

AD PLASTIK, d.d., Solin  
SUPERVISORY BOARD  
Solín, May 29, 2024

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

## **REPORT ON THE PERFORMED SUPERVISION OVER MANAGEMENT OF BUSINESS OF AD PLASTIK GROUP FOR 2023**

### **I. Introductory part**

#### Composition of the Supervisory Board:

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

#### Subject to supervision:

The Supervisory Board has examined:

- Annual Financial Statements of AD Plastik d.d. for 2023,
- Consolidated Annual Financial Statement of AD Plastik Group for 2023,
- Report by the audit firm KPMG Croatia d.o.o. on the performed audit of the Annual Financial Statements of AD Plastik Group for 2023,
- Annual Report by Management Board on the status of AD Plastik Group for 2023,
- Draft Decision on the use of profit realized in 2023

### **II. Results of the examination**

- 1) The Company has conducted business in accordance with the laws and acts of the Company and the decisions of the General Assembly.
- 2) Annual Financial Statement of AD Plastik d.d. for 2023, as well as the Consolidated Annual Financial Statement of AD Plastik Group for 2023 have been drawn up in accordance with the status set out in Company's account ledgers. The Supervisory Board has no objections, and it gave consent to the aforementioned financial statements.
- 3.) The Supervisory Board has adopted the report by an independent auditor - the audit firm KPMG Croatia d.o.o. Zagreb on the performed audit of the Annual Financial Statements of AD Plastik Group for 2023 and it has no objections regarding the said Auditor's Report.
- 4) The Supervisory Board has adopted the report by the Management Board on the status of AD Plastik Group for 2023, including the report on the status of the Company at the level of

AD Plastik d.d. and AD Plastik Group and it has no objections regarding the said report by Management Board.

5) The Supervisory Board is of the opinion that the draft decision of the Management Board on the use of profit realized by AD Plastik d.d. in the business year 2023 is consistent with the business results, that it is in the function of the business plan for the current year, that it protects the interests of the shareholders and that it complies with the positive regulations of the Republic of Croatia.

Therefore, the Supervisory Board approves the submitted draft decision of the Management Board on the use of profit of the Company realized in 2023, as follows:

Profit of AD Plastik d.d. Solin (hereinafter: the Company), realized in 2023, after taxation amounts to EUR 1,039,559 and shall be allocated to the retained earnings of the Company.

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

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

6.1. by reviewing the Company's and Group's reports, namely: Balance Sheet with the sum of assets and liabilities, Statement of Profit and Loss, Cash Flow Statement for 2023, indicating the net decrease in cash and cash equivalents, as well as Notes to the Financial Statements.

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

6.3. by reviewing the reports on audit for 2023 performed by the audit firm KPMG Croatia d.o.o. and by discussing the mentioned report at the Supervisory Board's meeting held on May 29, 2024.

7) During 2023 the Supervisory Board held 5 (five) meetings, namely on: March 9, 2023, May 31, 2023, July 20, 2023, September 14, 2023, and December 14, 2023.

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

- Report on the implementation of the policy on the provision of non-audit services for the year 2022;
- Draft Decision on the approval of the Questionnaire on Compliance with the Corporate Governance Code for 2022;
- Report of the Supervisory Board on the evaluation of the effectiveness of the Supervisory Board and its committees for 2022;
- Report of the Management Board to the Supervisory Board on the conclusions regarding the evaluation of the effectiveness of the Management Board for 2022;
- Draft decision on amendments to the Manager's contracts with the President and members of the Management Board of AD PLASTIK d.d. and authorizing the Deputy President of the Supervisory Board to conclude the Additional Agreements (Annexes) to the aforementioned manager's contracts;

- Draft decision on the coverage of loss realized in 2022;
- Adopting Remuneration Report of Management and Supervisory Board Members for 2022;
- Draft decision on the alignment of the share capital and shares by reducing the share capital of AD Plastik d.d. for compliance with the Corporations Act;
- Draft decision on amendments to the Charter and Rules of Procedure of the General Assembly of AD Plastik d.d.;
- Report on the implementation of the corporate management policy of subsidiary and affiliated companies of the company AD Plastik d.d. for 2022;
- Draft decision on determining a candidate for one member of the Supervisory Board;
- Draft decision on the appointment of one member of the Appointment Committee of AD Plastik d.d.;
- Draft decision determining that the President and members of the Management Board will not be paid a reward (bonus) for the year 2022;
- Determination of the consolidated text of the Charter and the Rules of Procedure of the General Assembly of AD Plastik d.d.;
- Draft Annual Business Plan of AD Plastik Group for 2024;
- Draft Medium-Term Development Plan of AD Plastik Group for the period 2024 – 2026.

Three committees of the Supervisory Board operated in 2023:

a) During 2023 Audit Committee held five meetings, namely:

- 40th meeting on March 9, 2023, where it adopted the Report by the Internal Audit Director on the audits performed in the 4th quarter of 2022, the Report on the implementation of the Annual Internal Audit Plan for 2022, and the Report on the implementation of the policy on the provision of non-audit services for the year 2022;
- 41st meeting on May 31, 2023, where it adopted the Report of the Audit Committee on the supervision over the conduction of mandatory audit of the Annual Financial Statements of AD Plastik d.d. and Consolidated Annual Financial Statements of AD Plastik Group for 2022, reviewed the Annual Financial Statements of AD Plastik d.d. and Consolidated Annual Financial Statements of AD Plastik Group for 2022, as well as Auditor's Reports on the performed audit of the aforementioned financial statements, and it also made recommendations to the Supervisory Board on the adoption of these reports. Apart from that, the Audit Committee also discussed draft decisions on the coverage of loss realized in 2022, as well as on the appointment of the auditor for 2023 and determining remuneration for their work and made recommendations to the Supervisory Board to adopt Drafts of the said decisions. Finally, the Audit Committee adopted the Internal Audit Report on the audits performed in the first quarter of 2023;
- 42nd meeting on September 14, 2023, where it discussed the Internal Audit Report on the audits performed in the second quarter of 2023, as well as Draft Rules on Amendments to the Rules of Procedure of the Internal Audit;
- 43rd meeting on October 17, 2023, where it approved the provision of non-audit services by the company KPMG Croatia d.o.o., all in accordance with the draft Agreement on Financial Analysis Services;
- 44th meeting on December 14, 2023, where the Audit Committee discussed the Report by the Internal Audit Director on the audits performed in the 3rd quarter of 2023, adopted the Draft Annual Internal Audit Plan of the Company for 2024, and agreed with the Report by the audit firm KPMG Croatia d.o.o. dated November 28, 2023, regarding the audit plan and strategy for the year ending on December 31, 2023.

b) During 2023 the Appointment Committee held one meeting, namely 17th meeting on May 31, 2023, where the proposals of the candidates for one member of the Supervisory Board and one member of the Appointment Committee of the Company were adopted;

c) During 2023 the Remuneration Committee held two meetings, namely:

- 20th meeting on March 9, 2023, where Draft Additional Agreements to manager's contracts with the President and members of the Management Board of the Company were adopted, and
- 21st meeting on May 31, 2023, where recommendations were made to the Supervisory Board on the determination of the Remuneration Report of the members of the Management Board and the Supervisory Board for 2022, and the draft decision not to pay the President and members of the Management Board a reward (bonus) for the year 2022 was determined.

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

9) Decisions of the Management Board and Supervisory Board on the financial statements for 2023 are attached to this report.

10) In accordance with the Corporate Governance Code of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency, at the meeting held on March 7, 2024, the Supervisory Board adopted a Report in which it positively assessed its effectiveness and composition, as well as the effectiveness and composition of its committees, and the individual results of the members, as well as the effectiveness of the cooperation arrangement between the Supervisory Board and the Management Board of the Company for 2023. The aforementioned Report of the Supervisory Board has been included in the Integrated Annual Report of the Company for 2023.

President of the Supervisory Board  
Sergey Dmitrievich Bodrunov