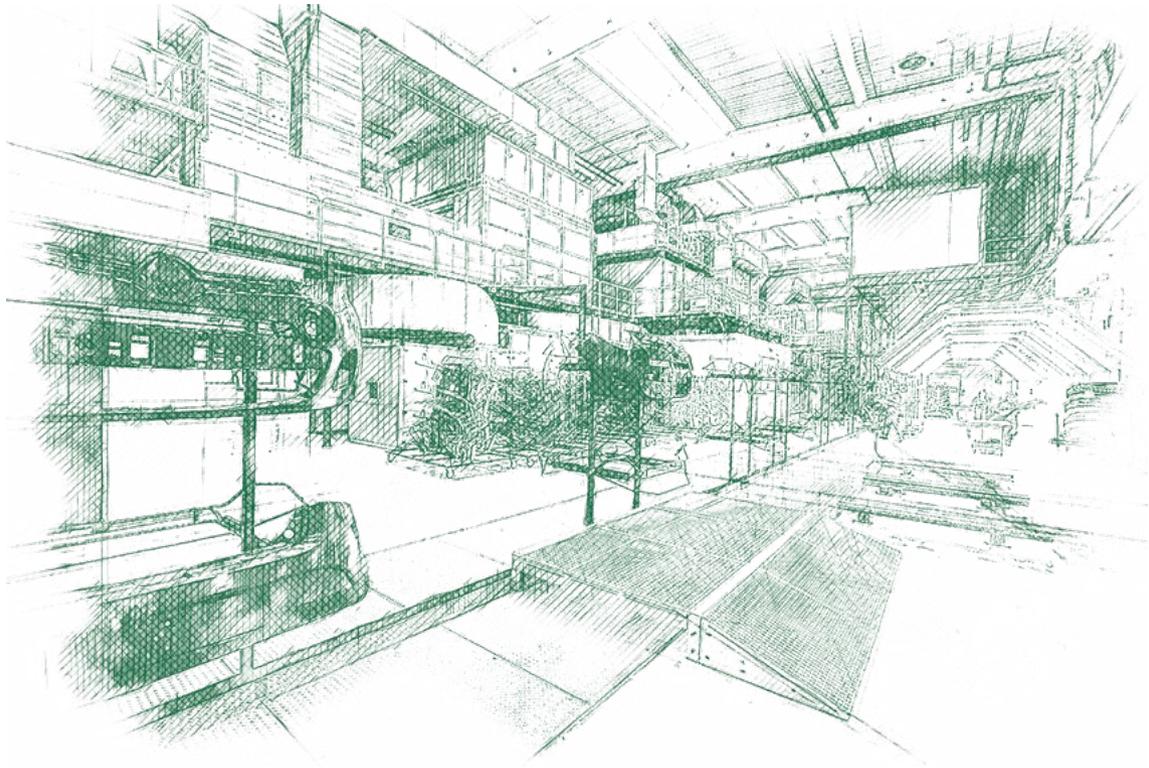
**JOSIP ŠKORO**  
Managing Director

## ZAO AD Plastik Kaluga

Russian Federation

**DENIS BORISKIN**  
Managing Director

**SUPERVISORY BOARD**  
**President**  
Denis Miletić  
**Members**  
Branko Durdov  
Josip Vulić  
Jakov Bartulović  
Krešimir Jurun



***“If you can dream it,  
you can do it.”***

**Walt Disney**

## CORPORATE GOVERNANCE CODE STATEMENT

1. In the reporting period, the company applied the Corporate Governance Code (hereinafter: the Code) published on the official website of the Zagreb Stock Exchange ([www.zse.hr](http://www.zse.hr)).
2. The company operates in accordance with good corporate governance practice and for the most part according to the recommendations of the Code. Explanations for deviations from individual recommendations and additional adjustments can be found in the Annual Compliance Questionnaire of the Corporate Governance Code approved by the Supervisory Board, which is published on the website of the Zagreb Stock Exchange and the company at the same time as the Integrated Annual Report.
3. Internal control is performed by Controlling and Internal Audit Departments. Controlling Department informs the Management Board of conducted control and the Internal Audit Department informs the Audit Committee and Management Board.
 

Internal Audit is an independent function that provides support to management in meeting the company's objectives through a systematic and professionally based approach to supervision and assessing the effectiveness of risk management, control and corporate governance.

The conclusions and recommendations of Internal Audit are aimed at enabling management to improve the processes, proactively respond to risks or reduce them to an acceptable level.
4. Ten significant indirect and direct shareholders are listed on page 24 of this report. The company has no holders of securities with special control rights, nor holders of securities with limitations on voting rights of a certain percentage or number of votes. The company has no specific rules on the appointment and revocation of the appointment of Management Board members, nor specific rules on the authority of Management Board members. The Company Charter prescribes that two members of the Supervisory Board are appointed by the shareholder, Joint Stock Company Holding Avtokomponenty from St. Petersburg, Russia.
 

On July 14, 2022, the General Assembly gave authorization to the Management Board to acquire its own shares on behalf of the company for a period of five years.

On December 31, 2023, the company owned 38,428 own shares.
5. Shareholders exercise their rights via the General Assembly which is competent for making decisions on the following issues: electing and removing from the office of Supervisory Board members, appropriation of profit, granting clearance to Management Board members, appointing auditors, amending the Charter, increasing or reducing share capital and on other issues under its responsibility as regulated by the law. Activities of the General Assembly are regulated by the Companies Act and the Rules of Procedure of the General Assembly published on the company's website ([www.adplastik.hr](http://www.adplastik.hr)). 

- 6. Data on members of the Management Board and Supervisory Board is listed on pages [44](#) and [49](#) of this report. In accordance with the Companies Act and the Company Charter, the Management Board makes decisions at the meetings of the Management Board. In 2023, 49 meetings of the Management Board were held, in line with good corporate practices. In accordance with the Act and the Rules of Procedure of the Supervisory Board, the company has three committees whose activities assist the work of the Supervisory Board by preparing decisions that shall later be taken by the Supervisory Board, and supervising their implementation. The Committees are as follows: Audit Committee, Remuneration Committee and Appointment Committee.

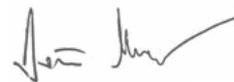
- GRI 2-10 7. The diversity policy of AD Plastik Group applied to the company managing bodies establishes necessary standards ensuring the diversity of the Management and Supervisory Boards members. Their structure should be reflected in skills and experience, professional competencies, but also in aspects of age, gender, education and other diversities that contribute to more quality and better decision-making.

The average age of the members of the Supervisory Board is 62 years, and the range of their ages is from 34 to 72. Their composition is also diverse according to gender, so the Supervisory Board consists of three female members and four male members. The list of the Supervisory Board members can be found on page [44](#) of this report.

In the reporting period the Management Board of the company consists of the President of the Management Board and three members. Balance has been established on the criteria of skills, experience and competencies, as can be seen from the CV of the members of the Management Board.

**Marinko Došen**

President of the Management Board



**Mladen Peroš**

Member of the Management Board



**Zlatko Bogadi**

Member of the Management Board

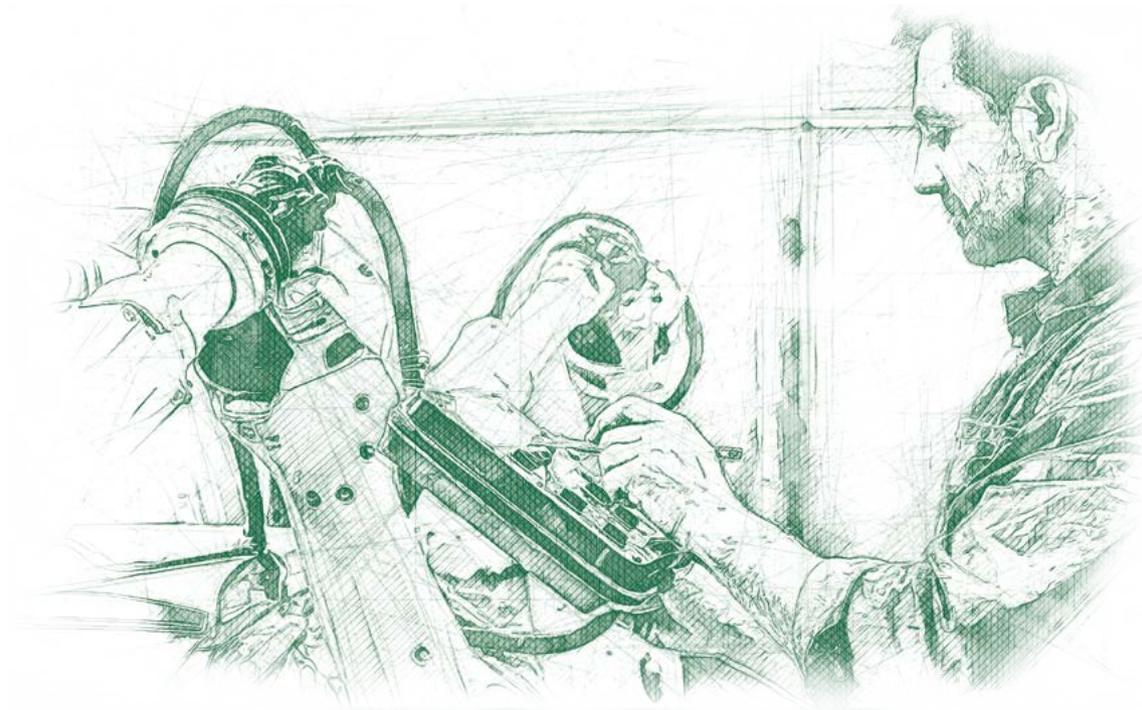


**Josip Divić**

Member of the Management Board




**AD Plastik d.d.**  
Matoševa 8, 21210 Solin  
Republic of Croatia



***“All that is valuable in human society  
depends upon the opportunity  
for development accorded the individual.”***

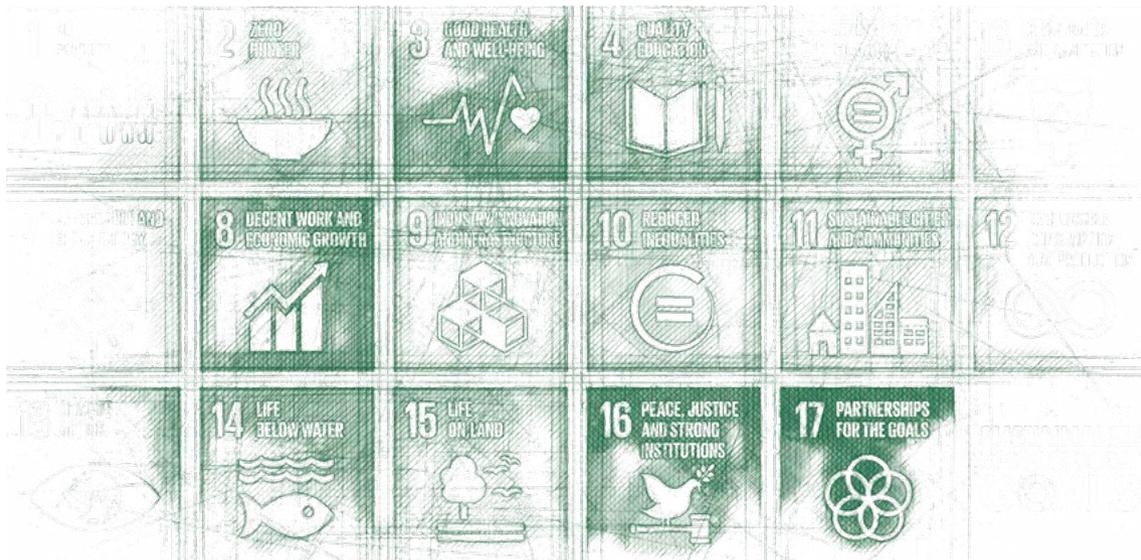
**Albert Einstein**



# MATERIALITY AND STAKEHOLDERS

# IDENTIFICATION OF MATERIAL TOPICS

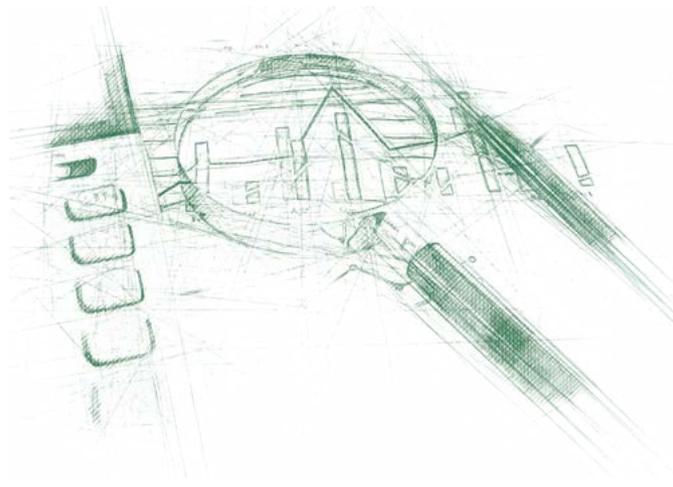
Based on the consultations during the year, before beginning of the preparation of the Integrated Annual Report, material topics were identified and defined according to the importance of the impact. They were adapted to the business conditions in the observed period, guided primarily by the results of conducted consultations and own choice of the company.



**GRI 3-1** Consultations on the identification and importance of business impact on the environment, society and economy were conducted regularly with the most important groups of stakeholders, namely employees, customers, shareholders and suppliers. Given the importance of process itself, consultations

were occasionally held with other stakeholders as well, such as academic community, primarily universities with which there is more intensive cooperation, banks with which the company cooperates, and independent professional associations whose member it is.





► **GRI 3-3** In the process of involving stakeholders, a comprehensive survey was conducted using forms available on the company's website, but their analysis showed insufficient understanding of certain topics. At the same time, the structure of the surveyed stakeholders unrealistically affects the overall identification of materiality, while the key stakeholders make up little or no part in completing the surveys. The Corporate Social Responsibility Committee concluded that the results of individual consultations with stakeholders are significantly more relevant because they are more effective and concrete. Therefore, when identifying material topics, the results of consultations and organized focus groups had an advantage, while the results of surveys were not neglected either. The existing way of surveying stakeholders on the company's website will be discontinued in the next reporting period, and more attention will be paid to involving stakeholders in direct consultations, using different tools. Guided by experiences in reporting and the conclusions of consultation with stakeholders, the approach to identification will be further improved in the coming periods in order for the analysis of the impact of individual stakeholders to be more systematic, thorough and concrete.

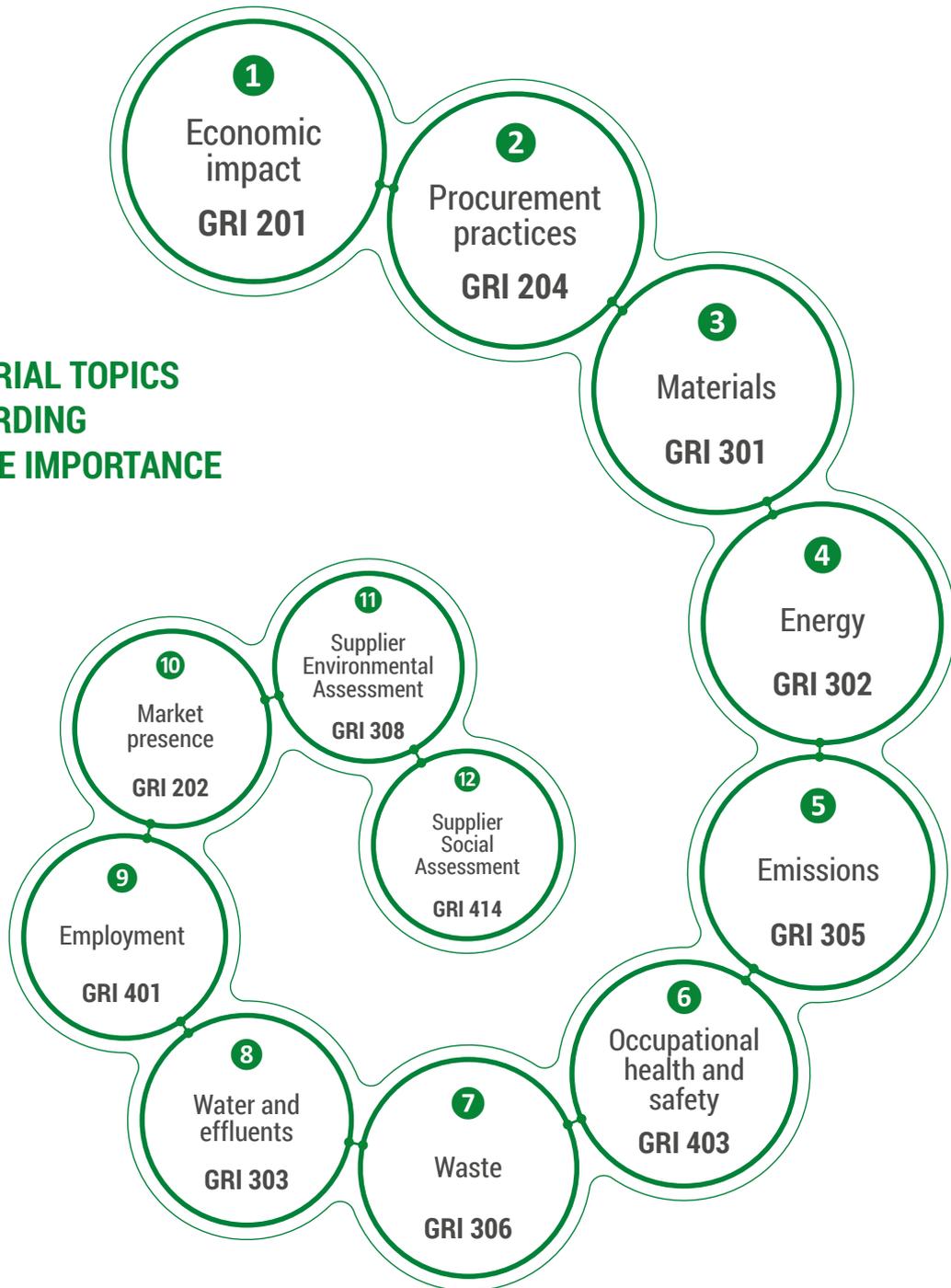
The significance of the influence is assessed first of all in accordance with the market circumstances in the observed period, i.e. the company's impacts on the economy, environment and people in the specified circumstances. Negative and positive impacts, potential and actual impacts were observed, and based on that, the material topics listed below were defined. In cases

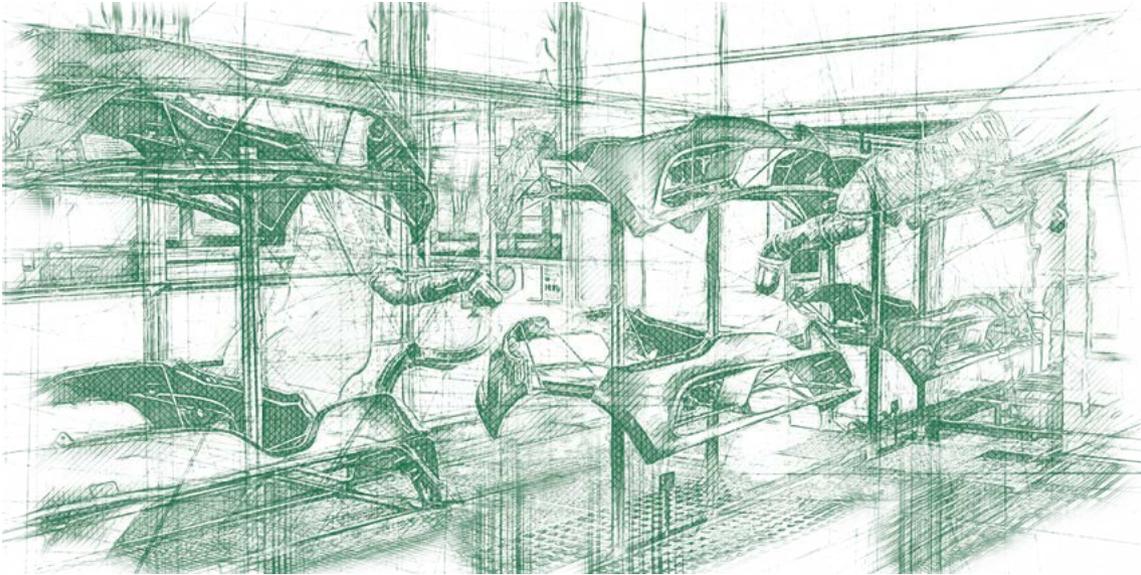
where negative impacts were identified, all necessary measures were taken during the year, i. e. at the time of occurrence to reduce or completely eliminate them. The Corporate Social Responsibility Committee is obliged to inform the Management Board about it without delay and propose improvement activities. In the further text of the report, the impacts and management in each identified material topic will be listed individually.

The Corporate Social Responsibility Committee has defined the material topics and their significance through its own assessment and the assessment of stakeholders, taking into account the results of surveys on the website and regular consultations with stakeholders. Then, the selection of material topics according to importance was confirmed by the Management Board, as the highest management body of the company.

Considering the business circumstances and the impact on the economy, the environment and people, in the reporting period the number of material topics was slightly lower than a year earlier. The first nine topics remained unchanged, but customer health and safety, training and education, and diversity and equal opportunity were not identified as material topics. Stakeholders' interests indicate that the mentioned topics are largely standardized within the company's processes and thus do not have a significant impact. This information is nevertheless presented in the report, confirming their representation within the standardized processes, but also the interests of the stakeholders.

GRI 3-2 **MATERIAL TOPICS  
ACCORDING  
TO THE IMPORTANCE**

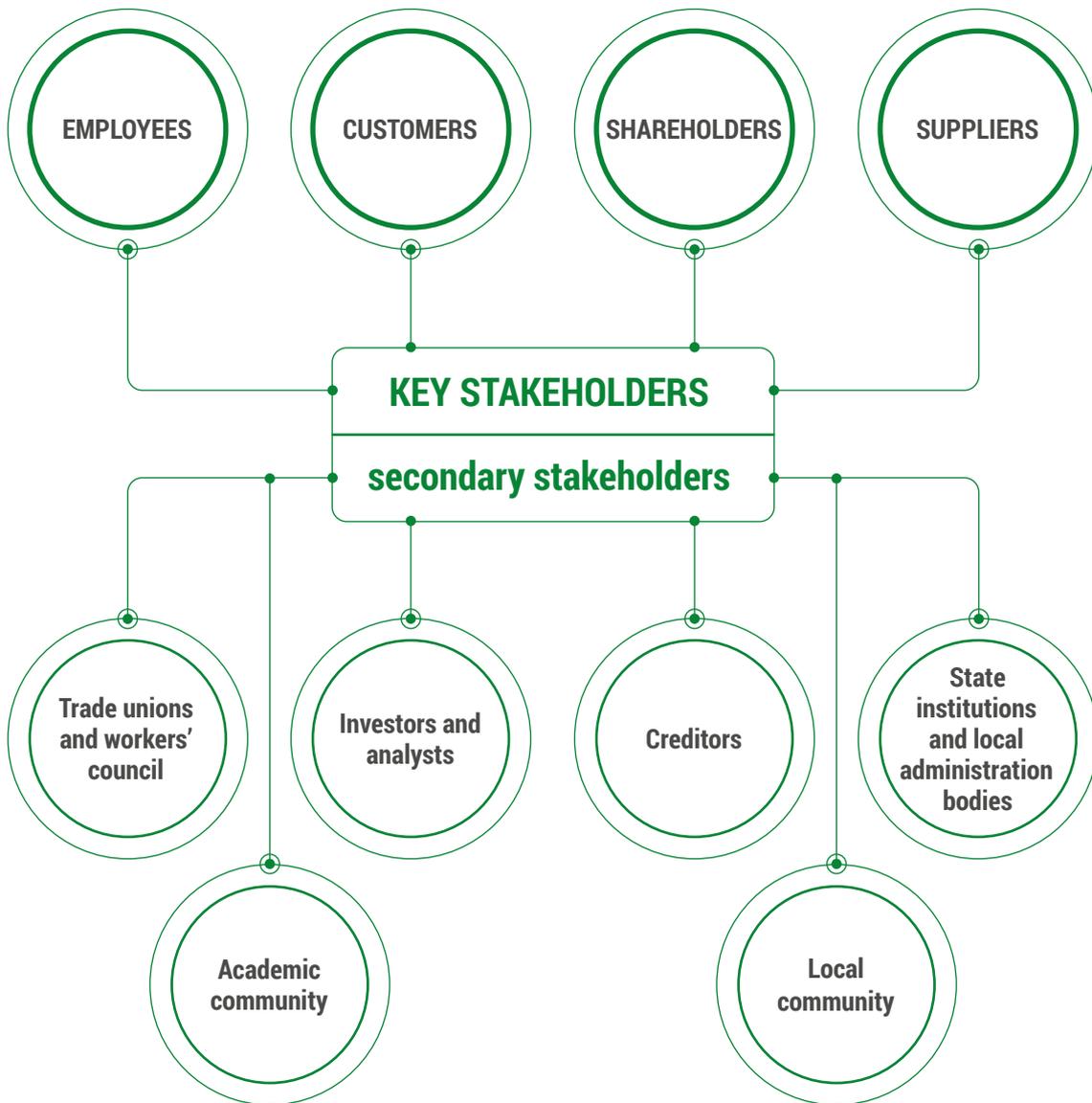




***„We live in a society exquisitely dependent on science and technology, in which hardly anyone knows anything about science and technology.“***

**Carl Sagan**

# STAKEHOLDER INVOLVEMENT



GRI 2-29

**With the feedback from stakeholders, the aim is to present all information of common importance and interest as clearly and simply as possible. With the improvements in their involvement methodology, the aim is to provide a complete picture of business in various segments, but also to enable simple tracking of achievements and realization of company goals. In this way, a contribution is made to the better understanding and improvement of the whole reporting process, as well as the business as a whole.**

AD Plastik Group regularly involves and informs its stakeholders in order to provide them with a better understanding of the business and development strategy, and at the same time to gain insight into their interests. Communication with stakeholders is adapted to their needs and identified groups, so accordingly different communication tools and channels are used.

Intensive communication is maintained with suppliers and customers at all levels, emphasizing the importance of sustainability and research into more environmentally friendly materials and technologies in order to reduce emissions and impact on climate change. Regular evaluations and audits of customers and external agencies are carried out, as well as assessment through specialized portals, while suppliers are assessed according to the questionnaires on standards of corporate social responsibility, their sustainability reports and evaluations of external agencies are monitored if they are involved.

Communication with employees is the most intensive and it is carried out at different levels, including direct consultation and participation in business impact assessment. Various communication tools such as internal workshops, questionnaires, internal thematic meetings and the possibility of anonymous expression of opinion through ADP Mailbox are used. Organizational climate and employee satisfaction surveys are conducted regularly, as well as surveys on specific topics from time to time. Employees are regularly informed about the company's activities through the internal newsletter, bulletin boards, intranet and other digital communication channels.

Shareholders are regularly informed about all activities and plans, and reports and news are regularly published on the company's website and other digital platforms. At the same time, individual queries of shareholders are regularly answered, and they are additionally informed by participating in the General Assembly.

The company cooperates with external experts to improve processes, especially in the field of sustainable business. Cooperation with the academic community has also been strengthened, especially in the field of sustainable development and technological improvements.

Regular consultations with individual stakeholders are carried out by the management, which is obliged to convey feedback to the Management Board, and the Management Board is occasionally directly involved in consultations with stakeholders, in accordance with their requests and needs. Transparent communication is the basic premise for successful business, in accordance with the interests of the company, stakeholders and environment.

Feedback from stakeholders in certain areas can be extremely important, so their opinion must be highlighted and explained to the highest level of management when making certain decisions. Based on that, they are reviewed and adjusted, that is, their implementation is potentially accelerated if it matches the opinion of the stakeholders.

GRI 2-29

GRI 2-30

## TRADE UNIONS AND WORKERS' COUNCIL

In the reporting period, the positive social dialogue within the company continued as well as timely and regular reporting of employees on all relevant topics, with special emphasis on changes and plans in business. Employee representatives actively participated and were involved in making decisions that affected their social and material rights, and the representative of the Workers' Council is a member of the company's Supervisory Board.

Collective agreements cover all employees in Croatia, Hungary and Russia, which makes up **89 percent** of the Group's employees. The rights and obligations of other employees are regulated by different regulations in accordance with the legal provisions, thus maintaining a high level of social and material rights of employees.

In Croatia, in 2023, collective negotiations with trade unions were successfully conducted, and a new Collective Agreement was concluded for a one-year period. In Hungary, the rights from the Collective Agreement signed in 2023 were also applied, while in Russia the existing Collective Agreement is in force until December 31, 2025. In Serbia, a trade union was also established in the reporting period and collective negotiations were initiated.





# **SUSTAINABLE DEVELOPMENT**

# EMPLOYEES

Employee satisfaction and creation of favorable working conditions are key factors for increasing efficiency and engagement, and at the same time they are the main guidelines of AD Plastik Group's human resources development strategy.

GRI 2-7  
GRI 202

Through regular group and individual discussions and research, insight is gained about the needs and references of employees and room for improvement is identified. Based on this knowledge, activity plans are developed, creating a stimulating working atmosphere, promoting the physical and psychological well-being of employees, and providing equal opportunities for all employees.

Guidelines for individual professional and personal development are provided regularly so that employees can realize their full potential with their knowledge and skills. Through investments in enhancing infrastructure, improving the working environment and working conditions, and adjusting annual plans to market conditions, we strive to maintain business satisfaction and sustainability, as well as quality management of costs and the number of employees.

The aim is to create a gender-balanced, diverse and inclusive working environment in which every employee has equal opportunities and a harmonious work and personal life. A family-conscious policy of business strongly affects also the interests of children and their rights.



Therefore, policies and practices have been adopted that support the balance between work and family life, providing parents and caregivers with the necessary time, financial support and services to provide quality care for their children and families. The gender balance within the company is constantly monitored and the recruitment strategy is adjusted to this so that all employees have equal opportunities, regardless of parental status. Dedication to the well-being of its employees and their families creates added value and advantages in the labor market, and consequently increases employee satisfaction and productivity. ►

- ▶ The company's activities at the strategic and operational level are directed towards the application of open and inclusive relationships and the creation of a working environment in which every employee feels like an equal member. With the aim of including and integrating young people with disabilities into the working environment, the company has been participating in the project Experience is Worth its Weight in Gold for almost ten years to enable professional practice and potential employment for students with disabilities. Transparent processes of management, employment and promotion have a positive impact on the community in which business is conducted. AD Plastik Group employs 41 people with disabilities and continuously works to improve working conditions and adapt workplaces, taking into account the individual needs and capabilities of each employee. For a number of years, successful cooperation has been achieved with institutions that employ people with disabilities and their services are used to further encourage their inclusion.

GRI 402-1 Timely and efficient consultation with employees and other relevant parties is essential for managing the impact of business changes on employees and related communities. Employees are continuously, regularly and on time informed about all important changes in business and are included in the decision-making process more often than prescribed by legal deadlines. The period of notifying employees about important changes in business in advance varies depending on the legal provisions of the country in which the business is conducted, and can last from a minimum of eight days to a maximum of three months.

Trends in the labor market such as inflation and the increase in the cost of living are continuously monitored and, in accordance with the possibilities, additional benefits for employees that become an integral part of collective agreements and regulations are considered and implemented.

For example, in Croatia, this includes an allowance per year of service, the right to severance pay upon retirement, and jubilee awards for continuous employment. Depending on the length of service, employees get extended annual leave from one to six days. Employees in Hungary have the right to jubilee awards for continuous employment within the company,

while in Serbia they have an allowance per year of service within the company.

In accordance with the regulations of individual countries of operation and the company's internal policies, all employees of the Group are registered and included in pension funds. Pension contributions are paid in the name and at the expense of the employee, and the contribution rate varies, depending on the country in which the business is operated.

GRI 201-3

In Croatia, the pension contribution rate is 20 percent of the contribution base, in Russia it is 30 percent up to the amount of 1,917,000.00 RUB, after which an additional 15.1 percent is paid, while in Hungary the contribution rate is 10 percent, and in Serbia 14 percent at the expense of the employee and 10 percent at the expense of the employer.

The local population makes up the largest share of the Group's employees, including senior management. At the same time, mobility and the development of own experts and managers are encouraged, and through internal employment, the development of an international career within the Group is enabled. In this way, the company's knowledge is preserved and the application of best practices is enabled.

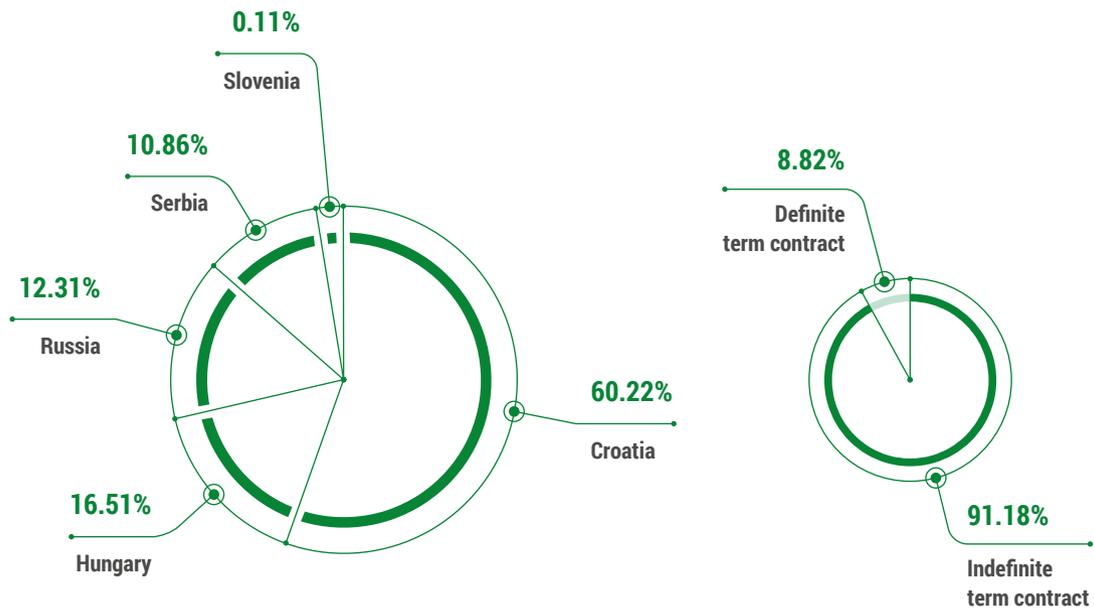
One dispute related to labor relations was initiated during the reporting period, and the dispute initiated before the beginning of the reporting period was resolved.



**SHARE OF EMPLOYEES BY REGION AND TYPE OF EMPLOYMENT CONTRACT**

GRI 2-7	State	Site	Employees with indefinite term contract			Employees with definite term contract			Total employed
			Total	Men	Women	Total	Men	Women	
	Croatia	Solin	536	227	309	14	6	8	550
		Zagreb	460	256	204	110	79	31	570
	Hungary	Tiszaújváros	304	120	184	3	-	3	307
	Serbia	Mladenovac	165	89	76	37	16	21	202
	Russia	Vintai	229	87	142	-	-	-	229
	Slovenia	Novo Mesto	2	1	1	-	-	-	2
	<b>Total</b>		<b>1,696</b>	<b>780</b>	<b>916</b>	<b>164</b>	<b>101</b>	<b>63</b>	<b>1,860</b>

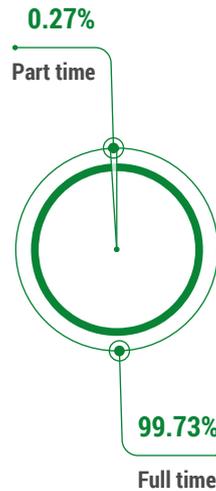
*Gender as declared by the employees themselves*



**SHARE OF EMPLOYEES BY TYPE OF WORKING HOURS**

GRI 2-7	State	Site	Non guaranteed working hours	Full time			Part time		
				Total	Men	Women	Total	Men	Women
	Croatia	Solin	-	549	233	316	1	-	1
		Zagreb	-	568	333	235	2	2	-
	Hungary	Tiszaújváros	-	306	120	186	1	-	1
	Serbia	Mladenovac	-	201	105	96	1	-	1
	Russia	Vintai	-	229	87	142	-	-	-
	Slovenia	Novo Mesto	-	2	1	1	-	-	-
	<b>Total</b>		<b>-</b>	<b>1,855</b>	<b>879</b>	<b>976</b>	<b>5</b>	<b>2</b>	<b>3</b>

*Gender as declared by the employees themselves*



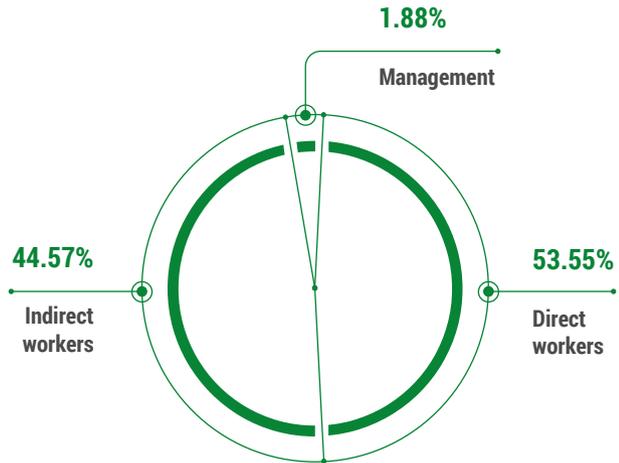
GRI 401-2

Employees who have an employment contract for a definite term or work part-time have the same privileges and rights as employees who work full-time, and the number of part-time employees decreased at the end of the reporting period. There was no significant change in the number of temporary employees in the reporting period.

### SHARE OF EMPLOYEES BY TYPE OF WORK

GRI 2-7

On the basis of the type of work they perform, AD Plastik Group's employees are divided into management (the Management Board and senior management – executive directors and directors), indirect workers (administration employees and production administration employees), and direct workers (workers in production). The number of direct workers is slightly lower than a year earlier due to reduced production and the stoppage of production activities of the factory in Russia.

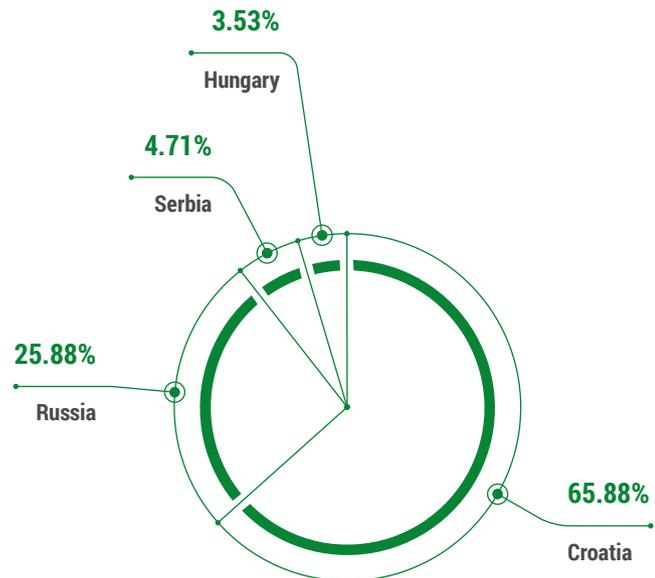


### WORKERS WHO ARE NOT EMPLOYEES

GRI 2-8

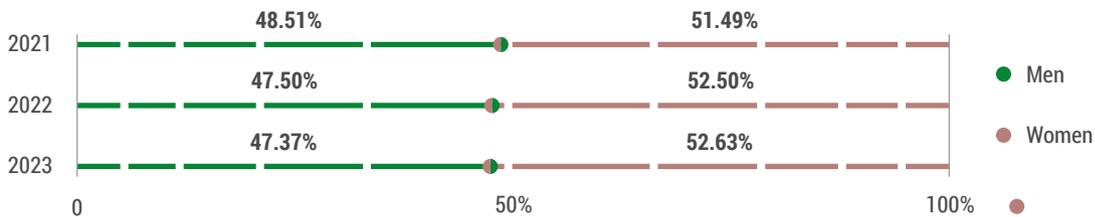
Workers who are not employees are those who perform tasks for the company but are not employed, and the largest share of such workers is in Croatia. This group most often includes occasional student jobs in various departments, service contracts for individual projects, occasional additional security, firefighting services, cleaning and restaurant services, and outsourcing of workers.

State	Site	Total employed
Croatia	Solin	21
	Zagreb	35
Hungary	Tiszaújváros	3
Serbia	Mladenovac	4
Russia	Vintai	22
<b>Total</b>		<b>85</b>



### EMPLOYEE GENDER STRUCTURE

Gender as declared by the employees themselves

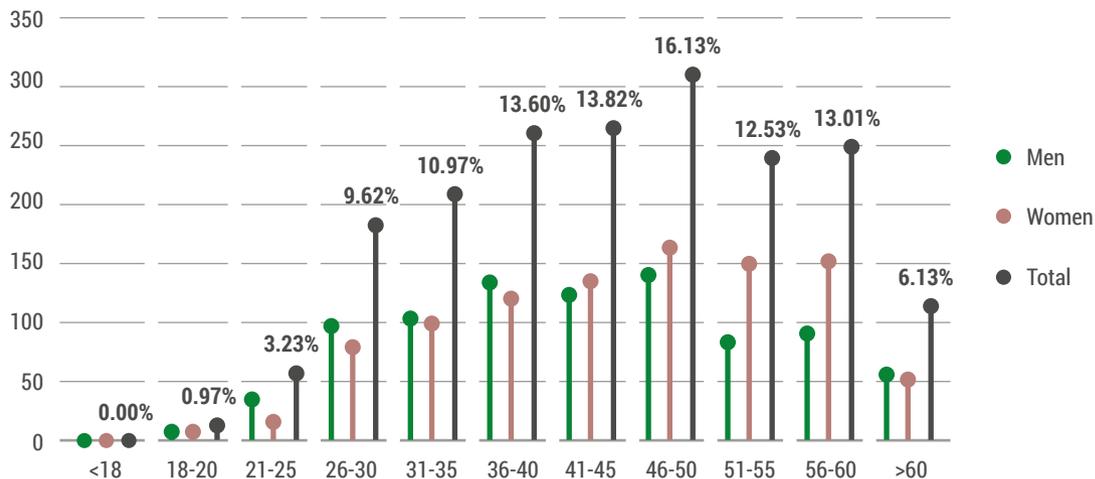


GRI 2-7



By continuously promoting gender equality, diversity and equal opportunities, AD Plastik Group already achieved one of its strategic diversity goals in 2020, when the share of employed women exceeded 50 percent.

### EMPLOYEE AGE STRUCTURE



GRI 2-7

The largest share of employees, 65.7 percent, is between the ages of 31 and 50, while the smallest share is in the age group of 18 to 20 years. Compared to the previous period, there is a decrease in the number of employees aged 41 to 45. The average age of all employees is 44 years, while the average age of women is 45 and men 43.

It is important to note that **AD Plastik Group consistently supports the prohibition of child labor**, and the above data additionally confirm that there were no employees under the age of 18 in the reporting period.

## EMPLOYMENT

**Within the framework of the Main Strategy, strategic guidelines for the development of human resources and corporate social responsibility are defined, from which the goals and activities in the annual and medium-term plans derive.**

GRI 401-1

Resilience, flexibility and adaptability of human resources to changing business circumstances are key development guidelines. The goal is to position ourselves as a desirable employer, with the intention of attracting high-quality staff, diversifying recruitment channels that ensure a diverse selection of competent candidates, and strengthening more flexible forms of employment.

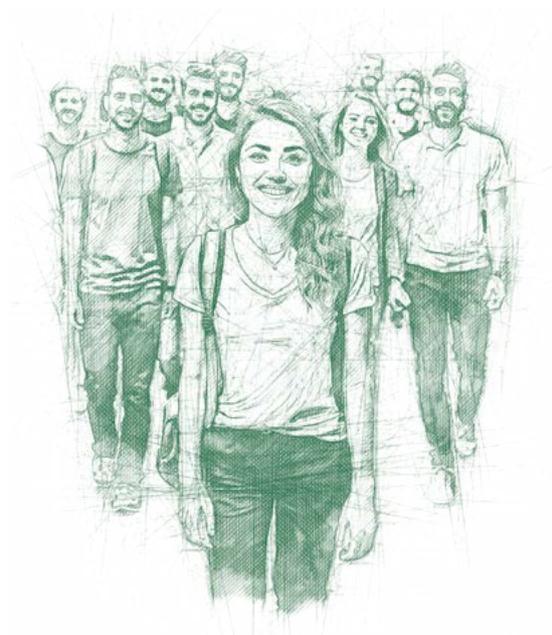
Through daily activities and consultations with relevant stakeholders in order to manage this topic more effectively, employment was identified as an important material topic by own choice also. Accordingly, assessments are actively carried out and potential and actual impacts on employment are regularly reviewed in order to monitor their emergence, development and potential risks.

In accordance with the conventions of the ILO (International Labor Organization) № 29 and 105 on forced labor, the company is obliged to use the freedom of choice in employment, simultaneously enforcing the prohibition of forced and compulsory labor. The employment of children within the company is strictly prohibited, and the application of that principle at all production sites is monitored by specially prescribed mechanisms that reduce the risks of employment of minors. Laws and national regulations related to minimum wages, overtime work and other legal rights of employees are respected and the employment of local residents is promoted.

The number of employees is determined by annual and medium-term plans and is an integral part of the Group's business plans, which enables flexibility and speed of reaction to changes in business and the labor market. Fluctuation is also an extremely important indicator that is carefully monitored, and

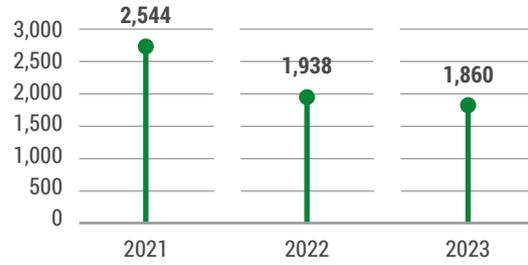
causes are regularly identified and plans for fluctuation management are defined. In addition to regular research on employee motivation and satisfaction, employee interviews are conducted upon resignation in order to identify the reasons as precisely as possible and take appropriate and timely actions.

Although the total number of employees is slightly lower than in the comparative period, there is a noticeable decrease in resignations at the end of the reporting period. The labor market in Croatia has recovered significantly, but there is a clear shortage of labor force, so in the reporting period, activities were initiated to recruit foreign employees and prepare for their integration. In order to maintain the necessary competitiveness in the dynamic labor market, cooperation with educational institutions has been intensified in order to familiarize young people with deficient occupations and skills. There is a regular participation in regional job fairs, presentations at colleges and various promotional activities are carried out.

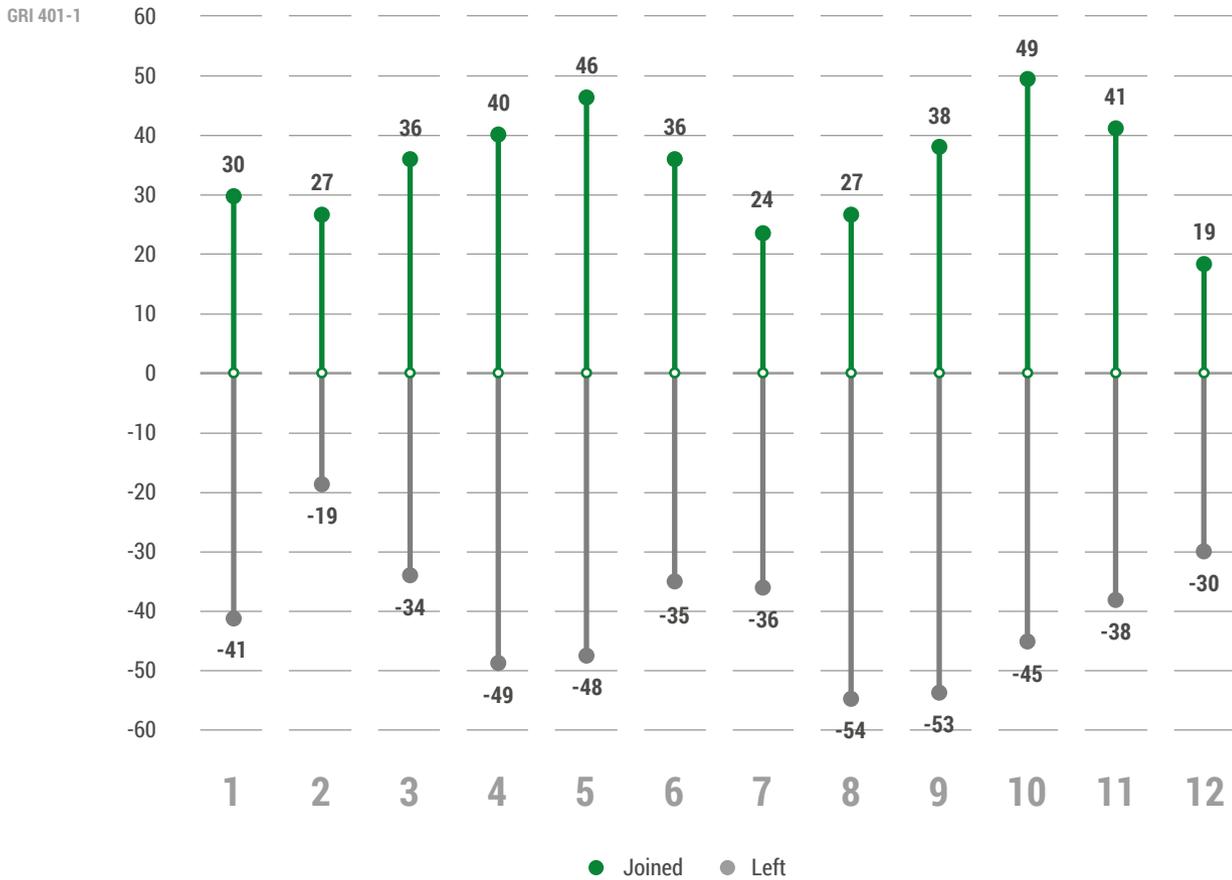


**THE TREND IN THE NUMBER OF EMPLOYEES**

GRI 401-1 The decrease of the employees in the past periods is the result of adaptation to the market circumstances and active management of this topic with the aim of long-term business sustainability.

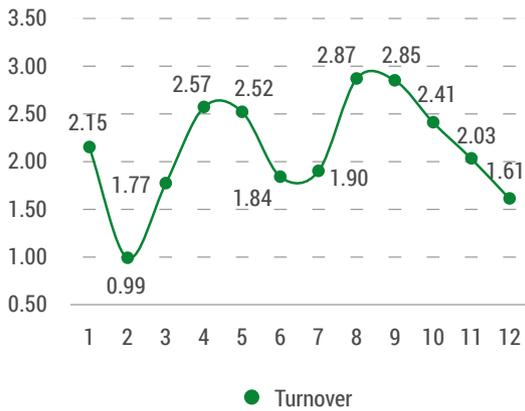


**EMPLOYEES WHO JOINED OR LEFT THE COMPANY BY MONTHS**



### TURNOVER RATE BY MONTHS

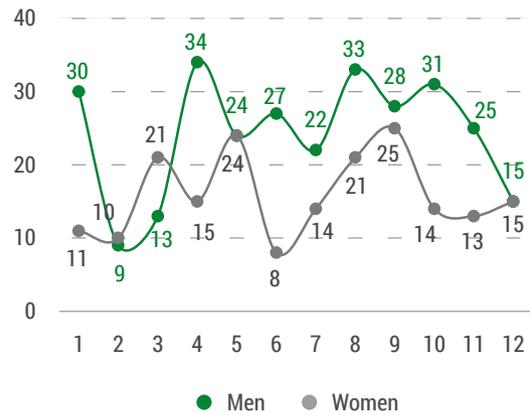
GRI 401-1 The average monthly turnover rate in 2023 was 2.1 percent and was significantly lower compared to the year before when it was 3.5 percent. Also, the total turnover rate was significantly lower and amounted to 25.5 percent, while the year before it was 41.1 percent.



### RESIGNATIONS BY GENDER

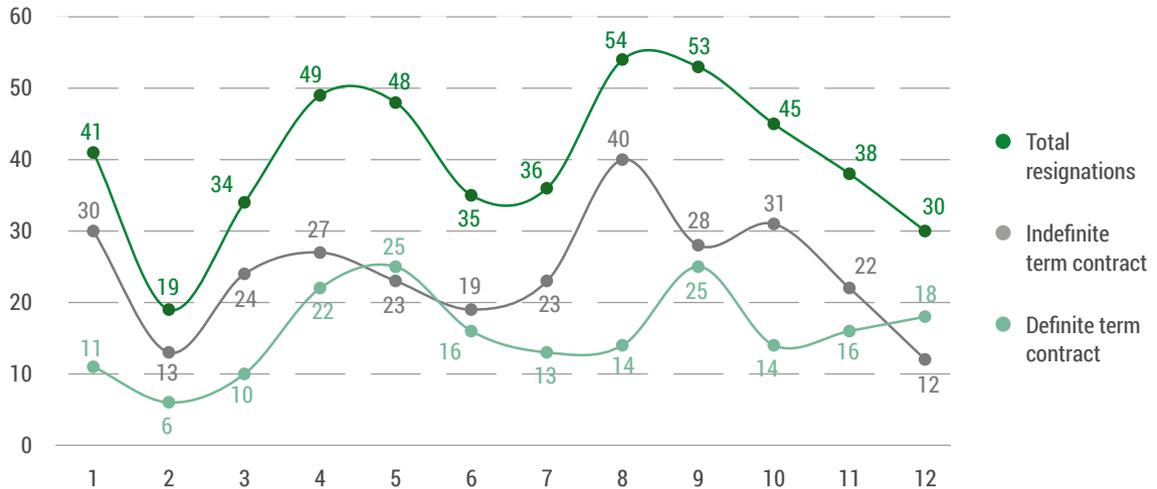
GRI 401-1 Women had a slightly lower turnover rate than men, and employees with contracts for indefinite term had a higher turnover rate.

Gender as declared by the employees themselves



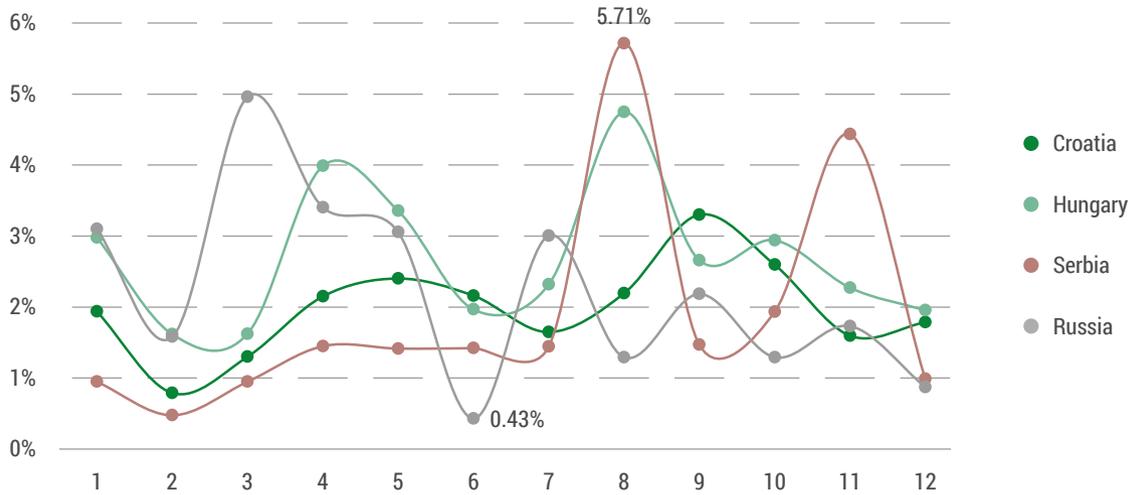
### RESIGNATIONS BY TYPE OF CONTRACT

GRI 401-1



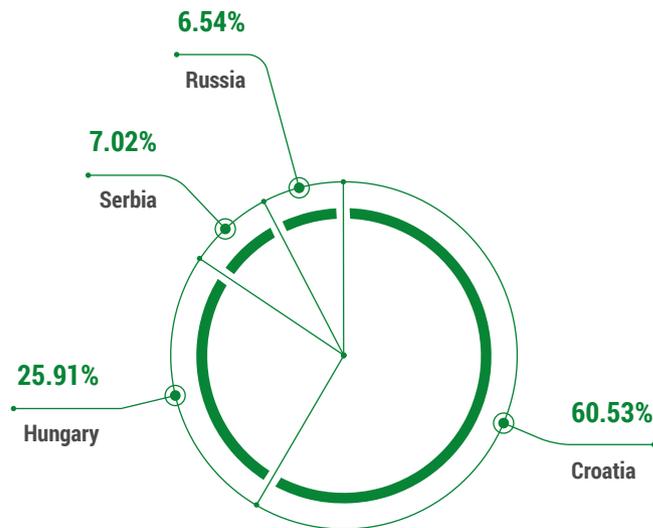
**TURNOVER RATE BY REGION**

GRI 401-1

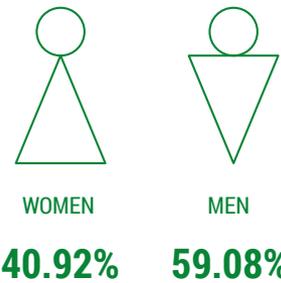


**EMPLOYMENT BY REGION**

GRI 401-1



**EMPLOYMENT BY GENDER**



In 2023, the largest share of new employees was recorded in Croatia, namely 60 percent, followed by Hungary with a share of 26 percent. Although there is a noticeable smaller increase in the share of newly employed men, the structure of employees has not changed significantly due to a slightly higher turnover of men.

GRI 401-1

## MATERNITY AND PARENTAL LEAVE

Gender as declared by the employees themselves

		Total number of employees	Right to maternity and parental leave	Returning to work after the end of maternity leave	Remaining employed one year after returning to work after the end of maternity leave
AD Plastik d.d.	men	568	16	17	2
	women	552	35	20	17
AD Plastik Tisza	men	120	6	-	-
	women	187	17	6	5
ADP, Mladenovac	men	105	-	-	-
	women	97	3	-	-
AD Plastik Togliatti	men	87	-	-	-
	women	142	26	16	6
AD Plastik, Novo Mesto	men	1	-	-	-
	women	1	-	-	-
AD Plastik Group	<b>men</b>	<b>881</b>	<b>22</b>	<b>17</b>	<b>2</b>
	<b>women</b>	<b>979</b>	<b>81</b>	<b>42</b>	<b>28</b>
	<b>total</b>	<b>1,860</b>	<b>88</b>	<b>59</b>	<b>30</b>

GRI 401-3

All employees of AD Plastik Group have the right to maternity and parental leave in accordance with the regulations of the country of operation. Given that the data are presented at the Group level, it is important to note that the duration of maternity and parental leave depends on the country of operation and can last from one to three years. In accordance with policies promoting equal rights for all employees, special attention is paid to encouraging fathers to use their right to parental leave, which is confirmed by the figures in 2023.



## DIVERSITY AND EQUAL OPPORTUNITIES



GRI 202-2

In the observed period, 35 people were employed in senior management, of which 33 were from the local community, and thus local population accounts for 94.3 percent of the employees in the highest management structure. Senior management includes members of the Management Board, executive directors and directors, and local employment is defined for people who live within the counties, districts or regions where certain members of the Group operate. ►

- ▶ A significant place of business is the headquarters of each individual member of the Group. By employing local people and with their presence in the company's senior management, a positive presence on the market that contributes economically to the local community is confirmed, and the ability to understand the local needs of the community in which the company operates is increased.

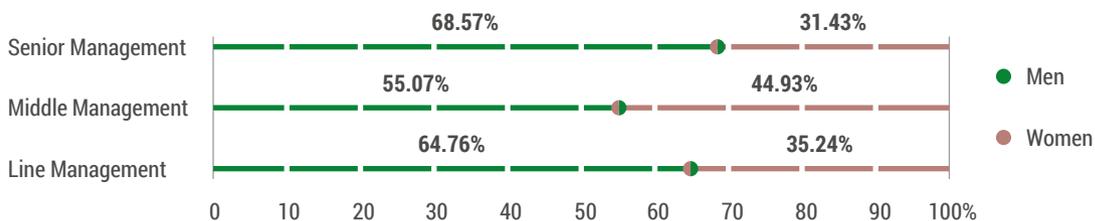
**GRI 202-1** The basic wage of AD Plastik Group employees is determined according to the job position and is the same for all employees in the same job position, regardless of gender or other personal characteristics. The wage for a specific position is determined in accordance with legal regulations and internal acts of individual companies that define wages according to the specifics of job positions and other wage supplements, benefits and incentives. Additional rewards for employees are regulated by internal rules of individual companies, rules on rewarding proposals for improvement and excellence according to predefined criteria.



*AD Plastik Group reports according to the methodology of the number of employees at the end of the reporting period, i.e. on December 31, 2023.*

**MANAGEMENT GENDER STRUCTURE**

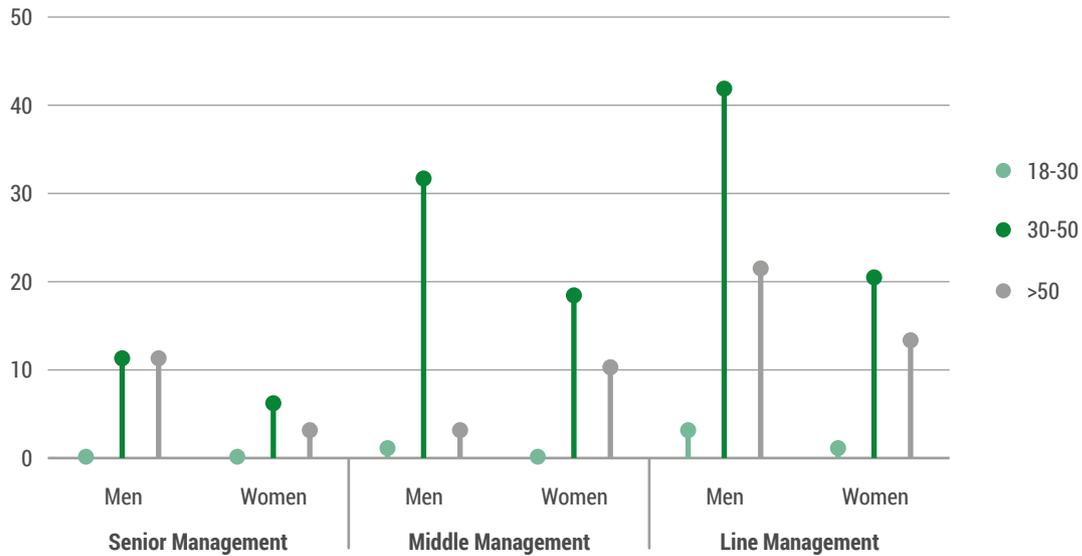
*Gender as declared by the employees themselves*



**GRI 405-1** Compared to the previous reporting period, the share of women in management categories increased to **40.4 percent**, which is more than the set strategic goal of 40 percent of women in management structures by 2025.

**MANAGEMENT AGE STRUCTURE**

*Gender as declared by the employees themselves*

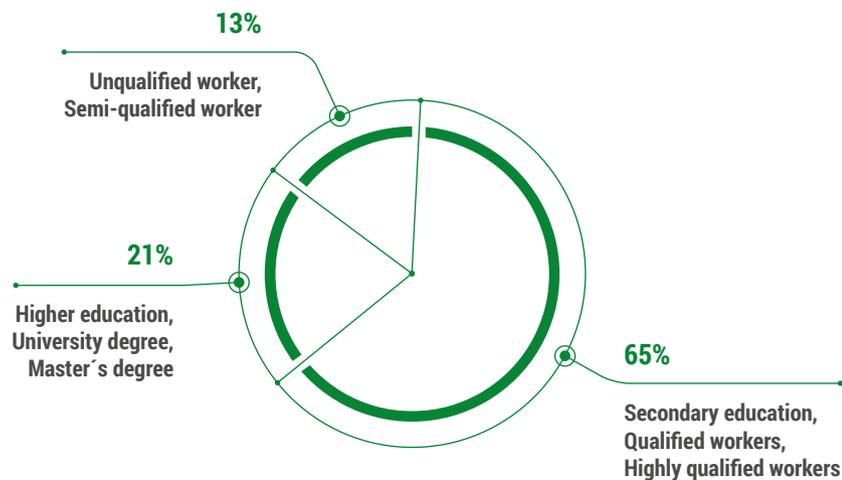


GRI 405-1 The management structure is dominated by employees aged 30 to 50, as in the previous reporting period, and their representation at the Group level is 67.3 percent. The share of

29.8 percent is made up of employees over the age of 50, which is slightly less than a year earlier.

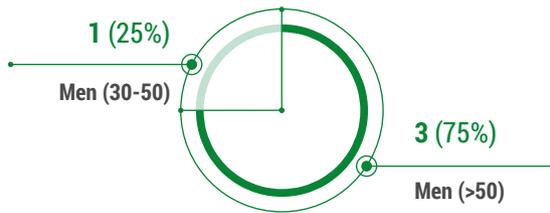
**EMPLOYEE EDUCATIONAL STRUCTURE**

GRI 405-1 The trend of increasing the share of employees with a secondary education continues, which is one percent higher also this year as compared to the previous year.



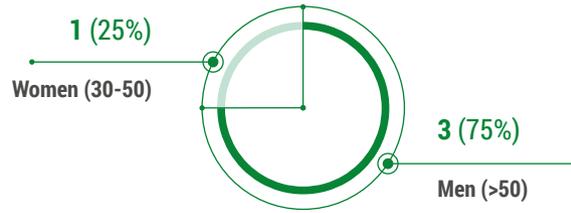
GRI 405-1

**MANAGEMENT BOARD STRUCTURE BY AGE AND GENDER**



**AUDIT COMMITTEE STRUCTURE BY AGE AND GENDER**

GRI 405-1



*Gender as declared by the employees themselves*

In the reporting period, there were no women employed in the Management Board, and the share of women in the Audit Committee was 25 percent.

**Goal:**  
25% of women in the Management Board by 2025



## EQUALITY IN WAGES

GRI 202-1

Due to changes in the labor market, inflationary pressures and price increases, as well as the introduction of a new currency in Croatia, the dialogue with social partners gained additional importance. In the reporting period, regular consultations were held with employees and their representatives because changing circumstances potentially affected their social and material rights, as well as customers, suppliers and external experts and consultants.

Through own assessment and consultation with various stakeholders, the Corporate Social Responsibility Committee determined the materiality of market presence as a topic of particular importance for the company. The economic sustainability of the company affects the economic conditions of its stakeholders, primarily employees, and contributes to economic development in business communities.

In order to manage this topic even better and more efficiently, a project was started in the reporting period to compare wages in the countries of operation in cooperation with specialized consultants, taking the factory in Serbia as a reference point. Wages were compared with peers within the industry and with the average and minimum consumer basket, and based on this, an activity plan to improve the material rights of employees was drawn up.

By analyzing the entry-level wages of AD Plastik Group in relation to the minimum prescribed ones, one gets an insight into the competitiveness of the company's wages and its impact on the

local labor market. It is important to point out that the level of the entry-level wage can directly affect the well-being of the employees, while the fair distribution of wages is essential in the fight against inequality, which is one of the most important postulates in the company's sustainability strategy.

The minimum entry-level wages are equal to or higher than the prescribed

minimum wages in significant places where business is conducted, which means the locations of the Group's factories. Given that there is no difference in wages by gender, nor does the company operate in countries where the prescribed minimum wage differs by gender, a comparison of the entry-level and minimum wages according to the countries of operation is presented.

### COMPARISON OF ENTRY-LEVEL AND MINIMUM WAGE BY COUNTRY

	Minimum gross wage	Entry-level gross wage	Ratio
Croatia	700 EUR	811.5 EUR	115.93
Hungary	232,000.00 HUF	232,000.00 HUF	100.00
Serbia	53,992.58 DIN	54,430.63 DIN	100.81
Russia (Vintai)	16,242 RUB	17,720 RUB	109.10

GRI 405-2



The minimum wage amount is the same for men and women at all sites.

## OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1(1-8)

A safe working environment and the protection of the health of employees are an extremely important segment in the business of AD Plastik Group, because caring for the well-being of employees is an ethical and moral obligation, but also an important strategic determinant of the company. One of the most important goals is commitment to creating a work environment without injuries and risks to employee health, especially in production processes. Through constant investment in the safety and health of employees and the implementation of positive practices and education in the aforementioned areas, clear criteria have been set in internal processes and regulations, aligned with the legislation of the countries in which business is conducted.

This topic was assessed material primarily by own choice, taking into account the analysis of legal requirements and consultations with different groups of company stakeholders and the results of conducted surveys. It is covered also by collective agreements, it manifests itself through the work of the Workers' Council and the professional assistance and supervision of the occupational health and safety departments at each production site. An Occupational Health and Safety Committee was appointed, which has an advisory role and proposes measures for more effective implementation and organization of safety and health with the aim of prevention.

The safety and health of employees directly affect productivity and efficiency, but also the working atmosphere and motivation of employees. Therefore, investing in this segment is strategically important because it contributes to the financial and operational efficiency of the company in the long term, and it is also ethically correct. Work-related injuries represent a real and potential negative impact, therefore constant work is done to improve working conditions and improve safety within the group. Caring for employees and ensuring working conditions without negative consequences can have a positive impact on employees, people and society as a whole.

Education and training on safety practices and procedures are regularly conducted in order for all employees to be trained to work safely. The safety policy covers all aspects of the work environment, from the use of equipment to handling emergency situations. Continuous investments are made in improvements and implementation of security standards to minimize risks and ensure required employee protection. Active work is being done on the identification and elimination of potential hazards and unfavorable working conditions, and by properly classifying job positions according to risks, appropriate protection measures are applied. Special protection measures at individual job positions are regular medical examinations, testing of equipment and the working environment, regular training of employees, fire safety and evacuation drills, as well as first aid.

Despite regular training, the report on work-related injuries in 2023 indicates an increase in the number of injuries that were primarily caused by the carelessness of employees and non-observance of prescribed safety measures. Having observed the situation, the occupational health and safety departments hastily introduced additional education on safety and protection measures for existing and new employees.

Activities and initiatives for the health and safety of employees include the provision of recreation and healthy nutrition, cooperation with insurance companies and health institutions, as well as the organization of evacuation and rescue exercises.

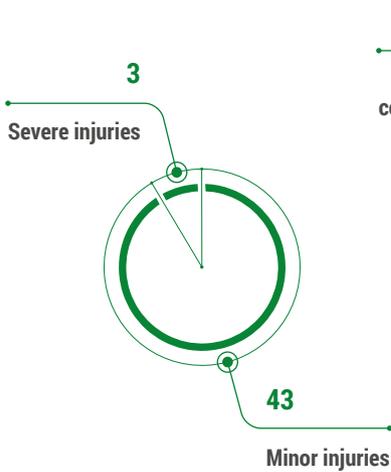
In the reporting period, additional fire drills and evacuation and rescue drills were carried out at the Solin and Zagreb sites, in cooperation with the voluntary fire brigades Vranjic and Kučilovina.



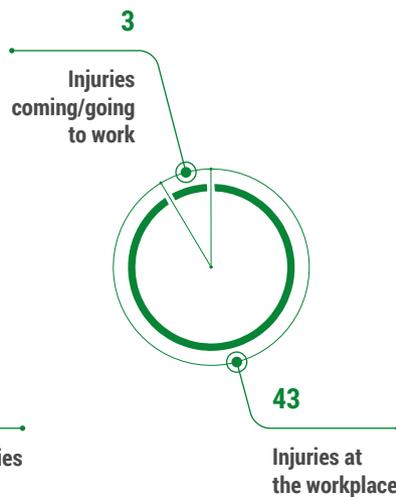
**INJURY RATES**

GRI 403-9	Site	2021				2022				2023			
		Injuries	Occupational diseases	Lost days	Deaths	Injuries	Occupational diseases	Lost days	Deaths	Injuries	Occupational diseases	Lost days	Deaths
	Solin	5	-	275	-	2	-	-	-	6	-	346	-
	Zagreb	16	-	319	-	9	-	10	-	11	-	233	-
	Tiszaújváros	13	-	52	-	16	-	34	-	21	-	55	-
	Mladenovac	5	-	119	-	3	-	51	-	8	-	70	-
	Vintai	-	-	-	-	-	-	-	-	-	-	-	-
	Kaluga	1	-	41	-	-	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>40</b>	<b>-</b>	<b>806</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>95</b>	<b>-</b>	<b>46</b>	<b>-</b>	<b>704</b>	<b>-</b>

**NUMBER OF INJURIES ACCORDING TO SEVERITY OF INJURY**



**NUMBER OF INJURIES ACCORDING TO PLACE OF INJURY**



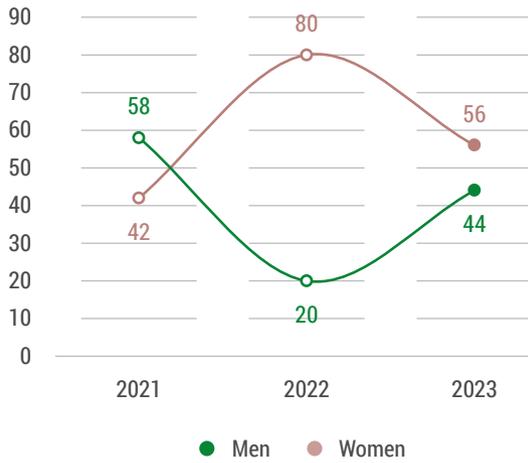
**NUMBER OF LOST WORKING DAYS ACCORDING TO THE SEVERITY OF INJURY**



GRI 403-9

**INJURY RATES BY GENDER (%)**

*Gender as declared by the employees themselves*



Parameter	2021	2022	2023
IR (injury rate)	1.58	1.48	2.53
ODR (occupational disease rate)	-	-	-
LDR (lost days rate)	0.14	0.04	0.17
IR (rate of lost working hours per 200,000 hours worked)	1.71	2.39	2.78
AR (absentee rate due to death case)	-	-	-

GRI 403-10



## TRAINING AND EDUCATION



In a dynamic business environment, continuous investment in education and the development of employee knowledge and skills is essential for the success of individuals and companies as a whole. Through systematic investment in education and various learning models, AD Plastik Group ensures the necessary levels of knowledge and skills of its employees for future opportunities and challenges, as well as the achievement of set goals. The importance of developing adequate employee competencies has long been recognized, and over the years it has been adapted to industry trends and market demands.

Managing risks, such as an increased number of complaints or the loss of key employees, requires constant investment in education. This reduces possible negative impacts on the company and individuals and supports many aspects of business, including socially responsible practices.

Education is a platform for the personal and professional development of employees, and at the same time the potential positive impacts on society are recognized. By strengthening the competences of women, their share in management indirectly increases, and

through education, the competences of members of vulnerable groups are also developed, and awareness of the importance of sustainable business is continuously raised. The potential impacts of education and training during the reporting period were discussed with various internal and external experts as well as customers and suppliers.

In the past year, employees were trained on 178 different topics relevant to their work areas. Specialized trainings, internal trainings were organized and the continuation of formal education was made possible for employees who stood

GRI 404-2



- out for their excellence. Also, education systems within the company are continuously monitored and improved, taking into account feedback from employees and management.

Investments in employee education increased in the reporting period, which resulted in a significant increase in the average number of training hours per employee compared to the previous year. Thus, the average number of hours of training per employee is 25.10, which was also contributed by the implementation of periodic awareness raising of employees from different areas. Regular examination of the quality of delivered educational

content confirmed the satisfaction of necessary educational needs and provided guidelines for future reporting periods.



## INTERNAL TRAINING

In 2023, the organization of internal trainings in various fields continued, adhering to good practices and encouraging employees to share knowledge. Continuous work is being done to develop the skills of internal trainers in order to make the workshops as dynamic and useful as possible.

According to the employee's initiative, digital access to certain educational content was made possible at the individual's request, and various video materials and presentations proved to be very effective. In future periods, digitization will be increasingly represented also in the implementation of internal trainings, and acquired knowledge can be verified by conducting tests if necessary.

## ESG EDUCATION

In the observed period, 18 employees actively participated in various ESG trainings such as the Circular Plastics Alliance and the ESG Academy, within which the topics of sustainability reporting, green transition, waste management and ensuring environmental safety were discussed. By participating in UNICEF's CSR Academy, employees are introduced to tools that help them better understand business impact on children, integrate children's rights into daily operations, and identify and manage risks arising from this impact.

GRI 412-2

## REWARDING EXCELLENCE

Recognizing the importance of the knowledge, competence and engagement of its employees, the company has been implementing the **AD5 rewarding model** for many years. In the observed period, selected employees were rewarded for the first time with shares owned by the company, 110 of them received packages of 20 company shares each for their excellence and achieved results. This initiative is not only a form of recognition for excellence, but also a means of building a positive working atmosphere and strengthening the ties between employees and the company.



Only two **ideas for improvement** were implemented and rewarded, which is less than in the previous period, but the practice of such rewards continues.



## ANNUAL INTERVIEWS

Annual interviews and employee feedback are a direct motivation and opportunity to provide praise for the previous period and identify areas for development in the future. In this reporting period, the focus was on employees who stood up with their knowledge, work and dedication, which resulted in the growth of certain groups of employees. However, due to the importance of feedback in future reporting periods, growth is expected in all categories.

### Employees who received feedback on their work performance in 2023 in relation to the total number of employees in certain categories:

- **Engineers and highly professional staff**  
(28.1 percent men and 26.4 percent women)
- **Other machine setters and staff**  
(17.8 percent men and 46.3 percent women)
- **Production workers**  
(15.4 percent men and 18.0 percent women)

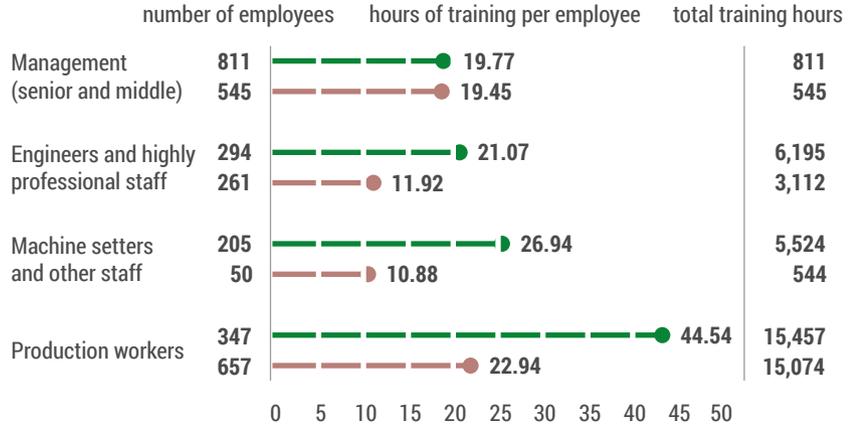
## EMPLOYEE DEVELOPMENT IN NUMBERS

GRI 404-1

### AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE GENDER AND CATEGORY

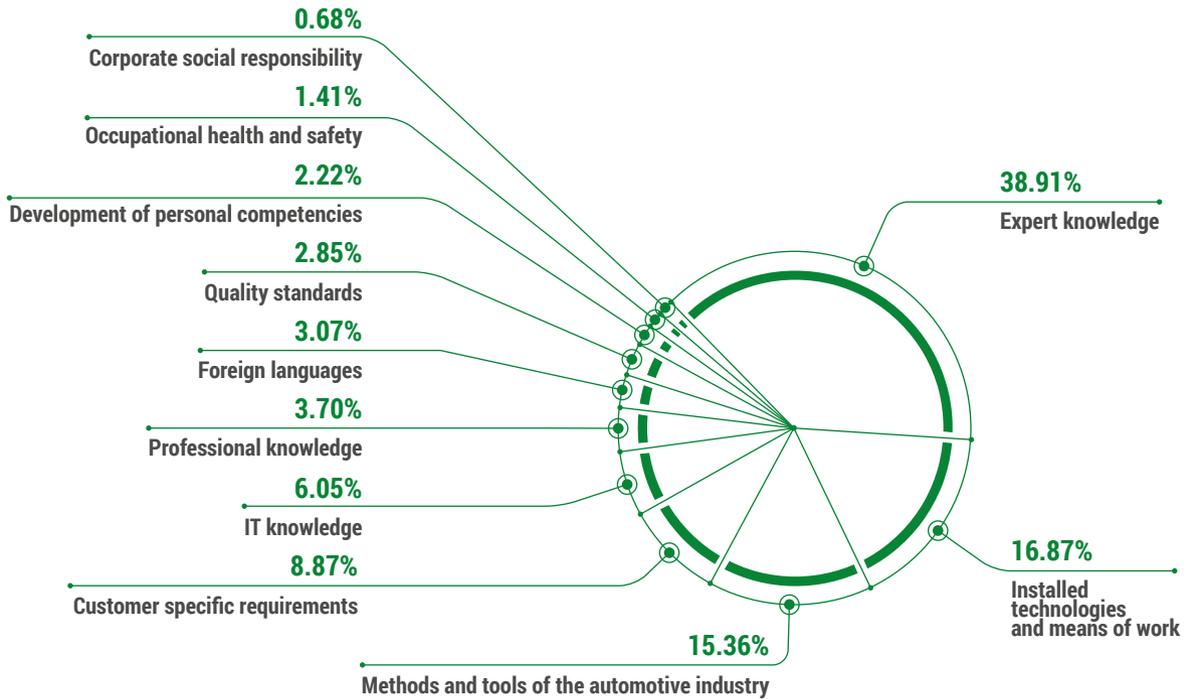
● Men ● Women

*Gender as declared by the employees themselves*



GRI 404-3

### SHARE OF DIFFERENT PROGRAMS



## ADP ACTIVITIES

**AD Plastik Group builds its organizational culture by promoting and respecting the company's values and creating a sense of belonging.**

### Fruit day

In Croatia, at all production sites, a fruit meal is provided to all employees once a month. Cooperation with smaller local producers is achieved in the procurement of fruit and thus contribution is made to their development.

### Sport activities

Employees in Croatia use the services of the Multisport card for access to sports and recreational facilities. Sports gatherings and training sessions are being organized internally, and the company helps in the organization of matches and competitions.

### ADP Day

ADP Day was traditionally celebrated on April 22, on Earth Day. Open day was organized for employees' families on that occasion, and the youngest enjoyed puppet shows and a tour of the production facilities. Social gatherings were organized at sites in Solin, Zagreb and Mladenovac, as well as team building for company management. Workshops on the importance of a healthy lifestyle were also organized in Zagreb, while in Serbia the ADP day was marked by planting trees in the factory district.

### Friend-of-Health company

By renewing the certificates in the reporting period, the company received confirmation for the successful implementation of the project, promoting health and healthy habits, taking care of the health of employees, and creating a work environment that encourages the adoption of a healthy lifestyle.

### B2Run

The traditional participation in the B2Run races in Split and Zagreb, which contribute to the togetherness, connection and motivation of employees, continued.

### Volunteering

The factory in Vintai has traditionally participated in the "Good Deeds" campaign by collecting funds for donations to sick children.

### Holiday environment

Various holiday get-togethers, corporate receptions and activities were organized within the factories themselves at all production sites of the Group.

### Be humane

The humanitarian association "Be humane" from Serbia collects money for the treatment of sick children, and the campaign "Be humane - Humanitarian auctions" was launched on social networks. Big humanitarians from the factory in Mladenovac joined the campaign by bidding on production waste of headliners that artists like to use for the realization of their projects. They bid with cardboard tubes and achieved exceptional interest, thus helping those who need it the most.



# ENVIRONMENT



Sustainable management of resources is an important element of the company's business philosophy, and the understanding of the importance of environmental protection permeates all business segments. Through the implementation of the circular economy, the adoption of green production processes and the focus on energy efficiency, continuous work is being done to reduce the carbon footprint.

An integrated strategy covers all phases of the business cycle, starting from planning to product delivery. Cooperation with customers and suppliers is essential for finding more environmentally friendly solutions, technologies and materials that contribute to reducing vehicle weight, emissions and preserving the environment.

By increasing the efficiency of production processes and actively managing their impact on the environment, the amount of waste, energy used and emissions are reduced. By constantly monitoring the impact, improving processes and planning activities, potential risks and threats are avoided.

In order to avoid possible risks of applying new technologies, before fully understanding their impact on the environment and human health, the precautionary principle is applied.

A strong focus on environmental protection and sustainability are daily motivations in implementing the company's responsible practices. Coherence and compliance with all laws and regulations related to environmental protection are long-standing practice, which continued also in the reporting period. Caring for the environment is not only necessary for long-term success, but is a moral imperative for every modern company.

GRI 307-1

## MATERIALS

**The identification of materials as a material topic results from the company's own selection, but also from regular consultations with experts in the field of sustainability and material development, customers, suppliers, the community, as well as employees and management.**

GRI 301-1

The basic raw materials used for the production of components in the AD Plastik Group are thermoplastic organic polymers, which are shaped into the final product using the company's key technologies. These materials are almost irreplaceable in everyday life, and basic raw material for their obtaining is oil, a non-renewable natural resource. Due to the perception of polymers as environmentally unacceptable materials, while often ignoring their positive properties and impact on the overall carbon footprint, consultation with the community on the possibilities of recycling and utilization in the circular economy is extremely important.

Actual and potential negative impacts include lack of resources, limited reserves and the impact of climate change as key impacts. The consequences are material shortages and potentially significant price increases, which also have a potentially negative impact. That's why intensive work is being done to find new ways of recycling and disposal, including repurposing materials that can become raw materials

for other manufacturers from waste. The Group's product development department, in cooperation with customers, continuously investigates the possibilities of using bioplastics obtained from renewable plant materials.

Actual and potential positive impacts on the economy, the environment and people include a greater representation of polymer components in the automotive industry to reduce vehicle weight, consequently emissions and the overall carbon footprint, and their recyclability and vehicle end-of-life disposal.

Material management is defined in almost all business processes of the group, especially in the most important ones, such as the preparation of offers and sealing new deals, product

and process development, contracting and implementation of purchasing and serial production. It is based on corporate policies of quality, environmental protection and sustainable supplier management. The procedures and activities carried out are described in internal procedures and work instructions and are part of daily business activities.

GRI 301-2

Final products are made according to technical specifications and specific customer requirements, using the best available technologies and techniques with as little impact on the environment as possible. Between the development phase and the start of serial production of individual products, a whole series of tests and controls specific to the automotive industry is carried out, in accordance with customer requirements



- ▶ and the IATF 16949 standard. Input materials are regularly controlled in accordance with plans, and the achieved results are taken into account also in the regular annual supplier assessment.

The materials used in production processes have a significant share in the total costs of the company, but are a very important component of sustainability and cooperation with customers and suppliers. In the production process, recycled input raw materials obtained by grinding used products from thermoplastic organic polymers are increasingly used. Since 2018, permanent cooperation has been established with a supplier to whom the organically polluted solvent is handed over for recycling, after which it is returned purified to the technological painting process. In the reporting period, 292.29 tons of regenerated solvent from the mentioned recycling process were used.

The company's long-term goals are constant cooperation with customers and suppliers on the development and application of more environmentally friendly materials and biomaterials and an increase in the share of recycling. At the same time, constant work is being done on improving cooperation with waste disposal companies that recycle waste and suppliers of input raw materials in order to improve and expand the circular economy model.

## MATERIAL USED BY WEIGHT OR QUANTITY (t)

GRI 301-1

Material	Site	2021	2022	2023	
PP/PE/PES (t)	Solin	2,953	2,834	2,714	
	Zagreb	3,995	3,336	3,158	
	Tiszaújváros	1,977	1,908	1,732	
	Mladenovac	410	584	652	
	Vintai	1,873	946	1,115	
	Kaluga	2,967	516	-	
	<b>TOTAL</b>	<b>14,175</b>	<b>10,124</b>	<b>9,371</b>	
	Paint, varnish, solvents (t)	Solin	-	-	-
		Zagreb	620	582	768
Tiszaújváros		-	-	-	
Mladenovac		1	-	1	
Vintai		13	9	23	
Kaluga		-	-	-	
<b>TOTAL</b>		<b>634</b>	<b>591</b>	<b>791</b>	

## RECYCLED INPUT MATERIAL (t)

Material	Site	2021	2022	2023
PP/PE/PES paint, varnish, solvents (t)	Solin	247	778	940
	Zagreb	408	239	464
	Tiszaújváros	880	985	-
	Mladenovac	-	-	13
	Vintai	272	117	115
	Kaluga	350	45	-
	<b>TOTAL</b>	<b>2,157</b>	<b>2,160</b>	<b>1,532</b>

### SHARE OF MATERIAL USED THAT IS RECYCLED INPUT MATERIAL (%)

GRI 301-2	Material	Site	2021	2022	2023
PP/PE/ PES paint, varnish, solvents (t)		Solin	8.35	27.31	34.64
		Zagreb	8.83	6.11	11.82
		Tiszaújváros	44.53	51.60	-
		Mladenovac	0.00	0.00	1.95
		Vintai	14.43	12.23	9.32
		Kaluga	11.80	8.76	-
		<b>TOTAL</b>	<b>14.66</b>	<b>17.69</b>	<b>11.55</b>

### PAPER USED FOR OFFICE OPERATIONS PURPOSES (t)

Site	2021	2022	2023
Solin	4.30	4.30	4.93
Zagreb	8.26	4.90	4.89
Tiszaújváros	5.70	4.40	2.20
Mladenovac	1.02	0.90	0.90
Vintai	5.06	1.80	1.66
Kaluga	6.03	1.37	-
<b>TOTAL</b>	<b>48.04</b>	<b>17.67</b>	<b>14.58</b>

### GRI 301-1 MATERIAL USED FOR THE PACKAGING OF THE FINAL PRODUCT (t)

Site	2021			2022			2022		
	cardboard	plastic foil	wooden pallets	cardboard	plastic foil	wooden pallets	cardboard	plastic foil	wooden pallets
Solin	55.35	6.53	60.75	40.23	4.01	41.40	34.59	3.77	36.16
Zagreb	67.65	7.975	74.25	49.17	4.895	50.6	52.41	5.72	54.79
Tiszaújváros	-	-	-	42.88	12.67	109.36	95.47	25.63	81.66
Mladenovac	82.20	6.90	71.00	70.00	7.00	69.00	77.70	5.89	78.70
Vintai	-	-	-	211.60	6.55	-	186.55	5.54	-
Kaluga	156.60	9.20	-	81.00	4.00	-	-	-	-
<b>TOTAL</b>	<b>361.80</b>	<b>30.60</b>	<b>206.00</b>	<b>431.88</b>	<b>39.12</b>	<b>270.36</b>	<b>446.72</b>	<b>46.55</b>	<b>251.31</b>

The DMS document management platform used in Croatia, in addition to improving the office business process, also aims to reduce the consumption of office paper. In the reporting

period, no recycled paper was used for the needs of office operations.

## ENERGY

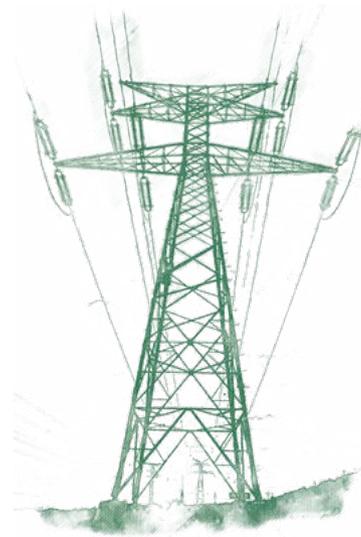
**Determining materiality is a complex and demanding process that requires a thorough analysis of various factors. It includes an assessment of legislation related to energy use and its impact on climate change, but also consultation with various stakeholders inside and outside the company to understand their perspectives and needs.**

Consultations on this topic were carried out with management, employees, suppliers, customers and the academic community, and the results of a survey made among various stakeholders were also used. Since electricity is the main energy source in the company's production facilities and premises, it is not surprising that this topic was chosen as an important material topic by own choice and based on the results of the survey and consultations with stakeholders.

The actual and potential negative impacts on the economy, the environment and people are the overexploitation of natural resources, which affects climate change, but also the lack of energy sources and the consequent increase in prices. At the same time, there are actual and potential positive impacts such as the improvement of technological processes, more energy efficient equipment and the use of energy sources from renewable sources.

Aware of the importance of sustainable energy consumption, which directly affects the improvement of energy efficiency, but also financial and energy savings, energy management is a permanent obligation of the company that requires a systematic approach and commitment. In Solin, Zagreb and Mladenovac, energy efficiency management systems have been implemented according to the ISO 50001 standard to ensure responsible use of energy and reduction of negative impact on the environment. Energy consumption is regularly monitored, energy audits are conducted and opportunities for improvement are identified.

Direct and indirect energy is used in business processes. While electricity is indirect, direct energy means natural gas, LPG



gas, heating oil and fuel for vehicles, and energy consumption is directly related to the amount of production. Natural gas is used for flaming and combustion of volatile organic compounds in facilities, liquefied petroleum gas for forklift operation, gasoline and diesel are used for official vehicles.

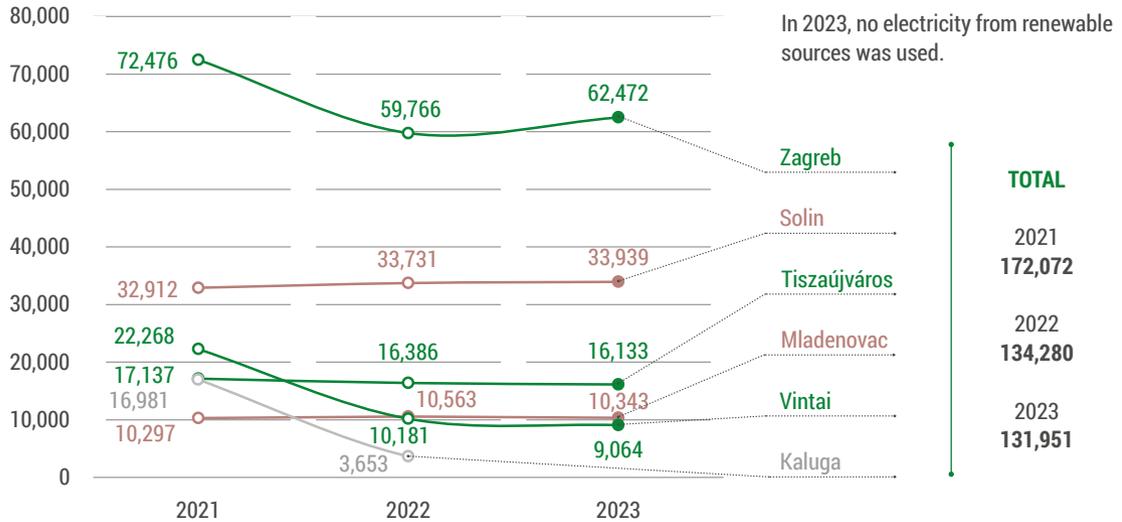
In 2023, the energy intensity was reduced, as the result of the improvement of the technological production processes. A new cooling water tower was installed in Solin, resulting in savings in electricity consumption of 400,000 kWh/g, and the value of the savings is monitored on the installed device for monitoring electricity consumption according to the cooling energy achieved. In Zagreb, the decentralization of part of the compressor for compressed air was carried out in order to make better use of waste heat, which resulted in a saving of electricity consumption in the reporting period of 276,140 kWh. The savings were estimated and the technical data of the installed equipment and estimated factors were used.

GRI 302-4

The goals of the Group in the coming periods are purchase of more energy-efficient equipment, the use of electricity from renewable sources, the installation of solar panels, the use of electric vehicles and biofuels. More intensive cooperation with the academic community is also planned in order to explore new technologies and approaches that can contribute to a more sustainable use of energy in business processes.

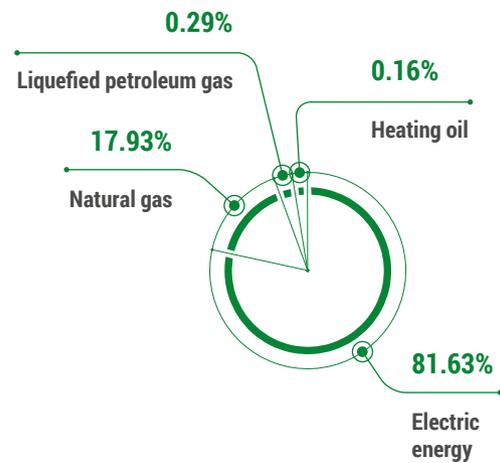
### ENERGY CONSUMPTION BY PRODUCTION SITES (GJ)

GRI 302-1



### ENERGY CONSUMPTION BY ENERGY SOURCES

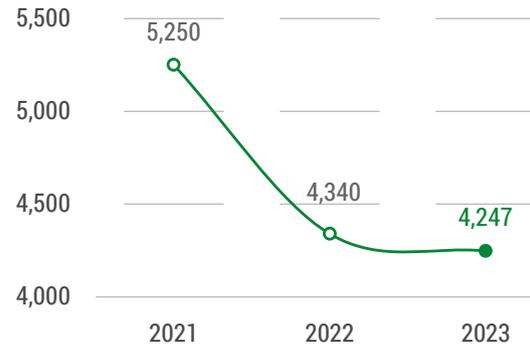
Energy source	2021	2022	2023
Electric energy (GJ)	136,189	107,974	107,712
Natural gas (GJ)	33,214	25,670	23,653
Liquefied petroleum gas (GJ)	2,565	463	379
Heating oil (GJ)	104	173	207
<b>TOTAL</b>	<b>172,072</b>	<b>134,280</b>	<b>131,951</b>



### ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION (GJ)

GRI 302-2

Site	2021	2022	2023
Solin	1,544	1,356	1,308
Zagreb	245	322	351
Tiszaújváros	542	622	603
Mladenovac	36	45	26
Vintai	2,849	1,990	1,959
Kaluga	35	4	-
<b>TOTAL</b>	<b>5,250</b>	<b>4,340</b>	<b>4,247</b>

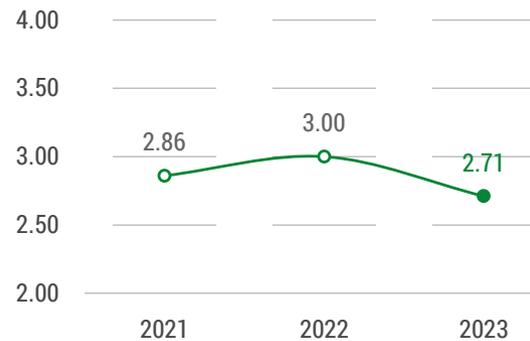


Energy consumption outside the organization shows fuel consumption during business trips for vehicles owned by the company or leasing companies with which the cooperation has been agreed.

GRI 302-3

### ENERGY INTENSITY

Site	2021	2022	2023
Solin	3.05	3.10	3.15
Zagreb	3.58	3.76	2.59
Tiszaújváros	4.06	4.23	3.14
Mladenovac	3.36	2.76	2.12
Vintai	1.76	2.61	2.55
Kaluga	1.37	1.51	-
<b>TOTAL</b>	<b>2.86</b>	<b>3.00</b>	<b>2.71</b>



Energy intensity is measured by the ratio of total electricity consumption (kWh) and total weight of delivered products (kg).

## WATER AND EFFLUENTS

Considering the scarcity and limitation of natural resources, the care and preservation of the environment is an obligation for all employees. Through regular monitoring, supervision and optimization of business processes, defining improvement measures and development of products and technologies, the environment is taken care of on a daily basis. Each investment is viewed from the aspect of possible impact on the environment, while achieving an optimal harmony of economic and environmental topics.



GRI 303-1

Water consumption is monitored daily and the quality and quantity of water discharged into the public drainage system at all production sites is monitored in accordance with regulations and sustainability goals. At the same time, the cost impact of this materially significant topic on the company's business operations is also taken into account. The process of determining the materiality of this topic included analysis and consultation with management and employees, but above all with suppliers and customers, as well as the academic community and sustainability expert groups. The lack of drinking water and the resulting climate change, but also a significant increase in prices that will affect the economy and society as a whole, represent a potential negative impact on the environment and society.

The company's potential positive impact is realized through the continuous improvement of technologies and processes, but above all through the care and preservation of water as a precious natural resource.

Water is a key resource needed for the operation of technological facilities, and the Group's water consumption does not negatively affect the water and water ecosystem of the areas where it operates. Local connections of the public water supply system are used, and consumption does not threaten the capacity of local water wells. The amount of water consumed is monitored daily on local water meters, it is distributed among production facilities and premises and is used for technological and sanitary purposes.

Technological water is not discharged into the drainage system because it circulates in a closed circuit, and is replenished with a new amount of fresh water as needed. It is used for cooling machines and tools in a closed recirculation system, for cooling products, as a water curtain in the process of applying paints and varnishes in the paint shop, in a closed recirculation system, for humidifying the air that is introduced into the paint shop and for heating units for the preparation of warm air for heating work rooms.

AD Plastik Group does not independently divert water sources from surface water sources, and water supply is not provided from recycled water, water collected in large tanks, nor water sources obtained by desalination of sea water, nor water obtained by collecting rainwater.

In 2023, water consumption was in accordance with the plan, with no significant deviation compared to the previous period. The goals are constant improvement of technological processes in order to reduce water consumption in production, regular monitoring of consumption in order to promptly repair infrastructure damage and avoid possible losses, and continuous education and awareness of employees about the economical use of water and the importance of resources.

The Group's production sites are not located in protected areas or in their immediate vicinity, nor in areas of high biodiversity value outside protected areas or in their vicinity.

GRI 304-1

### WATER CONSUMPTION BY SOURCE (m<sup>3</sup>)

GRI 303-3	Site	Public water supply (m <sup>3</sup> )			Private well (m <sup>3</sup> )			Total consumption (m <sup>3</sup> )			GRI 303-5
		2021	2022	2023	2021	2022	2023	2021	2022	2023	
	Solin	23,400	26,550	23,000	-	-	-	23,400	26,550	23,000	
	Zagreb	9,535	7,546	8,549	6,941	4,935	4,809	16,476	12,481	13,358	
	Tiszaújváros	9,590	2,477	2,470	-	-	-	9,590	2,477	2,470	
	Mladenovac	2,548	1,951	1,717	-	-	-	2,548	1,951	1,717	
	Vintai	6,597	3,390	3,601	-	-	-	6,597	3,390	3,601	
	Kaluga	3,575	1,122	-	-	-	-	3,575	1,122	-	
	<b>TOTAL</b>	<b>55,245</b>	<b>43,036</b>	<b>39,337</b>	<b>6,941</b>	<b>4,935</b>	<b>4,809</b>	<b>62,186</b>	<b>47,971</b>	<b>44,146</b>	

### WATER CONSUMPTION IN THE TECHNOLOGICAL PROCESSES OF PRODUCTION (m<sup>3</sup>)

GRI 303-3	Site	2021	2022	2023
GRI 303-5	Solin	1,437	2,657	2,986
	Zagreb	8,726	6,961	8,296
	Tiszaújváros	40	10	10
	Mladenovac	5	5	5
	Vintai	1,319	678	670
	Kaluga	1,588	426	-
	<b>TOTAL</b>	<b>13,115</b>	<b>10,737</b>	<b>11,967</b>

### WATER CONSUMPTION PER kg OF PRODUCT (l/kg of the product)

Site	2021	2022	2023
Solin	0,48	0,88	1,00
Zagreb	1,55	1,58	1,84
Tiszaújváros	0,03	0,01	0,01
Mladenovac	0,01	-	-
Vintai	0,37	0,64	0,70
Kaluga	0,46	0,63	0,00
<b>TOTAL</b>	<b>0,48</b>	<b>0,62</b>	<b>0,71</b>

The reason for the increase in water consumption in Solin is the increased evaporation of water due to a greater share of the work of the old water tower and the commissioning of the new water tower, and the pipeline was repaired during the reporting period.

In Zagreb, a general cleaning of the total technological water, which accepts particles of sprayed paint in paint shops, was carried out in the reporting period, and it was replaced with clean technological water.

Wastewater is not recycled through internal processes to be reused for technological purposes.

GRI 303-2 Effluents drainage systems were installed separately to ensure adequate effluents management at all production sites of AD Plastik Group. Effluents from the production sites are drained through the internal drainage system, which is connected to the public drainage system via a control and measuring shaft. Production sites generate three types of effluents: sanitary, technological water and rainwater.

Rainwater effluents pass through sedimentation tanks and grease and oil separators before being led to the internal drainage system. Hazardous waste resulting from the cleaning of these separators is processed in accordance with waste management regulations.

Technological effluents are not discharged into the public drainage system, but are kept in a closed circulating control system that is supplemented with clean water due to evaporation,

while solid residues become special hazardous waste.

Sanitary and rainwater effluents pass through city drainage systems before being discharged into local effluents drainage systems. Before discharge, these waters are purified through sedimentation tanks, grease catchers and separators, and the sediment is removed according to current regulations on waste management.

The quality of effluents from the plants is regularly controlled by authorized companies, and in 2023 it was confirmed that the effluents complied with legal parameters. Reports on water quality are regularly submitted to the competent state bodies for environmental protection. In the reporting period, there were no significant spills of hazardous substances that could have negative consequences for the environment or human health.

The primary goal of the company is to prevent any uncontrolled leakage of dangerous substances into the water and to continuously monitor the quality of effluents at the discharges.

GRI 303-4 **EFFLUENTS ANALYSIS (t)**

	Solin	Zagreb	Tiszaújváros	Mladenovac	Vintai	TOTAL
Chemical oxygen demand (COD)	2.413	2.999	-	-	-	5.41
Biochemical oxygen demand (BOD)	1.159	1.570	-	-	-	2.73

GRI 303-4 **AMOUNT OF DISCHARGED WATER AND ITS DESTINATION (m<sup>3</sup>)**

	2021	2022	2023	Destination
Solin	12,963	15,253	11,392	Adriatic Sea and Mediterranean Sea
Zagreb	7,750	7,402	7,159	Sava River and Danube River/Black Sea
Tiszaújváros	959	959	980	Tisza River and Danube River/Black Sea
Mladenovac	2,548	1,951	1,717	Veliki Lug River and Danube River/Black Sea
Vintai	6,597	3,390	3,601	Volga River/Caspian Sea
Kaluga	3,575	1,122	-	Oka River and Volga River/Caspian Sea
<b>TOTAL</b>	<b>34,392</b>	<b>30,077</b>	<b>24,849</b>	

## EMISSIONS

**Emissions represent the release of gases into the atmosphere as a result of various processes, such as fuel combustion or chemical reactions. Consequently, they affect climate change, but also the company's economic performance. Despite the fact that the company's emissions are not significant, this topic was assessed as material by own choice and consultation with stakeholders.**

**GRI 305** The process of determining the materiality of emissions includes analysis of legislation, consultation with various stakeholders, employees, suppliers, customers and the academic community, and survey results to identify actual and potential negative and positive impacts on the economy, environment and people.

In addition to the already mentioned negative impacts, actual and potential positive impacts are represented by the reduction of the negative impact of emissions by improving technological processes and more energy-efficient equipment, reducing energy consumption and preserving natural resources, as well as using energy from renewable sources.

In order to manage emissions as well as possible, environmental and energy management systems ISO 14001 and ISO 50001 have been implemented, and binding internal documents are applied to monitor emissions and carry out regular monitoring.

Air emissions weights are determined directly by measurement or indirectly by calculation based on fuel consumption or emitted substances. Regular maintenance of the energy distribution and production system, as well as the system for the regenerative combustion of volatile organic compounds, reduces emissions into the environment. Their automatic regulation monitors consumption parameters and contributes to more efficient use of resources with lower emissions.

Emissions into the atmosphere are caused by the combustion of energy sources necessary for the operation of boiler

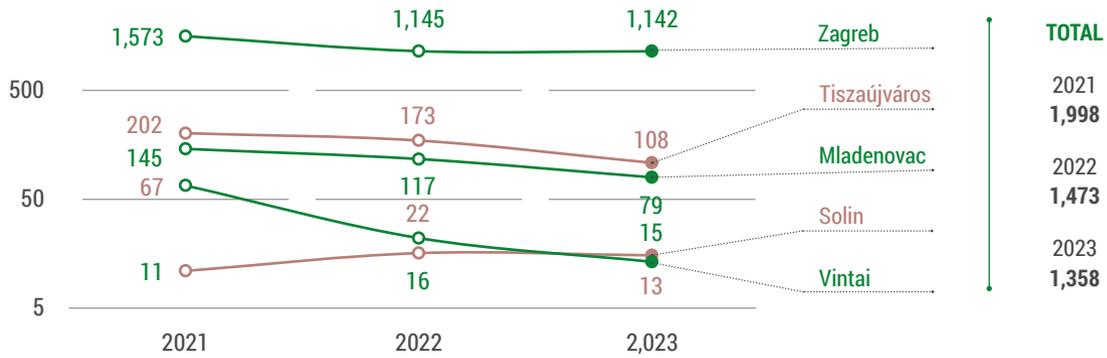


rooms, regenerative incinerators, forklifts and the production of electricity necessary for the operation of the plant. Cooling and fire protection systems use refrigerants that can damage the ozone layer with their chemical composition. In accordance with legal regulations, the systems are regularly serviced and maintained in cooperation with authorized service technicians, and records of this are kept on service cards.

In order to reduce the negative impacts caused by volatile organic compounds, 304.75 tons of volatile organic compounds were burned in the reporting period on the regenerative incinerators of painting line exhaust vents in Zagreb. Additional measures that have been implemented are directly related to the management of the energy material topic.

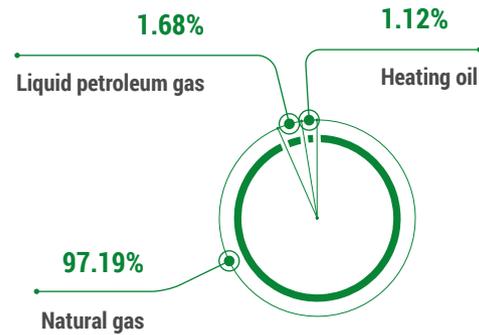
Goals for the future include the further acquisition of energy-efficient equipment, the use of renewable energy sources such as solar panels, and the use of electric vehicles and biofuels. This will ensure sustainable business and a constant reduction of the company's carbon footprint in the coming period.

GRI 305-1 **DIRECT GREENHOUSE GAS EMISSIONS (t CO<sub>2</sub>\*)**



GRI 305-1 **DIRECT GREENHOUSE GAS EMISSIONS ACCORDING TO ENERGY SOURCES (t CO<sub>2</sub>\*)**

Site	Heating oil	Natural gas	Liquid petroleum gas	TOTAL
Solin	15	-	-	15
Zagreb	-	1,120	22	1,142
Tiszaújváros	-	108	-	108
Mladenovac	-	79	1	79
Vintai	-	13	-	13
<b>TOTAL</b>	<b>15</b>	<b>1,319</b>	<b>23</b>	<b>1,358</b>



\*t CO<sub>2</sub> - Emission data calculated according to national standard

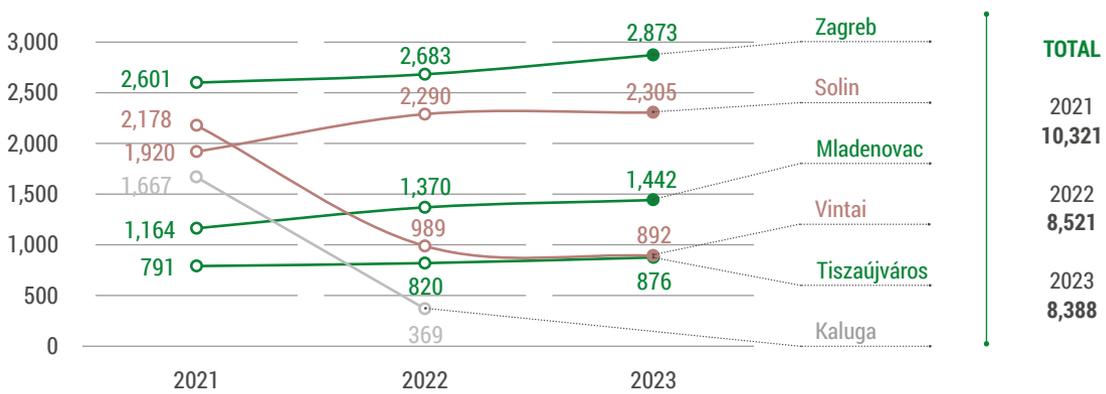
GRI 305-1 **DIRECT CH<sub>4</sub> AND N<sub>2</sub>O GREENHOUSE GAS EMISSIONS ACCORDING TO MASS (t\*)**

Site	CH <sub>4</sub>	CH <sub>4</sub> expressed in CO <sub>2</sub> eq	N <sub>2</sub> O	N <sub>2</sub> O expressed in CO <sub>2</sub> eq	CH <sub>4</sub> and N <sub>2</sub> O expressed in CO <sub>2</sub> eq
Solin	-	0.02	-	0.03	0.05
Zagreb	0.02	0.57	-	0.54	1.11
Tiszaújváros	-	0.05	-	0.05	0.10
Mladenovac	-	0.04	-	0.04	0.08
Vintai	-	0.01	-	0.01	0.01
<b>TOTAL</b>	<b>0.02</b>	<b>0.69</b>	<b>-</b>	<b>0.67</b>	<b>1.35</b>

\* t - Emission data calculated according to national standard

GRI 305-5 The share of direct emissions of CH<sub>4</sub> and N<sub>2</sub>O expressed in CO<sub>2</sub>eq in 2023 was 0.1 percent, as well as in the comparative period.

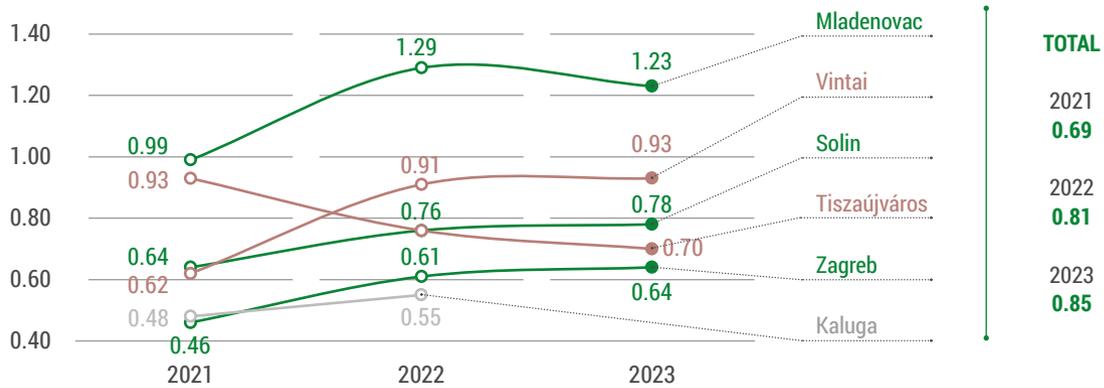
GRI 305-2 **INDIRECT GREENHOUSE GAS EMISSIONS (t CO<sub>2</sub>\*)**



\* t CO<sub>2</sub> - Emission data calculated according to national standard

GRI 305-4

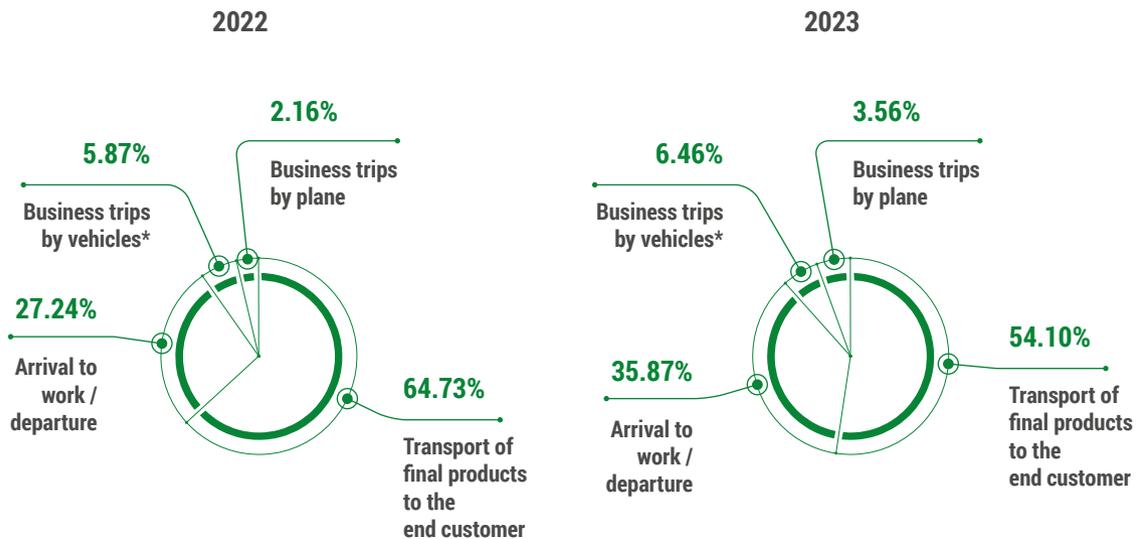
**GHG EMISSIONS INTENSITY (kg CO<sub>2</sub>eq / kg of the product)**



The GHG emissions intensity shows the ratio of total direct and indirect greenhouse gas emissions per kilogram of delivered product.

GRI 305-3

**OTHER INDIRECT GREENHOUSE GAS EMISSIONS (t CO<sub>2</sub>\*)**



OTHER INDIRECT GREENHOUSE GAS EMISSIONS (t CO<sub>2</sub>\*)

	Site	Transport of final products to the end customer	Arrival to work / departure	Business trips by vehicles*	Business trips by plane	TOTAL
2021	Solin	1,018.00	566.37	110.79	98.52	<b>1,793.68</b>
	Zagreb	1,609.59	669.91	17.54	-	<b>2,297.04</b>
	Tiszaújváros	327.41	141.44	37.73	-	<b>506.58</b>
	Mladenovac	264.70	90.63	2.55	-	<b>357.88</b>
	Vintai	177.47	535.07	195.96	-	<b>908.50</b>
	Kaluga	142.12	69.30	2.40	-	<b>213.82</b>
	<b>TOTAL</b>	<b>3,539.29</b>	<b>2,072.72</b>	<b>366.97</b>	<b>98.52</b>	<b>6,077.50</b>
2022	Solin	1,140.79	515.47	97.63	111.73	<b>1,865.62</b>
	Zagreb	1,293.78	421.14	22.96	-	<b>1,737.88</b>
	Tiszaújváros	297.92	151.49	43.49	-	<b>492.90</b>
	Mladenovac	497.42	129.55	3.30	-	<b>630.27</b>
	Vintai	95.69	163.87	136.88	-	<b>396.44</b>
	Kaluga	27.77	29.70	0.31	-	<b>57.78</b>
	<b>TOTAL</b>	<b>3,353.37</b>	<b>1,411.22</b>	<b>304.57</b>	<b>111.73</b>	<b>5,180.89</b>
2023	Solin	952.97	426.15	94.07	140.85	<b>1,614.04</b>
	Zagreb	805.40	587.07	24.96	23.16	<b>1,440.59</b>
	Tiszaújváros	239.07	225.76	41.89	-	<b>506.72</b>
	Mladenovac	459.81	126.79	1.84	-	<b>588.44</b>
	Vintai	32.55	285.12	134.71	-	<b>452.38</b>
	Kaluga	-	-	-	-	<b>-</b>
	<b>TOTAL</b>	<b>2,489.80</b>	<b>1,650.89</b>	<b>297.47</b>	<b>164.01</b>	<b>4,602.17</b>

The increase in emissions per employee at individual production sites occurred due to an increase in the average distance of the employee's place of residence compared to the previous period. Also, due to activities related to the preparation of new projects, the emissions of official air travel have increased.

GRI 305-3

\* t CO<sub>2</sub> - Emission data calculated according to national standard

\* Business vehicle trips refer to those carried out by vehicles owned by AD Plastik Group

## REFRIGERANT QUANTITY IN EQUIPMENT (kg)

GRI 305-6

	Site	R22	R32	R407C	R404A	R410A	R410C	R449A	HCFC-22	R134A	227ea
2021	Solin	123	-	3	4	250	-	9	-	125	40
	Zagreb	-	-	940	-	202	-	-	-	-	-
	Tiszaújváros	-	-	-	-	84	-	-	61	-	-
	Mladenovac	9	3	81	-	-	3	-	-	-	164
	Vintai	-	-	40	-	-	-	-	-	-	-
	Kaluga	-	-	340	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>132</b>	<b>3</b>	<b>1,404</b>	<b>4</b>	<b>536</b>	<b>3</b>	<b>9</b>	<b>61</b>	<b>125</b>	<b>204</b>
2022	Solin	34	-	93	4	250	-	9	-	65	40
	Zagreb	-	-	940	-	202	-	-	-	-	-
	Tiszaújváros	-	-	33	-	196	-	-	150	-	-
	Mladenovac	9	4	74	-	4	-	-	-	-	68
	Vintai	-	-	40	-	-	-	-	-	-	-
	Kaluga	-	-	340	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>43</b>	<b>4</b>	<b>1,520</b>	<b>4</b>	<b>652</b>	<b>-</b>	<b>9</b>	<b>150</b>	<b>65</b>	<b>108</b>
2023	Solin	34	-	33	4	250	-	9	-	65	40
	Zagreb	-	-	940	-	202	-	-	-	-	-
	Tiszaújváros	-	-	33	-	196	-	-	150	-	-
	Mladenovac	9	4	74	-	4	-	-	-	-	68
	Vintai	-	-	40	-	-	-	-	-	-	-
	Kaluga	-	-	340	-	-	-	-	-	-	-
	<b>TOTAL</b>	<b>43</b>	<b>4</b>	<b>1,460</b>	<b>4</b>	<b>652</b>	<b>-</b>	<b>9</b>	<b>150</b>	<b>65</b>	<b>108</b>

Due to the rupture of the seals on the compressor of the cooling unit, 60 kilograms of refrigerant R 407C were lost in Solin during the reporting period, and the cooling unit was permanently put out of use.

### NO<sub>x</sub>,SO<sub>x</sub> AND OTHER RELEVANT AIR EMISSIONS ACCORDING TO TYPE AND MASS (t)

	Site	NO <sub>x</sub>	SO <sub>2</sub>	CO	VOC	PM (10)
2021	Solin	0.01	0.02	-	-	-
	Zagreb	1.06	-	0.09	9.64	0.05
	Tiszaújváros	-	-	-	-	-
	Mladenovac	0.42	-	0.20	-	-
	Vintai	6.13	0.03	-	15.18	0.10
	Kaluga	-	-	-	-	-
	<b>TOTAL</b>	<b>7.62</b>	<b>0.05</b>	<b>0.29</b>	<b>24.82</b>	<b>0.15</b>
2022	Solin	0.01	0.03	-	-	-
	Zagreb	0.84	-	0.51	10.22	-
	Tiszaújváros	-	-	-	-	-
	Mladenovac	0.34	-	0.06	-	-
	Vintai	3.68	0.02	-	9.11	0.06
	Kaluga	-	-	-	-	-
	<b>TOTAL</b>	<b>4.87</b>	<b>0.05</b>	<b>0.57</b>	<b>19.33</b>	<b>0.06</b>
2023	Solin	0.01	0.04	-	-	-
	Zagreb	0.74	-	0.06	12.58	-
	Tiszaújváros	-	-	-	-	-
	Mladenovac	0.20	-	0.11	-	-
	Vintai	4.90	0.02	-	1.21	0.08
	Kaluga	-	-	-	-	-
	<b>TOTAL</b>	<b>5.85</b>	<b>0.06</b>	<b>0.17</b>	<b>13.80</b>	<b>0.08</b>

Emissions of NO<sub>2</sub>, SO<sub>2</sub>, CO and PM (10) are produced in boiler rooms by obtaining thermal energy, while emissions of volatile organic compounds (VOC) are regularly measured at the painting line exhaust vent. The measured values of emissions into the atmosphere are in accordance with legal provisions.

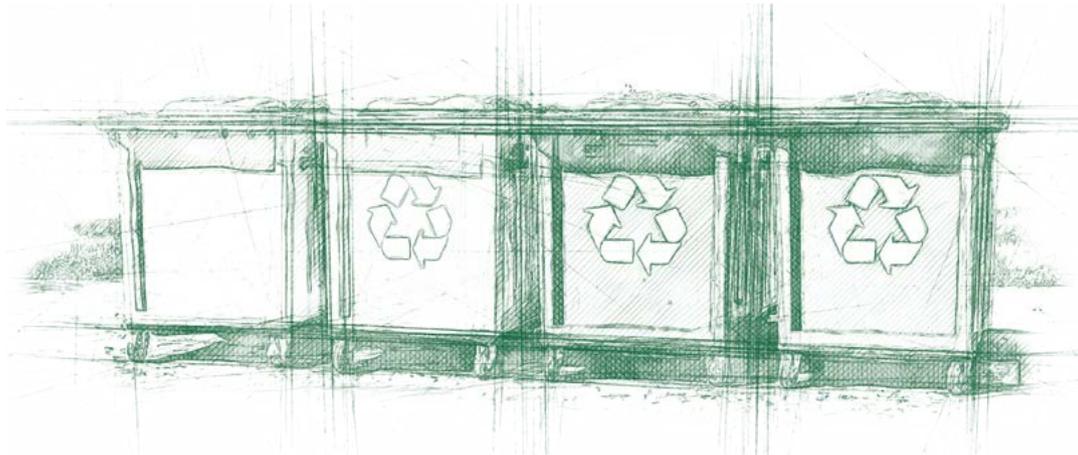
GRI 305-7

*Emission data calculated according to national standard*

## WASTE

GRI 306-1  
GRI 306-2  
GRI 306-3  
GRI 306-4  
GRI 306-5

The management of waste generated in production processes represents the daily responsibility and obligation of all employees, because the reduction and prevention of its generation and adequate disposal are clear goals of the sustainability strategy and the main strategy of AD Plastik Group. The materiality of this topic is unquestionable due to the potential and actual impacts on the environment, and in addition to following regulations in the domain of waste management, regular consultations within the company, but also with customers, suppliers and professional associations enable better-quality understanding and management of this topic.



The Group's production sites are located in ecologically sensitive and historically significant areas, which makes responsibility towards the environment even more important. The actual and potential negative impacts of the company in this domain are the excess waste generation, inadequate separation and selection, and untimely disposal, which can have a negative impact on climate change.

The actual and potential positive impacts are increased recyclability of waste and the application of the circular economy, improvement of technological processes and consequent environmental preservation and reduction of negative impact.

Waste management is clearly defined by internal procedures, and the implementation of the environmental management system according to the ISO 14001 standard facilitates the design of the Environmental Protection Policy and the setting of goals, taking into account legal and other binding requirements. Some of the procedures that are regularly implemented in waste management are the selection and collection of waste at the point of origin, recycling and reuse, distillation of hazardous organic solvents for reuse, and circular economy models with waste recycling partners. ►

- Waste management in an environmentally acceptable manner is the priority of all employees in order to ensure the protection of the environment and future generations. Regular monitoring, selection and disposal of waste are key elements of business process, and the efficiency is analyzed once a year also by the Management Board.

Thermoplastic organic polymers are not considered hazardous materials and are the main raw materials of technological processes of injection moulding, extrusion and thermoforming, during which they are formed into a final product that is further refined. In order to prevent the creation of waste, all low-quality products are separated and taken to an internal plant for grinding scrapped products. The ground secondary raw material that is obtained is returned to the production process where it is mixed with the original input raw material to obtain the final product. In case of impossibility of grinding, low-quality products are disposed of in waste containers.

## GRI 306-2

In paint shops, plastic parts are coated with organic solvent-based agents that contain substances which are hazardous materials, whereby paints and varnishes can contain 50 to 70 percent of these substances. In the distillation area in Zagreb, the hazardous organically contaminated solvent is distilled, and the clean solvent is reused in the painting process. During 2023, 123.33 tons of solvents were purified by internal distillation.

Compared to previous periods, during 2023, the amounts of non-hazardous waste were reduced in Zagreb and Solin, due to the improvement of technological processes, especially plastic

waste. An important contribution to the reduction was also made by the improved waste management system, constant education of employees on the proper selection and separation of plastics and processing in the scrap grinding facility. In Solin, the amount of hazardous waste was reduced as a result of the reduced disposal of hydraulic oil due to improved maintenance of production machines. At the same time, in Zagreb, the amount of hazardous waste significantly increased in the observed period as a result of general cleaning and replacement of technological water in paint shops, due to which the disposal of paints and varnishes waste sludge and aqueous liquid waste increased. The reduced amount of waste in Vintai

is a consequence of the reduced volume of production.

In the reporting period, 45.1 percent of the total waste was handed over to authorized disposal companies for recycling, of which 463.20 tons were non-hazardous and 328.16 tons were hazardous waste.

The goals for the following periods are the improvement of technological processes in order to reduce the generation of waste, more intensive cooperation with waste disposal companies that use recycling, constant education of employees and the improvement and expansion of the circular economy model.



**WASTE BY TYPE DIRECTED TO DISPOSAL (t)**

GRI 306-3	Site	2021		2022		2023	
		non-hazardous	hazardous	non-hazardous	hazardous	non-hazardous	hazardous
	Solin	259.60	16.89	296.068	30.820	238.52	15.55
	Zagreb	373.69	501.75	390.288	523.529	245.60	793.54
	Tiszaújváros	238.41	8.36	226.119	10.623	231.40	7.90
	Mladenovac	123.06	4.20	130.280	4.370	122.07	5.73
	Vintai	498.12	38.36	175.740	2.020	93.25	1.10
	Kaluga	650.30	8.01	77.300	-	-	-
	<b>TOTAL</b>	<b>2,143.18</b>	<b>577.57</b>	<b>1.295.80</b>	<b>571.36</b>	<b>930.84</b>	<b>823.82</b>

**NON-HAZARDOUS WASTE DIRECTED TO DISPOSAL (t)**

GRI 306-4	Disposal methods	Solin	Zagreb	Tiszaújváros	Mladenovac	Vintai	TOTAL
	Recycling	184.10	195.82	25.43	-	57.85	463.20
	Waste storage before disposal	0.29	49.78	-	97.71	-	147.78
	Using waste as a fuel or other method for generating energy	-	-	-	-	-	-
	Physico-chemical treatment of waste	-	-	-	-	-	-
	Waste incineration on land	-	-	-	-	-	-
	Waste disposal at specially prepared landfills	54.13	-	205.97	24.36	35.40	319.86
	<b>TOTAL</b>	<b>238.52</b>	<b>245.60</b>	<b>231.40</b>	<b>122.07</b>	<b>93.25</b>	<b>930.84</b>

**RECYCLED NON-HAZARDOUS WASTE**

GRI 306-4

Name of waste	quantity (t)
Paper and cardboard packaging	174.69
Plastic waste	160.05
Remnants of mixed fabrics	40.78
Waste packaging film	38.01
Waste scrap metal	19.73
Wooden packaging	15.07
Polyurethane foam waste, uncontaminated	5.90
Plastic particles and sawdust	2.81
Mixed metals	2.28
Polyurethane waste	1.16
Fiberglass waste	1.04
Paper and cardboard	0.86
Plastics and rubber	0.83
<b>TOTAL</b>	<b>463.21</b>

**STORED NON-HAZARDOUS WASTE BEFORE DISPOSAL**

GRI 306-4

Name of waste	quantity (t)
Mixed packaging	37.98
Plastic waste	26.06
Paper and cardboard packaging	24.63
Waste scrap metal	24.57
Wooden packaging	16.82
Plastics	6.90
Waste packaging film	2.85
Bulky waste	3.38
Paper and cardboard	2.78
Inorganic waste	1.52
A mixture of grease and oil from the separator	0.19
Styrofoam	0.10
<b>TOTAL</b>	<b>147.78</b>



## NON-HAZARDOUS WASTE AT THE LANDFILL

GRI 306-5	Name of waste	quantity (t)
	Plastic waste	143.43
	Municipal waste	50.31
	Bulky waste	41.58
	Low-hazard waste and cleaning of industrial premises	35.40
	Mixed material waste	24.36
	Scrap metal	11.36
	Plastic particles and sawdust	12.55
	Mixed packaging	0.88
	<b>TOTAL</b>	<b>319.86</b>

## RECYCLED HAZARDOUS WASTE

Name of waste	quantity (t)	GRI 306-4
Waste solvent	308.55	
Sludges or solid waste contained in other solvents	15.81	
Mineral oils	2.70	
Material contaminated with oil or oil derivatives	0.30	
Sand contaminated with oil or oil derivatives	0.25	
Work shoes	0.35	
Work clothes contaminated with oil derivatives	0.20	
<b>TOTAL</b>	<b>328.16</b>	

## HAZARDOUS WASTE DIRECTED TO DISPOSAL (t)

GRI 306-4	Disposal methods	Solin	Zagreb	Tiszaújváros	Mladenovac	Vintai	TOTAL
	Recycling	-	324.36	2.70	-	1.10	328.16
	Waste storage before disposal	13.37	444.92	1.33	5.73	-	465.35
	Using waste as a fuel or other method for generating energy	1.00	24.25	-	-	-	25.25
	Physico-chemical treatment of waste	-	-	-	-	-	-
	Waste incineration on land	-	-	3.61	-	-	3.61
	Waste disposal at a specially prepared landfill	1.18	0.01	0.26	-	-	1.46
	<b>TOTAL</b>	<b>15.55</b>	<b>793.54</b>	<b>7.90</b>	<b>5.73</b>	<b>1.10</b>	<b>823.82</b>

**HAZARDOUS WASTE AT THE LANDFILL**

GRI 306-5	Name of waste	quantity (t)
	Electronic equipment	0.62
	Waste cartridges	0.31
	Fluorescent tubes	0.27
	Hazardous substances replaced on equipment	0.26
	<b>TOTAL</b>	<b>1.46</b>

**HAZARDOUS WASTE INCINERATED ON LAND**

GRI 306-5	Name of waste	quantity (t)
	Mineral oils	2.30
	Waste packaging contaminated with dangerous substances	1.31
	<b>TOTAL</b>	<b>3.61</b>

**HAZARDOUS WASTE USED AS FUEL OR OTHER MEANS OF GENERATING ENERGY**

GRI 306-5	Name of waste	quantity (t)
	Other hydraulic oils	25.25
	<b>TOTAL</b>	<b>25.25</b>

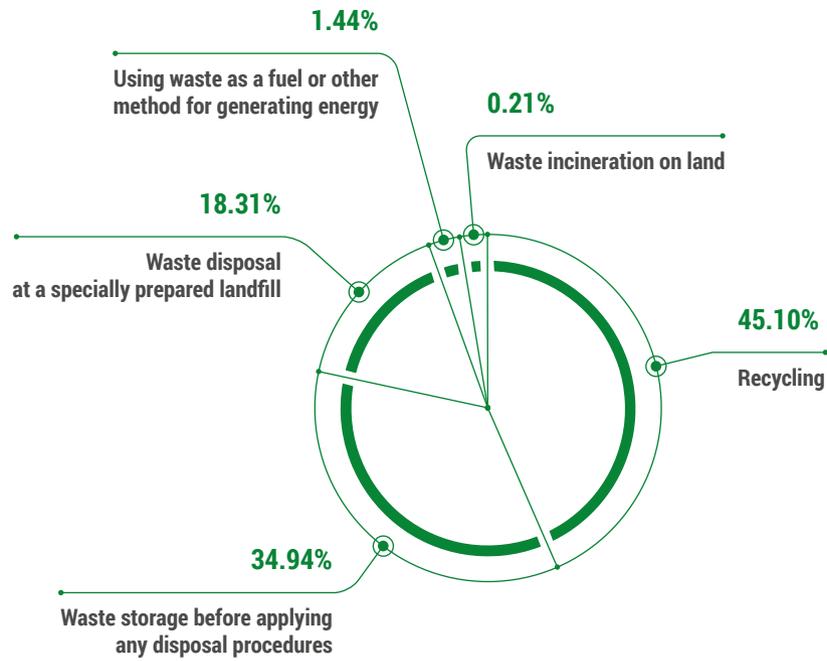
**HAZARDOUS WASTE STORED BEFORE DISPOSAL**

GRI 306-5	Name of waste	quantity (t)	GRI 306-5
	Paints and varnishes waste sludge	204.00	
	Aqueous liquid waste	109.10	
	Waste packaging tainted with hazardous substances	62.68	
	Oily rags, gloves, filters	34.85	
	Oily water from the oil/water separator	30.88	
	Waste from containers containing oil	11.34	
	Sludge from the oil/water separator	3.15	
	Waste paints and varnishes	2.76	
	Waste halogen compounds	2.02	
	Liquid waste from washing machines	2.00	
	Waste adhesives and solvents	1.02	
	Inorganic waste containing hazardous substances	0.80	
	Packaging under pressure	0.50	
	Oil filters	0.23	
	Waste toners	0.03	
	<b>TOTAL</b>	<b>465.35</b>	

**HAZARDOUS AND NON-HAZARDOUS WASTE DIRECTED TO DISPOSAL (t)**

GRI 306-5

<b>Disposal methods</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Recycling	1,584.29	936.66	791.36
Waste storage before disposal	524.65	569.97	613.13
Using waste as a fuel or other method for generating energy	30.25	39.78	25.25
Physico-chemical treatment of waste	11.29	-	-
Waste incineration on land	0.43	-	3.61
Waste disposal at a specially prepared landfill	569.83	320.74	321.32
<b>TOTAL</b>	<b>2,720.74</b>	<b>1,867.16</b>	<b>1,754.67</b>



# SUPPLY CHAIN

Supplier management is a key business process in the automotive industry, and AD Plastik Group has a robust system for managing this group of stakeholders.

GRI 2-6  
GRI 2-24

The system is based on available reference documents, internal procedures and instructions for continuous monitoring of supplier performance. Suppliers are familiar with the selection criteria, which are aligned with the standards and specific requirements of customers in the automotive industry and are an integral part of the company's internal regulations and policies.

Sustainable Supplier Management Policy, General Terms and Conditions of Purchase, Supplier Quality Manual and Compliance Questionnaire according to the guidelines of corporate social responsibility are published on the company's website.

AD Plastik Group has a very wide base of different types of suppliers, from the ones for basic and auxiliary materials, to packaging, tools, equipment and services. Basic and auxiliary materials are purchased from world-renowned manufacturers, with the consent of customers, while respecting high standards of quality and sustainability. In accordance with the clear direction of the company, suppliers are encouraged to use recycled materials more and create assumptions for internal recycling and recovery of materials with the aim of transition towards sustainable business practices and circular economy. All suppliers whose products or services affect the quality of the company's products are subject to strict monitoring processes according to the demanding standards of the automotive industry, including annual monitoring according to sustainability criteria.

Despite the large number of suppliers, most of the purchasing value refers to suppliers of basic and auxiliary materials, equipment and tools, transport and maintenance services, and energy sources. It is precisely such suppliers that are part of the strategic direction, that is, the set goals in terms of

constant improvements and verification of sustainable business. Given that each link in the entire value chain has a serious impact on the achievement of sustainability goals, setting clear criteria already at the beginning of the chain is crucial for achieving the desired quality and results.

The negative influence of the supplier in any segment of sustainability negatively affects the company's sustainability results, but also the final product, while the positive influence of the supplier is also transferred to the final product and the end user, positively affecting the carbon footprint of the final product. Clear and unequivocal conditions have been set that



- ▶ suppliers must fulfill at the beginning of cooperation, but also during the entire duration. In the case of their non-compliance, measures are taken to urgently remove the irregularities, which may ultimately result in the termination of cooperation.

During 2023, the calculation of CO<sub>2</sub> emissions for new projects began, by reporting to customers the amount of CO<sub>2</sub> emitted by each product. This enables the management of the impact on the environment already at the stage of inquiry from the

customer and the selection of adequate materials. Preparations have also been made for a more detailed assessment of suppliers based on standardized customer sustainability questionnaires, the start of implementation of which is planned for 2024. In the past few years, significant progress has been made in the scope of assessed suppliers and criteria, and the requirements for compliance with sustainability guidelines that are applied during selection of new suppliers have been formalized.

	Solin and Zagreb	Tiszaújváros	Mladenovac	Vintai	TOTAL
Total number of suppliers	1,583	477	392	175	2,627
Assessed suppliers	517	87	64	14	682
Assessed suppliers in %	33%	18%	16%	8%	25.96%
The purchasing value of assessed suppliers in kEUR	72,904	9,490	9,000	2,985	94,379
The purchasing value of assessed suppliers in %	95%	80%	90%	46%	90%
The total purchasing value in kEUR	76,492	11,880	9,965	6,455	104,792
The geographical location of most suppliers	EU, HR, TR	EU	EU, SRB	RU, TR, CHN	EU, RU, HR, SRB, TR, CHN

## SUPPLIER ASSESSMENTS

GRI 414-1 GRI 414-2 The supplier social assessment was carried out through a questionnaire for corporate social responsibility in Croatia and Serbia, while in other companies there was no verification in this area. A total of 517 suppliers were evaluated, i.e. 29 percent of them, including all new suppliers of materials, equipment and services that affect product quality.

GRI 409-1 GRI 408-1 GRI 412-3 By accepting and signing the Sustainable Supplier Management Policy, all new suppliers confirm their dedication to the fight for human rights, the right to work, the prohibition of child labor, and the fight against discrimination and corruption. In the reporting period, no suppliers were recognized where there is a risk of forced, compulsory or child labor. In Croatia, long-term cooperation agreements were also signed with suppliers of certain services that employ vulnerable groups of employees.

The sustainable business of suppliers is a basic prerequisite for cooperation due to their importance in the value chain of the automotive industry. Therefore, the supplier environmental assessment is an indispensable material topic, and the conditions are also defined in the Sustainable Supplier Management Policy. By prescribing the aforementioned Policy, but also by regular evaluation according to the ISO14001 standard or by filling out a customized questionnaire, the company manages the potential positive influence of suppliers, that is, reduces their possible negative influence.

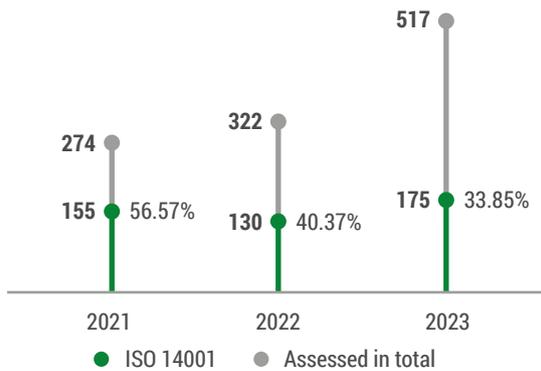
All new suppliers of different types of materials are evaluated before the start of cooperation, which was also done in the observed period. At the same time, an assessment of all suppliers of materials, equipment and key service suppliers is

GRI 308-1 ▶

► carried out once a year, so in 2023, 682 suppliers at the Group level were assessed, which is 90 percent of the total purchasing value. This is a significant increase compared to previous periods, and the company’s goal is to regularly evaluate all suppliers who have a potential impact on the final product, which means primarily suppliers of materials, tools, transport and energy sources.

In the observed period, there were no suppliers with whom business relations were terminated due to a negative impact on the environment. It is important to point out that there is a large number of one-off suppliers that have not been thoroughly analyzed or verified for sustainability.

GRI 308-2 **SOLIN and ZAGREB**

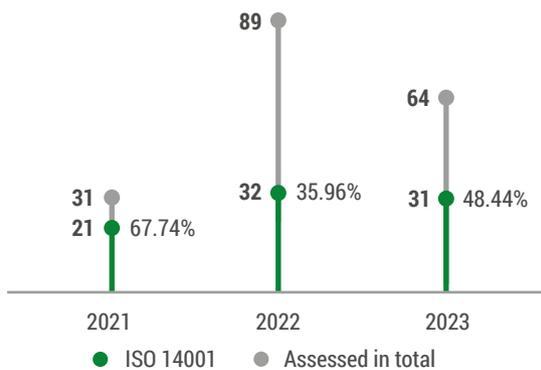


**TISZAÚJVÁROS**

GRI 308-2

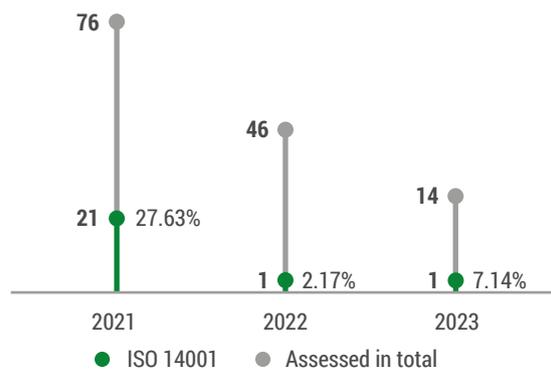


GRI 308-2 **MLADENOVAC**



**VINTAI**

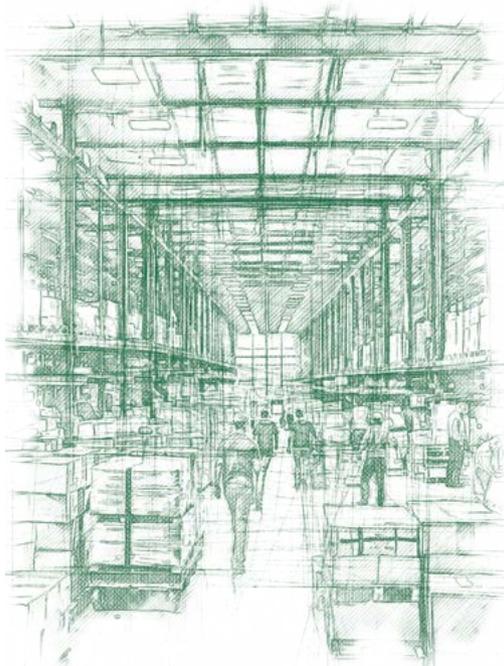
GRI 308-2



## PROCUREMENT PRACTICES

**GRI 204-1** The share of local suppliers in the total purchasing value is an extremely important topic and a key aspect of the Group's business planning and management. Through its annual and mid-term business plans, the total purchasing value and its share belonging to local suppliers are actively influenced.

Although each plant has its own base of local suppliers, as well as a shared base of global ones, the specifics of materials and components in the automotive industry can limit the choice of local suppliers in certain locations. However, by actively managing the selection of materials and through planning improvements during serial production, the share of local suppliers is sought to be increased.



The selection of local suppliers in the segments of services and procurement of equipment parts has a positive impact on the development of small suppliers and the improvement of economic activities in local communities.

The purchasing value in Croatia increased in the reporting period due to investments in tools and equipment for new projects as well as the start of serial production of a smaller part of the projects. New projects bring new materials and changes in the structure of raw materials, and their impact will be more significant in the coming years when annual production volumes are expected to increase. As the local material market in Croatia is not sufficiently developed, local suppliers cover only 29 percent of the purchasing value, mainly in the service and investment segments.

At the same time, the purchasing value in Serbia dropped by 20 percent compared to the previous year due to reduced customer orders and the shutdown of the Smart project, but the share of local suppliers is thus slightly higher. Due to the insufficiently developed local material market, no major changes in the purchasing structure are expected in the coming periods.

By far the best share of local suppliers is in Hungary, which has a developed automotive industry, so local suppliers account for 76 percent of the purchasing value of that factory.

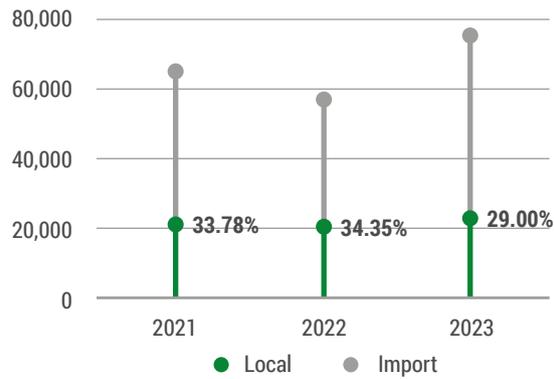
In Russia, due to the geopolitical situation, significant changes have taken place, including production shutdowns and changes in the supplier structure. The share of local suppliers has been greatly reduced, and the structure of foreign suppliers has changed. Changes in the supply chain require a thorough renovation and adjustment of the supply chain, which is hampered in the current circumstances in this market.

All changes in the supply chain require constant monitoring and adjustment of the purchase strategy in order to ensure the stability and sustainability of the business.

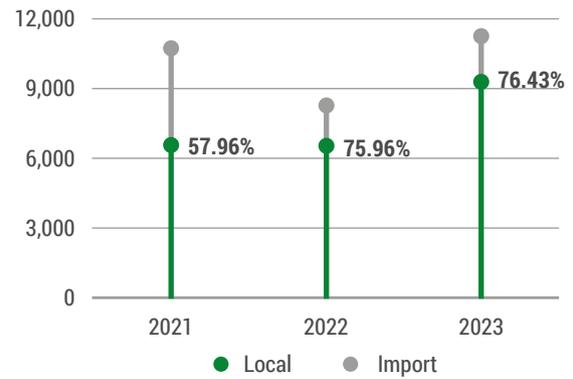
## THE SHARE OF LOCAL SUPPLIERS IN THE TOTAL PURCHASING VALUE

GRI 204-1

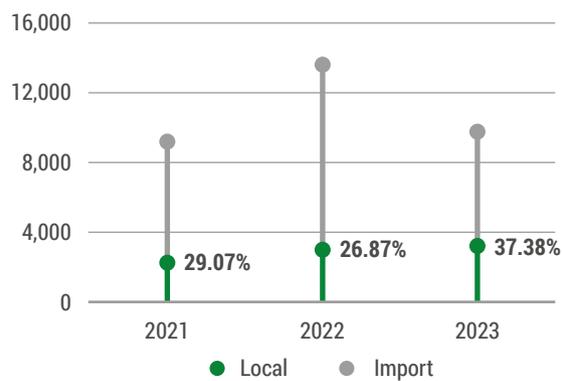
### SOLIN and ZAGREB



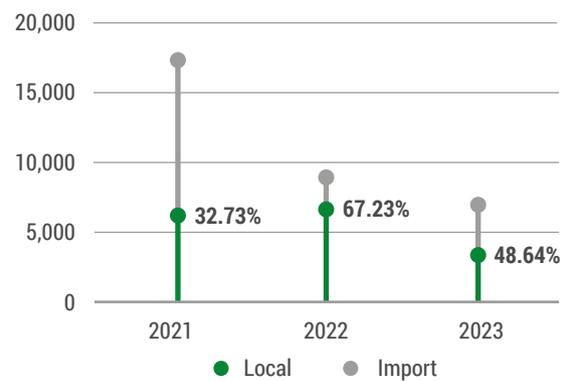
### TISZAÚJVÁROS



### MLADENOVAC



### VINTAI



# COMMUNITY

GRI 413-1  
GRI 413-2

AD Plastik Group recognizes the importance of active participation in various professional initiatives, associations and conferences with the aim of strengthening the influence of businessmen and promoting the strategic interests of the economy and sustainable development. Participation in the work of various associations and organizations is an opportunity to exchange knowledge, experiences and best practices with other stakeholders in the industry at the national and international level. It is also a training ground for strengthening the network of business contacts, identifying new business opportunities and developing innovative solutions and technologies.

By participating in expert meetings and conferences, AD Plastik Group has the opportunity to share its expertise and perspectives with relevant stakeholders, promote its values and approach to sustainable business, and stimulate discussions on key sustainability topics and potential cooperation between the public, private and academic sectors in solving global challenges.

With the aforementioned engagement, the company fulfills its social obligations, directly contributes to the development of the community and creates a positive impact on the environment, while also improving its competitiveness in sustainable development. By actively strengthening ties with the local community, it contributes to its progress and development through participation in various projects, initiatives and activities, by

providing support through donations and sponsorships, and above all by employing local residents.

In cooperation with UNICEF, awareness is raised about the impact of the

business sector on children and the inclusion of childcare in all aspects of business is promoted. Also, successful cooperation with numerous educational institutions continued, with the aim of integrating theory and practice into the



- educational system in order to achieve better application of acquired knowledge and improve employment opportunities.

In addition to providing opportunities for student internships and employment, students are regularly supported in the preparation of diploma theses and guest lectures are organized. Thus, during the reporting period, 24 students successfully completed professional practice in the Group and two bachelor theses were written. Visits of pupils and students from seven different schools and colleges were organized, and the Group's experts held several lectures at universities in Croatia.

Cooperation between scientific institutions and businessmen is increasingly

intensive in other areas as well as it significantly encourages innovation in modern society. AD Plastik Group participated in the project of creating a new internationally accredited graduate study on the topic of sustainable management of organizations, which is being developed in cooperation with the Split Faculty of Economics and five partner universities in the alliance of European maritime universities.

Cooperation with Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture and the Faculty of Chemistry and Technology in Split was also intensified, and a development project focused on experimental research of a completely new product, with the aim of later commercialization, was submitted together by invitation.

The company is the project holder, and Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture provides support in terms of the technical properties of products and tools, while the Faculty of Chemistry and Technology focuses on research into new materials and the durability of product quality. Considering the results and quality of cooperation, it is expected that such activities will continue on other projects as well.

GRI 413-1

AD Plastik Group publicly advocates changes that positively affect the community and the economy, promoting the interests of industry, exporters and sustainable business, and encouraging further development of the economy and the community as a whole.



## MEMBERSHIPS IN ASSOCIATIONS

GRI 2-28

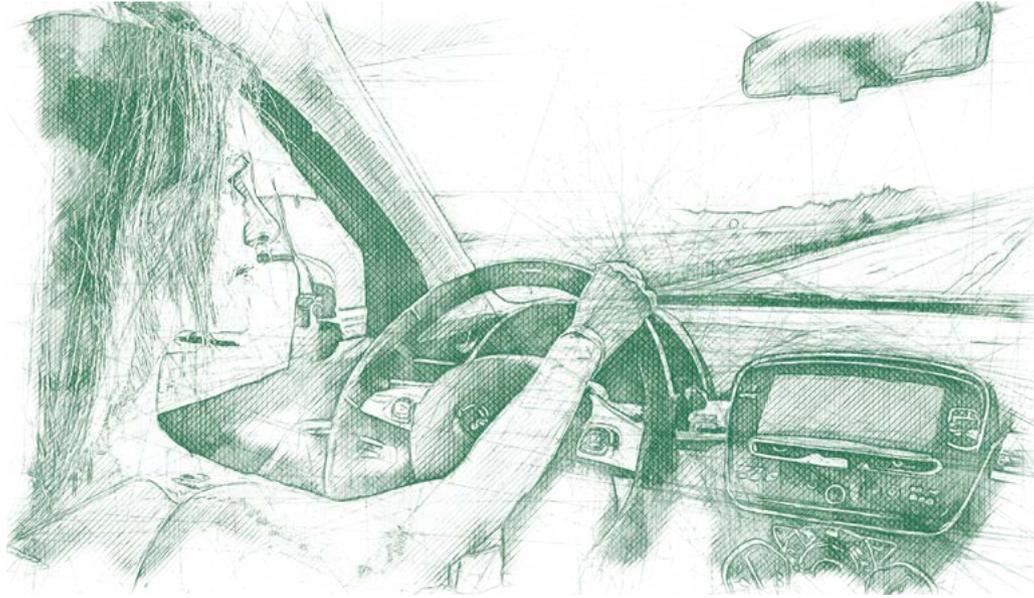
- **HR BCSD**  
Assembly of the Croatian Business Council for Sustainable Development (HR BCSD), President of the Management Board Marinko Došen, President of the Assembly
- **UN Global Compact Croatia**  
President of the Management Board Marinko Došen, member of the Management Committee
- **Assembly of the Croatian Chamber of the Economy**  
President of the Management Board Marinko Došen, member of the Assembly
- **Economic Council of the Croatian Chamber of Economy - County Chamber Split**  
member of the Management Board Mladen Peroš, Vice President
- **Croatian Exporters**  
President of the Management Board Marinko Došen, Vice President
- **Plastic and Rubber Industry Association**  
member of the Management Board Mladen Peroš, member of the Council
- **Vocational Plastics and Rubber Manufacturing Group of the County Chamber Split**  
Josip Suzan, President
- **Economic Council of the Faculty of Economics in Split**  
consultant Katija Klepo, member
- **Vocational Group for Environmental Protection in the Economy of the CCE - County Chamber Split**  
Jadranka Konta, member
- **HR center - vocational association of employees in human resources management**  
Megi Drezga Janković
- **Croatian Psychological Chamber**  
Katarina Perkušić and Megi Drezga Janković
- **CIPD – the professional body for HR and people development**  
Krešimir Mikulandra
- **Association of metal processing industry of the CCE**
- **Community for the improvement of human resources and adult education, CCE**  
Megi Drezga Janković
- **Community for environmental protection in the economy CCE**
- **Lider's Club of Exporters**
- **Automotive Cluster Russia**
- **Serbian Automotive Cluster**
- **Chamber of Commerce and Industry of Serbia**
- **National Association of Entrepreneurs and Employers Hungary**
- **Hungarian Plastics Association**
- **Association of Hungarian Automotive Component Manufacturers**
- **Hungarian Chamber of Commerce and Industry**

## CONFERENCES

GRI 413-1

- **Panel: Dalmatia - the economic strength of Croatia**  
organizer Croatian Employers' Association Dalmatia, participant Marinko Došen
- **Croatian Security Days**  
panel: Corporations in the era of multiple crises  
organizer Croatian Association of Security Managers, participant Marinko Došen
- **Smart Industry conference**  
panel: New generation of factories - creating a competitive advantage with smart factory solutions  
organizer Poslovni dnevnik, participant Jozo Kekez
- **ESG – Sustainable future**  
panel: Social criteria in non-financial reporting  
organizer Lider, participant Mladen Peroš
- **Policymaking in Choppy Waters:  
Fostering Resilience in Central Eastern and Southeastern Europe (CESEE)**  
Dubrovnik, organized by HNB and Vice Governor Faulend
- **18th Convention of Croatian Exporters and 16th “Golden Key” Awards ceremony**  
Zagreb
- **Global transformations of the 21st century:  
Future of human, market and capital**  
Bodrum, Turkey
- **Lider Invest investment conference**  
Lider
- **Challenge of Change conference**  
Zagreb Stock Exchange and the Association of Pension Fund Management Companies and Pension Insurance Companies
- **Corporate management and sustainable business conference**  
Jutarnji list
- **38th meeting of the Lidars' Club of Exporters**  
Lider
- **15th conference on sustainable development and the 16th award ceremony, Croatian Sustainability Index - HRIO**  
HR BCSD
- **Business meeting Sustainable financing**  
Croatian Chamber of Commerce
- **Annual conference of the Croatian Institute of Internal Auditors 2023**
- **Conference of the Croatian Association of Corporate Treasurers in 2023**
- **Days of Regional Development and EU Funds Conference 2023**
- **Big plans day conference**
- **Support Sustainability 2023 conference**

## HEALTH AND SAFETY OF END USERS



### GRI 416-1

In the phase of product research and development in the automotive industry, the requirements of regulations and safety standards that the product must meet are identified and defined, and confirmed with customers in accordance with the regulations of the automotive industry. Special characteristics of products and processes are indicated on entire documentation to ensure compliance with customer requirements and regulations of the market where the product is placed.

Laboratory tests of characteristics are carried out according to the validation plan for prototypes and initial samples

and the plan of laboratory tests in serial production. All test results are stored in accordance with the requirements of the automotive industry. If products procured from sub-suppliers have specific regulatory and safety requirements, these are passed on to the suppliers to ensure full traceability throughout the entire product life cycle.

The quality of making of the product, the materials used, technologies and processes affect the end users during the use of the product itself, i.e. the vehicle, which must be of impeccable quality and safety. The analysis of potential errors that can affect quality, safety and the

environment is carried out taking into account contracts with customers, their quality requirements or specific requirements, regulations, internal regulations and market risk analyses.

Already in the preparation of offers, optimal industrial scenarios that have a smaller carbon footprint are sought, and where possible, common devices or tools are also optimized in order to reduce the consumption of materials and energy. During the preparation of projects, the focus is on fast cycles of operation of devices and machines, with optimal technological and economic parameters, all with the aim of



- ▶ reducing energy consumption. When planning the use of new products, processes and technologies, potential impacts on the environment, safety and health are analyzed and final decisions are made accordingly.

GRI 416-2 In the reporting period, there was not a single case of non-compliance with regulations related to the impact of products on the health and safety of customers.

GRI 417-1 Products are labeled in accordance with the requirements of the automotive industry and customers to ensure full traceability and availability of all product information. Product markings include information on the method of production, specifications of materials and built-in components, as well as time of production and delivery. They are always available and include production process parameters, LOT of materials and prescribed controls that the product has undergone.

Information on the origin of materials and each individual product component is available for all products. All suppliers in the automotive industry are required to provide information on the materials used in their products, and the IMDS database contains information on the composition of materials used in all automotive parts, including details of the chemicals, substances and materials used in their production. This ensures product compliance with legal requirements and environmental regulations, improves product sustainability and promotes transparency and traceability within the supply chain. It also ensures compliance with environmental regulations such as the EU directives on waste vehicles and the restriction of hazardous substances (RoHS).

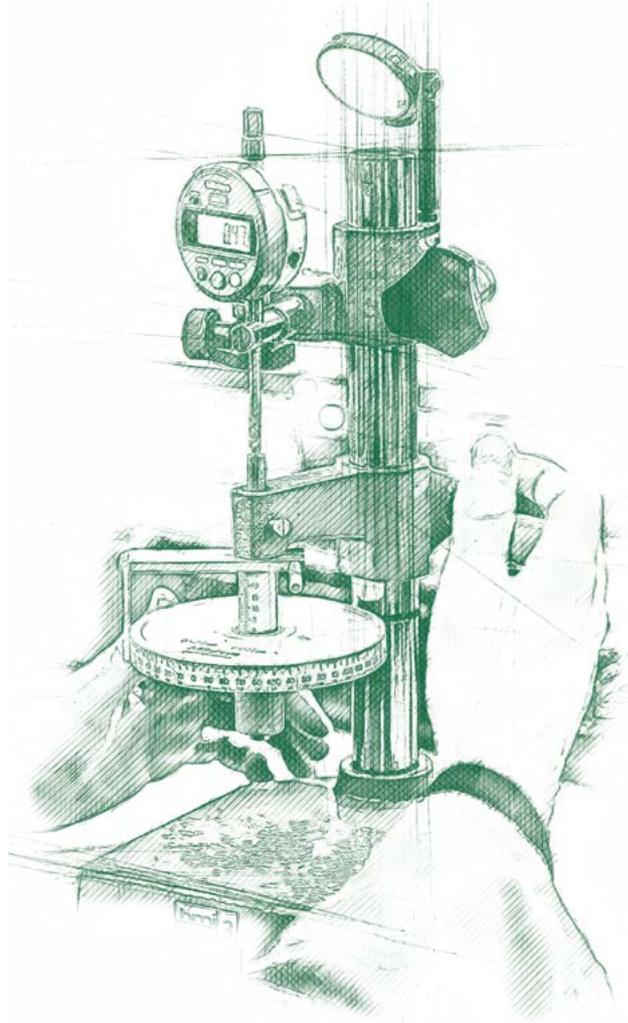
GRI 417-2

All of the company's products are subject to a labeling compliance assessment to ensure their safety and regulatory compliance.

AD Plastik Group's advertising code additionally regulates the company's

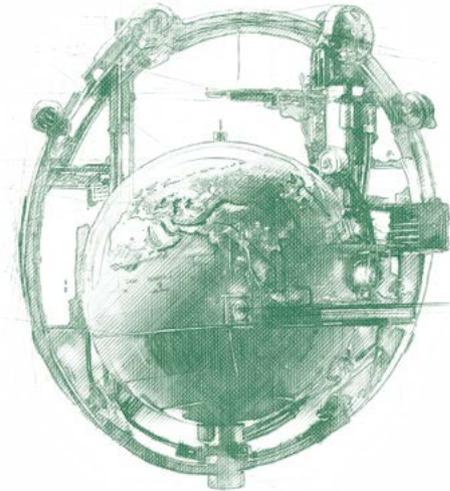
responsible communication in advertising, marketing and informing in order to protect the interests of all stakeholders. Accordingly, not a single case of non-compliance with regulations and voluntary codes was recorded.

GRI 417-3



# ECONOMIC IMPACTS

By managing economic influences, the company primarily strives to achieve as significant contribution as possible to all stakeholders and generate profit, because meeting profitability goals is a prerequisite for achieving almost all other non-economic goals.



With optimum management of economic resources, compliance with tax laws and the use of available grants the aim is to create as much economic value as possible, which will be properly distributed to stakeholders, and primarily to ensure financial stability and thus the ability to continue as a going concern.

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

**GRI 201-1** The recovery of the automotive market in Europe is evident in the reporting period, the supply of semiconductors and disruptions in supply chains have stabilized. This had a positive effect on the sale of cars, and thus on the orders of car manufacturers and the revenue of AD Plastik Group. Therefore, direct economic value generated in 2023 increased by 17.4 percent and amounted to EUR 129.3 million. At the same time, the economic value distributed grew by 7.7 percent, which resulted also in an increase in

economic value retained, which amounted to EUR 4.6 million. Lower growth of operating costs compared to growth of revenue due to better capacity utilization, normalization of prices of raw materials and energy sources, as well as better internal efficiency led to growth of economic value retained. Given that there was no dividend payment in 2023, payments to capital providers remain at low levels despite noticeable growth in this category due to the strong rise in interest rates that marked the observed year. In the coming period, the company will be focused on increasing the direct economic value generated due to the initiation of new projects, which, along with work on improving internal efficiency and better capacity utilization, will have a positive impact on the economic value retained.

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED IN EUR 000

	2021	2022	2023
<b>Direct economic value generated</b>	<b>149,466</b>	<b>110,186</b>	<b>129,308</b>
Sales revenue	146,315	108,186	123,832
Other revenue	3,150	2,000	5,476
<b>Economic value distributed</b>	<b>144,992</b>	<b>115,844</b>	<b>124,745</b>
Operating costs	99,222	85,742	90,638
Wages and benefits to employees	33,819	30,334	31,980
Payments to capital providers	9,501	443	859
Payments to the state	2,230	-830	1,054
Community investments	220	155	214
<b>Economic value retained</b>	<b>4,474</b>	<b>-5,658</b>	<b>4,563</b>

## SPONSORSHIPS AND DONATIONS

GRI 413-1

[Rulebook on Donations and Sponsorships of AD Plastik Group](#) is published on the company's website, and the management of sponsorships and donations is based on recognizing the needs and social responsibility of the company as a desirable partner of the community in which it operates.

In this reporting period too, the funds planned for the production of holiday materials and gifts were redirected to the **Split Clinical Hospital Center**, as a donation for the arrangement of the X-ray lung diagnostics workshop at the Clinical Institute for Diagnostic and Interventional Radiology.



## ► DONATIONS

### Humanitarian Action and Health

#### County league against cancer - Split

- help in the organization of the race THINK PINK - race for the cure 2023

#### Association of persons with cerebral palsy and polio Rijeka

- help with the purchase of a standing frame

#### Embassy of the Republic of Turkey in Zagreb

- financial support for victims of the earthquake in Turkey

#### Sports association of people with Down syndrome "Bili tići"

- financial support for the activities of the Association

### Education, culture, and sport

#### Computer donation

- elementary schools Manuš and Split 3, kindergardens Dugi Rat, Cvrčak, Mala Sirena and Cvit Mediterana, basketball club Brač, Association of Persons with Disabilities and Association Zagrljaj, Sports Nautical Fishing Association Marjan and 1st Gymnasium Split

#### Faculty of Mechanical Engineering and Naval Architecture, University of Zagreb

- financial support for the printing of the monograph Ivo Alfirević - History of technical and applied mechanics

#### Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture, University of Split

- financial support for the organization of STEM Games

#### Bocce club Sućidar

- financial support for holding a humanitarian tournament

#### Association of Croatian War Veterans

- financial support for the organization of events to honor the Croatian War of Independence

#### Lucija Smetiško - natural person

- financial support for achieving better sports results

#### European Medical Students' Association Split

- financial support for the realization of the twinning project with EMSA Lisbon

#### III. Gymnasium Split

- financial support for the purchase of prizes for the organization of the graduation party



## ► SPONSORSHIPS

**St. Ilija Metković Boatmen's Association**

Conference "Challenges of Change 2023"

Conference on Sustainable Development HR BCSD

Support Sustainability 2023 conference

**Water polo club Jadran**

- functioning of the entire sports facility

**Financial club Split**

- Association's activities

**Kwizard – quality education for all**

- platform for easier learning

**Process design**

- university textbook of the Faculty of Chemical Technology in Split

**Experience is worth its weight in gold**

- student internships for people with disabilities



## FINANCIAL ASSISTANCE

**GRI 201-4** AD Plastik Group did not use financial assistance in the form of tax reliefs or subsidies in 2023 because there were no subsidies available that could be used. Given the achieved results, it was also not possible to use the tax reliefs resulting from the previously reported loss.

Grant tenders are actively monitored and investment plans are planned or adjusted, as far as possible, in accordance with them.

## SIGNIFICANT INDIRECT ECONOMIC IMPACTS

**GRI 203-2** AD Plastik Group's impact on the environment in which it operates is significant, although the intensity and type of indirect economic impacts of individual members depend on the specifics of the environment in which they operate and the activities they engage in. The crises in the past periods caused a reduced volume of production, which also affected the reduction of the number of employees, and indirectly also the reduction of the number of vacancies in the supply chain. With the growth of production and revenue, and therefore purchase and operations, in the coming periods this impact will certainly be positive.

The creation of vacancies specific to the automotive industry is another of the indirect economic impacts that the company has in its environment and that affect the improvement of social conditions. The Group's research and development department is located at the company's headquarters, and the most complex and advanced technologies are used in Solin and Zagreb, so in Croatia there is a significant impact also on the improvement of skills and knowledge within the framework of the professional community. It is achieved through cooperation and partnership relations with educational institutions, which are also an excellent channel for recruiting talents with the necessary prior knowledge.

## TAXES

There is no formally adopted tax strategy, but the attitude and tax principles of all Group members are the same - to respect the legislative framework and good tax practices of the countries where business is conducted, and to correctly calculate and timely settle all tax liabilities. Tax havens or profit transfers within the Group are not used for the purpose of paying lower tax liabilities. When possible, by using available tax reliefs, which are usually related to capital investments and increments in the number of vacancies, tax planning is performed in order to optimize them. Since 2018, the parent company has been a signatory to the Agreement on the Acquisition of the Special Status of Taxpayers, which raises transparency in tax management to the highest level. Thus, tax risks are reduced and partnership is maintained with the Tax Administration which has a comprehensive insight into all relevant facts and circumstances from which tax liabilities or tax risks arise. More detailed information on accounting policies related to taxes and notes is available through the annual financial statements which are an integral part of the integrated report.

**GRI 207-1**  
**GRI 207-2**  
**GRI 207-3**



# **RISKS AND OPPORTUNITIES**

The risks and opportunities that AD Plastik Group recognizes in its business are influenced by external and internal factors. Timely identification, monitoring and management of risks and opportunities are key to achieving successful business results, as well as reducing the impact on the environment and climate change.

**GRI 201-2** Continuous improvement in the field of risk and opportunity management is the basis of successful management of the entire business. While the company's influence on external factors is limited, internal ones are influenced by the constant development of business policies and procedures.

Risks related to climate change are integrated into the business risk management process, although a system for assessing the financial consequences is not defined for each individual risk.

<b>BUSINESS</b>	<b>ENVIRONMENTAL RISK</b>	EXTREME WEATHER CONDITIONS AND NATURAL DISASTERS ●
		INFECTIOUS DISEASES ●
	<b>REPUTATION RISK</b>	●
	<b>RISK OF NON-PERFORMANCE OF CONTRACTUAL OBLIGATIONS</b>	
	<b>COMPETITIVE RISK</b>	
	<b>RISK OF RELYING ON ONE CUSTOMER</b>	
	<b>TECHNOLOGY RISK</b>	
	<b>LABOR SHORTAGE RISK</b>	
<b>FINANCIAL</b>	<b>MARKET RISK</b>	CURRENCY RISK
		INTEREST RATE RISK
		PRICE RISK
	<b>CREDIT RISK</b>	
<b>LIQUIDITY RISK</b>		
<b>OPERATIONAL</b>	<b>INFORMATION SECURITY AND CYBER RISKS</b>	●
<b>LEGISLATIVE</b>		

**Risks and opportunities associated with climate change**

- Physical risks
- Other risks

# BUSINESS RISK

Business risks arise from the business environment and the specifics of the industry and directly affect the stability and maintenance of the company's competitive advantage.

BUSINESS	ENVIRONMENTAL RISK	EXTREME WEATHER CONDITIONS AND NATURAL DISASTERS
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## ENVIRONMENTAL RISK

GRI 201-2

AD Plastik Group operates in the global market, with production sites in five countries, which exposes it to various business environmental risks that it cannot directly influence. The dispersion of business operations in several different countries reduces this risk to a certain extent.

Macroeconomic, political and social stability in the countries where business is conducted are important for a company's business and can directly affect its competitiveness and business results. Instabilities in that areas can lead to undesirable trade effects, disrupt the realization of strategic plans, and the regular business. We have recently witnessed geopolitical instability that significantly affected the global economy, the automotive industry and the business operations of AD Plastik Group. In order to reduce such risks, the company has focused its sales and development activities on the European market. This is confirmed by new sealed deals in that market, whose serial production begins in 2024. Macroeconomic and long-term market indicators are regularly monitored and activity scenarios are developed, with a focus on opening new markets in Europe.

### ● EXTREME WEATHER CONDITIONS AND NATURAL DISASTERS

The production sites are not located in risky areas, therefore this company's risk is reduced. However, extreme weather conditions or natural disasters can directly or indirectly affect the company's business operations if they occur in the countries where business is conducted or the wider supply chain. Therefore, there are internal procedures with instructions for dealing with such situations, which are updated and evaluated twice a year according to frequency and possible impact on safety and business.

These risks are managed by insuring assets from the consequences of climate change and natural disasters and with constant investment in quality equipment and infrastructure in order to reduce the potential consequences.

<b>BUSINESS</b>	<b>ENVIRONMENTAL RISK</b>	<b>INFECTIOUS DISEASES</b>
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● **INFECTIOUS DISEASES**

The coronavirus pandemic has demonstrated how the rapid spread of infectious diseases can have a devastating impact on the economy and humanity. Its influences and consequences have strongly marked the past years in the economy, industry and in the business operations of AD Plastik Group. Disruptions in supply chains and supply of semiconductors were finally significantly reduced during 2023 and did not have a negative material impact on the company's business.

In case of the occurrence of infectious diseases, the primary goal is to preserve and protect the health of employees and the sustainability of the business. The lack of employees represents the greatest threat to business in that case, and actions to be taken in such circumstances are defined by internal documents and rules of procedure, which also include cases of interruptions in supply chains.



<b>BUSINESS</b>	<b>REPUTATION RISK</b>
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● **REPUTATION RISK**

The growing awareness of the impact of human activities on climate change encourages end consumers and investors to pay more and more attention to the reputation of producers in the field of sustainable development and their ESG indicators. The impact of an individual product on climate change is becoming increasingly important, as well as the production process in which it is created.

One of the key criteria when choosing a supplier in the automotive industry, apart from quality and reliability, is the fulfillment of sustainable business standard in accordance with the most recent knowledge and regulations.

AD Plastik Group actively promotes sustainable business as one of its fundamental development policies. Company representatives regularly advocate sustainability and responsible business at various panels and conferences, while the positive results of independent audits confirm compliance with the company's policies and strategy. By recognizing reputational risk as an important factor, the company deals with its management through quality cooperation with all stakeholders and continuous improvements in communication.

BUSINESS	RISK OF NON-PERFORMANCE OF CONTRACTUAL OBLIGATIONS
	COMPETITIVE RISK
	RISK OF RELYING ON ONE CUSTOMER

## RISK OF NON-PERFORMANCE OF CONTRACTUAL OBLIGATIONS

Contractual relations with customers define quality standards and individual product delivery deadlines, exposing the company to the risks of potential non-performance of contractual obligations to the customer. These risks may primarily arise due to non-performance of contractual obligations of suppliers or due to delays in production and deliveries as a result of unforeseen circumstances. Breach of contractual obligations may consequently lead to the termination of the contract with the customers and affect the business adversely.

Management of this risk includes continuous evaluation of suppliers, through monitoring the quality and stability of deliveries as well as securing supplies if necessary. At the same time customers continuously audit all processes at the production sites of the Group and in the reporting period, 22 customer audits were successfully conducted. Despite the challenges in supply chains, AD Plastik Group successfully fulfills its contractual obligations to its customers.

## COMPETITIVE RISK

AD Plastik Group has positioned itself as a reliable supplier on the demanding automotive market, emphasizing high reliability, cost competitiveness and technological advancement. Competitiveness in the automotive industry is mostly influenced by price, product quality and reliability, and the distance between the production sites of customers and suppliers has a significant impact on price competitiveness. Most of the Group's factories are located near the main customers, which further boosts competitiveness.

The entry of new suppliers to the customer panel is a gradual and limited process, but long-term cooperation is ensured for those who prove to be reliable partners. Partnership relations with customers are based on quality and reliability, which ensures long-term and successful cooperation.

## RISK OF RELYING ON ONE CUSTOMER

Aware of the risk of relying on one customer, for many years active work has been done on diversifying the customer portfolio in accordance with the company's strategy. The goal of reducing exposure to the Renault Group has been achieved through sealing new deals with Stellantis, Ford and Suzuki, and was further accelerated by Renault's exit from AvtoVaz ownership and the reduction of production at the Revoz factory in Novo Mesto.

Although the continuing trend of the association of different car manufacturers may reduce the possibilities of diversifying the customer's portfolio, at the same time new markets are opening up and providing opportunities for expanding cooperation with individual groups.

<b>BUSINESS</b>	<b>TECHNOLOGY RISK</b>
	<b>LABOR SHORTAGE RISK</b>

## TECHNOLOGY RISK

**GRI 201-2** Technology is of extremely great importance in determining the quality, added value and product price, but when choosing it, its impact on the carbon footprint and sustainability also needs to be taken into consideration. The lag in technological development can reduce competitiveness, weaken the position in the market, reduce possibilities for new deals and negatively affect the company's business results.

The automotive industry has been undergoing a significant and dynamic transformation, and the key challenges include meeting increasingly rigorous environmental and safety standards. AD Plastik Group has therefore systematically been investing in new technologies and product development in order to improve its competitiveness, while taking special care of their impact on the environment.

The key technologies of AD Plastik Group are not direct polluters of the environment and thus the risk of compliance with increasingly demanding environmental regulations is minimized. Following the latest technological trends and market demands, the company regularly invests in new and more modern machines, in order to contribute to the reduction of the carbon footprint.

Information technology and security are extremely important in the automotive industry to ensure the necessary electronic communication with customers and suppliers without time delay. Continuous improvements and investments in equipment and IT infrastructure reduce the possibility of disruptions in operation and product deliveries.

## LABOR SHORTAGE RISK

AD Plastik Group bases its business on a long-standing tradition, expertise and the dedicated work of its employees. Their knowledge and adaptation to technological and market trends are the key factors that ensure the quality and successful business of the company. In times of rapid change, constant development of employees is extremely important to keep up with new trends.

The company reduces the labor shortage risk through high-quality analyses and detailed planning of needs for specific job positions, hiring the best candidates and continuous education of existing employees. Through the development of employees, detailed prescribed processes, the continuity of business is ensured and the necessary competencies are maintained.

The labor shortage in Croatia, which is present in all labor-intensive industries, was also felt in AD Plastik. Therefore, at the end of last year, the employment of foreign employees started, and they have integrated well into the system and achieve good production results, so it is planned to continue this practice in the future.

In case of crises or the need for larger and sudden employment, the company can meet the needs of the labor force in cooperation with employment agencies, with which it has signed contracts. This further reduces the labor shortage risk.

# FINANCIAL RISKS

Financial risks include all risks that may impair the financial stability of the company, for example, significant changes in exchange rates, rising interest rates, delays in the collection of receivables and others.

The management of these risks is centralized and implemented through Finance Department within the parent company. The Finance Department also manages activities in the domestic and international financial markets and consolidates the cash flows of Group members.

FINANCIAL	MARKET RISK	CURRENCY RISK
		INTEREST RATE RISK
		PRICE RISK

## MARKET RISK

Market risk is the risk of fluctuation of fair value or future cash flows of a financial instrument because of changes in market prices.

These changes often refer to movements in interest rates or exchange rates, but can also include changes in the prices of basic products that are important for business.





## CURRENCY RISK

Currency risk occurs during the exposure to unexpected changes in the exchange rate between two currencies and it includes transaction and balance risk. The transaction risk represents the risk of negative impact on cash flow, while balance risk occurs as a change in the value of balance sheet items, expressed in foreign currencies as a result of changes in currency rates.

At the beginning of 2023, Croatia switched to the euro, thus eliminating the previously present currency risk associated with conducting business in Croatia. However, the currency risk of business operations in other home member states of the Group remained, with exposure to changes in the EUR/HUF, EUR/RSD and EUR/LEI exchange rates. The weakening of the Russian ruble in 2023 had a negative impact on the achieved net financial result of the Group, but significant changes in the ruble exchange rate in Russia are regularly adjusted with customers through changes in sales prices, using natural hedging.

Balance risk is tried to be reduced by balancing open foreign exchange positions by individual currency within balance sheet items. One of the basic measures for balancing the foreign exchange sub-balance is borrowing in the currency in which revenue is generated per individual company. Additional information on the management of this risk can be found in the notes to the financial statements on pages [239](#) and [299](#).

## INTEREST RATE RISK

This type of risk includes possible losses arising from the changes in market interest rates. Although in earlier periods of low interest rates, long-term credit arrangements were concluded with fixed interest rates, in the past year of strong interest rate growth, new arrangements were concluded with variable interest rates. This means that financing costs will be higher in the future, although they will be mitigated to a certain extent by fixed interest rates from earlier borrowings.

The market situation and interest rate projections are constantly monitored and, if necessary, refinancing of existing loans is carried out in order to ensure the fair value of the interest rates being paid, in accordance with the most favorable interest rates in the market at the time of refinancing.

## PRICE RISK

A company may be exposed to price risks of various kinds, such as risks of price, quantity, cost and political risks. Those risks arise from unfavorable trends in the price of goods in the market, their availability and demand, costs that increase due to unfavorable trends in raw material prices, and input data from the market as well as changes in regulations and laws that directly affect the price of goods and their availability. Price risk is directly related to the business environment risks that determine it.

Although strong inflationary pressures continued in the reporting period, especially on services and labor costs, the normalization of the prices of key raw materials, materials and energy sources can be observed compared to the previous year. The risk of price increment is reduced by open calculations of product prices with customers, where changes in the prices of raw materials, materials and other costs are coordinated with most customers on a monthly, quarterly or half-yearly basis.

FINANCIAL	CREDIT RISK
	LIQUIDITY RISK

## CREDIT RISK

This risk arises when one contracting party fails to meet its financial obligations on time, which can jeopardize the market position of the other party. The company's credit risk may arise from the inability to collect receivables from its customers and the loans granted. AD Plastik Group cooperates with reputable customers that are financially stable companies, which is also the company's business policy. This minimizes the risk of collection and receivables are realized within the agreed deadlines. Due to the potential deterioration of the financial stability of individual customers, most of them have the support of their home countries in maintaining business and liquidity as very important factors for their economy.

Credit risk related to loans granted is under the control of the company as these are loans granted to subsidiaries in which the parent company is the sole owner.



## LIQUIDITY RISK

This risk represents the risk of the company not being able to convert assets into liquid assets in a short time, ie the inability to fulfill its obligations to creditors. Therefore, AD Plastik Group maintains optimal amounts of funds on the account with secured available credit lines.

Cash flow management is of key importance for liquidity risk management. Each company within the Group, based on operational business plans, financial liabilities and investment needs, plans its future cash needs on a monthly, quarterly and annual basis. Based on that data, the parent company's Finance Department prepares a consolidated cash flow plan of the Group, and makes decisions on timely provision of credit lines for capital investments and project financing, as well as placing surplus funds in deposits or covering the lack of funds from short-term financing sources.

**The parent company issued corporate guarantees to the subsidiaries in the following amounts: EUR 7,700 thousand to banks, EUR 3,000 thousand to customers and EUR 1.377 thousand to suppliers.**

Additional information on the management of this risk can be found in the notes to the financial statements on pages [240](#) and [300](#).

# OPERATIONAL RISKS

Operational risks are caused by inadequate procedures, failed internal processes, human factor, system or external events.

**GRI 201-2** Operational risk management is based on a process quality system whereby preventive systems of early detection of operational risks and prevention of errors and weaknesses in processes, procedures, human errors, system errors or unpredictable external events are developed. The Internal Audit Department assesses the effectiveness of the organization's risk management, investigates, examines, and evaluates the effectiveness of the internal control system, reports on the results identified, and proposes solutions to the management.

With efficient operational risk management, better security is achieved, awareness is raised on the importance of existing procedures and creating new ones, on control of key indicators which need to be introduced and systematically monitored, which significantly improves the operational quality, efficiency, and transparency. An important factor in managing these risks are also reliable IT solutions as well as cyber security of business, so there have been continuous works on improving, further developing and implementing new technologies in everyday business.

## ● INFORMATION SECURITY AND CYBER RISKS

AD Plastik Group has taken significant steps in improving information security through a series of key technical and organizational initiatives. Systems were implemented within critical network segments for better detection and analysis of security threats, and a number of technical measures were introduced to reduce the causes of potential incidents. Perimeter testing activities were conducted to identify and mitigate security vulnerabilities and review technical security mechanisms to accurately map existing security capabilities.

The impact of security risks on key business processes was analyzed and the response strategy to crisis situations was adapted to ensure business continuity. A new concept of security awareness for employees was developed and mechanisms for sharing knowledge about security requirements were improved. Achieving the status of AEO Authorized Economic Operator achieved in 2023 demonstrates the company's commitment to high standards of security in the supply chain. During the reporting period,



the implementation of the Tisax standard in the Hungarian factory began, which will be completed in 2024, which is a significant step forward in creating a high level of security in all segments of production. The listed activities are aimed at significantly improving the ability to manage security risks, protect key business processes, and maintain a high level of protection of information resources and operations.

## LEGISLATIVE RISKS

These risks arise from changes in fiscal and other regulations which can directly, positively or negatively, affect the company's results and competitiveness.

With regard to conducting business in different countries, the company adheres to different regulatory frameworks, in line with the company's core policies and values.

In the reporting period, the Group's most significant legislative risks were related to business operations in the Russian Federation, i.e. sanctions and counter-sanctions in Russia and their possible consequences, and related to the fact that two companies within the Group are present in that market. Although

so far they have not significantly affected the change in the Group's business model, these sanctions have completely transformed the automotive industry in Russia and hampered business for our subsidiaries.

Based on the Law on the Introduction of the Euro and the decision of the Government, the euro was introduced as the official currency in Croatia from January 1, 2023, which significantly reduced the currency risk of the parent company.

## OPPORTUNITIES

The development and production of automotive polymer components are recognized as an activity that can significantly affect the carbon footprint reduction.

In order to address greenhouse gas emissions, new vehicle models are being introduced that are significantly lighter, thus achieving the desired goal. This trend encourages the replacement of metal car parts with polymer components, which is an opportunity for AD Plastik Group.

By researching and developing materials adapted to the needs of the cars of the future, opportunities are created to expand the product, customer, and market portfolio. As automated

and autonomous driving, electrification, connectivity, and the design of lighter vehicles are considered the key aspects in the future of the automotive industry, demand for polymer components is expected to increase in the coming periods.

New technology and materials have a positive impact on climate change, along with ubiquitous digitization and robotization, raising safety and quality standards.



# FINANCIAL INDICATORS

# ADPL SHARE

The ADPL share has been listed on the Zagreb Stock Exchange since 2003, and since 2018 it has been listed in the Prime Market, the most demanding market segment of the Zagreb Stock Exchange. The share is included in the five indices of the Zagreb Stock Exchange, namely: Crobex, Crobextr, CrobexPrime, CrobexPlus and Crobexindustry, as well as the regional index AdriaPrime.

After a regular revision of the stock indices, in March 2023 the share was excluded from the composition of the Crobex10 and Crobex10tr indices. The free float of the share is slightly less than 70 percent, and Interkapital vrijednosni papiri carries out the activities of a market maker, with the support of Erste&Steiermärkische banka and Zagrebačka banka in ADPL share analyses.

With the aim of increasing visibility in the capital market, the company regularly participates in domestic and foreign investment conferences and is dedicated to meeting the highest standards of transparency and reporting while constantly improving corporate management practices.

ADPL	31 DEC 2022	31 DEC 2023	Index
Final price (EUR)	10.5	13.7	130
Average price (EUR)	13.5	14.2	105.1
The highest price (EUR)	23.9	17.2	72
The lowest price (EUR)	9.6	10.5	109.9
Volume	614,017	346,352	56.4
Turnover (EUR)	8,310,695	4,927,042	59.3
Market capitalization (EUR) *	44,256,018	57,534,301	130
EPS (EUR) *	-2.3	-0.3	-

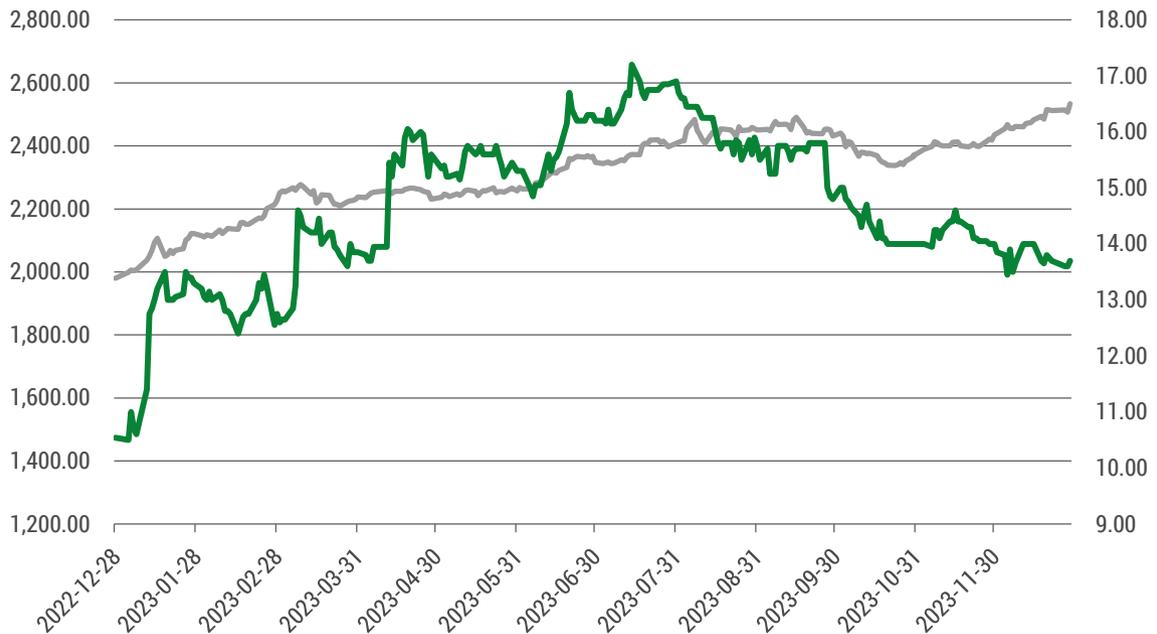
\* In addition to the measures defined by International Financial Reporting Standards (IFRS), AD Plastik Group also uses alternative performance measures in its reports. An overview and definition of the measures used in this document are provided in Addendum 1.

## SHARE TREND

ADPL share turnover in 2023 amounted to EUR 4.9 million, which accounts for 1.8 percent of the total share turnover on the Zagreb Stock Exchange, making the ADPL share the thirteenth most liquid issue in the domestic capital market. The ADPL share price increased by 30 percent compared to the end of 2022, reaching EUR 13.7 on December 31, 2023. The highest achieved price in that period was EUR 17.2, while the lowest was EUR 10.5.

At the same time, Crobex recorded an increase in value of 28 percent, with a turnover of EUR 216.8 million, which represents an increase in turnover of 13.8 percent compared to the previous year.

After a turbulent 2022, marked by geopolitical disturbances and instabilities that had a significant impact on the capital markets, in 2023 there was recovery and growth in share prices of the most important European and world indices. For example, the S&P 500 grew by 24.2 percent, and the Dow Jones Industrial Average by 13.7 percent. Although geopolitical instability is still present, and new problems occasionally appear after the initial shocks, a certain optimism is noticeable in the market. The interest rates of the central banks remain high, but they are expected to be lowered in the coming periods, which also affects the movements in the capital markets.



**+ 30 % ADPL**    + 28 % CROBEX

## DIVIDEND

The company's strategy regarding dividend payment remains unchanged. The goal is to continue with the policy of paying attractive dividends, taking into account the achieved results, business plans and other relevant facts. According to the proposal, after fulfilling the legal and statutory conditions, it is planned to pay a dividend in the amount of at least fifty percent

of the available amount. The stated amount is defined by the [Charter](#), which is available on the company's website together with the [Dividend Payment Policy](#). When making a decision on the appropriation of profit, the company takes into account the business circumstances and ensures the sustainability of the business and the achievement of development goals.

## EVENTS CALENDAR

Date	
26 Feb 2024	Unaudited Annual Financial Report 2023
7 Mar 2024	Supervisory Board meeting
24 Apr 2024	Audited Integrated Annual Report 2023
29 Apr 2024	Financial Statement for the first quarter of 2024
30 Apr 2024	Presentation of the Integrated Annual Report 2023 and Financial Statement for the first three months of 2024 to interested financial analysts and public representatives
29 May 2024	Supervisory Board meeting
18 July 2024	General Assembly
26 July 2024	Financial Statement for the second quarter of 2024 and Semi-Annual Financial Statement 2024
13 Sep 2024	Supervisory Board meeting
28 Oct 2024	Financial Statement for the third quarter of 2024 and Financial Statement for the nine months of 2024
12 Dec 2024	Supervisory Board meeting



In accordance with the Zagreb Stock Exchange Rules, AD Plastik Group published the 2024 Events Calendar at the end of 2023. It contains all the relevant events and any change or update of the calendar shall be published as soon as it is made and not later than one week before the event itself.

# FINANCIAL RESULTS 2023



In the reporting period, AD Plastik Group achieved significantly better financial results than a year earlier, so operating revenue increased by 17.4 percent and amounted to EUR 129.31 million. The revenue of the parent company increased by 15.4 percent and amounted to EUR 94.45 million, and the primary reason for this was the increase in customer orders due to the normalization of supply chains and the purchase of semiconductors, as well as deliveries for new vehicle models.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) was EUR 7.21 million at the Group level and was significantly higher than the one achieved

a year earlier when EBITDA was normalized for the value adjustment of investments in Russia. EBITDA at the level of the parent company was also significantly better and amounted to EUR 3.44 million, which is four times more compared to the comparative period.

The previously mentioned increase in customer orders also had a positive effect on capacity utilization, and along with the harmonization of sales prices and the normalization of energy source and material prices, a positive impact was also evident on the movement of margins and profitability, despite the inflationary pressures of rising wage costs and service prices. The value adjustment

of inventories in the Group in the amount of EUR 2.8 million, specifically tools for projects in Russia that will not be realized, had a one-time negative impact.

At the Group level, a net loss of EUR 1.27 million was realized, which is an improvement in comparison with the loss of EUR 9.7 million realized the year before. The parent company also recorded a better result than in 2022, because, after a net loss of EUR 13.7 million, it achieved a net profit of EUR 1.0 million in the reporting period.

The affiliated company from Romania achieved a revenue growth of 3.8 percent and a high net profit of EUR 8.72



► million, which is still lower than the one achieved the year before when certain extraordinary revenue was realized. Such results of the affiliated company had a slightly smaller positive impact on the Group's net result, while at the same time, their voted dividend had a significant impact on the net profit of the parent company.

In addition to the successful realization of increased customer demands, better capacity utilization, and cost efficiency, in

the reporting period the company was for the most part focused on the successful realization of development and industrialization activities. Namely, it was a year of preparation for the serial production of a large number of new projects, the start of production of which is planned for 2024, which will be reflected in the further growth of revenue and profitability in the future.

Preparation for new projects requires investments in specific equipment and temporary financing for the production

of tools, which is why indebtedness is expected to increase in the reporting period. The cycle of deleveraging usually begins with the start of serial production of new projects, which is planned in the coming period.

In the coming period, the company's primary goals are the successful launch of serial production of new projects, growth in capacity utilization and profitability, better cost efficiency, and maintenance of financial stability.

## KEY PERFORMANCE INDICATORS

Indicators (in EUR 000)	AD Plastik Group			AD Plastik d.d.		
	2022	2023	Index	2022	2023	Index
Operating revenue	108.186	123.832	114,46	80.000	89.388	111,74
Sales revenue	1.935	5.476	283,00	1.870	5.060	270,59
Operating expenses	127.973	132.371	103,44	99.226	98.301	99,07
EBITDA**	580	7.210	1.242,60	949	3.440	362,49
Net profit/loss	-9.732	-1.273	-	-13.743	1.040	-
NFD*	37.801	45.884	121,38	33.623	43.928	130,65
EBITDA margin **	0,53%	5,58%	504 bps	1,16%	3,64%	248 bps
Net profit margin *	-8,84%	-0,98%	-	-16,79%	1,10%	-
ROE*	-9,04%	-1,26%	-	-14,19%	1,15%	-
Capex*	6.918	8.860	128,06	4.602	7.349	159,69

\* In addition to the measures defined by International Financial Reporting Standards (IFRS), AD Plastik Group also uses alternative performance measures in its reports. An overview and definition of the measures used in this document are provided on pages [154](#) and [155](#).

\*\* Data related to EBITDA and EBITDA margin in 2022 have been normalized in terms of value adjustments related to Russia

## OPERATING REVENUE AND MARKET TRENDS

In 2023, the revenue of AD Plastik Group in the EU and Serbian markets amounted to EUR 114.17 million, which was by 20.6 percent higher than the previous year. The reason for this is the already mentioned increase in customer orders and deliveries for new vehicle models. Accordingly, the share of revenue generated in these markets has been growing, making up 88.3 percent of the Group's total revenue.

Compared to the comparative period, revenue from the Russian market was lower by 2.4 percent and amounted to EUR 15.14 million. Russian companies, viewed as a whole, are still self-sustaining and financially independent of the parent company. The factory in Kaluga stopped its serial production operations and optimized the organization, while the factory in Togliatti continues to produce components at somewhat lower levels of capacity utilization. More information about market trends can be found on the pages [32](#) and [33](#).



## OPERATING EXPENSES

Operating expenses (in EUR 000)	AD Plastik Group			AD Plastik d.d.		
	2022	2023	Index	2022	2023	Index
Increase/(decrease)in the value of work in progress and finished products	-440	227	-	-12	85	-
Cost of raw material and supplies	64.108	66.677	104,01	40.550	45.059	111,12
Cost of goods sold	2.734	7.223	264,19	10.156	11.922	117,39
Service costs	11.620	12.122	104,32	8.175	8.900	108,87
Staff costs	30.334	31.980	105,43	19.932	22.708	113,93
Depreciation and amortisation	12.207	10.273	84,16	8.828	7.293	82,61
Other operating expenses	6.868	3.767	54,85	9.022	2.278	25,25
Provisions for risks and charges, (net)	145	-136	-	210	-136	-
Impairment of loans and trade receivables, (net)	397	238	59,95	2.365	192	8,12

## NET FINANCIAL RESULT

Net financial result (in EUR 000)	AD Plastik Group			AD Plastik d.d.		
	2022	2023	Index	2022	2023	Index
<b>FINANCIAL REVENUE</b>	<b>1.991</b>	<b>199</b>	<b>9,99</b>	<b>2.471</b>	<b>5.337</b>	<b>215,98</b>
Positive exchange differences	1.833	0	-	30	0	-
Interest revenue	158	199	125,87	411	377	91,75
Dividends	0	0	-	2.030	4.960	244,32
Other revenue	0	0	-	0	0	-
<b>FINANCIAL EXPENSES</b>	<b>498</b>	<b>2.349</b>	<b>471,48</b>	<b>361</b>	<b>672</b>	<b>185,88</b>
Negative exchange differences	0	1.451	-	0	20	-
Interest expenses	498	898	180,24	383	652	170,13
Other	0	0	-	-22	0	-
<b>FINANCIAL RESULT</b>	<b>1.493</b>	<b>-2.150</b>	<b>-</b>	<b>2.110</b>	<b>4.665</b>	<b>221,14</b>

Negative exchange rate differences, caused primarily by the weakening of the Russian ruble, had a negative impact on the Group's net financial result. A positive effect of the dividend payment of the affiliated Romanian company is evident at the

parent company. A significant increase in reference interest rates affected the financial results of the Group and the parent company, due to the increase in variable interest rates and the higher cost of new indebtedness.

## FINANCIAL POSITION

Abbreviated balance sheet (in 000 EUR)	AD Plastik Group			AD Plastik d.d.		
	31 DEC 2022	31 DEC 2023	Index	31 DEC 2022	31 DEC 2023	Index
<b>ASSETS</b>	<b>181.350</b>	<b>189.136</b>	<b>104,27</b>	<b>149.429</b>	<b>163.528</b>	<b>109,44</b>
Noncurrent assets	127.117	124.083	97,27	114.405	116.522	101,85
Current assets	53.784	65.019	120,89	35.024	47.006	134,21
<b>LIABILITIES</b>	<b>77.552</b>	<b>90.672</b>	<b>116,87</b>	<b>59.385</b>	<b>72.413</b>	<b>121,94</b>
Noncurrent liabilities	26.073	33.501	128,36	22.740	29.668	130,47
Current liabilities	51.479	57.171	111,06	36.645	42.745	116,65
<b>CAPITAL</b>	<b>103.798</b>	<b>98.464</b>	<b>94,86</b>	<b>90.044</b>	<b>91.115</b>	<b>101,19</b>

As a result of investments in new projects and temporary financing of their tools, indebtedness in the parent company continues to grow in the fourth quarter of 2023. Since the start of serial production of most projects is planned during 2024, after that the company's indebtedness will be gradually reduced.

The Group's net financial debt amounted to EUR 45.88 million, which is an increase of EUR 8.08 million compared to December 31, 2022. The net financial debt of the parent company increased by EUR 10.31 million and amounted to EUR 43.92 million. The NFD/EBITDA indicators for the Group and the parent company are more favorable than at the end of 2022, but they are still at high levels and their normalization is expected in the coming periods. The indebtedness ratio also consequently increased and on December 31, 2023 it amounted 0.48 at the Group level or 0.44 at the parent company, respectively. Return on equity (ROE) was -1.3 percent at the Group level, or 1.2 percent at the parent company.

## INVESTMENTS IN 2023

In the reporting period, investments grew by 28 percent at the Group level, compared to the previous year, and their total value was EUR 8.86 million. Of the total amount of investments, EUR 5.43 million refer to tangible assets, and EUR 3.42 million relate to intangible assets. The majority of investments in tangible assets are focused on specific investments and returnable packaging for new projects, while investments in intangible assets mostly relate to the capitalized costs of developing new projects.

## AFFILIATED COMPANY EAPS

### AD PLASTIK GROUP WITH THE CONSOLIDATION OF THE CORRESPONDING OWNERSHIP PART IN THE AFFILIATED COMPANY

In order to present a clearer picture of the business, a comparable, shortened, consolidated profit and loss account of AD Plastik Group for 2022 and 2023 has been created, with the

profit and loss account of the affiliated company Euro Auto Plastic Systems s.r.l. Mioveni, Romania (50 percent of ownership of AD Plastik d.d.).

Positions (in EUR 000)	2022	2023	Index
<b>OPERATING REVENUE</b>	<b>157.255</b>	<b>177.885</b>	<b>113,1</b>
<b>OPERATING EXPENSES</b>	<b>168.462</b>	<b>175.817</b>	<b>104,4</b>
Material costs	102.481	101.969	99,5
Staff costs	35.501	39.091	110,1
Amortization	13.261	11.173	84,3
Other costs	17.218	23.584	137,0
<b>FINANCIAL REVENUE</b>	<b>2.352</b>	<b>237</b>	<b>10,1</b>
<b>FINANCIAL EXPENSES</b>	<b>943</b>	<b>2.335</b>	<b>247,7</b>
<b>TOTAL REVENUE</b>	<b>159.607</b>	<b>178.122</b>	<b>111,6</b>
<b>TOTAL EXPENSES</b>	<b>169.405</b>	<b>178.152</b>	<b>105,2</b>
Profit/loss before taxation	-9.797	-30	0,3
Profit tax	-66	1.244	-
<b>PROFIT/LOSS OF THE PERIOD</b>	<b>-9.731</b>	<b>-1.273</b>	<b>-</b>
<b>EBITDA</b>	<b>12.009</b>	<b>13.241</b>	<b>110,3</b>

The operating revenue of AD Plastik Group with the consolidated corresponding ownership part in the affiliated company amounted to EUR 177.89 million, recording an increase of 13,1

percent compared to the previous year. EBITDA amounted to EUR 13.24 million, representing an increase of 10.3 percent.

## ABBREVIATED P/L AND THE BALANCE SHEET OF THE AFFILIATED COMPANY EAPS

Positions (in EUR 000)	2022	2023	Index
Operating revenue	96.497	100.190	103,8
Operating expenses	-83.207	-89.928	108,1
Net financial result	-168	105	-
Profit before taxation	13.122	10.367	79,0
Profit tax	-2.041	-1.649	-
Profit of the period	11.081	8.718	78,7

100% realization shown

Positions (in EUR 000)	2022	2023	Index
Noncurrent assets	12.249	19.478	159,0
Current assets	39.297	38.767	98,7
<b>TOTAL ASSETS</b>	<b>51.546</b>	<b>58.245</b>	<b>113,0</b>
Capital + provisions	22.358	21.015	94,0
Long-term liabilities and provisions	1.023	1.271	124,2
Short-term liabilities	28.165	35.959	127,7
<b>TOTAL LIABILITIES</b>	<b>51.546</b>	<b>58.245</b>	<b>113,0</b>

EAPS results have been included in the results of AD Plastik Group by the equity method. Generated operating revenue increased by 3.8 percent, amounting to EUR 100.19 million, while net profit amounted to EUR 8.72 million. Net profit was lower than the one achieved in 2022 due to the extraordinary revenue generated in the comparative period. That's why the achieved net margin of 8.7 percent is more than satisfactory and is above the industry average.

The investments amounted to EUR 9.1 million, and they are primarily focused on the acceptance of new projects whose serial production will begin in 2024 and the renewal of the machine park. EAPS has no financial liabilities towards AD Plastik d.d., nor liabilities towards external entities. As of December 31, 2023, its cash on account amounted to EUR 11.25 million.

EAPS primarily generates its revenue in the Romanian market from the Dacia customer and, to a lesser extent, it supplies its products to the markets of South Africa, Brazil, Colombia, Argentina, and Morocco.

## ALTERNATIVE PERFORMANCE MEASURES

In addition to the financial performance measures defined by International Financial Reporting Standards (IFRS), AD Plastik Group also uses certain alternative performance measures in its reports, considering them useful for business performance analysis for investors. Alternative performance measures show comparative periods so that the company's results can be compared over different periods.

### EBITDA AND EBITDA MARGIN

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) represents the operating profit (operating revenue minus operating expenses) increased by amortization of tangible and intangible assets. The company also presents an EBITDA margin that represents a percentage of EBITDA relative to operating revenue.

### NET PROFIT MARGIN

It is calculated by the ratio of realized net profit and operating revenue. The company uses this measure to track its profitability relative to operating revenue.

### NET DEBT AND NET DEBT TO EBITDA

Net debt represents the sum of short-term and long-term liabilities to banks and short-term and long-term loans to non-banking companies, minus cash and cash equivalents. AD Plastik Group uses the ratio of net debt to EBITDA as an

indicator of financial stability and the company's ability to repay its financial obligations. When calculating the indicators on a quarterly basis, the EBITDA realized in the last four quarters is taken into account.

<b>AD Plastik Group (in EUR 000)</b>	<b>31 DEC 2022</b>	<b>31 DEC 2023</b>	<b>AD Plastik d.d. (in EUR 000)</b>	<b>31 DEC 2022</b>	<b>31 DEC 2023</b>
Non-bank loans	3,459	3,128	Non-bank loans	2,508	2,508
Long-term liabilities to banks	23,238	30,367	Long-term liabilities to banks	21,226	27,899
Short-term liabilities to banks	15,152	16,431	Short-term liabilities to banks	12,267	14,546
Cash	-4,048	-4,042	Cash	-2,378	-1,025
<b>NET FINANCIAL DEBT</b>	<b>37,801</b>	<b>45,884</b>	<b>NET FINANCIAL DEBT</b>	<b>33,623</b>	<b>43,928</b>

## ROE

This measure is used to monitor the realized return on equity. It is calculated on an annual and quarterly basis. When calculating the indicators on an annual basis, the ratio is the net profit of the current period and the average value of equity (the average value of equity at the end of the reporting period and equity at the beginning of the reporting period of the previous year). At the quarterly level, it is calculated by the ratio of net profit for the last four quarters and the average value of equity (average value of equity at the end of the reporting period and equity at the end of the same period of the previous year).

## CAPEX

Capital investments are indirect cash flow position and they are related to payments for tangible and intangible assets. This measure is used as an indicator of the use of funds to achieve future economic flows and ensure the distribution of funds in accordance with the Group's strategy.

## INDEBTEDNESS RATIO

The indebtedness ratio is the ratio of total liabilities to total assets. This measure is used to monitor the company's financial risk in terms of growth of liabilities in relation to assets.

## MARKET CAPITALIZATION

Market capitalization is the total market value of the company, and it is calculated as the product of the total number of shares and the last share price on the day of the reporting period.

	31 DEC 2022	31 DEC 2023
Last price in the period (EUR)	10.5	13.7
Number of shares (000)	4,200	4,200
<b>Market capitalization (in EUR 000)</b>	<b>44,256</b>	<b>57,534</b>

## EPS and P/E

These measures are used so that investors can analyze the value of the share. Earnings per share (EPS) are calculated by dividing net profit by the weighted average number of shares. The quarterly calculation uses the net profit realized in the last four quarters.

	31 DEC 2022	31 DEC 2023
Net profit /loss of the period (in 000 EUR)	-9,732	-1,271
Average weighted number of shares (000)	4,152	4,159
<b>EPS (EUR)</b>	<b>-2.34</b>	<b>-0.31</b>

P/E is the ratio of price to earnings per share (EPS). The price represents the share price on the last day of the reporting period, and in the quarterly calculation, net profit represents the realized profit in the last four quarters.

# EU TAXONOMY

With the Paris Agreement and the European Green Deal, the EU undertook to become climate neutral by 2050 and to reduce greenhouse gas emissions by 55 percent by 2030, compared to 1990. Sustainable business will be at the center of events in the coming period, that's why a number of proposals, acts and policies from different areas have been adopted that should contribute to the achievement of ambitious goals.

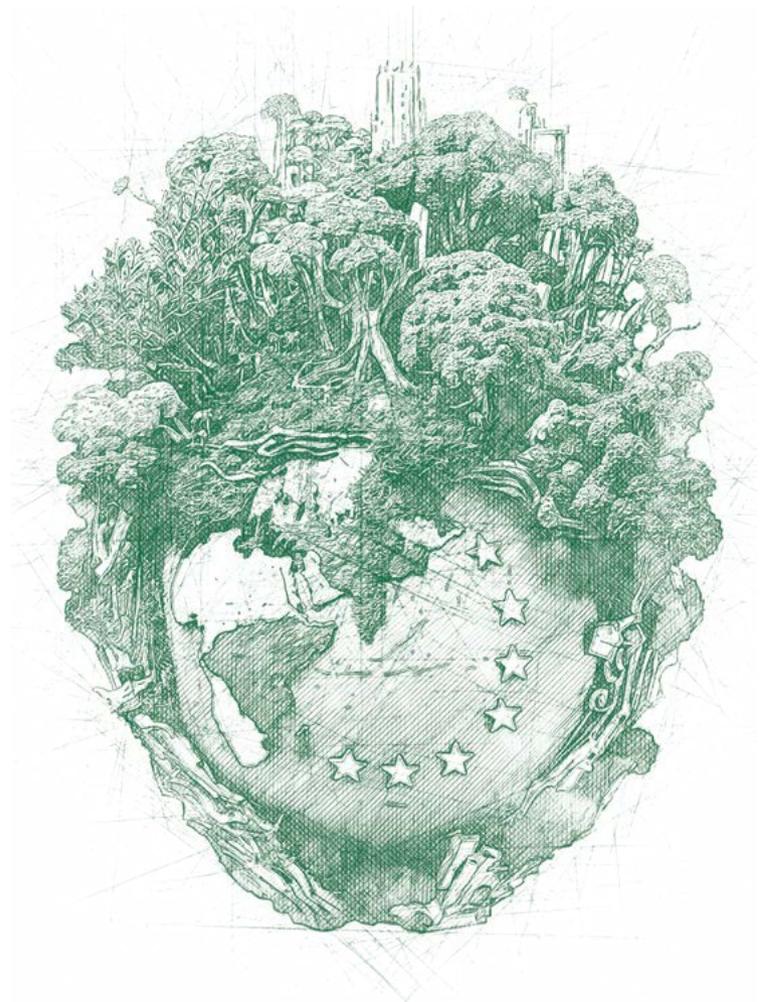
One of the measures of the action plan is the Taxonomy Regulation, which aims to encourage investments in sustainable projects and business operations and establish a framework, i.e. a unique classification system for assessing economic activities that can be considered environmentally sustainable. One of the most important of the goals of the EU Taxonomy is to reduce greenwashing and encourage the financing of sustainable business.

The Taxonomy Regulation, together with the delegated regulations, is a legal framework that provides companies, their investors and legislative bodies with criteria for determining economic activities that are environmentally sustainable and have a significant contribution to environmental objectives.

If the economic activities are described in the delegated taxonomic acts, they can be qualified as taxonomy-eligible. The term ineligible economic activity

does not mean ecologically good or bad activities, but those that are not recognized as activities that can significantly

contribute to environmental objectives according to the Taxonomy Regulation and the European Commission.



## THE TAXONOMY REGULATION PRESCRIBES SIX ENVIRONMENTAL OBJECTIVES



**Climate Change Mitigation**



**Climate Change Adaptation**



**Sustainable Use and Protection of Water and Marine Resources**



**Transition to a Circular Economy**



**Pollution Prevention and Control**



**Protection and Restoration of Biodiversity and Ecosystems**

- Economic activities qualify as taxonomy-aligned if they meet four basic criteria:

- they significantly contribute to at least one of the **six environmental objectives** defined in Article 9 of the Taxonomy Regulation
- they do not significantly harm any of the other environmental objectives
- they are carried out in accordance with minimum protective measures
- they are aligned with technical verification criteria, that is, scientifically based technical verification criteria

Those obliged to report are obliged to include the technical criteria for all six environmental objectives in the calculations and report for 2023, in accordance with the amendments adopted during the year.

Pursuant to Article 8 of the Taxonomy Regulation, from 2021 the company has been obliged to report on the appropriate share of turnover, capital investments and operating expenses that originate from assets or processes from taxonomy-eligible economic activities.

By amending the delegated regulation during 2023, manufacture of components for motor vehicles and mobility was recognized as an activity that can significantly contribute to climate change mitigation, i.e. the first environmental objective of the Taxonomy Regulation. Although the activity of AD Plastik Group has thus completely changed its significance, for 2023 only the share of taxonomy-eligible activity is reported, while alignment will be reported in the following reporting periods.

## METHODOLOGY

The assessment of eligibility and alignment with the EU Taxonomy was carried out by multidisciplinary teams, composed of experts from various fields and management of all Group production sites.

Workshops, interviews, and working meetings were held at which economic activities were assessed, recognized as taxonomy-eligible and ineligible, and aligned. Share in revenue, capital expenditure, and operating expenses was calculated.

For the calculation of key performance indicators (revenue, capital investments and operating costs), data related to the Group's reporting were taken into account and they were expressed in EUR. Applying International Financial Reporting Standards eliminates the double counting of the same numbers when calculating KPIs, which is in line with the delegated regulations on disclosures. A summary of the most important accounting policies is presented in the Annual Financial Report chapter within the notes to the consolidated financial statements. Below is an overview of the approach applied with respect to each individual KPI and the results.



## MINIMUM PROTECTIVE MEASURES

Minimum protective measures are one of the four key criteria for alignment with the EU taxonomy that companies are required to implement in terms of human rights (including labor rights and consumer rights), bribery and corruption, taxation and fair market competition. By analyzing and including the persons responsible for the mentioned areas, it was concluded that the company meets the criteria, which is evident in the complete report.

## CHALLENGES

The EU Taxonomy Regulation and delegated acts contain a handful of comprehensive and general wording according to which companies are obliged to report. Although currently available interpretations, estimates and assumptions were used during the calculation of taxonomic indicators in the reporting and comparative periods, there is a possibility that additional information will be available in future periods. The best example is the amendment of the delegated regulation during 2023, according to which the activity of AD Plastik Group was recognized as one that can significantly contribute to the first environmental objective, which will certainly affect future reports and publications on taxonomy.

## REVENUE

Revenue share is calculated as the portion of net revenue associated with taxonomy-aligned economic activities divided by total revenue shown in the statement of comprehensive

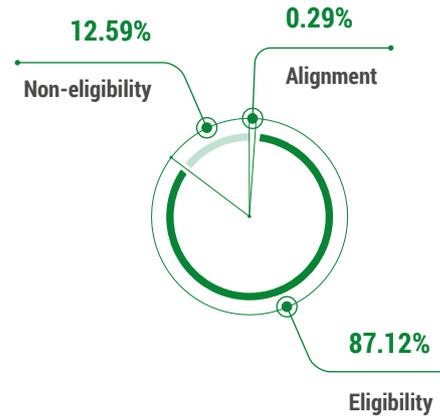
income. Within AD Plastik Group, the majority of revenue derives from the core activity, which is taxonomy-eligible, but the taxonomy alignment will be shown in the next year.

### RECOGNIZED ELIGIBLE ECONOMIC ACTIVITIES

No	Activity	Activity code
1	Manufacture of automotive and mobility components*	3.18
2	Collection and transport of non-hazardous waste in source segregated fractions	5.5

\* part of the amendment to the delegated regulation on climate; currently only the eligibility of the mentioned activity is reported, while in the next reporting period the alignment will also be reported

Revenue from taxonomy-eligible activities was not shown in 2022 because it amounted to only 0.01 percent of total revenue. In the meantime, it was established that only activities from operating costs can be exempted from the presentation, if their share is considered to be insignificant. The share of 87.4 percent of taxonomy-eligible activities represents a significant change compared to the last reporting period. It is clear that in future reporting periods, the alignment of the activity "Manufacture of automotive and mobility components" will have the largest share in taxonomic reporting, while in this reporting period it was assessed only by eligibility. A significant increase in the total share of taxonomy-eligible activities in revenue was due to the changes in the regulation that described the main activity of AD Plastik Group and recognized it as one that can significantly contribute to the first environmental objective. It should be noted that no internal or external factors of the business affected the significant growth of the share, except for the aforementioned change.



## CAPITAL EXPENDITURE (CAPEX)

The share of capital expenditure (Capex) is shown in relation to capital investments in the cash flow statement (purchase of property, plant, and equipment, investments in real estate and intangible assets). The numerator is equal to the part of capital expenditure, included in the denominator, that relate to assets related to taxonomy-aligned economic activities.

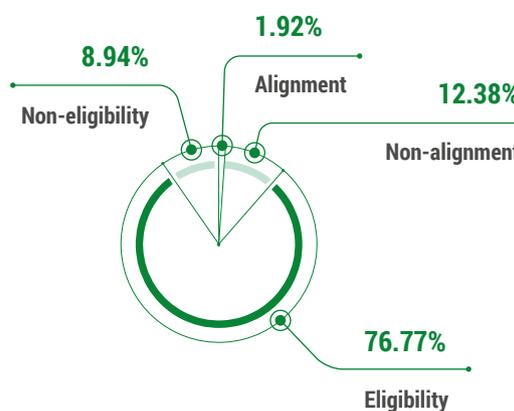
The denominator includes increases in tangible and intangible assets in the financial year, before their amortization and remeasurement, including increases resulting from revaluations and impairments, for the relevant financial year and excluding changes in fair value. The denominator includes also increases in tangible and intangible assets that are the result of business mergers.

### RECOGNIZED ELIGIBLE ECONOMIC ACTIVITIES

No	Activity	Activity code
1	Manufacture of automotive and mobility components*	3.18
2	Renovation of water collection, treatment and supply system	5.2
3	Renewal of wastewater collection and treatment	5.4
4	Transport by motorbikes, passenger cars, and light commercial vehicles	6.5
5	Renovation of existing buildings	7.2
6	Installation, maintenance and repair of energy efficiency equipment	7.3
7	Acquisition and ownership of buildings	7.7

The share of 91.1 percent of eligible economic activities in the Group's capital expenditure clearly indicates an increase in the share of eligible activities compared to the previous reporting period. With regard to the primary activity, most of the costs relate to activities that can significantly contribute to the achievement of the climate change mitigation objectives. A significant share of eligible economic activities is the result of the investments in machines, equipment and the production process itself, reconstruction of non-residential buildings in Zagreb and Vintai. Taxonomy-eligible activities in the share of 1.9 percent meet four basic criteria and thus are harmonized with the Regulation. Regardless of the fact that individual activities do not significantly harm other environmental objectives and are carried out in accordance with minimum protective measures, non-alignment most often results from failure to meet the criterion of significant contribution. As much as 76.8 percent of capital expenditure fall on

\* part of the amendment to the delegated regulation on climate; currently only the eligibility of the mentioned activity is reported, while in the next reporting period the alignment will also be reported



the manufacture of automotive and mobility components, and upon assessment of the alignment of the mentioned activity in the next year, the real foundations for future reporting periods will be laid. The other 12.4 percent of eligible activities indicate space for investments that will significantly contribute to at least one environmental objective in the future.

A significant increase in the total share of taxonomy-eligible activities in capital expenditure is also a consequence of the amendment of the regulation which recognized AD Plastik Group's main activity as one that can significantly contribute to the first environmental objective. Apart from the mentioned change, no internal or external factors of the business affected the growth of the share. The majority of capital expenditure relate to the implementation of the company's core activities.

## OPERATING EXPENSES (OPEX)

The indicator of operating expenses (Opex) is shown in relation to total operating costs in the statement of comprehensive income, minus depreciation. According to the EU Taxonomy Regulation, the denominator includes direct non-capitalized costs related to research and development, building renovation measures, short-term leases related to right-of-use assets according to IFRS 16, maintenance and

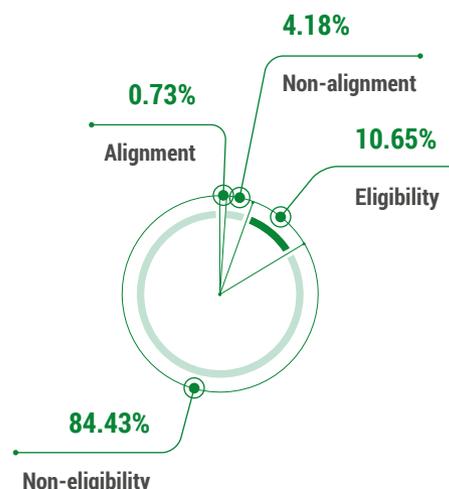
repair, and all other direct expenditure for the day-to-day servicing of property, plant, and equipment performed by the company or a third party entrusted with these tasks, which are necessary for the proper functioning of these assets. The numerator in operating costs is related to the above-mentioned costs, but only those costs that were incurred due to taxonomy-eligible activities.

### RECOGNIZED ELIGIBLE ECONOMIC ACTIVITIES

No	Activity	Activity code
1	Manufacture of automotive and mobility components*	3.18
2	Renovation of water collection, treatment and supply system	5.2
3	Collection and transport of non-hazardous waste in source segregated fractions	5.5
4	Urban and suburban transport, road passenger transport	6.3
5	Transport by motorbikes, passenger cars, and light commercial vehicles	6.5
6	Freight transport services by road	6.6
7	Renovation of existing buildings	7.2
8	Installation, maintenance and repair of energy efficiency equipment	7.3
9	Acquisition and ownership of buildings	7.7
10	Professional services related to energy performance of buildings	9.3

Eligible economic activities represent 15.6 percent of total operating expenses, of which as much as 10.7 percent goes to the manufacture of automotive and mobility components. It is clear that the most significant share of non-aligned activities stems from the fact that activities such as freight road transport services or passenger road transport do not meet the criteria of a significant contribution, which are partly beyond the influence of the Group. Despite the share of eligible economic activities in the total operating expenses, the share of 0.7 percent of aligned economic activities in the operating expenses leaves room for greater allocation of funds in activities that will ensure a significant contribution. For example, implementation and maintenance of systems or equipment that will reduce energy consumption by more than 30 percent,

\* part of the amendment to the delegated regulation on climate; currently only the eligibility of the mentioned activity is reported, while in the next reporting period the alignment will also be reported



transportation with vehicles that do not emit emissions, preparation of studies and third-party audits on the impact of certain economic activities on the environment, and the like.

We can also attribute the significant growth of the total share of taxonomy-eligible activities in operating expenses to the amendment of the regulation in the reporting period. The main activity of the company was thereby recognized as the one that can significantly contribute to the first environmental objective, which influenced the aforementioned growth, while at the same time there was no influence of any internal or external business factor. The majority of operating expenses relate to the performance of the company's core activities.

## SCOPE

### All AD Plastik Group's production sites

AD Plastik d.d., Croatia  
 AD Plastik Tisza Kft., Hungary  
 ADP d.o.o., Serbia  
 AD Plastik d.o.o., Slovenia  
 AO AD Plastik Togliatti, Russia

ZAO AD Plastik Kaluga, Russia *(it is not assessed due to cessation of operating activities)*

## REVENUE FROM ECONOMIC ACTIVITIES

Economic activities (1)	Code(s) (2)	Absolute revenue (3) Currency	Proportion of revenue (4) %	Substantial contribution criteria		DNSH criteria ("Does not significantly harm")					Taxonomy-aligned proportion of revenue, year N (14) %	Taxonomy-aligned proportion of revenue, year N-1 (15) %	Category (enabling activity) (16) O	Category (transitional activity) (17) P
				Climate Change Mitigation (5) %	Climate Change Adaptation (6) %	Climate Change Mitigation (7)	Climate Change Adaptation (8)	Water and Marine Resources (9)	Circular Economy (10)	Pollution (11)				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>														
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>														
Collection and transport of non-hazardous waste in source segregated fractions	5.5	372	0.29%	100.00%		YES	YES	YES	YES	YES	0.29%	N/A		
<b>Revenue of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>372</b>	<b>0.29%</b>								<b>0.29%</b>	<b>0.75%</b>		
<b>A.2. Taxonomy-eligible (alignment in 2024)</b>														
Manufacture of automotive and mobility components*	3.18	112,832	87.12%	*	*	*	*	*	*	*	YES	Not assessed	N/A	O
<b>Revenue of taxonomy-eligible (alignment in 2024) (A.3)</b>		<b>112,832</b>	<b>87.12%</b>											
<b>Total (A.1+A.2)</b>		<b>113,204</b>	<b>87%</b>											
<b>B. TAXONOMY-INELIGIBLE ACTIVITIES</b>														
<b>Revenue from taxonomy-ineligible activities (B)</b>		<b>16,304</b>	<b>12.59%</b>											
<b>Total (A + B)</b>		<b>129,507</b>	<b>100.00%</b>											

\* part of the amendment to the delegated regulation on climate; currently only the eligibility of the mentioned activity is reported, while in the next reporting period the alignment will also be reported

## CAPITAL EXPENDITURE FROM ECONOMIC ACTIVITIES

Economic activities (1)	Code(s) (2)	Absolute capital expenditure (3) Currency	Proportion of capital expenditure (4) %	Substantial contribution criteria		DNSH criteria ("Does not significantly harm")					Taxonomy-aligned proportion of capital expenditure, year N (14) %	Taxonomy-aligned proportion of capital expenditure, year N (15) %	Category (enabling activity) (16) O	Category (transitional activity) (17) P	
				Climate Change Mitigation (5) %	Climate Change Adaptation (6) %	Climate Change Mitigation (7)	Climate Change Adaptation (8)	Water and Marine Resources (9)	Circular Economy (10)	Pollution (11)					Biodiversity and Ecosystems (12)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>															
<b>A.1.Environmentally sustainable activities (taxonomy-aligned)</b>															
Installation, maintenance and repair of energy efficiency equipment	7.3	104	1.92%	100.00%	YES	YES	YES	YES	YES	YES	YES	1.92%	0.75	O	
Capital expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)		104	1.92%									1.92%	0.75%		
<b>A.2.Taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy)</b>															
Renovation of water collection, treatment and supply system	5.2	48	0.89%										N/A		
Renewal of wastewater collection and treatment	5.4	7	0.14%										N/A		
Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	17	0.31%										N/A	P	
Renovation of existing buildings	7.2	576	10.60%										N/A	P	
Installation, maintenance and repair of energy efficiency equipment	7.3	18	0.33%										N/A	O	
Acquisition and ownership of buildings	7.7	6	0.12%										N/A		
Capital expenditure of taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy) (A.2)		673	12.38%												
<b>A.3.Taxonomy-eligible (alignment in 2024)</b>															
Manufacture of automotive and mobility components*	3.18	4,174	76,77%	*	*	*	*	*	*	*	*	YES	Not assessed	N/A	O
Capital expenditure of taxonomy-eligible, (alignment in 2024) (A.3)		4,174	77%												
<b>Total (A.1.+A.2.+A.3.)</b>		<b>4,951</b>	<b>91,06%</b>												
<b>B. TAXONOMY-INELIGIBLE ACTIVITIES</b>															
Capital expenditure from taxonomy-ineligible activities (B)	0	486	8.94%												
<b>Total (A + B)</b>		<b>5,437</b>	<b>100%</b>												

\* part of the amendment to the delegated regulation on climate; currently only the eligibility of the mentioned activity is reported, while in the next reporting period the alignment will also be reported

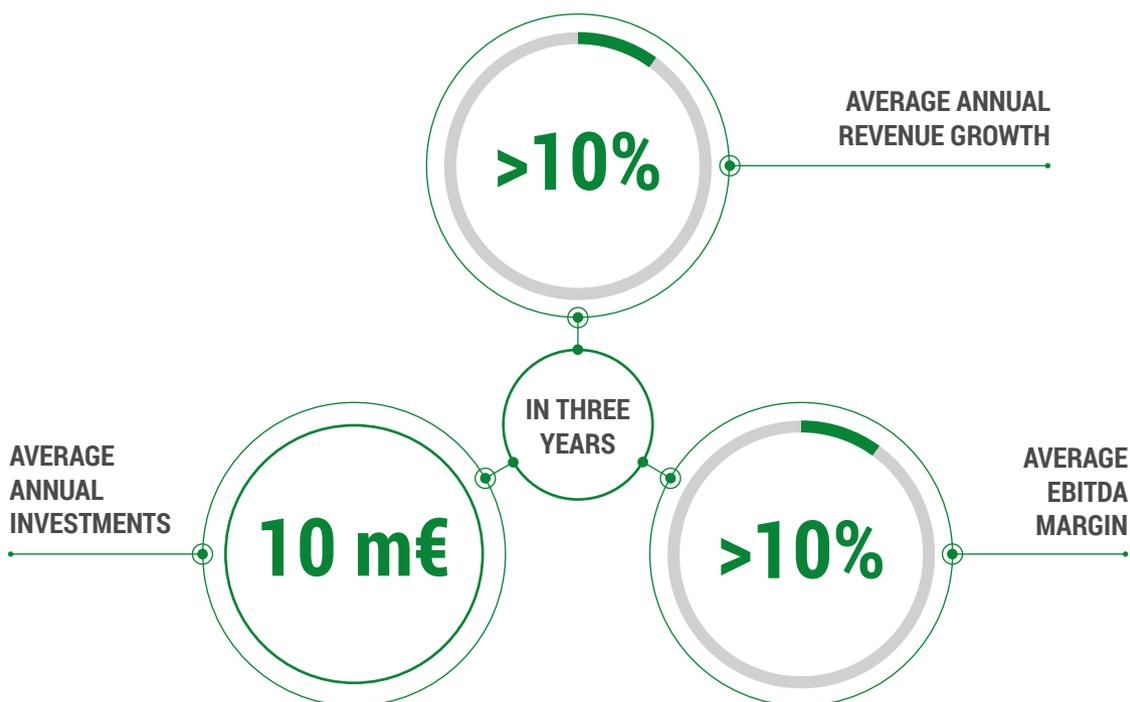
## OPERATING EXPENSES FROM ECONOMIC ACTIVITIES

### Economic activities (1)

	Code(s) (2)	Absolute operating expenses (3) Valuta	Proportion of operating expenses (4) %	Substantial contribution criteria		DNSH criteria ("Does not significantly harm")					Taxonomy-aligned proportion of operating expenses, year N (14) %	Taxonomy-aligned proportion of operating expenses, year N (15) %	Category (enabling activity) (16) O	Category (transitional activity) (17) P
				Climate Change Mitigation (5) %	Climate Change Adaptation (5) %	Climate Change Mitigation (7)	Climate Change Adaptation (8)	Water and Marine Resources (9)	Circular Economy (10)	Pollution (11)				
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>														
<b>A.1.Environmentally sustainable activities (taxonomy-aligned)</b>														
Collection and transport of non-hazardous waste in source segregated fractions	5.5	39	0.21%	100.00%		YES	YES	YES	YES	0.21%	0.07%			
Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	16	0.09%	100.00%		YES	YES	YES	YES	0.09%	0.36%		P	
Installation, maintenance and repair of energy efficiency equipment	7.3	74	0.41%	100.00%		YES	YES		YES	0.41%	0.05%		O	
Professional services related to energy performance of buildings	9.3	4	0.02%	100.00%					YES	0.02%	0.03%		O	
<b>Operating expenses of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>132</b>	<b>0.73%</b>							<b>0.73%</b>	<b>0.43%</b>			
<b>A.2.Taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy)</b>														
Renovation of water collection, treatment and supply system	5.2	20	0.11%						YES		N/A			
Urban and suburban transport, road passenger transport	6.3	303	1.68%						YES		N/A		P	
Transport by motorbikes, passenger cars, and light commercial vehicles	6.5	158	0.88%						YES		N/A		P	
Freight transport services by road	6.6	59	0.33%						YES		N/A		P	
Renovation of existing buildings	7.2	139	0.77%						YES		N/A		P	
Acquisition and ownership of buildings	7.7	76	0.42%						YES		N/A			
<b>Operating expenses of taxonomy-eligible, but environmentally unsustainable activities (non-aligned with taxonomy) (A.2)</b>		<b>755</b>	<b>4.18%</b>											
<b>A.3.Taxonomy-eligible (alignment in 2024)</b>														
Manufacture of automotive and mobility components*	3.18	1,924	10.65%		*	*	*	*	*	*	YES	Not assessed	N/A	O
<b>Operating expenses of taxonomy-eligible (alignment in 2024) (A.3.)</b>		<b>1,924</b>	<b>10.65%</b>											
<b>Total (A.1.+A.2.+A.3.)</b>		<b>2,811</b>	<b>15.57%</b>											
<b>B. TAXONOMY-INELIGIBLE ACTIVITIES</b>														
<b>Operating expenses from taxonomy-ineligible activities (B)</b>		<b>15,250</b>	<b>84.43%</b>											
<b>Total (A + B)</b>		<b>18,061</b>	<b>100.00%</b>											

\* part of the amendment to the delegated regulation on climate; currently only the eligibility of the mentioned activity is reported, while in the next reporting period the alignment will also be reported

# BUSINESS PLAN



After three years of consecutive decline in the sales of new cars in the EU market, in 2023 a growth of newly registered vehicles has been finally recorded, namely 13.9 percent. Although volumes are still significantly lower than pre-pandemic levels, the stated increase in demand for new cars is an indicator of market recovery after a series of unwanted external influences and the negative consequences they have caused. AD Plastik Group's revenue growth in 2023 is higher than the growth of the EU market itself, and expectations for the coming period, based on the start of production of a large number of new projects, indicate that this trend will continue. In the next three years, average revenue growth of over 10 percent per year at the Group level is expected, and the increase in production will be also reflected in better capacity utilization. With the further stabilization of the prices of

energy sources and raw materials and the harmonization of sales prices with customers, a further increase in profitability is expected despite the present pressures on the growth of wage and service costs. Therefore, the expected average EBITDA margin in the next three years exceeds 10 percent. Significant investments in specific equipment and packaging for new projects will have been completed during the year, and most future investments will relate to the development of new production modules, investment maintenance and energy improvements. The value of investments in the three-year period will be lower than depreciation, and the average planned annual investments will be up to EUR 10 million. Increasing capacity utilization, efficiency and profitability, while maintaining financial stability, are the main goals of the company in the coming period.



# GRI

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3-2	List of material topics	all	62
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<b>GRI 204: Procurement Practices 2016</b>			
204-1	Proportion of spending on local suppliers	8, 9	119, 120
<b>GRI 301: Materials 2016</b>			
301-1	Materials used by weight or volume	6, 9, 12, 13, 14, 15	93-95
301-2	Recycled input materials used	6, 9, 12, 13, 14, 15	93, 95
301-3	Reclaimed products and their packaging materials	Reasons for omission: Non applicable. Explanation: AD Plastik Group does not take back manufactured products delivered to the customer and does not process or reuse them as input material.	
<b>GRI 302: Energy 2016</b>			
302-1	Energy consumption within the organization	7, 9, 12, 13, 14, 15	97
302-2	Energy consumption outside of the organization	7, 9, 12, 13, 14, 15	98
302-3	Energy intensity	7, 9, 12, 13, 14, 15	98
302-4	Reduction of energy consumption	7, 9, 12, 13, 14, 15	96
302-5	Reductions in energy requirements of sold products and services	Reasons for omission: Non applicable. Explanation: The data is not available because this data is collected by car manufacturers for each vehicle as a whole.	
<b>GRI 303: Water and Effluents 2016</b>			
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303-3	Water withdrawal	6, 9, 12, 14, 15	100
303-4	Water discharge	6, 9, 12, 14, 15	101
303-5	Water consumption	6, 9, 12, 14, 15	100
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	7, 9, 12, 13, 14, 15	103, 104
305-2	Energy indirect (Scope 2) GHG emissions	7, 9, 12, 13, 14, 15	104
305-3	Other indirect (Scope 3) GHG emissions	7, 9, 12, 13, 14, 15	105, 106
305-4	GHG emissions intensity	7, 9, 12, 13, 14, 15	105
305-5	Reduction of GHG emissions	7, 9, 12, 13, 14, 15	104
305-6	Emissions of ozone-depleting substances (ODS)	7, 9, 12, 13, 14, 15	107
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	7, 9, 12, 13, 14, 15	108

<b>MATERIAL TOPICS</b>		<b>SDG</b>	<b>PAGE</b>
<b>GRI 306: Waste 2020</b>			
306-1	Waste generation and significant waste-related impacts	9, 12, 13, 14, 15	109
306-2	Management of significant waste-related impacts	9, 12, 13, 14, 15	109, 110
306-3	Waste generated	9, 12, 13, 14, 15	109, 111
306-4	Waste diverted from disposal	9, 12, 13, 14, 15	109, 111-113
306-5	Waste directed to disposal	9, 12, 13, 14, 15	109, 113-115
<b>GRI 308: Supplier Environmental Assessment 2016</b>			
308-1	New suppliers that were screened using environmental criteria	6, 7, 12, 13, 14, 15	118
308-2	Negative environmental impacts in the supply chain and actions taken	6, 7, 12, 13, 14, 15	118
<b>GRI 401: Employment 2016</b>			
401-1	New employee hires and employee turnover	8	75-77
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8	71
401-3	Parental leave	5	78
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1	Occupational health and safety management system	3	84
403-2	Hazard identification, risk assessment, and incident investigation	3	84
403-3	Occupational health services	3	84
403-4	Worker participation, consultation, and communication on occupational health and safety	3	84
403-5	Worker training on occupational health and safety	3	84
403-6	Promotion of worker health	3	84
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3	84
403-8	Workers covered by an occupational health and safety management system	3	84
403-9	Work-related injuries	3	85, 86
403-10	Work-related ill health	3	86
<b>NON-MATERIAL TOPICS</b>		<b>SDG</b>	<b>PAGE</b>
<b>GRI 203: Indirect Economic Impacts 2016</b>			
203-2	Significant indirect economic impacts	8, 9	131
<b>GRI 205: Anti-corruption 2016</b>			
205-2	Communication and training about anti-corruption policies and procedures	4, 5	38, 39
205-3	Confirmed incidents of corruption and actions taken	16	40
<b>GRI 206: Anti-competitive Behavior 2016</b>			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	16	40
<b>GRI 207: Taxes 2019</b>			
207-1	Approach to tax	17	131

<b>NON-MATERIAL TOPICS</b>		<b>SDG</b>	<b>PAGE</b>
<b>GRI 304: Biodiversity 2016</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6, 12, 13, 14, 15	99
<b>GRI 307: Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	9, 13, 14, 15	92
<b>GRI 402: Labor/Management Relations 2016</b>			
402-1	Minimum notice periods regarding operational changes	8	69
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee	4	90
404-2	Programs for upgrading employee skills and transition assistance programs	4	87
404-3	Percentage of employees receiving regular performance and career development reviews	4	90
<b>GRI 405: Diversity and Equal Opportunity 2016</b>			
405-1	Diversity of governance bodies and employees	5	80-82
405-2	Ratio of basic salary and remuneration of women to men	5, 8	83
<b>GRI 406: Non-discrimination 2016</b>			
406-1	Incidents of discrimination and corrective actions taken	5, 8	39
<b>GRI 408: Child Labor 2016</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor	4, 8	117
<b>GRI 409: Forced or Compulsory Labor 2016</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	8	117
<b>GRI 412: Human Rights Assessment 2016</b>			
412-2	Employee training on human rights policies or procedures	4, 5	88
<b>GRI 413: Local Communities 2016</b>			
413-2	Percentage of operations with implemented local community engagement, impact assessments, and/or development programs	4, 8, 9, 17	121
<b>GRI 414: Supplier Social Assessment 2016</b>			
414-1	New suppliers that were screened using social criteria	5, 8, 10, 16	117
414-2	Negative social impacts in the supply chain and actions taken	5, 8, 10, 16	117
<b>GRI 415: Public Policy 2016</b>			
415-1	Political contributions		40
<b>GRI 416: Customer Health and Safety 2016</b>			
416-1	Assessment of the health and safety impacts of product and service categories	3	125
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3	126
<b>GRI 417: Marketing and Labeling 2016</b>			
417-2	Product and service information/labeling incidents of non-compliance with voluntary codes		126
417-3	Incidents of non-compliance concerning marketing communications		126



# ESG INDICATORS INDEX

<b>Environmental</b>	<b>Unit</b>	<b>2022</b>	<b>2023</b>
GHG Scope 1 & 2 Location-Based	Thousand Metric Tonnes CO <sub>2</sub> e	9.77	9.75
GHG Scope 1	Thousand Metric Tonnes CO <sub>2</sub> e	1.47	1.36
GHG Scope 2 Location-Based	Thousand Metric Tonnes CO <sub>2</sub> e	8.30	8.39
GHG Scope 3	Thousand Metric Tonnes CO <sub>2</sub> e	5.18	4.60
Scope 3 Business Travel Emissions	Thousand Metric Tonnes	0.42	0.46
Scope 3 Employee Commuting Emissions	Thousand Metric Tonnes CO <sub>2</sub> e	1.41	1.65
Scope 3 Downstream Transport and Distribution Emission	Thousand Metric Tonnes CO <sub>2</sub> e	3.35	2.49
Scope 3 Emissions Other	Thousand Metric Tonnes CO <sub>2</sub> e	4.76	4.14
CO <sub>2</sub> Scope 1 & 2 Location-Based	Thousand Metric Tonnes	9.77	9.75
CO <sub>2</sub> Scope 1	Thousand Metric Tonnes	1.47	1.36
CO <sub>2</sub> Scope 2 Location-Based	Thousand Metric Tonnes	8.30	8.39
Carbon per Unit of Production	Metric Tonnes/Unit of Production	0	0
Methane (CH <sub>4</sub> ) Scope 1	Thousand Metric Tonnes CO <sub>2</sub> e	0	0
ODS Emissions	Thousand Metric Tonnes	0	0
Nitrous Oxide (N <sub>2</sub> O) Scope 1	Thousand Metric Tonnes	0	0
Sulfur Hexafluoride (SF <sub>6</sub> ) Scope 1	Thousand Metric Tonnes	0	0
Methane (CH <sub>4</sub> ) Scope 1 in CO <sub>2</sub> Equivalent	Thousand Metric Tonnes CO <sub>2</sub> e	0	0
Nitrous Oxide (N <sub>2</sub> O) Scope 1 in CO <sub>2</sub> Equivalent	Thousand Metric Tonnes CO <sub>2</sub> e	0	0
Hydrofluorocarbon (HFC) Scope 1 in CO <sub>2</sub> Equivalent	Thousand Metric Tonnes CO <sub>2</sub> e	0	0
Perfluorocarbon (PFC) Scope 1 in CO <sub>2</sub> Equivalent	Thousand Metric Tonnes CO <sub>2</sub> e	0	0
Sulfur Hexafluoride (SF <sub>6</sub> ) Scope 1 CO <sub>2</sub> Equivalent	Thousand Metric Tonnes CO <sub>2</sub> e	0	0
Emissions Reduction Initiatives	Y/N	Y	Y
Climate Change Policy (1)	Y/N	Y	Y
Risks of Climate Change Discussed	Y/N	Y	Y
Total Energy Consumption	Thousand Megawatt Hours	37.30	36.66
Renewable Energy Use	Thousand Megawatt Hours	0	0
Energy Efficiency Policy (1)	Y/N	Y	Y
Electricity Used	Thousand Megawatt Hours	29.99	29.92
Fuel Used - Coal/Lignite	Thousand Metric Tonnes	0	0
Fuel Used - Natural Gas	Thousand Cubic Meters	769.98	651.64
Fuel Used - Crude Oil/Diesel	Thousand Cubic Meters	0.04	0.04
Self Generated Renewable Electricity	Thousand Megawatt Hours	0	0
Energy Per Unit of Production	Megawatt Hours/Unit of Production	0	0
Electricity of Total Energy Consumed	Percentage	80.41	81.63
ISO 14001 Certified Sites	Count	5	4
Environmental Quality Management Policy (1)	Y/N	Y	Y
Investments in Operational Sustainability	Million EUR		
GRI Criteria Compliance	Y/N	Y	Y
Verification Type	Y/N	Y	Y
Number of Sites	Count	8	8
Pct Sites Certified	Percentage	85.71	
Nitrogen Oxide Emissions	Thousand Metric Tonnes	0	0
Sulphur Dioxide Emissions	Thousand Metric Tonnes	0	0
VOC Emissions	Thousand Metric Tonnes	0.02	0.01

Environmental	Unit	2022	2023
Carbon Monoxide Emissions	Thousand Metric Tonnes	0	0
Particulate Emissions	Thousand Metric Tonnes	0	0
Sulphur Oxide Emissions	Thousand Metric Tonnes	0	0
Total Water Use	Thousand Cubic Meters	47.97	44.15
Discharges to Water	Thousand Metric Tonnes	27.86	24.85
Hazardous Waste	Thousand Metric Tonnes	0.57	0.82
Total Waste	Thousand Metric Tonnes	1.83	1.75
Waste Recycled	Thousand Metric Tonnes	0.94	0.79
Paper Consumption	Thousand Metric Tonnes	0.02	0.01
Raw Materials Used	Thousand Metric Tonnes	10.72	10.16
Environmental Fines	Count	0	0
Amount of Environmental Fines	Million EUR	0	0
Waste Reduction Policy (1)	Y/N	Y	Y
Total Water Discharged	Thousand Cubic Meters	27.86	24.85
Water per Unit of Production	Liters/Unit of Production	0.62	0.71
Environmental Accounting Cost	Million EUR		
Biodiversity Policy (1)	Y/N	Y	Y
Waste Sent to Landfills	Thousand Metric Tonnes	0.28	0.32
Technological Water	Thousand Cubic Meters	10.74	11.97
Groundwater Withdrawals	Thousand Cubic Meters	4.94	4.81
Municipal Water	Thousand Cubic Meters	43.04	39.34
Chemical Oxygen Demand of Discharges	Metric Tonnes	0	0
Biological Oxygen Demand of Discharges	Metric Tonnes	0	0
Cooling Water Inflow	Thousand Cubic Meters	10.74	11.97
Water Policy (1)	Y/N	Y	Y
Total Water Withdrawal	Thousand Cubic Meters	47.97	44.15
Water Stress Exposure Percentage	Percentage	0	0
Percentage of Hazardous Waste	Percentage	31.30	46.95
Environmental Incidents	Count	0	0
Hazardous Waste Recycled	Thousand Metric Tonnes	0.24	0.33
Percentage of Hazardous Waste Recycled	Percentage	42.45	39.83
Percentage of Waste Recycled	Percentage	51.32	45.10
Hazardous Waste Management Policy (1)	Y/N	Y	Y
Wastewater Management Policy (1)	Y/N	Y	Y
Amount of Waste Incinerated	Thousand Metric Tonnes	0	0
Waste Used for Energy	Thousand Metric Tonnes	0.04	0.03
Significant Spills	Count	0	0
Significant Environmental Fines	Count	0	0
Amount of Significant Environmental Fines	Million EUR	0	0
Water Consumption	Thousand Cubic Meters	47.97	44.15
Pct Recycled Materials	Percentage	17.69	11.55
Environmental Supply Chain Management (2)	Y/N	Y	Y
Sustainable Packaging	Y/N	Y	Y

<b>Social</b>	<b>Unit</b>	<b>2022</b>	<b>2023</b>
Political Donations	Million EUR	0	0
Business Ethics Policy (1)	Y/N	Y	Y
Anti-Bribery Ethics Policy (1)	Y/N	Y	Y
Intellectual Property Rights Protection Policy (1)	Y/N	Y	Y
Corruption Legal Cases	Count	0	0
Amount of Anti - Competition Fines	Million EUR	0	0
Political Involvement Policy (1)	Y/N	Y	Y
Fines for Anti - Competition	Count	0	0
Anti - Competition Policy (1)	Y/N	Y	Y
Fines For Bribery And Corruption	Count	0	0
Amount Of Fines For Bribery And Corruption	Million EUR	0	0
Percentage of Company Facilities Non-Compliance	Percentage	0	0
Cybersecurity Risk Management	Y/N	Y	Y
Fines for Marketing and Labeling	Count	0	0
Amount of Fines for Marketing and Labeling	Million EUR	0	0
Community Spending	Million EUR	0.16	0.11
Human Rights Policy (1)	Y/N	Y	Y
Quality Assurance and Recall Policy (1)	Y/N	Y	Y
Consumer Data Protection Policy (1)	Y/N	Y	Y
Critical Materials Policy (1)	Y/N	Y	Y
Product Data Security Policy (1)	Y/N	Y	Y
Data Security Risks Discussed	Y/N	Y	Y
Executive with Responsibility for Data Security	Y/N	Y	Y
Human Rights Remediation Process	Y/N	Y	Y
Customer Satisfaction Survey Conducted	Y/N	Y	Y
UN Global Compact Signatory	Y/N	Y	Y
Number of Employees - CSR	Count	1,983	1,860
Employee Turnover	Percentage	41.10	25.50
Share of employees covered by collective agreements	Percentage	85.98	89.03
Pct Women in Management	Percentage	36.44	40.38
Pct Women in Workforce	Percentage	52.50	52.63
Workforce Accidents - Employees	Count	30	46
Lost Time from Accidents	Hours	760	5.632
Fatalities - Contractors	Count	0	0
Fatalities - Employees	Count	0	0
Fatalities - Total	Count	0	0
Health and Safety Policy (1)	Y/N	Y	Y
Equal Opportunity Policy (1)	Y/N	Y	Y
Training Policy (1)	Y/N	Y	Y
Employee Average Age	Years	43	44
Pct Disabled in Workforce	Percentage	2.20	2.20
Lost Time Incident Rate - Employees	Lost Time Incidents/200,000 Hours Worked or 100 Full Time Employees	2.39	2.78
Employee CSR Training	Y/N	Y	Y

<b>Social</b>	<b>Unit</b>	<b>2022</b>	<b>2023</b>
Employee Training Cost	Million EUR	0.52	0.10
Fatalities - Third Party	Count	0	0
Total Recordable Incident Rate - Employees	Recordable Incidents/200,000 Hours Worked or 100 Full Time Employees	2.39	2.78
Employee Protection / Whistle Blower Policy (1)	Y/N	Y	Y
Total Hours Spent by the company on Employee Training	Hours	29,570	47,261
Part-Time Employees	Count	7	5
Temporary Employees	Count	163	164
Workers who are not employees	Count	91	85
Total Accidents - Workers who are not employees	Count	0	0
Lost Time Incident Rate - Workers who are not employees	Lost Time Incidents Contractors/200,000 Hours Worked or 100 Contractors	0	0
Total Recordable Incident Rate - Workers who are not employees	Recordable Incidents Contractors/200,000 Hours Worked or 100 Contractors	0	0
Policy Against Child Labor (1)	Y/N	Y	Y
Employee Voluntary Turnover Percentage	Percentage	22.10	17.10
Employee Involuntary Turnover Percentage	Percentage	14.40	6.40
Pct Women in Middle and or Other Management	Percentage	41.56	44.93
Average Employee Training Hours	Hours	14.93	25.10
Percentage of Workers who are not employees in Total Workforce	Percentage	4.39	4.37
Total Workforce	Count	2,074	1,945
Total Recordable Incident Rate - Workforce	Recordable Incidents/200,000 Hours Worked or 100 Employees & Contractors	1.48	2.53
Lost Time Incident Rate - Workforce	Lost Time Incidents/200,000 Hours Worked or Employees & Contractors	2.39	2.78
Company Diversity Target Indicator	Y/N	Y	Y
Suppliers Audited	Count	609	682
Supplier Audits Conducted	Count	609	682
Social Supply Chain Management (2)	Y/N	Y	Y
Supplier Facilities Audited	Count	5	4
Sustain Sup Guidelines Encomp ESG Area Pub Disclsd	Y/N	Y	Y
Percentage of Suppliers in Non-Compliance	Percentage	0	0
Percentage Suppliers Audited	Percentage	24.39	25.96
Suppliers in Non-Compliance	Count	0	0
Suppliers	Count	2,497	2,627
Critical Suppliers	Count	0	0

<b>Governance</b>	<b>Unit</b>	<b>2022</b>	<b>2023</b>
Auditor Ratification	Y/N	Y	y
Auditor Employed Duration	Years	3	4
Auditor Ratification Number of Votes - FOR	Millions of votes	2.73	2.60
Auditor Ratification Number of Votes - AGAINST	Millions of votes	0	0
Auditor Ratification Support Level	Percentage	100.00	100.00
Supervisory Board Size	Count	7	7
Supervisory Board Independent Members	Count	2	3
Pct of Supervisory Board Independent Members	Percentage	28.57	42.85
Term of Office Duration in the Supervisory Board	Years	4	4
Supervisory Board Meetings for the Year	Count	4	4
Supervisory Board Meeting Attendance Percentage	Percentage	100.00	100.00
Share of Women in the Supervisory Board	Percentage	42.86	42.86
Supervisory Board Average Age	Years	61	62
Supervisory Board Age Limit	Years	N	N
CEO Duality	Y/N	N	N
Audit Committee Meetings	Count	4	4
Classified Management System	Y/N	Y	Y
Unitary or Two Tier Board System	Nominal (1-2)	2	2
Members of the Management Board	Count	4	4
Former Management Board President in the Supervisory Board	Y/N	N	N
Female President or Equivalent	Y/N	N	N
Non-executive members of the Supervisory Board	Count	7	7
Percentage of Non-Executive Members in the Supervisory Board	Percentage	100.00	100.00
Term of Office Duration of the Management Board Members	Years	5	5
Supervisory Board Members Attending Less than 75% of the Meetings	Count	0	0
Women in the Supervisory Board	Count	3	3
Employee Representative in the Supervisory Board	Count	1	1
Age of the Youngest Supervisory Board Member	Years	33	34
Age of the Oldest Supervisory Board Member	Years	71	72
Management Board Members Age Range	Years	49	50
Independent Members Attendance at the Supervisory Board Meetings	Percentage	100.00	100.00
Size of Audit Committee	Count	4	4
Independent Members in the Audit Committee	Count	2	2
Pct of Independent Members in the Audit Committee	Percentage	50.00	50.00
Independent Audit Committee President	Y/N	Y	Y
Supervisory Board Members in the Audit Committee	Count	4	4
Audit Committee Meeting Attendance	Percentage	100.00	100.00
Size of Remuneration Committee	Count	3	3
Independent Members in the Remuneration Committee	Count	1	1
Pct of Independent Members in the Remuneration Committee	Percentage	33.33	33.33
Independent Remuneration Committee President	Y/N	N	N
Supervisory Board Members in the Remuneration Committee	Count	2	2
Remuneration Committee Meetings	Count	2	2

<b>Governance</b>	<b>Unit</b>	<b>2022</b>	<b>2023</b>
Remuneration Committee Meeting Attendance	Percentage	100.00	100.00
Size of Appointment Committee	Count	3	3
Independent Members in the Appointment Committee	Count	1	1
Pct of Independent Members in the Appointment Committee	Percentage	33.33	33.33
Independent Appointment Committee President	Y/N	Y	Y
Supervisory Board Members in the Appointment Committee	Count	2	2
Appointment Committee Meetings	Count	3	1
Appointment Committee Meeting Attendance	Percentage	100.00	100.00
Executive Director with Responsibility for CSR	Y/N	Y	Y
Audit Financial Expert	Y/N	Y	Y
Company conducts Supervisory Board evaluations	Y/N	Y	Y
Management Board Compensation Linked to ESG	Y/N	Y	Y
Say On Pay Provision	Y/N	Y	Y
Frequency of Say on Pay Votes	Years	4	4
Chg of Ctrl Benefits/Golden Parachute Agreements	Y/N	N	N
Say on Pay Number of Votes FOR	Millions of votes	2.57	2.58
Say on Pay Number of Votes AGAINST	Millions of votes	0.06	0.03
Say on Pay Support Level	Percentage	97.41	99.02
Company Has Executive Share Ownership Guidelines	Y/N	N	N
Management Share Ownership Guidelines	Y/N	N	N
Comp Discloses Management Board President or Equivalent Pay Ratio Flg	Y/N	Y	Y
Management Board President Pay Ratio Average Employee Compensation	EUR	23.74	14.08
Management Board President or Equivalent Appointed from Within	Y/N	Y	Y
Female Management Board Member or Equivalent	Y/N	N	N
Women Management Board Members	Count	0	0
Unequal Voting Rights	Y/N	N	N
Unequal Voting Rights Shares Issued	Y/N	N	N
Controlled Company	Y/N	N	N

(1) Policies are available at the following link:

<https://www.adplastik.hr/wp-content/uploads/2019/11/191023-Kodeks-i-politike-EN-web.pdf>

(2) Details are available at the following link:

<https://www.adplastik.hr/en/about-us/purchasing>



# OPINION BY HR BCSD

CROATIAN BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT

This is the 11th Sustainability Report of AD Plastik Group, prepared according to GRI Standards, with reporting elements according to ESRS. The report represents the publication of a sublimated overview of the financial and material topics of the company's sustainability. We confirm that the report complies with the Global Reporting Initiative Standards (GRI) 2021 and that it also meets the requirements of the legislation of the Republic of Croatia, which prescribes the scope, content and deadlines of annual reporting on sustainability.

The automotive industry in Europe has been going through a process of significant investments for research and development towards more sustainable solutions, which is the result of pressure from the manufacturers themselves, as well as regulators. The Management Board's letter indicates AD Plastik Group's focus on research and development of new materials and production techniques that will ensure greater use of secondary materials, as well as bioeconomy-based materials, without impairing product quality, but at the same time contributing to sustainability. At the same time, new materials put less strain on the final product due to their weight, which further reduces the impact on the environment.

AD Plastik has adopted the Code of Business Conduct, policy of diversity and equal opportunities, occupational health and safety, protection of human rights and environmental protection. Ensuring the quality and efficiency of business processes is confirmed by a series of certificates as well as regular customer satisfaction checks. The quality of management is supported also by the fact that during the reporting period there were no cases of non-compliance with laws and regulations and no monetary or other sanctions were imposed. The company described in detail the mode of operation, the composition and competences of the Management Board and the Supervisory Board. The report recognizes and clearly communicates the lack of representation of women in the Management Board. Energy efficiency indicators are included in the criteria for the success of the Management Board's work, which represents a shift towards a reward system that includes the achievement of ESG performance indicators

Among the environmental topics, energy stands out, since sustainable energy is one of the imperatives of sustainable business. AD Plastik reduced the energy intensity in 2023 as a result of improving technological production processes, but there is room for improvement, which is evident in the fact that in 2023 no electricity from renewable sources was used.

There is a noticeable trend of increasing the generation of hazardous waste in the observed period, while the trend for non-hazardous waste has significantly decreased, which is explained in detail in the report, shown by categories of waste and how it is handled. The Management Board also evaluates the efficiency of waste management once a year, and waste disposal plans are drawn up with reduction and recycling procedures.

The taxonomy report is very detailed and includes the minimum protective measures for which the company has assessed that it implements them and is in compliance with them. In terms of revenue, the company has already reported on eligibility based on technical criteria for the *Manufacture of automotive and mobility components*, although these criteria are part of the delegated regulation that shall come into force only next year.

AD Plastik evaluates suppliers based on the Sustainable Supplier Management Policy, and in 2023, 682 suppliers at the Group level were evaluated, which is 90 percent of the total purchasing value, in order to reduce the company's potential negative impacts on society and the environment, as well as on customer satisfaction.

The Management Board of AD Plastik recognized employee satisfaction as the main factor in the success and productivity of the company, and the activities, practices and policies of balancing business and family life stand out. The company has reported that in the reporting period there was not a single case of reports of discrimination or violation of human rights. Considering the size of the company, efforts should be made to promote open communication, so that complaint reporting systems are actually accepted and used. An exhaustive presentation of cooperation and impact on the community, with a description of the activities, is well covered in the report and gives a picture of a company that cares about the community in which it operates, with donations, sponsorships and financial assistance during the observed period.

Overall, the report is informative and plentiful with material indicators in all three observed areas - economic, environmental and social. Considering the amount and structure of data that give a clear picture of the effects in the area of sustainability and plans for future goals, it can be an exemplary example of quality reporting on sustainability.



***“We do not inherit the earth from our ancestors;  
we borrow it from our children”***

**Native American proverb**



The Supervisory Board has not yet considered and adopted the financial statements, but shall decide on that at the meeting scheduled in May 2024.

# ANNUAL FINANCIAL STATEMENT

# AD PLASTIK D.D., SOLIN AND ITS SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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## RESPONSIBILITY OF THE MANAGEMENT BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the Accounting Act of the Republic of Croatia, the Management Board is responsible for ensuring that consolidated financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (“the IFRSs”), as adopted in the European Union, which give a true and fair view of the financial position and results of operations of AD Plastik d.d., Solin and its subsidiaries (“the Group”) for that period. After making enquiries, the Management Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the Management Board is responsible for:

- selecting and then consistently applying suitable accounting policies;
- making reasonable and prudent judgements and estimates;
- following applicable accounting standards and disclosing and explaining any material departure in the consolidated financial statements;
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

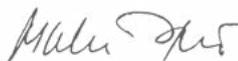
The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Group and its’ compliance with the Croatian Accounting Act. The above stated responsibility includes the responsibility for accuracy of the Management Report, which is an integral part of consolidated financial statements and submission of financial statements in unique XBRL electronic reporting format (ESEF) prescribed by regulatory technical standards developed by ESMA (European Securities and Markets Authority) and adopted by the European Commission. The Management Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of embezzlement and other irregularities.

Signed on behalf of the Management Board  
For AD Plastik d.d., Solin by:

**Marinko Došen**  
President of the Management Board



**Mladen Peroš**  
Member of Management Board



**Zlatko Bogadi**  
Member of Management Board



**Josip Divić**  
Member of Management Board



**AD Plastik d.d.**  
Matoševa 8, 21210 Solin  
Republic of Croatia

24 April 2024



## Independent Auditors' Report to the shareholders of AD Plastik d.d.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of AD Plastik d.d. ("the Company") and its subsidiaries (together referred to as "the Group"), which comprise the consolidated statement of financial position of the Group as at 31 December 2023, and its consolidated statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information (further referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. (continued)

### Report on the Audit of the Financial Statements (continued)

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### REVENUE RECOGNITION

Revenue in 2023: EUR 123,832 thousand (2022: EUR 108,186 thousand). As at 31 December 2023, trade receivables: EUR 21,534 thousand; accrued revenue: EUR 403 thousand (31 December 2022: trade receivables: EUR 14,974 thousand; accrued revenue: EUR 954 thousand).

Please refer to the Note 2.4 Revenue recognition of Significant accounting policies and Note 4 Segment information in the financial statements.

#### Key audit matter

Revenue is an important metric used to evaluate the financial performance of the Group. In the year ended 31 December 2023, its principal revenue streams included sales of car parts and of customized tools developed by the Group. As discussed in Note 2.4, revenue is recognized when control over the goods is transferred to the customer.

Application of the revenue recognition principles of the relevant financial reporting standard, IFRS 15 *Revenue from Contracts with Customers* ("the Standard"), is complex and requires making significant assumptions and judgment. In the Group's case, particular complexity is associated with the following aspects:

- Determination of whether a customer contract exists requires the Group to assess whether one document or a combination of documents, including general terms of business, nomination letter, agreement with customer and purchase orders, create enforceable rights and obligations of the parties to the arrangement.
- Goods with different revenue recognition patterns, such as spare parts and tooling, may be sold as part of one contract or several contracts accounted for as one arrangement. The Group applies significant judgment in identifying contracts which require to be combined and accounted for as one arrangement, and in identifying performance obligations therein.

#### How our audit addressed the matter

Our audit procedures in this area included among others:

- Assessing the accounting policy for recognition of revenue and its compliance with the requirements of the Standard;
- Updating our understanding of the Group's revenue recognition process, and testing the design and implementation of selected internal controls within. This also included testing selected general IT controls supporting revenue-related IT application controls;
- For a sample of sales transactions in the current year, inspecting underlying contractual provisions and making inquiries of relevant sales and finance personnel, in order to challenge:
  - The existence of a customer contract, by reference to the relevant criteria of the Standard, including, among other things, those relating to the parties' commitment to their obligations and probability of collecting the consideration due;
  - Identification of the contracts which require to be accounted for on a combined basis and of performance obligations within those contracts, by among other things, assessment of whether the goods and services in the arrangements are distinct and also whether any subsequent changes to the contract price arising from the learning curve result in the reduced price representing the parts' stand-alone selling price;
  - Inspecting underlying contracts with customers for tooling sales transactions to identify any lease component embedded within those contracts, mainly by evaluating ownership rights, the party directing the use of the tool and whether there is a separate performance obligation in relation to the sale of car parts.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*

### Report on the Audit of the Financial Statements *(continued)*

#### REVENUE RECOGNITION *(continued)*

##### Key audit matter *(continued)*

- Many contracts with customers entitle customers to price reductions after a certain period of purchase orders (as a result of expected reduction in the Group's costs along its learning curve). Judgement is required to determine whether such 'efficiency savings' provide customers with material rights to be accounted for as separate performance obligations.
- Tooling arrangements are typically contracts or framework agreements between the Group and its customers for the sale of tools to be used in the production of customized parts for a given customer. Since such tooling arrangements may vary with respect to transfer of development activities and ownership, careful assessment to determine whether, among other things, an arrangement is a sale, a lease or development of its own equipment, whether it contains a lease and whether it is a separate performance obligation from the sale of car parts.

In the wake of the above factors, we considered revenue recognition to be associated with a significant risk of material misstatement in the consolidated financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.

##### How our audit addressed the matter *(continued)*

- For a sample of sales transactions selected as part of the preceding procedure, challenging the timing of the transfer of control, the resulting pattern of revenue recognition and revenue amounts, by reference to sales invoices, inventory and shipping documents, customer acceptance forms and other documents as appropriate;
- For a sample of customers, obtaining confirmations of the amounts receivable outstanding as at the reporting date, and evaluating any differences between the amounts confirmed and the Group's records by inspecting the underlying documentation such as contracts, invoices, shipping documents, customer acceptance forms and payments made by customers;
- Inspecting journal entries posted to revenue accounts focusing on unusual and irregular items;
- Examining whether the Group's revenue recognition-related disclosures in the financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*

### Report on the Audit of the Financial Statements *(continued)*

#### *Other Information*

Management is responsible for the other information. The other information comprises the Management Report and Corporate Governance Statement included in the Annual Report of the Group, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether:

- the Management Report has been prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act,
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and procedures above, in our opinion:

- the information given in the Management Report and Corporate Governance Statement for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared, in all material respects, in accordance with the requirements of Articles 21 and 24 of the Accounting Act, respectively;
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement. We have nothing to report in this respect.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*

### Report on the Audit of the Financial Statements *(continued)*

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*

### Report on the Audit of the Financial Statements *(continued)*

#### *Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

We were appointed by those charged with governance on 20 July 2023 to audit the consolidated financial statements of AD Plastik d.d. for the year ended 31 December 2023. Our total uninterrupted period of engagement is four years, covering the years ended from 31 December 2020 to 31 December 2023.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 24 April 2024;
- we have not provided any prohibited non-audit services (NASs) referred to in Article 44 of the Audit Act. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is Domagoj Hrkać.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*

### Report on Compliance with the ESEF Regulation

In accordance with the requirements of Article 462 paragraph 5 of Capital Market Act, we are required to express an opinion on compliance of the consolidated financial statements of the Group as at and for the year ended 31 December 2023, as included in the attached electronic file adplastik-grupa-2023-12-31-en.zip, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

#### ***Responsibilities of Management and Those Charged with Governance***

Management is responsible for the preparation of the consolidated financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the consolidated financial statements in the applicable xHTML format and their publication;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the Group's ESEF reporting, as a part of the financial reporting process.

#### ***Auditors' Responsibilities***

Our responsibility is to express an opinion on whether the consolidated financial statements comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Reasonable assurance is a high degree of assurance. However, it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with the RTS on ESEF.

In respect of the subject matter, we have performed the following procedures:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the consolidated financial statements of the Group presented in human-readable format;
- evaluating the completeness of the Group's tagging of the consolidated financial statements;
- evaluating the appropriateness of the use of iXBRL elements selected from the ESEF taxonomy used and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*

### Report on Compliance with the ESEF Regulation *(continued)*

#### *Opinion*

In our opinion, based on the procedures performed and evidence obtained, the consolidated financial statements of the Group as at and for the year ended 31 December 2023 presented in ESEF format and contained in the aforementioned attached electronic file, have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Our opinion does not represent an opinion on the true and fair view of the financial statements as this is included in our Report on the Audit of the Financial Statements. Furthermore, we do not express any assurance with respect to other information included in documents in the ESEF format.

**KPMG Croatia d.o.o. za reviziju**  
Croatian Certified Auditors  
Eurotower, 17th floor  
Ivana Lučića 2a  
10000 Zagreb  
Croatia

**24 April 2024**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are expressed in thousands of euros)

	Notes	2023	2022
Sales	4	123,832	108,186
Other income	5	5,476	1,935
<b>Total income</b>		<b>129,308</b>	<b>110,121</b>
Increase/(decrease)in the value of work in progress and finished products	23	(227)	440
Cost of raw material and supplies	6	(66,677)	(64,108)
Cost of goods sold	7	(7,223)	(2,734)
Service costs	8	(12,122)	(11,620)
Staff costs	9	(31,980)	(30,334)
Depreciation and amortisation	10	(10,273)	(12,207)
Other operating expenses	11	(3,767)	(6,868)
Provisions for risks and charges, (net)	12	136	(145)
Impairment of trade receivables, (net)		(238)	(397)
<b>Total operating expenses</b>		<b>(132,371)</b>	<b>(127,973)</b>
<b>(Loss)/Profit from operations</b>		<b>(3,063)</b>	<b>(17,852)</b>
Finance income	13	199	1,991
Finance costs	14	(2,349)	(498)
<b>Profit/(Loss) from financing activities</b>		<b>(2,150)</b>	<b>1,493</b>
Share in the profit of associates	22	4,359	5,540
<b>(Loss)/Profit before taxation</b>		<b>(854)</b>	<b>(10,819)</b>
Income tax expense	15	(419)	1,087
<b>(Loss)/Profit for the year</b>		<b>(1,273)</b>	<b>(9,731)</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(All amounts are expressed in thousands of euros)

<b>Items that may be reclassified subsequently to profit or loss:</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Exchange differences on translation of a foreign operation, items for reclassification in P&L	16	(1,476)	1,037
Accruals of foreign exchange differences from the current year, net of tax	16	(2,743)	1,003
<b>Other comprehensive income for the year, net of income tax</b>		<b>(4,219)</b>	<b>2,040</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(5,492)</b>	<b>(7,692)</b>
<b>Loss/Profit attributable to:</b>			
Equity holders of the Company		(1,273)	(9,731)
Non-controlling interests		-	-
<b>Total comprehensive loss/income attributable to:</b>			
Equity holders of the Company		(5,492)	(7,692)
Non-controlling interests		-	-
Basic and diluted (loss)/earnings per share (in euros and cents)	17	(0.31)	(2.34)

The accompanying policies and notes form an integral part of these of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

(All amounts are expressed in thousands of euros)

ASSETS	Note	31.12.2023	31.12.2022
<b>Non-current assets</b>			
Intangible assets	18	9,572	8,626
Goodwill	36	2,391	2,391
Property, plant and equipment	19	91,507	96,553
Right-of-use assets	20	2,483	2,241
Investment property	21	3,256	2,961
Investments in associates	22	11,872	12,473
Deferred tax assets		3,036	2,321
<b>Total non-current assets</b>		<b>124,117</b>	<b>127,566</b>
<b>Current assets</b>			
Inventories	23	32,288	29,246
Trade receivables	24	21,534	14,974
Other receivables	25	6,092	4,102
Cash and cash equivalents	26	4,042	4,048
Prepaid expenses		660	460
Accrued income		403	954
<b>Total current assets</b>		<b>65,019</b>	<b>53,784</b>
<b>TOTAL ASSETS</b>		<b>189,136</b>	<b>181,350</b>

The accompanying policies and notes form an integral part of these of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023 (CONTINUED)

(All amounts are expressed in thousands of euros)

	Note	31.12.2023	31.12.2022
<b>Capital and reserves</b>			
Share capital	27	54,595	55,738
Capital and other reserves		25,201	28,829
Retained earnings		18,668	19,231
<b>Total shareholders' equity</b>		<b>98,464</b>	<b>103,798</b>
Long-term provisions	28	461	474
Long-term borrowings	29	30,566	23,857
Deferred revenue	30	37	75
Lease liabilities	31	1,581	1,290
Deffered tax liability		856	377
<b>Total non-current liabilities</b>		<b>33,501</b>	<b>26,073</b>
Advances received	32	10,339	10,508
Trade payables	33	20,977	17,453
Short-term borrowings	34	19,359	17,992
Other current liabilities	35	4,570	3,305
Lease liabilities	31	936	1,002
Short-term provisions	28	990	1,219
<b>Total current liabilities</b>		<b>57,171</b>	<b>51,479</b>
<b>Total liabilities</b>		<b>90,672</b>	<b>77,552</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>189,136</b>	<b>181,350</b>

The accompanying policies and notes form an integral part of these of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

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(All amounts are expressed in thousands of euros)

	Share capital	Capital reserves	Legal, statutory and general reserves	Reserves from accruals of foreign exchange differences	Reserves for own shares	Own shares	Retained earnings	Exchange differences on translation of a foreign operation	Total equity attributable to the equity holders of the parent	Non-controlling interests	Total
<b>Balance at 31 December 2022</b>	55,738	25,456	7,783	(1,103)	2,772	(921)	19,231	(5,159)	103,798	-	103,798
Loss for the year	-	-	-	-	-	-	(1,273)	-	(1,273)	-	(1,273)
Other comprehensive income for the year	-	-	-	(2,743)	-	-	(8)	(1,469)	(4,219)	-	(4,219)
<b>Total comprehensive income for the year</b>	-	-	-	(2,743)	-	-	(1,281)	(1,469)	(5,491)	-	(5,492)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Disposal of own (treasury) shares	-	(20)	-	-	-	50	-	-	30	-	30
<b>Transactions with owners recognized directly in equity</b>	-	(20)	-	-	-	50	-	-	30	-	30
Realization of recognised exchange differences	-	-	-	51	-	-	(51)	1	1	-	1
Coverage Of the previous year's loss	-	(642)	-	-	-	-	642	-	-	-	-
Correction of the Share capital due to EUR conversion	(1,143)	1,143	-	-	-	-	-	-	-	-	-
Abolition of the dividend obligation in ADP Tisza	-	-	-	-	-	-	125	-	125	-	125
<b>Balance at 31 December 2023</b>	54,595	25,938	7,783	(3,795)	2,772	(871)	18,668	(6,627)	98,464	-	98,464

The accompanying policies and notes form an integral part of these financial statements

CONSOLIDATED FINANCIAL STATEMENTS OF AD PLASTIK GROUP

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(All amounts are expressed in thousands of euros)

	Share capital	Capital reserves	Legal, statutory and general reserves	Reserves from accruals of foreign exchange differences	Reserves for own shares	Own shares	Retained earnings	Exchange differences on translation of a foreign operation	Total equity attributable to the equity holders of the parent	Non-controlling interests	Total
Balance at 31 December 2021	55,738	25,574	9,953	(2,105)	2,772	(1,141)	26,792	(6,196)	111,387	-	111,387
Loss for the year	-	-	-	-	-	-	(9,731)	-	(9,731)	-	(9,731)
Other comprehensive income for the year	-	-	-	1,002	-	-	-	1,037	2,040	-	2,040
<b>Total comprehensive income for the year</b>	-	-	-	<b>1,002</b>	-	-	<b>(9,731)</b>	<b>1,037</b>	<b>(7,692)</b>	-	<b>(7,692)</b>
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Disposal of own (treasury) shares	-	(118)	-	-	-	220	-	-	102	-	102
<b>Transactions with owners recognized directly in equity</b>	-	<b>(118)</b>	-	-	-	<b>220</b>	-	-	<b>102</b>	-	<b>102</b>
Reversal of reserves for not written off costs of development	-	-	(2,170)	-	-	-	2,170	-	-	-	-
Balance at 31 December 2022	55,738	25,456	7,783	(1,103)	2,772	(921)	19,231	(5,159)	103,798	-	103,798

The accompanying policies and notes form an integral part of these financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are expressed in thousands of euros)

<b>Cash flows from operating activities</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>(Loss)/Profit for the year</b>		<b>(1,273)</b>	<b>(9,731)</b>
Adjusted for:			
Income tax	15	419	(1,087)
Depreciation and amortisation	10	10,273	12,207
Tangible assets write-off	19	146	28
Intangible assets write-off	18	45	-
Impairment of capitalised development cost	18	-	2,441
Impairment of tangible assets	19	-	251
Impairment of Goodwill	37	-	1,095
Interest expense and exchange rates recognised in profit or loss		795	774
Share in profit of associates	22	(4,359)	(5,540)
Gain from sale of property, plant and equipment and intangible assets	5	(2,819)	(137)
Interest income	13	(199)	(158)
Decrease in long-term and short-term provisions, (net)		(159)	(600)
Value adjustment of investment in property	5	(329)	-
Loss allowance for trade receivables, (net)		205	(397)
Write down and write off of inventories	6	2,658	2,481
<b>Profit from operations before working capital changes</b>		<b>5,403</b>	<b>1,627</b>
Increase in inventories	23	(6,397)	(6,055)
(Increase)/decrease in trade receivables		(6,299)	16,502
Increase in other receivables	25	(1,990)	(750)
Increase in trade payables		3,311	418
(Decrease)/increase of advances received	33	(169)	5,389
Increase/(decrease) in other current liabilities		823	(889)
(Increase)/decrease of accrued income and prepaid expenses	27	351	(414)
Interest paid		(827)	(558)
Income tax paid		(33)	(88)
<b>Cash flows from operating activities</b>		<b>(5,827)</b>	<b>15,182</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(All amounts are expressed in thousands of euros)

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Interest received		179	156
Purchase of property, plant and equipment		(5,437)	(4,266)
Purchase of intangible assets	18	(3,423)	(2,653)
Proceeds from sale of property, plant and equipment and intangible assets		3,380	264
Dividends received		4,341	2,030
<b>Cash (used) investing activities</b>		<b>(960)</b>	<b>(4,469)</b>

<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Proceeds from borrowings	35	35,308	7,695
Repayment of borrowings	35	(28,175)	(17,262)
Repayment of lease liabilities	32	(1,150)	(1,162)
<b>Cash (used) in /from financing activities</b>		<b>5,983</b>	<b>(10,729)</b>
Unrealised exchange rate differences in respect of cash and cash equivalents		5	62
Increase/(decrease) in cash and cash equivalents, net		(799)	46
<b>Cash and cash equivalents at the beginning of the year</b>	<b>26</b>	<b>4,048</b>	<b>4,002</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>26</b>	<b>3,249</b>	<b>4,048</b>

The accompanying policies and notes form an integral part of these financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 1. NEW STANDARDS AND AMANDMENTS TO EXISTING NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Set out below are the principal accounting policies consistently applied in the preparation of the financial statements for the current and prior year.

#### 2.1 STATEMENT OF COMPLIANCE

The separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

#### 2.2 BASIS OF PREPARATION

The Group maintains its accounting records in the Croatian language, in euro and in accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia.

The preparation of the consolidated financial statements requires from the Management Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts

of revenues and expenses during the reporting period. These estimates are based on the information available as at the date of preparation of the financial statements, and actual results could differ from those estimates.

The consolidated financial statements of the Group represent aggregate amounts of assets, liabilities, capital and reserves of the Group as of 31 December 2023, and the results of operations for the year that ended. Financial statements are presented in euro ("EUR"), which is the Group's functional currency. Since the Republic of Croatia introduced the euro as the official currency on January 1, 2023, in accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the Group changed the presentation currency for the purposes of preparing financial statements for the year ended December 31, 2023, from kuna to euro, and the financial statements for the year ended December 31, 2023 were prepared for the first time in euro, rounded to the nearest thousand. From January 1, 2023, the euro is also the functional currency of the Group (until January 1, 2023, it was HRK). In this regard, the exchange rate of HRK 7.53450 to the euro was used for the conversion of comparative data.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 BASIS OF PREPARATION (CONTINUED)

Although the change in the presentation currency in the financial statements represents a change in accounting policy that requires retroactive application, the Group did not present the third balance sheet in the financial statements for the year ended December 31, 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policies, Changes in Accounting Estimates and Errors, given that it has determined that the change in the presentation currency has no significant impact on the Group's financial statements, due to the stable HRK/EUR exchange rate over the past few years.

#### Comparative information and reclassifications

Where necessary, comparative data has been reclassified to achieve consistency in presentation of data with current financial year data and other data.

The Group has reclassified the write-off of obsolete stock inventory and value adjustment of inventory in amount of EUR 2,481 thousand from "Other operating expenses" to the category "Cost of raw materials and supplies". In addition, Income from reversal of provisions in amount of EUR 65 thousand was reclassified from "Other income" to "Provisions for risks and charges".

The category "Prepaid expenses and accrued income is separated into two lines.

### 2.3 BASIS OF CONSOLIDATION

Accompanying consolidated financial statements comprise of the Company's financial statements and the entities under its control. The control principle sets out the following three elements of control:

- power over the investee;
- exposure, or rights, to variable returns from involvement with the investee; and
- the ability to use power over the investee to affect the amount of those returns.

The Company re-evaluates the existence of its control when the facts and circumstances indicate that one or more of the above-mentioned control elements have occurred.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

AD Plastik Group in the reporting period consists of companies:

- AD Plastik d.d., Croatia
- AO AD Plastik Togliatti, Russian Federation
- ZAO AD Plastik Kaluga, Russian Federation
- AD Plastik Tisza Kft. Hungary
- ADP d.o.o., Serbia
- AD Plastik d.o.o., Slovenia

### 2.4 REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer.

The contract exists only if it is legally enforceable and meets all of the following criteria:

- the contract is approved, and the parties are committed to their obligations,
- the rights to goods and services and payment terms can be identified,
- the contract has commercial substance, and
- collection of consideration is probable.

The definition of contract as stated above is by combining the clauses of following documentation: the Buyer's General Terms and conditions, the Nomination letter, the Purchase agreement and Purchase order.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 REVENUE RECOGNITION (CONTINUED)

The Group has contracts with Buyers (OEM) as Tier 1, with Buyer's suppliers as Tier 2, with subsidiaries and associates. The contracts exist for sales of following goods and services:

- Product sale,
- Tooling sale,
- R&D activities
- Royalty services,
- Technical support services

Contracts do not commit the customer to a specified quantity of products; however, the Group is generally required to fulfil its customer's purchasing requirements for the production life of the vehicle. Contracts do not typically become a performance obligation until the Group receives either a purchase order for a specific number of parts at a specified price. The long-term agreements with customers for specific product may range from five to seven years, contracts may be terminated by customers at any time, while occurred very rarely.

The Group's customers pay for products received in accordance with payment terms that are customary in the industry, typically 60 to 120 days. The Group's contracts with its customers do not have significant financing components.

Tooling and product sales may be contracted in separate agreements, or concluded at different points in time, or may be contracted in one agreement. In either case, any binding obligation for the customer with respect to parts is created only upon issuance of purchase orders. Revenue from tooling sale and product sale is recognised at point in time when the control is passed on the buyer.

The Group has determined that royalty and technical support services, tooling and the delivery of product parts are separate and distinct for the customer and therefore constitute separate performance obligations under IFRS 15, when the ownership is transferred.

The prices agreed in the contracts for the single performance obligations are considered to be the stand-alone.

#### Revenue from sale of products

Product sales are recognized when the products are delivered to, and accepted by the customer and when the control of a product is transferred to the customer. Sales to customers with whom self-invoicing has been arranged are recognised upon receiving from such a customer the confirmation of delivery, i.e. when control is transferred to the customer. Each delivery is considered as performance obligation that is satisfied at point in time. Some of the Group's contracts include variable consideration which take a form of year-to-year price reductions („productivity“), but Group has concluded that those discounts do not give rise to a material right as those decreases are consistent with the pricing pattern in the automotive industry which takes into consideration learning curve effect.

Some contracts with customers include warranty clauses for repair of faulty goods during a specified long-term period and cover only a product's compliance with agreed specifications. Such warranties granted by the Group are in most cases assurance type warranties recognised in accordance with IAS 37 when the control of product transfers to customers.

#### Revenue from the manufacture of tools

Revenues from tools are matched with contracts that are specifically concluded for developing an asset, or a group of assets, closely linked and interdependent on the design, technology and function or their final use or application. The Group estimates that the transfer of control of tools, gauges and other devices is met at the time of „SOP“ (Start Of Production), i.e. start of the mass production on them. At that point the Group recognizes revenue from the sale of tools. Costs of modification, completion and similar tool costs are recognised by the Group as an increase in inventory value.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 REVENUE RECOGNITION (CONTINUED)

#### Revenue from royalty and technical services

The Group generates revenues from royalty fees by concluding contracts with affiliates to whom it sells the right to use intellectual property calculated on the amount of products produced by these companies, and for which products the Group has carried out development activities.

The Group generates revenues from technical services on the basis of contracts it has with affiliated companies to which it provides technical consulting services for the needs of development and industrialization.

Revenue from royalty is recognised over time based on the generated sales of customers while revenue for technical support and consultancy services is recognised at point in time when the service is rendered.

### 2.5 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs that cannot be directly attributable to acquisition, construction or production of qualifying asset, are capitalised applying a capitalisation rate. Capitalisation rate is weighted average of borrowing costs applicable to the general borrowings, excluding borrowing costs that are directly attributable for acquisition of qualifying asset, until substantially all the activities necessary to prepare that asset for its intended use or sale are completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.6 FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Functional currency for Group is Euro. Functional currencies for companies included in Group are as follows:

- AD Plastik d.d., Croatia .....Euro
- AO AD Plastik Togliatti, Russian Federation .. Russ. rouble
- ZAO AD Plastik Kaluga, Russian Federation .. Russ. rouble
- AD Plastik Tisza Kft. Hungary.....Hungarian forint
- ADP d.o.o., Serbia .....Serbian dinar
- AD Plastik d.o.o., Slovenia .....Euro

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.7 FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group may have a monetary item as an amount receivable from, or payable to a foreign entity. An item neither planned to be settled nor likely to arise in the foreseeable future is essentially part of the entity's net investment in a foreign operation and accounted for in accordance with IAS 21. The Group recognizes foreign exchange differences arising from monetary items that are part of the net foreign investment initially in other comprehensive income and accumulates them under a separate component of equity – Reserves from accruals of foreign exchange differences.

On disposal of a net investment in a foreign operation, the entire balance of exchange differences is transferred from equity to profit or loss.

### 2.8 INCOME TAX

#### Current tax

Income tax expense is based on taxable profit for the year and represents the sum of the tax currently payable and deferred tax. Income tax is recognised in the statement of comprehensive income, except where it relates to items recognised directly in equity, in which case it is also recognised in equity. Current tax represents tax expected to be paid on the basis of taxable profit for the year, using the tax rates enacted at the date of the statement of financial position, adjusted by appropriate prior-period tax liabilities. According to the Croatian tax laws. Groups subsidiaries are not taxable at the consolidation level nor can tax losses be transferred among the group members. Subsidiaries are subject to the tax laws of their countries of registration.

#### Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rate expected to apply to taxable profit in the period in which the liability is expected to be settled or the asset realised, based on the tax rates in effect at the date of the statement of financial position.

The measurement of deferred tax liabilities and assets reflects the amount that the Group expects, at the date of the statement of financial position, to recover or settle the carrying amounts of its assets and liabilities.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.8 INCOME TAX (CONTINUED)

Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position as non-current assets and/or non-current liabilities. Deferred tax assets are recognised only to the extent that it is probable that the related tax benefit will be realised. At each date of the statement of financial position, the Group reviews the unrecognised potential tax assets and the carrying amount of the recognised tax assets.

### 2.9 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment as well as intangible assets are recognised at purchase cost and subsequently reduced by accumulated depreciation/amortisation. Intangible asset represents capitalized development costs of all Group's projects. Intangible assets – Projects are depreciated according to its useful life which varies from 3 to 7 years. The purchase cost comprises the purchase price, import duties and non-refundable sales taxes (for property, plant and equipment) and any

directly attributable costs of bringing an asset to its working condition and location for its intended use, such as employee remuneration, professional fees directly arising from putting an asset into its working condition, test costs (for intangible assets), as well as all other costs directly attributable to bringing an asset to a condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Where it is obvious that expenses incurred resulted in an increase of expected future economic benefits to be derived from the use of an item of property, plant and equipment or intangible assets in excess of the originally assessed standard performance of the asset, they are added to the carrying amount of the asset. Gains or losses on the retirement or disposal of property, plant and equipment or intangible assets are included in the statement of comprehensive income in the period in which they occur. Depreciation commences on putting an asset into use. Depreciation is provided so as to write down the cost or revalued amount of an asset other than land, property, plant and equipment and intangible assets under development over the estimated useful life of the asset using the straight-line method as follows:

<b>PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS</b>	<b>Depreciation rates in 2023 (%)</b>	<b>Depreciation rates in 2022 (%)</b>
Buildings	1.50	1.50
Machinery	7.00 - 10.00	7.00 - 10.00
Tools, furniture, office and laboratory equipment, measuring and control instruments	7.00 – 50.00	7.00 – 50.00
Vehicles	20.00	20.00
IT equipment	10.00 - 20.00	10.00 - 20.00
Others	10.00	10.00
Intangible assets - Projects	14.29 – 33.33	14.29 – 33.33
Software	20.00 – 50.00	20.00 – 50.00

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.9 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

Intangible assets based on contracts with customers occurred during the allocation of the purchase price by the acquisition of AD Tisza in Hungary, and these intangible assets are amortized at rates ranging from 16.67% to 25.00%.

### 2.10 GOODWILL

Goodwill represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of a business at the acquisition date. Goodwill generated by acquisition of a subsidiary is presented as an intangible asset.

Goodwill is tested for impairment annually or more often if the events and circumstances that indicate potential impairment occur. Goodwill is measured as cost of acquisition less accumulated losses due to impairment. Impairment losses on goodwill are not reversed. Gains and losses from the sale of a business include the net book value of goodwill, which relates to the sold business.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

### 2.11 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

At each reporting date the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is an indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of

allocation can be identified, the Group's assets are also allocated to individual cash-generating units or, if this is not possible, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

### 2.12 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence but no control over the entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

The results of operations of associates are incorporated in these financial statements using the equity method of accounting. Under this method, the Group's share in the profit or loss of associates is recognised in profit and loss from the date of acquisition of significant influence until the date on which significant influence is lost.

Investments are recognised initially at cost and are subsequently adjusted by the changes in the acquirer's share of the net profit of the investee. Where the Group's share of losses in an associate is equal to or higher than the equity investment in the associate, no further losses are recognised, except where the Group has assumed an obligation or committed to make a payment on behalf of the associate.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.13 INVENTORIES

Inventories of raw material and spare parts are stated at the lower of cost and net realisable value, whichever is lower. Cost is determined using the weighted-average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less all variable selling costs.

Small inventory is written off when put in use.

The cost of product inventories i.e. the production price is based on direct material used, the cost of which is determined using the weighted average cost method, then direct labour costs and fixed overheads at the actual level of production which approximates the normal capacities, as well as variable overheads that are based on the actual use of the production capacities.

Merchandise on stock is recognised at purchase cost.

### 2.14 OTHER TRADE RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments represent receivables and prepayments that are not included in financial instruments, and they are carried at nominal amounts less an appropriate allowance for impairment for estimated irrecoverable amounts.

Impairment is recognised whenever there is objective evidence that the Group will not be able to collect all amounts due according to the originally agreed terms. Significant financial difficulties of the debtor, the probability of bankruptcy proceedings at the debtor, or default or delinquency in payment are considered objective evidence of impairment. The amount of the impairment loss is determined as the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Management determines the level of impairment allowance for doubtful receivables. The allowance for amounts doubtful of collection is charged to the statement of comprehensive income for the year.

### 2.15 CASH AND CASH EQUIVALENTS

Cash comprises account balances with banks, cash in hand, deposits and securities at call or with maturities of less than three months.

### 2.16 PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each date of the statement of financial position and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the reversal of such discounting in each year is recognised as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.17 TERMINATION, LONG-SERVICE AND OTHER EMPLOYEE BENEFITS

#### (a) Pension-related obligations and post-employment benefits

In the normal course of business, the Group makes payments, through salary deductions, to mandatory pension funds on behalf of its employees, as required by law. The contributions paid to the mandatory pension funds are recognised as salary expense when accrued. The Group does not have any other retirement benefit plan and, consequently, has no other obligations in respect of the retirement benefits for its employees. In addition, the Group is not obliged to provide any other post-employment benefits.

#### (b) Long-term employee benefits

Long-term employee benefits represent jubilee awards and post employment benefit obligations. Post employment benefit obligations falling due more than 12 months after the reporting date are discounted to their present value. Jubilee awards are paid in intervals according to time that employee was working for company.



### 2.18 FINANCIAL INSTRUMENTS

#### Financial assets

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Trade receivables are held in the business model of holding for the purpose of collection.

#### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, relevant for the purpose of classifying financial assets at amortised cost, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for

other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing the main criterion, i.e. whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The structure of the Group's financial assets is simple and primarily relates to trade receivables without a significant financial component, loans given and short-term deposits in banks at fixed interest rates, while forward contracts are of insignificant amount.

#### Subsequent measurement and gains and losses

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial liabilities

Debt securities are initially recognised when they are originated. All other financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue, if this is an instrument which is not stated at fair value through profit or loss.

Financial liabilities are classified as measured at amortised cost. A financial liability is classified as as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### Impairment of non-derivative financial assets

The Group recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if early warning indicators have been activated in accordance with the Group's policy or contractual terms of the instrument.

The Group considers a financial asset to be fully or partially in default if:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 360 days past due based on historical experience of average market participant.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.18 FINANCIAL INSTRUMENTS (CONTINUED)

#### Expected credit losses measurement

In accordance with IFRS 9, assets that are carried at amortised cost must have attributed expected credit losses (ECL)- the formula for calculating the annual ECL is the following:

Probability of default (PD) x Loss given default (LGD) x Exposure at default (EAD)

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability, and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

#### Impairment of financial assets

Financial assets are assessed for indications of impairment at each date of the statement of financial position. A financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the expected credit losses.

Impairment loss on a financial asset is recognised by reducing the carrying amount of the asset through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

#### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset have expired, when the asset is transferred and when substantially all the risks and rewards of ownership of the asset are passed onto another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the underlying contractual arrangement.

#### Interest income

Interest income is recognised on a pro rata temporis basis, using the effective interest method. Interest earned on balances with commercial banks (demand and term deposits) is credited to income for the period as it accrues. Interest on trade receivables is recognised as income when accrued.

### 2.19 CONTINGENCIES

Contingent liabilities have not been recognised in these consolidated financial statements. They are disclosed if the possibility of outflow of resources embodying economic benefits is possible. A contingent asset is not recognised in financial statements, but it is disclosed when the inflow of economic benefits becomes probable.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.20 EVENTS SUBSEQUENT TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Events after the date of the statement of financial position that provide additional information about the Group's position at that date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

### 2.21 SEGMENT REPORTING

In the consolidated financial statements, the Group discloses sales revenues grouped by country. When assessing business performance and making decisions on the allocation of resources in accordance with IFRS 8, the Group's Management Board uses the division into two business segments: the EU and Serbia and Russia. In the consolidated financial statements, the Group's operating results, assets and liabilities are presented for above mentioned business segments. The division into segments is based on the Group's presence in the different markets.

Transactions between segments relate to sales of materials, revenues from engineering services and royalty revenues.

### 2.22 LEASES

At inception of a contract, Group assesses whether a contract is, or contains lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Group uses the definition of a lease in IFRS 16.

Leases are recognised by the present value of the lease payments and showed either as right-of-use assets or together with property, plant and equipment. Group also recognises a financial liability representing its obligation to make future lease payments. Lessees are recognised separately interest

expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to re-measure lease liability due to certain events (e.g. a change in lease term, a change in future lease payments, resulting from a change in an index or discounting rate). The standard includes two recognition exemptions for lessees: "low-value" leases (e.g. tablets and personal computers) and „short-term" leases (leases which ends within 12 months). Low-value leases are assets with value lower than EUR 4,000.

Right-of-use assets and lease liabilities will be reported separately in the statement of financial position.

The Group has elected not to apply the requirements of IFRS 16 for low-value leases (e.g. printers) and short-term leases (e.g. apartments). Detailed movement of right of use assets are presented in Note 20 and movements of lease liability in Note 34.

### 2.23 GRANTS

The Group recognizes grants as income over the period necessary to match them with related costs, for which they are intended to compensate on a systematic basis. A grant receivable as compensation for costs already incurred is derecognised as income in the period in which it is receivable.

A grant related to income is reported as deduction from the related expense.

### 2.24 INVESTMENT PROPERTY

Investment property is property held by the Group to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes.

Investment property is measured initially at its cost, including transaction costs.

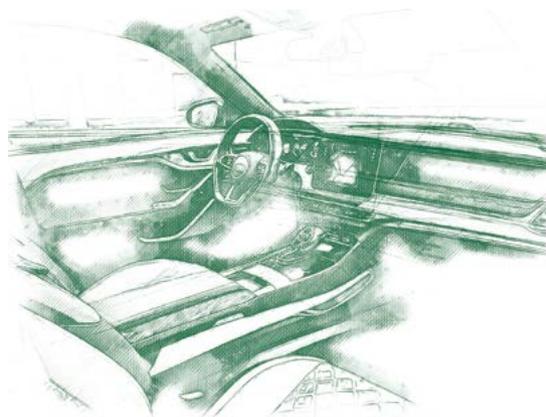
## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.24 INVESTMENT PROPERTY (CONTINUED)

Subsequently, investment property is stated at cost less accumulated depreciation and any impairment loss.

Investment property is depreciated on a straight-line basis at the rate of 1.5%.

Investment property is derecognised when either it has been disposed of or permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal.



## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the Management Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. The key areas of estimation in applying the Group's accounting policies that had a most significant impact on the amounts recognised in the financial statements were as follows.

### Revenue from the sale of tools

Tools are custom made for the customer and cannot be used for other purposes. In accordance with the automotive practice, those contracts may differ with respect to the development of tools and transfer of the title to the customer. In such

cases, the Group determines whether tool arrangements are sale, lease or development of own equipment, whether this is a lease arrangement and whether it is separate from the sale of car parts.

The Group has assessed that the sale of car parts is a separate performance obligation from the sale of tools since the customer has the control over the use of tool and unconditional right for payment upon the transfer of control of tool to the customer. Additionally, the development of the tool is not integrated with the production of parts to produce a combined output and those two are not interrelated as tool can be sold without affecting the sale of car parts.

In addition, although in production of parts the Group may continue to use tools that it sold to customers, the Group has concluded that its arrangements do not contain a lease because customers control the use of the asset. In particular, customers, by placing orders, determine whether to produce parts using those tools, in what quantity and also the location of parts' production.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

#### Measurement of fair values

Certain Group's accounting policies and disclosures require the measurement of fair values for non-financial assets.

The Group has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and finance department in relation to the monitoring of all significant fair value measurements and consultation with external experts.

Fair values are measured using information collected from third parties in which case the Board and the finance department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

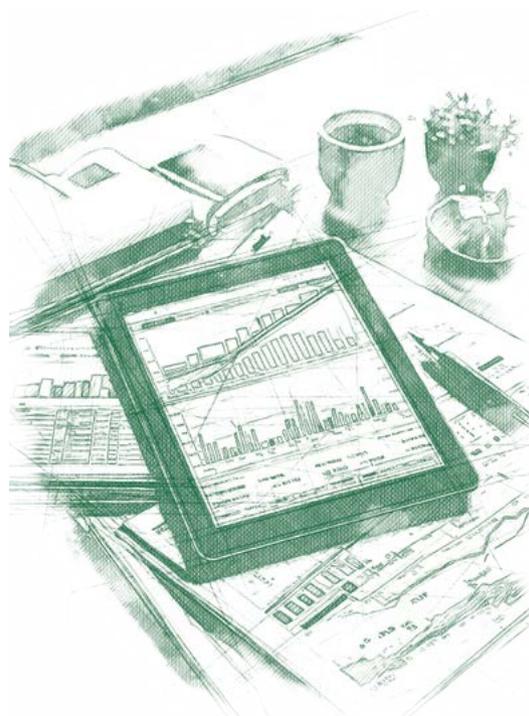
Fair values are categorised into different level in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - input variables for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3.



#### 4. SEGMENT INFORMATION

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about

components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Year ended 31 December 2023

	EU and Serbia	Russia	Total
External income	114,173	15,135	129,308
Intra segment income	1,037	-	1,037
<b>Total income</b>	<b>115,210</b>	<b>15,135</b>	<b>130,345</b>
EBITDA	4,730	2,481	7,211
Profit/(loss) of the year	99	(1,371)	(1,272)

	EU and Serbia	Russia	Intra-segment effect	Total
<b>Total assets</b>	<b>185,031</b>	<b>26,291</b>	<b>(23,043)</b>	<b>188,279</b>
Capital and reserves	105,192	2,147	(8,877)	98,462
Liabilities	79,839	24,144	(14,166)	89,817
<b>Total equity and liabilities</b>	<b>185,031</b>	<b>26,291</b>	<b>(23,043)</b>	<b>188,279</b>

Year ended 31 December 2022

	EU and Serbia	Russia	Total
External income	94,612	15,509	110,121
Intra segment income	1,266	-	1,266
<b>Total income</b>	<b>95,878</b>	<b>15,509</b>	<b>111,387</b>
EBITDA	802	(220)	581
Loss of the year	(5,354)	(4,377)	(9,731)

	EU and Serbia	Russia	Intra-segment effect	Total
<b>Total assets</b>	<b>173,225</b>	<b>32,830</b>	<b>(25,082)</b>	<b>180,973</b>
Capital and reserves	104,895	7,833	(8,929)	103,798
Liabilities	68,330	24,997	(16,153)	77,175
<b>Total equity and liabilities</b>	<b>173,225</b>	<b>32,830</b>	<b>(25,082)</b>	<b>180,973</b>

#### 4. SEGMENT INFORMATION (CONTINUED)

EBITDA represents profit before income taxes, finance income/costs and depreciation and amortisation.

Sales revenue based on geographical location of the customer:

	2023	2022
Slovenia	20,845	24,813
Romania	18,723	15,904
France	18,243	12,753
Hungary	15,875	10,975
Russia	14,271	15,509
Italy	7,193	7,512
Germany	6,213	4,722
Poland	5,645	1,150
United Kingdom	5,502	4,730
Spain	4,845	4,156
Slovakia	2,425	2,346
Croatia	1,358	1,310
Czech Republic	1,118	1,137
Other	1,576	1,169
	<b>123,832</b>	<b>108,186</b>

Sales segmentation by type of the product is shown below:

	2023	2022
Car parts sales	112,760	103,424
Revenue from tools	4,952	2,062
Merchandise	4,886	1,503
Engineering services revenue	1,000	1,016
Royalty revenue	234	181
	<b>123,832</b>	<b>108,186</b>

#### 5. OTHER INCOME

	2023	2022
Gain from sale of property, plant and equipment and intangible assets	2,818	138
Rental income and income from the sale of services to tenants	581	458
Income from sales of waste and secondary raw material	372	311
Gain from value adjustments of Investment property	329	-
Income from damages and insurance	78	444
Income from consumption of own products and services	78	238
Income from product development, validation, quality control and laboratory testing	72	53
Other operating income	1,148	293
	<b>5,476</b>	<b>1,935</b>

#### 6. COST OF RAW MATERIAL AND SUPPLIES

	2023	2022
Direct materials	55,513	54,581
Electricity	4,748	4,391
Other raw material and supplies	3,758	2,655
Cost of unusable inventories and inventory shortage costs	2,658	2,481
	<b>66,677</b>	<b>64,108</b>

#### 7. COST OF GOODS SOLD

	2023	2022
Cost of tools sold	4,142	1,501
Cost of trade goods and spare parts sold	3,081	1,233
	<b>7,223</b>	<b>2,734</b>

## 8. SERVICE COSTS

	2023	2022
Transport	4,755	4,340
Intellectual services	1,856	2,005
Maintenance costs	1,631	1,487
Software licenses	1,038	909
Security and fire services	538	372
Logistic services at distribution warehouses	477	665
Municipal utility fees	424	363
Rental costs	359	282
Marketing	157	72
Telecommunication and information system costs	122	146
Water supply	120	120
Licence fees	36	149
Forwarding and shipping costs	26	139
Other service costs	583	571
	<b>12,122</b>	<b>11,620</b>

Auditors of the Company's financial statements provided services worth EUR 196,461 in 2023 (2022: EUR 145,793). Services in 2023 mainly relate to the costs of audits and reviews of financial statements, and audits of financial statements prepared for regulatory needs as well as permitted non-audit services related to financial advice.

## 9. STAFF COSTS

	2023	2022
Net wages and salaries	18,201	18,055
Taxes and contributions	10,884	10,148
Other staff costs	2,895	2,131
	<b>31,980</b>	<b>30,334</b>

Other staff costs comprise jubilee awards, bonuses, termination benefits, commuting costs, cost of student service and other business-related costs. The Group included income from reversal of provision for jubilee awards in amount of EUR 22 thousand. Also, within "Other staff cost" provision for termination benefits in amount of EUR 21 thousand and provision for unused vacation days in amount of EUR 176 thousand are shown.

In the prior period, reversal of provision for employees' bonuses in amount of EUR 544 thousand, reversal of provision for jubilee awards in amount of EUR 71 thousand and reversal of provision for termination benefits in amount EUR 76 thousand were included in cost reduction within "Other staff cost". Also, within "Other staff costs" provision for unused vacation days in amount of EUR 113 thousand was shown.

## 10. DEPRECIATION AND AMORTISATION

	2023	2022
Depreciation of property, plant, and equipment (Note 19)	7,361	8,313
Amortisation of intangible assets (Note 18)	1,726	2,655
Depreciation of right of use asset (Note 20)	1,153	1,168
Depreciation of investment property (Note 21)	33	71
	<b>10,273</b>	<b>12,207</b>

## 11. OTHER OPERATING EXPENSES

	2023	2022
Taxes	635	443
Business trips	451	472
Insurance premiums	439	438
Cost of goods provided free of charge	372	233
Membership fees, contributions, municipal utility fees	345	310
Gifts, donations and sponsorships	214	155
Entertainment	177	132
Customer complaints	172	298
Non-current tangible assets write off	145	28
Bank fees and commissions	118	137
Professional training costs	104	96
Supervisory Board fees	89	71
Safety at work and health services	81	101
Impairment and write off of capitalised development cost	43	2,442
Impairment of Goodwill	-	1,095
Impairment of tangible assets	-	251
Other expenses	382	166
	<b>3,767</b>	<b>6,868</b>



## 12. PROVISIONS FOR RISKS AND CHARGES

	2023	2022
Provision for legal cases, net (Note 28)	(4)	145
Provision for warranties, net (Note 28)	(132)	-
	<b>(136)</b>	<b>145</b>

## 13. FINANCIAL INCOME

	2023	2022
Interest income	199	158
Foreign exchange gains, net	-	1,833
	<b>199</b>	<b>1,991</b>

## 14. FINANCIAL COSTS

	2023	2022
Foreign exchange losses, net	1,451	-
Interest expense	859	443
Interest expense on lease liabilities	39	55
	<b>2,349</b>	<b>498</b>

## 15. INCOME TAX

Income tax comprises the following:

	2023	2022
Current tax	(591)	-
Deferred tax	172	1,087
	<b>(419)</b>	<b>1,087</b>

## 15. INCOME TAX (CONTINUED)

Deferred tax assets arise from the following:

	2023		2022	
	Deffered tax assets	Deffered tax liabilities	Deffered tax assets	Deffered tax liabilities
Balance at 1 January	2,321	377	1,214	210
Increase	1,368	497	1,122	187
Usage	(59)	-	-	-
Reversal	(594)	(18)	(15)	(20)
<b>Balance at 31 December</b>	<b>3,036</b>	<b>856</b>	<b>2,321</b>	<b>377</b>

Deferred tax assets arise from the following:

2023	Opening balance	Charged to statement of compr. income	Charged to other compr. income	Closing balance
<b>Temporary differences:</b>				
Provisions for jubilee awards and termination benefits	86	-	-	86
Impairment of inventory	-	66	-	66
Impairment/reversal receivables/loans	-	66	-	66
Deferred tax liabilities from allocation of purchase price on fair value of Tisza Automotive Kft.	(47)	18	-	(29)
Deferred tax assets from carried-over tax losses	(330)	(142)	58	(414)
Differences between tax depreciation rates and accounting depreciation rates	1,848	217	6	2,070
Impairment of Investment property	387	(59)	-	329
Lease liabilities	-	419	-	419
Right of use assets	-	(413)	-	(413)
<b>Balance at 31 December</b>	<b>1,944</b>	<b>172</b>	<b>64</b>	<b>2,180</b>

**15. INCOME TAX (CONTINUED)**

<b>2022</b>	<b>Opening balance</b>	<b>Charged to statement of compr. income</b>	<b>Charged to other compr. income</b>	<b>Closing balance</b>
<b>Temporary differences:</b>				
Provisions for jubilee awards and termination benefits	101	(15)	-	86
Deferred tax liabilities from allocation of purchase price on fair value of Tisza automotive Kft.	(67)	20	-	(47)
Deferred tax assets from carried-over tax losses	726	1,280	(158)	1,848
Differences between tax depreciation rates and accounting depreciation rates	(143)	(198)	11	(330)
Impairment of Investment property	387	-	-	387
<b>Balance at 31 December</b>	<b>1,004</b>	<b>1,087</b>	<b>(147)</b>	<b>1,944</b>

Reconciliation between the accounting and tax results is shown as follows:

	<b>2023</b>	<b>2022</b>
<b>Profit/loss before tax</b>	<b>(853)</b>	<b>(10,818)</b>
Tax using the Company's domestic tax rate (18%)	(153)	(1,947)
Effect of tax rates in foreign jurisdictions	120	(40)
<b>Tax effect of:</b>		
Share of profit of equity-accounted investees reported, net of tax	108	(632)
Non-deductible expenses	967	926
Tax exempt revenue	(1,292)	(709)
Current-year losses for which no deferred tax asset is recognised	76	621
Changes in estimates from previous years	594	694
<b>Profit tax expense</b>	<b>419</b>	<b>(1,087)</b>
<b>Effective tax rate</b>	<b>(49.11%)</b>	<b>10.05%</b>

## 15. INCOME TAX (CONTINUED)

	2023	2022
The tax losses available for carry-forward to the following tax periods are as follows:		
Tax losses from 2022 - expire in 2027	17,518	17,939
Tax losses from 2023 - expire in 2028	4,905	-
	<b>22,423</b>	<b>17,939</b>

The amount of EUR 2,180 thousand was recognized as deferred tax assets in 2023. The Group is planning to achieve taxable profit in the period from 2024 to 2028, for which aforementioned deferred tax asset is planned to be used.

In 2022, the parent company AD Plastik d.d. made an impairment on the basis of investments in subsidiaries, loans given and capitalized development costs for subsidiaries in the Russian Federation in the amount of EUR 9,476 thousand and did not recognize deferred tax assets for the aforementioned. Deferred tax assets

are also not recognized for the reduction in the value of investments in the company ZAO AD Plastik Kaluga carried out in previous years in the amount of EUR 3,253 thousand. The total amount of unrecognized deferred assets at 31.12.2023 amounts to EUR 2,291 thousand (at 31.12.2022 EUR 2,291).

As of the reporting date, it is unlikely that the aforementioned impairments will generate deferred tax assets that can be used to reduce tax liability in future years.

## 16. EXCHANGE DIFFERENCES FROM TRANSLATION OF FOREIGN OPERATIONS AND RESERVES FROM ACCRUALS OF FOREIGN EXCHANGE DIFFERENCES – TRANSACTIONS WITH SUBSIDIARIES

	Reserves from accruals of foreign exchange differences – transactions with subsidiaries		Exchange differences from the translation of foreign operations	
	2023	2022	2023	2022
Balance at beginning of the year	(1,103)	(2,105)	(5,159)	(6,196)
Exchange differences from translation of foreign operations	-	-	(1,469)	1,037
Accruals of foreign exchange differences from the current year	(3,429)	1,252	-	-
Income tax	686	(250)	-	-
Exchange differences from translation of foreign operations, net	<b>(2,743)</b>	<b>1,002</b>	<b>(1,469)</b>	<b>1,037</b>
Realization of exchange differences	51	-	1	-
Balance at end of year	<b>(3,795)</b>	<b>(1,103)</b>	<b>(6,627)</b>	<b>(5,159)</b>

## 17. EARNINGS PER SHARE

Basic earnings per share are determined by dividing the Group's net profit by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares redeemed and held by the Group as treasury

shares. The basic earnings per share equal the diluted earnings per share, as there are currently no share options that would potentially increase the number of issued shares.

	2023	2022
Net loss (in EUR '000)	(1,271)	(9,732)
Weighted average number of shares	4,159,022	4,151,975
<b>Basic and diluted (loss)/earnings per share (in euros and cents)</b>	<b>(0.31)</b>	<b>(2.34)</b>

	2023	2022
Issued ordinary shares at 1 January	4,199,584	4,199,584
Effect of treasury shares held	(38,428)	(40,628)
Effect of treasury shares disposed of	(2,134)	(6,981)
<b>Weighted-average number of ordinary shares at 31 December</b>	<b>4,159,022</b>	<b>4,151,975</b>

## 18. INTANGIBLE ASSETS

Projects comprise investments in the development of new products that are expected to generate economic benefits in future periods. Consequently, the costs are amortised over the period in which the related economic benefits flow into the Group.

Intangible assets under development mostly consists of capitalised development cost of new products. In 2023, the cost of net salaries and wages of EUR 366 thousand, the cost of taxes and contributions from salaries of EUR 151 thousand and

the cost of contributions to salaries of EUR 79 thousand were capitalized in intangible assets. In the previous 2022, the capitalized cost of net salaries and wages amounted to EUR 323 thousand, the cost of taxes and contributions from salaries amounted to EUR 123 thousand, and the cost of contributions to salaries amounted to EUR 68 thousand. In 2023, capitalized interest expense in the amount of EUR 19 thousand (2022: EUR 6 thousand) was recognized on intangible assets.

**18. INTANGIBLE ASSETS (CONTINUED)**

	Licences and Soft- ware	Projects	Other intangible assets	Customer contracts	Intangible assets under de- velopment	Prepay- ments for intangible assets	Total
<b>Cost</b>							
<b>Balance at 31 December 2021</b>	<b>2,147</b>	<b>25,093</b>	<b>827</b>	<b>1,357</b>	<b>3,802</b>	-	<b>33,226</b>
Additions	-	-	-	-	2,653	-	2,653
Assets put into use	236	1,488	5	-	(1,729)	-	-
Write off	(18)	(5,086)	-	-	-	-	(5,104)
Impairment (Value adjustment)	-	(2,505)	-	-	(1,333)	-	(3,838)
Effect of exchange differences	(55)	21	1	-	-	-	(33)
<b>Balance at 31 December 2022</b>	<b>2,310</b>	<b>19,011</b>	<b>833</b>	<b>1,357</b>	<b>3,393</b>	-	<b>26,904</b>
Additions	-	-	-	-	3,423	-	3,423
Assets put into use	8	1,060	3	-	(1,072)	-	-
Disposals	(1)	(1,113)	-	-	-	-	(1,114)
Write off	(64)	(383)	-	-	-	-	(447)
Effect of exchange differences	5	(350)	(2)	-	-	-	(347)
<b>Balance at 31 December 2023</b>	<b>2,257</b>	<b>18,226</b>	<b>835</b>	<b>1,357</b>	<b>5,744</b>	-	<b>28,419</b>
<b>Accumulated amortisation</b>							
<b>Balance at 31 December 2021</b>	<b>1,914</b>	<b>19,034</b>	<b>380</b>	<b>814</b>	-	-	<b>22,142</b>
Charge for the year (Note 10)	128	2,150	152	226	-	-	2,656
Write off	(18)	(5,086)	-	-	-	-	(5,104)
Impairment (Value adjustment)	-	(1,397)	-	-	-	-	(1,397)
Effect of exchange differences	(48)	26	2	-	-	-	(20)
<b>Balance at 31 December 2022</b>	<b>1,976</b>	<b>14,727</b>	<b>534</b>	<b>1,040</b>	-	-	<b>18,277</b>
Charge for the year (Note 10)	101	1,271	151	203	-	-	1,726
Disposals	-	(545)	-	-	-	-	(545)
Write off	(64)	(338)	-	-	-	-	(402)
Effect of exchange differences	1	(208)	(2)	-	-	-	(209)
<b>Balance at 31 December 2023</b>	<b>2,014</b>	<b>14,907</b>	<b>683</b>	<b>1,243</b>	-	-	<b>18,847</b>
<b>Net book value</b>							
<b>Balance at 31 December 2022</b>	<b>334</b>	<b>4,284</b>	<b>299</b>	<b>317</b>	<b>3,393</b>	-	<b>8,627</b>
<b>Balance at 31 December 2023</b>	<b>244</b>	<b>3,319</b>	<b>151</b>	<b>114</b>	<b>5,744</b>	-	<b>9,572</b>

## 19. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Other tangible assets	Assets under development	Prepayments for tangible assets	Total
<b>Cost</b>							
Balance at 31 December 2021	18,313	50,271	112,727	352	1,343	1,555	184,561
Additions	-	-	-	-	5,576	(1,311)	4,265
Assets put into use	11	201	828	74	(1,019)	(95)	-
Disposals	-	-	(638)	(1)	-	-	(639)
Write off and retirements	-	-	(938)	(15)	(4)	-	(957)
Transferred from investment property (Note 21)	13	550	-	-	-	-	563
Effect of exchange differences	39	766	1,383	(11)	(71)	194	2,300
<b>Balance at 31 December 2022</b>	<b>18,376</b>	<b>51,788</b>	<b>113,362</b>	<b>399</b>	<b>5,825</b>	<b>343</b>	<b>190,093</b>
Additions	-	-	-	-	6,222	(89)	6,134
Assets put into use	5	1,979	2,930	16	(4,930)	-	-
Disposals	-	(48)	(3,622)	(5)	-	-	(3,675)
Write off and retirements	-	(220)	(428)	(1)	-	-	(649)
Effect of exchange differences	(106)	(2,498)	(4,157)	(25)	(747)	(7)	(7,540)
<b>Balance at 31 December 2023</b>	<b>18,276</b>	<b>51,000</b>	<b>108,085</b>	<b>384</b>	<b>6,370</b>	<b>247</b>	<b>184,362</b>
<b>Accumulated depreciation</b>							
Balance at 31 December 2021	-	14,252	70,670	271	-	-	85,193
Charge for the year (Note 9)	-	987	7,297	29	-	-	8,313
Disposals	-	-	(512)	(1)	-	-	(513)
Write off and retirements	-	-	(914)	(15)	-	-	(929)
Impairment	-	251	-	-	-	-	251
Transferred from investment property (Note 21)	-	271	-	-	-	-	271
Effect of exchange differences	-	256	709	(13)	-	-	952
Balance at 31 December 2022	-	16,017	77,250	271	-	-	93,538
Charge for the year (Note 9)	-	1,075	6,248	38	-	-	7,361
Disposals	-	(32)	(3,646)	(4)	-	-	(3,683)
Write off and retirements	-	(82)	(420)	(1)	-	-	(503)
Effect of exchange differences	-	(936)	(2,916)	(5)	-	-	(3,857)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>16,041</b>	<b>76,516</b>	<b>299</b>	<b>-</b>	<b>-</b>	<b>92,855</b>
<b>Net book value</b>							
At 31 December 2022	18,376	35,771	36,112	128	5,825	343	96,555
At 31 December 2023	18,276	34,959	31,569	86	6,370	247	91,507

## 19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

From assets mentioned in Note 19 Property, plant and equipment and in Note 21 Investment property, pledged assets are lands with the book value on the date of 31.12.2023 of (all in EUR thousand) 14,200 (31.12.2022 18,944), buildings 39,535 (31.12.2022 29,267). Plants and equipment are no longer

pledged (31.12.2022. the amount of plant and equipment pledged 2,597). The listed items as of December 31, 2023, include investments in land with a net book value of EUR 1,479 thousand, and investments in buildings with a net book value of EUR 1,777 thousand.

## 20. RIGHT OF USE ASSET

	Land	Buildings	Plant and equipment	Total
<b>Cost</b>				
<b>Balance at 31 December 2021</b>	<b>31</b>	<b>3,278</b>	<b>1,956</b>	<b>5,265</b>
Additions	-	238	-	238
Lease modification, net	2	86	(44)	44
Effect of exchange differences	3	7	(52)	(42)
<b>Balance at 31 December 2022</b>	<b>36</b>	<b>3,609</b>	<b>1,860</b>	<b>5,505</b>
Additions	2	-	74	76
Lease modification, net	-	1,269	34	1,303
Effect of exchange differences	(9)	(14)	30	7
<b>Balance at 31 December 2023</b>	<b>29</b>	<b>4,864</b>	<b>1,998</b>	<b>6,891</b>
<b>Accumulated depreciation</b>				
<b>Balance at 31 December 2021</b>	<b>5</b>	<b>1,455</b>	<b>653</b>	<b>2,113</b>
Charge for the year (Note 10)	3	689	477	1,169
Lease modification	(2)	(3)	-	(5)
Effect of exchange differences	1	6	(20)	(12)
<b>Balance at 31 December 2022</b>	<b>7</b>	<b>2,147</b>	<b>1,110</b>	<b>3,264</b>
Charge for the year (Note 10)	1	699	453	1,153
Lease modification	-	-	(10)	(10)
<b>Effect of exchange differences</b>	<b>(2)</b>	<b>(14)</b>	<b>17</b>	<b>1</b>
<b>Balance at 31 December 2022</b>	<b>6</b>	<b>2,832</b>	<b>1,570</b>	<b>4,408</b>
<b>Net book value</b>				
<b>At 31 December 2022</b>	<b>29</b>	<b>1,462</b>	<b>750</b>	<b>2,241</b>
<b>At 31 December 2023</b>	<b>23</b>	<b>2,032</b>	<b>428</b>	<b>2,483</b>

## 20. RIGHT OF USE ASSET (CONTINUED)

Amounts recognised in profit and loss	2023	2022
Depreciation expense on right of use assets	1,153	1,169
Interest expense on lease liabilities	39	55
Expense relating to leases of low value	184	217
Expenses relating to variable lease payments not included in the measurement of lease liability	109	31
Expense relating to short-term leases	67	34
	<b>1,552</b>	<b>1,506</b>

In accordance with IFRS 16, Group has classified leases for land, buildings and plant and equipment as "Right-of-use asset". Within the category "Buildings", apartments and the leases of office buildings and warehouses used by the Group in

business are located in. The "Plant and equipment" category includes concluded machines, car and forklift rental agreements.



## 21. INVESTMENT PROPERTY

Income from the rental of the building in 2023 amounts to EUR 266 thousand (2022: EUR 265 thousand), and the depreciation charge for the year 2023 amounts to EUR 33 thousand (2022: EUR 71 thousand).

At December 31 2023 the carrying amount of investment property approximates fair value, that has been internally determined by the company based on the income capitalisation method which assumes sustainable annual lease income which investment property generates or is able to generate during its ordinary course of business.

	Land	Buildings	Total
<b>Cost</b>			
<b>Balance at 31 December 2021</b>	<b>1,492</b>	<b>2,684</b>	<b>4,176</b>
Reclassification on investment property	(13)	(550)	(563)
Effect of exchange differences	-	77	77
<b>Balance at 31 December 2022</b>	<b>1,479</b>	<b>2,211</b>	<b>3,690</b>
Value increase of investment property		408	408
<b>Balance at 31 December 2023</b>	<b>1,479</b>	<b>2,619</b>	<b>4,098</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>896</b>	<b>896</b>
Charge for the year (Note 10)	-	71	71
Transferred from investment property	-	(271)	(271)
Effect of exchange differences	-	33	33
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>729</b>	<b>729</b>
Charge for the year (Note 10)	-	33	33
Value increase of investment property	-	79	79
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>841</b>	<b>841</b>
<b>Net book value</b>			
<b>Balance at 31 December 2022</b>	<b>1,479</b>	<b>1,482</b>	<b>2,961</b>
<b>Balance at 31 December 2023</b>	<b>1,479</b>	<b>1,778</b>	<b>3,257</b>

## 22. INVESTMENTS IN ASSOCIATES

Name of associate	Principal activity	Country of incorporation and business	Ownership interest in %		Amount of equity investment, EUR'000	
			2022.	2023.	2023.	2022.
EURO Auto Plastic Systems	Manufacture of other vehicle spare parts and accessories	Mioveni, Romania	50.00%	50.00%	11,872	12,473
					<b>11,872</b>	<b>12,473</b>

Name of associate	Amount of equity investment 31.12.2021	Share in the result for the year 2022	Dividend paid	Amount of equity investment 31.12.2022
EURO Auto Plastic Systems	8,963	5,540	(2,030)	12,473
<b>Total</b>	<b>8,963</b>	<b>5,540</b>	<b>(2,030)</b>	<b>(12,473)</b>

Name of associate	Amount of equity investment 31.12.2022	Share in the result for the year 2023	Dividend paid	Amount of equity investment 31.12.2023
EURO Auto Plastic Systems	12,473	4,359	(4,960)	11,872
<b>Total</b>	<b>12,473</b>	<b>4,359</b>	<b>(4,960)</b>	<b>11,872</b>

Euro Auto Plastic Systems s.r.l. is considered to be associate since the management of its operations is under the control of Faurecia Automotive Holdings s.a.s.

Set out below is a summary of financial information about the associates:

	31.12.2023	31.12.2022
Current assets	38,767	39,297
Fixed assets	19,478	12,249
<b>Total assets</b>	<b>58,245</b>	<b>51,546</b>
Short-term liabilities	35,959	28,165
Long-term liabilities and provisions	1,271	1,023
<b>Total Liabilities</b>	<b>37,230</b>	<b>29,188</b>
<b>Neto imovina</b>	<b>21,015</b>	<b>22,358</b>

## 23. INVENTORIES

The amount of inventories recognised as an expense during the 2023 was EUR 99,341 thousand (in the 2022 the expense was EUR 95,119 thousand).

Total write-down of damaged and obsolete inventories in 2023 was EUR 2,658 thousand (in 2022 it was EUR 27 thousand) and inventories were not impaired (Note 11) in 2023 (in 2022 EUR 2,454 thousand).

	31.12.2023	31.12.2022
Tools	11,700	6,971
Raw material and supplies on stock	9,990	12,792
Prepayments for inventories	5,074	3,167
Finished products	3,203	3,804
Work in progress	1,836	1,754
Merchandise on stock	485	758
	<b>32,288</b>	<b>29,246</b>

## 24. TRADE RECEIVABLES

The average debtors' days were 61 days in 2023 (2022: 62 days).

The movements in allowance loss in respect of trade receivables are presented as follows:

	2023	2022
<b>Balance at beginning of the year</b>	<b>846</b>	<b>507</b>
Movements based on expected credit gains/losses	71	422
Collected during the year	(11)	(64)
Trade receivables impairment	178	-
Exchange differences	(98)	(19)
<b>Total impairment loss allowance</b>	<b>986</b>	<b>846</b>

At December 31 2023, the carrying amount of the receivables from companies in the same group which make more than 15% of the total receivables was EUR 5,252 thousand (31.12.2022.: EUR 3,227 thousand) while sales income of this group in 2023 amounted to EUR 28,630 thousand (in 2022: EUR 21,703 thousand).

	31.12.2023	31.12.2022
Foreign trade receivables	20,844	14,749
Foreign trade receivables from the associate	1,123	514
Domestic trade receivables	553	557
Impairment loss allowance	(986)	(846)
	<b>21,534</b>	<b>14,974</b>

Ageing analysis of receivables is shown as follows:

	31.12.2023	31.12.2022
0-90 days past due	2,539	1,163
91-180 days past due	168	120
181-365 days past due	272	108
Over 365 days past due	20	136
Not due	18,535	13,447
	<b>21,534</b>	<b>14,974</b>

## 25. OTHER RECEIVABLES

	31.12.2023	31.12.2022
Receivables from the State and State institutions	4,811	3,518
Prepayments made	1,165	560
Due from employees	110	16
Other receivables	6	8
	<b>6,092</b>	<b>4,102</b>

## 26. CASH AND CASH EQUIVALENTS

	31.12.2023	31.12.2022
Current account balance	1,668	3,516
Foreign account balance	2,369	529
Cash in hand	5	3
<b>Cash and cash equivalents in statement of financial position</b>	<b>4,042</b>	<b>4,048</b>
Bank overdrafts	(793)	-
<b>Cash and cash equivalents in statement of cash flows</b>	<b>3,249</b>	<b>4,048</b>

As at 31 December 2023 the amount of EUR 2,369 thousand (31 December 2022 EUR 529 thousand) includes short term deposits which bear interest rate ranging from 7.00% to 16.00%.

## 27. SHARE CAPITAL

Subscribed capital amounts to EUR 54,595 thousand and consists of 4,199,584 shares, with a nominal value of EUR 13 per share (2022: EUR 55,738 thousand; 4,199,584 shares, with a nominal value of EUR 13.27 each).

Capital reserves are the differences between the nominal and sale value of shares.

Statutory and general reserves consist of legal and statutory reserves and reserves for unwritten development costs.

Reserves were made by transferring from retained earnings to the position of legal and general reserves in the Group's capital in accordance with the local legislation. The transfer of capitalized development costs to intangible assets is made on the basis of net book value.

The treasury share item refers to 38,428 treasury shares as at 31.12.2023 while on 31.12.2022 treasury shares amounted 40,628. Reserves for own shares are created based on Board decisions for future purchases of own shares.

Retained earnings consists of retained earnings, profit for the year and all the transfers from retained earnings (dividend payments, transfer to reserves).

On the basis of mother company long-term investment in the subsidiary company, in the group statement, have been formed reserves from the accrual of exchange rate differences.

## 28. LONG-TERM AND SHORT-TERM PROVISIONS

	Short-term		Long-term	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Vacation accrual	772	636	-	-
Employee bonuses	16	20	-	-
Termination benefits	36	30	316	302
Jubilee awards (long-service benefits)	41	34	144	172
Legal cases	126	367	-	-
Risks within the warranty period	-	132	-	-
	<b>991</b>	<b>1,219</b>	<b>460</b>	<b>474</b>

Movement in provisions was as follows:

	Jubilee Awards	Retirement/ termination benefits	Legal Cases	Vacation Accrual	Employee Bonuses	Risks within the warranty period	Total
Balance at 1 January 2023	206	332	367	636	20	132	1,693
Increase/(decrease) in provisions, net	(21)	20	(241)	136	(4)	(132)	(242)
Balance at 31 December 2023	185	352	126	772	16	-	1,451
Balance at 1 January 2022	275	575	228	476	560	132	2,246
Increase/(decrease) in provisions, net	(69)	(243)	139	160	(540)	-	(553)
Balance at 31 December 2022	206	332	367	636	20	132	1,693

The part of the provision included in other staff costs is shown in Note 9.

## 28. LONG-TERM AND SHORT-TERM PROVISIONS (CONTINUED)

### JUBILEE AWARDS AND TERMINATION BENEFITS

According to the Union (Collective) Agreement, the Group has the obligation to pay long-service (jubilee awards), retirement-related and other benefits to employees. Benefits payable upon retirement and long-service benefits are defined in the Collective Agreement and employment agreements. No other post-retirement benefits are provided.

Long-service benefits are paid for full years of service in the month of the current year in which the service is determined as completed. The present value of defined benefit obligations arising from long-service benefits and benefits payable upon retirement is determined using the Projected Credit Unit method and serves as the basis for arriving at the past and current service costs, the interest expense and the actuarial gain or loss. For employees of the Group, legal contributions for pension insurance are paid. Legal contributions form the basis for pensions paid by the Pension Funds to Group's employees upon their retirement.

Provisions for litigation losses represents provisions relating to litigation against the Company from regular commercial operations and from disputes with former employees. During 2023, the Group settled the liability for the court case in the amount of 235 thousand euros, 12 thousand euros were additionally reserved and 17 thousand euros were released as a result of the favorable outcome of the court case.

Provisions for unused vacation days are calculated on the basis of the remaining days of the vacation days that employees have made in the current year, multiplied by amount of gross daily wage.

Employees bonuses represents rewards that were planned to be paid out in the coming year based on results from the current year.

Provisions for risks within the warranty period are estimated costs of complaints that we expect in future years, calculated on the basis of delivered pieces in current and previous years.

All companies within the Group use a discount rate (in range 1,85% - 6.50%), fluctuation rate (in range 11% - 15,50%) and mortality data that are in line with the company's country of residence when calculating provisions.

## 29. LONG-TERM BORROWINGS

	31.12.2023	31.12.2022
Long-term borrowings	40,797	33,293
Long-term commodity loans provided by suppliers	199	392
	<b>40,996</b>	<b>33,685</b>
Current portion of long-term borrowings (Note 34)	(10,430)	(9,828)
<b>Total long-term borrowings</b>	<b>30,566</b>	<b>23,857</b>

By the day of issuance of the Balance Sheet, Group has received bank certificate report which claims that it renounces from sustaining net debt and EBITDA ratio clause, related to long term credit. Net carrying amount of credit is EUR 4,243 thousand.

Long-term borrowings are used to finance capital investments and development projects. Instruments of collateral provided for the for long-term loans include mortgage on real estate and equipment (Note 19), HBOR portfolio insurance and payment instruments. The majority of existing long-term loans are paid monthly. In 2023, the weighted average interest rate on the long-term loans was 1.45% (2022: 0.79 %).

### 30. DEFERRED REVENUE

	31.12.2023	31.12.2022
Deferred revenue	37	75
<b>Total deferred revenue</b>	<b>37</b>	<b>75</b>

Deferred revenue arose as a result of borrowing from a financial institution at an interest rate lower than the market rate.

### 31. LEASE LIABILITIES

	2023	2022
Balance at 1 January	2,292	3,206
Additions	74	238
Lease modifications, net	1,293	40
Interest expense on lease liabilities	39	55
Principal paid	(1,150)	(1,162)
Interest paid	(39)	(55)
Effect of exchange differences	8	(30)
	<b>2,517</b>	<b>2,292</b>
Long-term liabilities	1,581	1,290
Short-term liabilities	936	1,002

### 32. ADVANCES RECEIVED

	31.12.2023	31.12.2022
Foreign customers	10,338	10,508
Domestic customers	1	-
	<b>10,339</b>	<b>10,508</b>

Advances received from foreign customers represent cash advanced ordered tools.

### 33. TRADE PAYABLES

	31.12.2023	31.12.2022
Foreign trade payables	13,391	11,300
Domestic trade payables	4,966	4,514
Accrued expenses	2,620	1,639
	<b>20,977</b>	<b>17,453</b>

Average payment period for trade payables during 2023 equaled to 68 days (2022: 66 days).



### 34. SHORT-TERM BORROWINGS

The short-term borrowings were used to finance development projects and for working capital purposes. Instruments of collateral provided for the short-term borrowings are payment instruments (bills of exchange, promissory notes and corporate guarantee by AD Plastik d.d.)

The short-term borrowings represent loans provided by the commercial banks, with an weighted average interest rate of 2.69% (2022: 1.32 %).

	31.12.2023	31.12.2022
Current portion of long-term borrowings (Note 30)	10,430	9,828
Short-term loans – principal payable	8,591	7,900
Short-term commodity loans provided by suppliers	182	209
Short-term borrowings – interest payable	156	55
	<b>19,359</b>	<b>17,992</b>

### 35. OTHER CURRENT LIABILITIES

	31.12.2023	31.12.2022
Due to the State and State institutions	2,771	1,469
Amounts due to employees	1,671	1,557
Deferred revenue	101	124
Other current liabilities	27	155
	<b>4,570</b>	<b>3,305</b>

Movements in payables for borrowings (long-term and short-term) during the year:

	2023	2022
<b>Balance at 1 January</b>	<b>41,849</b>	<b>51,298</b>
New short-term loans raised	18,000	6,418
New long-term loans raised	17,308	1,277
Change in bank overdraft	793	-
Invoiced interest	627	349
Exchange differences	(1)	24
Interest paid	(537)	(393)
Repayments of received loans	(28,175)	(17,262)
Reclassification to liabilities for grants	61	138
<b>Balance at 31 December</b>	<b>49,925</b>	<b>41,849</b>

Obligations for state aid shown within deferred revenue arose as a result of borrowing from a financial institution at an interest rate lower than the market rate.

### 36. GOODWILL

	31.12.2023	31.12.2022
<i>Goodwill</i> resulting from acquisition of Tisza Automotive Kft.	2,391	2,391
	<b>2,391</b>	<b>2,391</b>

Recognized *goodwill* in amount of 2,391 EUR thousand relates to the difference between fair value of the net assets of AD Plastik Tisza Kft. and the value paid for the purchase of AD Plastik Tisza Kft. by AD Plastik d.d. Solin.

Movement of *goodwill*:

	2023	2022
<b>At 1 January</b>	<b>2,391</b>	<b>3,334</b>
Effect of exchange differences	-	152
Impairment of Goodwill in ZAO AD Plastik Kaluga	-	(1,095)
<b>At 31 December</b>	<b>2,391</b>	<b>2,391</b>

In 2022 and 2023 the Group tested impairment of goodwill resulted from acquisition of Tisza Automotive Kft. It is estimated that the company AD Plastik Tisza constitutes one cash generating unit. In 2022 recoverable amount of cash generating unit was determined under fair value less cost of sales. The calculations used cash flow projections based on financial budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates which is determined for each cash generating unit separately.

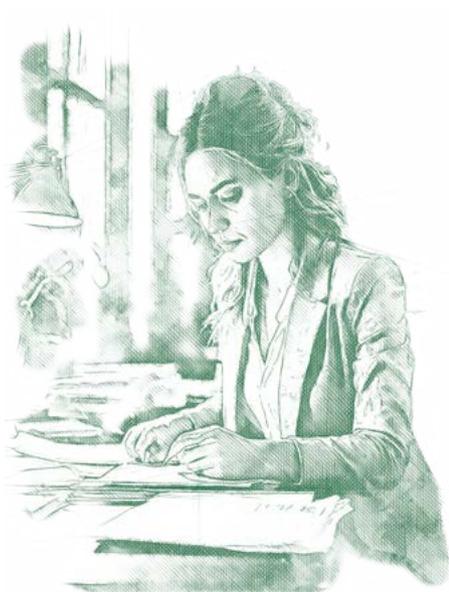
The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The cash flow projections included specific estimates for three years, considering WACC rate of 9.77 percent (in 2022 9.27 percent) and a terminal growth rate thereafter. The terminal growth rate of 2.46 percent was determined based on the estimate of the long-term GDP growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience, adjusted as follows.

- new projects with customers either contracted with, announced by or subject to the negotiations with customers.

By performing the impairment test of *goodwill*, the Group has concluded that no impairment should be recognised on *goodwill* resulted from acquisition of Tisza Automotive Kft.



### 37. RELATED PARTY TRANSACTIONS

Transakcije sa povezanim društvima bile su kako slijedi:

Receivables and payables for goods, services and interest	Receivables		Payables	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
EURO APS, Romania	507	514	5	-
Sankt-Peterburgskaya investicionnaya kompaniya	-	-	8	8
	<b>507</b>	<b>514</b>	<b>13</b>	<b>8</b>

Purchase transactions Operating and financing income and expenses	Prihodi		Nabavke	
	2023	2022	2023	2022
EURO APS, Romania	1,518	1,181	703	697
Sankt-Peterburgskaya investicionnaya kompaniya	-	-	30	40
	<b>1,518</b>	<b>1,181</b>	<b>733</b>	<b>737</b>

Receivables and payables for loans	Receivables		Payables	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Sankt-Peterburgskaya investicionnaya kompaniya	-	-	2,500	2,500
	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>

Receivables for dividends	Receivables	
	31.12.2023	31.12.2022
EURO APS, Romania	619	-
	<b>619</b>	<b>-</b>

The total remuneration provided to the members of the Supervisory Board of AD Plastik d.d. and subsidiaries, The President and members of Management Board, Board Assistants and General directors of subsidiaries in 2022 amounts to EUR 1,749 thousand (in 2022 EUR 1,673 thousand).

Sankt-Peterburgskaya investicionnaya kompaniya is member of Group in which is also company AO Holding Autokomponenti, which holds 30% of shares in Company.

## 38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 38.1. GEARING RATIO

The Group's gearing ratio, expressed as the ratio of net debt to equity, is as follows:

	31.12.2023	31.12.2022
Long-term borrowings (Note 30)	30,566	23,857
Short-term borrowings (Note 35)	19,359	17,992
Cash and cash equivalents (Note 26)	(4,042)	(4,048)
<b>Net debt</b>	<b>45,883</b>	<b>37,801</b>
Equity	98,464	103,798
<b>Net debt-to-equity ratio</b>	<b>46.60%</b>	<b>36.42%</b>

Commodity loans at 31 December 2023 amounted EUR 381 thousand (31 December 2022: EUR 601 thousand) (Note 30 and Note 35). Above referred amounts are included in the Group's net debt.

Equity consists of share capital, reserves, reserves for own shares, own shares, retained earnings and profit/loss for the year.

The Group strives to have a debt to equity ratio of less than 50%.

### 38.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	31.12.2023	31.12.2022
<b>Financial assets</b>	<b>26,094</b>	<b>20,000</b>
Trade receivables (Note 24)	21,534	14,974
Cash and cash equivalents and deposits (Note 26)	4,042	4,048
Accrued income and other receivables	518	978
<b>Financial liabilities</b>	<b>75,031</b>	<b>63,236</b>
Loans received (Notes 29, 34)	49,925	41,849
Trade and other payables	22,589	19,095
Lease liabilities (Note 31)	2,517	2,292

Accrued income and other receivables include accrued income, other receivables less receivables from the State and advances given.

Trade and other payables includes: trade and other payables less payables to the State and grants.

Details of concentration of credit risk are included in Note 24 Trade receivables.

Detailed information on credit risk management is stated under chapter Risks and opportunities in business of the Integrated annual report which integral part are those financial statements.

## 38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 38.3. RISK OF RELYING ON ONE CUSTOMER

Aware of the risk of relying on one customer, for many years active work has been done on diversifying the customer portfolio in accordance with the company's strategy. The goal of reducing exposure to the Renault Group has been achieved through sealing new deals with Stellantis, Ford and Suzuki, and was further accelerated by Renault's exit from AvtoVaz ownership and the reduction of production at the Revoz factory in Novo Mesto.

Although the continuing trend of the association of different car manufacturers may reduce the possibilities of diversifying the customer's portfolio, at the same time new markets are opening up and providing opportunities for expanding cooperation with individual groups.

### 38.4. MARKET RISK

Market risk is the risk of fluctuation of fair value or future cash flows of a financial instrument because of changes in market prices. These changes often refer to movements in interest rates or exchange rates, but can also include changes in the prices of basic products that are important for business.

### 38.5. INTEREST RATE RISK

This type of risk includes possible losses arising from the changes in market interest rates. Although in earlier periods of low interest rates, long-term credit arrangements were concluded with fixed interest rates, in the past year of strong interest rate growth, new arrangements were concluded with variable interest rates. This means that financing costs will be higher in the future, although they will be mitigated to a certain extent by fixed interest rates from earlier borrowings.

The market situation and interest rate projections are constantly monitored and, if necessary, refinancing of existing loans is carried out in order to ensure the fair value of the interest rates being paid, in accordance with the most favorable interest rates in the market at the time of refinancing.

Interest-bearing loans are contracted with variable and fixed interest rates. Loans with variable rates expose the Company to cash flow interest rate risk. As of December 31, 2023, loans contracted with variable interest rates amount to EUR 19,625 thousand (2022: EUR 2,766 thousand). Interest rates on bank loans are linked to one-month and three-month EURIBOR.

On December 31, 2023, if interest rates on loans with a variable interest rate were 1% lower/higher, assuming that other variables remain unchanged, the Company's net profit would be EUR 105 thousand lower/higher (2022: EUR 28 thousand).

### 38.6. CREDIT RISK

This risk arises when one contracting party fails to meet its financial obligations on time, which can jeopardize the market position of the other party. The company's credit risk may arise from the inability to collect receivables from its customers and the loans granted. AD Plastik Group cooperates with reputable customers that are financially stable companies, which is also the company's business policy. This minimizes the risk of collection and receivables are realized within the agreed deadlines. Due to the potential deterioration of the financial stability of individual customers, most of them have the support of their home countries in maintaining business and liquidity as very important factors for their economy.

### 38.7. FOREIGN CURRENCY RISK MANAGEMENT

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's foreign-currency denominated monetary assets and monetary liabilities at the reporting date are provided in the table below. Also, in 2023, compared to 2022, the exposure of Parent Company in EUR is excluded, given that the euro is the domestic currency of Parent Company from January 1, 2023. The amounts are converted into euros:

## 38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 38.7. FOREIGN CURRENCY RISK MANAGEMENT (CONTINUED)

At 31 December	Assets		Liabilities		Net FX position	
	2023	2022	2023	2022	2023	2022
EUR	4,811	43,332	34,229	67,945	(29,418)	(24,613)
RON	618	-	-	-	618	-
USD	5	6	2	2	3	4
GBP	4	3	6	-	(2)	3
CNY	-	-	24	10	(24)	(10)
	<b>5,438</b>	<b>43,341</b>	<b>34,261</b>	<b>67,957</b>	<b>(28,823)</b>	<b>(24,616)</b>

In EUR 4,811 thousand of EUR assets and EUR 34,229 thousand of EUR liabilities of subsidiaries (in 2022 EUR 43,332 thousand of EUR assets and EUR 67,945 thousand of EUR liabilities of Group) is included exposure on EUR intra Group receivables and loans in amount of EUR 1,545 thousand, i.e EUR 26,910 thousand (in 2022 EUR 27,805 thousand). In addition, the remainder of EUR 49,111 thousand of assets and EUR 69,364 thousand of liabilities as at 31 December 2023 (31 December 2022: EUR 4,464 thousand of assets and EUR 23,283 thousand of liabilities) relates to exposure in domestic currencies.

#### Foreign currency sensitivity analysis

Foreign currency risk note includes exchange rate exposure of all monetary positions in all companies of the Group, which generate foreign exchange differences in separate reports of those companies.

On 31 December 2023, if RUB were to depreciate/appreciate by 1% compared to EUR, assuming all other variables remain unchanged, net profit of the Group for 2023 would be EUR 53 thousand (2022: EUR 66 thousand) (lower)/higher, because of (negative)/positive foreign exchange differences generated by conversion of trade receivables, cash and cash equivalents, trade payables and loans received originally denominated in euros.

### 38.8. LIQUIDITY RISK MANAGEMENT

This risk represents the risk of the company not being able to convert assets into liquid assets in a short time, i.e the inability to fulfill its obligations to creditors. Therefore, AD Plastik Group maintains optimal amounts of funds on the account with secured available credit lines.

Cash flow management is of key importance for liquidity risk management. Each company within the Group, based on operational business plans, financial liabilities and investment needs, plans its future cash needs on a monthly, quarterly and annual basis. Based on that data, the parent company's Finance Department prepares a consolidated cash flow plan of the Group, and makes decisions on timely provision of credit lines for capital investments and project financing, as well as placing surplus funds in deposits or covering the lack of funds from short-term financing sources.

In 2023, the parent company issued corporate guarantees to the subsidiaries in the following amounts: EUR 7,700 thousand to banks, EUR 1,377 thousand to suppliers and EUR 3,000 thousand to buyers (in 2022: EUR 9,700 thousand to banks and EUR 1,667 thousand to suppliers).

### 38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### 38.8. LIQUIDITY RISK MANAGEMENT (CONTINUED)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted

cash flows of financial assets and liabilities based on the earliest date on which the Group can require payment i.e. can be required to pay.

2023	Weighted average interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
<b>Assets</b>								
Non-interest bearing	-	10,973	10,312	2,440	-	-	23,725	23,725
Interest bearing	11.31%	2,392	-	-	-	-	2,392	2,369
		<b>13,365</b>	<b>10,312</b>	<b>2,440</b>	<b>-</b>	<b>-</b>	<b>26,117</b>	<b>26,094</b>
<b>Liabilities</b>								
Non-interest bearing	-	12,081	8,164	2,344	-	-	22,589	22,589
Interest bearing	1.67%	1,241	1,910	17,523	31,664	771	53,109	49,925
Lease liability	2.13%	117	174	685	1,627	-	2,603	2,517
		<b>13,439</b>	<b>10,248</b>	<b>20,552</b>	<b>33,291</b>	<b>771</b>	<b>78,301</b>	<b>75,031</b>
<b>2022</b>								
2022	Weighted average interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
<b>Assets</b>								
Non-interest bearing	-	13,323	5,471	678	-	-	19,472	19,472
Interest bearing	10.91%	534	-	-	-	-	534	529
		<b>13,857</b>	<b>5,471</b>	<b>678</b>	<b>-</b>	<b>-</b>	<b>20,006</b>	<b>20,001</b>
<b>Liabilities</b>								
Non-interest bearing	-	11,433	6,213	1,449	-	-	19,095	19,095
Interest bearing	0.89%	3,212	3,959	11,284	24,282	-	42,737	41,849
Lease liability	2.13%	100	199	741	1,327	-	2,367	2,292
		<b>14,745</b>	<b>10,371</b>	<b>13,474</b>	<b>25,609</b>	<b>-</b>	<b>64,199</b>	<b>63,236</b>

## 38. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 38.8. LIQUIDITY RISK MANAGEMENT (CONTINUED)

Total interest bearing liabilities in amount of EUR 49,925 thousand at 31.12.2023 refers to liabilities denominated in EUR.

From total interest bearing liabilities in amount of EUR 41,849 thousand at 31.12.2022, EUR 12,519 thousand refers to liabilities denominated in HRK currency, while EUR 29,330 thousand refers to liabilities denominated in EUR.

### 38.9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be generated from the sales of some item of an asset or paid for transferring some liability in a fair transaction between market participants at the measurement date, regardless of whether it would be directly visible or evaluated by applying some other valuation technique. At 31 December 2023 and 31 December 2022, the carrying amounts of cash, receivables, long-term and short-term liabilities, accrued expenses, short-term borrowings and other financial instruments approximate their fair values due to the short-term maturity of these assets and liabilities.

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## 39. EVENTS AFTER THE REPORTING PERIOD

After 31 December 2023, there were no events that would have a significant impact on the financial statements for the year 2023, respectively they are not of such significance to the Group to require disclosure in the notes to the financial statements.



## 40. CONTINGENT LIABILITIES

Based on the Management's estimate, the Group had no material contingent liabilities at 31 December 2023 and 31 December 2022 which would require to be disclosed in the notes to the consolidated financial statements. The Group had no capital expenditure commitments contracted at 31 December

2022 which would require to be disclosed in the notes to the financial statements. As at 31 December 2023 and 31 December 2022 there were no material legal actions with a potential negative outcome for the Group other than those reflected in these consolidated financial statements.

## 42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Management Board of AD Plastik d.d. and authorised for issue on 24 April 2024.

For AD Plastik d.d., Solin by:

**Marinko Došen**  
President of the  
Management Board



**Mladen Peroš**  
Member of  
Management Board



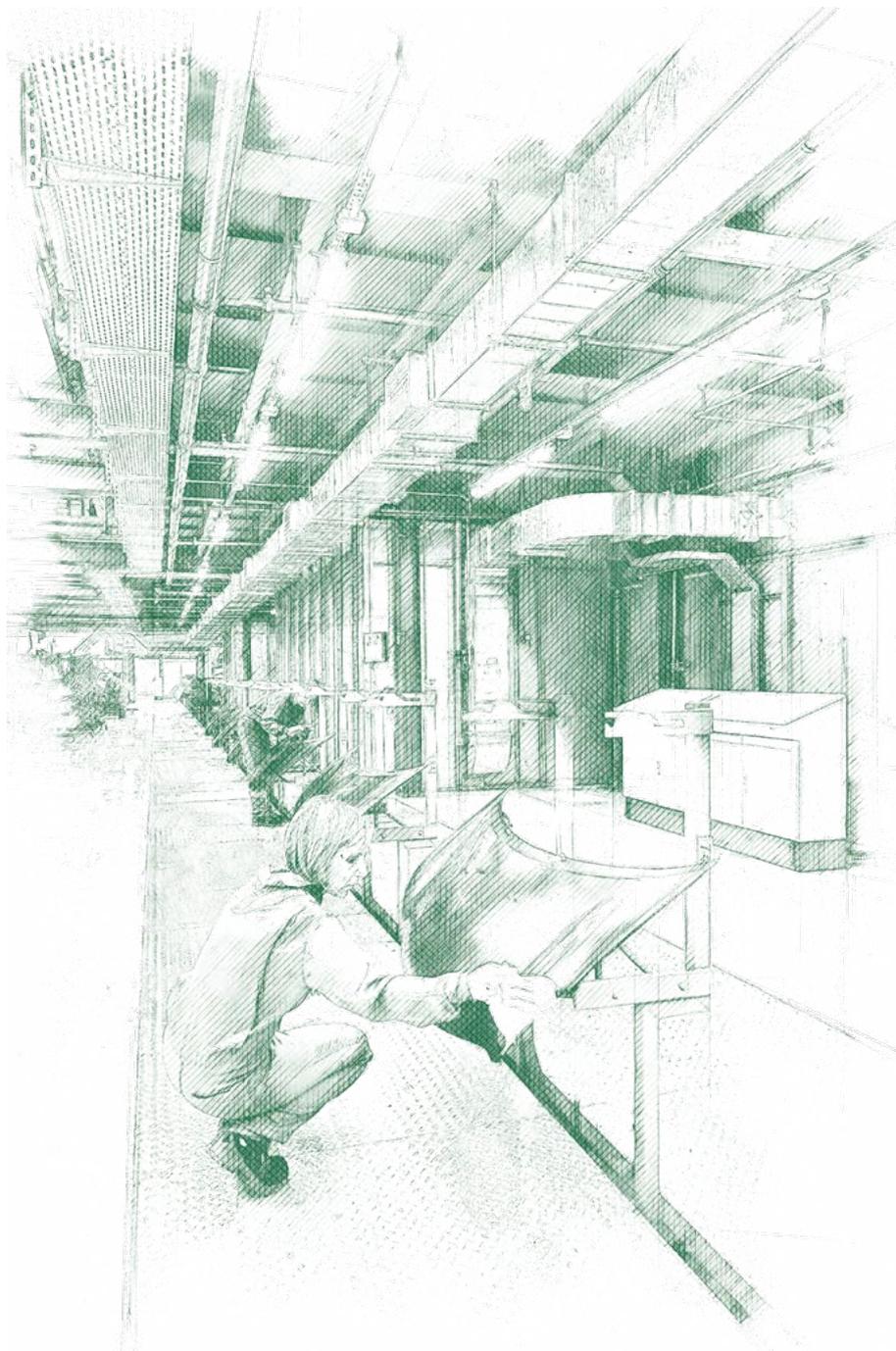
**Zlatko Bogadi**  
Member of  
Management Board



**Josip Divić**  
Member of  
Management Board



24 April 2024



# AD PLASTIK D.D., SOLIN

## SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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## RESPONSIBILITY OF THE MANAGEMENT BOARD FOR THE SEPARATE FINANCIAL STATEMENTS

Pursuant to the Accounting Act of the Republic of Croatia, the Management Board is responsible for ensuring that separate financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRSs), as adopted in the European union, which give a true and fair view of the financial position and results of operations of AD Plastik d.d. Solin (the "Company") for that period. After making enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the separate financial statements.

In preparing those separate financial statements, the Management Board is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making reasonable and prudent judgements and estimates;
- following applicable accounting standards and disclosing and explaining any material departure in the separate financial statements;
- preparing the separate financial statements under the going concern principle unless it is inappropriate to presume that the Company will continue in business.

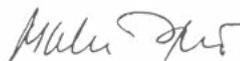
The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and their compliance with the Croatian Accounting Act. The above stated responsibility includes the responsibility for accuracy of the Management Report, which is an integral part of separate financial statements and submission of financial statements in electronic reporting format (ESEF) prescribed by regulatory technical standards developed by ESMA (European Securities and Markets Authority) and adopted by the European Commission. The Management Board is also responsible for safeguarding the assets of the Company, and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management Board  
For AD Plastik d.d., Solin by:

**Marinko Došen**  
President of the Management Board



**Mladen Peroš**  
Member of Management Board



**AD Plastik d.d.**  
Matoševa 8, 21210 Solin  
Republic of Croatia

**Zlatko Bogadi**  
Member of Management Board



**Josip Divić**  
Member of Management Board



24 April 2024



## Independent Auditors' Report to the shareholders of AD Plastik d.d.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the separate financial statements of AD Plastik d.d. ("the Company"), which comprise the separate statement of financial position of the Company as at 31 December 2023, and its separate statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information (further referred to as "the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023 and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Croatia and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Independent Auditors' Report to the shareholders of AD Plastik d.d. (continued)

### Report on the Audit of the Financial Statements (continued)

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### REVENUE RECOGNITION

Revenue in 2023: EUR 89,388 thousand (2022: EUR 79,999 thousand). As at 31 December 2023, trade receivables: EUR 17,029 thousand; accrued revenue: EUR 343 thousand (31 December 2022, trade receivables: EUR 13,749 thousand; accrued revenue: EUR 771 thousand).

Please refer to the Note 2.3 Revenue recognition of Significant accounting policies and Note 4 Sales in the financial statements.

Key audit matter	How our audit addressed the matter
<p>Revenue is an important metric used to evaluate the financial performance of the Company. In the year ended 31 December 2023, its principal revenue streams included sales of car parts and of customized tools developed by the Company. As discussed in Note 2.3, revenue is recognized when control over the goods is transferred to the customer.</p> <p>Application of the revenue recognition principles of the relevant financial reporting standard, IFRS 15 <i>Revenue from Contracts with Customers</i> ("the Standard"), is complex and requires making significant assumptions and judgment. In the Company's case, particular complexity is associated with the following aspects:</p> <ul style="list-style-type: none"><li>— Determination of whether a customer contract exists requires the Company to assess whether one document or a combination of documents, including general terms of business, nomination letter, agreement with customer and purchase orders, create enforceable rights and obligations of the parties to the arrangement.</li><li>— Goods with different revenue recognition patterns, such as spare parts and tooling, may be sold as part of one contract or several contracts accounted for as one arrangement. The Company applies significant judgment in identifying contracts which require to be combined and accounted for as one arrangement, and in identifying performance obligations therein.</li></ul>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"><li>— Assessing the accounting policy for recognition of revenue and its compliance with the requirements of the Standard;</li><li>— Updating our understanding of the Company's revenue recognition process, and testing the design and implementation of selected related internal controls within. This also included testing selected general IT controls supporting revenue-related IT application controls;</li><li>— For a sample of sales transactions in the current year, inspecting underlying contractual provisions and making inquiries of relevant sales and finance personnel, in order to challenge:<ul style="list-style-type: none"><li>○ The existence of a customer contract, by reference to the relevant criteria of the Standard, including, among other things, those relating to the parties' commitment to their obligations and probability of collecting the consideration due;</li><li>○ Identification of the contracts which require to be accounted for on a combined basis and of performance obligations within those contracts, by among other things, assessment of whether the goods and services in the arrangements are distinct and also whether any subsequent changes to the contract price arising from the learning curve result in the reduced price representing the parts' stand-alone selling price;</li><li>○ Inspecting underlying contracts with customers for tooling sales transactions to identify any lease component embedded within those contracts, mainly by evaluating ownership rights, the party directing the use of the tool and whether there is a separate performance obligation in relation to the sale of car parts.</li></ul></li></ul>



## Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*

### Report on the Audit of the Financial Statements *(continued)*

#### Key Audit Matters *(continued)*

#### REVENUE RECOGNITION *(CONTINUED)*

##### Key audit matter *(continued)*

- Many contracts with customers entitle customers to price reductions after a certain period of purchase orders (as a result of expected reduction in the Company's costs along its learning curve). Judgement is required to determine whether such 'efficiency savings' provide customers with material rights to be accounted for as separate performance obligations.
- Tooling arrangements are typically contracts or framework agreements between the Company and its customers for the sale of tools to be used in the production of customized parts for a given customer. Since such tooling arrangements may vary with respect to transfer of development activities and ownership, careful assessment to determine whether, among other things, an arrangement is a sale, a lease or development of its own equipment, whether it contains a lease and whether it is a separate performance obligation from the sale of car parts.

In the wake of the above factors, we considered revenue recognition to be associated with a significant risk of material misstatement in the financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.

##### How our audit addressed the matter *(continued)*

- For a sample of sales transactions selected as part of the preceding procedure, challenging the timing of the transfer of control, the resulting pattern of revenue recognition and revenue amounts, by reference to sales invoices, inventory and shipping documents, customer acceptance forms and other documents as appropriate;
- For a sample of customers, obtaining confirmations of the amounts receivable outstanding as at the reporting date, and evaluating any differences between the amounts confirmed and the Company's records, by inspecting the underlying documentation such as contracts, invoices, shipping documents, customer acceptance forms and payments made by customers;
- Inspecting journal entries posted to revenue accounts focusing on unusual and irregular items;
- Examining whether the Company's revenue recognition-related disclosures in the financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.



## **Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)***

### **Report on the Audit of the Financial Statements *(continued)***

#### ***Other Information***

Management is responsible for the other information. The other information comprises the Management Report and Corporate Governance Statement included in the Annual Report of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management Report and Corporate Governance Statement, we also performed procedures required by the Accounting Act in Croatia ("Accounting Act"). Those procedures include considering whether:

- the Management Report has been prepared in accordance with the requirements of Articles 21 and 24 of the Accounting Act,
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and procedures above, in our opinion:

- the information given in the Management Report and Corporate Governance Statement for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared, in all material respects, in accordance with the requirements of Articles 21 and 24 of the Accounting Act, respectively;
- the Corporate Governance Statement includes the information specified in Article 22 of the Accounting Act.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are also required to report if we have identified material misstatements in the Management Report and Corporate Governance Statement. We have nothing to report in this respect.

#### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



## **Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)***

### **Report on the Audit of the Financial Statements *(continued)***

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## **Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)***

### **Report on the Audit of the Financial Statements *(continued)***

#### ***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

We were appointed by those charged with governance on 20 July 2023 to audit the separate financial statements of AD Plastik d.d. for the year ended 31 December 2023. Our total uninterrupted period of engagement is four years, covering the years ended from 31 December 2020 to 31 December 2023.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 24 April 2024;
- we have not provided any prohibited non-audit services (NASs) referred to in Article 44 of the Audit Act. We also remained independent of the audited entity in conducting the audit.

The engagement partner on the audit resulting in this independent auditors' report is Domagoj Hrkać.



## **Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)***

### **Report on Compliance with the ESEF Regulation**

In accordance with the requirements of Article 462 paragraph 5 of the Capital Market Act, we are required to express an opinion on compliance of the separate financial statements of the Company as at and for the year ended 31 December 2023, as included in the attached electronic file adplastik-drustvo-2023-12-31-en.zip, with the requirements of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "RTS on ESEF").

#### ***Responsibilities of Management and Those Charged with Governance***

Management is responsible for the preparation of the separate financial statements in a digital format that complies with the RTS on ESEF. This responsibility includes:

- the preparation of the separate financial statements in the applicable XHTML format and their publication;
- the selection and application of appropriate iXBRL tags, using judgment where necessary;
- ensuring consistency between digitised information and the separate financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the RTS on ESEF.

Those charged with governance are responsible for overseeing the Company's ESEF reporting, as a part of the financial reporting process.

#### ***Auditors' Responsibilities***

Our responsibility is to express an opinion on whether the separate financial statements comply, in all material respects, with the RTS on ESEF, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.



## **Independent Auditors' Report to the shareholders of AD Plastik d.d. *(continued)*** **Report on Compliance with the ESEF Regulation (continued)**

### ***Auditors' Responsibilities (continued)***

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with the RTS on ESEF. The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material departures from the requirements of set out in the RTS on ESEF, whether due to fraud or error. Reasonable assurance is a high degree of assurance. However, it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with the RTS on ESEF.

Our procedures included, among other things:

- obtaining an understanding of the tagging process;
- evaluating the design and implementation of relevant controls over the tagging process;
- tracing the tagged data to the separate financial statements of the Company presented in human-readable format;
- evaluating the completeness of the Company's tagging of the separate financial statements;
- evaluating the appropriateness of the use of iXBRL elements selected from the ESEF taxonomy used and creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements; and
- evaluating the appropriateness of the format of the separate financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Opinion***

In our opinion, based on the procedures performed and evidence obtained, the separate financial statements of the Company as at and for the year ended 31 December 2023, presented in ESEF format and contained in the aforementioned attached electronic file, have been prepared, in all material respects, in accordance with the requirements of the RTS on ESEF.

Our opinion does not represent an opinion on the true and fair view of the financial statements as this is included in our Report on the Audit of the Financial Statements. Furthermore, we do not express any assurance with respect to other information included in documents in the ESEF format.

**KPMG Croatia d.o.o. za reviziju**  
Croatian Certified Auditors  
Eurotower, 17th floor  
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**24 April 2024**

## SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are expressed in thousands of euros)

	Notes	2023	2022
Sales	4	89,388	79,999
Other income	5	5,060	1,871
<b>Total income</b>		<b>94,448</b>	<b>81,870</b>
Increase/(decrease) in the value of work in progress and finished products		(85)	12
Cost of raw material and supplies	6	(45,059)	(40,550)
Cost of goods sold	7	(11,922)	(10,156)
Service costs	8	(8,900)	(8,175)
Staff costs	9	(22,708)	(19,932)
Depreciation and amortisation	10	(7,293)	(8,828)
Other operating expenses	11	(2,278)	(9,022)
Provisions for risks and charges, net	12	136	(210)
Impairment of loans and trade receivables		(192)	(2,365)
<b>Total operating expenses</b>		<b>(98,301)</b>	<b>(99,226)</b>
<b>(Loss)/profit from operations</b>		<b>(3,853)</b>	<b>(17,356)</b>
Financial income	13	5,337	2,471
Financial expenses	14	(672)	(361)
<b>Profit from financing activities</b>		<b>4,665</b>	<b>2,110</b>
<b>(Loss)/profit before taxation</b>		<b>812</b>	<b>(15,246)</b>
Income tax expense	15	228	1,503
<b>(Loss)/profit for the year</b>		<b>1,040</b>	<b>(13,743)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>1,040</b>	<b>(13,743)</b>
Basic and diluted earnings per share (in euros and cents)	16	0.25	(3.31)

The accompanying accounting policies and notes form an integral part of these separate financial statements.

## SEPARATE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

(All amounts are expressed in thousands of euros)

<b>ASSETS</b>	<b>Note</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Non-current assets</b>			
Intangible assets	17	8,788	7,380
Property, plant and equipment	18	66,491	67,473
Right-of-use assets	19	2,113	1,861
Investment property	20	3,256	2,961
Investments in subsidiaries and associates	21	14,980	14,980
Given long-term loans	22	16,353	13,039
Long-term receivables	23	2,318	4,715
Deferred tax assets	15	2,223	1,996
<b>Total non-current assets</b>		<b>116,522</b>	<b>114,405</b>
<b>Current assets</b>			
Inventories	24	21,660	13,730
Trade receivables	25	17,029	13,749
Other receivables	26	4,092	2,003
Given short-term loans	27	2,354	2,105
Cash and cash equivalents	28	1,025	2,378
Prepaid expenses		503	288
Accrued income		343	771
<b>Total current assets</b>		<b>47,006</b>	<b>35,024</b>
<b>TOTAL ASSETS</b>		<b>163,528</b>	<b>149,429</b>

## SEPARATE STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023 (CONTINUED)

(All amounts are expressed in thousands of euros)

	Note	31.12.2023.	31.12.2022.
Share capital	29	54,595	55,738
Capital and other reserves		35,480	34,948
Retained earnings/(loss brought forward)		1,040	(642)
<b>Total shareholders' equity</b>		<b>91,115</b>	<b>90,044</b>
Long-term provisions	30	385	409
Long-term borrowings	31	27,899	21,226
Deferred revenue	32	38	76
Lease liabilities	33	1,346	1,029
<b>Total non current liabilities</b>		<b>29,668</b>	<b>22,740</b>
Advances received	34	5,339	3,381
Trade payables	35	16,906	14,779
Short-term borrowings	36	17,053	14,774
Other current liabilities	37	1,936	1,904
Lease liabilities	33	793	876
Short-term provisions	30	718	931
<b>Total current liabilities</b>		<b>42,745</b>	<b>36,645</b>
<b>Total liabilities</b>		<b>72,413</b>	<b>59,385</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>163,528</b>	<b>149,429</b>

The accompanying accounting policies and notes form an integral part of these separate financial statements.

## SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are expressed in thousands of euros)

	Share capital	Capital reserves	General and legal reserves	Reserves for own (treasury) shares	Own (treasury) shares	Retained earnings (loss brought forward)	Total
Balance at 31 December 2021	55,738	25,520	9,864	2,773	(1,141)	10,931	103,685
Loss for the year	-	-	-	-	-	(13,743)	(13,743)
<b>Total comprehensive (loss) for the year</b>	-	-	-	-	-	(13,743)	(13,743)
Disposal of own (treasury) shares	-	(118)	-	-	220	-	102
<b>Transactions with the owners of the Company</b>	-	(118)	-	-	220	-	102
Reversal of reserves for not written off costs of development	-	-	(2,170)	-	-	2,170	-
Balance at 31 December 2022	55,738	25,402	7,694	2,773	(921)	(642)	90,044
	Share capital	Capital reserves	General and legal reserves	Reserves for own (treasury) shares	Own (treasury) shares	Retained earnings (loss brought forward)	Total
Balance at 31 December 2022	55,738	25,402	7,694	2,773	(921)	(642)	90,044
Profit for the year	-	-	-	-	-	1,040	1,040
<b>Total comprehensive (loss) for the year</b>	-	-	-	-	-	1,040	1,040
Coverage Of the previous year's loss	-	(642)	-	-	-	642	-
Disposal of own (treasury) shares	-	(19)	-	-	50	-	31
Correction of the Share capital due to EUR conversion	(1,143)	1,143	-	-	-	-	-
<b>Transactions with the owners of the Company</b>	(1,143)	482	-	-	50	642	31
Balance at 31 December 2023	54,595	25,884	7,694	2,773	(871)	1,040	91,115

The accompanying accounting policies and notes form an integral part of these separate financial statements.

## SEPARATE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts are expressed in thousands of euros)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Loss/profit for the year</b>		<b>1,040</b>	<b>(13,743)</b>
<b>Adjusted for:</b>			
Income tax	15	(228)	(1,503)
Depreciation and amortisation	10	7,293	8,828
Tangible assets write-off	18	138	15
Intangible assets impairment/write-off	17	43	2,441
Interest expense and exchange rates recognised in profit or loss		652	312
Dividend income	13	(4,960)	(2,030)
Gain from sale of property, plant and equipment and intangible assets	5	(3,455)	(104)
Value adjustments of investment in property	5	(329)	-
Interest income	13	(377)	(411)
Decrease in long-term and short-term provisions, (net)		(201)	(342)
Impairment of loans given		164	2,169
Impairment of trade receivables		27	175
Obsolete stock write-off	24	364	27
Impairment of related parties investment	11	-	4,845
<b>Profit from operations before working capital changes</b>		<b>171</b>	<b>679</b>
(Increase) in inventories	24	(8,991)	(2,119)
(Increase)/decrease in current trade receivables		(5,549)	11,470
(Increase) in other receivables	26	(2,090)	(179)
Increase in trade payables		2,913	1,887
Increase of advances received	34	1,958	2,580
Increase/(decrease) in other current liabilities		85	(398)
Decrease/(increase) of accrued income and prepaid expenses		213	(295)
Interest paid		(563)	(404)
<b>Cash flows from operating activities</b>		<b>(11,853)</b>	<b>13,221</b>

## SEPARATE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(All amounts are expressed in thousands of euros)

<b>Cash flows from investing activities</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Interest received		121	-
Cash receipts from repayment of loans		1,125	-
Purchase of property, plant and equipment	18	(3,937)	(2,366)
Purchase of intangible assets	17	(3,412)	(2,236)
Proceeds from sale of property, plant and equipment and intangible assets		4,492	419
Dividends received		4,341	2,030
Loan given		-	(600)
<b>Cash from/(used) from investing activities</b>		<b>2,730</b>	<b>(2,753)</b>
<b>Cash flows from financing activities</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Proceeds from borrowings	36	34,051	5,497
Repayment of borrowings	36	(25,874)	(13,891)
Repayment of lease principal	33	(1,015)	(1,000)
<b>Cash from/(used) in financing activities</b>		<b>7,162</b>	<b>(9,394)</b>
Unrealised exchange rate differences in respect of cash and cash equivalents		-	4
Increase/(decrease) in cash and cash equivalents	28	(1,961)	1,078
<b>Cash and cash equivalents at the beginning of the year</b>	<b>28</b>	<b>2,378</b>	<b>1,300</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>28</b>	<b>417</b>	<b>2,378</b>

The accompanying accounting policies and notes form an integral part of these separate financial statements.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 1. NEW STANDARDS AND AMANDMENTS TO EXISTING NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Set out below are the principal accounting policies consistently applied in the preparation of the financial statements for the current and prior year.

#### 2.1. STATEMENT OF COMPLIANCE

The separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European union.

#### 2.2 BASIS OF PREPARATION

The Company maintains its accounting records in the Croatian language, in Croatian kunas and in accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia.

The preparation of the separate financial statements requires from the Management Board to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as at the date of preparation of the separate financial statements, and actual results could differ from those estimates.

The separate financial statements of the Company represent aggregate amounts of assets, liabilities, capital and reserves of the Company as of 31 December 2023, and the results of operations for the year then ended.

The Company also prepares its consolidated financial statements in accordance with International Financial Reporting Standards, which include the financial statements of the Company, as the parent, and the financial statements of the subsidiaries controlled by the Company. In these financial statements, investments in entities controlled by the Company or in which the Company has significant influence are carried at cost less impairment, if any. For a full understanding of the financial positions of the Company and its subsidiaries, as a group, and of the results of their operations and their cash flows for the year, users are advised to read the consolidated financial statements of the Group AD Plastik d.d. Details of the investments in subsidiaries and associates are presented in Note 21.

Financial statements are presented in euro ("EUR"), which is the Company's functional currency. Since the Republic of Croatia introduced the euro as the official currency on January 1, 2023, in accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the Company changed the presentation currency for the purposes of preparing financial statements for the year ended December 31, 2023. from kuna to euro, and the financial statements for the year ended December 31, 2023 were prepared for the first time in euro, rounded to the nearest thousand. From January 1, 2023, the euro is also the functional currency of the Company (until January 1, 2023, it was HRK). In this regard, the exchange rate of HRK 7.53450 to the euro was used for the conversion of comparative data.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 BASIS OF PREPARATION (CONTINUED)

Although the change in the presentation currency in the financial statements represents a change in accounting policy that requires retroactive application, the Company did not present the third balance sheet in the financial statements for the year ended December 31, 2023 in accordance with International Accounting Standard 8 (IAS) Accounting Policies, Changes in Accounting Estimates and Errors, given that it has determined that the change in the presentation currency has no significant impact on the Company's financial statements, due to the stable HRK/EUR exchange rate over the past few years.

### 2.3 REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer.

Contract exists only if it is legally enforceable and meets all of the following criteria:

- the contract is approved and the parties are committed to their obligations,
- the rights to goods and services and payment terms can be identified,
- the contract has commercial substance, and
- collection of consideration is probable.

Definition of contract as stated above is by combining the clauses of following documentation: Buyer's General Terms and conditions, Nomination letter, Purchase agreement and Purchase order.

The Company has contracts with Buyers (OEM) as Tier 1, with buyer's suppliers as Tier 2, with subsidiaries and associates. Contracts exist for sales of following goods and services:

- product sale,
- tooling sale,
- R&D activities
- royalty services,
- technical and engineering services

Contracts do not commit the customer to a specified quantity of products; however, the Company is generally required to fulfill its customers' purchasing requirements for the production life of the vehicle. Contracts do not typically become a performance obligation until the Company receives either a purchase order for a specific number of parts at a specified price. Long-term agreements with customers for specific product may range from five to seven years, contracts may be terminated by customers at any time, while occurred very rarely.

The Company's customers pay for products received in accordance with payment terms that are customary in the industry, typically 60 to 120 days. The Company's contracts with its customers do not have significant financing components.

Tooling and product sales may be contracted in separate agreements, or concluded at different points in time, or may be contracted in one agreement. In either case any binding obligation for the customer with respect to parts is created only upon issuance of purchase orders. Revenue from tooling sale and product sale is recognised at point in time when the control is passed on Buyer.

The Company has determined that royalty and technical support services, tooling and the delivery of product parts are separate and distinct for the customer and therefore constitute separate performance obligations under IFRS 15, when the ownership is transferred.

The prices agreed in the contracts for the single performance obligations are considered to be the stand-alone.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.3 REVENUE RECOGNITION (CONTINUED)

#### Revenue from sale of products

Product sales are recognized when the products are delivered to, and accepted by the customer and when the control of a product is transferred to the customer. Sales to customers with whom self-invoicing has been arranged are recognised upon receiving from such a customer the confirmation of delivery, i.e. when control is transferred to the customer. Each delivery is considered as performance obligation that is satisfied at point in time. Some of the Company's contracts include variable consideration which take a form of year-to-year price reductions („productivity“), but Company has concluded that those discounts do not give rise to a material right as those decreases are consistent with pricing pattern in automotive industry which takes into consideration learning curve effect.

Some contracts with customers include warranty clauses for repair of faulty goods during a specified long term period and cover of only a product's compliance with agreed specifications. Such warranties granted by the Company are in most cases assurance type warranties recognised in accordance with IAS 37 when the control of product transfers to customers.



#### Revenue from the manufacture of tools

Revenues from tools are matched with contracts that are specifically concluded for developing an asset, or a group of assets, closely linked and interdependent on the design, technology and function or their final use or application. The company estimates that the transfer of control of tools, gauges and other devices is met at the time of „SOP“ (Start Of Production), i.e. start of the mass production on them. At that point Company recognizes revenue from the sale of tools. Costs of modification, completion and similar tool costs Company recognizes as an increase in inventory value.

#### Revenue from royalty and technical services

Company generates revenues from licenses by concluding contracts with affiliates to whom it sells the right to use intellectual property calculated on the amount of products produced by these companies, and for which products the Company has carried out development activities.

Revenue from licenses is recognised over time, according to the quantities of products produced by the customer.

Company generates revenues from technical services on the basis of contracts it has with affiliated companies to which it provides technical-administrative consulting services.

Revenue from royalty is recognised over time based on the generated sales of customers while revenue for technical-administrative support and consultancy services is recognised at point in time when the service is rendered.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs that cannot be directly attributable to acquisition, construction or production of qualifying asset, are capitalised applying a capitalisation rate. Capitalisation rate is weighted average of borrowing costs applicable to the general borrowings, excluding borrowing costs that are directly attributable for acquisition of qualifying asset, until substantially all the activities necessary to prepare that asset for its intended use or sale are completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.5 FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated into Croatian kunas at the rates of exchange in effect at the dates of the transactions. Cash, receivables and payables denominated in foreign currencies are retranslated at the rates of exchange in effect at the date of the statement of financial position. Gains and losses arising on translation are included in the statement of comprehensive income for the year.

### 2.6 INCOME TAX

#### Current tax

Income tax expense is based on taxable profit for the year and represents the sum of the tax currently payable and deferred tax. Income tax is recognised in the statement of comprehensive income, except where it relates to items recognised directly in equity, in which case it is also recognised in equity. Current tax represents tax expected to be paid on the basis of taxable profit for the year, using the tax rates enacted at the date of the statement of financial position, adjusted by appropriate prior-period tax liabilities. The income tax rate for year 2022 and 2023 amounts to 18%.

#### Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rate expected to apply to taxable profit in the period in which the liability is expected to be settled or the asset realised, based on the tax rates in effect at the date of the statement of financial position. The income tax rate applicable to deferred tax assets is 18 %.

The measurement of deferred tax liabilities and assets reflects the amount that the Company expects, at the date of the statement of financial position, to recover or settle the carrying amounts of its assets and liabilities.

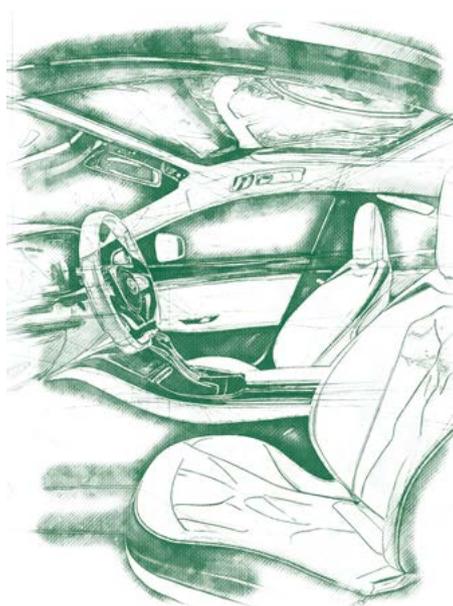
## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6 INCOME TAX (CONTINUED)

Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position as non-current assets and/or non-current liabilities. Deferred tax assets are recognised only to the extent that it is probable that the related tax benefit will be realised. At each date of the statement of financial position, the Company reviews the unrecognised potential tax assets and the carrying amount of the recognised tax assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities.

In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.



### 2.7 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment as well as intangible assets are recognised at purchase cost and subsequently reduced by accumulated depreciation. Intangible assets represent capitalized development costs of all Company's projects. Intangible assets – Projects is depreciated according to its useful life which varies from 3 to 7 years. The purchase cost comprises the purchase price, import duties and non-refundable sales taxes (for property, plant and equipment) and any directly attributable costs of bringing an asset to its working condition and location for its intended use, such as employee remuneration, professional fees directly arising from putting an asset into its working condition, test costs (for intangible assets), as well as all other costs directly attributable to bringing an asset to a condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Where it is obvious that expenses incurred resulted in an increase of expected future economic benefits to be derived from the use of an item of property, plant and equipment or intangible assets in excess of the originally assessed standard performance of the asset, they are added to the carrying amount of the asset. Gains or losses on the retirement or disposal of property, plant and equipment or intangible assets are included in the statement of comprehensive income in the period in which they occur.

Depreciation commences on putting an asset into use. Depreciation is provided so as to write down the cost or revalued amount of an asset other than land, property, plant and equipment and intangible assets under development over the estimated useful life of the asset using the straight-line method as follows:

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.7 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

Property, plant and equipment, and intangible assets	Depreciation rates in 2023 (%)	Depreciation rates in 2022 (%)
Buildings	1.50	1.50
Machinery	7.00 – 10.00	7.00 – 10.00
Tools, furniture, office and laboratory equipment, measuring and control instruments	7.00 – 50.00	7.00 – 50.00
Vehicles	20.00	20.00
IT equipment	10.00 – 20.00	10.00 – 20.00
Others	10.00	10.00
Intangible assets - Projects	14.29 – 33.33	14.29 – 33.33
Software	20.00 – 50.00	20.00 – 50.00

### 2.8 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

At each reporting date the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is an indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, The Company's assets are also allocated to individual cash-generating units or, if this is not possible, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

### 2.9 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

A subsidiary is an entity over which the Company has effective control over financial and operating policy decisions of the Company. The results, assets and liabilities of subsidiaries are incorporated in these separate financial statements using the cost method of accounting.

An associate is an entity over which the Company has significant influence and usually an ownership interest from 20 to 50 percent, but no control over the entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies. The results of operations of associates are incorporated in these financial statements using the cost method of accounting.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.10 INVENTORIES

Inventories of raw material and spare parts are stated at the lower of cost and net realisable value, whichever is lower. Cost is determined using the weighted-average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less all variable selling costs.

Small inventory is written off when put in use. The cost of product inventories i.e. the production price is based on direct material used, the cost of which is determined using the weighted average cost method, then direct labour costs and fixed overheads at the actual level of production which approximates the normal capacities, as well as variable overheads that are based on the actual use of the production capacities. Merchandise on stock is recognised at purchase cost.

### 2.11 OTHER TRADE RECEIVABLES AND PREPAYMENTS

Other trade receivables and prepayments represent receivables and prepayments that are not included in financial instruments, and they are carried at nominal amounts less an appropriate allowance for impairment for estimated irrecoverable amounts.

Impairment is recognised whenever there is objective evidence that the Company will not be able to collect all amounts due according to the originally agreed terms. Significant financial difficulties of the debtor, the probability of bankruptcy proceedings at the debtor, or default or delinquency in payment are considered objective evidence of impairment. The amount of the impairment loss is determined as the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Management determines the level of impairment allowance for doubtful receivables based on receivables collection estimation. The allowance for amounts doubtful of collection is charged to the statement of comprehensive income for the year.

### 2.12 CASH AND CASH EQUIVALENTS

Cash comprises account balances with banks, cash in hand, deposits and securities at call or with maturities of less than three months.

### 2.13 PROVISIONS

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each date of the statement of financial position and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation, determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the reversal of such discounting in each year is recognised as a financial expense and the carrying amount of the provision increases in each year to reflect the passage of time.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the statement of financial position, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.14 TERMINATION, LONG-SERVICE AND OTHER EMPLOYEE BENEFITS

#### (a) Pension-related obligations and post-employment benefits

In the normal course of business, the Company makes payments, through salary deductions, to mandatory pension funds on behalf of its employees, as required by law. The contributions paid to the mandatory pension funds are recognised as salary expense when accrued. The Company does not have any other retirement benefit plan and, consequently, has no other obligations in respect of the retirement benefits for its employees. In addition, the Company is not obliged to provide any other post-employment benefits.

#### (b) Long-term employee benefits

Long-term employee benefits represent jubilee awards and post employment benefit obligations. Post employment benefit obligations falling due more than 12 months after the reporting date are discounted to their present value. Jubilee awards are paid in intervals according to time that employee was working for Company.

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in the period in which they arise.

Past service cost is recognized immediately to the extent that entitlement to benefits has already been acquired. Otherwise, it is amortized proportionately over a period of time until the right to receive benefits is acquired.

### 2.15 FINANCIAL INSTRUMENTS

#### Financial assets

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial assets is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.15 FINANCIAL INSTRUMENTS (CONTINUED)

#### Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Accounts receivable are held in the business model of holding for collection.

#### Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, relevant for the purpose of classifying financial assets at amortised cost, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs

(e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing the main criterion, i.e. whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The structure of the Company's financial assets is simple and primarily relates to trade receivables without a significant financial component and loans given.

#### Subsequent measurement and gains and losses

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.15 FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial liabilities

Debt securities are initially recognised when they are originated. All other financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial liabilities are measured at amortized cost. A financial liability is classified as measured at amortized cost using the effective interest method. Interest expenses and exchange differences are recognized within profit or loss. Any gain or loss on derecognition is also recognized within profit or loss.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### Impairment of non-derivative financial assets

The Company recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if early warning indicators have been activated in accordance with the Company's policy or contractual terms of the instrument.

The Company considers a financial asset to be fully or partially in default if:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);
- the financial asset is more than 360 days past due based on historical experience of average market participant.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.15 FINANCIAL INSTRUMENTS (CONTINUED)

#### Measurement of expected credit losses

In accordance with IFRS 9, assets that are carried at amortized cost must have attributed expected credit losses (ECL). Formula for calculating yearly ECL is the following:

Probability of default (PD) x Loss given default (LGD) x Exposure at default (EAD).

Company used publicly available information to model ECL for loans, as follows:

Probability of default: Company used latest available Moody's Annual Default Study. Marginal PD for automotive industry was used for every year.

Probability of default used in calculation is shown in the table below:

Years	Cumulative probability of default	Marginal probability of default
1	2.2%	2.2%
2	4.5%	2.3%
3	6.6%	2.1%
4	8.6%	2.0%
5	10.4%	1.8%
6	12.1%	1.7%
7	13.7%	1.6%
8	15.2%	1.5%
9	16.6%	1.4%
10	17.6%	1.0%

Loss given default: Company used latest available Moody's Annual Default Study. It was calculated using annual default recoveries percentage. LGD used in 2023 is 60.53% (in 2022: 60.53%).

Exposure at default: Company calculated it internally taking into account annually repayment schedule for loans for every year of repayment.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability, and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

#### Impairment of financial assets

Financial assets are assessed for indications of impairment at each date of the statement of financial position. A financial asset are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the expected credit losses.

Impairment loss on a financial asset is recognised by reducing the carrying amount of the asset through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.15 FINANCIAL INSTRUMENTS (CONTINUED)

#### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset have expired, when the asset is transferred and when substantially all the risks and rewards of ownership of the asset are passed onto another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Classification as financial debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the underlying contractual arrangement.

#### Interest income

Interest income is recognised on a pro rata temporis basis, using the effective interest method. Interest earned on balances with commercial banks (demand and term deposits) is credited to income for the period as it accrues. Interest on trade receivables is recognised as income when accrued.

### 2.16 CONTINGENCIES

Contingent liabilities have not been recognised in these separate financial statements. They are disclosed if the possibility of outflow of resources embodying economic benefits is possible. A contingent asset is not recognised in financial statements, but it is disclosed when the inflow of economic benefits becomes probable.

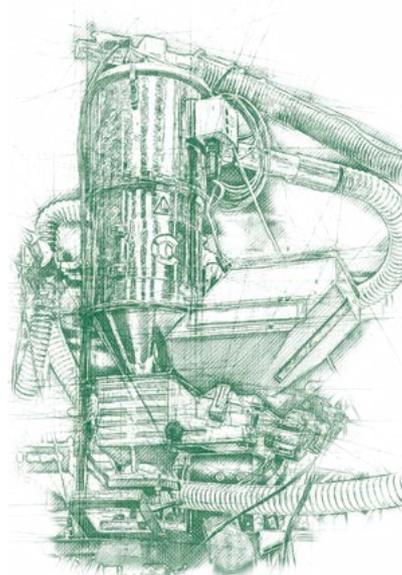
### 2.17 EVENTS SUBSEQUENT TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Events after the date of the statement of financial position that provide additional information about the Company's position at that date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

### 2.18 SEGMENT REPORTING

In separate financial statements the Company discloses sales revenues grouped by country (Note 4).

When assessing business performance and making decisions on the allocation of resources in accordance with IFRS 8 the Company's Management Board uses the division into two operating segments: EU and Serbia and Russia. In the consolidated financial statements the Group's financial results, assets and liabilities are disclosed for above mentioned operating segments.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.19 LEASES

At inception of a contract, Company assesses whether a contract is, or contains lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Company uses the definition of a lease in IFRS 16.

Leases are recognised by the present value of the lease payments and showed either as right-of-use assets or together with property, plant and equipment. Company also recognises a financial liability representing its obligation to make future lease payments. Lessees are recognised separately interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to re-measure lease liability due to certain events (e.g. a change in lease term, a change in future lease payments, resulting from a change in an index or discounting rate). The standard includes two recognition exemptions for lessees: „low-value“ leases (e.g. tablets and personal computers) and „short-term“ leases (leases which ends within 12 months). Low-value leases are considers assets with value lower than EUR 4,000.

Right-of-use assets and lease liabilities will be reported separately in the statement of financial position. The Company has elected not to apply the requirements of IFRS 16 for low-value leases (e.g. printers) and short-term leases (e.g. apartments). Detailed movement of right of use assets are presented in Note 19 and movements of lease liability in Note 34.

### 2.20 GRANTS

Company recognizes grants as income over the period necessary to match them with related costs, for which they are intended to compensate on a systematic basis. Receivables from government to reimburse expenses that have already been incurred are recognized in profit or loss in the period in which the receivable is incurred, and these grants are deducted from related expenses in financial statements.

### 2.21 INVESTMENT PROPERTY

Investment property is property held by the Company to earn rentals or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes.

Investment property is measured initially at its cost, including transaction costs. Subsequently, investment property is stated at cost less accumulated depreciation and any impairment loss.

Investment property is depreciated on a straight-line basis at the rate of 1,5%.

Investment property is derecognised when either it has been disposed of or permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, the Management Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. The key areas of estimation in applying the Company's accounting policies that had a most significant impact on the amounts recognized in the financial statements were as follows:

#### Revenue from the sale of tools

Tools are custom made for the customer and cannot be used for other purposes. In accordance with the automotive practice, those contracts may differ with respect to the development of tools and transfer of the title to the customer. In such cases, the Company determines whether tool arrangements are sale, lease or development of own equipment, whether this is a lease arrangement and whether it is separate from the sale of car parts.

The Company has assessed that the sale of car parts is a separate performance obligation from the sale of tools since the customer has the control over the use of tool and unconditional right for payment upon the transfer of control of tool to the customer. Additionally, the development of the tool is not integrated with the production of parts to produce a combined output and those two are not interrelated as tool can be sold without affecting the sale of car parts.

In addition, although in production of parts the Company may continue to use tools that it sold to customers, the Company has concluded that its arrangements do not contain a lease because customers control the use of the asset. In particular, customers, by placing orders, determine whether to produce parts using those tools, in what quantity and also the location of parts' production.

#### Measurement of fair values

Certain Company's accounting policies and disclosures require the measurement of fair values, for non-financial assets.

The Company has an established control framework with respect to fair value measurement which assumes the overall responsibility of the Management Board and finance department in relation to the monitoring of all significant fair value measurements and consultation with external experts.

Fair values are measured using information collected from third parties in which case the Board and the finance department assess whether the evidence collected from third parties support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy where such valuations should be classified.

Fair values are categorised into different level in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in level 1, that are observable for the asset or liability either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 - input variables for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more significant inputs are not based on observable market data, the fair value estimate is included in level 3.

#### Recoverability of investments in subsidiaries

At the end of each reporting period, the Company carries out the process of identifying indicators that would indicate that the value of investments in subsidiaries and associates (shown in Note 21) is potentially impaired and, if such indicators are identified, the Company assesses the recoverable amount of the investment through impairment testing.

When implementing the process of identification of impairment indicators, the Company considers a number of factors. Depending on the circumstances, a single factor by itself or several of them in combination may result in an indication of impairment. Unfavourable developments in the industry, such as the recent COVID 19 pandemic or macroeconomic disturbances due to the war in Ukraine, which led to challenges in supply chains and the lack of necessary quantities of semiconductors, as a rule, result in the implementation of impairment tests if there is noticeable significant impact on the operating results of subsidiaries and associates. In addition to the above, the Company monitors the key performance indicators of subsidiaries, the most important of which are realized operating margins and net assets of subsidiaries. Operating margins of subsidiaries are annually compared with available market multipliers for the valuation of similar companies in the industry to determine if they deviate significantly, which would indicate the need to perform a

detailed impairment test. Additionally, negative or insufficient net assets of a subsidiary also typically indicate the need to perform an impairment test.

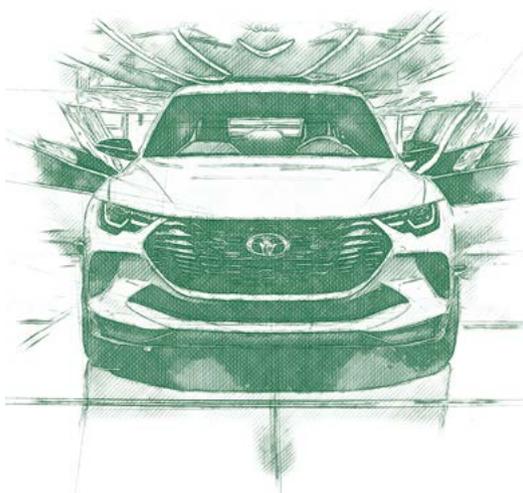
When the Company concludes for a particular investment that one factor by itself or several of them in combination result in an indication of impairment, a detailed impairment test and assessment of the recoverable value of the investment is prepared. As a rule, the discounted cash flow method (DCF method) is used to make an investment assessment, which is based on the assumption that the value of the company represents the present value of future net cash flows. When calculating the recoverable amount, as a rule, the Company applies the terminal growth rate of cash flows after a three-year period and discounts such cash flows using a discount rate that reflects the risk of the asset in question and which, for the purpose of calculating the impairment test, is approximated by the weighted average cost of capital (WACC) related to the primary sales market of individual subsidiary and industry. Impairment tests are also tested for sensitivity to changes in key variables such as the discount rate, growth rate, and similar.

During 2023, the Company identified indicators of impairment related to its investments in the subsidiary ADP d.o.o., Mladenovac and conducted detailed impairment tests of investments and loans.

The cash flow projections of the company ADP d.o.o., Mladenovac included specific estimates for a period of three years, which are based on new deals with customers that have been contracted or announced or are the subject of negotiations with customers, taking into account planned capital investments and required working capital and terminal growth rate after that period. The terminal growth rate was determined in accordance with market assumptions and the Company estimated it at 3.38%, while the rate of return was used at 11%. The impairment test did not indicate the need for impairment of the investment.

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Regarding the sensitivity of impairment tests to changes in key variables, the sensitivity analysis indicates that a reasonably expected change in one of the key variables (terminal growth rate and weighted average cost of capital), along with another variable that remains unchanged, does not result in a decrease in the value of the investment in the subsidiary ADP d.o.o. , Mladenovac. A change of 50 basis points is considered a reasonably expected change in key variables by management.



### 4. SALES

	2022	2021
Foreign sales	88,213	78,689
Domestic sales	1,175	1,310
	<b>89,388</b>	<b>79,999</b>

### 4. SALES (CONTINUED)

Sales segmentation by country is shown below:

	2023.	2022.
Slovenia	24,079	24,114
Romania	18,704	15,904
France	10,545	10,100
Italy	7,193	7,512
Hungary	5,776	4,009
Poland	5,062	1,140
Germany	4,635	3,761
Spain	3,962	3,452
Serbia	3,619	3,344
Slovakia	1,792	1,855
Croatia	1,175	1,310
Other countries	2,846	3,498
	<b>89,388</b>	<b>79,999</b>

Sales segmentation by type is shown below:

	2023	2022
Car parts sale	73,191	67,023
Merchandise	12,203	9,439
Revenue from tools	1,908	1,291
Engineering services revenue	1,314	1,352
Licences fees	773	894
	<b>89,388</b>	<b>79,999</b>

Revenues from merchandise consist of revenues from the sale of material and the sale of car parts that are not own production.

## 5. OTHER INCOME

	2023	2022
Gain from sale of property, plant and equipment and intangible assets	3,455	105
Rental income and income from the sale of services to tenants	559	583
Income from sales of waste and secondary raw material	344	257
Gain from value adjustments of Investment property	329	-
Income from product development, validation, quality control and laboratory testing	72	53
Income from damages and insurance	40	423
Income from consumption of own products and services	23	223
Other operating income	238	227
	<b>5,060</b>	<b>1,871</b>

Gain from sale of property, plant and equipment and intangible assets in 2023 include gain from sale of intangible assets (capitalized development costs) in amount of EUR 2,543 thousand.

## 6. COST OF RAW MATERIAL AND SUPPLIES

	2023	2022
Direct materials	38,325	35,456
Electricity	3,225	3,172
Other raw material and supplies	3,145	1,895
Cost of unusable inventories, inventory shortage costs and value adjustment of inventory	364	27
	<b>45,059</b>	<b>40,550</b>

## 7. COST OF GOODS SOLD

	2023	2022
Cost of merchandise	10,359	9,096
Cost of tools sold	1,524	1,016
Other costs of goods sold	39	44
	<b>11,922</b>	<b>10,156</b>

## 8. SERVICE COSTS

	2023	2022
Transport	3,270	3,010
Intellectual service cost	1,516	1,647
Maintenance costs	983	724
Software licenses	949	842
Security and fire services	447	276
Communal fee	347	267
Rental costs	241	168
Logistic services at distribution warehouses	164	357
Marketing	157	72
Water	109	108
Engineering services costs	97	154
Telephone, cell phone, internet costs	79	94
Licence fees	32	46
Other service costs	509	410
	<b>8,900</b>	<b>8,175</b>

## 9. STAFF COSTS

	2023	2022
Net wages and salaries	12,544	11,623
Taxes and contributions on and out of salaries	7,537	6,623
Other staff costs	2,627	1,686
	<b>22,708</b>	<b>19,932</b>

Other staff costs comprise jubilee awards, bonuses, termination benefits, commuting costs, cost of student service and other business-related costs.

Company included income from reversal of provision for jubilee awards in amount of EUR 24 thousand as cost reduction within category "Other staff cost". Further, within "Other staff cost" provision for unused vacation days in amount of EUR 142 thousand and provision for termination benefits in amount of EUR 18 thousand are shown.

In the previous period, reversal of provision for employee bonuses in amount of EUR 531 thousand, reversal of provision for termination benefits in amount of EUR 77 thousand and reversal of provision for jubilee awards in amount of EUR 46 thousand were shown as a cost reduction through „Other staff cost“. Also, in the previous period, provision for unused vacation days in amount of EUR 269 thousand was shown in other staff cost.

## 10. DEPRECIATION AND AMORTISATION

	2023	2022
Depreciation of property, plant and equipment (Note 18)	4,850	5,615
Amortisation of intangible assets (Note 17)	1,393	2,177
Depreciation of right of use assets (Note 19)	1,017	1,004
Depreciation of investment property (Note 20)	33	32
	<b>7,293</b>	<b>8,828</b>

## 11. OTHER OPERATING EXPENSES

	2023	2022
Business trips	357	441
Cost of own consumption and goods provided free of charge	341	219
Membership fees, contributions, municipal utility fees	271	259
Withholding tax	265	73
Insurance premiums	169	150
Customer complaints	144	134
Entertainment/representation costs	139	104
Non-current tangible assets write off	138	-
Gifts, donations and sponsorships	110	52
Supervisory Board fees	89	71
Professional training costs	72	72
Safety at work and health services	48	36
Capitalised development cost write-off	43	-
Impairment of related parties investment	-	4,845
Impairment of capitalised development cost	-	2,441
Other expenses	92	125
	<b>2,278</b>	<b>9,022</b>

At 31 December 2023 the Company has no given advances and credits granted to the members of the administrative, managerial and supervisory bodies.

## 12. PROVISIONS FOR RISKS AND CHARGES

	2023	2022
Provision for possible litigation losses, net (Note 30)	(4)	210
Provision for warranties, net	(132)	-
	<b>(136)</b>	<b>210</b>

## 13. FINANCIAL INCOME

	2023	2022
Dividend income from associate	4,960	2,030
Interest income	377	411
Foreign exchange income, net	-	30
	<b>5,337</b>	<b>2,471</b>



## 14. FINANCIAL EXPENSES

	2023	2022
Interest expense	623	341
Interest expense on lease liabilities	29	42
Foreign exchange losses, net	20	-
Other	-	(22)
	<b>672</b>	<b>361</b>

## 15. INCOME TAX

Income tax comprises the following:

	2023	2022
Current tax	-	-
Deferred tax	228	1,503
	<b>228</b>	<b>1,503</b>

Deferred tax, as presented in the statement of financial position, is as follows:

	2023		2022	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Balance at 1 January	1,996	-	493	-
Increase	1,262	380	1,525	-
Usage	(60)	-	-	-
Reversal	(594)	-	(22)	-
<b>Balance at 31 December</b>	<b>2,604</b>	<b>380</b>	<b>1,996</b>	<b>-</b>

**15. INCOME TAX (CONTINUED)**

Movement of Deferred tax assets/(liabilities) are presented in following table:

<b>2023</b>	<b>Opening balance</b>	<b>(Charged)/ credited to statement of comprehensive income, net</b>	<b>Closing balance</b>
Provisions for jubilee service and termination benefits	84	(1)	83
Impairment of investment property	388	(59)	329
Impairment of inventory	-	66	66
Impairment/reversal receivables/loans	-	66	66
Tax loss carryforward	1,524	151	1,675
Lease liabilities	-	385	385
Right of use assets	-	(380)	(380)
<b>Balance at 31 December</b>	<b>1,996</b>	<b>228</b>	<b>2,224</b>
<b>2022</b>	<b>Opening balance</b>	<b>(Charged)/ credited to statement of comprehensive income, net</b>	<b>Closing balance</b>
Provisions for jubilee service and termination benefits	105	(22)	84
Impairment of investment property	388	-	388
Tax loss carryforward	-	1,524	1,524
<b>Balance at 31 December</b>	<b>493</b>	<b>1,502</b>	<b>1,996</b>

Reconciliation between the accounting and tax results is shown as follows:

	<b>2023</b>	<b>2022</b>
<b>Accounting profit/(loss) before tax</b>	<b>812</b>	<b>(15,246)</b>
Tax at the rate of 18%	146	(2,744)
Non-deductible expenses	96	1,888
Tax exempt revenues	(1,064)	(647)
Changes in estimates from previous years	594	-
<b>Profit tax expense</b>	<b>(228)</b>	<b>(1,503)</b>
Effective tax rate	(28.08%)	9.86%

The effective income tax rate in Republic of Croatia in year 2023 was 18% the same as it was for the year 2022.

The amount of EUR 745 thousand was recognized as deferred tax assets in 2023. The Company is planning to achieve taxable profit in the period from 2024 to 2028, for which forementioned deferred tax assets is planned to be used.

## 15. INCOME TAX (CONTINUED)

The tax losses available for carry-forward to the following tax periods are as follows:

	2023	2022
Tax losses from 2022 - expire in 2027.	8,348	8,348
Tax losses from 2023 - expire in 2028	4,142	-
	<b>12,490</b>	<b>8,348</b>

## 16. EARNINGS PER SHARE

Basic earnings per share are determined by dividing the Company's net profit by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares redeemed and held by the Company as treasury shares. The basic earnings per share equal the diluted earnings per share, as there are currently no share options that would potentially increase the number of issued shares.

	2023	2022
Profit/(loss) for the year (in EUR '000)	1,040	(13,743)
Weighted average number of shares	4,159,022	4,151,975
<b>Basic and diluted earnings per share (in euros and cents)</b>	<b>0.25</b>	<b>(3.31)</b>
	<b>2023</b>	<b>2022</b>
Issued ordinary share at 1 January	4,199,584	4,199,584
Effect of treasury shares held	(38,428)	(40,628)
Effect of treasury shares disposed of	(2,134)	(6,981)
<b>Weighted-average number of ordinary share at 31 December</b>	<b>4,159,022</b>	<b>4,151,975</b>

## 17. INTANGIBLE ASSETS

Projects comprise investments in the development of new products that are expected to generate economic benefits in future periods. Consequently, the costs are amortised over the period in which the related economic benefits flow into the Company. Intangible assets under development mostly refer to the capitalized costs of new product development.

In 2023, the cost of net salaries and wages of EUR 366 thousand the cost of taxes and contributions from salaries of EUR 151 thousand and the cost of contributions to salaries of EUR 79 thousand were capitalized in intangible assets. In

the previous 2022, the capitalized cost of net salaries and wages amounted to EUR 323 thousand the cost of taxes and contributions from salaries amounted to EUR 126 thousand and the cost of contributions to salaries amounted to EUR 68 thousand.

In 2023, capitalized interest expense in the amount of EUR 19 thousand (2022: EUR 6 thousand) was recognized on intangible assets.

**17. INTANGIBLE ASSETS (CONTINUED)**

	Software	Projects	Other intangible assets	Intangible assets under development	Total
<b>Cost</b>					
<b>Balance at 31 December 2021</b>	<b>1,647</b>	<b>20,979</b>	<b>748</b>	<b>3,824</b>	<b>27,198</b>
Additions	-	-	-	2,236	2,236
Transfer from assets under development	223	1,084	5	(1,311)	-
Disposals	(18)	(5,086)	-	-	(5,104)
Retirements/Write Offs	-	(2,505)	-	(1,333)	(3,838)
<b>Balance at 31 December 2022</b>	<b>1,852</b>	<b>14,472</b>	<b>752</b>	<b>3,416</b>	<b>20,492</b>
Additions	-	-	-	3,412	3,412
Transfer from assets under development	4	1,058	3	(1,065)	-
Disposals	(1)	(1,113)	-	-	(1,114)
Impairment	(28)	(303)	-	-	(331)
<b>Balance at 31 December 2023</b>	<b>1,826</b>	<b>14,114</b>	<b>756</b>	<b>5,763</b>	<b>22,459</b>
<b>Accumulated amortisation</b>					
<b>Balance at 31 December 2021</b>	<b>1,497</b>	<b>15,550</b>	<b>389</b>	<b>-</b>	<b>17,436</b>
Charge for the year	90	1,937	150	-	2,177
Disposals	(18)	(5,086)	-	-	(5,104)
Retirements/Write Offs	-	(1,397)	-	-	(1,397)
<b>Balance at 31 December 2022</b>	<b>1,568</b>	<b>11,004</b>	<b>539</b>	<b>-</b>	<b>13,111</b>
Charge for the year	91	1,153	150	-	1,393
Write Offs	(28)	(260)	-	-	(287)
Impairment	(1)	(545)	-	-	(545)
<b>Balance at 31 December 2023</b>	<b>1,630</b>	<b>11,353</b>	<b>689</b>	<b>-</b>	<b>13,672</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>284</b>	<b>3,468</b>	<b>213</b>	<b>3,416</b>	<b>7,380</b>
<b>At 31 December 2023</b>	<b>197</b>	<b>2,761</b>	<b>67</b>	<b>5,763</b>	<b>8,787</b>

## 18. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and equipment	Assets under development	Total
<b>Cost</b>					
<b>Balance at 31 December 2021</b>	<b>17,352</b>	<b>34,498</b>	<b>77,610</b>	<b>847</b>	<b>130,307</b>
Additions	-	-	-	2,366	2,366
Transfer from assets under development	-	23	597	(620)	-
Disposals	-	-	(711)	-	(711)
Retirements/Write Offs	-	-	(702)	-	(702)
Transfer to investment property (Note 20)	13	-	-	-	13
<b>Balance at 31 December 2022</b>	<b>17,366</b>	<b>34,521</b>	<b>76,795</b>	<b>2,592</b>	<b>131,274</b>
Additions	-	-	-	4,635	4,635
Transfer from assets under development	-	1,781	2,031	(3,812)	-
Disposals	-	-	(2,492)	-	(2,492)
Retirements/Write Offs	-	(215)	(284)	-	(500)
<b>Balance at 31 December 2023</b>	<b>17,366</b>	<b>36,087</b>	<b>76,049</b>	<b>3,415</b>	<b>132,916</b>
<b>Accumulated depreciation</b>					
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>10,886</b>	<b>48,383</b>	<b>-</b>	<b>59,269</b>
Charge for the year (Note 10)	-	518	5,097	-	5,615
Disposals	-	-	(397)	-	(397)
Retirements/Write Offs	-	-	(687)	-	(687)
Transfer from investment property (Note 20)	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>11,404</b>	<b>52,396</b>	<b>-</b>	<b>63,801</b>
Charge for the year (Note 10)	-	661	4,189	-	4,850
Disposals	-	-	(1,863)	-	(1,863)
Retirements/Write Offs	-	(78)	(284)	-	(361)
<b>Balance at 31 December 2023</b>	<b>-</b>	<b>11,988</b>	<b>54,437</b>	<b>-</b>	<b>66,425</b>
<b>Net book value</b>					
<b>At 31 December 2022</b>	<b>17,366</b>	<b>23,117</b>	<b>24,399</b>	<b>2,592</b>	<b>67,473</b>
<b>At 31 December 2023</b>	<b>17,366</b>	<b>24,099</b>	<b>21,612</b>	<b>3,415</b>	<b>66,491</b>

## 18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

From assets mentioned in Note 18 Property, plant and equipment and in Note 20 Investment property, pledged assets are lands with book value on the date of 31.12.2023 of (in thousand EUR) 13,260 (31.12.2022: 18,819) and buildings 16,427 (31.12.2022: 24,165). Plant

and equipment are not pledged in 2023 (31.12.2022: 2,597). The mentioned assets include investment property, land in the net book value of 1,479 and buildings in the net book value of 1,777 (in thousand EUR).

## 19. RIGHT OF USE ASSET

	Buildings	Plant and equipment	Total
<b>Cost</b>			
<b>Balance at 31 December 2021</b>	<b>3,221</b>	<b>1,073</b>	<b>4,294</b>
Additions	238	-	238
Lease modification, net	90	(44)	46
<b>Balance at 31 December 2022</b>	<b>3,549</b>	<b>1,029</b>	<b>4,578</b>
Lease modification, net	1,269	-	1,269
<b>Balance at 31 December 2023</b>	<b>4,818</b>	<b>1,029</b>	<b>5,847</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 December 2021</b>	<b>1,404</b>	<b>309</b>	<b>1,713</b>
Charge for the year	682	322	1,004
<b>Balance at 31 December 2022</b>	<b>2,086</b>	<b>631</b>	<b>2,717</b>
Charge for the year	699	318	1,017
<b>Balance at 31 December 2023</b>	<b>2,785</b>	<b>949</b>	<b>3,734</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>	<b>1,463</b>	<b>398</b>	<b>1,861</b>
<b>At 31 December 2023</b>	<b>2,033</b>	<b>80</b>	<b>2,113</b>

## 19. RIGHT OF USE ASSET (CONTINUED)

Amounts recognised in profit and loss	2023	2022
Depreciation expense on right of use assets	1,017	1,004
Interest expense	29	42
Expenses relating to variable lease payments not included in the measurement of lease liability	100	23
Expense relating to leases of low value	99	133
Expense relating to short-term leases	42	12
	<b>1,287</b>	<b>1,214</b>

In accordance with IFRS 16, Company has classified leases for buildings and plant and equipment as "Right of use asset". Within the category "Buildings", the leases of office buildings and warehouses used by the Company in business are positioned. The "Plant and equipment" category includes concluded car and forklift rental agreements.

## 20. INVESTMENT PROPERTY

	Land	Buildings	Total
<b>Cost</b>			
<b>Balance at 31 December 2021</b>	<b>1,492</b>	<b>2,210</b>	<b>3,703</b>
Value increase of investment property	(13)	-	(13)
<b>Balance at 31 December 2022</b>	<b>1,479</b>	<b>2,210</b>	<b>3,689</b>
Value increase of investment property		408	408
<b>Balance at 31 December 2023</b>	<b>1,479</b>	<b>2,618</b>	<b>4,097</b>
<b>Accumulated depreciation</b>			
<b>Balance at 31 December 2020</b>	-	<b>695</b>	<b>695</b>
Charge for the year (Note 11)	-	33	33
<b>Balance at 31 December 2021</b>	-	<b>728</b>	<b>728</b>
Charge for the year (Note 11)	-	33	33
Value increase of investment property	-	79	79
<b>Balance at 31 December 2022</b>	-	<b>840</b>	<b>840</b>
<b>Net book value</b>			
<b>Balance at 31 December 2021</b>	<b>1,479</b>	<b>1,482</b>	<b>2,961</b>
<b>Balance at 31 December 2022</b>	<b>1,479</b>	<b>1,778</b>	<b>3,257</b>

Income from the rental of the building in 2023 amounts to EUR 266 thousand (2022: EUR 265 thousand), and the depreciation charge for the year 2023 amounts to EUR 33 thousand (2022: EUR 33 thousand).

At December 31 2023 the carrying amount of investment property approximates fair value, that has been internally determined by the company based on the income capitalisation method which assumes sustainable annual lease income which investment property generates or is able to generate during its ordinary course of business.

## 21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Set out below are details of the Company's subsidiaries at the end of the reporting period:

Name of subsidiary	Country of incorporation and business	Ownership interest in %		Amount of equity investment, in EUR '000	
		31.12. 2023	31.12. 2022	31.12. 2023	31.12. 2022
AD Plastik Tisza Kft.	Tiszaújváros, Hungary	100.00%	100.00%	9,418	9,418
ADP d.o.o.	Mladenovac, Serbia	100.00%	100.00%	1,993	1,993
AO AD Plastik Togliatti	Samara, Russian Federation	100.00%	100.00%	674	674
AD Plastik d.o.o.	Novo Mesto, Slovenia	100.00%	100.00%	8	8
ZAO AD Plastik Kaluga	Kaluga, Russian Federation	100.00%	100.00%	-	-
				<b>12,092</b>	<b>12,092</b>

Currently, there is a limit on the loan collection from Russian subsidiaries in the amount of 10,000 thousand rubles on a monthly basis per one subsidiary company.

Associates:

Name of associate	Country of incorporation and business	Ownership interest in %		Amount of equity investment, in EUR '000	
		31.12. 2023	31.12. 2022	31.12. 2023	31.12. 2022
EURO Auto Plastic Systems	Mioveni, Romania	50.00%	50.00%	2,887	2,887
				<b>2,887</b>	<b>2,887</b>
<b>Total investments in subsidiaries and associates</b>				<b>14,980</b>	<b>14,980</b>

Company has a 50-percent equity share in EURO Auto Plastic Systems, but has no control over the entity. However, the company is treated as an associate.

## 21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)

Set out below is a summary of financial information about the subsidiaries and associates:

<b>AD Plastik Tisza, Tiszaújváros, Hungary</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current assets	4,823	4,465
Fixed assets	6,692	6,496
<b>Total assets</b>	<b>11,515</b>	<b>10,961</b>
Short-term liabilities	(5,713)	(6,278)
Long-term liabilities and provisions	(2,721)	(2,519)
<b>Total Liabilities</b>	<b>(8,434)</b>	<b>(8,797)</b>
<b>Net assets</b>	<b>3,081</b>	<b>2,164</b>
<b>ADP d.o.o, Mladenovac, Serbia</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current assets	5,684	5,427
Fixed assets	7,343	6,815
<b>Total assets</b>	<b>13,027</b>	<b>12,242</b>
Short-term liabilities	(6,127)	(9,175)
Long-term liabilities and provisions	(7,547)	(2,898)
<b>Total Liabilities</b>	<b>(13,674)</b>	<b>(12,073)</b>
<b>Net assets</b>	<b>(647)</b>	<b>169</b>
<b>AO AD Plastik Togliatti, Togliatti, Russian Federation</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current assets	12,445	13,660
Fixed assets	8,538	11,320
<b>Total assets</b>	<b>20,983</b>	<b>24,980</b>
Short-term liabilities	(12,027)	(12,302)
Long-term liabilities and provisions	(1,932)	(2,312)
<b>Total Liabilities</b>	<b>(13,959)</b>	<b>(14,614)</b>
<b>Net assets</b>	<b>7,024</b>	<b>10,366</b>

**21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)**

<b>ZAO AD Plastik Kaluga, Kaluga, Russian Federation</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current assets	2,733	4,048
Fixed assets	4,107	6,207
<b>Total assets</b>	<b>6,840</b>	<b>10,255</b>
Short-term liabilities	(1,747)	(1,989)
Long-term liabilities and provisions	(9,967)	(10,797)
<b>Total Liabilities</b>	<b>(11,714)</b>	<b>(12,786)</b>
<b>Net assets</b>	<b>(4,874)</b>	<b>(2,531)</b>
<b>AD Plastik d.o.o., Novo Mesto, Slovenia</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current assets	480	478
Fixed assets	-	1
<b>Total assets</b>	<b>480</b>	<b>479</b>
Short-term liabilities	(20)	(22)
Long-term liabilities and provisions	-	-
<b>Total Liabilities</b>	<b>(20)</b>	<b>(22)</b>
<b>Net assets</b>	<b>460</b>	<b>457</b>
<b>EURO Auto Plastic Systems</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current assets	38,767	39,297
Fixed assets	19,478	12,249
<b>Total assets</b>	<b>58,245</b>	<b>51,546</b>
Short-term liabilities	35,959	28,165
Long-term liabilities and provisions	1,271	1,023
<b>Total Liabilities</b>	<b>37,230</b>	<b>29,188</b>
<b>Net assets</b>	<b>21,015</b>	<b>22,358</b>

## 22. GIVEN LONG-TERM LOANS

Long-term investment loans were granted to the subsidiaries with maturities from one to ten years and an interest rate of 2.40%. During the 2022 loans were granted with the interest rate of 2.68 %.

	<b>31.12.2023</b>	<b>31.12.2022</b>
Long-term loans to subsidiaries	18,776	15,297
Long-term receivables for interests	729	729
Impairment of given loans	(3,152)	(2,987)
	<b>16,353</b>	<b>13,039</b>

## 23. LONG-TERM RECEIVABLES

	<b>31.12.2023</b>	<b>31.12.2022</b>
ADP d.o.o., Mladenovac, Serbia	2,318	4,716
	<b>2,318</b>	<b>4,716</b>

## 24. INVENTORIES

The amount of inventories recognised as an expense during the 2023 was EUR 77,176 thousand (in the 2022 the expense was EUR 70,887 thousand).

Total inventory write – off was EUR 364 thousand in 2023 ( in 2022 it was EUR 27 thousand). The inventories were deemed as obsolete. The inventory write – off is included in note 6 – Cost of raw material and supplies, line „Cost of unusable inventories and inventory shortage costs“.

	<b>31.12.2023</b>	<b>31.12.2022</b>
Tools	9,337	944
Raw material and supplies on stock	5,229	7,258
Prepayments for tools	3,792	1,774
Finished products	1,870	2,146
Work in progress	1,043	940
Merchandise on stock	389	669
	<b>21,660</b>	<b>13,730</b>

## 25. TRADE RECEIVABLES

The average credit period on sales is 78 days (2022: 92 days).

Movements in the impairment allowance on doubtful trade receivables can be presented as follows:

	2023	2022
<b>Balance at beginning of the year</b>	<b>169</b>	<b>202</b>
Movements based on IFRS 9 expected credit losses calculation for year end	26	(33)
Trade receivables impairment	178	-
<b>Total impairment allowance</b>	<b>373</b>	<b>169</b>

	31.12.2023	31.12.2022
Foreign trade receivables (unrelated companies)	13,033	9,529
Foreign trade receivables (intra group)	2,692	3,318
Foreign trade receivables (associates)	1,124	514
Domestic trade receivables	553	557
Impairment allowance on receivables	(373)	(169)
	<b>17,029</b>	<b>13,749</b>

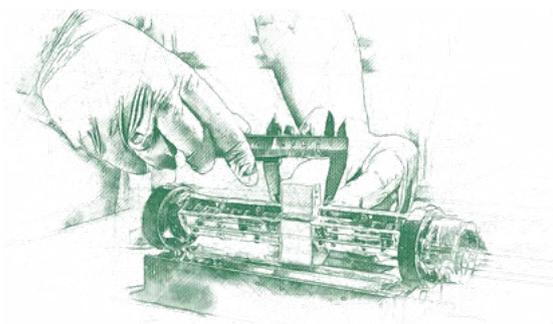
Ageing analysis of not impaired receivables can be presented as follows:

	31.12.2023	31.12.2022
0 - 90 days past due	1,884	925
91 - 180 days past due	347	115
181 - 365 days past due	694	1,146
Preko 365 days past due	987	1,778
Not due	13,117	9,785
	<b>17,029</b>	<b>13,749</b>

The majority of the receivables past due beyond 365 days comprise amounts owed by the subsidiaries.

At December 31 2023, the carrying amount of the receivables from companies in the same group which make more than 15% of the total receivables was EUR 3,817 thousand (31.12.2022.: EUR 2,523 thousand) while sales income of this group in 2023 amounted to EUR 22,682 thousand (in 2022: EUR 17,933 thousand).

At December 31 2023, the carrying amount of the second largest receivables from companies in the same group which make more than 15% of the total receivables was EUR 2,818 thousand (31.12.2022.: EUR 754 thousand) while sales income of this group in 2023 amounted to EUR 15,590 thousand (in 2022: EUR 15,174 thousand).



## 26. OTHER RECEIVABLES

	31.12.2023	31.12.2022
Receivables from the State and State institutions	2,881	1,492
Foreign prepayments made	941	435
Domestic prepayments made	184	74
Other receivables	86	1
	<b>4,092</b>	<b>2,002</b>

Amounts due from the State and State institutions comprise from these receivables:

	31.12.2023	31.12.2022
VAT refund receivables	2,810	1,407
Receivables for sick leave	65	61
Other receivables	6	24
	<b>2,881</b>	<b>1,492</b>

## 27. CURRENT FINANCIAL ASSETS

	31.12.2023	31.12.2022
Interest receivables	1,754	1,505
Receivables per short-term loans	600	600
	<b>2,354</b>	<b>2,105</b>

Interest receivables relate to loans given to subsidiaries.

## 28. CASH AND CASH EQUIVALENTS

	31.12.2023	31.12.2022
Current account balance	1,013	11
Foreign account balance	9	2,367
Cash in hand	3	-
<b>Cash and cash equivalents in statement of financial position</b>	<b>1,025</b>	<b>2,378</b>
Bank overdrafts	(608)	-
<b>Cash and cash equivalents in statement of cash flows</b>	<b>417</b>	<b>2,378</b>

## 29. CAPITAL

Subscribed capital amounts to EUR 54,595 thousand and consists of 4,199,584 shares, with a nominal value of EUR 13 per share (2022: EUR 55,738 thousand, comprising 4,199,584 shares, with a nominal value of EUR 13,27 each). On the date of 19.09.2023 the nominal value of individual share was changed from EUR 13,27 to EUR 13,00.

Capital reserves are the differences between the nominal and selling values of a share.

General and legal reserves consist of legal reserves up to 5% of the amount of share capital (defined by the Croatian Company law), and of unwritten development costs. Under Croatian Accounting Law, Article 19, Paragraph 14, AD Plastik d.d. has made provisions for not written - off development costs stated in Assets. The provision was made with the transfer from Retained earnings to the position of General and legal reserves of Company's equity. Amount of provisions at least amounts capitalised development costs stated in Assets at the end of previous year.

Own treasury shares refers to treasury shares of the Company. The company owns 38,428 treasury shares on 31.12.2023. The Company owned 40,628 treasury shares on the date of 31.12.2022.

### 30. LONG-TERM AND SHORT-TERM PROVISIONS

	Short-term		Long-term	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Vacation accrual	517	375	-	-
Legal cases	126	366	-	-
Jubilee awards (long-service benefits)	39	32	139	171
Termination benefits	36	26	246	238
Risks within the warranty period	-	132	-	-
	<b>718</b>	<b>931</b>	<b>385</b>	<b>409</b>

Movement in provisions was as follows:

	Jubilee Awards	Retirement/ termination benefits	Legal Cases	Vacation Accrual	Employee Bonuses	Risks within the warranty period	Total
Balance at 1 January 2023	202	264	366	375	-	132	1,339
Increase/(decrease) in provisions, net	(24)	18	(240)	142	-	(132)	(236)
Balance at 31 December 2023	178	282	126	517	-	-	1,103
Balance at 1 January 2022	248	508	156	106	531	132	1,681
Increase/(decrease) in provisions, net	(46)	(244)	210	269	(531)	-	(342)
Balance at 31 December 2022	202	264	366	375	-	132	1,339

According to the collective agreement, the Company has the obligation to pay long-service (jubilee awards), termination benefit upon regular retirement and other benefits to employees. Long-service benefits (jubilee awards and termination benefit upon regular retirement) are defined in the union agreement and employment agreements. No other post-retirement benefits are provided.

Long-service benefits are paid for full years of service in the month of the current year in which the service is determined as completed.

The present value of defined benefit obligations arising from long-service benefits and termination benefits upon regular retirement is determined using the projected credit unit method and serves as the basis for arriving at the past and current service costs, the interest expense and the actuarial gain or loss.

### 30. LONG-TERM AND SHORT-TERM PROVISIONS (CONTINUED)

Provisions for litigation losses represents provisions relating to litigation against the Company from regular commercial operations and from disputes with former employees. During 2023, the Company settled the liability for the court case in the amount of 235 thousand euros, 12 thousand euros were additionally reserved and 17 thousand euros were released as a result of the favorable outcome of the court case.

Provisions for unused vacation days are calculated on the basis of the remaining days of the vacation days that employees have made in the current year, multiplied by amount of gross daily wage.

Employees bonuses represents rewards that were planned to be paid out in the coming year based on results from the current year.

Provisions for risks within the warranty period are estimated costs of complaints that we expect in future years, calculated on the basis of delivered pieces in current and previous years.

Key assumptions used in calculating provisions for jubilee awards and severance pay in 2023 are the discount rate of 1.85% and the fluctuation rate of 15.41%. Discount rate of 1.26% and the fluctuation rate of 13.54% were used in calculation of the required provisions in the year of 2022. Fluctuation rate is based on average fluctuation of employees in the last 5 years.



### 31. LONG – TERM BORROWINGS

	31.12.2023	31.12.2022
Long-term borrowings	37,307	28,969
	<b>37,307</b>	<b>28,969</b>
Current portion of long-term borrowings (Note 36)	(9,408)	(7,744)
<b>Total long-term borrowings</b>	<b>27,899</b>	<b>21,226</b>

Long-term borrowings are used to finance capital investments and development projects. Instruments of collateral provided for the long-term loans include mortgage on real estate and/or equipment and payment instruments. Majority of the long-term loans are repayable on a monthly basis.

By the date of the balance sheet, the company received the bank's confirmation (regarding the long-term loan), according to which it waives the clause of maintaining the ratio of net debt to EBITDA. Book value of the loan amounts to HRK 4,243 thousand.

In 2023, the weighted average interest rate on the long-term loans was 1.10% (in the 2022 the average interest rate on the long-term loans was 0.65%). The Company regularly meets all its obligations arising from the loans and observes all the conditions specified in the underlying contracts.

### 32. DEFERRED REVENUE

	31.12.2023	31.12.2022
Deferred revenue	38	76
<b>Total deferred revenue</b>	<b>38</b>	<b>76</b>

Deferred revenue arose as a result of borrowing from a financial institution at an interest rate lower than the market rate.

**33. LEASE LIABILITIES – IFRS 16**

	2023	2022
Balance at 1 January	1,905	2,629
Additions	-	238
Lease modifications, net	1,249	39
Interest expense on lease liabilities	29	42
Principal paid	(1,015)	(1,001)
Interest paid	(29)	(42)
	<b>2,139</b>	<b>1,905</b>
Long-term liabilities	1,346	1,029
Short-term liabilities	793	876

**34. ADVANCES RECEIVED**

	31.12.2023	31.12.2022
Foreign customers	5,338	3,381
Domestic customers	1	-
	<b>5,339</b>	<b>3,381</b>

**35. TRADE PAYABLES**

	31.12.2023	31.12.2022
Domestic trade payables	11,097	4,514
Foreign trade payables	4,966	8,766
Accrued expenses	843	1,499
	<b>16,906</b>	<b>14,779</b>

In 2023, the average days payables outstanding was 75 (2022: 73 days).

**36. SHORT – TERM BORROWINGS**

	31.12.2023	31.12.2022
Current portion of long-term borrowings (Note 31)	9,408	7,744
Short-term borrowings – principal payable	7,506	7,000
Short-term borrowings – interest payable	139	30
	<b>17,053</b>	<b>14,774</b>

The short-term borrowings were used to finance development projects and for working capital purposes. Instruments of collateral provided for the short-term borrowings are payment instruments.

In 2023, the weighted average interest rate on the short-term loans was 2.35% (1.31% in 2022). The Company fulfils all its obligations under the loans regularly.

### 36. SHORT – TERM BORROWINGS (CONTINUED)

The total movement in loans (short-term and long-term) during the year can be shown as follows:

	2023	2022
<b>Balance at 1 January</b>	<b>36,000</b>	<b>44,192</b>
Borrowings raised	34,051	5,497
Change in bank overdrafts	606	-
Interest expenses	572	302
Exchange rate differences	-	79
Interest paid	(463)	(317)
Principal repaid	(25,874)	(13,891)
Rest of changes	61	138
Balance at 31 December	44,952	36,000
<b>Balance at 31 December</b>	<b>44,952</b>	<b>36,000</b>

### 37. OTHER CURRENT LIABILITIES

	31.12.2023	31.12.2022
Amounts due to employees	1,229	1,166
Due to the State and State institutions	583	587
Grant liabilities	101	124
Other current liabilities	22	28
	<b>1,936</b>	<b>1,904</b>

Grant liabilities arose as a result of borrowing from a financial institution at an interest rate lower than the market rate.

### 38. RELATED-PARTY TRANSACTIONS

Transactions with related companies were as follows:

Receivables and payables for goods and services	Receivables		Payables	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
ADP d.o.o., Mladenovac, Serbia	3,531	5,668	926	983
AO AD Plastik Togliatti, Russia	819	1,841	-	-
AD Plastik Tisza, Hungary	660	427	195	29
EURO APS, Romania	507	514	5	-
ZAO AD Plastik Kaluga, Russia	-	97	2	2
AD Plastik d.o.o., Slovenia	-	-	464	443
	<b>5,517</b>	<b>8,547</b>	<b>1,593</b>	<b>1,456</b>

**38. RELATED-PARTY TRANSACTIONS (CONTINUED)**

Receivables and payables for loans and interest	Receivables		Payables	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
ZAO AD Plastik Kaluga, Russia	8,515	9,218	-	-
ADP d.o.o., Mladenovac, Serbia	7,814	3,325	-	-
AO AD Plastik Togliatti, Russia	1,766	2,001	-	-
AD Plastik Tisza, Hungary	613	601	-	-
Sankt-Peterburgskaya investicionaya kompaniya	-	-	2,508	2,508
	<b>18,707</b>	<b>15,144</b>	<b>2,508</b>	<b>2,508</b>

Receivables for dividends	Receivables	
	31.12.2023	31.12.2022
EURO APS, Romania	619	-
	<b>619</b>	<b>-</b>

During the 2023 in its financial statements Company recognized a impairment of receivables based on expected credit losses (all regarding the impairment of given loans) in the amount of EUR 164 thousand. Total amount of receivables impairment based on expected credit loss on the date of 31 December 2023 is EUR 3,152 thousand and it is related with the Companies - ADP doo Mladenovac EUR 389 thousand (2022: EUR 204 thousand), AO AD Plastik Togliatti EUR 60 thousand (2022: EUR 80 thousand) and ZAO ADP Kaluga EUR 2,703 thousand (2022: EUR 2,703 thousand). During the 2023 in its financial statements Company recognized a impairment of long-term receivables from ADP doo Mladenovac in the amount of EUR 40 thousand(2022: 218 thousand).

Sankt-Peterburgskaya investicionnaya kompaniya is member of Group in which is also company AO Holding Autokomponenti. Company AO Holding Autokomponenti holds 30% of shares in Company AD Plastik d.d.



**38. RELATED-PARTY TRANSACTIONS (CONTINUED)**

<b>Purchase transactions</b> <b>Operating income and expenses</b>	<b>Income</b>		<b>Purchases</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
ADP d.o.o., Mladenovac, Serbia	3,934	3,118	6,336	6,483
EURO APS, Romania	1,518	1,181	5	-
AO AD Plastik Togliatti, Russia	567	512	-	-
ZAO AD Plastik Kaluga, Russia	345	746	-	-
AD Plastik Tisza, Hungary	137	326	249	233
AD Plastik d.o.o., Slovenia	-	-	97	154
	<b>6,501</b>	<b>5,881</b>	<b>6,687</b>	<b>6,870</b>

Of the total operating income EUR 482 thousand refers to profit from the sale of long-term tangible assets (ADP d.o.o. Mladenovac EUR 243 thousand; AD Plastik Tisza EUR 1 thousand, EURO Auto Plastic Systems – 238 thousand), and EUR 586

thousand to the profit of intangible assets (ZAO AD Plastik Kaluga EUR 334 thousand; AO AD Plastik Togliatti EUR 252 thousand). In 2022, no income was generated from the sale of assets to related parties.

<b>Financial transactions</b> <b>Financial income and expenses</b>	<b>Income</b>		<b>Purchases</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
EURO APS, Romania	4,960	2,030	-	-
ZAO AD Plastik Kaluga, Russia	252	289	-	-
ADP d.o.o., Mladenovac, Serbia	70	75	-	-
AO AD Plastik Togliatti, Russia	40	46	-	-
AD Plastik Tisza, Hungary	14	1	-	-
Sankt-Peterburgskaya investicionaya kompaniya	-	-	30	39
	<b>5,337</b>	<b>2,441</b>	<b>30</b>	<b>39</b>

The total remuneration provided to the members of the Supervisory Board, President and members of Management Board and Board Assistants in 2023 amounts to EUR 922 thousand (in 2022 EUR 870 thousand).

## 39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### 39.1 GEARING RATIO

The Company's gearing ratio, expressed as the ratio of net debt to equity, is expressed as follows:

	31.12.2023	31.12.2022
Long-term borrowings (Note 31)	27,899	21,226
Short-term borrowings (Note 36)	17,053	14,774
Cash and cash equivalents (Note 28)	(1,025)	(2,378)
<b>Net debt</b>	<b>43,927</b>	<b>33,622</b>
Equity	91,115	90,044
<b>Net debt-to-equity ratio</b>	<b>48.21%</b>	<b>37.34%</b>

Equity consists of share capital, reserves, reserves for own shares, own shares, retained earnings and profit/loss for the year.



### 39.2 CATEGORIES OF FINANCIAL INSTRUMENTS

	31.12.2023	31.12.2022
<b>Financial assets</b>	<b>39,509</b>	<b>36,760</b>
Given loans and other financial assets (Notes 22, 27)	18,707	15,144
Trade receivables (Notes 25)	17,029	13,749
Non-current trade receivables (Note 23)	2,318	4,716
Cash and cash equivalents and deposits (Note 28)	1,025	2,378
Accrued income and other receivables	430	773
<b>Financial liabilities</b>	<b>65,110</b>	<b>53,689</b>
Loans and deposits received (Notes 31, 36)	44,952	36,000
Trade and other payables	18,019	15,784
Lease liabilities (Note 33)	2,139	1,905

Accrued income and other receivables includes: accrued income, other receivables less receivables from the State and advances given.

Trade and other payables includes amounts from Statement of financial position: trade payables and other current liabilities less accrued expenses, payables to the State and grants.

The requirements of IFRS 9 related to asset impairment are applied to trade receivables and interest-bearing assets.

Details of concentration of credit risk are included in Note 25 Trade receivables.

## 39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 39.2 CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

Probability of default: Company used latest available Moody's Annual Default Study. Marginal PD for automotive industry was used for every year. Lifetime probabilities of default are based on historical data published by Moody's rating agency for Automotive industry group. Loss given default (LGD) parameters generally reflect an assumed LGD rate of 60.53%. The exposure to credit risk for loans given at amortised cost at the reporting date 31.12.2023 by subsidiary was as follows:

	31.12.2023	31.12.2022
ZAO AD Plastik Kaluga (Notes 22, 27)	11,217	11,921
ADP d.o.o.. Mladenovac (Notes 22, 27)	8,203	3,529
AO AD Plastik Togliatti (Notes 22, 27)	1,826	2,081
AD Plastik Tisza Kft (Notes 22, 27)	613	601
<b>Total</b>	<b>21,859</b>	<b>18,132</b>

Loans given to subsidiaries include interest. The amount of loans given is in the gross amount without an impairment allowance. Balance of an impairment allowance of in amount of EUR 3,152 thousand (2022: EUR 2,988 thousand) in respect of loans given is recognised in statement of financial position. Collaterals for loans given to subsidiaries are promissory notes.

### 39.3 RISK OF RELYING ON ONE CUSTOMER

Aware of the risk of relying on one customer, for many years active work has been done on diversifying the customer portfolio in accordance with the company's strategy. The goal of reducing exposure to the Renault Group has been achieved through sealing new deals with Stellantis, Ford and Suzuki, and was further accelerated by Renault's exit from AvtoVaz ownership and the reduction of production at the Revoz factory in Novo Mesto.

Although the continuing trend of the association of different car manufacturers may reduce the possibilities of diversifying the customer's portfolio, at the same time new markets are opening up and providing opportunities for expanding cooperation with individual groups.

### 39.4. MARKET RISK

Market risk is the risk of fluctuation of fair value or future cash flows of a financial instrument because of changes in market prices. These changes often refer to movements in interest rates or exchange rates, but can also include changes in the prices of basic products that are important for business.

## 39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### 39.5. INTEREST RATE RISK

This type of risk includes possible losses arising from the changes in market interest rates. Although in earlier periods of low interest rates, long-term credit arrangements were concluded with fixed interest rates, in the past year of strong interest rate growth, new arrangements were concluded with variable interest rates. This means that financing costs will be higher in the future, although they will be mitigated to a certain extent by fixed interest rates from earlier borrowings.

The market situation and interest rate projections are constantly monitored and, if necessary, refinancing of existing loans is carried out in order to ensure the fair value of the interest rates being paid, in accordance with the most favorable interest rates in the market at the time of refinancing.

Interest-bearing loans are contracted with variable and fixed interest rates. Loans with variable rates expose the Company to cash flow interest rate risk. As of December 31, 2023, loans contracted with variable interest rates amount to EUR 15,812 thousand (2022: EUR 0 thousand). Interest rates on bank loans are linked to one-month and three-month EURIBOR.

On December 31, 2023, if interest rates on loans with a variable interest rate were 1% lower/higher, assuming that other variables remain unchanged, the Company's net profit would be EUR 72 thousand lower/higher (2022: EUR 0 thousand).

### 39.6. CREDIT RISK

This risk arises when one contracting party fails to meet its financial obligations on time, which can jeopardize the market position of the other party. The company's credit risk may arise from the inability to collect receivables from its customers and the loans granted. AD Plastik Group cooperates with reputable customers that are financially stable companies, which is also the company's business policy. This minimizes the risk of collection and receivables are realized within the agreed deadlines. Due to the potential deterioration of the financial stability of individual customers, most of them have the support of their home countries in maintaining business and liquidity as very important factors for their economy.

Credit risk related to loans granted is under the control of the company as these are loans granted to subsidiaries in which the parent company is the sole owner.

### 39.7. FOREIGN CURRENCY RISK MANAGEMENT

Since the euro became the official currency of payment in Croatia on January 1, 2023, the significant currency risk disappeared, i.e. the company's exposure to other currencies is insignificant.

### 39.8. LIQUIDITY RISK MANAGEMENT

This risk represents the risk of the company not being able to convert assets into liquid assets in a short time, i.e. the inability to fulfill its obligations to creditors. Therefore, AD Plastik Group maintains optimal amounts of funds on the account with secured available credit lines.

Cash flow management is of key importance for liquidity risk management. Each company within the Group, based on operational business plans, financial liabilities and investment needs, plans its future cash needs on a monthly, quarterly and annual basis. Based on that data, the parent company's Finance Department prepares a consolidated cash flow plan of the Group, and makes decisions on timely provision of credit lines for capital investments and project financing, as well as placing surplus funds in deposits or covering the lack of funds from short-term financing sources.

The parent company issued corporate guarantees to the subsidiaries in the following amounts: EUR 7,700 thousand to banks, EUR 1,377 thousand to suppliers and EUR 3,000 thousand to buyers.

The following tables detail the Company's remaining estimated maturity for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Company can require payment and can be required to pay.

### 39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### 39.8 LIQUIDITY RISK MANAGEMENT (CONTINUED)

2023	Weighted average interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
<b>Assets</b>								
Non-interest bearing	-	7,345	7,560	3,578	-	-	18,483	18,483
Interest bearing	3.25%	52	100	2,832	9,877	12,008	24,869	21,026
		<b>7,397</b>	<b>7,660</b>	<b>6,410</b>	<b>9,877</b>	<b>12,008</b>	<b>43,352</b>	<b>39,509</b>
<b>Liabilities</b>								
Non-interest bearing	-	10,714	6,612	693	-	-	18,019	18,019
Interest bearing	1.32%	898	1,676	15,544	28,688	771	47,577	44,952
Lease liability	2.00%	88	153	585	1,379	-	2,206	2,139
		<b>11,700</b>	<b>8,441</b>	<b>16,822</b>	<b>30,067</b>	<b>771</b>	<b>67,801</b>	<b>65,110</b>
<b>2022</b>								
2022	Weighted average interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	Carrying amount
<b>Assets</b>								
Non-interest bearing	-	8,547	4,744	3,609	-	-	16,900	16,900
Interest bearing	2.40%	10	49	2,287	7,632	10,829	20,807	19,860
		<b>8,557</b>	<b>4,793</b>	<b>5,896</b>	<b>7,632</b>	<b>10,829</b>	<b>37,707</b>	<b>36,760</b>
<b>Liabilities</b>								
Non-interest bearing	-	10,059	4,539	1,186	-	-	15,784	15,784
Interest bearing	0.74%	3,119	3,334	8,656	21,526	-	36,635	36,000
Lease liability	2.00%	86	172	647	1,049	-	1,953	1,906
		<b>13,264</b>	<b>8,045</b>	<b>10,489</b>	<b>22,575</b>	<b>-</b>	<b>54,372</b>	<b>53,689</b>

Total interest bearing liabilities in amount of EUR 44,952 thousand at 31.12.2023 refers to liabilities denominated in EUR. From total interest bearing liabilities in amount of EUR 36,000 thousand at 31.12.2022, EUR 12,519 thousand refers

to liabilities denominated in HRK currency while EUR 23,481 thousand refers to liabilities denominated in EUR. Lease liabilities at 31.12.2023 are denominated in EUR and at 31.12.2022 are denominated in HRK.

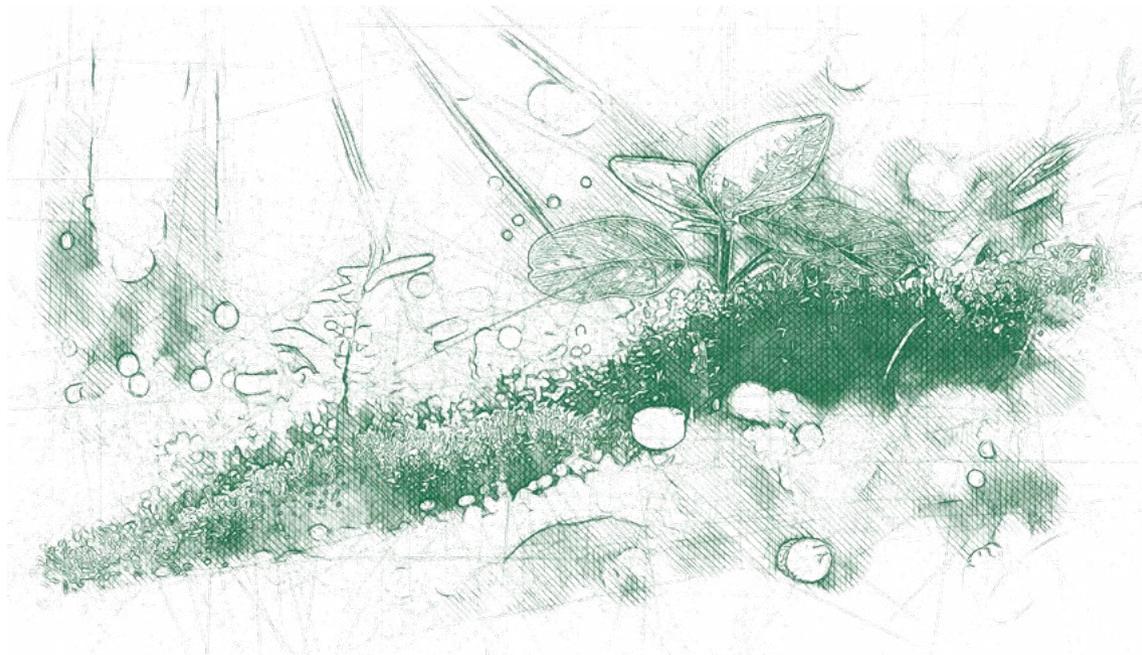
### 39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

#### 39.8 LIQUIDITY RISK MANAGEMENT (CONTINUED)

Financial instruments held to maturity in the ordinary course of business are carried at the lower of cost and net amount less repaid portion. Fair value is the price that would be generated from the sales of some item of an asset or paid for transferring some liability in a fair transaction between market participants at the measurement date, regardless of whether it would be directly visible or evaluated by applying some other valuation technique. At 31 December 2023, the carrying amounts of cash, receivables, short-term liabilities, accrued expenses, short-term borrowings and other financial instruments match their fair values.

### 40. EVENTS AFTER THE REPORTING PERIOD

After 31 December 2023, there were no events that would have a significant impact on the financial statements for the year 2023, respectively they are not of such significance to the Company to require disclosure in the notes to the financial statements.



## 41. CONTINGENT LIABILITIES

Based on the Management's estimate, the Company had no material contingent liabilities at 31 December 2023 which would require to be disclosed in the notes to the financial statements. The Company had no capital expenditure commitments contracted at 31 December 2023 which would require

to be disclosed in the notes to the financial statements. As at 31 December 2023 and 2022 there were no material legal actions outstanding against the Company with an expected negative outcome other than those reflected in these separate financial statements.

## 42. APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

These separate financial statements were approved by the Management Board of AD Plastik d.d. and authorised for issue on 24 April 2024.

For AD Plastik d.d., Solin by:

**Marinko Došen**  
President of the  
Management Board



**Mladen Peroš**  
Member of  
Management Board



**Zlatko Bogadi**  
Member of  
Management Board



**Josip Divić**  
Member of  
Management Board



24 April 2024



2023