



**ČAKOVEČKI
MLINOVI**

-1893-

ČAKOVEČKI MLINOVI INC.

**ANNUAL REPORT
FOR 2024
(unaudited)**



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ČAKOVEČKI MLINOVI INC.

**INTERIM MANAGEMENT REPORT
FOR 2024**

1. BUSINESS RESULTS FOR 2024

ABOUT THE COMPANY

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

Čakovečki mlinovi Inc. has three subsidiaries: Trgovina Krk Inc. Malinska, Trgočentar Inc. Virovitica and Radnik Opatija Inc. Lovran (together: "Čakovečki mlinovi Group" or "Group") and one associated company: Narodni trgovački lanac Ltd. Soblinec. Čakovečki mlinovi Inc. in addition to the non-consolidated reports of the Companies, they also prepare the consolidated reports of the Group separately.

In 2024, Čakovečki mlinovi Inc. achieved total revenue of EUR 35.9 million, based on total assets of EUR 39.2 million, and employed an average of 197 employees based on working hours. According to the Accounting Act, the company Čakovečki mlinovi Inc. belongs to medium-sized entrepreneurs.

Shares of Čakovečki mlinovi Inc. are listed on the Official Market of the Zagreb Stock Exchange under the symbol CKML. As of December 31, 2024, the Company had issued and listed 10,290,000 shares with a market capitalization of EUR 109,1 million.

As at 26, 2024, the company received a dividend in the amount of EUR 7,000,000 from the subsidiary Trgovina Krk d.d. while on September 26, 2024, the company Čakovečki mlinovi d.d. paid out a dividend in the amount of 1,029,000 euros (0.10 euros per share).

BUSINESS SEGMENT

The company is part of the segmental reporting of the Čakovečki mlinovi Group (the Food segment), whose operations are presented within the consolidated financial statements. Users of the Company's quarterly unconsolidated report should read it together with the consolidated report for the year 2024, for the purpose of obtaining complete information on the financial position and results of operations of the Company and the Group.

KEY FINANCIAL INDICATORS OF THE COMPANY

INCOME STATEMENT (millions of euros)	2024	2023	2024 / 2023
Sales revenue	28.4	28.5	(0.4%)
Operating expenses, net ¹	25.8	26.3	(1.8%)
EBITDA²	2.6	2.2	15.8%
Normalized EBITDA³	3.3	2.6	27.5%
Depreciation, amortization	0.9	1.2	(21.6%)
EBIT ⁴	1.7	1.1	57.2%
Net financial result ⁵	7.3	0.0	-
Net profit (loss)	8.6	0.9	-

Profit margins ⁶			
EBITDA margin	9.1%	7.8%	1.3 pb
Normalized EBITDA margin	11.7%	9.1%	2.6 pb
EBIT margin	5.9%	3.7%	2.2 pb
Net profit margin	30.3%	3.0%	27.3 pb

Balance sheet (millions of euros)	31.12.2024	31.12.2023	31.12.2024 / 31.12.2023
Net debt (cash) ⁷	(14.0)	(5.4)	157.7%
Capital and reserves	36.1	28.6	26.6%
Net working capital ⁸	6.5	6.9	(5.1%)

CASH FLOWS (millions of euros)	2024	2023	2024 / 2023
Net cash flows from operating activities	2.5	8.1	(69.5%)
Capital expenditures (CapEx) ⁹	0.2	0.5	(61.2%)
Dividends paid	1.0	0.0	-

1 Operating expenses, net includes operating expenses less depreciation, other operating income and revenue based on the use of own products, goods and services; the detailed calculation is shown under Operating expenses of this part of the report.

2 EBITDA (earnings before interest, taxes, depreciation and amortization) represents operating profit before depreciation; calculated as operating revenue – operating expenses + depreciation and amortization.

3 Normalization involves adjustments for material one-time items. In year 2024, the Company recorded EUR 0.72 million in net one-time expenses (year 2023: EUR 0.36 million).

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

5 Net financial result is calculated as financial revenue + associated profit share (NTL) – financial expenses.

6 Profit margins are calculated based on sales revenue.

7 Net debt (cash) includes long-term and short-term financial liabilities minus cash in bank and cash register and deposits with banks. Bank deposits are included regardless of their maturity as they are available on demand.

8 Net working capital includes inventories plus short-term receivables from customers, less short-term payables to suppliers.

9 CapEx (capital expenditures) represents payments for purchasing of non-current assets.

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

2. EXPECTED BUSINESS DEVELOPMENT IN 2025

The forecast for 2025 has a positive macroeconomic picture with a challenging combination of opportunities and risks for entrepreneurs. The Company's management will continue to actively work on further business development as well as the implementation of planned strategic guidelines, i.e. increasing retail business, diversifying products, investing in modernization and automation of production processes with responsible behaviour towards the environment. In this part, during 2025, the management of the Company will carry out all the necessary activities announced in the Offer for the takeover of the company Čakovečki mlinovi d.d.d., from August 28, 2024, of the bidders MLIN I PEKARE Ltd., PLODINEC Ltd., ALLIANZ ZB Ltd. and PBZ CROATIA OSIGURANJE Inc., all with the aim of consolidating the operations of the MIP Group and the Čakovečki mlinovi Group with the purpose of increasing competitiveness and expanding operations on the relevant market, optimizing costs and increasing the client base with the planned modernization of operations.

The Company's operations in 2025 are subject to macroeconomic and economic developments in the world and Europe, and the Company will continue with a focused approach to finding opportunities in a dynamic environment.

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

General economic environment

According to the HNB, core inflation in Croatia is expected to slow to 3.5% in 2025, from 4.0%. The slowdown in inflation in the first 8 months of 2024 is reflected in the weakening of current inflationary pressures, primarily core inflation and food price inflation. The risks of higher inflation are mainly related to geopolitical tensions that could result in higher prices of energy and other raw materials.

Real GDP in Croatia for 2024 was 3.7%, and the CNB expects further growth but at a slightly lower level of 3.3% in 2025.

For 2025, global and regional GDP is expected to continue to grow, although perhaps at a slower pace than during the post-pandemic recovery. Depending on the region, economies could experience stabilization, while markets in developed countries should record moderate growth. In Croatia and Europe, the return to economic growth will also depend on favourable circumstances in the international market, interest rate policy and the stability of political and trade relations. Thus, in Croatia, we have a slowdown in growth to 3.3% (in 2024 3.7%).

Further GDP growth is expected through a larger contribution from exports of goods and services, assuming a recovery in external demand, but also through a continued decline in interest rates and more favourable financing costs. The slowdown in growth stems from slower investment growth and weakening consumer confidence.

The impact of the war in Ukraine and in Israel

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

As of the date of issuing this report, the Company has no relationship with, nor is it exposed to, companies from Russia, Belarus or Ukraine. The company maintains all business operations in Croatia, where it generates 95,7% of its revenue. The Company's foreign revenues refer to Slovenia, Bosnia and Herzegovina, Germany and Lithuania. 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.

There is no direct exposure to the mentioned countries. Management continuously considers all risks associated with external geopolitical movements and assesses that these risks do not threaten the stability of the Company's operations.

State price control measures

State price control measures have limited the prices of flour type T-550 smooth and T-400 sharp, wheat bread, instant polenta, Kaiser rolls, and barley porridge from January 31, 2025, which prevents them from having an active pricing policy and indexing costs that affect the price of the final product.

ČAKOVEČKI MLINOVI INC.

FINANCIAL STATEMENTS FOR 2024

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

Based on the provisions of Article 468 of the Capital Market Act, the President of the Company's Management Board, Mario Sedlaček, member of the Company's Management Board, Marijan Sršen, and the member of the Company's Management Board Krešimir Kvaternik, make the following statement:

To the best of our knowledge:

- The financial statements for the fourth quarter or for 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 interim management report for the fourth quarter or for 2024 contains a true presentation of the development and results of operations and the position of the issuer, along with a description of the most significant risks and uncertainties to which the issuer is exposed.

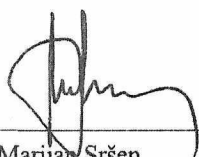
The financial statements for the fourth quarter or for 2024 have not been audited.

In Čakovec, February 28, 2025

For Čakovečki mlinovi Inc.:



Mario Sedlaček
President of the
Management Board



Marijan Sršen
Member of the
Management Board



Krešimir Kvaternik
Member of the
Management Board

	1.-12. 2024	1.-12. 2023	10.-12. 2024	10.-12. 2023
	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR
Sales revenue	28,433	28,542	7,038	6,730
Other revenue	165	184	78	(15)
Operating revenue	28,598	28,726	7,116	6,715
Changes in inventories	163	(99)	200	2
Costs of raw materials, energy	(16,901)	(18,459)	(4,152)	(4,368)
Cost of goods sold	(689)	(578)	(193)	(131)
Other external costs	(2,472)	(1,956)	(1,034)	(531)
Staff costs	(4,920)	(4,194)	(1,366)	(983)
Depreciation, amortization	(923)	(1,178)	(193)	(315)
Other expenses	(1,140)	(1,060)	(377)	(325)
Value adjustments	(11)	-	(11)	-
Reservations	-	(88)	-	(89)
Other operating expenses	(35)	(52)	(9)	(27)
Operating expenses	(26,928)	(27,664)	(7,135)	(6,767)
Operating profit/(loss)	1,670	1,062	(19)	(52)
Financial income	7,317	71	104	39
Financial cost	(3)	(87)	(1)	(23)
Net financial result	7,314	(16)	103	16
Profit before tax	8,984	1,046	84	(36)
Income tax expense	(367)	(190)	(25)	5
Net profit/(loss)	8,617	856	59	(31)
Other comprehensive gains	-	-	-	-
Total comprehensive profit/(loss)	8,617	856	59	(31)
Earnings per share for profit attributable to shareholders of the Company during the year (in euro)				
- basic	0.84	0.08	0.01	(0.00)
- diluted	0.84	0.08	0.01	(0.00)

	31.12.2024	31.12.2023
	in '000 EUR	in '000 EUR
Assets		
Non – Current assets		
Intangible assets	5	1
Tangible assets	3,159	3,804
Investment property	2,804	2,945
Investments in subsidiaries	10,537	10,537
Financial assets	1	1
Receivables and other receivables	0	2
Deferred tax assets	119	118
	<u>16,625</u>	<u>17,408</u>
Current assets		
Inventories	4,582	3,895
Receivables and other receivables	3,878	3,945
Financial assets	56	104
Cash and cash equivalents	14,065	5,384
	<u>22,581</u>	<u>13,328</u>
TOTAL ASSETS	39,206	30,736
Capital and reserves		
Share capital	13,657	13,657
Reserves	3,132	3,132
Retained earnings	19,350	11,762
Total equity	<u>36,139</u>	<u>28,551</u>
Liabilities		
Non - current liabilities		
Provisions	305	338
Lease liabilities	34	2
	<u>339</u>	<u>340</u>
Current liabilities		
Liabilities to group enterprises	121	8
Liabilities for loans, deposits and similar	18	3
Liabilities for advances	0	11
Trade payables	1,720	897
Employee benefits payables	292	242
Taxes, contributions and other duties payable	396	514
Liabilities from equity share in profit	29	33
Other short-term liabilities	129	114
Provisions	23	23
	<u>2,728</u>	<u>1,845</u>
TOTAL EQUITY AND LIABILITIES	39,206	30,736

	1.-12. 2024	1.-12. 2023
	in	in
	'000 EUR	'000 EUR
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	8,984	1,046
Adjustments:		
Depreciation, amortization	923	1,178
Gains and losses from sales and value adjustments of fixed tangible and intangible assets	(48)	(42)
Impairment losses and (gains)/losses on disposal of assets assets	-	19
Value Adjustment of Trade Receivables	22	4
Income from interest and dividends	(7,000)	(71)
Interest expenses	4	67
Provisions	(33)	89
Exchange differences	-	-
Other non-cash items	2,386	-
Increase or decrease in cash flows before changes in working capital	<u>5,238</u>	<u>2,290</u>
Changes in working capital	<u>(2,438)</u>	<u>5,877</u>
Increase/(decrease) in short-term liabilities	(1,526)	(1,136)
(Increase)/decrease in short-term receivables	(225)	1,482
Decrease in inventories	(687)	5,531
Cash from business	<u>2,800</u>	<u>8,167</u>
Interest paid	(4)	(67)
Income tax paid	(337)	(34)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,459	8,066
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash proceeds from the sale of non-current assets	53	42
Cash proceeds from interest	314	66
Cash proceeds from dividends	7,003	4
Cash proceeds from loans and deposits	76	3,706
Other cash proceeds from investment activities	-	27
Payments for non-current assets	(191)	(492)
Payments for the Acquisition of Financial Instruments	-	(1,176)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	7,255	2,177
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Proceeds from credit and loans principals and other borrowings and debt financial instruments	-	(5,180)
Repayment of lease liability principal amounts	(4)	-
Payment of dividends	(1,029)	-
Other payments from financial activities	-	(38)
NET CASH FLOWS FROM FINANCIAL ACTIVITIES	(1,033)	(5,218)
TOTAL NET CASH FLOW	8,681	5,025
Cash and cash equivalents at the beginning of the period	<u>5,384</u>	<u>359</u>
Cash and cash equivalents at the end of the period	14,065	5,384

	Share capital	Legal reserves	Other reserves	Retained earnings	Total
	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR
Balance on 1.1.2023	13,657	683	2,449	10,906	27,695
Profit/(loss) of the business year	-	-	-	856	856
Total comprehensive income/(loss)	-	-	-	856	856
Balance on 31.12.2023	13,657	683	2,449	11,762	28,551
Balance on 1.1.2024	13,657	683	2,449	11,762	28,551
Profit/(loss) of the business year				8,617	8,617
Total comprehensive income/(loss)				8,617	8,617
Dividend				(1,029)	(1,029)
Balance on 30.9.2024	13,657	683	2,449	19,350	36,139

NOTE 1 – GENERAL INFORMATION

The Company Čakovečki mlinovi Inc. Čakovec, Mlinska ulica 1 (hereinafter: the Company) aligned the general acts with the Companies Act and based on them the Commercial Court in Varaždin, by decision Tt-95/482-2 on 4 December 1995, entered the Company in the court register.

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.

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 of December 31, 2024 is as follows.

Management Board

- Mario Sedlaček, President of the Management Board
- Krešimir Kvaternik, Member of the Management Board
- Marijan Sršen, Member of the Management Board

Supervisory Board

- Damir Metelko, President of the Supervisory Board, Independent Member
- Igor Komorski, Independent Member of the Supervisory Board
- Vanja Kutnjak, Member of the Supervisory Board, Workers' Representative
- Josip Plodinec, Member of the Supervisory Board
- Franjo Plodinec, Deputy President of the Supervisory Board
- Prof. Dr. Sc. Mislav Ante Omazić, Independent Member of the Supervisory Board

NOTE 1 – GENERAL INFORMATION (CONTINUED)

Audit Committee

- Franjo Plodinec, President of the Audit Committee
- Igor Komorski, Deputy President of the Audit Committee (Independent Member)
- Damir Metelko, Independent Member
- Vanja Kutnjak, Member of the Audit Committee
- Josip Plodinec, Member of the Audit Committee
- Prof. Dr. Sc. Mislav Ante Omazić, Independent Member of the Audit Committee

Nomination Committee

- Igor Komorski, President of the Nomination Committee, Independent Member
- Damir Metelko, Deputy President of the Nomination Committee, Independent Member
- Vanja Kutnjak, Member of the Nomination Committee
- Josip Plodinec, Member of the Nomination Committee

Remuneration Committee

- Igor Komorski, President of the Remuneration Committee, Independent Member
- Damir Metelko, Deputy President of the Remuneration Committee, Independent Member
- Vanja Kutnjak, Member of the Remuneration Committee
- Franjo Plodinec, Member of the Remuneration Committee

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 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).



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