



## **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 2024, and its separate statements of comprehensive income, cash flows and changes in shareholders' 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 2024 and of 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 2024: EUR 111,152 thousand (2023: EUR 89,388 thousand). As at 31 December 2024, trade receivables: EUR 21,916 thousand; accrued revenue: EUR 325 thousand (31 December 2023, trade receivables: EUR 17,029 thousand; accrued revenue: EUR 343 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 2024, 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;</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)**

<b>Key audit matter <i>(continued)</i></b>	<b>How our audit addressed the matter <i>(continued)</i></b>
<p>— 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.</p> <p>— 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.</p> <p>In the wake of the above factors, we considered revenue recognition to be associated with a significant risk of material misstatement in the separate financial statements. Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.</p>	<ul style="list-style-type: none"><li>• 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;</li><li>• For a sample of invoices, 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;</li><li>• Inspecting journal entries posted to revenue accounts focusing on unusual and irregular items;</li><li>• Examining whether the Company's revenue recognition-related disclosures in the separate financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.</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)*

##### CARRYING VALUE OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

As at 31 December 2024, investments in subsidiaries and associates in the separate financial statements amounted to EUR 12,987 thousand (31 December 2023: EUR 14,980 thousand).

Please refer to notes 2.9 Investment in subsidiaries and associates, 20 Investment in subsidiaries and associates and 3 Critical accounting judgments and key sources of estimation uncertainty

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

In accordance with the relevant financial reporting standards, the Company is required to perform an impairment test for assets for which impairment indicators were identified.

Due to the magnitude of investments in subsidiaries and associates (as well as total exposure toward these entities, calculated as the sum of the carrying amounts of the investments and related loans and receivables, net of related liabilities), identification of the impairment indicators for any such subsidiaries and associates at the reporting date and testing for potential impairment requires significant management judgement.

Where impairment indicators are identified for a certain exposure, the Company tests the impairment by determining the recoverable amount of the assets and comparing it with their carrying values. The recoverable amounts are determined, with the assistance from external and internal appraisers, as fair values of the underlying subsidiaries, measured using appropriate valuation techniques, e.g. discounted cash flow models of the underlying entity, supplemented, where available, by comparable valuation.

The determination of the recoverable amount requires making a number of assumptions and judgements, in particular those relating to the selection and application of valuation models, future cash flow projections and costs to sell. Future cash flow projections are subject to significant variability due to changing market conditions and environment. Key assumptions relate to discount rate used and cash flows growth rate in the residual period. A minor change in these assumptions may have a significant impact on the recoverable amount.

As a result, this area required our significant judgment and increased attention in the course of our audit and consequently we considered it to be a key audit matter.

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

Our audit procedures in this area included, among others:

- Evaluating, against the relevant requirements of the financial reporting standards, the process of management's identification of impairment indicators, considering factors such as unfavourable developments in the industry, negative or insufficient net assets, changing laws and regulations, declining financial performance compared to available industry data such as relevant market multiples (assisted by our valuation specialists), existence of any overdue loans and receivables and/or rolling of existing facilities, and changing business models;

When impairment indicators are identified, we:

- Assess the appropriateness of valuation methodology applied for impairment testing against the relevant requirements of financial reporting standards. As part of the above, we identify the relevant methods, assumptions and sources of data, and assessed whether such methods, assumptions, data and their application are appropriate in the context of the said requirements;
- Assisted by our own valuation specialists, challenge the key assumptions used by management in its impairment testing, which specifically involves:
  - Evaluating the historical accuracy of management budgeting by comparing historical cash flow projections with actual outcomes;
  - Challenging the key assumptions applied (such as discount rates and growth rates in the residual period) by reference to publicly available external sources and data on historical financial performance;
  - Analysing sensitivity of the impairment test results to changes in key assumptions and considering whether the level of key assumptions indicates management bias;
  - Tracing the subsidiary assets' fair values to valuations by external experts engaged by the Company, whose competence, capabilities and objectivity we independently assessed.



## 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)*

#### CARRYING VALUE OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES *(CONTINUED)*

Key audit matter <i>(continued)</i>	How our audit addressed the matter <i>(continued)</i>
	<ul style="list-style-type: none"><li>Examining whether the Company's impairment testing-related disclosures in the separate financial statements appropriately address the relevant quantitative and qualitative requirements of the applicable financial reporting framework.</li></ul>

#### GOING CONCERN

Please refer to notes 2.2 Basis of preparation and 3 Critical accounting judgments and key sources of estimation uncertainty, going concern assumption section

Key audit matter	How our audit addressed the matter
<p>The Company's financial statements are prepared on a going concern basis. On the reporting date the Company had negative net working capital.</p> <p>The Company's going concern assessment is based on the cash flows forecast, which, according to the management's assessment, support the claim that the Company will have sufficient funds to continue operations for at least 12 months from the reporting date. A number of assumptions and significant judgments are incorporated into the preparation of these forecasts. Management concluded that the range of possible outcomes considered in the assessment process does not lead to material uncertainty regarding events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern.</p> <p>The Company's use of the going concern basis of accounting is a key audit matter due to the associated extent of uncertainty and consequently high level of judgment required in evaluating the Company's plans for future actions and their financial impact.</p>	<p>Our procedures in this area included, among others:</p> <ul style="list-style-type: none"><li>Review of the minutes of the Management Board and Supervisory Board meetings, with the goal of identifying the measures that the Management Board intends to implement in order to ensure sufficient funds for current activities;</li><li>Discussion with management about plans for future activities in relation to the going concern assumption, whether the outcome of those plans is likely to improve the situation and whether management's plans are feasible in the circumstances;</li><li>Analysis of the Company's net working capital position as of 31 December 2024 to assess the availability of liquid funds to meet short-term financial obligations;</li><li>Evaluating the historical accuracy of management budgeting by comparing historical cash flow projections with actual outcomes and analysing sensitivity of the budgets to changes in key assumptions and considering whether the level of key assumptions indicates management bias;</li><li>Taking into account whether additional facts or information have become available since the date the Company made the assessment;</li><li>Assessing the availability of the financing facilities and arrangement including inspection of prolongation agreements;</li><li>Assessing whether, in light of the requirements of the applicable financial reporting framework, the separate financial statements provide adequate disclosures about events or circumstances that have been identified that may cast significant doubt on the Company's ability to continue as a going concern.</li></ul>



## **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 (including the Sustainability Statement as a separate part of the Management Report) and Corporate Governance Report 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.

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 regard to the Management Report and the Corporate Governance Report, we also performed procedures prescribed by applicable legal requirements and we report that:

- the information given in the Management Report and the Corporate Governance Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report, excluding the Sustainability Report (which constitutes a separate part of the Management Report), and the Corporate Governance Report have been prepared, in all material respects, in accordance with applicable legal requirements;
- with respect to the Sustainability Report (which is included as part of the other information and constitutes a separate part of the Management Report), we performed a limited assurance engagement, the results of which were presented in a separate limited assurance report with an unmodified conclusion.

If, based on the work we have performed above, we conclude that there is a material misstatement, we are required to report that fact. We have nothing to report in this regard.

#### ***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 18 July 2024 to audit the separate financial statements of AD Plastik d.d. for the year ended 31 December 2024. Our total uninterrupted period of engagement is five years, covering the period from 31 December 2020 to 31 December 2024.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 24 April 2025;
- for the period to which our statutory audit relates 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 2024, as included in the attached electronic file "adplastik-drustvo-2024-12-31-0-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 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.

#### ***Conclusion***

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 2024, 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 conclusion 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.

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**24 April 2025**