



## 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 ("the Group"), which comprise the consolidated statement of financial position of the Group as at 31 December 2024, and the consolidated 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 (hereinafter "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 2024 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 2024: EUR 147,967 thousand (2023: EUR 123,832 thousand). As at 31 December 2024, trade receivables: EUR 25,045 thousand; accrued revenue: EUR 432 thousand (31 December 2023: trade receivables: EUR 21,534 thousand; accrued revenue: EUR 403 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  | How our audit addressed the matter   |
|---|--|
| <p>Revenue is an important metric used to evaluate the financial performance of the Group. In the year ended 31 December 2024, 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.</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 Group'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 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.</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 Group 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 Group's revenue recognition process, and testing the design and implementation of selected 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)*

| Key audit matter <i>(continued)</i>  | How our audit addressed the matter <i>(continued)</i>  |
|--|--|
| <ul style="list-style-type: none"><li>— 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.</li><li>— 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.</li></ul> <p>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.</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 Groups'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 Group's revenue recognition-related disclosures in the 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)*

##### 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 Group's financial statements are prepared on a going concern basis. On the reporting date the Group had negative net working capital.</p> <p>The Group's going concern assessment is based on the cash flows forecast, which, according to the management's assessment, support the claim that the Group 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 Group's ability to continue as a going concern.</p> <p>The Group'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 Group'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 Group'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 Group 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 consolidated financial statements provide adequate disclosures about events or circumstances that have been identified that may cast significant doubt on the Group'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 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.

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 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.



## **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 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit.



## **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 consolidated 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 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 2024, as included in the attached electronic file adplastik-grupa-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 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.

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 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)***

#### ***Conclusion***

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 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.

**KPMG Croatia d.o.o. za reviziju**  
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**24 April 2025**