



# ČAKOVEČKI MLINOVI

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ČAKOVEČKI MLINOVI D.D.

QUARTERLY CONSOLIDATED FINANCIAL REPORT  
FOR Q1 2024



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**ČAKOVEČKI MLINOVI D.D.**

**CONSOLIDATED INTERIM MANAGEMENT REPORT  
FOR Q1 2024**

## 1. BUSINESS RESULTS IN Q1 2024

### ***ABOUT THE GROUP ČAKOVEČKI MLINOVI***

Čakovečki mlinovi Inc. (further: "Čakovec mlinovi Inc." or "Company"), founded in 1893 in Čakovec, are one of the oldest Croatian food and trading companies. The company manages a vertically integrated business model that includes the production of high-quality mill, bakery and oil products on the one hand and the retail of mixed goods on the other. Although food production is the tradition and heritage of the Company, through a series of successful acquisitions and integrations of retail chains, the Company has grown into a business system that today derives most of its income from retail activities.

Čakovečki mlinovi Inc. have three subsidiaries: Trgovina Krk d.d. Malinska, Trgočentar d.d. Virovitica and Radnik Opatija d.d. Lovran (hereinafter collectively: "Čakovečki mlinovi Group" or "Group") and one affiliated company: Narodni Trgovački Lanac d.o.o. Soblinec. Čakovečki mlinovi d.d. in addition to the non-consolidated reports of the Companies, they also prepare the consolidated reports of the Group separately.

In the first quarter of 2024, the Čakovečki mlinovi Group achieved 43,0 million euros in consolidated total revenues based on consolidated total assets in the amount of 113,5 million euros and employed 2,056 employees on average based on working hours. According to the Accounting Act, the Čakovec Mlinovi Group belongs to a large group of entrepreneurs.

Shares of Čakovečki mlinovi d.d. are listed on the Official Market of the Zagreb Stock Exchange under the symbol CKML. As at March 31, 2024, the Company had issued and listed 10,290,000 shares with a market capitalization of EUR 107 million.

### ***BUSINESS SEGMENTS AND OPERATIONS***

Čakovečki mlinovi Group is organized into two strategic business segments:

- Trade which includes retail and wholesale trade of food and non-food assortment, and
- Food which includes the production of flour, bakery products and oils.

Čakovečki mlinovi Inc. manages these segments from a strategic level and acts as the Group's corporate center. The Trade segment is operatingly managed by Trgovina Krk Inc. The food segment is operatingly managed by Čakovečki mlinovi Inc. and Radnik Opatija Inc.

Below presented are the Group's business segments and their key operating indicators.

#### ***Trade***

<b>KEY OPERATING INDICATORS</b>	<b>31.3.2024.</b>	<b>31.3.2023.</b>
Number of trade stores	425	434
Store sales area (in m2 net)	54,875	54,273
Average area per store (in m2 net)	129	125
Area of distribution warehouses (in m2 gross)	11,343	11,343
Average number of employees	1,783	1,995

Trade is the largest segment of the Čakovečki mlinovi Group, which generated 86% of the Group's sales revenue in Q1 2024.

The Trade segment is organized in two business areas:

- retail – trade of mainly food and to a lesser extent non-food assortment, and
- wholesale – trade of food, non-food and construction assortment.

Retail sales account for 98% of the sales revenue of the Trade segment.

As at March 31, 2024, Trade managed 425 retail stores located in northwestern Croatia, Kvarner and the island of Krk. The total net sales area was 54,875 m<sup>2</sup>, of which about 64% is owned by the Group. The main factors of the offer of the Stores segment are the proximity of the stores and the local assortment, which is why the Group's retail stores are mostly located in smaller settlements or residential districts and have an average net sales area of up to 400 m<sup>2</sup>. This type of store format in Croatia is defined as a market or convenience store, and internationally it is better known as a proximity format due to its characteristic proximity to customers.

Trgovina Krk Inc. holds 25% of the ownership share in the company Narodni trgovački lanac Ltd. (hereinafter: "NTL"), the largest procurement association for food products in Croatia, through which it realizes about 80% of the procurement of goods. In addition to providing commercial services to its members, developing the NTL brand, and purchasing and distributing fruit and vegetables, NTL manages its own retail network of 253 stores and 6 wholesale logistics and distribution centers. In Q1 2024 Narodni trgovački lanac Ltd. generated 0.5 million euros in net profit (Q1 2023: 0.2 million euros). Trgovina Krk Inc. also holds a 10% ownership share in the company Grandal grupa Ltd., the largest purchasing association for construction materials in Croatia.

### **Food**

<b>KEY OPERATING INDICATORS</b>	<b>31.3.2024.</b>	<b>31.3.2023.</b>
Grain processed (in tons)	14.190	12.173
Production of bakery products (in tons)	1.844	1.713
Oil production (in tons)	2	1
Average number of employees	273	272

The Food segment covers food production and is organized into three business areas:

- milling – production of flour and other milling products and to a lesser extent porridge and feed flour,
- bakery – production of mainly bread, pastries and cakes and to a lesser extent dough, and
- oil production – own production of pumpkin and service production of olive oil.

As at 31 March 2024, the food segment managed two mills (Čakovec, Donji Kraljevec) with a total production capacity of 80,000 tons per year, four bakeries (Čakovec, Oroslavje, Lovran, Malinska) with a total production capacity of 11,533 tons per year and two oil mills (Čakovec, Punat).

## KEY FINANCIAL INDICATORS OF THE GROUP

INCOME STATEMENT (millions of euros)	1.-3. 2024.	1.-3. 2023.	1.-3. 2024./ 1.-3. 2023.
<b>Sales revenue</b>	<b>41,6</b>	<b>36,9</b>	<b>12.7%</b>
Operating costs, net <sup>1</sup>	41,6	36,4	14.3%
EBITDA <sup>2</sup>	0,0	0,5	-
<b>Normalized EBITDA<sup>3</sup></b>	<b>0,1</b>	<b>0,5</b>	<b>(80.0%)</b>
Depreciation	1,8	2	(10%)
EBIT <sup>4</sup>	(1,8)	(1,4)	28.6%
Net financial result <sup>5</sup>	0,3	0,0	-
<b>Net profit (loss)</b>	<b>(1,5)</b>	<b>(1,5)</b>	<b>-</b>

<b>Profit margins<sup>6</sup></b>			
EBITDA margin	0.0%	1.4%	(1.4 pb)
<b>Normalized EBITDA margin</b>	<b>0.2%</b>	<b>1.4%</b>	<b>(1.2 pb)</b>
EBIT margin	(4.3%)	(3.8%)	(0.5 pb)
<b>Net profit margin</b>	<b>(3.6%)</b>	<b>(4.1%)</b>	<b>0.5 pb</b>

Balance sheet (millions of euros)	31.3.2024.	31.12.2023.	31.3.2024./ 31.12.2023.
Net debt (cash) <sup>7</sup>	(17,5)	(15,7)	11.5%
Equity	80,1	81,7	(2.0%)
Net working capital <sup>8</sup>	19,0	23,0	(17.4%)

CASH FLOWS (millions of euros)	1.-3. 2024.	1.-3. 2023.	1.-3. 2024./ 1.-3. 2023.
Net operating cash flows	3,9	3,2	21.9%
Capital expenditures (CapEx) <sup>9</sup>	2,0	1,4	42.9%
Dividends paid	-	-	-

1 Operating costs, net include business expenses less depreciation, other business income and income based on the use of own products, goods and services; a detailed calculation is presented under Operating costs in this part of the report.

2 EBITDA (eng. earnings before interest, taxes, depreciation and amortization) represents operating profit before amortization; calculated as business income - business expenses + depreciation.

3 Normalization implies adjustment for one-time items; the detailed calculation is presented under Normalization of EBITDA in this part of the report.

4 EBIT (eng. earnings before interest and taxes) represents operating profit; calculated as business income - business expenses.

5 The net financial result is calculated as financial income + share in the profit of the associated company (NTL) - financial expenses.

6 Profit margins are calculated on the basis of sales revenue.

7 Net debt (money) includes long-term and short-term financial liabilities less money in the bank and treasury and deposits with banks. Deposits with banks are included in net debt regardless of the maturity date because they are available on call.

8 Net working capital includes inventories plus short-term trade receivables and less short-term trade payables and advances.

9 CapEx (eng. capital expenditures) represents monetary expenditures for the purchase of long-term tangible and intangible assets.

Note: Amounts in this section as in the rest of the report are rounded to one decimal place.

## SUMMARY OF GROUP RESULTS

In Q1 2024, the Čakovečki mlinovi Group achieved 41.6 million euros in sales revenue, 0.1 million euros of normalized EBITDA and (1.5) million euros in loss.

The Group's operations were marked by an increase in sales revenue of 12.7% or 4.7 million euros compared to the same period of the previous year. Revenues from the sale of Retail, as the Group's largest business area, grew by 17.2% or 5.1 million euros, or by 15.8% or 4.6 million euros on a comparative (hereinafter: "LFL") basis. The mentioned increase in income is primarily the result of an increase in sales prices due to an increase in the cost of goods sold.

The Trade business segment, as the largest segment of the Group, achieved EUR 35.7 million or 85.8% of the Group's sales revenue and EUR (0.4) million of normalized EBITDA.

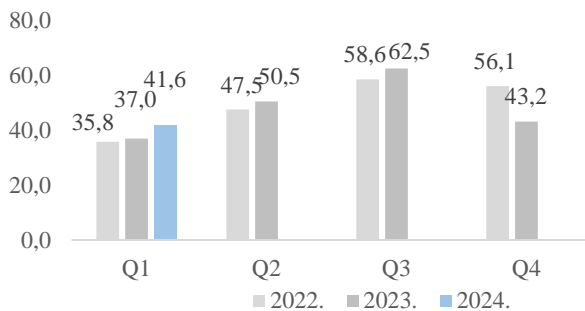
The Group's net operating expenses increased by 14.3% or 5.2 million euros, mostly as a result of the increase in the cost of goods sold (by 4.6 million euros).

In the first quarter of 2024, the Group's normalized EBITDA decreased by EUR (0.4) million, and net results remained the same compared to 1Q 2023. The group achieved a drop in normalized EBITDA margin to (0.2%) (Q1 2023: 1.4%), net profit margin is (3.6%) (Q1 2023: (4.1%)).

## QUARTERLY PERFORMANCE OVERVIEW OF THE GROUP

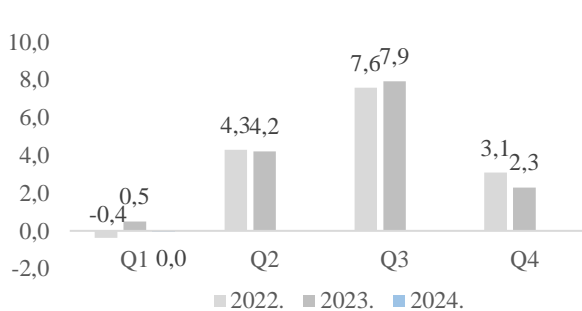
### Group sales revenue

(in mil. euros)



### Group EBITDA

(in mil. euros)



Note: Data for the fourth quarter were calculated on the basis of audited annual financial statements and unaudited quarterly financial statements for the first, second and third quarters.

Considering the impact of the tourist season on the Group's operations in the Trade segment, the first quarter is usually financially weaker than the remaining quarters of the year.

## SALES REVENUE

SALES REVENUE BY SEGMENT					
(in millions of euros)	1.-3. 2024.	% of sales revenue before elim.	1.-3. 2023.	% of sales revenue before elim.	1.-3. 2024./ 1.-3. 2023.
Trade	35,7	85.8%	30,4	82.5%	17.4%
Food	5,9	14.2%	6,5	17.5%	(9.2%)
<b>Consolidated Sales revenue</b>	<b>41,6</b>	<b>100.0%</b>	<b>36,9</b>	<b>100.0%</b>	<b>12.7%</b>

Note: Data are presented on a consolidated basis.

LFL <sup>1</sup> RETAIL GROWTH			
(in millions of euros)	1.-3. 2024.	1.-3. 2023.	1.-3. 2024./ 1.-3. 2023.
Revenue from the sale of goods – Trade	35,5	30,3	17.2%
Revenue from the sale of goods - Retail	34,7	29,6	17.2%
<b>Revenue from the sale of goods - Retail - LFL<sup>1</sup></b>	<b>33,7</b>	<b>29,1</b>	<b>15.8%</b>

<sup>1</sup> Revenue on a comparative basis (eng. like-for-like, LFL) refer to stores that operated throughout both comparative periods.  
Note: Data refers to pre-elimination sales revenue.

In Q1 2024, the Group achieved sales revenues in the amount of EUR 41.6 million, which is 12.7% or EUR 4.7 million more compared to the same period of the previous year, as a result of the increase in sales of the Trade segment from 17.4%, while revenues from sales of the Food segment decreased by 9.2%.

Sales revenue of the Trade segment amounted to EUR 35.7 million or 85.8% of the Group's sales revenue and increased by 17.4% or EUR 5.3 million compared to the same period of the previous year. The mentioned growth is a consequence of the positive effects of the active price policy. Revenues from the sale of goods in Retail increased by 17.2% or 5.1 million euros, or by 15.8% or 4.6 million euros on an LFL basis.

Revenues from sales of the Food segment amounted to 5.9 million euros or 14.2% of sales revenue and are lower by 9.2% or 0.6 million euros compared to the same period of the previous year.



## OPERATING COSTS

(in millions of euros)	1.-3. 2024.	% of sales revenue	1.-3. 2023.	% of sales revenue	1.-3. 2024./ 1.-3. 2023.
Cost of raw materials and changes in value of stock	5,8	13.9%	6,6	17.9%	(12.1%)
Cost of goods sold, net <sup>1</sup>	24,7	59.4%	20,1	54.4%	22.9%
Other external expenses	1,6	3.8%	1,3	3.5%	23.1%
Personnel costs <sup>2</sup>	8,9	21.4%	7,7	20.9%	15.6%
Other expenses	0,4	1.0%	0,5	1.3%	(20.0%)
Other business expenses (revenue) <sup>3</sup>	0,2	0.5%	0,2	0.5%	-
<b>Operating expenses, net</b>	<b>41,6</b>	<b>100%</b>	<b>36,4</b>	<b>98.6%</b>	<b>14.3%</b>

1 Costs of goods sold minus revenue from subsequently approved rebates and marketing services.

2 Staff costs include net wages, taxes and wage contributions, contributions to wages and non-taxable employee remuneration paid.

3 Other operating expenses less: non-taxable employee remuneration paid, other business income excluding income from subsequently approved rebates and marketing services, and revenue based on the use of their own products, goods and services

In Q1 2024, the Group recorded an increase in net operating costs by 14.3% or 5.2 million euros compared to the same period of the previous year. The costs of raw materials and materials decreased due to the purchase of raw materials at lower prices in the Food segment, while the net costs of goods sold grew faster than the growth of income from the sale of goods.

Personnel costs together with paid non-taxable receipts amounted to EUR 8.9 million and increased by 15.6% or EUR 1.2 million. Personnel costs grew under the influence of the increase in the minimum wage and the spillover of this impact on the rest of wages. On March 31, 2024, the Group employed 2,282 employees (Q1 2023: 2,303), that is, in Q1 2024, an average of 2,056 employees based on working hours (Q1 2023: 2,085).

## EBITDA

EBITDA BY SEGMENTS (in millions of euros)	1.-3. 2024.			1.-3. 2023.		
	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
<b>Consolidated Sales revenue</b>	<b>41,6</b>	<b>35,7</b>	<b>5,9</b>	<b>36,9</b>	<b>30,5</b>	<b>6,4</b>
EBITDA	0,0	(0,4)	0,4	0,5	(0,3)	0,8
EBITDA margin	0,0%	(1,1%)	6,8%	1,4%	(1,0%)	12,5%
<b>Normalized EBITDA<sup>1</sup></b>	<b>0,1</b>	<b>(0,4)</b>	<b>0,5</b>	<b>0,5</b>	<b>(0,3)</b>	<b>0,8</b>
<b>Normalized EBITDA margin</b>	<b>0,2%</b>	<b>(1,1%)</b>	<b>8,5%</b>	<b>1,4%</b>	<b>(1,0%)</b>	<b>12,5%</b>

1 Normalization implies an adjustment for material one-time items; the detailed calculation is presented under Normalization of EBITDA in this part of the report.

Note: Data are presented on a consolidated basis.

In Q1 2024, the Group achieved normalized EBITDA in the amount of EUR 0.1 million, which is EUR 0.4 million less than in the same period of the previous year. Reported EBITDA was EUR 0.0 million (Q1 2023: EUR 0.5 million).

Normalized EBITDA of the Trade segment amounted to EUR (0.4) million and decreased by EUR 0.1 million compared to the same period of the previous year. The normalized EBITDA margin of the Trade segment was (1.1%) (Q1 2023: (1.0%)).

### *Normalized EBITDA*

NORMALIZED EBITDA (in millions of euros)	1.-3. 2024.			1.-3. 2023.		
	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
<b>EBITDA</b>	<b>0,0</b>	<b>(0,4)</b>	<b>0,4</b>	<b>0,5</b>	<b>(0,3)</b>	<b>0,8</b>
Costs of intellectual services	0,0	0,0	0,0	0,0	0,0	0,0
Other one-off expenses (revenue), net	<b>0,1</b>	<b>(0,4)</b>	<b>0,5</b>	<b>0,5</b>	<b>(0,3)</b>	<b>0,8</b>
<b>Normalized EBITDA</b>	<b>0,0</b>	<b>(0,4)</b>	<b>0,4</b>	<b>0,5</b>	<b>(0,3)</b>	<b>0,8</b>

Note: The label 'net' implies that an individual item of income is netted by a comparable item of expenditure.

In addition to reporting on alternative (non-IFRS) business performance measures such as EBITDA, the Group discloses the impact of non-recurring items in order to achieve a higher level of transparency of its normal business activities. One-off items are those items that do not appear regularly and have a significant impact on the result. In Q1 of 2024, the Group recorded EUR 0.1 million net of other one-off expenses, and in Q1 2023, there were no one-off items for normalization.

### *NET PROFIT*

In Q1 2024, the Group realized a net loss in the amount of EUR 1.5 million and the net loss is the same compared to 1Q 2023.

### *NET DEBT*

(in millions of euros)	31.3.2023.	31.12.2022.	31.3.2023./ 31.12.2022.
Lease liabilities - long-term	3,1	3,0	3,3%
Short-term liabilities for credits and loans received	4,2	4,2	-
Lease liabilities - short-term	1,1	1,4	(21,4%)
Given deposits and the similar	0,0	(0,6)	-
Cash and cash equivalents	(25,9)	(23,7)	9,3%
<b>Net debt (cash)</b>	<b>(17,5)</b>	<b>(15,7)</b>	<b>11,5%</b>

On March 31, 2024, the Group recorded a net cash item in the amount of EUR 17.5 million (December 31, 2023: EUR 15.7 million), of which EUR 4.2 million related to loan and credit liabilities (31.12.2023: EUR 4.2 million), on lease liabilities EUR 4.2 million (31.12.2023: EUR 4.4 million), and cash and cash equivalents and given deposits EUR 25.9 million (31.12.2023 :. 24.3 million euros). Loan and credit liabilities refer to the related company Trgočentar d.d. in which the Group holds 52.03% of the voting rights, but consolidates it in its entirety.

## CASH FLOWS

In Q1 2024, the Čakovečki mlinovi Group generated net cash flows from business activities in the amount of EUR 3.9 million which is more than the realized EBITDA, primarily as a result of the increase of net working capital by EUR 3,5 million.

<b>NET WORKING CAPITAL</b>			
<b>(in millions of euros)</b>	<b>31.3.2024.</b>	<b>31.12.2023.</b>	<b>31.3.2024./ 31.12.2023.</b>
Inventories	26,0	26,4	(1,5%)
Trade receivables – short term	10,9	9,0	21,1%
Trade payables – short term	(17,9)	(12,4)	44,3%
<b>Net working capital</b>	<b>19,0</b>	<b>23,0</b>	<b>(17,4%)</b>

The Group's net working capital decreased by 17.1% or EUR 4 million, while inventories decreased by 1.5% or EUR 0.4 million. Trade receivables increased by 21.1% or 1.9 million euros due to the increase in income, while trade payables increased by 44.3% or 5.5 million euros.

The Group's capital expenditures in Q1 2024 amounted to EUR 2.0 million and are higher than in the same period of the previous year (Q1 2023: EUR 1.4 million). In the retail segment, EUR 1.9 million was invested in opening new and renovating existing stores. Capital expenditures in the Food segment amounted to EUR 0.1 million and refer to the purchase of vehicles for the transport of bakery products and equipment in mill and bakery production.

## VALUATION OF THE ČAKOVEČKI MLINOVI GROUP

<b>KEY INDICATORS OF CKML SHARE VALUATION</b>			
<b>(in millions of euros)</b>	<b>31.3.2024.</b>	<b>31.12.2023.</b>	<b>31.3.2024./ 31.12.2023.</b>
Price per share (PPS, in euro) <sup>1</sup>	10,4	10,4	-
Market Capitalization <sup>2</sup>	107,0	107,0	-
EV <sup>3</sup>	85,6	87,4	(1,8%)
EV / Sales Revenue <sup>4</sup>	0,46x	0,48x	(0,02x)
<b>EV / Normalised EBITDA<sup>4</sup></b>	<b>6,7x</b>	<b>6,6x</b>	<b>0,1x</b>

1 The price per share (eng. price per share, PPS) is represented by the reference price on the Zagreb Stock Exchange, i.e. the average price weighted by the volume of traded shares as a better representative of the price considering the low liquidity of the CKML share.

2 Market capitalization represents the market value of share capital on the stock exchange; calculated as the product of the number of shares (10,290,000) and the price per share.

3 EV (enterprise value) represents the value of business; calculated as market capitalization + net debt (money) + non - controlling interest.

4 Valuation indicators are calculated on the basis of fundamentals achieved in the last 12 months before the reporting date (TTM, eng. trailing twelve months).

## 2. EXPECTED BUSINESS DEVELOPMENT IN 2024

In 2024, the Group's management will continue to focus on business management in the still unpredictable macroeconomic conditions and on the further implementation of strategic guidelines.

The Group's operations in 2024 are subject to the macroeconomic environment, economic opportunities and trends in economic activity. In case of more significant unfavorable economic conditions, the Group could have additional difficulties in expanding its operations as well as in possible access to the capital market, which could affect the existing level of income and profitability. In such conditions, the management will continue to manage the price policy with the aim of maintaining market share in each business segment.

As of the date of issue of this report, the Group has a cash position sufficient for the unhindered settlement of due Liabilities, and therefore prepares financial statements under the assumption of continuity of operations.

### *General economic environment*

According to HNB data, inflation in Croatia is expected to slow down to 4.0% in 2024, from 8.8% recorded the previous year, which is largely a consequence of the disappearance of the base effect of inflation. An additional easing of energy and Food price inflation should contribute to the slowdown of inflation, continuing their continuous reduction through most of 2023.

Real GDP in Croatia was 2,8% in 2023, and HNB expects this trend to continue and grow by 3,2% in 2024. year. Growth in real GDP is expected on the basis of a strong tourist season and growth in personal consumption in 2024. The risks to the realization of the above estimates are the present geopolitical tensions as well as the accumulated effects of the tightening of monetary policy.

### *The impact of the war in Ukraine and in Israel*

The prolonged duration of the wars in Ukraine and Israel represent negative risks for global trends and economic growth in the Eurozone, which ultimately affects the Croatian economy.

As of the date of this report, the Group does not have any relationship with, nor is it exposed to, companies from Russia, Belarus or Ukraine. The group maintains all business operations in Croatia, where it generates 99% of its revenue. The Group's foreign revenues refer to Slovenia, BiH and Hungary. Also, the parent company Čakovečki mlinovi Inc. does not have any shareholders from Russia or Belarus nor does it directly or indirectly hold ownership interests in entities in those countries.

Although there is no direct exposure to the mentioned countries, a significant portion of the Group's material costs relate to the cost of procurement of grain and energy, which are managed as described in the rest of this section of the report. Management continuously considers all risks associated with external geopolitical movements and assesses that these risks do not threaten the stability of the Group's operations.

### *State price control measures and non-working Sundays*

In the Trade segment, state measures aimed at controlling the prices of certain food products have a negative impact on the Group's operations since its introduction in early September 2022 (9 products) and its expansion in mid-September 2023 (to 30 products), in the form of a decrease in income and super rebates and loss part of the margin on these products. In addition, state measures aimed at limiting the highest retail prices of petroleum derivatives have a negative impact on the operations of the gasoline category since their introduction in October 2021. Also, from July 2023, a ban on working on Sundays for traders (except for 16 Sundays a year) is in effect, which has a negative effect on revenues, as it turned out that the spillover of traffic to other working days is very mild. The management manages the mentioned negative effects through an active pricing policy on the entire assortment and through the adjustment of store operations on Sundays.

In the Food segment, state price control measures have limited the prices of small packages of smooth and sharp flour from the beginning of September 2022, which makes it impossible for them to have an active pricing policy and indexation of costs that affect the price of the final product. In addition, from the second half of 2022, a significant and uncontrolled import of flour and corn grits from Ukraine has been noticed in Croatia, which limits the active price policy on the entire milling program.

#### ***Outlook for the Trade segment in 2024***

The operations of the Trade segment depend to a significant extent on the tourist season in Croatia. In Croatia, in 2024, the growth of tourist overnight stays, and thus the income of coastal operations of the Retail segment, continued, although stores on the continent also contributed to the growth of the segment to the same extent. At the level of the proximity sector as well as wider retail, it is noticeable that the growth of income is accompanied by a decrease in the number of invoices issued, considering that in conditions of high inflation, customers are more focused on weekly purchases associated with weekend promotions. In such conditions, the primary goal of management will be the recovery of issued invoices, while maintaining other key business indicators.

#### ***Strategic guidelines***

The management has defined the following key strategic guidelines for 2024 in the Trade segment:

- recovery of the number of invoices issued,
- management of operational costs,
- maintaining the growth of LFL revenue from sales,
- opening of new and renovation of existing stores,
- targeting acquisitions that strategically correspond to the existing model of the Trade segment..

#### ***Key business factors***

**Pricing:** It is expected to continue to offer customers a quality assortment at prices and promotions that follow local competition with the aim of maintaining market share, along with quality management of the difference in price margin of the Trade segment.

**Relationship with suppliers:** The management expects a continuation of quality cooperation with NTL, which accounts for about 80% of the purchases of the Trade segment, as well as quality management of suppliers in the form of income from services and quantity discounts.

**Personnel costs:** The management expects significant investments in improving the material income of workers due to the current market trends, inflation and labor shortage.

**Capital expenditures:** Five new retail stores are planned to open in 2024.

### ***Outlook for the Food segment in 2024***

Pricing policy and revenue realization of the Food segment is significantly influenced by the purchase prices of raw materials and materials, primarily grains and energy products, which as stock market commodities are influenced by geopolitical trends. Following the fall in the prices of raw materials in 2023, their decline will continue in 2024, which also determines the level of sales prices in the Food segment. In Milling, stable demand is expected for key product groups (wheat flour, large packages of 25 kg and 50 kg, bulk and small packages of 1 kg and 5 kg). The sale of bakery products is mostly realized internally through the Trade segment, and the final result of the Bakery will depend on the result of the Trade segment.

#### *Strategic guidelines*

For 2024, management has defined the following key strategic guidelines in the Food segment:

- strengthening the position of the brand Čakovečki mlinovi in Croatia,
- expansion of the sales channel of mill products.

#### *Key business factors*

Pricing: The management will continue to lead an active pricing policy in the mill and bakery program. Active price policy on small packages of smooth and sharp flour is disabled from the beginning of September 2022 due to government price control measures.

Prices and sources of raw materials: The prices of cereals and energy products (electricity) represent key inputs in the Food segment. In September 2021, the electricity price until September 2024 was successfully negotiated. Most of the necessary quantities of grain are procured during the harvest in July (wheat and rye) and October (corn), when the price is usually the lowest. The group operates with strategically dispersed and stable suppliers, realizes more than 75% of grain procurement in Croatia and is dedicated to the development of domestic suppliers. Also, mostly first-class cereals are procured, which encourages high-quality production.

Personnel costs: An increase in personnel costs is expected due to the increase in the minimum wage as well as an improvement in the material income of workers due to inflation and labor shortage.

Capital expenditures : During 2024, capital investments in equipment in mill and bakery production are planned, the largest part of which relates to a new 1 kg flour packaging line.

**ČAKOVEČKI MLINOVI INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR Q1 2024**

**STATEMENT OF PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS  
OF THE ISSUER ČAKOVEČKI MLINOVI INC. FOR THE PERIOD Q1 2024**

Based on the provisions of Article 468 of the Capital Market Act, the Deputy President of the Company's Management Board, Krešimir Kvaternik, and the member of the Company's Management Board, Marijan Sršen, give a statement:

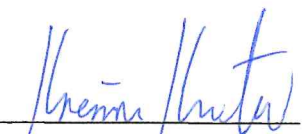
To the best of our knowledge:

- The consolidated financial statements for the first quarter of 2024 were prepared with the application of appropriate financial reporting standards, they provide a true and objective presentation of the issuer's assets and liabilities, financial position, profit or loss.
- The consolidated interim management report for the first quarter of 2024 contains a true presentation of the development and results of operations and the position of the issuer and the companies included in the consolidation, along with a description of the most significant risks and uncertainties to which the issuer and the companies included in the consolidation are exposed.

The consolidated financial statements for the first quarter of 2024 have not been audited.

In Čakovec, 29 April 2024

For Čakovečki mlinovi Inc.:

  
\_\_\_\_\_  
Krešimir Kvaternik  
Deputy President of the Management Board

  
\_\_\_\_\_  
Marijan Sršen  
Member of the Management Board



	<b>1.-3. 2024.</b>	<b>1.-3. 2023.</b>
	<b>in '000 EUR</b>	<b>in '000 EUR</b>
Sales revenue	41,592	36,916
Other revenue	1,010	654
<b>Operating revenue</b>	<b>42,602</b>	<b>37,570</b>
Changes in inventories of work in progress and finished goods	66	207
Costs of raw material	(5,857)	(6,854)
Cost of goods sold	(25,668)	(20,796)
Other external costs	(1,600)	(1,324)
Staff costs	(7,824)	(6,718)
Depreciation, amortisation	(1,778)	(1,947)
Other costs	(1,511)	(1,411)
Other business expenses	(242)	(190)
<b>Operating expenses</b>	<b>(44,414)</b>	<b>(39,033)</b>
<b>Operating profit</b>	<b>(1,812)</b>	<b>(1,463)</b>
Financial income	212	3
Financial expenses	(22)	(38)
<b>Net financial result</b>	<b>190</b>	<b>(35)</b>
<b>Share of net profit of associates accounted for using equity method</b>	<b>140</b>	<b>42</b>
Profit before tax	(1,482)	(1,456)
Income tax expense	(56)	(115)
<b>Net profit/(loss)</b>	<b>(1,538)</b>	<b>(1,571)</b>
Attributable to:		
Owners	(1,534)	(1,514)
Non-controlling interests	(4)	(57)
<b>Earnings per share (in euros)</b>		
- basic	(0.15)	(0.15)
- diluted	(0.15)	(0.15)

	<b>1.-3. 2024.</b>	<b>1.-3. 2023.</b>
	<b>in '000 EUR</b>	<b>in '000 EUR</b>
<b>Net profit for the period</b>	<b>(1,538)</b>	<b>(1,571)</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>(1,538)</b>	<b>(1,571)</b>
Attributable to:		
Owners	(1,534)	(1,514)
Non-controlling interests	(4)	(57)

	<b>31.3.2024.</b> in '000 EUR	<b>31.12.2023.</b> in '000 EUR
<b>Assets</b>		
<b>Fixed assets</b>		
Intangible assets	50	33
Tangible assets	38,180	38,283
Investment property	446	481
Investments accounted for using equity method	8,743	8,604
Financial assets	1,661	1,664
Trade and other receivables	1	2
Deferred tax assets	308	308
	49,389	49,375
<b>Current assets</b>		
Inventories	25,953	26,382
Trade and other receivables	12,178	9,709
Financial assets	99	625
Cash and cash equivalents	25,906	23,754
	64,136	60,470
<b>TOTAL ASSETS</b>	<b>113,525</b>	<b>109,845</b>
<b>Capital and reserves</b>		
Share capital	13,657	13,657
Reserves	3,246	3,246
Fair value reserves	2,869	2,869
Retained earnings	64,232	65,766
	84,004	85,538
Non-controlling interests	(3,869)	(3,865)
	80,135	81,673
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Provisions	861	861
Lease liabilities	3,122	2,974
Deferred tax liability	630	630
	4,613	4,465
<b>Current liabilities</b>		
Lease liabilities	5,311	5,615
Borrowings	7	10
Advances received	34	43
Trade payables	17,814	12,391
Employee benefits payables	2,010	1,838
Taxes, contributions and other duties payable	2,833	2,949
Obligations based on profit sharing	13	32
Other payables	624	698
	28,646	23,576
Provisions – short term	131	131
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>113,525</b>	<b>109,845</b>

	Share capital	Legal reserves	Other reserves	Fair value reserves	Retained earnings	Total	Non-controlling interests	Total
	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR
<b>Balance on 1.1.2023.</b>	<b>13,657</b>	<b>683</b>	<b>2,449</b>	<b>2,756</b>	<b>58,664</b>	<b>78,209</b>	<b>(2,877)</b>	<b>75,332</b>
Profit/(loss) of the business year	-	-	-	-	7,248	7,248	7	7,255
Other comprehensive income	-	-	-	113	-	113	-	113
Total comprehensive income/(loss)	-	-	-	113	7,248	7,361	7	7,368
Dividend	-	-	114	-	(24)	90	-	90
Other changes in equity	-	-	-	-	(122)	(122)	(995)	(1,117)
<b>Balance on 31.12.2023.</b>	<b>13,657</b>	<b>683</b>	<b>2,563</b>	<b>2,869</b>	<b>65,766</b>	<b>85,538</b>	<b>(3,865)</b>	<b>81,673</b>
<b>Balance on 1.1.2024.</b>	<b>13,657</b>	<b>683</b>	<b>2,563</b>	<b>2,869</b>	<b>65,766</b>	<b>85,538</b>	<b>(3,865)</b>	<b>81,673</b>
Profit/(loss) of the business year	-	-	-	-	(1,534)	(1,534)	(4)	(1,538)
Total comprehensive income/(loss)	-	-	-	-	(1,534)	(1,534)	(4)	(1,538)
<b>Balance on 31.3.2024.</b>	<b>13,657</b>	<b>683</b>	<b>2,563</b>	<b>2,869</b>	<b>64,232</b>	<b>84,004</b>	<b>(3,869)</b>	<b>80,135</b>

	<b>1.-3. 2024.</b> <b>u '000 EUR</b>	<b>1.-3. 2023.</b> <b>u '000 EUR</b>
<b>CASH FLOW FROM BUSINESS ACTIVITIES</b>		
Profit before tax	(1,482)	(1,456)
<b>Adjustments:</b>		
Depreciation, amortization	1,778	1,947
Gains and losses from the sale and value adjustments of long-term tangible and intangible assets	871	(41)
Gains and losses from sales and unrealized gains and losses and value adjustment of financial assets	-	(2)
Share in the profit of the associated company	(140)	(42)
Income from interest and dividends	(477)	(3)
Interest expenses	53	35
Other adjustments for non-cash transactions and unrealized gains and losses	3	(55)
Increase in cash flows before changes in working capital	<u>606</u>	<u>383</u>
Changes in working capital	<u>3,538</u>	<u>2,841</u>
Increase in liabilities	5,591	969
(Increase)/decrease in receivables	(2,482)	1,608
Decrease in inventory	429	264
Cash generated from operations	<u>4,144</u>	<u>3,224</u>
Interest paid	(53)	(7)
Income taxes paid	(226)	(63)
<b>NET CASH FLOWS FROM BUSINESS ACTIVITIES</b>	<b><u>3,865</u></b>	<b><u>3,154</u></b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Cash proceeds from the sale of non - current assets	-	41
Cash proceeds from interest	357	-
Cash proceeds from dividends	120	-
Cash proceeds from loans and deposits	-	1,744
Cash expenditures based on loans and savings deposits for the period	(2)	(5,371)
Other cash proceeds from investment activities	7	-
Purchase of non current assets	(1,994)	(1,412)
Other cash paid from investment activities	(15)	-
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b><u>(1,527)</u></b>	<b><u>(4,998)</u></b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Repayment of leases liabilities	(186)	(397)
Repaying the principal of loans and credits	-	(2)
<b>NET CASH FLOWS FROM FINANCIAL ACTIVITIES</b>	<b><u>(186)</u></b>	<b><u>(399)</u></b>
<b>TOTAL NET CASH FLOW</b>	<b><u>2,152</u></b>	<b><u>(2,243)</u></b>
Cash and cash equivalents at the beginning of the period	23,754	11,740
<b>Cash and cash equivalents at the end of the period</b>	<b><u>25,906</u></b>	<b><u>9,497</u></b>

## NOTE 1 – GENERAL INFORMATION

The Company Čakovečki mlinovi Inc. Čakovec, Mlinska ulica 1 (hereinafter: the Company) harmonized the general acts with the Companies Act and on the basis of them the Commercial Court in Varaždin, by decision Tt-95/482-2 on 4 December 1995, entered the Company in the court register. Country of establishment of the company: Croatia, MB of the company: 03108414, OIB of the company: 20262622069.

The share capital of the Company on the date of issuance of this report is EUR 13,657,177.00 and is divided into 10,290,000 shares without nominal amount. Shares of Čakovečki mlinovi Inc. are listed on the Official Market of the Zagreb Stock Exchange under the symbol CKML.

Čakovečki mlinovi Inc. (hereinafter referred to as "Čakovečki mlinovi Group" or "Group") has three dependent companies (subsidiaries: Trgovina Krk Inc. Malinska, Trgočentar Inc. Virovitica, and Radnik Opatija Inc. Lovran, and one associated company: Narodni trgovački lanac Ltd. Soblinec. In addition to the separate financial statements of the Company, Čakovečki mlinovi Inc. prepares consolidated financial statements for the Group.

The annual consolidated financial statements of the Čakovečki mlinovi Group are available on the Company's website: [www.cak-mlinovi.hr](http://www.cak-mlinovi.hr).

The business accounts of the Company are opened with:

- Privredna banka Inc. Zagreb IBAN: HR2623400091116005907,
- Erste & Steiermarkische bank Inc. Zagreb IBAN: HR4924020061100031817, and
- Zagrebačka banka Inc. Zagreb IBAN: HR9223600001102561339.

## PRINCIPAL ACTIVITIES

The Group generates a predominant part of its income by performing the activities of production and trade of food products (flour, bread, pastries, biscuits, waffles, pasta, porridge, edible oils).

## CORPORATE GOVERNANCE

The composition of the Bodies of the Company as at March 31, 2024 is as follows.

### Management

- Krešimir Kvetarnik, Deputy President of the Management Bord
- Marijan Sršen, Member of the Management Board

### Supervisory Board

- Krešimir Kvatarnik, President of the Supervisory Board, independent member - by the decision of the supervisory board from March 6, 2024, his mandate in the Supervisory Board is suspended starting from March 7, 2024
- Damir Metelko, Deputy Chairman of the Supervisory Board, independent member
- Katarina Varga, Member of the Supervisory Board
- Igor Komorski, Member of the Supervisory Board, independent member
- Vanja Kutnjak, member of the Supervisory Board, representative of workers.

### Audit Committee

- Damir Metelko, President of the Audit Committee, independent member
- Katarina Varga, Deputy Chairman of the Audit Committee
- Krešimir Kvatarnik, independent member, status in suspension since March 7, 2024
- Igor Komorski, independent member.

**NOTE 1 – GENERAL INFORMATION (CONTINUED)**

Nominating Committee

- Igor Komorski, Chairman of the Nominations Committee, independent member
- Damir Metelko, Deputy Chairman of the Nomination Committee, independent member
- Krešimir Kvaternik, independent member, status in suspension since March 7, 2024
- Katarina Varga, member.

Remuneration Committee

- Igor Komorski, Chairman of the Remuneration Committee, independent member
- Damir Metelko, Deputy Chairman of the Remuneration Committee, independent member
- Krešimir Kvaternik, independent member, status in suspension since March 7, 2024
- Katarina Varga, member.

**SUBSIDIARIES**

Name	Headquarters	Principal activity	Accounting method	Direct ownership /voting rights	Direct ownership /voting rights
				31.3.2024.	31.12.2023.
Trgovina Krk Inc.	Malinska, Croatia	Retail trade	Consolidated	100,00%	100%
Radnik Opatija Inc.	Lovran, Croatia	Bakery	Consolidated	100%	100%
Trgocentar Inc.	Virovitica, Croatia	Real estate lease	Consolidated	49,55% / 52,03 %	49,55% / 52,03 %
Narodni trgovački lanac Ltd.	Soblinec, Croatia	Retail / Wholesale	Equity method	25%	25%

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are the International Financial Reporting Standards and the Accounting Policies of Čakovečki mlinovi Inc., and have been consistently applied to all periods presented, unless otherwise stated.

The accounting policies that were applied when compiling the audited consolidated annual financial statements for 2023 were not changed and were also applied when compiling these consolidated financial statements. The aforementioned accounting policies can be found in the audited consolidated annual financial statements for 2023, published on the website of the Zagreb Stock Exchange ([www.zse.hr](http://www.zse.hr)).



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