

AD Plastik d.d.

Joint-stock company
for automotive plastic components manufacturing

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AD PLASTIK, d.d., Solin
SUPERVISORY BOARD
Solin, May 24, 2022

- 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 2021

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 2021,
- Consolidated Annual Financial Statement of AD Plastik Group for 2021,
- Report by audit firm KPMG Croatia d.o.o. on the performed audit of the Annual Financial Statements of AD Plastik Group for 2021,
- Annual Report by Management Board on the status of AD Plastik Group for 2021,
- Draft Decision on the use of profit realized in 2021

II. Results of 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 2021, as well as the Consolidated Annual Financial Statement of AD Plastik Group for 2021 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 2021 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 2021, 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 2021 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 the Company's profit realized in 2021, as follows:

Profit of AD Plastik d.d. Solin (hereinafter: the Company), realized in 2021 after taxation amounts to HRK 16,339,737 and shall be included in 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 2021, 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 2021 performed by audit firm KPMG Croatia d.o.o. and by discussing the mentioned report at the Supervisory Board's meeting held on May 24, 2022.

7) During 2021 the Supervisory Board held 5 (five) meetings, namely on: January 26, 2021, March 04, 2021, May 27, 2021, September 02, 2021, and December 16, 2021.

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:

- Draft Decision on dividend payment from retained earnings of the Company realized in 2019;
- Draft Decisions on awarding the prize (bonus) to the President and members of the Management Board of the Company for successful work in 2019 and 2020;
- Draft Decisions on the use of profit realized in 2020, and dividend payment from the Company's profit realized in 2020;
- Report on the implementation of the corporate management policy of subsidiary and affiliated companies of the company AD Plastik d.d. for 2020;
- Adopting Remuneration Report of Management and Supervisory Board Members for 2020;
- Adopting Remuneration Policy for Management Board members;
- Draft Decisions on the appointment of two members of the Remuneration Committee, one member of the Audit Committee, and one member of the Appointment Committee;
- Draft Decision on approval of the Questionnaire on Compliance with the Corporate Governance Code for 2020;
- Draft Decision on appointment of a person for monitoring the Policy on the provision of non-audit services;
- Draft Decision on approval of the Rules of Procedure of the Company's Management Board;
- Draft Decision on authorizing the President of the Supervisory Board to conclude the Annexes to manager's contracts with the President and members of the Management Board of the Company;
- Draft Annual Business Plan of AD Plastik Group for 2022;
- Draft Medium-Term Development Plan of AD Plastik Group for the period 2022 - 2024;

- Draft Decision on making amendments to the Rules of Procedure of the Supervisory Board;
- Information on making amendments to the Rules of Procedure of the Remuneration Committee and the Rules of Procedure of the Appointment Committee;
- Draft Decision on adoption of the Profile of the Supervisory Board;
- Draft Decision on a number of members of the Management Board of the Company.

Three committees of the Supervisory Board operated in 2021:

a) During 2021 Audit Committee held three meetings, namely:

- 33rd meeting on May 27, 2021, where it elected the President of the Audit Committee, adopted the Report by Audit Committee on the performed supervision over conduction of mandatory audit of Annual Financial Statements of AD Plastik d.d. and Consolidated Annual Financial Statements of AD Plastik Group for 2020, reviewed Annual Financial Statements of AD Plastik d.d. and Consolidated Annual Financial Statements of AD Plastik Group for 2020, as well as Auditor's Reports on the performed audit of aforementioned financial statements and it also made recommendations to the Supervisory Board to adopt these reports. Apart from that, the Audit Committee also discussed draft decisions on the use of profit realized in 2020 and dividend payment, as well as on the appointment of the auditor for 2021 and determining remuneration for its work and it made recommendations to the Supervisory Board to adopt Drafts of the said decisions. Also, the Audit Committee made a decision on the appointment of the Director of Internal Audit of the Company and gave a recommendation to the Supervisory Board on the appointment of a person for monitoring the Policy on the provision of non-audit services. Furthermore, the Audit Committee accepted the Report on Realization of the Annual Internal Audit Plan for 2020, Report on the Implementation of the Policy on the Provision of Non-Audit Services for 2020, as well as the Draft Annual Internal Audit Plan for 2021. Finally, the Audit Committee also accepted the Internal Audit Report on the audit of product and process development processes, as well as the Internal Audit Report on the audits performed in the first quarter of 2021.

- 34th meeting on September 02, 2021, where it discussed the Internal Audit Report on the audits performed in the second quarter of 2021;

- 35th meeting on December 16, 2021, where the Audit Committee discussed the Report by the Internal Audit Director on audits performed in the 3rd quarter of 2021, accepted the Draft Annual Internal Audit Plan for 2022 and agreed with the Report by the audit firm KPMG Croatia d.o.o. dated November 29, 2021, regarding the audit plan and strategy for the year ending on December 31, 2021.

b) During 2021 Appointment Committee held three meetings, namely:

- 11th meeting on March 04, 2021, where the proposals of the candidates for two members of the Remuneration Committee, one member of the Appointment Committee, and one member of the Audit Committee were adopted,

- 12th meeting on May 27, 2021, where the President of the Appointment Committee was elected, and

- 13th meeting on December 16, 2021, where a decision on making amendments to the Rules of Procedure of the Appointment Committee was made.

c) During 2021 Remuneration Committee held four meetings, namely:

- 14th meeting on January 26, 2021, where the recommendation was given to the Supervisory Board on making a decision on awarding the prize to the President and the members of the Management Board of the Company for successful work in 2019,

- 15th meeting on May 27, 2021, where the President of the Remuneration Committee was elected and the recommendations were given to the Supervisory Board on making a decision on awarding the prize to the President and the members of the Management Board of the Company for successful work in 2020,

on adopting Remuneration Report of Management and Supervisory Board Members for 2020, and adopting Remuneration Policy for Management Board members,

- 16th meeting on September 02, 2021, where Draft Annexes to manager's contracts with the President and members of the Management Board of the Company were adopted, and

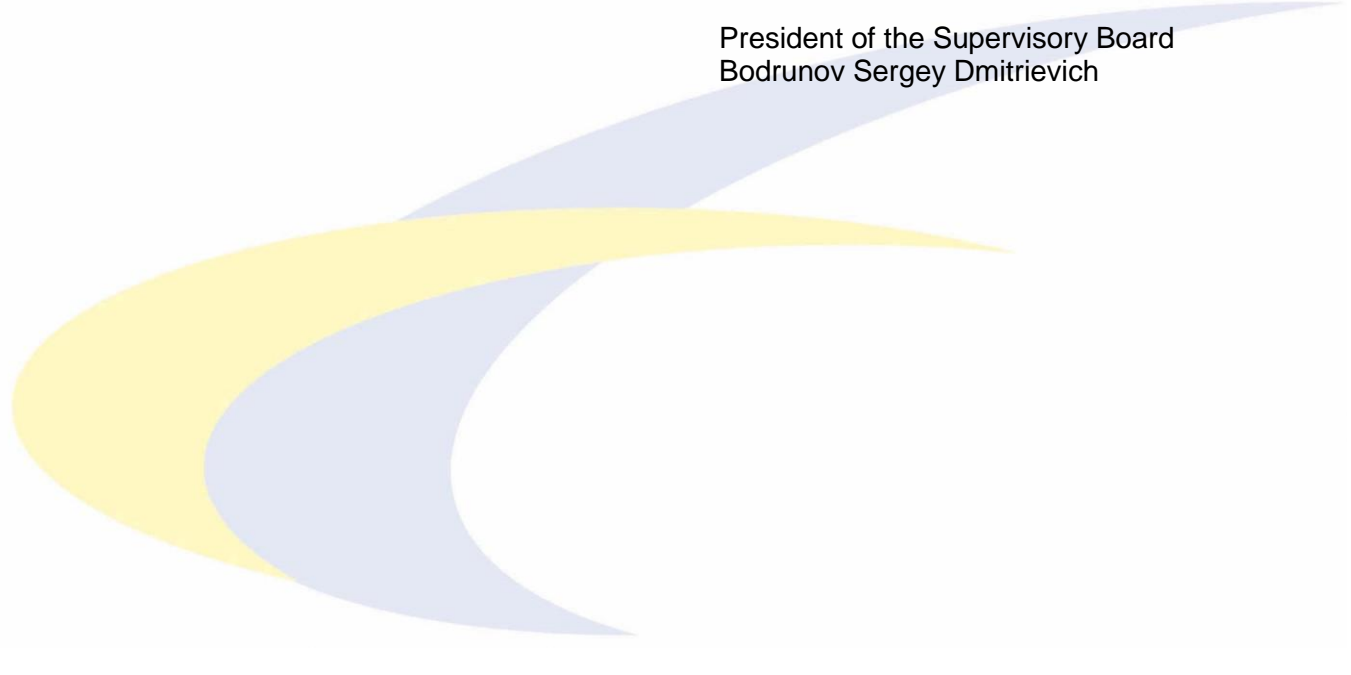
- 17th meeting on December 16, 2021, where a decision on making amendments to the Rules of Procedure of the Remuneration Committee was made.

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

9) Decisions of the Management Board and Supervisory Board on the financial statements for 2021 are attached to this report.

10) In accordance with the Corporate Governance Code of the Zagreb Stock Exchange and the Hanfa, at the meeting held on March 10, 2022, 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 members, as well as the effectiveness of the cooperation arrangement between the Supervisory Board and the Management Board of the Company for 2021. The aforementioned Report of the Supervisory Board has been included in the Integrated Annual Report of the Company for 2021.

President of the Supervisory Board
Bodrunov Sergey Dmitrievich

A large, abstract graphic consisting of overlapping yellow and light blue curved shapes, resembling a stylized swoosh or a wing, positioned below the signature.