ČAKOVEČKI MLINOVI D.D.

CONSOLIDATED
ANNUAL REPORT
FOR YEAR 2024

CONTENT

This version of the Annual report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the Annual report takes precedence over this translation.

ČAKOVEČKI MLINOVI D.D.

CONSOLIDATED
MANAGEMENT REPORT
FOR THE YEAR 2024

1. CORE BUSINESS AND GENERAL INFORMATION

ABOUT THE GROUP ČAKOVEČKI MLINOVI

Čakovečki mlinovi d.d. (hereinafter: "Čakovečki mlinovi" or "Company"), founded in 1893 in Čakovec, is one of the oldest Croatian food and trade companies. The company operates a vertically integrated business model comprising the production of high-quality milling, bakery and oil products on the one hand and the retail sale of grocery products on the other hand. Although food production is a tradition and heritage of the Company, the Company has developed through a series of successful acquisitions and integrations of retail retail chains into a business system that today generates the largest part of its revenue from the trade activities.

Čakovečki mlinovi d.d. has three subsidiaries: Trgovina Krk d.d. Malinska, Trgocentar d.d. Virovitica and Radnik Opatija d.d. Lovran (hereinafter: "Čakovečki mlinovi Group" or "Group") and one associated company: Narodni trgovački lanac d.o.o. Soblinec. In addition to these consolidated reports of the Group, Čakovečki mlinovi d.d. is also preparing a non-consolidated report of the Company.

In 2024 Čakovečki mlinovi Group generated EUR 209.5 million in total revenues based on total assets in the amount of EUR 113.2 million and employed an average 2,072 employees on the basis of working hours. According to the Accounting Act (Official Gazette 85/24, 145/24), the Group Čakovečki mlinovi belongs to a large-sized group of entrepreneurs.

The shares of Čakovečki mlinovi d.d. 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.

On July 26, 2024 the Company received a dividend in the amount of EUR 7,000,000 from its subsidiary Trgovina Krk d.d., while on September 26, 2024 Čakovečki mlinovi d.d. paid a dividend in the amount of EUR 1,029,000 (EUR 0.10 per share).

HISTORICAL DEVELOPMENT

The Čakovečki mlinovi Group is marked by a 130-year tradition of milling and continuous and pronounced acquisition growth in the trade and bakery segments.

1893. Establishment of the company Čakovečki mlinovi d.d. in Čakovec;
Construction of the Čakovec mill

1946. Nationalization of the company Čakovečki mlinovi d.d.

1961. Construction of a bakery plant in Čakovec

1973. Takeover of the Konjščina bakery

1975. Takeover of the Oroslavje bakery

1985. Construction of an industrial bakery in Čakovec

1992. Transformation of the social enterprise Čakovečki mlinovi into a joint stock company;
Privatization

1994. Takeover of the company Radnik Opatija d.d. Lovran

1996. Takeover of the company Primorac d.o.o.. Rijeka;
Reconstruction and increase of the production capacity of the Čakovečk mill to 200 tons/day

1999. Takeover of Trgovina Krk d.d. Malinska

2001. Introduction of the frozen program in the Čakovec bakery

2003. Takeover of the company Trgocentar d.d. Čakovec;
Establishment of the company METSS d.o.o.. Čakovec;
Listing of CKML shares on the Zagreb Stock Exchange

2007. Takeover of the company Vražap d.d.. Zadar;
Takeover of the company Pogača Babin Kuk d.o.o. Dubrovnik

2010. Takeover of Trgostil d.d.. Donja Stubica

2011. Takeover of the company Trgocentar d.d. Virovitica

2017. Takeover of the company Kvarner Punat trgovina d.o.o. Punat;
Reconstruction and increase of the production capacity of the Čakovec mill to 300 tons/day

2021. Merger of METSS d.o.o. with Trgovina Krk d.d.;
The division of Radnik Opatija d.d. and merger of the commercial segment with Trgovina Krk d.d.;
Split of CKML shares

2022. Merger of Trgostil d.d. with Trgovina Krk d.d.

BUSINESS SEGMENTS AND OPERATIONS

The Čakovečki mlinovi Group is organized into two strategic business segments:
- trade, which includes retail and wholesale of food and non-food assortment, and
- food, which includes the production of mill and bakery products and oil.

Čakovečki mlinovi d.d. manages segments from a strategic level and acts as the Group's corporate center. The Trgovina business segment is operationally managed by Trgovina Krk d.d. The Food business segment is operationally managed by Čakovečki mlinovi d.d. and Radnik Opatija d.d.

The Group's business segments, and their key operational indicators are presented below.

Trade

KEY OPERATIONAL INDICATORS	31/12/2024	31/12/2023
Number of retail stores	421	434
Area of retail stores (in m2 net)	54,867	55,104
Average store area (in m2 net)	130	127
Share of retail store area owned by	67%	63%
Area of distribution warehouses (in m2 gross)	11,343	11,343
Average number of employees	1,831	1,995

Trade is the largest segment of the Čakovečki mlinovi Group, which generated 87% of the Group's sales revenue before eliminations.

The Trade segment is organized into two business areas:

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

Retail accounts for 97% of sales revenues in the Trade segment.
As of December 31, 2024 the Trade operated in 421 retail stores located in northwestern Croatia, Kvarner and the island of Krk. The total net sales area amounted to 54,867 m2, of which about 67.4% is owned by the Group. The main factors of the Stores segment's offer are the proximity of stores and the local assortment, which is why the Group's retail stores are mostly located in smaller settlements or residential areas and have an average net sales area of up to 130 m2. This format of stores in Croatia is defined as a market or supermarket and is better known internationally as *a proximity* format due to its characteristic proximity to customers.

Trgovina Krk d.d. holds a 25% ownership stake in the company Narodni trgovački lanac d.o.o. (hereinafter: "NTL"), the largest purchasing association for food goods in Croatia, through which it realizes about 75% 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 operates its own retail network of 346 stores and 9 wholesale logistics and distribution centers. In 2024 NTL generated €238.1 million in total revenues (2023: EUR 178.3 million) and EUR 5 million in net profit (2023: EUR 5.3 million). Trgovina Krk d.d. also holds a 10% ownership stake in Grandal grupa Ltd., the largest purchasing association for building materials in Croatia.

Food

KEY OPERATIONAL INDICATORS	31/12/2024	31/12/2023
Annual mill processing capacity (tonnes)	80,000	80,000
Grain processing (tonnes)	59,591	51,738
Average mill capacity utilization	74%	68%
Grain storage capacity (tonnes)	22,000	22,000
Flour storage capacity (tonnes)	2,000	2,000
Annual production capacity of bakeries (tonnes)	12,599	12,599
Manufacture of bakery products (tonnes)	7,762	7,685
Average capacity utilization of bakeries	62%	61%
Oil production (tonnes)	89	33
Average number of employees	278	281

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 fodder flour
- bakery – production of predominantly bread, pastries and cakes and, to a lesser extent, dough
- oil production – own production of pumpkin seed and service production of olive oil.

At the end of 2024 the Food segment operated two milling plants (Čakovec, Donji Kraljevec) with a total production capacity of 80,000 tons per year, four bakery plants (Čakovec, Oroslavje, Lovran, Malinska) with a total production capacity of 12,599 tons per year, and two oil mills (Čakovec, Punat).

COMPANY BODIES AND CORPORATE GOVERNANCE

The corporate governance of the Company is based on a dualistic system and structure consisting of the Supervisory Board and the Management Board of the Company. The Supervisory Board and the Management Board, together with the General Assembly, in accordance with the Articles of Association and the Companies Act, represent the three basic bodies of the Company. The specific management authority and responsibilities of these management bodies are regulated by the relevant Croatian legislation, the Company's Articles of Association, and the Code of Corporate Governance, as well as ordinances or prescribed acts.

Based on the Company's Articles of Association of August 30,2023 the General Assembly of the Company elects six members of the Supervisory Board, while one member is appointed by the Company's employees in the manner prescribed by law. Members of the Supervisory Board shall be elected for a term of four years. The Supervisory Board appoints members of the Management Board of the Company for a term of office of up to five years.

During 2024 the composition of the Company's Management Board, the Supervisory Board and the subcommittee of the Supervisory Board was subject to multiple changes. The Company has publicly informed relevant stakeholders about all these changes, in accordance with the prescribed obligations, without delay (details available on the Company's website: https://cak-mlinovi.hr/obavijesti/).

Composition of the Management Board of the Company as at 31 December 2024:
- Mario Sedlaček, President of the Management Board,
- Marijan Sršen, Member of the Management Board and
- Krešimir Kvaternik, Member of the Management Board.

All members of the Management Board are authorized to represent the Company independently and individually.

Composition of the Supervisory Board of the Company as of 31 December 2024:
- Damir Metelko, President of the Supervisory Board,
- Franjo Plodinec, Deputy Chairman of the Supervisory Board,
- Igor Komorski, Member of the Supervisory Board,
- Josip Plodinec, Member of the Supervisory Board,
- Mislav Ante Omazić, Member of the Supervisory Board and
- Vanja Kutnjak, Member of the Supervisory Board, workers' representative.

During 2024 the Supervisory Board held a total of eleven sessions.

The Management Board and the Supervisory Board of the Company act at meetings or by correspondence, in accordance with the provisions of positive regulations and acts of the Company.

More details on corporate governance in the Company in 2024 are available below and in the Consolidated Statement on the Application of the Code of Corporate Governance.

Changes in the composition of the Management Board in 2024
- On March 6, 2024 Nino Varga, President of the Management Board of the Company, submitted his resignation to the Supervisory Board;
- by the decision of the Supervisory Board of the Company of March 6, 2024 Krešimir Kvaternik was appointed to the position of Deputy President of the Management Board, for the term of office from March 7 to October 7, 2024 (the role of Krešimir Kvaternik as the President of the Supervisory Board of the Company during the performance of the function of the Deputy President of the Management Board is in the status of rest);
- by the decision of the Supervisory Board of the Company of October 7, 2024 Krešimir Kvaternik's term of office as Deputy President of the Management Board was extended for the term of office from October 8 to December 31, 2024 (for the same period of time, the status of suspension of Krešimir Kvaternik's position as President of the Supervisory Board was continued);

- On November 28, 2024 Krešimir Kvaternik resigned from the position of Deputy President of the Management Board of the Company (as well as from the position of member and President of the Supervisory Board of the Company);
- By the decision of the Supervisory Board of the Company of November 28, 2024Mario Sedlaček was appointed President of the Management Board of the Company, and Krešimir Kvaternik was appointed a member of the Management Board. Both members of the Management Board were appointed for a term of office starting from November 29, 2024 to December 31, 2026.

Changes in the composition of the Supervisory Board in 2024

- in the free and direct elections of employees, Vanja Kutnjak was elected as the employee representative to the Supervisory Board of the Company, for a term of 4 years, starting from March 22, 2024replacing the former representative Lidija Posavec;
- On 26 July 2024 Katarina Varga, a member of the Supervisory Board, the Audit Committee, the Nomination Committee and the Remuneration Committee, resigned from the Supervisory Board and its subcommittees as of 28 August 2024;
- by the decision of the General Assembly of the Company of August 28, 2024Josip Plodinec, Franjo Plodinec and Mislav Ante Omazić were appointed to the Supervisory Board;
- On November 28, 2024Krešimir Kvaternik resigned from the position of member and chairman of the Supervisory Board and subcommittee of the Supervisory Board (he also resigned from the position of deputy chairman of the Management Board of the Company). Krešimir Kvaternik's position in the Supervisory Board and its subcommittees in the period from 7 March to 28 November 2024 was suspended for the purpose of performing the function of Deputy President of the Management Board of the Company.

General Assemblies in 2024

In 2024 one General Assembly of the Company was held. At the General Assembly, which was held on August 28, 2024 the following key decisions were adopted: a decision on the use of profit for 2023, a decision on the payment of dividends from net profit for 2023 and the payment of dividends from a part of retained earnings realized in 2022, decisions on granting discharge to members of the Management Board and Supervisory Board of the Company for their work in 2023 Decision on approval of the Report on Remuneration of Members of the Management Board and Supervisory Board for 2023 Decision on approval of amendments to the Remuneration Policy of Members of the Management Board of Čakovečki mlinovi d.d., Decision on the appointment of members of the Supervisory Board and Decision on the appointment of the Company's auditor for 2024. All decisions of the General Assembly are published in accordance with legal regulations and are available on the websites of Čakovečki mlinovi (www.cak-mlinovi.hr) and the Zagreb Stock Exchange (www.zse.hr).

Resumes of the Supervisory Board members

Damir Metelko
Chairman of the Supervisory Board

He graduated from the Faculty of Law in Zagreb. He began his career in 1991 at the law firm Hanžeković & Radaković d.o.o. as an attorney-at-law. In 2003, he became a member of the company, i.e. partner, and later a member of the management board. He will hold this position until 2020. He continues his career at the Law Firm Metelko, Knežević & Partners d.o.o. as a partner and member of the Management Board. He is a member of the Croatian Chamber of Commerce, the Executive Board of the Croatian Chamber of Commerce, the Board of Directors of the Croatian Chamber of Commerce and the Taxation Commission – ICC Croatia. He has been a member of the Supervisory Board of Čakovečki mlinovi since August 2020, since September 2023 he has held the position of Deputy Chairman of the Supervisory Board, and since November 2024 he has become the President of the Supervisory Board. He is an independent member of the Supervisory Board of Čakovečki mlinovi.

Franjo Plodinec
Deputy Chairman of the Supervisory Board

He graduated from the Faculty of Economics and Business in Zagreb, majoring in accounting. He started his career in 2004 in the company Plodinec Ltd., then continued his work in the company Zagrebačke pekarne Klara d.d., first as an advisor to the management, then as a director of the commercial sector and since 2012 as an advisor to the Management Board, which function he still performs today.
He is the Chairman of the Supervisory Board of Zagrebačka Pekarna Klara d.d. and Prehrana trgovina d.d., a member of the Supervisory Board of Papuk Našice d.o.o. and a director of Coolway d.o.o.
He has been a member of the Supervisory Board of Čakovečki mlinovi since August 2024and has been the Deputy Chairman of the Supervisory Board since November 2024**.**

Josip Plodinec
Member of the Supervisory Board

He earned the title of food technician at the Food Technology School in Zagreb. He started his career in 2002 in the company Plodinec Ltd., and in 2003 he moved to the position of advisor to the Management Board in Mlin i Pekare d.o.o. In 2009, he was appointed director of the company Prehrana trgovina d.d. Zagreb. After that, he again took over the position of advisor to the Management Board in the company Mlin i Pekare d.o.o. Sisak. He is currently the director of the company New Mip d.o.o. Sisak.
He is the Chairman of the Supervisory Board of Ultra Gros Ltd., Deputy Chairman of the Supervisory Board of Mlin i Pekare Ltd., Papuk Našice d.o.o. and Zagrebačka pekarna Klara d.d., he is a member of the Supervisory Board of Prehrana trgovina d.d. He is a member of the Management Board of the company Agro-Čepin d.o.o., and he performs the function of director in the companies Plo-Rent d.o.o. and NewMip d.o.o. He has been a member of the Supervisory Board of Čakovečki mlinovi d.d. since August 2024.

Mislav Ante Omazić, prof. dr. sc.
Member of the Supervisory Board

He received his PhD from the Faculty of Economics and Business in Zagreb, in the scientific field of economics, organization and management. He is the author of many scientific and professional projects and a guest lecturer at numerous educational institutions in Croatia and abroad.
He started his career in 2008 as an assistant professor for organization and management at the Faculty of Economics and Business in Zagreb, in 2013 he became the head and associate professor, and in parallel in 2014 he held the position of Vice-Dean for Teaching, Students and Quality Management. He gained knowledge and experience in the field of corporate governance and the functioning of management bodies while working on the Supervisory Board of the Zagreb Stock Exchange d.d. and Hrvatska poštanska banka d.d., and as the President of the Board of Directors of the Institute of Economics in Zagreb. Today, he is a full professor at the Department of Organization and Management at the Faculty of Economics and Business in Zagreb.
He is currently the President of the Management Board of IEDC – Bled Business School, where he contributes to the development of strategic initiatives and business management at the international level.
He has been a member of the Supervisory Board of Čakovečki mlinovi d.d. since August 2024He is an independent member of the Supervisory Board of Čakovečki mlinovi.

Vanja Kutnjak
Member of the Supervisory Board

He graduated from the College of Security, where he earned a master's degree in safety and protection engineering. He attended postgraduate studies at the Faculty of Organization and Informatics in Varaždin, majoring in Business Systems Management. In 1989, he began his career in Čakovečki mlinovi d.d. During his work, he is qualified to perform the function of an expert in occupational safety and fire protection. Thirty-five years of work experience in Čakovečki mlinovi d.d. is marked by the experience of working in the maintenance, laboratory and technical service departments. In 2021, he took over the position of head of the technical service, whose domain includes the entire investment maintenance, fleet management and procurement, as well as the management of the security department and laboratory.
He has been a member of the Supervisory Board of Čakovečki mlinovi since March 2024.

Igor Komorski
Member of the Supervisory Board

He graduated from the Faculty of Law in Zagreb. He began his career in 1997 at the Croatian Insurance Bureau in the Guarantee Fund. Since 2006, he has been the head of the Green Card Department and since 2008 he has been the Assistant Director of the Croatian Insurance Bureau for the Guarantee Fund and the Green Card. He is a Certified Mediator (USAID). He is a member of the Supervisory Board in the company Primo Real Estate d.d. He holds the position of director in the companies Chepovi d.o.o. and VINA JAKOB d.o.o..
He has been a member of the Supervisory Board of Čakovečki mlinovi since August 2023He is an independent member of the Supervisory Board of Čakovečki mlinovi.

Subcommittees of the Supervisory Board

The Supervisory Board of the Company established the following subcommittees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

In addition to the tasks set out in Regulation (EU) No 537/2014, the Audit Committee shall also have the following tasks:

- Reports to the Supervisory Board on the outcome of the statutory audit and explains how the statutory audit has contributed to the integrity of financial reporting and explains the role of the audit committee in this process,
- monitors the financial reporting process and submits recommendations or proposals to ensure its integrity,
- with regard to financial reporting, monitor the effectiveness of the internal quality management and risk management systems and, where applicable, internal audit, without compromising its independence;
- monitors the performance of the statutory audit of annual financial statements and consolidated annual financial statements,
- examines and monitors the independence of the audit firm in accordance with the Audit Act and Regulation (EU) No. Regulation (EU) No 537/2014, and in particular the appropriateness of the provision of non-audit services subject to its prior authorization,
- is responsible for the selection procedure of the audit firm and proposes the appointment of the audit firm.

The composition of the Audit Committee as of 31 December 2024 is as follows: Franjo Plodinec (Chair), Igor Komorski (Deputy Chairman), Damir Metelko (Member), Josip Plodinec (Member), Mislav Ante Omazić (Member) and Vanja Kutnjak (Member).

In 2024 the Audit Committee held five sessions.

The Nomination Committee performs the following tasks:

- oversees the appointment process to the Supervisory Board and the Management Board to ensure that it is fair and transparent;
- develops a description of roles and candidates for each vacant position in accordance with the profile of the Management Board or the Supervisory Board (if necessary, in consultation with the President of the Management Board or the Supervisory Board) and identifies and recommends suitable candidates to the Supervisory Board,
- determines expertise and/or independence when searching for candidates for the Supervisory Board,
- negotiates the terms of appointment with potential new members of the Management Board or the Supervisory Board, including the expected time required to perform their function,
- prepares a succession plan for the reappointment or replacement of members of the Supervisory Board and the Management Board, in consultation with the President of the Management Board or the Supervisory Board,
- monitors progress towards achieving the target percentage of female members of the Management Board and the Supervisory Board;
- oversees the Management Board's policy in selecting and appointing senior management.

The composition of the Nomination Committee as of 31 December 2024 is as follows: Igor Komorski (Chair), Damir Metelko (Deputy Chair), Vanja Kutnjak, Josip Plodinec (Members).

In 2024 the Nominations Committee held one session.

<u>The Remuneration Committee</u> performs the following tasks:
- recommends to the Supervisory Board the remuneration policy for members of the Management Board at least every three years,
- recommends to the Supervisory Board every year the remuneration that should be received by the members of the Management Board, based on the assessment of the results of the Company and their personal results,
- recommends to the Supervisory Board the policy of remuneration for members of the Supervisory Board, which will be submitted to the General Assembly for approval,
- supervises the amount and structure of remuneration to senior management and workers as a whole, and makes recommendations to the Management Board on its policies;
- supervises the preparation and submits to the Supervisory Board for approval the annual report on the remuneration of the Management Board and the Supervisory Board prescribed by law.

The composition of the Admissions Committee as of 31 December 2024 is as follows: Igor Komorski (Chairman), Damir Metelko (Deputy Chairman), Vanja Kutnjak, Franjo Plodinec (Members).

In 2024 the Remuneration Committee held one session.

In 2024 the members of the Supervisory Board and its subcommittees were present at the following sessions:

	Supervisory Board	Audit Committee	Nomination Committee	Remuneration Committee
Katarina class	7/7	3/3	1/1	1/1
Damir Metelko	11/11	5/5	1/1	1/1
Lydia Posavec	3/3	1/1	-	-
Krešimir Kvaternik	3/3	1/1	-	-
Igor Komorski	11/11	5/5	1/1	1/1
Franjo Plodinec	4/4	2/2	-	-
Josip Plodinec	4/4	2/2	-	-
Vanja Kutnjak	8/8	4/4	1/1	1/1
Mislav Ante Omazić	4/4	2/2	-	-

Resumes of Management Board Members

Mario Sedlaček
Ceo
He graduated from the Faculty of Economics in Osijek, majoring in financial management. In 2012, he completed his postgraduate studies and obtained the title of Master of Science. He started his career in the company Papuk d.d., where he performed tasks in the sales sector, and in 2004 he moved to the company Metalija-Trans d.o.o. as the head of retail and wholesale. He gained his further professional experience in renowned companies such as Hofer KG, Mercator-H Ltd., Spar Hrvatska d.o.o. and PP Orahovica, in positions that included management, planning, organization and control of operations in the areas of procurement, sales and production.
Since 2016, he has held the position of director in the company Papuk Našice d.o.o., which he will leave in 2024simultaneously with his appointment as the President of the Management Board of Čakovečki mlinovi d.d. Since 2024 (and today), he has been the President of the Management Board of Agro-Čepin d.o.o.

Marijan Seršen
Curator
He graduated from the Faculty of Economics and Business in Zagreb, majoring in accounting. He started his career in 2001 at Elektropromet d.d. as the head of accounting. In 2004 he moved to IHS-Revizor d.o.o. as an auditor. From 2008 to 2011, he was the director of finance, accounting and controlling at Stipić grupa d.o.o., after which he moved to Mlinar pekarska industrija d.o.o. as CFO. Since 2020, he has been a member of the management board of Čakovečki mlinovi. During his business career, he obtained a certified auditor certificate issued by the Croatian Chamber of Auditors.
He is the President of the Supervisory Board of Trgocentar d.d., Deputy Chairman of the Supervisory Board of Trgovina Krk d.d. and Radnik Opatija d.d.

Krešimir Kvaternik
Curator
He holds a degree in International Economics and Political Science from the University of California, Los Angeles. He is completing an MBA, a master's degree in business management at the IEDC Bled School of Management. He started his career in 1998, in the consulting company Ernst & Young Management Consultant and continued at Deloitte, in charge of providing consulting services to renowned Croatian and foreign companies in Croatia and the region. He continues his career path at CEMEX as a manager for strategic planning, acquisitions and business development, and then as CFO at the Financial Agency, and subsequently at STSI Ltd., INA Group. He then continued his business career as a member of the Management Board for Restructuring, Sales and Procurement at Petrokemija. In 2015, he founded the startup Intelligent Warranty and at the same time works at Zagreb Holding d.o.o. as a financial director, and in the same year he moved to HAC-ONC d.o.o. as a member of the Management Board in charge of IT and toll collection. From 2016 to 2021, he acted as a procurator in the company ADRIATIC WATCH 22. d.o.o. He is the director of Blochkthree Europe d.o.o. and 5i Digital d.o.o.
He is the President of the Supervisory Board of the companies Radnik Opatija d.d. and Trgovina Krk d.d. and a member of the Supervisory Board of Trgocentar d.d. He held the position of President of the Supervisory Board of Čakovečki mlinovi d.d. from September 2023 to March 2024after which his status in the Supervisory Board is suspended until November 2024when he was appointed a member of the Management Board of Čakovečki mlinovi d.d.

2. SUBSIDIARIES AND ASSOCIATED COMPANIES

Below is an overview of the affiliated companies of the parent company Čakovečki mlinovi d.d. as at 31 December 2024. The company has no registered branches.

Company Name	Headquarters	Principal activity	Accounting method	Direct ownership /voting rights 31/12/2024.	Direct ownership /voting rights 31/12/2023.
Trgovina Krk d.d.	Malinska, Croatia	Retail trade	Consolidated	100%	100%
Trgocentar d.d.	Virovitica, Croatia	Real estate lease	Consolidated	49.55% / 52.03 %	49.55% / 52.03 %
Narodni trgovački lanac d.o.o.	Soblinec, Croatia	Retail / Wholesale	Equity method	25%	25%
Radnik Opatija d.d.	Lovran, Croatia	Bakery	Consolidated	100%	100%

3. BUSINESS RESULTS IN 2024

KEY EVENTS IN 2024

1. Continued revenue growth, reduced EBITDA, and decreased net profit in a challenging economic environment

- Sales revenue of EUR 200.5 million (+3.8% year-on-year);
- Normalized earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 14.9 million ((4.1%) year-on-year), reduction of normalized EBITDA margin from 8.0% to 7.4%;
- Net profit of EUR 6.8 million (decrease of (6.2%) compared to the previous year), with a decrease in net profit margin from 3.8% to 3.4%.

2. Dividend payments

In accordance with the decision of the General Meeting of the parent company of the Group held on August 28, 2024 the payment of dividend was approved in the amount of EUR 0.10 per share, i.e. a total of EUR 1,029,000.00, of which the amount of EUR 856,423.59 refers to the total net profit of the Company realized in 2023 and the amount of EUR 172,576.41 from the part of retained profit generated in 2022.

The dividend was paid on September 26, 2024.

3. Agency for the Protection of Market Competition, Notice on Permissibility of Concentration

On 22 July 2024 the Croatian Competition Agency announced on its website that the Competition Council had considered the notification of the intention to implement the concentration of undertakings resulting from the acquisition of joint control on a permanent basis of the undertakings Mlin i pekare Ltd., Sisak, Ulica kralja Zvonimira 24, Plodinec Ltd., Stari Čiče, Velika Gorica, Ulica Seljine brigade 43, Allianz ZB d.o.o. for the management of mandatory and voluntary pension funds, Zagreb, Vjekoslava Heinzela 70, in its own name, and on behalf of the funds under management of AZ mandatory pension fund – category A and AZ mandatory pension fund – category B and PBZ Croatia osiguranje d.d. for the management of mandatory pension funds, Zagreb, Radnička cesta 44, in its own name, and on behalf of the funds under management of PBZ Croatia osiguranje mandatory pension fund – category B, over the undertaking Čakovečki mlinovi d.d. and assessed that it can be reasonably assumed that the present case does not involve a prohibited concentration within the meaning of the provision of Article 16 of the Merger Act. of the Competition Act (OG 79/09, 80/13, 41/21, 153/23; CCA), and that the notification of a concentration in accordance with Article 22, paragraph 1 of the CCA, is considered admissible at the 1st level.

4. Croatian Financial Services Supervisory Agency, Decision approving the publication of the offer for the takeover bid of the company Čakovečki mlinovi d.d.

Upon the request at the session of the Board of Directors held on 26 August 2024 the Croatian Financial Services Supervisory Agency adopts a Decision to the companies MLIN and PEKARE d.o.o., Sisak, Ulica kralja Zvonimira 24,
PLODINEC Ltd., Staro Čiče, Ulica Seljine brigade 43, Allianz ZB d.o.o. mandatory and voluntary pension fund management company, Zagreb, AZ mandatory pension fund category A, AZ mandatory pension fund category B, AZ Profit voluntary pension fund, AZ Benefit open-end voluntary pension fund, AZ Third Horizon closed-end voluntary pension fund, AZ A1 closed-end voluntary pension fund, AZ Dalekovod closed-end voluntary pension fund, AZ CCL closed-end voluntary pension fund, AZ Zagreb closed-end voluntary pension fund, Auto Hrvatska closed-end voluntary pension fund and AZ ZABA closed-end voluntary pension fund and PBZ CROATIA OSIGURANJE d.d. for the management of mandatory pension funds, Zagreb, approving the publication of the takeover bid for the company Čakovečki mlinovi d.d., Čakovec, Mlinska ulica 1.

KEY FINANCIAL INDICATORS OF THE GROUP

INCOME STATEMENT (in millions of euros)	**2024**	**2023**	**2024/ 2023**
Sales revenue	**200.5**	**193.1**	**3.8%**
Operating expenses, net[1]	187.2	178.2	5.1%
EBITDA[2]	13.3	14.9	(11.1%)
Normalized EBITDA[3]	**14.9**	**15.5**	**(4.1%)**
Depreciation	7.3	7.7	(5.9%)
EBIT[4]	6.0	7.2	(16.7%)
Net financial result[5]	2.2	1.6	39.3%
Net profit (loss)	**6.8**	**7.3**	**(6.2%)**

Profit margins[6]			
EBITDA margin	6.6%	7.7%	(1.1 pb)
Normalized EBITDA margin	**7.4%**	**8.0%**	**(0.6 pb)**
EBIT margin	3.0%	3.7%	(0.7 pb)
Net profit margin	**3.4%**	**3.8%**	**(0.4 pb)**

Balance sheet (million euros)	**31/12/2024**	**31/12/2023**	**31/12/2024/ 31/12/2024**
Net debt (cash) [7]	(20.6)	(15.7)	30.6%
Net debt (cash) / norm. EBITDA (TTM) [8]	(1.4x)	(1.0x)	(0.4x)
Capital and reserves	87.6	81.7	7.2%
Return on Average Equity (ROAE) [9]	8.3%	8.9%	(0.6 pb)
Net working capital[10]	23.7	23.0	3.2%

CASH FLOW (in million euros)	**2024**	**2023**	**2024/ 2023**
Net cash flows from operating acts.	12.8	17.2	(25.3%)
Capital Expenditure (CapEx) [11]	5.4	6.3	(13.9%)
Cash outlays for dividend payments	1.0	0.0	-

1 Operating expenses, net includes operating expenses less depreciation, other operating income and income from the use of own products, goods and services; A detailed calculation is shown under Operating costs of this part of the report.
2 EBITDA (earnings before interest, taxes, depreciation and amortization) represents operating profit before depreciation; calculated as operating income – operating expenses + depreciation.
3 Normalization implies adjustment for one-time items; a detailed calculation is presented under EBITDA normalization of this part of the report.
4 EBIT (earnings before interest and taxes) represents operating profit; calculated as operating income – operating expenses.
5 Net financial result is calculated as financial income + share in profit of the associate (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 minus money in the bank and cash register and deposits with banks. Deposits with banks are included in the net debt regardless of the maturity date, as they are available on call.
8 Net debt (cash) / normalized EBITDA (TTM) reflects the Group's ability to repay financial liabilities; calculated as net debt (cash) divided by normalised EBITDA realised in the last 12 months prior to the reporting date.
9 ROAE (return on average equity) represents the return on average equity; calculated as net profit divided by the average of capital and reserves between the beginning and end of the year.
10 Net working capital includes inventories plus short-term receivables from customers and less short-term liabilities to suppliers and advances.
11 CapEx (capital expenditures) represents cash expenditure for the purchase of tangible and intangible fixed assets.
Note: The amounts in this section, as in the rest of the report, are rounded to one decimal place.

SUMMARY OF THE GROUP'S RESULTS

In 2024 the Čakovečki mlinovi Group generated EUR 200.5 million in sales revenue, EUR 14.9 million in normalized EBITDA and EUR 6.8 million in net profit.

The Group's operations were marked by an increase in sales revenues of 3.8% or EUR 7.4 million compared to the same period of the previous year as a result of a 4.3% increase in the revenues of the Stores segment with an increase in the revenues of the Food segment by (0.8%).

The Retail business segment, as the largest segment of the Group, generated EUR 175.4 million or 87.5% of the Group's sales revenue and EUR 11.3 million of normalized EBITDA or 76.0% of the Group's normalized EBITDA.

Sales revenues of the Retail sub-segment, as the Group's largest business area, grew by 4.8% or EUR 7.7 million, or by 5.2% or EUR 7.9 million on a comparative (hereinafter: "LFL") basis.
The increase in retail sales revenues was the result of inflation-adjusted sales prices in line with increases in the respective purchase prices of goods and a higher volume of revenues due to the implementation of active pricing policy.

The Food business segment generated EUR 25.1 million or 12.5% of the Group's sales revenue and EUR 3.6 million of normalized EBITDA or 24.0% of the Group's normalized EBITDA. Sales revenues increased by 0.8% or EUR 0.2 million compared to the same period of the previous year.

In the Food segment, in the area of milling, following the decline in raw material prices in2023 the trend of falling raw material prices continues during 2024 which also determines a lower level of sales prices, which, due to significantly higher volumes of volume production and sales, results in a total lower level of realized sales revenues by EUR 0.1 million compared to the comparative period. This decrease in revenues was mainly offset by the bakery business unit, which recorded an increase in revenues in the amount of EUR 0.3 million compared to the comparative period.

The Group's net operating expenses increased by 5.1% or EUR 9.1 million, mainly as a result of an increase in personnel costs (by EUR 5.0 million) and net costs of goods sold (by EUR 4.5 million). Personnel costs of the overall trend of wage growth in the environment in which the segment operates and labor shortages, while net costs of goods sold grew above the stated revenue growth of the Trade segment.

In 2024 the Group's normalized EBITDA decreased by (0.6) million euros, and net profit decreased by (0.4) million euros compared to the previous year. The Group recorded a decline in the normalized EBITDA margin to 7.4% (2023: 8.0%) and a decline in the net profit margin of 3.4% (2023: 3.8%). The Group's profit margins were squeezed by government price control measures and rising personnel costs.

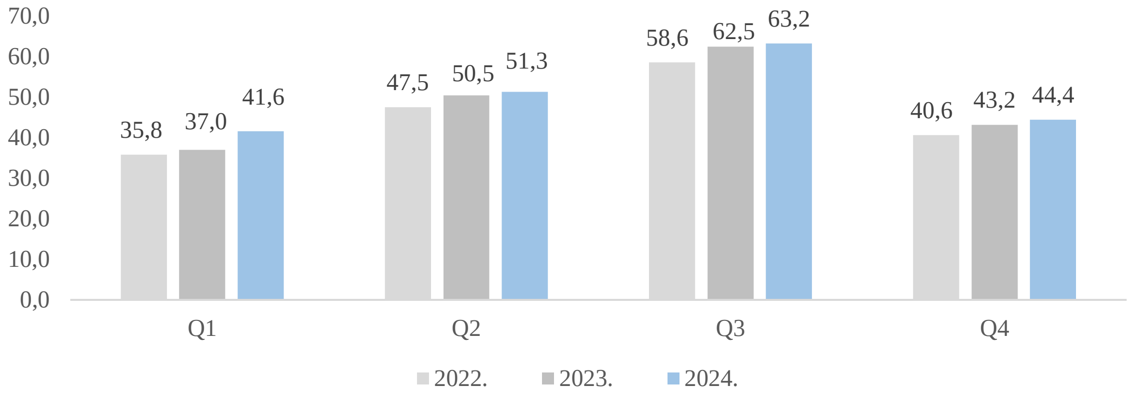
The Group's net financial result amounted to EUR 2.2 million and is higher by EUR 0.6 million compared to the same period of the previous year, which is the result of optimal management of the cash equivalent position.

As at 31 December 2024the Group held a net cash position of EUR 20.6 million.

QUARTERLY PERFORMANCE OVERVIEW OF THE GROUP

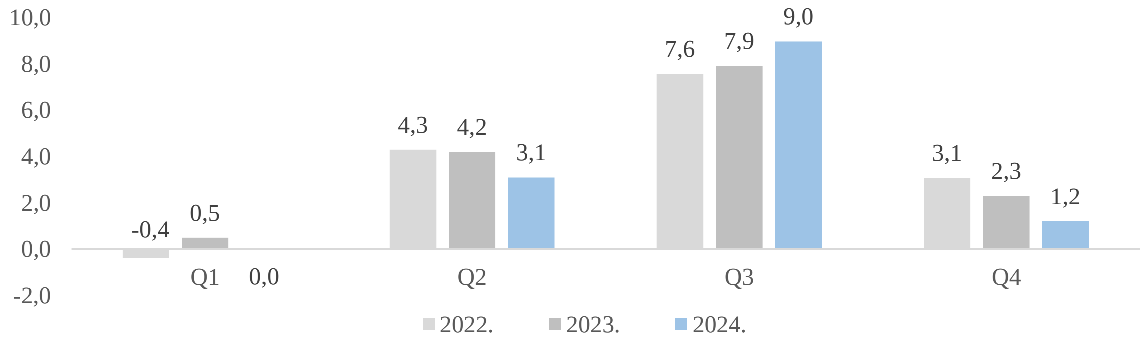
Group sales revenue

(in mil. euros)



Group EBITDA

(in mil. euros)



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

Given its coastal operations in the Trade as well as significant sales in the Food segment to customers who also have coastal operations, the Čakovečki mlinovi Group has a characteristic seasonality of business depending on the opportunities in Croatian tourism. Given the successful tourist season in 2024 which can be seen through seasonal quarters and high sales revenues in them, the Group achieved extremely good EBITDA in 2024.

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SALES REVENUE

SALES REVENUE BY SEGMENT					
(in million euros)	**2024**	**% of sales revenue**	**2023**	**% of sales revenue**	**2024/ 2023**
Trade	175.4	87.5%	168.2	87.1%	4.3%
Food	25.1	12.5%	24.9	12.9%	0.8%
Consolidated sales revenue	**200.5**	**100.0%**	**193.1**	**100.0%**	**3.8%**

Note: The data is presented on a consolidated basis.

LFL[1] RETAIL GROWTH			
(in million euros)	**2024**	**2023**	**2024/ 2023**
Revenues from the sale of goods – Trade	174.8	167.2	4.6%
Revenues from the sale of goods - Retail	169.6	161.9	4.8%
Revenues from the sale of goods - Retail – LFL[1]	**160.8**	**152.9**	**5.2%**

1 Like-for-like (LFL) revenues refer to stores that were operating throughout both comparative periods.
Note: The data is presented on a consolidated basis.

In 2024 the Group generated sales revenues of EUR 200.5 million, which is 3.8% or EUR 7.4 million more than in the same period of the previous year as a result of a 4.3% increase in sales revenues in the Stores segment, while sales revenues in the Food segment increased by 0.8%.

Sales revenues in the Trade segment amounted to EUR 175.4 million or 87.5% of the Group's sales revenues and increased by 4.3% or EUR 7.2 million compared to the same period of the previous year. This increase in sales revenues of the Store is the result of inflation-adjusted sales prices, positive effects of active pricing policy, and a good tourist season in Istria and Kvarner compared to the comparable period. Revenues from the sale of goods in Retail increased by 4.8% or 7.7 million euros, or by 5.2% or 7.9 million euros on an LFL basis.

Sales revenues in the Food segment amounted to EUR 25.1 million or 12.5% of sales revenues and increased by 0.8% or EUR 0.2 million compared to the same period of the previous year.
In the Food segment, in the area of milling, following the decline in raw material prices in 2023 during 2024 the price trend usual for seasonal oscillations specific to milling grains for human consumption between two harvests stabilizes, and this determines the difference in the cost of milling raw material between the more stable 2024 and 2023 which was very specific due to the dominant impact of the war events in Ukraine on the grain market in the part of the region in which the segment operates. The level of selling prices during 2024 follows the aforementioned seasonal fluctuations in the price of milling raw material, which in the second half of 2024 take on a trend of significant growth due to the lack of better-quality milled wheat on the market. Due to the higher realized volume of production and sales, in accordance with the impacts, everything results in a total higher level of realized sales revenues by EUR 0.2 million compared to the comparative period, which is mostly due to the Food segment, in the bakery business area, which recorded a revenue growth of EUR 0.3 million compared to the comparative period.
The growth of the EBITDA margin in the Food segment is the result of an active policy of purchase and sales prices, optimization of the product range and sales channels, and optimal use of production capacities.

OPERATING COSTS

(million euros)	2024	% of sales revenue	2023	% of sales revenue	2024/ 2023
Cost of raw m., energy and production mat., and changes in value of inventory	23.0	11.5%	25.2	13.0%	(8.8%)
Cost of goods sold, net [1]	114.0	56.8%	109.5	56.7%	4.1%
Other costs	8.0	4.0%	6.7	3.4%	20.1%
Personnel costs [2]	38.3	19.1%	33.3	17.3%	14.9%
Other costs	2.6	1.3%	2.6	1.3%	1.0%
Value adjustments and provisions	0.3	0.2%	0.3	0.2%	-
Other business expenses (income) [3]	1.1	0.54%	0.6	0.3%	83%
Operating expenses, net	**187.3**	**93.4%**	**178.2**	**92.3%**	**5.1%**

1 Costs of goods sold minus revenues from subsequently approved rebates and marketing services.
2 Staff costs include net salaries, taxes and payroll contributions, salary contributions and paid non-taxable employee benefits.
3 Other operating expenses minus paid non-taxable remuneration of employees, other operating income excluding income from subsequently approved rebates and marketing services, and income based on the use of own products, goods and services.

In 2024 the Group recorded an increase in net operating expenses of 5.1% or EUR 9.1 million compared to the same period of the previous year. Costs of raw materials and materials were lower 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 revenues from the sale of goods in relative terms.

In 2024 the Group invested EUR 5.0 million in increasing salaries and non-taxable receipts. Total salaries and non-taxable receipts at the Group level amounted to EUR 38.3 million and increased by 14.9% compared to 2023. As of December 31, 2024 the Group employed 2,287 employees (2023: 2,249), or in 2024 an average of 2,072 employees on a work-hours basis (2023: 2,112).

EBITDA

EBITDA BY SEGMENTS	2024			2023		
(in million euros)	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
Cons. sales revenues	**200.5**	**175.4**	**25.1**	**193.1**	**168.2**	**24.9**
EBITDA	13.3	10.1	3.2	14.9	12.4	2.6
EBITDA margin	6.6%	5.7%	12.6%	7.7%	7.4%	10.2%
Normalized EBITDA[1]	**14.9**	**11.3**	**3.6**	**15.5**	**12.6**	**2.9**
Normaliz. EBITDA margin	**7.4%**	**6.4%**	**14.2%**	**8.0%**	**7.5%**	**11.7%**

1 Normalization implies adjustment for material one-off items; a detailed calculation is presented under EBITDA normalization of this part of the report.
Note: The data is presented on a consolidated basis.

In 2024 the Group generated normalized EBITDA of EUR 14.9 million, which is EUR 0.6 million less than in the same period of the previous year. Reported EBITDA was EUR 13.3 million (2023: EUR 14.9 million).

Normalized EBITDA of the Trade segment amounted to EUR 11.3 million, down by EUR 1.3 million compared to the same period of the previous year. The normalized EBITDA margin of the Trade segment was 6.4% (2023: 7.5%).
Normalized EBITDA of the Food segment amounted to EUR 3.6 million, up by EUR 0.7 million compared to the same period of the previous year. The normalized EBITDA margin of the Food segment was 14.2% (2023: 11.7%).

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Normalized EBITDA

EBITDA NORMALIZATION	2024.			2023.		
(in million euros)	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
EBITDA	**13,3**	**10,1**	**3,2**	**14,9**	**12,4**	**2,6**
Intellectual services	0,5	0,3	0,2	0,3	0,1	0,2
Bonuses under contractual arrangements	0,6	0,4	0,2	0,5	0,3	0,2
Other one-off expenses (revenue), net	0,5	0,5	0,0	(0,2)	(0,1)	(0,1)
Normalized EBITDA	**14,9**	**11,3**	**3,6**	**15,5**	**12,6**	**2,9**

Note: The term 'net' implies that an individual item of income is netting a comparable item of expense.

In addition to reporting on alternative (non-IFRS) business performance measures such as EBITDA, the Group discloses the impact of one-off 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 2024, the Group recorded EUR 0.5 million of one-off expenses for intellectual services related (2023: EUR 0.3 million), EUR 0.6 million of bonuses paid under contractual arrangements (2023: EUR 0.5 million), and EUR 0.5 million of net other one-off revenues (2023: EUR -0.2 million).

NET PROFIT

In 2024 the Group generated a net profit of EUR 6.8 million, which is EUR 0.5 million less than in the same period of the previous year.

NET DEBT

(in million euros)	**31/12/2024**	**31/12/2023**	**31/12/2024/ 31/12/2023**
Long-term liabilities by lease	2.7	3.0	(9.2%)
Short-term liabilities on loans received	4.2	4.2	(0.2%)
Short-term liabilities by lease	1.4	1.4	(0.1%)
Days of loans, deposits and the similar	0.0	(0.6)	(92.8%)
Cash and cash equivalents	(28.8)	(23.8)	21.4%
Net debt (cash)	**(20.6)**	**(15.8)**	**51.3%**

As at 31 December, 2023, the Group recorded a net cash position in the amount of EUR 20.6 million (31.12.2023: EUR 15.8 million), of which EUR 4.2 million related to credit and loan liabilities. (31.12.2023: EUR 4.2 million), on lease liabilities EUR 4.1 million (31.12.2023: EUR 4.4 million), and on cash and deposits given EUR 28.8 million (31.12.2023.: EUR 15.8 million). Credit and loan liabilities refer to the related company Trgocentar d.d. in which the Group holds 52.03% of the voting rights, but consolidates it in its entirety.

CASH FLOWS

In 2024 the Čakovečki mlinovi Group generated EUR 12.8 million in net cash flows from operating activities, which is EUR 0.5 million lower than the realized EBITDA, primarily as a result of an increase in cash flows before changes in working capital in the amount of EUR 13.9 million.

NET WORKING CAPITAL			
(in million euros)	**31/12/2024**	**31/12/2023**	**31/12/2024/ 31/12/2023**
Inventory	25.8	26.4	(2.3%)
Short-term receivables from customers	9.7	9.0	8.4%
Short-term liabilities to suppliers	(11.8)	(12.4)	(4.8%)
Net working capital	**23.7**	**23.0**	**3.3%**

The Group's net working capital increased by 3.3% or EUR 0.7 million, with inventories decreased by 2.3% or EUR 0.6 million. Accounts receivable from customers increased by 8.4% or EUR 0.8 million due to revenue growth, while short-term liabilities to suppliers decreased by 4.8% or EUR 0.6 million.

The Group's capital investments in 2024 amounted to EUR 5.4 million, lower than in the same period of the previous year (2023: EUR 6.3 million). In the Retail segment, EUR 4.9 million was invested in the opening of new stores and the renovation of existing ones. Capital investments in the Food segment amounted to EUR 0.5 million and relate to the purchase of vehicles for the transport of bakery products and plant and equipment in mill and bakery production.

VALUATION OF THE ČAKOVEČKI MLINOVI GROUP

KEY INDICATORS OF CKML SHARE VALUATION			
(in million euros)	**31/12/2024**	**31/12/2023**	**31/12/2024/ 31/12/2023**
Price per share (PPS, in euros)[1]	10.6	10.4	1.9%
Market capitalization[2]	109.1	107.0	1.9%
EV[3]	84.7	87.4	(3.1%)
EV / Sales Revenue[4]	0.45x	0.48x	(0.03x)
EV / Normalized EBITDA[4]	**6.7x**	**6.6x**	**0.1x**
Earnings per share (EPS, in euros)[5]	0.7	0.7	(5.9%)
Dividend per share (DPS, in euros)[6]	0.10	0.00	-
Dividend yield[7]	0.9%	0.0%	-

1 The price per share (PPS) is represented by the reference price on the Zagreb Stock Exchange, i.e. the average price weighted by the amount of traded shares as a better representative of the price given the low liquidity of the CKML share.
2 Market capitalization represents the market value of the share capital on the stock exchange; calculated as the product of the number of shares (105,000) and the price per share.
3 EV (Enterprise Value) represents the value of a business; calculated as market capitalization + net debt (money) + minority interest.
4 Valuation indicators are calculated on the basis of fundamentals achieved in the last 12 months prior to the reporting date (TTM).
5 Earnings per share (EPS) represents net earnings per share calculated on the basis of net earnings attributable to the holders of the parent's capital.
6 Dividends per share (DPS) is calculated as the ratio of cash outlays for the payment of dividends to the number of shares.
7 Dividend yield is calculated as the ratio of dividend per share to price per share.

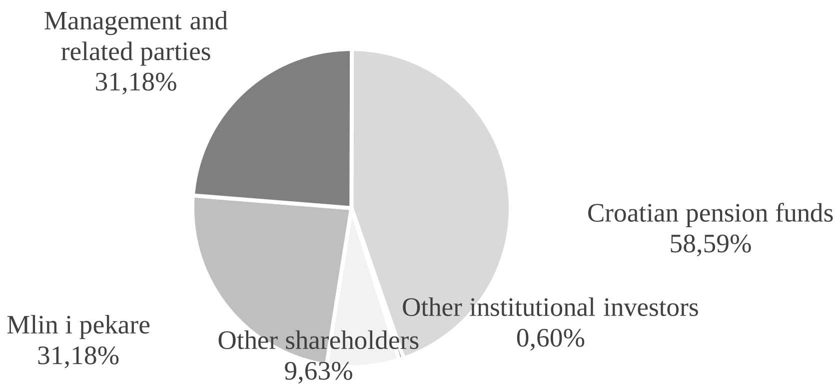
4. OWNERSHIP STRUCTURE AND PERFORMANCE OF CKML SHARES

As of December 31, 2024 Čakovečki mlinovi d.d. had 10,290,000 approved, issued and listed ordinary shares with no nominal value.

Top 10 shareholders as of December 31, 2024

Order. number	Shareholder	Number of shares	Share in share capital
1.	MLIN I PEKARE D.O.O.	3,208,066	31.18%
2.	OTP BANKA D.D./ AZ OMF CATEGORY B	2,853,265	27.73%
3.	ERSTE & STEIERMÄRKISCHE BANK INC./ PBZ CO OMF - KATEGORIJA B	2,391,539	23.24%
4.	ZAGREBAČKA BANKA D.D./ AZ PROFIT OPEN-END VOLUNTARY PENSION FUND	302,624	2.94%
5.	OTP BANKA D.D./ AZ MANDATORY PENSION FUND CATEGORY A	195,403	1.90%
6.	ERSTE & STEIERMARKISCHE BANK INC./ PBZ CO OMF - KATEGORIJA A	160,732	1.56%
7.	ZAGREBAČKA BANKA INC./OMNINI CUSTONIČKI ACCOUNT - DOMAĆA PRAVNA	61,534	0.60%
8.	ZAGREBAČKA BANKA D.D./ AZ BENEFIT OPEN-END VOLUNTARY PENSION FUND (1/1)	60,858	0.59%
9.	FIMA-SECURITIES D.O.O./ NEKIĆ DANKA	46,500	0.45%
10.	OTP BANKA D.D./ OTP INDEKSNI FOND - OIF WITH A PUBLIC OFFERING	39,656	0.39%

Ownership structure by investor group as at 31 December 2024

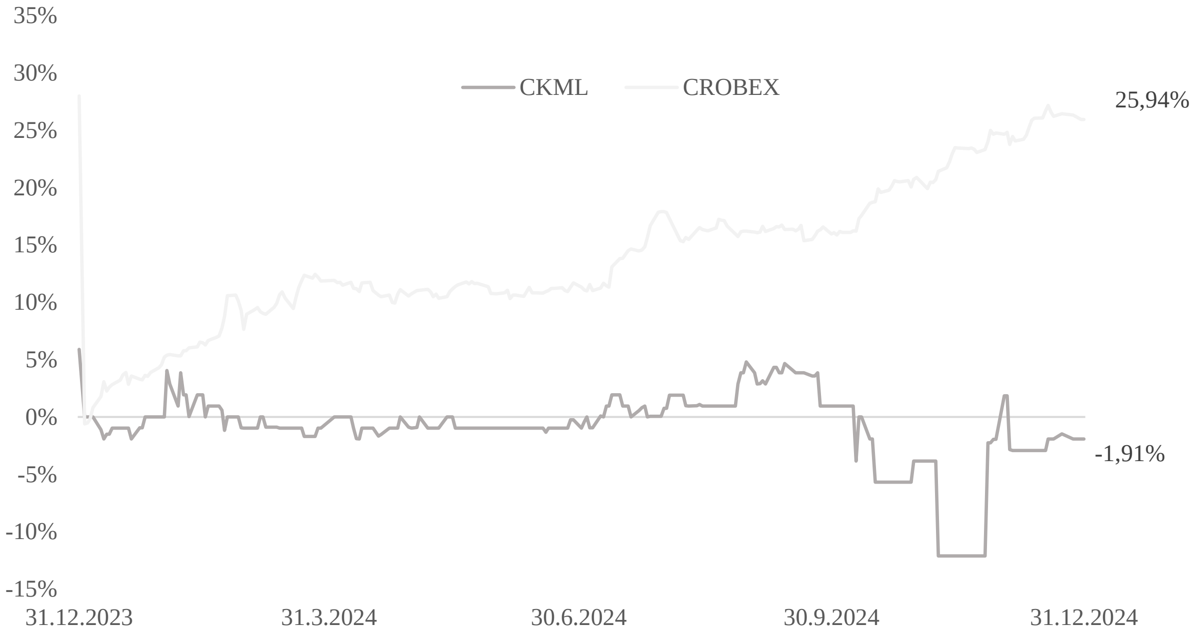


* For the purposes of this review, management includes members of the Management Board and the Supervisory Board and persons related to them.

Čakovečki mlinovi d.d. has a stable ownership structure, within which the most significant share is held by Croatian pension funds (58.59%), Mlin i Pekare d.o.o. (31.18%). As of December 31, 2024, the Company had 345 shareholders. 68.82% of the shares were distributed to the public (free float*).

* Free float is calculated as the total number of shares minus the Company's own shares and shares held by holders holding 5% or more of the total number of shares, excluding investment and pension funds.

Performance of the CKML share price against the CROBEX index



COMPARISON CKML vs CROBEX	31/12/2024	31/12/2023	2024/2023
CKML (in euro)[1]	10.20	10.40	(1.91%)
CROBEX (in points)	3,191.15	2,533.92	25.94%

1 The price per share is represented by the average price weighted by the volume of traded shares as a better representative of the price given the low liquidity of the CKML share.

In 2024 the price of CKML shares decreased in price by 1.91% compared to the comparable stock index CROBEX which achieved an increase in value, of 25.94%.

5. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

At the General Assembly of the parent company of the Group held on 15 January 2025, decisions were made on:

- pays dividends from retained earnings
- increasing the share capital of the parent Group by investing in rights by issuing ordinary shares
- Amendments to the Statute of the parent group
- listing of the Group's parent company shares on the Official Market of the Zagreb Stock Exchange

The dividend was paid on 30 January 2025 in the amount of EUR 0.49 per share, which represented a total amount of EUR 5,042,100.00.

By the decision of the General Assembly, the share capital of the parent company was increased by the amount of EUR 7,605,016.93, to the amount of EUR 21,262,193.93.
A) by entering the rights - business shares held by the company MLIN I PEKARE Ltd., OIB: 22260862756, in the
the company NewMip Ltd., OIB: 22916544397, which business shares represent 100.00% of the share capital of NewMip Ltd., by issuing 3,804,979 new ordinary book-entry shares of the parent Group to a name without a nominal amount;
B) by entering the rights – ordinary dematerialized shares in the name held by Mlin i Pekare d.o.o. in the commercial
Zagrebačke pekarne Klara d.d., OIB: 76842508189 117,199 ordinary registered shares, which shares represent 41.30% of the share capital of Zagrebačke pekarne Klara d.d., by issuing 1,291,688 new ordinary book-entry shares of the parent company of the Group without a nominal amount;
C) by entering the rights – ordinary dematerialized shares in the name held by PLODINEC Ltd., OIB: 93116812695, in the company Zagrebačka pekarne Klara d.d.., namely 57,474 ordinary registered shares, which shares represent 20.25% of the share capital of Zagrebačke pekarne Klara d.d., by issuing 633,333 new ordinary dematerialized shares of the parent company Klara d.d.., i.e. by issuing a total of 5,730,000 new ordinary book-entry shares of the parent company of the Group in the name without a nominal amount, the nominal amount.

The amount for which the New Shares were issued was set at EUR 10.91 per New Share. In accordance with the above, it was determined that the New Shares were issued for an amount that is higher than the amount of share capital relating to each already issued share of the parent Group. At the same time, the value of rights in the amount of EUR 54,909,283.07 was entered into the capital reserves of the parent Group, which represented a surplus over the amount of share capital related to each already issued share of the parent Group. Following the increase in the share capital of the parent Group, the share capital of the parent group was divided into a total of 16,020,000 ordinary book-entry shares in a name without a nominal amount, which are kept in the depository of the CCDC. The decision of the General Assembly determined the listing on the Official Market of the Zagreb Stock Exchange d.d. 5,730,000 new ordinary book-entry shares of the parent Group in a registered name without a nominal amount. The increase in the share capital of the parent Group was carried out by the Decision of the Commercial Court in Varaždin of 31 January 2025.

With this increase in share capital, the parent company of the Group acquired 174,673 ordinary shares of the company Zagrebačka pekarne Klara d.d.., which constitutes 61.55% of the share capital of the said company. In accordance with the decision of the parent company's bodies and the provisions of the Act on the Takeover of Joint Stock Companies, on 15 January 2025, Matica Group published a notice of the obligation to publish a takeover bid for Zagrebačke pekarne Klara d.d. in the manner prescribed by law.
On 26 February 2025, the Croatian Financial Services Supervisory Agency issued a decision approving the company Čakovečki mlinovi d.d. to publish a takeover bid for Zagrebačke pekarne Klara d.d. On 28 February, The Company published an advertisement for a takeover bid in the Official Gazette.

6. 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 Management Board of the parent Group will continue to actively work on further business development. In this part, the Management Board of the parent company Group will carry out all the necessary activities announced in the Takeover Bid for Čakovečki mlinovi d.d., dated August 28, 2024 of the bidder MLIN I PEKARE Ltd., PLODINEC Ltd., ALLIANZ ZB d.o.o. and PBZ CROATIA OSIGURANJE d.d.., 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 in the relevant markets, cost optimization and increase of the customer base with the planned modernization of the business.

The Group's operations in 2025 are subject to macroeconomic and economic developments in the world and Europe, and the Group will continue with a focused approach to finding opportunities in a dynamic environment.
As of the date of issuance of this report, the Group has a cash position sufficient for the smooth settlement of due liabilities, and therefore prepares financial statements under the assumption of indefinite period of operation.

General economic environment

According to CNB data, core inflation in Croatia is expected to slow down from 4.0% to 3.5% in 2025. The slowdown in inflation in the first 8 months of 2024 is reflected in the weakening of ongoing 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 energy and other commodity prices.

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, albeit perhaps at a slower pace than during the post-pandemic recovery. Depending on the region, economies could stabilize, while markets in developed countries should see moderate growth. In Croatia and Europe, the return to economic growth will also depend on favorable international market conditions, interest rate policy and the stability of political and trade relations. Thus, in Croatia, we have a slowdown in growth to 3.3% (3.7% in 2024).
Further GDP growth is expected through a higher contribution from exports of goods and services, assuming a recovery in external demand, but also through a continued decline in interest rates and more favorable financing costs. The slowdown in growth stems from slower investment growth and weakening consumer confidence.

The impact of the war in Ukraine and Israel

The prolonged duration of the wars in Ukraine and Israel pose negative risks to global developments and economic growth of the eurozone, which is ultimately reflected in the Croatian economy.

As of the date of this report, the Group has no relationship with, or exposure to, companies from Russia, Belarus or Ukraine. The Group holds all business operations in Croatia, where it generates 95.7% of revenue. The Group's external revenues relate to Slovenia, Bosnia and Herzegovina, Germany and Lithuania. Also, the parent company Čakovečki mlinovi d.d. does not have any shareholders from Russia or Belarus, nor does it directly or indirectly hold ownership shares in entities in these countries.

Although, there is no direct exposure to mentioned countries. The Management Board continuously considers all risks related to external geopolitical developments and assesses that these risks do not threaten the stability of the Group's operations.

Government price control measures

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

In the Trade segment, in 2025, new state measures aimed at controlling the prices of certain food products will follow, with possible negative consequences for the volume and profitability of the Group's business. Since January 2025, a price control measure has been in effect for 70 products in retail trade. Management is managing the negative effects through an active pricing policy on the entire assortment and through the adjustment of store operations on Sundays.

7. RISKS AND RISK MANAGEMENT OF THE GROUP

In its operations, the Group is exposed to the risks specified in Note 32 – Risk exposure and risk management in the attached financial statements, which can be divided into the following groups:
- financial risks, which include: capital risk, credit risk, liquidity risk and interest rate fair value risk
- risks of regular operations, which include: market risk (interest, currency and price risk), operational risk, industry risk, risk of procurement of raw materials and product delivery, competition risk, risk of fluctuations in the prices of basic raw materials, risk of litigation against the Group, and risk of liabilities or losses not covered by insurance
- general risks, which include: the risk of the business environment and the risk of changing the legal framework.

Risk management in the Group consists of the following steps:
- Identifying potential risks in the business
- Analysis and assessment of identified risks
- Defining risk management objectives and policies
- supervision and monitoring of risk management activities
- reporting on the results of risk management.

More detailed information on risk management is presented in note 32 – Risk exposure and management. The Group does not use financial instruments with the aim of hedging against these risks.

8. INFORMATION ON THE ACQUISITION AND RELEASE OF OWN SHARES

As of 31 December 2024, the parent company Čakovečki mlinovi d.d. did not hold its own shares, nor did it acquire or dispose of them during 2024. Also, none of the subsidiaries of Čakovečki mlinovi d.d. held shares in the parent company.

9. RESARCH AND DEVELOPMENT ACTIVITIES

The Čakovečki mlinovi Group is continuously working on the activities of research and development of new products, improvement of key business processes, employee development and growth through acquisitions.

In the Stores segment, the competition is continuously monitored, and the market is researched with the aim of developing and optimizing the range of products that meet the needs of target customers. In addition, activities are initiated that are in the function of organic growth of sales revenues and business processes are introduced with the aim of reducing operating costs. Also, potential acquisitions that would strategically fit the Trade's business model are continuously monitored and analyzed.

Special emphasis is placed on the Group's tradition in the production of high-quality mill and bakery products and oils, as well as on continuous market analysis and the development of a locally specific assortment.
In 2024 in accordance with the optimization of the bakery assortment, 9 new bakery items were introduced, and 9 items were discontinued.

The Company's mill facilities were completely renovated in 2017 and are one of the most technologically advanced plants in Croatia and the wider region with a tendency to further investments, while the bakery plants are continuously renovated.

Except activities stated above, Group does not develop asset internally and does not perform activities of research and development connected to asset development.

10. EMPLOYEES STRUCTURE

The Group had an average of 2,273 employees in 2024. The calculation of the average was obtained on the basis of the actual number of workers on 1 January 2024 and quarters within 2024. An overview of the employee structure is given in the table below.

Group	**31/12/2024**
Čakovečki mlinovi Inc.	207
Trgovina Krk Inc.	1,980
Radnik Opatija Inc.	86
Trgocentar Inc.	-
TOTAL	**2,273**

For Čakovečki mlinovi Inc.:

Mario Sedlaček
President of the Management Board

Franjo Plodinec
Member of the Management Bord

Marijan Sršen
Member of the Management Bord

Krešimir Kvaternik
Member of the Management Bord

ČAKOVEČKI MLINOVI D.D.

SUSTAINABILITY REPORT
FOR THE YEAR 2024

CONTENTS

ČAKOVEČKI MLINOVI D.D.

SUSTAINABILITY REPORT
FOR 2024

SUSTAINABILITY REPORT

ESRS 2 – General information

BP-1 – General basis for preparing sustainability reports

The Consolidated Sustainability Report for 2024 provides all stakeholders of Čakovečki mlinovi Inc.Inc. ("Company") and its subsidiaries (together the "Group") with an in-depth look at its business, processes and ways in which it manages significant impacts, risks and opportunities, its operational approach to sustainable development, projects and initiatives that it implements as an organization with the aim of more effectively managing its significant environmental, social and governance factors.

The Group's sustainability report for 2024 was prepared in accordance with the accounting law (OG 85/24, 145/24) and the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD). The report also includes publications according to the Regulation on Taxonomy (2020/852) and related delegated regulations and acts.

This report covers the companies of the Čakovečki mlinovi Group (hereinafter referred to as the "Group"): Čakovečki mlinovi Inc. (hereinafter referred to as the "Company") and Trgovina Krk Inc., Radnik Opatija Inc., Trgocentar Inc..Sustainability data for the Group is reported on a consolidated basis as in the financial statement (page 140), ensuring consistency and comprehensiveness across operations. Trgovina Krk Inc. owns a 25% share in the company Narodni tržna lanac doo, Soblinec, which is not included in the scope of consolidation of this report due to the minority share of ownership that does not enable control over the company. Therefore, this company is not obliged to report individually or consolidated on sustainability in accordance with Article 19.a paragraph 9 or Article 29.a paragraph 8 of Directive 2013/34/EU.[1]

The content of this report is based on the results of the 2024 dual materiality assessment conducted in accordance with the requirements set out in the CSRD and ESRS. This assessment identifies significant environmental, social and governance (ESG) impacts, risks and opportunities, while also addressing the interests of the Group's various stakeholders. The dual materiality assessment forms the basis for prioritizing the most important sustainability topics for disclosure.

The Sustainability Report provides key information about the Group's operations. Due to the complexity of collecting data throughout the value chain, it was decided to apply the transitional provisions under paragraph 133 of ESRS 1 during the first three years of sustainability reporting. These transitional provisions allow the Group to focus on information about higher and lower levels of the value chain that is already available within the company, such as internal and publicly available data, and eliminate the need to include information about higher and lower levels of the value chain, other than those required by other EU regulations listed in Appendix B of ESRS 2. As this is the first reporting year, the Group has not directly involved stakeholders from its upstream and downstream value chains, and therefore the published policies, measures, targets and indicators do not include information from these parts of the chain. In future periods, it plans to collect information from the entire value chain and integrate it into its reporting. The Group has also applied the transitional provision under ESRS 1 10.4 for certain disclosure requirements. which allows for the phased-in disclosure requirements that are identified as material to be waived. This includes the following disclosure requirements: E1-9 Expected financial consequences of significant physical and transition risks and potential climate-related opportunities, E5-6 Expected financial consequences of impacts, risks and opportunities related to resource use and the circular economy, S1-7 Characteristics of the company's non-employed workers, S1-11 Social protection, S1-13 Training and skills development and the

[1]BP; 5.a), b) i, ii

part of disclosure requirement S1-14 Health and safety relating to the number of days lost due to injuries and fatalities at work and non-employed workers.[2]

The Group did not use the possibility of omitting certain information related to intellectual property, knowledge, experience or innovation results, nor information about future events or issues that are the subject of negotiations.[3]

BP-2 - Announcements in special circumstances

The Group has adopted definitions for short-term, medium-term and long-term periods, aligned with ESRS 1 6.4.

In the context of double significance, the short-term period is the same as the reporting period used by the Group in its financial statements. The medium-term period covers the period up to five years from the end of the short-term period. The long-term period covers any period beyond the medium-term. These definitions have been applied to ensure consistency in sustainability disclosure and financial reporting practices, while aligning with internal planning and decision-making frameworks.[4]

Collecting data on indicators from the value chain has proven to be a challenging task with a high level of uncertainty. Apart from the greenhouse gas (GHG) emissions data for Scope 3, the Group does not have any other indicators from the value chain. Due to the lack of precise indicators or measurable data directly from the value chain, the Group was not able to accurately assess the impact of these elements on its value chain. In the medium term, the Group plans to establish systems to collect data from key stakeholders in its value chain, including suppliers, business partners, local communities, and customers and end users, to improve the accuracy and completeness of the data obtained from the value chain. Scope 3 greenhouse gas emissions for categories 1 (Purchased goods and services), 2 (Capital goods), 9 (Lower-level transport) were calculated based on an assessment using the financial consumption approach and applying appropriate factors for calculation through financial consumption.[5]

Generally accepted emission factors from databases approved by the GHG Protocol (e.g. Exiobase, DEFRA, etc.) were used, which, based on calculations, do not create high uncertainty, also for the purposes of calculating categories 1, 2 and 9. The cost incurred by the Group in 2024 was used, so the cost information is not uncertain.[6]

As this is the first reporting period under the European Sustainability Reporting Standards (ESRS), previous sustainability information is not directly comparable to the current report, nor has it been subject to a limited assurance engagement.

The Group includes in this Sustainability Report the information prescribed by Article 8 of Regulation 2020/852 (Regulation on Taxonomy). The information prescribed by the Taxonomy Regulation can be found in the thematic part of the report related to environmental information within the sustainability report (page 79).[7]

[2]BP-1; 5. c)
[3]BP-1; 5. d), e)
[4]BP-2; 9
[5]BP-2 10. a), b), c)
[6]11 b, i ii
[7]BP-2 15.

All indicators presented in this report have not been verified by an external body other than the guarantor, unless otherwise stated.[8]

GOV-1 The role of administrative, management and supervisory bodies

Corporate governance structure[9]
The company is a dual-type joint-stock company and has the following bodies:

- General Assembly
- Supervisory Board
- Management

General Assembly
The General Assembly is the highest body that brings together shareholders, makes key decisions such as appointing members of the Supervisory Board, approving financial statements and distributing profits.[10]

Supervisory Board
The Supervisory Board has the authority to appoint and supervise the members of the Management Board. He is responsible for ensuring compliance of the Company's operations with the interests of shareholders and relevant laws.[11]

The Supervisory Board consists of Krešimir Kvaternik (president, independent member, mandate suspended from March 7, 2024), Damir Metelko (deputy president, independent member), Igor Komorski (independent member), Vanja Kutnjak (employee representative), Josip Plodinec (member), Franjo Plodinec (member), Mislav Ante Omazić (independent member).

Administration
The Management Board of the Company plays a key role in leading and managing business activities. Their responsibilities are clearly defined in the company's regulations and include managing the affairs of the Company, which includes the operational management of all business activities, the implementation of strategic decisions and the management of day-to-day business operations. The Management Board must act in accordance with relevant laws, the Company's statute, the rules of procedure and the decisions of the Supervisory Board and the General Assembly. They are also responsible for implementing strategies and business plans, achieving set goals and maintaining the reputation of the Company. The members of the Management Board jointly manage the affairs of the Company, while each member independently manages specific areas within their operational competence. The President of the Management Board coordinates activities and ensures the effectiveness of the work of the Management Board. The Supervisory Board supervises the work of the Management Board, and the General Assembly, as the highest body, makes key decisions.[12] The Management Board consists of Mario Sedlaček, President of the Management Board, Krešimir Kvaternik, Member of the Management Board, and Marijan Sršen, Member of the Management Board.[13] 14

Audit Committee, in addition to the tasks prescribed by Regulation (EU) No. 537/2014, and the following tasks:

[8]MDR-M 77.b)
[9]GOV-1; 22.c) ii.
[10]GOV-1 G1; 5. a)
[11]GOV-1 G1; 5. a)
[12]GOV-1 G1; 5.a)

[14]GOV-1; 21. c), GOV-1 G1; 5.b)

- The Supervisory Board reports on the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and explains the role of the audit board in that process,
- monitors the financial reporting process and submits recommendations or proposals to ensure its integrity,
- with regard to financial reporting, monitors the effectiveness of the internal quality management system and the risk management system and, if applicable, the internal audit, without compromising its independence,
- monitors the performance of the statutory audit of annual financial statements and consolidated annual financial statements,
- examines and monitors the independence of the audit firm in accordance with the Audit Act and Regulation (EU) no. 537/2014, and in particular the suitability of providing non-audit services that are subject to its prior approval,
- is responsible for the selection procedure of the audit firm and proposes the appointment of the audit firm.

The composition of the Audit Committee as of December 31, 2024, is as follows: Franjo Plodinec (chairman), Igor Komorski (deputy chairman), Damir Metelko (member), Josip Plodinec (member), Mislav Ante Omazić (member) and Vanja Kutnjak (member).

Nominations Committee
performs the following tasks:

- supervises the process of appointment to the Supervisory Board and the Management Board to ensure that it is fair and transparent,
- develops a description of roles and candidates for each vacant position in accordance with the profile of the Management Board or the Supervisory Board (if necessary, in consultation with the President of the Management Board or the Supervisory Board) and identifies and recommends suitable candidates to the Supervisory Board,
- determines the expertise and/or independence when searching for candidates for the Supervisory Board,
- agrees the terms of appointment with potential new members of the Management Board or Supervisory Board, including the expected time required to perform their function,
- prepares a succession plan for the reappointment or replacement of members of the Supervisory Board and the Management Board, in consultation with the president of the Management Board or the Supervisory Board,
- monitors progress in achieving the target percentage of female members of the Management Board and Supervisory Board,
- supervises the Management Board's policy in the selection and appointment of senior management.

The composition of the Nomination Committee as of December 31, 2024, is as follows: Igor Komorski (chairman), Damir Metelko (deputy chairman), Vanja Kutnjak, Josip Plodinec (members).

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Remuneration Committee
performs the following tasks:

- recommends to the Supervisory Board a remuneration policy for members of the Management Board at least every three years,
- recommends to the Supervisory Board each year the remuneration that the members of the Management Board should receive, based on an assessment of the Company's results and their personal results,
- recommends to the Supervisory Board a remuneration policy for members of the Supervisory Board which will be submitted to the General Assembly for approval,
- monitors the amount and structure of remuneration for senior management and employees as a whole and makes recommendations to the Board on its policies,
- oversees the preparation and submits to the Supervisory Board for approval the legally prescribed annual report on the receipts of the Management Board and the Supervisory Board.

The composition of the Remuneration Committee as of December 31, 2024 is as follows: Igor Komorski (chairman), Damir Metelko (deputy chairman), Vanja Kutnjak, Franjo Plodinec (members).

Number of executive and non-executive members[15]	Number
Number of executive members	7
Number of non-executive members	0

Members of administrative, management and supervisory bodies[16]	Percentage (%)
Women	4%
Men	96%

Independent members	Percentage (%)
Independent members of the Supervisory Board[17]	44%

[15]GOV-1, 21 a)
[16]GOV-1: 21.b)
[17]GOV-1: 21.e)

The biographies of the members of the Management Board [18]

Mario Sedlaček
President of the Management Board

He graduated from the Faculty of Economics in Osijek, specializing in Financial Management. In 2012, he completed a postgraduate program and earned the title of Master of Science. He began his career at Papuk Inc., working in the sales sector. In 2004, he transitioned to Metalija-Trans Ltd., where he held the position of Retail and Wholesale Manager. He further gained professional experience in renowned companies such as Hofer KG, Mercator-H Ltd., Spar Hrvatska Ltd., and PP Orahovica, holding various leadership roles in procurement, sales, and production, focusing on management, planning, organization, and business control. Since 2016, he has served as the Director of Papuk Našice Ltd., a position he left in 2024 upon his appointment as President of the Management Board of Čakovečki mlinovi Inc.. In 2024, he also assumed the role of President of the Management Board at Agro-Čepin Ltd., a position he continues to hold.

Marijan Sršen
Member of the Management Board

He graduated from the Faculty of Economics in Zagreb, specializing in accounting.
He began his career in 2001 at Elektropromet Inc. as Head of Accounting. In 2004, he joined IHS-Revizor Ltd. as an Auditor as an Auditor. From 2008 to 2011, he served as Finance and Accounting Director at Stipić Grupa Ltd., after which he transitioned to the CFO position at Mlinar Pekarska Industrija Ltd.
Since 2020, he has been a Member of the Management Board of Čakovečki mlinovi Inc. Throughout his career, he has obtained a Certified Auditor qualification issued by the Croatian Chamber of Auditors.
He currently serves as Chairman of the Supervisory Board of Trgocentar Inc., as well as Deputy Chairman of the Supervisory Board at Trgovina Krk Inc. and Radnik Opatija Inc.

Krešimir Kvaternik
Member of the Management Board

He graduated in International Economics and Political Science from the University of California, Los Angeles (UCLA). He later completed an MBA (Master of Business Administration) at IEDC Bled School of Management. He began his career in 1998 at Ernst & Young Management Consultant, followed by Deloitte, where he provided consulting services to prominent Croatian and international companies operating in Croatia and the region. He continued his career at CEMEX, serving as Manager for Strategic Planning, Acquisitions, and Business Development, and later as CFO at the Financial Agency (Fina), followed by STSI Ltd. (INA Group). He then took on the role of Management Board Member for Restructuring, Sales, and Procurement at Petrokemija. In 2015, he founded the startup Intelligent Warranty, while simultaneously serving as Financial Director at Zagrebački Holding Ltd. In the same year, he joined HAC-ONC Ltd. as a Management Board Member responsible for IT and Toll Collection. From 2016 to 2021, he acted as Procurator at ADRIATIC WATCH 22 Ltd. He is currently the Director of Blochkthree Europe Ltd. and 5i Digital Ltd. AInc.itionally, he serves as Chairman of the Supervisory Board of Radnik Opatija Inc. and Trgovina Krk Inc., as well as a Member of the Supervisory Board of Trgocentar Inc. He held the position of Chairman of the Supervisory Board of Čakovečki mlinovi Inc. from September from September 2023 to March 2024, after which his status was suspended until November 2024, when he was appointed as a Member of the Management Board of Čakovečki mlinovi Inc.

[18] GOV-1; 21. c), GOV-1 G1; 5. b)

Biographies of Supervisory Board members [19]

Damir Metelko
Chairman of the Supervisory Board

He graduated from the Faculty of Law in Zagreb.
He began his career in 1991 at Hanžeković & Radaković Ltd. as a law as a lawyer. In 2003, he became a partner in the firm and later served as a Management Board member, a position he held until 2020. He then continued his career at Metelko, Knežević & Partneri Ltd., where he serves as a partner and Management Board member. He is a member of the Croatian Bar Association (HOK), the Executive Committee of HOK, the Management Board of HOK, and the Taxation Commission of ICC Croatia.
He has been a Member of the Supervisory Board of Čakovečki mlinovi since August 2020. In September 2023, he was appointed Deputy Chairman of the Supervisory Board, and as of November 2024, he will serve as Chairman of the Supervisory Board. Within the Supervisory Board of Čakovečki mlinovi, he acts as an independent member.

Franjo Plodinec
Deputy Chairman of the Supervisory Board

He graduated from the Faculty of Economics in Zagreb, specializing in accounting. His career began in 2004 at Plodinec Ltd., after which he continued working at Zagrebačke Pekarne Klara Inc., first as an advisor to the management, then as the director of the commercial sector, and since 2012 as an advisor to the Management Board, a position he still holds today.
He is the Chairman of the Supervisory Board at Zagrebačke Pekarne Klara Inc. and Prehrana trgovina Inc., a member of the Supervisory Board at Papuk Našice Ltd., and the director of Coolway Ltd.
He has been a member of the Supervisory Board of Čakovečki mlinovi since August 2024 and has held the position of Deputy Chairman of the Supervisory Board since November 2024.

Josip Plodinec
Member of the Supervisory Board

He obtained the title of Food Technician from the School of Food Technology in Zagreb. His career began in 2002 at Plodinec Ltd., and in 2003, he became an advisor to the Management Board at Mlin i Pekare Ltd. In 2009, he was appointed director of Prehrana i Trgovina Inc. Zagreb. After that, he returned to the position of advisor to the Management Board at Mlin i Pekare Ltd. Sisak. He currently serves as the director of New Mip Ltd. Sisak. He is the Chairman of the Supervisory Board at Ultra Gros Ltd., Deputy Chairman of the Supervisory Board at Mlin i Pekare Ltd., Papuk Našice Ltd., and Zagrebačke Pekarne Klara Inc. Additionally, he is a member of the Supervisory Board at Prehrana Trgovina Inc. He is also a Management Board member at Agro-Čepin Ltd. and serves as director at Plo-Rent Ltd. and NewMip Ltd.
He has been a member of the Supervisory Board of Čakovečki mlinovi Inc. since August 2024.

[19] GOV-1; 21. c), GOV-1 G1; 5. b)

Mislav Ante Omazić, Prof. Dr. Sc.
Member of the Supervisory Board

He holds a Ph.D. in economics from the Faculty of Economics in Zagreb, specializing in organization and management. He is the author of numerous scientific and professional projects and has been a guest lecturer at various educational institutions in Croatia and abroad.
His career began in 2008 as an assistant professor of organization and management at the Faculty of Economics in Zagreb. In 2013, he became head of the department and an associate professor, and in 2014, he took on the role of Vice Dean for Teaching, Students, and Quality Management. His expertise in corporate governance and management board functions was gained through his work on the supervisory boards of the Zagreb Stock Exchange Inc. and Hrvatska Poštanska Banka Inc., as well as serving as Chairman of the Board of Trustees of the Institute of Economics, Zagreb. Today, he is a full professor with tenure at the Department of Organization and Management at the Faculty of Economics in Zagreb.
He is currently the President of the Management Board of IEDC – Bled School of Management, contributing to the development of strategic initiatives and business governance at an international level.
He has been a member of the Supervisory Board of Čakovečki mlinovi Inc. since August 2024, where he serves as an independent member.

Vanja Kutnjak
Member of the Supervisory Board

He graduated from the Higher School of Safety, earning the title of Master of Safety and Protection Engineering. He also attended postgraduate studies at the Faculty of Organization and Informatics in Varaždin, specializing in Business Systems Management. His career began in 1989 at Čakovečki mlinovi Inc. Over the years, he has received professional training in occupational safety and fire protection. His 35 years of work at Čakovečki mlinovi Inc. have been marked by experience in the maintenance, laboratory, and technical service departments. In 2021, he assumed the role of Head of the Technical Service, overseeing investment maintenance, fleet management, procurement, safety, and laboratory operations. He has been a member of the Supervisory Board of Čakovečki mlinovi Inc. since March 2024.

Igor Komorski
Member of the Supervisory Board

He graduated from the Faculty of Law in Zagreb. His career began in 1997 at the Croatian Insurance Bureau in the Guarantee Fund. In 2006, he took on a managerial role in the Green Card Department, and since 2008, he has served as Assistant Director of the Croatian Insurance Bureau for the Guarantee Fund and the Green Card.
He is a certified mediator (USAID) and a member of the Supervisory Board of the company Primo Real Estate Inc. He also holds the position of director at Chepovi Ltd. and VINA JAKOB Ltd.
He has been a member of the Supervisory Board of Čakovečki mlinovi Inc. since August 2023, where he serves as an independent member.

The members of the Management Board and the Controlling department are responsible for monitoring the impacts, risks and opportunities related to sustainability at the highest level of management. The Head of Controlling is responsible for the impacts, risks and opportunities and is involved in the daily monitoring, management and supervision activities. The Management Board plays a key role in the process of managing controls and procedures for monitoring, managing and supervising impacts, risks and opportunities. The Supervisory and Audit Boards are informed about the impacts, risks and opportunities.
Although the Company's regulations do not prescribe responsibility for impacts, risks and opportunities related to sustainability, the Management Board has assigned the monitoring of responsibility to the Controlling department. Dedicated controls and procedures for managing impacts, risks and opportunities have not yet been implemented and are under consideration.

The Management Board and the Supervisory Board currently do not have prescribed procedures for managing impacts, risks and opportunities and a system of controls for impacts, risks and opportunities has not been introduced, but this will be implemented in future periods.[20]

The Management Board has or can access the expertise required to monitor sustainability factors through the following measures:
The Controlling Department, together with the Head of Controlling, is responsible for conducting dual materiality analysis and stakeholder engagement. The Department reports to and provides insights to the Management Board.
The Group has organized training for working group members and senior management to prepare for new regulatory standards, including ESRS and the Corporate Reporting Directive (CSRD)

Training of existing and new members of the Supervisory Board and the Management Board, conducted by the company's legal department, is aimed at ensuring compliance with relevant legislative and regulatory requirements, as well as strengthening corporate governance and business transparency. Additional training on sustainability factors in which members of the Management Board are trained: [21]

Announced legal changes and recommendations in the field of corporate governance

- Best corporate governance practices according to HANFA, ESMA and OECD recommendations

News in the field of auditing and accounting

- Responsibility of the Supervisory Board in the supervision of accounting policies and audit procedures.

Changes in the sustainability reporting segment

- Overview of the new legal obligations of sustainability reporting in accordance with national and EU regulations.
- Implementation of the Corporate Sustainability Reporting Directive (CSRD) and ESRS (European Sustainability Reporting Standards).
- Integration of ESG factors into the company's strategy and risk management.
- The role of the Supervisory Board in the supervision of sustainable operations and the preparation of non-financial reports.

GOV-2 – Information Provided to Administrative, Management, and Supervisory Bodies & Sustainability Factors Addressed

During 2024, the Management Board was informed of the results of the dual materiality assessment. The dual materiality analysis was led by the Controlling department, and the Management Board was regularly informed about the process. The Management Board was also involved in the process through interviews and validation of the materiality of impacts, risks and opportunities. In the following periods, the Group will include significant impacts, risks and opportunities in the implementation of strategy oversight, in the risk management process and in decisions on major transactions.
The Group will establish mechanisms for regular reporting to the Management Board and the Supervisory Board on sustainability issues.[22] 23

[20] GOV-1; 22. c) i, ii, iii., 22. d)
[21] ESRS 2, 23 a, b

[23] GOV-2; 26. a), b), c), SBM-2; 45. d)

GOV-3 –Incorporation of Sustainability Results into Incentive Programs

The group did not include sustainability results in the incentive programs of administrative, management and supervisory bodies. [24] Also, climate issues are not included in the remuneration of members of administrative, management and supervisory bodies.[25]

GOV–4 – Due diligence report

In accordance with the ESRS requirements, the Group plans to establish a detailed due diligence process for managing sustainability issues in future periods. Given the high level of uncertainty in the value chain, the Group used external sources for due diligence for the first reporting year. The Group included in the value chain assessment reports from major suppliers and customers, as well as practices of similar companies in the sector, sector-specific ESG materiality analyses from rating agencies such as MSCI, S&P Global, Sustainalytics, and sector-specific material topics according to the SASB reporting standard. This process identified areas for improvement that will, in accordance with Transitional Provision 10.2, be implemented over the next two years to ensure a comprehensive due diligence process in accordance with the ESRS. The following table shows how the Group applies the core elements of due diligence for people and the environment and where they are presented in this sustainability report.[26]

KEY ELEMENTS OF THE DUE DILIGENCE PROCEDURE	POINTS IN THE SUSTAINABILITY STATEMENT
a) Inclusion of the due diligence process in management, strategy and business model	GOV-2, p. 38 GOV-3, p. 39 SBM-3, p. 48
b) Collaboration with affected stakeholders in all key steps of the due diligence process	SBM-2, p. 44 IRO-1, p. 56
c) Identification and assessment of adverse effects	IRO-1, p. 56 SBM-3, p. 48
d) Taking measures to eliminate these negative effects	Data on measures specified in the thematic standards.
e) Monitoring and communicating the effectiveness of these efforts	The group has not developed objectives for monitoring the effectiveness of measures.

GOV–5 –Risk management and internal controls of sustainability reporting

Group has not yet established a risk register, a risk management system, or internal controls related to sustainability reporting. However, it plans to implement them in the upcoming reporting periods.
Additionally, in the forthcoming reporting periods, the Group intends to integrate the results of risk assessments and internal controls related to the sustainability reporting process into the relevant internal functions and procedures, as well as periodically report to the Management Board, the Supervisory Board, and the Audit Committee.[27]

[24] GOV-3, 29
[25] GOV-3 E1; 13.
[26] GOV-4; 30.
[27] GOV-5 36.

ČAKOVEČKI MLINOVI
-1893-

SBM-1 - Strategy, business model and value chain

The Group Čakovečki mlinovi Inc. has three subsidiaries: Trgovina Krk Inc. Malinska, Trgocentar Inc. Virovitica, and Radnik Opatija Inc. Lovran, as well as one associate company: Narodni trgovačka lanac Ltd. Soblinec.

Founded in 1893 in Čakovec, Čakovečki mlinovi Inc. is one of the oldest Croatian food and retail companies. The company operates a vertically integrated business model, encompassing the production of high-quality milling, bakery, and oil products on one side and mixed goods retail on the other. While food production remains the company's tradition and heritage, a series of successful acquisitions and integrations of retail chains have transformed the company into a business system that today generates most of its revenue from retail operations.

Trgovina Krk Inc. Malinska is a company with a long-standing tradition. Its mission is to provide customers with top-quality service through recognition, accessibility, standardization, and competitiveness, while ensuring a secure and stimulating work environment for employees.

Radnik Opatija Inc. has been in operation since 1961 and is continuously dedicated to achieving high product quality. The company has adopted European trends in the production of frozen and partially baked bakery and confectionery products. By continuously setting quality improvement goals, the company continues to grow and develop while maintaining its market position as a reliable and high-quality producer of bakery and confectionery products. [28]

Čakovečki mlinovi Group generates 99.4% of its revenue from sales on the domestic market. [29]

Čakovečki mlinovi Group is organized into two strategic business segments:
- Trade, which includes retail and wholesale of food and non-food products, and
- Food, which includes the production of mill and bakery products and oil.

Čakovečki mlinovi Inc. manages its business segments at a strategic level. The Retail business segment is operationally managed by Trgovina Krk Inc., while the Food business segment is operationally managed by Čakovečki mlinovi Inc. and Radnik Opatand Radnik Opatija Inc.

The strategic direction of the entire business is focused on top product quality and continuous investment in cutting-edge technologies within the food industry.

The ČAKOVEČKI MLINOVI brand has been achieving significant market success both domestically and internationally for years, as customers recognize the superior quality of our products.

The Group's business strategy – "Committed to creating superior products" – encompasses food production with an emphasis on environmentally sustainable practices and reducing negative environmental impact, with a desire to create retail ranges that promote the health and well-being of the community.

In addition to emphasizing product quality, management continuously cares about the satisfaction of employees and end consumers, as well as the communities in which the Group operates, in a manner that supports the growth of share value (the figure below shows the value of the Čakovečki mlinovi Group) and as described later in the report.

More information about the Group's business model is available in the Consolidated Annual Report for 2024 under Management Report – 1. Core business and general information (p. 4 - 6.).

[28] ESRS, SBM-1, 40 a) i
[29] ESRS2, SBM-1, 40 a) ii

Group Values

The company Trgovina Krk owns three gas stations where it offers all types of fuel for passenger and commercial vehicles, household gas, a special offer of car cosmetics, motor oils, small spare parts, batteries and a wide range of consumer goods. They generated revenue in 2024 in the amount of 6.2 million euros.[30]

The group does not operate in the sectors dealing with the production of chemicals, controversial weapons and the cultivation and production of tobacco.[31]
The focus on creating top-quality products is a vital element of the Group's business strategy, which encompasses food production on the one hand and the development of a quality retail offering on the other. This ensures that consumers receive reliable and high-quality products and at the same time strengthens the Group's market credibility. Sales are mainly carried out on the domestic market through various retail and wholesale channels.

In addition to the emphasis on product quality, management continuously cares about the satisfaction of employees and end consumers, as well as the communities in which the Group operates, in a way that supports the growth of shareholder value

All products and business processes are based on a management system defined by the Food Quality and Safety Policy, from selecting the highest quality raw materials, using the most modern technologies, developing special recipes to continuous employee education.

Sustainability factors that have been determined to be of dual significance will be considered in the sustainability strategy and the business strategy will be further updated accordingly. The same is planned to be aligned in the medium-term reporting period.[32]

Input Data and Approach to Data Collection, Preparation, and Assurance

In 2024, the Group's main goal was to successfully implement the European Sustainability Reporting Standards (ESRS) and align processes with their requirements. The first step was to familiarize ourselves with the standards through training to understand all the requirements and conduct a dual materiality assessment. During the dual materiality analysis, internal stakeholders who are experts in a particular business segment were directly involved. Their insights were used as the basis for the assessment. After conducting the analysis and the results of the dual materiality, an assessment of the current sustainability status of the Group was conducted to identify gaps in relation to the ESRS requirements. Based on this, we are working on developing a process for collecting the necessary data and ensuring data quality. For now, a method for collecting data on GHG emissions has been established. Additionally, during 2024, data on greenhouse gas emissions of scope 1, 2 and 3 were calculated for the first time and systems for collecting this data were set up. Quantitative data was collected via internal information systems whenever possible, while qualitative data was provided by department heads. The company uses data from its subsidiaries and affiliates for information consolidation and strategic planning.[33]

[30] ESRS2, SBM-1 40 d) i
[31] SBM-1, 40 d) ii, iii, iv
[32] SBM-1 40.e), f), g)
[33] SBM-1 42.a)

Current and Expected Benefits

The Čakovečki mlinovi Group is dedicated to improving the quality of life through its core businesses in trade and food. Through its operations, it contributes to the local economy and ensures a stable supply of food products, thereby strengthening its position as a reliable partner in the community. A significant part of its revenue comes from the trade segment, which includes retail and wholesale, while the food segment includes milling, baking and oil production. The Group supplies its products to the local population and wholesale partners, ensuring the availability of quality products and a wide range of products. Investors benefit from a stable business model that generates significant revenues through retail and wholesale.

Key Resources and Value Chain Overview

The Group's resources include a wide network of retail stores, milling facilities, bakery facilities and oil mills, as well as employees who ensure high quality standards.[34] The Group uses modern technologies and management systems to optimize production processes and logistics. Quality resource management enables efficient distribution and sales of products, which contributes to customer satisfaction and sustainable growth of the Group.

The Group's value chain encompasses all stages from the procurement of raw materials to the distribution of final products to end users. In the upstream part, the Group cooperates with reliable suppliers who provide quality raw materials for production. Throughout the procurement and production process, the Group relies on quality and safety standards to ensure the reliability of its products.

Downstream, the Group focuses on delivering value through its retail and wholesale channels, providing end users with access to a wide range of food products. Cooperation with partners and constant communication with customers are key to maintaining a high level of satisfaction and trust in the Group's products. Good relations with all stakeholders allow the Group to remain competitive and adaptable to changes in the market.[35]

Potential Impacts, Risks, and Opportunities in Key Sectors and Their Possible Relationship with the Business Model and Value Chain

Most of the identified significant impacts, risks and opportunities are directly linked to the Group's business model or value chain. In the environmental domain, significant impacts are Scope 1 and 2 greenhouse gases generated by energy consumption for the transport of goods and employees, as well as the storage of goods in special conditions and the use of energy for office space, shops and production facilities. Also, Scope 3 greenhouse gas emissions occur within the value chain, during the production process, transport and waste disposal. In addition, significant impacts arising from the Group's activities include energy consumption for heating, cooling, lighting and other needs, the generation of hazardous and non-hazardous waste and the inflow of resources resulting from the procurement of virgin and/or non-renewable raw materials, supplies and products.

In the social domain, the Group has identified several impacts on its own workforce related to its own activities and the Group's business model. These impacts include employee data privacy, adequate wages, retail-related robberies, occupational safety, potential safety incidents, overtime, consumer complaints, potential product contamination, and equal treatment and opportunity. In the domain of its own workforce, the Group has identified the risk of labour shortages and employee turnover that is related to the Group's sector and business model.

[34] SBM-1; AR 14. a)
[35] SBM-1; 42. c), AR 14. b)

Also, in relation to the effects on consumers and end users, the Group has identified an impact related to consumer complaints and possible product contamination with an impact on product quality that are directly linked to the business model.

In relation to governance, the Group has identified a positive impact of reduced payment terms for small suppliers that is linked to both the value chain and the Group's business model. [36] A full overview of all risks, impacts and opportunities is provided on page 23.

SBM-2 - Stakeholder interests and views

Two main stakeholder groups have been identified for the purposes of dual materiality, namely affected stakeholders and users of the sustainability report. Representatives have been identified for these stakeholder groups and are involved in the dual materiality assessment. Of the internal stakeholders, representatives and internal experts who have been involved through interviews are considered affected stakeholders. The Management Board was involved in the validation phase of the materiality topics and the results were presented to the Supervisory Board, which represents the users of the sustainability report. External stakeholders are involved through passive engagement activities through value chain mapping, benchmark analysis (peer companies, sector-specific materiality topics of reporting standards and rating agencies) and through the collection of sustainability information from the Group's largest suppliers and customers through reports and websites, as specified in the EFRAG Guidelines for the Implementation of Materiality Assessment.

The following table shows how the Group involves its stakeholders in the dual materiality assessment.[37]

Key stakeholders	Purpose of engagement	Channels
Employees	The purpose of the engagement is to gain insights from its own workforce on significant impacts, risks and opportunities that the Group will address in the coming periods.	In the assessment of dual significance, representatives and internal experts were directly involved through interviews. The insights of internal experts and the workforce as an affected stakeholder shaped the impacts, risks and opportunities that the Group will address.
Consumers (buyers and end users)	Among the Group's most important stakeholders are both customers and end users. We distinguish between wholesale customers (retail chains, restaurants, bakeries, manufacturing companies) and retail customers. The purpose of the engagement is to adapt products and services to the needs, expectations and trends of consumers and to ensure product quality and customer trust. Also, the purpose of the engagement in dual significance is to gain insights into	In the dual materiality assessment, representatives and internal experts for customer and end-user engagement were directly involved through interviews. In addition, the largest wholesale customers were also involved through passive engagement through reviewing sustainability information in reports and on customers' websites.

[36] SBM-1; AR 14. d)
[37] SBM-2 45.a), b)

	significant impacts, risks and opportunities related to consumers and end users that will shape the Group's sustainability strategy.	
Shareholders	The long-term management strategy is focused on creating greater value for the share capital. The goal of communication with shareholders and investors is to provide access to information that enables analysis of the Group's performance and business forecasts through reporting. This group of stakeholders is among the users of the sustainability report.	Direct communication at the Supervisory Board and General Assembly and indirect communication through investor relations, financial statements and other published data. In assessing double significance, it is planned to present the results of double significance to the Supervisory Board.
Suppliers	Creating and improving business relationships tailored to the needs of consumers and other stakeholders and contributing to current business results and long-term sustainable development goals.	In the dual materiality assessment, suppliers were involved through passive engagement – collecting significant ESG information about suppliers through reports and web sites. In the dual materiality analysis, their insights were included to identify significant topics, priorities and sustainability objectives of suppliers. e
Regulatory and public administration bodies	During the normal course of business, the Group complies with legal requirements and cooperates with competent regulatory and other government authorities.	Regular communication and cooperation to align with regulatory requirements and public administration expectations In the assessment of double significance, regulatory authorities and public administration were involved through monitoring of laws, EU regulations and the European Green Deal.
Community	The purpose of the engagement is to build and maintain good relations with the community and encourage positive changes.	Outcomes include engagement in socially responsible activities and community development initiatives.

The Management Board participated in the validation of significant impacts, risks and opportunities, while we plan to inform the Supervisory Board through a presentation of the results of the dual significance analysis, which includes the views and interests of affected stakeholders.[38]

[38] SBM-2 45.d)

ESRS S1 - ESRS 2 SBM-2 – Stakeholder Interests and Perspectives

The Group actively considers the interests, views and rights of its workforce when shaping its strategy and business model, thereby ensuring that employees' human rights are respected. Key activities include regular consultation with the trade union and workers' representatives, enabling employees to indirectly participate in strategic decision-making. Transparency of work is supported by accessible internal acts such as the Work Regulations, the Organization and Systematization Regulations, and the Wage Regulations. Regular annual employee meetings allow for direct expression of proposals and suggestions, while feedback is used to improve the business model.

The Group continuously analyses the impact of its strategy and business model on its workforce, implementing measures to mitigate negative effects, such as optimizing work processes and distributing tasks in the event of increased workload. The introduction of digital internal communication via applications improves two-way communication between management and employees, enabling transparent access to business information. These activities contribute to reducing administrative burden and increasing employee productivity, while maintaining a healthy work-life balance.

The Group recognizes the importance of workforce views when assessing strategy and actively involves employees in decision-making processes. Employee suggestions and comments are monitored through internal communication channels, and their application is evaluated when making new decisions about work processes and work organization. In this way, the Group adapts its business model to the needs and interests of the workforce, ensuring that the interests of employees, including respect for their human rights, are adequately represented and integrated into the overall business strategy.[39]

Considering the increase in the number of foreign workers, the Group is implementing activities to integrate foreign workers and promote gender equality. Employee satisfaction is also sought by analysing risks and opportunities related to working conditions, employee rights, and where and how to improve them.

[39] ESRS2, SBM-2, S1 12, AR 4

ESRS S4 - ESRS 2 SBM-2 – Stakeholder Interests and Perspectives

When developing the Group's business model, we pay special attention to respecting the interests, opinions and rights of consumers and end users. In doing so, we use different tools:

- Conducting market research – Special emphasis is placed on market research to gather information on current consumer needs, trends, and beliefs
- Attending trade fairs and various training sessions to stay informed about market developments
- Regularly informing our consumers through various marketing channels
- Ensuring user privacy and data protection
- Utilizing social media as a communication tool
- Providing an email contact for complaints and inquiries

Dissatisfaction of customers and end consumers with the quality of products or services can have a significant negative impact on the Group's operations. Therefore, in the Group, we pay great attention to the satisfaction of our consumers so that there is no loss of customers, negative reviews and similar negative consequences. Detailed in section S4.

SBM-3 - Significant impacts, risks and opportunities and their interaction with the strategy and business model

Table 1. Overview of significant impacts, risks and opportunities of the Čakovečki mlinovi Group [40]

				Location in the value chain			Time horizon		
Topic	*Sustainability issues and related IROs*	*U/R/P*	*Location in the business model*	*Upstream*	*Own business*	*Downstream*	*Short term*	*Medium term*	*Long term*
E1 Climate change	**Climate change mitigation**								
	Greenhouse gases with higher global warming potential (GWP)	Negative effect	Manufacturing; Retail		●		●		
	Scope 1 and 2 GHG Emissions	Negative effect	All operations		●		●		
	Scope 3 GHG Emissions	Negative effect	-	●		●	●		
	Energetics								
	Energy consumption	Negative effect	All operations		●		●		

[40] SBM-3; 48. a), c) iii., iv.

				Location in the value chain			Time horizon		
Topic	*Sustainability issues and related IROs*	*U/R/P*	*Location in the business model*	*Upstream*	*Own business*	*Downstream*	*Short term*	*Medium term*	*Long term*
E5 Resource use and circular economy	**Waste**								
	Waste	Negative effect	All operations		●		●		
	Inflows of funds, including resource exploitation								
	Inflow of resources	Negative effect	All operations		●		●		
	Resource outflows associated with products and services								

				Location in the value chain			Time horizon		
Topic	*Sustainability issues and related IROs*	*U/R/P*	*Location in the business model*	*Upstream*	*Own business*	*Downstream*	*Short term*	*Medium term*	*Long term*
S1 Own workforce	**Other rights arising from employment - Privacy**								
	Privacy of employee data	Negative effect	All operations		●		●		
	Working conditions - Appropriate salaries								
	Adequate wages	Negative effect	All operations		●		●		
	Working conditions - Health and safety								
	Trade robberies	Negative effect	Retail		●		●		

	Protection at work	Negative effect	All operations		●		●		
	Fires and explosions	Negative effect	Production		●		●		
	Equal treatment and opportunities for all - Training and skills development								
	Equal treatment and opportunities, including training and skills development	Negative effect	All operations		●		●		
	Working conditions - Working hours								
	Overtime	Negative effect	Manufacturing, Retail		●		●		
S4 Consumers and end users	**Impacts related to information for consumers and/or end users - Access to (quality) information**								
	Consumer complaints	Negative effect	All operations		●		●		
	Personal safety of consumers and/or end users - Health and safety								
	Contaminated products	Negative effect	All operations		●		●		

				Location in the value chain			Time horizon		
Topic	*Sustainability issues and related IROs*	*U/R/P*	*Location in the business model*	*Upstream*	*Own business*	*Downstream*	*Short term*	*Medium term*	*Long term*
G1 Business Conduct	**Supplier relationship management, including payment**								
	Payment deadlines to suppliers	Positive effect	Purchase		●		●		

Significant effects [41]

Topic	*Sustainability issues and related IROs*	*Negative/positive effect*	*Description*	*Real/potential*	*Affected stakeholder*
E1 Climate change	**Climate change mitigation**				
	Greenhouse gases with higher global warming potential (GWP)	Negative effect	Refrigerants used in cold storage, refrigerators and air conditioners contain greenhouse gases with a higher global warming potential (GWP) than CO2. Fugitive emissions of refrigerant gases are released into the atmosphere and, given their higher global warming potential, contribute significantly to the increase in the greenhouse gas effect.	Real	Nature
		Negative effect	For the purposes of transporting goods and employees (own fleet of cars, vans and trucks) as well as storing goods in special conditions (respecting temperature regimes) and using energy for office spaces, shops, and	Real	Nature

[41] SMB-3; 48. b), c) i. ii., ESRS-2 SBM-3, 13 a)

	Scope 1 and 2 GHG Emissions		production facilities, various energy sources are used (gas, electricity, gasoline, diesel, heating oil), which generate greenhouse gas emissions through combustion.		
	Scope 3 GHG emissions	Negative effect	Greenhouse gas emissions created in the value chain (upstream and downstream), and for the purposes of production of goods and services, transport of goods and services, business trips, waste disposal, and others (Categories according to the GHG Protocol).	Real	Nature
	Energetics				
	Energy consumptio n	Negative effect	The use of gas, electricity, gasoline, diesel for the purposes of heating, cooling, lighting, auxiliary aggregates and starting vehicles has a significant impact on energy consumption and greenhouse gas emissions. This results in a negative impact on the environment, especially if measures are not applied to reduce energy consumption and introduce energy from renewable energy sources.	Real	Nature
	Resource use and circular economy				
	Waste	Negative effect	The generation of hazardous and non-hazardous waste can significantly endanger the environment and community health. Inadequate management of this waste can lead to the release of harmful chemicals into the environment and overloading of landfills, further damaging the ecosystem and human health.	Real	Nature
	Inflow of resources	Negative effect	Procurement of original and/or non-renewable raw materials, supplies, equipment and products (including packaging) relies on the extraction/excavation of non-renewable resources.	Real	Nature
S1 own workfor ce	**Other rights arising from employment - Privacy**				
	Employee data privacy	Negative effect	Mishandling of workers' personal data can expose them to negative impacts such as identity theft, financial fraud, and privacy breaches. Such data leaks can have serious consequences for workers and their safety.	Potential	Own workforce
	Working conditions - Appropriate salaries				
	Appropriate salaries	Negative effect	Failure to ensure equal treatment and opportunity, including fair pay, can lead to a discriminatory workplace culture and low employee morale.	Potential	Own workforce

Working conditions - Health and safety				
Trade robberies	Negative effect	Shoplifting has a serious negative impact on a company's workforce. Such incidents not only threaten the physical safety of employees but also leave long-term psychological consequences.	Real	Own workforce
Protection at work	Negative effect	Working in different parts of the company carries specific risks to the safety and health of workers and leads to injuries (e.g. handling machinery, ovens, working with salt cutters, knives, slippery floors, heavy loads, pallet deliveries, etc.). Violations of occupational health and safety policies and/or poor working conditions result in poor health outcomes for workers, such as work-related injuries.	Potential	Own workforce
Fires and explosions	Negative effect	Fires can occur in the mill parts of production due to the release of static electricity and the explosiveness of flour - a large potential negative effect on the safety and health of workers.	Potential	Own workforce
Equal treatment and opportunities for all - Training and skills development				
Equal treatment and opportunities, including training and skills development	Negative effect	The inability to ensure equal skill development can lead to employee dissatisfaction.	Potential	Own workforce
Working conditions - Working hours				
Overtime	Negative effect	Workers often work overtime which can lead to fatigue, potential injuries and general dissatisfaction due to a lack of work-life balance.	Real	Own workforce

S4 Consumers and end users					
	Consumer complaints	Negative effect	Dissatisfaction of customers and end consumers with the quality of the product or service may result in complaints.	Potential	Consumers and end users
	Personal safety of consumers and/or end users - Health and safety				
	Contaminated products	Negative effect	Contamination of food products with pathogens, hazardous substances or spoilage can lead to potential health risks for end consumers, negatively impacting public health.	Real	Consumers and end users
G1 Business Conduct	**G1 Business Conduct**				
	Payment deadlines to suppliers	Positive effect	The practice of paying in advance allows small suppliers to have better control over costs and financial flows and ensures stability in the supply chain.	Potential	Own workforce

All identified impacts originate from or are linked to the Group's strategy and business model through the Group's activities. Negative impacts related to energy consumption and emissions as well as waste generation are by-products of the Group's operations. Impacts related to the Group's own workforce are linked to the business model through business and sector specificities such as overtime or individual cases of work-related injuries, fires and explosions or shoplifting. Impacts related to consumers and end users are linked to the Group's business model and strategy and may arise from interactions with consumers and end users or individual cases if there is a violation of consumer health and safety. Also, a potential positive impact in the domain of business conduct may be linked to the strategy through enabling more favourable conditions for small suppliers.[42]

[42] SBM-3 48.c) ii.; S-4, 9 a), b)

Significant risks and opportunities[43]

Topic	*Sustainability issues and related IROs*	*Risk / opportunity*	*Description*
S1 Own workforce	**Working conditions - Working hours**		
	Labor shortage	Risk	Labor shortages and employee turnover can have negative consequences for business continuity and productivity, especially if they occur in critical departments such as warehousing and transportation. Increased costs for hiring and training new employees and reduced productivity can negatively impact profitability.

During 2024, the Group identified significant impacts and risks. In future periods, the Group will develop a sustainability strategy and set sustainability-related objectives to address these challenges, reduce negative impacts, manage risks and enhance positive impacts. As stated throughout the report, the Group is already implementing measures related to significant impacts and risks. We do not expect the identified significant risks and opportunities to have an increased risk of adjusting the value of assets and liabilities presented in the financial statements.[44]

The Group has not analysed the resilience of its business model to identify, understand and manage significant impacts, risks and opportunities. This will be reviewed in the future to gain insights into how the Group can respond to these challenges. During this reporting period, the Group has not conducted a resilience analysis for other identified significant impacts and risks related to sustainability factors. The Group plans to conduct an analysis that will provide more detailed information on impacts, risks and opportunities in the medium term.[45]

In this period, the Group has identified significant impacts, risks and opportunities for the first time. All significant impacts, risks and opportunities are included in the disclosure requirements under ESRS, which are listed in Table 1. Overview of significant impacts, risks and opportunities of the Čakovečki mlinovi Group, and there are no significant impacts, risks and opportunities specific to the entity.[46]

[43] SBM.3; 48. b)
[44]SBM-3 48.d)
[45] SBM-3; 48. f)
[46] SBM-3 48. g) h)

IRO-1 – Description of the process for identifying and assessing significant impacts, risks and opportunities

In 2024, the Group conducted a dual materiality assessment in accordance with ESRS guidelines. This process involved identifying and assessing impacts, risks and opportunities to determine the importance of different sustainability factors.

This assessment was conducted in collaboration with internal stakeholders and passively involving external stakeholders, covering impacts, risks and opportunities across the value chain, including upstream activities, internal operations and downstream activities. The dual materiality assessment is the foundation for sustainability reporting, ensuring consistency in the identification and assessment of sustainability topics that are key to the Group and its stakeholders.

The methodology for conducting the double significance assessment is described below.

Stakeholder identification and involvement
During the dual materiality assessment, the views of the Group's stakeholders were taken into account to understand which topics were potentially key. Internal stakeholders, including representatives and experts from various areas and segments of the Group, participated in interviews. External stakeholders were involved passively, through value chain mapping and peer analysis, and by collecting information from publicly available sources on the sustainability of the largest suppliers and customers from.[47]

Identification of impacts, risks and opportunities
Based on engagement with internal stakeholders, value chain mapping, peer review and passive involvement of external stakeholders, as well as sector analyses, a list of potentially important sustainability factors was compiled. Resources, locations and business activities were analysed to assess actual and potential impacts as well as risks within the Group and its value chain, including people and the environment.[48]

Impact identification: Relevant impacts are identified and mapped to specific business segments, value chain stages and affected stakeholders, in accordance with ESRS requirements.

Identification of risks and opportunities: Potential risks and opportunities are documented, including location in the value chain and financial implications. Interdependencies between impacts and risks are considered to consider the possibility that sustainability impacts could become financial risks or opportunities.[49]

Assessment of impact significance and financial significance
After the identification of potential effects, risks and opportunities, the phase of quantification and assessment of these elements began.

In assessing the impacts, the Group followed the materiality criteria of ESRS 1. In assessing the impacts, the criteria of scale, scope and, in the case of adverse impacts, irreparability were applied, as well as the probability of occurrence for potential impacts. For actual impacts, the Group did not assess probability, in accordance with the ESRS 1 guidelines. The significance of impacts was assessed according to severity, which includes scale, scope and irreparability (in the case of adverse impacts) and probability (in the case of potential impacts).[50]

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[47]IRO-1; 52. b) iii.
[48]IRO-1; 53. b) i.
[49] IRO-1; 53. a)
[50]IRO-1 53. a).

In assessing risks and opportunities, the Group has included the criteria of probability and scale of financial impact in the assessment. The analysis has considered factors that are likely to have a significant impact on the Group's financial results, reputation or ability to achieve its strategic objectives, such as workforce shortages and employee turnover. Financial significance: Risks and opportunities have been assessed according to the scale and probability of financial consequences.

A scale of 1 to 5 was used to rate the severity of impacts. For potential impacts, in addition to the severity scale, a probability scale of 1 to 4 was used. A scale of 1 to 5 was used to rate the magnitude of the potential financial impact and the likelihood of risks and opportunities. The materiality threshold was set at 3.0 for impact significance, as well as for financial significance, on a scale of 1 to 5. Below these materiality thresholds, impacts, risks and opportunities are not considered significant enough to be defined as material under section 3.2 of ESRS 1, “Significant factors and materiality of information”. The scoring was validated by key internal stakeholders.[51]

The thresholds were determined based on qualitative and quantitative criteria. Quantitative criteria were applied when measurable data were available, such as greenhouse gas emissions. On the other hand, qualitative criteria, such as reputational impact or importance to stakeholders, were used when quantitative data were insufficient to assess materiality.

The dual materiality assessment provides the Group with a framework for evaluating sustainability impacts, risks and opportunities across all business segments. This methodology enables the Group to identify and address priority sustainability issues, aligning with stakeholder expectations and regulatory requirements, while integrating sustainability into strategic decision-making and operational management. During the identification process, impacts and dependencies were considered in relation to risks and opportunities. Each impact was analysed to determine whether it could have a financial impact on the Group and, if so, was classified as a risk. Dependencies were also assessed for each risk and opportunity.[52]

Risks are assessed according to their financial impact, including those related to sustainability and other areas. Thus, sustainability risks are considered in the context of their connection with financial risks, such as liquidity risk, credit risk, collection risk, price risk, and macroeconomic and political risks. In the coming period, strategies will be defined to mitigate the identified significant risks, and their progress will be monitored over time.[53]Currently, there is no specific system for identifying and prioritizing sustainability-related risks, nor are specialized tools used for these assessments, other than double significance analysis.[54]

Once the assessment results identified significant impacts, risks and opportunities, they were reviewed with key stakeholders to ensure that all relevant aspects were considered. The results were then presented to the Management Board for validation. Procedures and controls have not yet been established, nor has the integration of sustainability risks into the Group's risk management system.[55]

The process of identifying, assessing and managing impacts, risks and opportunities is carried out at the Controlling Department level, to ensure that impacts, risks and opportunities related to sustainability are systematically incorporated into the overall risk management processes and contribute to the assessment of the Group's overall risk profile. Training for Controlling Department employees was carried out through the process of implementing ESRS requirements, or the requirements of the CSRD directive (Corporate Sustainability Reporting Directive). However, the dual materiality assessment according to the European

[51]IRO-1; 53. b) iv., g)
[52]IRO-1; 53. c) i.
[53]IRO-1; 53. e)
[54]IRO-1; 53. c) ii., iii.
[55]IRO-1; 53. d), e)

Sustainability Reporting Standards (ESRS) uses a more advanced and detailed methodology, emphasizing the assessment from the aspect of impact materiality and financial importance.

The materiality assessment process is based on reliable input data to ensure an accurate and objective assessment. Data sources include internal metrics such as operational reports and employee feedback, as well as external benchmarks such as ESG scores and regulatory standards, including ESRS and EU taxonomy. The scope of the assessment covers the value chain, including the largest producers with which the Group cooperates, its own operations and downstream stakeholders such as customers, end users and local communities. To ensure thoroughness, the process also integrates industry-specific standards and benchmarks, along with assumptions such as probability and financial scale estimates, which are based on historical data and future projections.[56]

IRO-1 E1 Climate Change

During the dual materiality analysis, the Group examined in detail the impacts, risks and opportunities associated with climate change. The Group identified and assessed actual and potential impacts on climate change and calculated total Scope 1, 2 and 3 greenhouse gas emissions.[57]

The double significance analysis resulted in significant impacts including scope 1, 2 and 3 greenhouse gases, with a particular focus on greenhouse gases with higher global warming potential due to fugitive emissions of refrigerant gases and energy consumption. The Group identified potential physical risks from adverse weather conditions on transportability, temperature increases and precipitation affecting the quality and availability of cereals, as well as transition risks associated with increased cold chain costs, rising energy prices and power outages. Based on the assessment results, the physical risks were not assessed as significant, as the Group believes that by diversifying its business model and sources of raw materials for production, these risks are already mitigated. The Group also identified potential transition opportunities such as the transition to a low-carbon economy and more sustainable transport solutions, and the transition to renewable energy sources through diversification of sources and efficient energy management, but the opportunities were not assessed as significant. Accordingly, no significant risks and opportunities related to climate change were identified.[58]

At higher and lower levels of the value chain, the level of impact and mitigation options for climate risks are lower. This requires proactive engagement with other stakeholders to ensure progress in addressing climate change in the short, medium and long term. The Group plans to conduct a resilience analysis in future periods, including active engagement with value chain participants.[59]

IRO-1 E5 Resource use and circular economy

In the process of identifying key impacts, risks and opportunities related to resource use and the circular economy, the Group assessed its resources, with a particular focus on the main activities in milling, baking and retail. As a result of the analysis, waste was identified as an important sub-topic for the business, especially in the context of efficient waste management and raw material procurement. This process included a comparative analysis of similar companies, consultations with internal experts and a review of reports from major suppliers and customers.[60]

[56]IRO-1; 53. g)
[57]IRO-1; 20. a, AR 9.
[58]IRO-1 ESRS E1; 20. b), AR 11.; AR 12
[59]IRO-1, Appendix C, ESRS E1; 20., 21., AR 13.
[60]E5 IRO-1 11. a) b)

IRO-1 G1 Business Conduct

In the process of identifying significant impacts, risks and opportunities related to business conduct, the focus was on the Group's business and sector as a food company. This process included a competitive analysis, consultations with internal experts, a review of supplier reports and customer relations, along with the specifics of transaction structures in the Croatian food sector. As a result of the assessment, a significant positive impact of supplier relationship management, namely the practice of paying in advance to smaller suppliers, was identified.[61]

IRO-1 E2 Pollution, IRO-1 E3 Water and Marine Resources, IRO-1 E4 Biodiversity and Ecosystems

The double materiality analysis included the Group's tangible and intangible assets, locations and business activities to assess the actual and potential impacts, risks and opportunities in its own operations and value chain, which are related to pollution, water and marine resources, biodiversity and ecosystems, through desk research and interviews with internal stakeholders and experts. Given the first year of the analysis and the 10.2. Transitional provision that allows a three-year period for the establishment of a process for collecting data from the value chain, the Group did not conduct a specific stakeholder engagement for this purpose but used previously collected information and existing processes and channels of communication with local communities and the general public.[62]

IRO-2 – ESRS Disclosure Requirements Covered in the Corporate Sustainability Statement

The Group has determined what information it should disclose about its significant impacts, risks and opportunities, using the principles and criteria set out in section 3.2 of ESRS 1, "Significant factors and materiality of information". The process is designed to ensure that the information disclosed accurately reflects the Group's impact on sustainability and its exposure to risks and opportunities that could significantly affect its business model, strategy and financial performance. The table below sets out all significant disclosure requirements that the Group has included in this report, with the page number on which the requirement is located.[63]

According to the double significance analysis, the topics Pollution (ESRS E2), Water and Marine Resources (ESRS E3), Biodiversity and Ecosystems (ESRS E4), Workers in the Value Chain (ESRS S2) and Affected Communities (ESRS S3) were not identified as significant. Chapter IRO-1 Description of the process for identifying and assessing significant impacts, risks and opportunities explains in detail the process of identifying significant sustainability factors.

List of publication requirements fulfilled by the Group's sustainability report		
Standard	Request for publication	Page number
ESRS 2	BP-1 - General basis for drawing up sustainability statements	Page 30
	BP-2 – Announcements in special circumstances	Page 31
	GOV-1 – The role of administrative, management and supervisory bodies	Page 32
	GOV-2 – Information provided to administrative, management and supervisory bodies and sustainability factors addressed by these bodies	Page 38

[61]IRO-1; ESRS G1; 6.
[62]IRO-1, Appendix C, ESRS E2, 11.; ESRS E3, 8.; ESRS E4, 17-19
[63]IRO-2; 56th, 59th

	GOV-3 - Inclusion of sustainability-related results in incentive programs	Page 39
	GOV-4 - Due Diligence Report	Page 39
	GOV-5 – Risk management and internal controls for sustainability reporting	Page 39
	SBM-1 – Strategy, business model and value chain	Page 40
	SBM-2 – Stakeholder interests and views	Page 44
	SBM-3 - Significant impacts, risks and opportunities and their interaction with the strategy and business model	Page 48
	IDO-1 – Description of procedures for identifying and assessing significant impacts, risks and opportunities	Page 56
	IRO-2 – ESRS Disclosure Requirements Covered in the Corporate Sustainability Statement	Page 59
	MDR-P – Policies adopted to manage significant sustainability factors	It is found in policy-related publications in thematic standards.
	MDR-A – Measures and resources related to significant sustainability factors	It is found in announcements related to measures in thematic standards.
	MDR-M – Indicators of significant sustainability factors	It is found in the announcements related to indicators in thematic standards.
	MDR-T - Monitoring the effectiveness of policies and measures based on target values	It is found in the announcements related to indicators in thematic standards.
Standard	Request for publication	Page number
ESRS E1	ESRS 2 GOV-3 - Inclusion of sustainability results in incentive programs	Page 39
	E1-1 – Transition Plan for Climate Change Mitigation	Page 89
	ESRS 2 SBM-3 - Significant impacts, risks and opportunities and their interaction with strategy and business model	Page 89
	ESRS 2 IDO –1 – Description of procedures for identifying and assessing significant impacts, risks and opportunities associated with climate change	Page 56
	E1-2 – Policies related to climate change mitigation and adaptation	Page 89
	E1-3 – Measures and resources related to climate change	Page 90
	E1-4 – Target values related to climate change mitigation and adaptation	Page 90
	E1-5 - Energy consumption and combination of energy sources	Page 90
	E1-6 – Gross greenhouse gas emissions of scopes 1,2,3 and total greenhouse gas emissions	Page 93
ESRS E2	ESRS 2 IRO-1 - Description of the process for identifying and assessing material impacts, risks and opportunities associated with pollution	Page 89

ESRS E3	ESRS 2 IRO-1 - Description of the process of identification and assessment of material impacts, risks and opportunities related to water and marine resources	Page 89
ESRS E4	ESRS 2 IRO-1 - Description of the process for identifying and assessing material impacts, risks and opportunities associated with biodiversity and ecosystems	Page 89
Standard	Request for publication	Page number
ESRS E5	ESRS 2 IRO-1 - Description of the process of determining and assessing the material effects, risks and opportunities associated with the use of resources and the circular economy	Page 89
	E5-1 – Policies related to resource use and the circular economy	Page 99
	E5-2 – Measures and resources related to resource use and circular economy	Page 99
	E5-3 – Target values related to resource use and circular economy	Page 100
	E5-5 – Resource drain	Page 101
ESRS S1	ESRS 2 SBM-2 – Stakeholder Interests and Views	Page 44
	SBM–3 Significant impacts, risks and opportunities and their interaction with strategy and business model	Page 48
	S1-1 – Policies related to own workforce	Page 105
	S1-2 – Procedures for engaging with your own workforce and worker representatives regarding impacts	Page 106
	S1-3 – Procedures for remediating adverse impacts and channels through which your own workforce can express concerns	Page 108
	S1-4 – Taking measures for significant impacts on own workforce, approaches to managing significant risks and realizing significant opportunities related to own workforce, and the effectiveness of these measures	Page 108
	S1-5 – Target values related to managing significant negative impacts, fostering positive impacts, and managing significant risks and opportunities	Page 112
	S1-6 – Characteristics of company employees	Page 113
	S1-9 – Diversity indicators	Page 113
	S1-10 – Appropriate salaries	Page 113
	S1-16 - Compensation indicators (wage gap and total compensation)	Page 114
	S1-17 - Cases, complaints and serious impacts related to human rights	Page 114
Standard	Request for publication	Page number
ESRS S4	ESRS 2 SBM-2 – Stakeholder Interests and Views	Page 44
	ESRS 2 SBM-3 – Significant impacts, risks and opportunities and their interaction with strategy and business model	Page 48
	S4-1- Consumer and end-user policies	Page 114

	S4-2 – Procedures for engaging with consumers and end users regarding impacts	Page 114
	S4-3 – Procedures for remediation of adverse effects and channels through which consumers and end users can express concerns	Page 115
	S4-4 – Taking measures for significant impacts on consumers and end users, approaches to managing significant risks and realizing significant opportunities related to consumers and end users, and the effectiveness of these measures	Page 116
	S4-5 – Targets for managing significant negative impacts, promoting positive impacts, and managing significant risks and opportunities	Page 116
ESRS G1	ESRS 2 GOV-1 – The role of administrative, supervisory and management bodies	Page 32
	ESRS 2 IRO-1 – Description of procedures for identifying and assessing significant impacts, risks and opportunities	Page 56
	G1-1 - Business conduct policies and corporate culture	Page 117
	G1-2 Supplier relationship management	Page 118
	G1-3 Preventing and detecting corruption and bribery	Page 118
	G1-6 Payment practices	Page 119

Table Appendix B: List of data in cross-sectoral and thematic standards deriving from other EU regulations						
Publication request and associated data point	Reference to the Regulation on publication of information on sustainable financing (1)	Referral to the third pillar (2)	Reference to benchmark regulations (3)	Reference to the European Climate Law (4)	Page in your sustainability report	Not significant
ESRS 2 GOV-1 Gender diversity in administration point 21. subpoint (d)	Indicator No. 13 from Table 1 of Annex I.		Delegated Regulation Commission (EU) 2020/1816 (5), Annex II.			
ESRS 2 GOV-1 Percentage of management board members who are independent item 21. subitem (e)			Delegated Regulation (EU) 2020/1816, Annex II.			
ESRS 2 GOV-4 Due Diligence Statement point 30.	Indicator No. 10 from Table 3 of Annex I.					
ESRS 2 SBM-1 Participation in activities related to fossil and energy item 40. subitem (d) subitem i.	Indicator No. 4 from Table 1 of Annex I.	Regulation (EU) no. 575/2013, article 449.a Implementing regulation Commission (EU) 2022/2453 (6), table 1: Qualitative information about environmental risk and table 2: Qualitative	Delegated Regulation (EU) 2020/1816, Annex II.			

		information about social risk				
ESRS 2 SBM-1 Participation in activities related to the production of chemicals item 40. subitem (d) ii.	Indicator No. 9 from Table 2 of Annex I.		Delegated Regulation (EU) 2020/1816, Annex II.			
ESRS 2 SBM-1 Participation in activities related to controversial weapons, item 40, subparagraph (d) iii.	Indicator No. 14 from Table 1 of Annex I.		Delegated Regulation (EU) 2020/1818 (7), Delegated Regulation (EU) 2020/1816, Article 12(1),Annex II.			
ESRS 2 SBM-1 Participation in activities related to tobacco growing and production point 40, subpoint (d) iv.			Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Article 12(1),Annex II.			

ESRS E1-1 Transition plan for achieving climate neutrality until 2050. point 14.				Regulation (EU) 2021/1119, Article 2(1).		
ESRS E1-1 Companies excluded from the Paris Agreement benchmarks point 16, subpoint (g)		Article 449.a Regulation (EU) no. 575/2013; Implementing regulation Commission (EU) 2022/2453, form 1.: Book of positions – Transition risk climate change: Credit quality exposures by sector, emissions and the remaining term maturity	Delegated Regulation (EU) 2020/1818, Article 12(1)(d) to (g) and Article 12(2).			
ESRS E1-4 Greenhouse gas emission reduction targets, point 34.	Indicator No. 4 from Table 2 of Annex I.	Article 449.a Regulation (EU) no. 575/2013; Implementing regulation Commission (EU) 2022/2453, form 3.: Book of positions – Transition risk climate change: Indicators	Delegated Regulation (EU) 2020/1818, Article 6.			

		compliance				
ESRS E1-5 Fossil energy consumption broken down by source (only sectors with a significant impact on the climate) point 38.	Indicator No. 5 from Table 1 and Indicator No. 5 from Table 2 Annex I.					
ESRS E1-5 Energy consumption and the combination of energy sources, point 37.	Indicator No. 5 from Table 1 of Annex I.					
ESRS E1-5 Energy intensity associated with activities in sectors with significant climate impacts points from 40 to 43	Indicator No. 6 from Table 1 of Annex I.					

ESRS E1-6 Gross greenhouse gas emissions from scopes 1, 2, 3 and total greenhouse gas emissions point 44.	Indicators No. 1 and 2 from Table 1 of Annex I.	Article 449a Regulation (EU) no. 575/2013; Implementing regulation Commission (EU) 2022/2453, form 1.: Book of positions – Transition risk climate change: Credit quality exposure by sector, emissions and the remaining term maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), Article 6 and Article 8(1)			
ESRS E1-6 Intensity of gross emissions greenhouse gas point from 53. to 55.	Indicator No. 3 from Table 1 of Annex I.	Regulation (EU) no. 575/2013, article 449.a Implementati on Commission Regulation (EU) 2022/2453, Form 3: Position Book - Transition Risk climate change: Indicators compliance	Delegated Regulation (EU) 2020/1818, Article 8(1).			
ESRS E1-7 Greenhouse gas removal and carbon credits point 56.				Regulation (EU) 2021/1119, Article 2(1).		Not significant

ESRS E1-9 Exposure of the reference portfolio to physical risks related to climate change point 66.			Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Annex II.			
ESRS E1-9 Analysis of monetary amounts by acute and chronic physical risk, paragraph 66. subparagraph (a) ESRS E1-9 Location of significant assets exposed to significant physical risk paragraph 66. subparagraph (c)			Regulation (EU) no. 575/2013, Article 449.a Implementation Commission Regulation (EU) 2022/2453, items 46 and 47. Form 5: Position book – Physical risk Climate change: Exposures that subject to physical risk.			
ESRS E1-9 Analysis of the book value of the company's real estate according to energy efficiency classes, point 67, subpoint (c).		Regulation (EU) No 575/2013, Article 449a Commission Implementing Regulation (EU) 2022/2453, point 34, template 2: Position book – Climate change transition risk: Loans				

		with real estate as collateral – Energy efficiency collateral				
ESRS E1-9 The degree of portfolio exposure to climate change-related events point 69.			Delegated Regulation (EU) 2020/1818, Annex II.			
ESRS E2-4 The quantity of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) released into air, water and soil, point 28.	Annex I. indicator No. 8 table 1, Annex I. indicator No. 2 Table 2, Annex I. indicator No. 1 Table 2, Annex I. indicator No. 3 Table 2					Not significant
ESRS E3-1 Water and marine resources, point 9.	Indicator No. 7 from Table 2 of Annex I.					Not significant
ESRS E3-1 Special policy, point 13.	Indicator No. 8 from Table 2 of Annex I.					Not significant
ESRS E3-1 Sustainable oceans and seas point 14.	Indicator No. 12 from Table 2 of Annex I.					Not significant

ESRS E3-4 Total amount of recycled and reused water, point 28(c)	Indicator No. 6.2. from Table 2 of Annex I.					Not significant
ESRS E3-4 Total water consumption in m3 per net income from own business point 29.	Indicator No. 6.1. from Table 2 of Annex I.					Not significant
ESRS 2- IRO 1 – E4 point 16. subpoint (a) sub-subpoint i.	Indicator No. 7 from Table 1 of Annex I.					
ESRS 2- IRO 1 – E4 point 16. subpoint (b)	Indicator No. 10 from Table 2 of Annex I.					
ESRS 2- IRO 1 – E4 point 16. subpoint (c)	Indicator No. 14 from Table 2 of Annex I.					
ESRS E4-2 Sustainable land/agricultural practices or policies point 24. subpoint (b)	Indicator No. 11 from Table 2 of Annex I.					Not significant
ESRS E4-2 Sustainable practices or policies for oceans/seas point 24 subpoint (c)	Indicator No. 12 from Table 2 of Annex I.					Not significant
ESRS E4-2 Policies to resolve problems of deforestation, point 24, subpoint (d)	Indicator No. 15 from Table 2 of Annex I.					Not significant

ESRS E5-5 Non-recycled waste, point 37. subpoint (d)	Indicator No. 13 from Table 2 of Annex I.					
ESRS E5-5 Hazardous waste and radioactive waste, point 39.	Indicator No. 9 from Table 1 of Annex I.					
ESRS 2 – SBM3 – S1 Risk of forced labour, point 14. subpoint (f)	Indicator No. 13 from Table 3 of Annex I.					
ESRS 2 – SBM3 – S1 Risk of child labour point 14. subpoint (g)	Indicator No. 12 from Table 3 of Annex I.					
ESRS S1-1 Commitments in the field of human rights policy, point 20.	Indicator No. 9 from Table 3 and Indicator No. 11 from Table 1 Annex I.					
ESRS S1-1 Due Diligence Policies on Matters Covered fundamental conventions of 1 to 8 International of labour organizations, point 21.			Delegated Regulation (EU) 2020/1816, Annex II.			
ESRS S1-1 Procedures and measures for preventing trafficking in human beings, item 22.	Indicator No. 11 from Table 3 of Annex I.					

ESRS S1-1 Occupational accident prevention policy or management system, point 23.	Indicator No. 1 from Table 3 of Annex I.					
ESRS S1-3 Grievance Redress Mechanism, point 32. subpoint (c)	Indicator No. 5 from Table 3 of Annex I.					
ESRS S1-14 The number of deaths and the number and the rate of accidents at work, point 88, subpoint (b) and (c)	Indicator No. 2 from Table 3 of Annex I.		Delegated Regulation (EU) 2020/1816, Annex II.			
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illnesses point 88. subpoint (e)	Indicator No. 3 from Table 3 of Annex I.					
ESRS S1-16 Unadjusted gender pay gap paragraph 97, point (a)	Indicator No. 12 from Table 1 of Annex I.		Delegated Regulation (EU) 2020/1816, Annex II.			Not significant
ESRS S1-16 Excessive difference in salary between director and employee, point 97, subpoint (b)	Indicator No. 8 from Table 3 of Annex I.					Not significant

ESRS S1-17 Discrimination Cases, point 103, subpoint(a)	Indicator No. 7 from Table 3 of Annex I.					
ESRS S1-17 Non-compliance with UN Guiding Principles on Business and Human Rights and OECD Guidelines point 104(a)	Indicator No. 10 from Table 1 and Indicator No. 14 from Table 3 Annex I.		Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1.			
ESRS 2 – SBM3 – S2 High risk of child labour or forced labour in the value chain, point 11. (b)	Indicators No. 12 and 13 from Table 3 of Annex I.					Not significant
ESRS S2-1 Commitments in the field of human rights policy, point 17.	Indicator No. 9 from Table 3 and Indicator No. 11 from Table 1 Annex I.					Not significant
ESRS S2-1 Policies relating to workers in the value chain point18.	Indicators No. 11 and 4 from Table 3 of Annex I.					Not significant
ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines point 19.	Indicator No. 10 from Table 1 of Annex I.		Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12,			Not significant

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			paragraph 1.			
ESRS S2-1 Due Diligence Policies on Matters Covered Basic conventions of 1 to 8 International of labour organizations, point 19.			Delegated Regulation (EU) 2020/1816, Annex II.			Not significant
ESRS S2-4 Human rights issues and incidents related to higher and lower levels of the value chain item 36.	Indicator No. 14 from Table 3 of Annex I.					Not significant
ESRS S3-1 Commitments in the field of human rights policy, point 16.	Indicator No. 9 from Table 3 of Annex I and Indicator No. 11 from Table 1 of Annex I					Not significant
ESRS S3-1 Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Principles and OECD Guidelines, point 17.	Indicator No. 10 from Table 1 of Annex I.		Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1.			Not significant
ESRS S3-4 Human rights issues and	Indicator No. 14 from Table 3 of Annex I.					Not significant

incidents, item 36.						
ESRS S4-1 Policies related to consumers and final users, point 16.	Indicator No. 9 from Table 3 and Indicator No. 11 from Table 1 Annex I.					
ESRS S4-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines, point 17.	Indicator No. 10 from Table 1 of Annex I.		Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1.			
ESRS S4-4 Human rights issues and incidents, item 35.	Indicator No. 14 from Table 3 of Annex I.					
ESRS G1-1 United Convention of the people against corruption, item 10, sub-item (b)	Indicator No. 15 from Table 3 of Annex I.					
ESRS G1-1 Whistleblower Protection Section 10. Subsection (d)	Indicator No. 6 from Table 3 of Annex I.					
ESRS G1-4 Fines for violation of anti-corruption and bribery	Indicator No. 17 from Table 3 of Annex I.		Delegated Regulation Commission (EU) 2020/1816, Annex II.			Not significant

regulations, item 24, sub-item (a)						
ESRS G1-4 Suppression standards corruption and bribery point 24. Subpoint (b)	Indicator No. 16 from Table 3 of Annex I.					Not significant

(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).
(2) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation or CRR) (OJ L 176, 27.6.2013, p. 1).
(3) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).
(4) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing a framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).
(5) Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 amending Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to the explanation in the benchmark statement on how environmental, social and governance factors are taken into account in each provided and published benchmark values (OJ L 406, 3.12.2020, p. 1).
(6) Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending implementing technical standards laid down in Implementing Regulation (EU) 2021/637 with regard to disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1).
(7) Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to minimum standards for EU climate transition benchmarks and EU Paris-aligned benchmarks (OJ L 406, 3.12.2020, p. 17).

1. Environmental information within the sustainability report

Publication in accordance with Article 8 Regulation 2020/852 (EU Taxonomy Regulation)

The Čakovečki mlinovi Group actively works on the sustainable and responsible management of production and sales locations, processes and technologies that have an impact on the environment and ensures their compliance with laws and regulations.

The Group is committed to transparency regarding its environmentally sustainable activities and investments in accordance with Regulation (EU) 2020/852 on taxonomy. Based on the requirements of Article 8 of this Regulation, we provide the following information:

1. Description of environmentally sustainable activities
Our business includes various economic activities that meet the technical criteria for environmental sustainability according to the EU taxonomy. Activities that are aligned with environmental objectives include:

- Renewable energy production (solar panels)
- Energy efficiency in industrial processes
- Sustainable agriculture and biodiversity conservation practices
- Services and products that support the circular economy (recycling, reuse).

2. Environmental sustainability criteria
All our economic undertakings that are covered by the EU taxonomy must meet specific conditions, including:

- Reducing greenhouse gas emissions and complying with CO_2 emission reduction targets under the Paris Agreement.
- Preserving biodiversity and minimizing negative impacts on nature.
- Efficient use of resources, including water and energy, and waste reduction.

3. Percentage of environmentally sustainable activities
According to the latest calculation according to the EU taxonomy criteria for 2024, the following taxonomically acceptable amounts are: 0.32% of revenue, 54.55% of total CapEx and 86.39% of OpEx.

4. Transfer of environmental risks
We continuously monitor and manage environmental risks associated with our operations, including risks related to climate change, biodiversity loss and other environmental threats. Our processes include regular risk assessments and strategies to reduce negative environmental impacts.

5. Measures taken to comply with the taxonomy
To ensure full compliance with the EU taxonomy, we have implemented the following measures:

- Sustainability is integrated into our business strategy.
- Training employees to understand and apply ecological taxonomy criteria.

Activities are subject to regular audits to ensure compliance with new legislation and environmental objectives.

The Group's environmental protection policy includes:

- drafting new and updating existing general acts (rulebooks, plans, decisions) in the field of environmental protection

- supervision of the implementation of waste management regulations, identification and elimination of identified deficiencies
- training of workers involved in temporary waste disposal in containers
- organization of timely waste removal, and handing it over exclusively to legal entities authorized for disposal by the Ministry of Economy and Sustainable Development
- preparation and management of waste data (waste tracking sheets, waste generation records), preparation of waste management plans, and submission to competent state bodies
- organization and monitoring of deadlines for measuring emissions from stationary sources (boilers, bakery ovens, dryers, etc.), wastewater sampling in accordance with water permits, and permeability testing of cooling and air conditioning equipment and devices at an authorized legal entity
- submission of annual emissions reports and preparation of emission calculations
- daily monitoring of amendments to legislation, professional literature, attending seminars.

The Group's emissions and energy consumption monitoring system enables quality analysis and improvements in terms of their reduction. Emissions are additionally compared with the prescribed emission limit values in accordance with the Regulation on limit values for emissions of pollutants into the air from stationary sources (Official Gazette 42/2021).

The Group has prepared the tables in accordance with the obligation to publish the Report. The approach to calculating the Group's indicators is at the individual company level, with the same approach as in the consolidation of financial statements.

The aim of the publication is to ensure the transparency of operations and investments, and to inform the market, investors and all interested parties about the environmentally sustainable economic activities of the Group.

ČAKOVEČKI MLINOVI -1893-

ČAKOVECKI MLINOVI – CONSOLIDATED DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF THE TAXONOMY REGULATION

INTRODUCTION TO THE TAXONOMY REGULATION

With the adoption of the European Green Deal, the European Union set a net-zero energy goal by 2050. In line with this, the European Commission has developed a comprehensive sustainable financing programme to ensure that the set targets are met. One of the key pillars for encouraging investment in sustainable projects is the Taxonomy Regulation (EU) 2020/852.

The Taxonomy Regulation (EU) 2020/852 established a framework to facilitate sustainable investment and sets out comprehensive conditions that an economic activity must meet in order to qualify as environmentally sustainable.

This Regulation requires companies to disclose the proportion of their activities that are taxonomically acceptable and taxonomically compliant.

DEFINITIONS

An activity is considered eligible under the Taxonomy if it makes a significant contribution to at least one of the following environmental protection objectives defined in Article 9 of the Taxonomy Regulation:

1. climate change mitigation,
2. adaptation to climate change,
3. sustainable use and protection of water and marine resources,
4. transition to a circular economy,
5. pollution prevention and control,
6. protection and restoration of biodiversity and ecosystems,

Activities aligned with the Taxonomy, on the other hand, in addition to being acceptable, must also comply with additional criteria that classify them as environmentally sustainable:

- the activity must comply with the significant contribution criteria established for each of the environmental objectives of the EU Taxonomy
- the activity must not cause significant harm to any other EU ecological objective Taxonomy
- The activity must be carried out in accordance with minimum safeguards, ensuring compliance with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the United Nations (UN) Guiding Principles on Business and Human Rights. The activity should also be in line with the principles and rights set out in the eight core conventions set out in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

A taxonomically unacceptable economic activity is any economic activity that is not described in the delegated acts supplementing the Taxonomy Regulation.

For the 2024 business year, the EU Taxonomy focuses on compliance with climate change issues (the first two objectives) and eligibility for the other four environmental objectives for the activities described in the Delegated Act of the Taxonomy Regulation.

PREPARATION BASICS

This report assesses the eligibility and, where applicable, compliance of the economic activities of the Čakovečki mlinovi Group for the financial year 2024, based on the Taxonomy Regulation and its related legislative acts (Delegated Acts) described below, as well as any additional guidance published since their adoption:

- **Delegated act on climate (2021/2139)–** establishes technical screening criteria (TSC) for determining the qualification conditions under which an economic activity contributes significantly to climate change mitigation (Annex 1) or climate change adaptation (Annex 2), and for determining that that economic activity does not cause significant harm (DNSH) to any of the other environmental objectives
- **Delegated act on publications** (2178/2021) **-** Determines the content and presentation of information to be published in connection with ecologically sustainable economic activities and specifies the methodology for carrying out this assessment
- **Delegated Act of the Regulation on Taxonomy**(2023/2486) **-** Establishes technical screening criteria for determining the conditions under which an economic activity qualifies as one that significantly contributes to the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution or the protection and restoration of biodiversity and ecosystems, and for determining whether that economic activity causes significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public notices for those economic activities.

The analysis of economic activities includes the entire portfolio of the Čakovečki mlinovi Group. By implementing four new environmental targets for fiscal year 2024 and amending existing targets, it is expected that the scope of business activities and taxonomic acceptability of the Čakovečki mlinovi Group will be increased.

For details and templates, see the "Key Performance Indicators" section below.

TAXONOMICALLY ACCEPTABLE ECONOMIC ACTIVITIES

Section 1.2.2.1 (a) of Annex I to the Delegated Act on Publications

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The Čakovečki mlinovi Group generates most of its revenue from retail and wholesale of food and non-food products. The above income-generating activities are not acceptable according to the EU Taxonomy.

The Čakovečki mlinovi Group has reviewed all economic activities that meet the requirements of the Taxonomy set out in the Climate Delegated Act and the Taxonomy Regulation Delegated Act based on expenditure and investment. They have been identified acceptable share of revenue, capital expenditures (CapEx) and operating expenses (OpEx)which can be identified with the so-called output procurement (in accordance with Commission Delegated Regulation (EU) 2021/2178). Activities from the following areas are eligible within revenue, CapEx and OpEx: transport, construction and real estate activities, water supply, wastewater disposal, waste management and environmental remediation, the table Taxonomically eligible economic activities of the Čakovečki mlinovi Group is shown below.

In 2024, taxonomically acceptable is: 0.32% of revenue, 54.55% of total CapEx, and 86.39% of OpEx.

The table below shows the environmental objective for which activities qualify as eligible. By analysing the technical criteria for each eligible activity, the Group concluded that it does not meet the compliance criteria according to the EU Taxonomy. The templates also provide a clear indication of which environmental objective a particular activity is aiming for.

Taxonomically acceptable economic activities of the Čakovečki mlinovi Group

Sector	Eligible activity	Environmental goal
Construction activities and Real estate business	3.2. Renovation of existing buildings	CCM CCC CE
	3.3. Demolition and demolition of buildings and other structures	CE
	7.3. Installation, maintenance and repair of energy efficiency equipment	CCM CCC
	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	CCM CCC
	7.7. Purchase of buildings and ownership of buildings	CCM CCC
Water supply; wastewater disposal, waste management and environmental remediation	5.1. Construction, expansion and operation of water collection, purification and supply systems	CCM CCC
Transport	6.5. Transportation by motorcycles, cars and commercial vehicles	CCM CCC
	6.6. Road freight transport services	CCM CCC

CCM: Climate Change Mitigation
CCA: Climate Change Adaptation
WTR: Sustainable use and protection of water and marine resources
CE: Transition to a circular economy
PPC: Pollution Prevention and Control
BIO: Protection and restoration of biodiversity and ecosystems

MINIMUM PROTECTIVE MEASURES

Article 18 of the Taxonomy Regulation

Minimum protective measures are the basis for compliance with the EU Taxonomy, in accordance with Article 18 of the Regulation. They include all procedures implemented to ensure that economic activities are carried out in accordance with:

- OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines)
- The UN Guiding Principles on Business and Human Rights (UNGPs), including the principles and rights set forth in the eight core conventions identified in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The International Bill of Human Rights.

The minimum safeguards cover four topics: human rights (including labour and consumer rights), corruption and bribery, taxation, and fair competition.

KEY PERFORMANCE INDICATORS

Section 1.2.1(a), (b) and Section 1.2.2.1(c) of Annex I to the Delegated Act on Publications

Key performance indicators include indicators of revenue (Turnover), capital expenditure (CapEx) and operating expenditure (OpEx). The templates set out in Annex II of the Delegated Act of the Taxonomy Regulation shall be used to present the key indicators of the Taxonomy.

Since the Čakovečki mlinovi Group does not perform any activities related to natural gas and nuclear energy (activities 4.26 - 4.31), the dedicated templates introduced by the Supplementary Delegated Act for activities in individual energy sectors are not used.

Only capital expenditure and operating expenditure can qualify as eligible for the Taxonomy, or capital expenditure/operating expenditure related to the procurement of outputs from economic activities eligible for the Taxonomy and individual measures that enable the targeted activities (non-eligible activities of the Čakovečki mlinovi Group) to become low-carbon or lead to greenhouse gas reductions (Section 1.1.2.2.(c) of Annex I to the Delegated Act on Publications).

KEY REVENUE INDICATOR

Definition

Section 1.2.1(a), (b) of Annex I to the Delegated Act on Publications

The key revenue indicator is defined as net revenue derived from taxonomically acceptable and taxonomically compliant economic activities (numerator) divided by net revenue (denominator).

The denominator of the Key Income Indicator is based on consolidated revenue recognized in accordance with paragraph 82(a) of IAS 1. Additional details on accounting policies related to consolidated revenue can be found within the Consolidated Annual Report of the Čakovečki mlinovi Group for 2024, p. 151 and 152.

All income-generating activities that occurred in 2024 were analysed in accordance with the Taxonomy Regulation and eligible income was identified under the EU Taxonomy on an individual basis. This approach sought to ensure that each capital amount was counted only once.

Section 1.2.1 (second subparagraph) of Annex I to the Delegated Act on publications

Consolidated net income can be reconciled to the consolidated financial statements, Income Statement within the Consolidated Annual Report of the Čakovečki mlinovi Group for 2024, p. 169 (“<<Operating income>>”).

TURNOVER TEMPLATE FOR 2024.

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Taxonomy aligned proportion (A.1.) or eligible (A.2.) Turnover, 2023	Category - enabling activity	Category - transitional activity
Text		m€	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Turnover of environmentally sustainable activities (Taxonomy-aligned)																			
-		0,00	0,00%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0,00%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0,00**	**0,00%**	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0,00%**	**-**	**-**
Proportion of enabling		0,00	0,00%																
Proportion of transitional		0,00	0,00%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Acquisition and ownership of buildings	**CCM 7.7**	0,66	0,32%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,19%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0,66**	**0,32%**	0,32%	0,00%	0,00%	0,00%	0,00%	0,00%								**0,19%**		
A. Turnover from eligible activities (A.1 + A.2)		**0,66**	**0,32%**	0,32%	0,00%	0,00%	0,00%	0,00%	0,00%								**0,19%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		206,46	99,68%																
TOTAL		**207,12**	**100,00%**																

KEY CAPITAL INVESTMENT INDICATORS (CAPEX)

Section 1.2.1 (a), (b) of the Annex and the Delegated Act on Publications

The key indicator CapEx is defined as taxonomically acceptable and taxonomically aligned capital investments (numerator) divided by total capital investments (denominator).

Total capital investment consists of increases in property, plant and equipment (IAS 16) and intangible fixed assets (IAS 38) including right-of-use assets (IFRS 16) during the financial year, before depreciation and any remeasurements, including those resulting from revaluations and impairments. Additional information is presented on pages 173 and 174. Additions resulting from business combinations are also included. Goodwill is not included in capital investments because it is not defined as an intangible asset in accordance with IAS 38. Additional details on accounting policies related to capital investments can be found in the Consolidated Annual Report of Čakovečki Mlinovi Group for 2024, page 153.

All types of capital investments that took place in 2024 in accordance with the Regulation on Taxonomy were analysed and investments related to defined economic activities eligible for the Taxonomy were identified on an individual basis. This approach sought to ensure that each capital amount was counted only once.

Section 1.2.1 (second subparagraph) of the Annex and the Delegated Act on publications

Total capital investments can be reconciled with the consolidated financial statements, consolidated annual report Čakovec Mills Group for 2024, p. 174. to 176. (“<<table of changes in intangible assets, in right-of-use assets, and in real estate, plant and equipment and equipment>>”).

They are the sum of the following types of movements (acquisition and production costs):

- Accessories and
- Additions from business combinations

for intangible assets, right-of-use assets and property, plant and equipment.

CAPITAL INVESTMENT (CAPEX) TEMPLATE FOR 2024.

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	CapEx	Proportion of CapEX	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Taxonomy aligned proportion (A.1.) or eligible (A.2.) CapEx, 2023	Category - enabling activity	Category - transitional activity
Text		m€	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
-		0,00	0,00%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0,00**	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	-	-
Proportion of enabling		0,00	0,00%																
Proportion of transitional		0,00	0,00%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Renovation of existing buildings	**CE 3.2**	0,11	1,20%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2,03%		
Demolition and wrecking of buildings and other structures	**CE 3.3**	0,00	0,00%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0,19%		
Construction, extension and operation of water collection, treatment and supply systems	**CCM 5.1** / CCA 5.1	0,00	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,13%		
Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5 / CCA 6.5**	0,07	0,72%	EL	EL	N/EL	N/EL	N/EL	N/EL								1,37%		
Freight transport services by road	**CCM 6.6** / CCA 6.6	0,53	5,82%	EL	EL	N/EL	N/EL	N/EL	N/EL								9,24%		
Installation, maintenance and repair of energy efficiency equipment	**CCM 7.3** / CCA 7.3	0,19	2,10%	EL	EL	N/EL	N/EL	N/EL	N/EL								3,01%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	**CCM 7.5 /** CCA 7.5	0,00	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,38%		
Acquisition and ownership of buildings	**CCM 7.7 /** CCA 7.7	4,09	44,70%	EL	EL	N/EL	N/EL	N/EL	N/EL								45,26%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,00**	**54,55%**	54,55%	0,00%	0,00%	0,00%	1,20%	0,00%								61,62%		
A. CapEx from eligible activities (A.1 + A.2)		**5,00**	**54,55%**	54,55%	0,00%	0,00%	0,00%	1,20%	0,00%								61,62%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		**4,16**	**45,45%**																
TOTAL		**9,16**	**100,00%**																

KEY OPERATING EXPENSES (OPEX) INDICATOR

Section 1.2.1(a), (b) of Annex I to the Delegated Act on Publications
Section 1.2.3.3(c) of Annex I to the Delegated Act on Publications

The key indicator OpEx is defined as taxonomically acceptable and taxonomically aligned operating expenses (numerator) divided by total operating expenses as defined by the EU Taxonomy (denominator).

Total operating expenses consist of direct non-capitalized costs related to research and development, building renovation measures, short-term rent, maintenance and repairs. This includes:

- The scope of non-capitalized leases is determined in accordance with IFRS 16 and includes the costs of short-term leases and leases of low value (Consolidated annual report of the Čakovečki mlinovi Group for 2024, p. 158. to 159.) Although low-value leases are not explicitly listed in Article 8 of the Delegated Act, the Čakovečki mlinovi Group interprets the act in such a way as to include these leases.
- The maintenance and repair costs of property, plant and equipment are determined based on the maintenance and repair costs allocated to the internal cost centres of the Čakovečki mlinovi Group. The related cost items can be found in various line items in the Čakovečki mlinovi Group's income statement, including production costs (maintaining operations), sales and distribution costs (maintaining logistics) and administrative costs (such as maintaining IT systems). This also includes building renovation measures.

In general, this includes personnel costs, service costs and material costs for day-to-day servicing, as well as for regular and unscheduled maintenance and repair measures. These costs are directly allocated to NPO (Property, Plant and Equipment). This does not include expenses related to the day-to-day operation of the NPO such as: raw materials, costs of employees operating machinery and electricity or fluids required for the operation of the NPO. Direct training costs and other human resource adjustment needs are excluded from the denominator and numerator.

By analysing the operating costs of the Čakovečki mlinovi Group, costs associated with defined activities that meet the requirements of the Taxonomy were identified.

OPERATING EXPENSES (OPEX) TEMPLATE FOR 2024.

Financial year 2024	2024			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	OpEx	Proportion of OpEX	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Taxonomy aligned proportion (A.1.) or eligible (A.2.) OpEx, 2023	Category - enabling activity	Category - transitional activity
Text		m€	%	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y; N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. OpEx of environmentally sustainable activities (Taxonomy-aligned)																			
-		0,00	0,00%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0,00%	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0,00**	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0,00%**	-	-
Proportion of enabling		0,00	0,00%																
Proportion of transitional		0,00	0,00%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5** / CCA 6.5	0,093	3,21%	EL	EL	N/EL	N/EL	N/EL	N/EL								2,97%		
Freight transport services by road	**CCM 6.6** / CCA 6.6	0,096	3,30%	EL	EL	N/EL	N/EL	N/EL	N/EL								3,66%		
Acquisition and ownership of buildings	**CCM 7.7** / CCA 7.7	2,32	79,88%	EL	EL	N/EL	N/EL	N/EL	N/EL								79,10%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2,51**	**86,39%**	86,39%	0,00%	0,00%	0,00%	0,00%	0,00%								85,74%		
A. OpEx from eligible activities (A.1 + A.2)		**2,51**	**86,39%**	86,39%	0,00%	0,00%	0,00%	0,00%	0,00%								85,74%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		**0,40**	13,61%																
TOTAL		**2,90**	100,00%																

KEY INDICATORS RECAPITULATION

	Turnover share/total turnover	
	Taxonomically aligned by target	Taxonomically acceptable by purpose
CCM	%	0.32%
CCC	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

	Share of CapEx/Total CapEx	
	Taxonomically aligned by target	Taxonomically acceptable by purpose
CCM	%	53.34%
CCC	%	%
WTR	%	%
CE	%	1.20%
PPC	%	%
BIO	%	%

	Share of OpEx/ Total OpEx	
	Taxonomically aligned by target	Taxonomically acceptable by purpose
CCM	%	86.39%
CCC	%	%
WTR	%	%
CE	%	%
PPC	%	%
BIO	%	%

CCM: Climate Change Mitigation
CCA: Climate Change Adaptation
WTR: Sustainable use and protection of water and marine resources
CE: Transition to a circular economy
PPC: Pollution Prevention and Control
BIO: Protection and restoration of biodiversity and ecosystems

The tables introduced by the Delegated Act of the Taxonomy Regulation are intended to provide information if companies have activities that are eligible under multiple objectives. This way, companies can show all their contributions as double counting is allowed within these new smaller tables, which is not allowed in the standard table (templates).

E1 Climate change

E1-1 - Transition plan for climate change mitigation

Čakovečki mlinovi Group recognize climate change as a key factor that can impact our business model and long-term sustainability. Currently, the Čakovečki mlinovi Group has not adopted a transition plan for climate change mitigation.
The management will consider the deadline for adopting the transition plan.[64]

ESRS 2 SBM-3 - Significant impacts, risks and opportunities and their interaction with strategy and business model

The Group did not identify any significant climate risks during the dual significance assessment.[65]
In accordance with the climate risk analysis, conducted through a double significance assessment, the Group has identified potential physical risks of weather events on the possibility of transportation, temperature increases and precipitation affecting the quality and availability of cereals, as well as transition risks associated with increased costs of maintaining the cold chain and rising energy prices and interruptions in electricity supply. Based on the results of the climate risk analysis and double significance assessment, the transition and physical risks are not assessed as significant, as the Group believes that by diversifying the business model and sources of raw materials for production, investing in energy-efficient technologies and adapting infrastructure, it already mitigates these potential risks.[66]

All climate risks that were considered in the context of the dual materiality assessment related to the value chain and the Group's own operations.
The Group has not conducted an analysis of the transition to a resilient, low-carbon economy, and therefore cannot assess the impact on macroeconomic trends in the environment, nor the estimated financial consequences of significant physical and transition risks, or mitigation measures and resources.[67]

In the dual significance assessment process conducted in 2024, the Group did not identify significant physical and transition risks related to climate, and accordingly, no resilience analysis to climate-related risks was performed.[68]

ESRS 2 IRO-1 - Description of procedures for identifying and assessing significant impacts, risks and opportunities associated with climate change

A detailed description of the procedures for determining and assessing significant effects, risks and opportunities related to climate change can be found in the general disclosures section (ESRS 2) of this Report.

E1-2 - Policies related to climate change mitigation and adaptation

The Čakovečki mlinovi Group has not developed a specific policy related to climate change and climate change mitigation and adaptation because in the reporting period it conducted a double significance analysis for the first time and determined its significant impacts in the domain of climate change. Bearing in mind

[64] E1-1 17.
[65] ESRS2, SBM-3, 18
[66] ESRS2, SBM-3, 19
[67] ESRS 2, SBM-3, AR 7 a), b), c)
[68] ESRS 2, SBM-3, AR 6,7,8

that the Group has recognized significant impacts related to climate change, it plans to adopt a policy related to climate change issues in the medium term.[69]

E1-3 – Measures and resources related to climate policies

In connection with the significant effects of energy consumption and GHG emissions of scope 1 and 2, the Group initiated the issues of introducing solar energy. The measures implemented in 2024 refer to the installation of a smaller volume of solar panels specifically on one building owned by Trgovina Krk Cvijet Kvarnera. For now, this is the first such investment in the Group and a key step in the desire to use renewable energy sources.
The solar power plant was put into operation in April 2024 and is currently showing positive environmental effects. The implementation of this measure did not require significant financial investments at the Group level.[70]

E1-4 - Target values related to climate change mitigation and adaptation

Given that the Group calculated its carbon footprint (Scope 1, 2 and 3 emissions) for the first time in 2024, no targets for reducing greenhouse gas emissions have been set, nor have any other targets related to climate change mitigation and adaptation. The Group's management will consider setting climate change-related targets in the medium term.[71]

For now, the Group has not set an ambition related to the solar installation measure nor does it monitor the effectiveness of the said measure.[72]

E1-5 – Energy consumption and combination of energy sources

Information on the Group's energy consumption and the combination of energy sources below in the table.

Energy consumption and combination of energy sources	Year 2024.	Year N-1
(1) Consumption of coal and coal products (MWh)	-	n.a.
(2) Fuel consumption from crude oil and petroleum products (MWh)	63	n.a.
(3) Fuel consumption from natural gas (MWh)	9,709	n.a.
(4) Fuel consumption from other fossil sources (MWh)	-	n.a.
(5) Consumption of purchased or acquired electricity, heating energy, steam and cooling energy from fossil sources (MWh)	15,198	n.a.
(6) Total energy consumption from fossil sources (MWh) (calculated as the sum of rows 1 to 5)	24,970	n.a.
Share of energy from fossil sources in total energy consumption (%)	99.43%	n.a.
(7) Consumption from nuclear sources (MWh)	-	n.a.

[69] E1-2, 22
[70] MDR-A 68.a), b), c); MDR_A 69
[71] E1-4, 8
[72] E1-4, MDR-T 81

Share of energy from nuclear sources in total energy consumption (%)	-	n.a.
(8) Consumption of renewable fuels including biomass (which includes industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources, etc.) (MWh)	-	n.a.
(9) Consumption of purchased or acquired electricity, heating energy, steam and cooling energy from renewable sources (MWh)	-	n.a.
(10) Consumption of energy from renewable sources from own production, excluding fuel (MWh)	142	n.a.
(11) Total renewable energy consumption (MWh) (calculated as the sum of rows 8 to 10)	142	n.a.
Share of energy from renewable sources in total energy consumption (%)	0.0056%	n.a.
Total energy consumption (MWh) (calculated as the sum of rows 6 and 11)	25,112	n.a.

Energy intensity per net income	N	N-1	%N / N-1
Total energy consumption from activities in sectors with a significant impact on the climate per net revenue from activities in sectors with a significant impact on the climate (MWh/monetary unit)	0.12	n.a.	n.a.

Total consumption of energy from fossil sources under the control of the Group[73]
Consumption includes primary energy from crude oil, petroleum products and natural gas, as well as the consumption of secondary non-renewable energy purchased externally, such as electricity, heat used for heating, cooling, lighting and fuel use in vehicles. Energy consumption is based on invoices from suppliers of individual energy sources. In relation to energy consumption, the Group only reports on energy consumed during processes owned or controlled by the Group, applying the same scope as that used for reporting on greenhouse gas emissions from scopes 1 and 2.[74]

Total energy consumption from renewable energy sources from own production[75]
The Group has one photovoltaic power plant at the Baška – Cvijet Kvarnera location, and the electricity produced is used for its own needs. The consumption of this energy is based on readings from the power plant's monitoring software.[76]

[73]MDR-M 77 c)
[74]MDR-M 77 a), AR 32 a)
[75]MDR-M 77 c)
[76]MDR-M 77 a)

Energy intensity per net income[77]

The Group's total net income amounts to EUR 207,123 thousand (Note 4, p.169). Total energy consumption from activities in sectors that significantly impact the climate amounts to 25,072 MWh.

The total energy intensity calculated as energy consumption from activities in sectors that significantly affect the climate, per net income from activities in sectors that significantly affect the climate, amounts to 25,072 MWh/ 207,122,618 EUR.

Given that the Group's activity is covered by sectors that significantly affect the climate, the Group's entire net revenue was considered (10.61 Manufacture of milling products, 47.19 Retail sale of food, beverages and tobacco in specialized stores and 10.71).[78]

[77] E1-5, 43.

[78] E1-5, 42 MDR-M 77.a)

E1-6 – Gross greenhouse gas emissions from scopes 1, 2, 3 and total greenhouse gas emissions

The table below shows the greenhouse gas emissions of Scope 1, 2 and 3 Groups. Target values have not been adopted.[79]

	Retrospect				Key milestones and target years			
	Reference year	Parallel	2024.	%N/N-1	2025	2030	2050	Annual
Scope 1 greenhouse gas emissions								
Gross emissions of greenhouse gases from emission range 1 (tons of CO2 equivalent)			5.149		-	-	-	-
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading programs (%)			-					
Scope 2 greenhouse gas emissions								
Scope 2 gross greenhouse gas emissions based on location in tonnes of CO2 equivalent			2,283					
Gross greenhouse gas emissions from scope 2 Greenhouse gas emissions from scope 2 (tons of CO2 equivalent)			8,362					

[79] E1-6, 44,45, and 52

Significant Scope 3 greenhouse gas emissions								
Total gross indirect Scope 3 greenhouse gas emissions (tonnes of CO2 equivalent)			220,712					
1. Purchased goods and services			184,542					
[Optional subcategory: Cloud computing and data center services			-					
2. Capital goods			1,899					
3 Activities related to fuel and energy (not included in scope 1 or 2)			4,358					
4 Higher-level transportation and distribution			325					
5 Waste generated during business operations			380					
6 Business trips			1					
7 Employee travel to work			1,583					
8 Leased assets at a higher level of the value chain			3,568					
9 Lower level transportation			231					
10 Processing of sold products			-					
11 Use of sold products			12,717					
12 End-of-life processing of sold products			8,171					
13 Leased assets at a			829					

lower level of the value chain								
14 Franchises			-					
15 Investments			2.109					

Total greenhouse gas emissions								
Total greenhouse gas emissions (based on location) (tons of CO2 equivalent)			227,165					
Total greenhouse gas emissions (market-based) (tonnes of CO2 equivalent)			233,827					

Greenhouse gas intensity per net income	Parallel	N	%N/N-1
Total greenhouse gas emissions (based on location) by net income (tons of CO2 equivalent/monetary unit)	n.a.	1.10	n.a.
Total greenhouse gas emissions (market-based) per net revenue (in tonnes of CO2 equivalent/monetary unit)	n.a.	1.13	n.a.

The Group's total net revenue is EUR 207,123 thousand (Note 4, p.169). Total greenhouse gas emissions by location are 227,165 tonnes of CO2 equivalent. Total greenhouse gas emissions by location by net revenue (in tonnes of CO2 equivalent/monetary unit) are 227,165 tonnes of CO2 equivalent/EUR 207,123. Total greenhouse gas emissions by market are 233,827 tonnes of CO2 equivalent. Total greenhouse gas emissions by market are 233,827 tonnes of CO2 equivalent/EUR 207,123.

	Amount (EUR)
Net income for calculating greenhouse gas intensity	207,122,618
Net income (other)	-
Total net income (in financial statements)	207,122,618

Methodology for calculating greenhouse gas emissions Scope 1, 2 and 3:

Scope 1 and Scope 2 greenhouse gas emissions are calculated based on the provisions of the ESRS methods of the Protocol on Greenhouse Gases, version from 2004 (The GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance) based on available information within the Group.[80]

Methodology for calculating Scope 1:
Scope 1 emissions by source were calculated using methodologies and emission factors appropriate to each source as follows:

Stationary combustion (liquid and gaseous fuels): Greenhouse gas (GHG) emissions from the combustion of liquid and gaseous fuels are calculated using DEFRA emission factors. The amount of fuel consumed is multiplied by the applicable fuel type-specific emission factor to determine the resulting emissions. This approach takes into account direct emissions of CO_2, CH_4 and N_2O from fuel use.[81]

Refrigerants (Fugitive emissions): Emissions from fugitive releases of greenhouse gases, such as refrigerants or equipment leaks, were calculated using the global warming potential (GWP) obtained from the Intergovernmental Panel on Climate Change (IPCC) AR6. The amount of greenhouse gases emitted is multiplied by the GWP of each gas to reflect their relative impact on climate change.[82]

Mobile combustion (vehicles): Greenhouse gas emissions from mobile combustion sources, such as Group-owned vehicles, have been calculated using DEFRA emission factors. The total fuel quantity has been multiplied by the relevant emission factor to determine CO_2, CH_4 and N_2O emissions from fuel combustion (from IPCC AR 6).[83]

Methodology for calculating Scope 2:
Scope 2 emissions are calculated based on the total amount of electricity delivered to the Group's facilities or operations under its financial control. Electricity consumption data is multiplied by relevant location-based (source of emission factor is IEA) and market-based emission factors (source of emission factor is AIB).

Location-based method: This method uses average grid emission factors based on the geographic location of electricity consumption, reflecting the regional energy mix.[84]

Market-based method: This method uses market-specific emission factors to reflect the amounts of energy obtained from renewable sources or special contracts, ensuring that emissions reflect the type of electricity purchased.[85]

Overview of the methodology for calculating individual Scope 3 categories:

Individual categories from Scope 3 were calculated by selecting applicable methods from the Protocol on Greenhouse Gases, version from 2004 (GHG Protocol Technical Guidance for Calculating Scope 3 Emissions v1.0 – Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard) based on available information. When determining the reporting limit, it was concluded that categories 10.

[80] AR 39. a)
[81] AR 39. b)
[82] AR, 3 b); AR 39. d)
[83] AR 39. b)
[84] AR 39. b)
[85] AR 39. b)

Processing of sold products, 14. Franchises and 15. Investments do not need to be calculated due to the specifics of the Group's operations, which are additionally explained in the information below.[86]

1. Purchased goods and services: Calculated based on the consumption-based method.
2. Capital goods: Calculated based on the consumption-based method.
3. Fuel and energy related activities (not included in Scope 1 or 2): Calculated based on energy consumption data obtained from energy suppliers.
4. Higher-level transportation and distribution: Calculated based on average kilometres travelled and modes of transportation.
5. Waste generated during operations: Calculated based on the waste type-based method.
6. Business trips: Calculated using a method based on information on the number of overnight stays.
7. Employee travel to work: Calculated using a method based on average kilometres travelled and types of transportation.
8. Leased assets at a higher level of the value chain: Calculated based on a method based on the specificity of the asset (square footage) and for part of the data based on the energy consumption of the leased assets at a higher level of the chain.
9. Downstream transport: Calculated using a consumption-based method.
10. Processing of sold products: Not applicable, the Group does not produce semi-finished products that are processed by third parties.
11. Use of products sold: Calculated using a method based on the direct use of products that directly consume energy, products that emit greenhouse gases during their life cycle, and emissions from the sale of petroleum products.
12. End-of-life treatment of products sold: Calculated based on data on the type of waste and the method of waste disposal.
13. Leased assets at a lower level of the value chain: Calculated based on a method based on the specificity of the asset (square footage) and for part of the data based on the energy consumption of the leased assets at a lower level of the chain.
14. Franchises: Not applicable, the Group does not own any franchises.
15. Investments: Calculated based on shares in associated companies or based on investments in equity instruments.

After calculating the total amount of greenhouse gases in Scope 3 and based on a comparison of the results obtained after calculating individual categories, it was concluded that the most significant categories for the Group are category 1. Purchased goods and services and category 11. Use of products sold. Category 1 thus generates 185,542 tCO_2 (eq), which is 84.3% of the total greenhouse gases generated in Scope 3, while category 11 generates 4,358 tCO_2 (eq), which is 2.0% of the total greenhouse gases generated in Scope 3. Primary data obtained from suppliers were not used for significant Scope 3 categories (category 1 and category 11).[87] [88]

Detailed methodology for calculating Category 1:

Emissions in this category were calculated based on financial expenditures for purchased goods and services using Exiobase emission factors. This process involved collating financial spending data across operations to show total spending by relevant location- and product-specific purchasing categories. Specific Exiobase emission factors were applied to each purchasing category based on the purchasing category description to calculate total emissions. These emission factors were further adjusted to account for inflation using the

[86]AR 39. b)
[87]E1-6, AR 46 g)
[88]AR 39. (b)

Consumer Price Index (CPI). The emission factors used are from 2022 and the inventory data is from 2024. The inflation adjustment is based on the CPI ratio between 2022 and 2023 for the country of operation.

Excluded from the calculation:

Quantification based on financial expenditure for key operational inputs is estimated to capture a large proportion of emissions arising from activities related to the procurement of these goods and services. In this regard, rental of real estate and utilities, energy and fuels, electricity, business travel activities, waste management activities, logistics services (transport) and employee transportation services are excluded from the calculation of Category 1, as they are covered by other categories in Scope 3.

Assumptions used during the calculation:

Suppliers of goods and services are assumed to generate emissions in line with industry average estimates, allowing for the application of generic emission factors to specialist materials where appropriate. The financial data used does not distinguish between product, transport and use costs. Therefore, assumptions are made as to whether these costs should be separated to account for both product and transport or attributed directly to the product. Product costs are assumed to include transport costs, without separating them into different categories. Exiobase emission factors are calculated on a 'cradle-to-gate' basis, covering the entire life cycle of the goods, including emissions from upstream transport.

Detailed methodology for calculating category 11:

The calculation was made by selecting the applicable methods from the Greenhouse Gas Protocol, version from 2004 (GHG Protocol Technical Guidance for Calculating Scope 3 Emissions v1.0 – Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard) based on available information and IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 3: Mobile Combustion.

The following methodologies were applied for the different main product categories:

1. <u>Products that directly consume energy</u>:

For products that directly consume energy (fuel or electricity) during use, emissions are calculated according to the following formula: Σ (total expected use of the product during its lifetime × number sold in the reporting period × electricity consumed per use (kWh) × emission factor for electricity (kg CO2e/kWh))

2. <u>Products that contain or generate greenhouse gas emissions:</u>

For products containing or emitting greenhouse gases during use, the following formula was used: Σ (expected product use over the entire lifetime × number sold in the reporting period × refrigerant leakage per use (kg) × global warming potential (GWP) (kg CO2e/kg)). In this calculation, refrigerant leakage per use was applied from IPCC Table 3: Default Emission Factors for Refrigeration/Air Conditioning Equipment. A conservative approach was taken by choosing the upper bound of the estimated ranges for both refrigerant leakage per use (kg) and the lifetime (years) of the refrigeration and air conditioning system. This decision was made due to the lack of precise data on refrigerant leakage and product lifetime, thus ensuring a more accurate emission estimate.

3. Fuels and petroleum raw materials:

Emissions from fuels and petroleum feedstocks were calculated using the following formula: Σ (total amount of fuel/feedstock sold (e.g. kWh) × combustion emission factor for the fuel/feedstock (e.g. kg CO2e/kWh)). In addition, IPCC guidelines were applied to calculate CO2 emissions from AdBlue (urea-based catalyst). AdBlue typically contains 32.5% urea by weight. CO2 emissions from urea application can be estimated using the following formula: CO2 emissions = Σ Activity x (12/60) x Purity x (44/12) Where: Emissions = CO2 emissions from urea-based additives in catalysts Activity = amount of urea-based additives consumed for use in catalysts Purity = mass fraction (= percentage by 100) of urea divided by urea-based additive Factor (12/60) includes the stoichiometric conversion from urea (CO(NH2)2) to carbon, while the factor (44/12) converts carbon to CO2.

Assumptions used during the calculation:

For products containing refrigerants, refrigerant leakage per use is estimated based on IPCC Table 3: Default Emission Factors for Refrigeration/Air Conditioning Equipment (IPCC Table 3: Default Emission Factors for Refrigeration/Air Conditioning Equipment). A conservative assumption is made by selecting the highest values for refrigerant leakage per use and product life to account for the lack of specific data related to each refrigeration and air conditioning system. CO2 emissions from AdBlue (urea-based catalyst) are calculated according to the IPCC formula for urea application. The purity of urea in AdBlue is assumed to be 32.5% by weight, which is the industry standard value. This assumption was applied to all urea-based catalyst applications in the absence of specific purity data.

ESRS E5 - Resource use and circular economy

The Group believes that the circular economy is an important aspect to foster in customer relations. The commitment to the circular economy stems from the awareness that sustainability is a fundamental corporate responsibility and contributes to long-term business.

The group consists of several key business units in the business process, mill production, bakery production and sale of trade goods through wholesale and retail. The significant impacts, risks and opportunities associated with the circular economy are concentrated in the following units.

Production: In this phase, we use large quantities of raw materials of various grains (such as wheat and corn). Risks include changes in raw material prices and reduced availability of materials. Of the other resources, we use electricity and gas, as well as packaging (paper, plastic).

Distribution: Transportation of grains and finished products and packaging used for packing finished products.

Sales: Packaging used in the sale of all merchandise.

E5-1 – Policies related to resource use and the circular economy

There is no specific policy related to resource use and circular economy at the Group level, as the Group conducted a dual significance analysis for the first time in the reporting period and identified its significant impacts related to waste and resource inflow. The Group manages waste according to the rules on waste disposal and collection by category, to mitigate negative impacts on the environment.

E5-2 – Measures and resources related to resource use and circular economy

Related to the significant negative effect of waste generation, in the production process of mill and bakery products there are products that can be additionally used without throwing them into the waste. In this way, we have the sale of broken grains mainly as feed for cattle. Old bread and bread from returns that can be used can also be bought to feed livestock, while that which is not edible can be used as raw material for a biogas plant.
Additionally, the production process of processing grains into flour creates a by-product that is used as livestock feed, with waste generated during the milling process being minimized.[89]
Until now, all this was a process that was considered normal in the business of milling and baking, for which an action plan and the necessary resources for implementation were not developed, and we will take this process into account during the development of the environmental protection and circular economy policy.[90]

In the trade segment, promotional sales of products are made before the expiration date, which reduces the need to write off products and create waste.

Comprehensive measures will be defined in accordance with the definition of target values.

E5-3 – Target values related to resource use and circular economy

The Group has not developed targets related to resource use and the circular economy, as it conducted a dual materiality assessment for the first time in 2024 and identified significant impacts, risks and opportunities. This will be reviewed in the medium term.[91]

E5-4 - Inflow of resources

The key raw material for the Group is wheat, which is mainly of domestic origin.
Key raw materials include corn and rye, most of which are sourced from Croatia. Packaging is mainly sourced from Croatia. In terms of quantity, around 67% of the required raw materials and around 100% of the packaging material is sourced from the Croatian market.

The Group used the following significant resources during 2024:

Key resources for production	Quantity (tons)	Biological material (Yes/No)
Cereals	74,676	Yes
Merchandise	26,194	No
Total raw materials	100,870	-
Packaging	257	No
Total (raw materials and packaging)	101,127	-

The data presented in the table on key resources was obtained by direct measurement or based on the quantities received by the Group during 2024, except for the category of trade goods for which the quantity data is approximated.[92]

[89] MDR-A 68.a),b)
[90] MDR-A 68.c), MDR-A 69.
[91] E5-3, 23
[92] E5-4, 30. 32., 31.a), b), c), MDR-M 77.a)

E5-5 – Resource drain

The total amount of waste in 2024 was 2,486 tons[93]

Hazardous waste accounts for 9 tons and non-hazardous waste amounts to 2,477 tons[94]

Amount of waste according to recovery process[95]

HAZARDOUS WASTE	**Quantity (tons)**
Total quantity by weight diverted from disposal - preparation for reuse	8.97
Total quantity by weight diverted from disposal - recycling	8.97
Total quantity by weight diverted from disposal - other recovery operations	-

NON-HAZARDOUS WASTE	**Quantity (tons)**
Total quantity by weight diverted from disposal - preparation for reuse	1,791.26
Total quantity by weight diverted from disposal - recycling	1,791.26
Total quantity by weight diverted from disposal - other recovery operations	-

Waste by mass to be disposed of[96]

	Quantity (tons)
Hazardous waste	8.97
Non-hazardous waste	1,791.26

[93]E5-5, 37 a)
[94]E5-5, 37 b)
[95]E5-5 37. b)
[96]E5-5 37. c)

Waste according to treatment process[97]

HAZARDOUS WASTE	Quantity (tons)
Total quantity by mass diverted from disposal - incineration	-
Total quantity by mass diverted from waste disposal - disposal	-
Total quantity by weight diverted from disposal - other disposal operations	-

NON-HAZARDOUS WASTE	Quantity (tons)
Total quantity by mass diverted from disposal - incineration	-
Total quantity by mass diverted from waste disposal - disposal	694,84
Total quantity by weight diverted from disposal - other disposal operations	-

Unrecycled waste[98]

Unrecycled waste	Quantity (tons)	Percentage (%)
Total amount of unrecycled waste	694,84	27.9%

The Group's activities include sorting waste according to key waste numbers and containers without additional waste treatment procedures. All waste is sent for further treatment to legal entities that hold environmental permits for waste treatment or disposal.[99]

All waste generated in the Group relates to food waste and waste from other commercial goods. Food waste is generated as part of technological processes in production or at the end of the shelf life. In the case of other commercial goods, in the event of a product failure or malfunction. Waste is classified according to the nature of the waste type, stored and handed over to specialized waste disposal companies.[100]

The data on the amount of waste obtained is based on weighing by companies that take over the waste for further processing (landfill, recovery and similar procedures).[101]

[97] E5-5 37. c)
[98] E5-5 37. d)
[99] E5-5, 40
[100] E5-5, 40
[101] E5-5, 40 MDR-M 77.a)

2. Social information within the sustainability report

ESRS-2 SBM-3 Significant impacts, risks and opportunities and their interaction with strategy and business model

The Group's business model is focused on ensuring a balance between permanent and temporary workers. Currently, the Group invests in education and training of workers to improve their productivity, while temporary employment through agencies allows for a quick solution to the labour shortage. In the long term, the Group plans to automate heavy manual tasks through the modernization of machinery, thereby reducing the need for hard labour.
Improving working conditions, such as providing quality work clothes, refreshments for night shift workers and increasing transparency of wages, is also a priority. The introduction of an internal communication app makes it easier for workers to stay informed, and adapting working hours to the needs of employees with family responsibilities demonstrates the Group's flexibility. In the event of health crises such as a pandemic, the Group further adjusts its strategy by introducing stronger health and safety measures.[102]

Risks to the Group arise if the well-being of the workforce is not ensured, such as poor working conditions or low wages, which can result in negative reactions in the media and among consumers and threaten the Group's reputation. High workforce turnover also increases costs, undermines the quality of work and makes it difficult to inherit skills.
On the other hand, investing in the education and development of young workers provides opportunities to increase engagement and efficiency. Also, the Group could build a positive reputation through a just transition strategy, which includes improving working conditions and ethically sourcing products. This can attract customer loyalty and ensure competitive advantages in the market.[103]

In the structure of the Group's employees, in addition to the regular employment of the Group, there are also:

- Agency workers – employed through third parties to perform temporary or seasonal work.
- Students and pupils – employed through work contracts or student contracts for professional practice and auxiliary work.
- Mentors – external associates who provide education and professional guidance to employees and interns.[104]

The identified significant negative impacts are widespread (e.g. data privacy, adequate wages, occupational safety, equal treatment and opportunities including training), while the negative impacts associated with retail robberies, mill fires and explosions and overtime are systemic as they relate to a specific population of Group employees.[105]

According to the Group's previous experience, we have positive experiences in working with students and pupils, whereby providing these groups with professional practice and education, we improve their employability and secure future staff. For agency workers and mentors, we create opportunities for long-term cooperation and professional development.[106]

[102]ESRS-2 SBM-3, 13 a), b)
[103]ESRS-2 SBM-3, 13 b)
[104]ESRS-2 SBM-3, 14 a)
[105]ESRS-2 SBM-3, 14 b)
[106]ESRS-2 SBM-3, 14 c)

The Group has identified a significant risk related to labour shortages. A shortage of qualified personnel (millers and bakers) makes it difficult to maintain production standards and increases operational risks, while a shortage of labour in retail may affect the operation of the retail network. In general, a general labour shortage may create additional pressure on existing employees, higher labour costs and reduced operational flexibility.[107] [108]

The Čakovečki mlinovi Group has not developed a transition plan for moving to greener and more climate-neutral operations, and consequently there are no significant impacts on its own workforce.[109]

Based on the significance assessment (ESRS 2 IRO-1), we identified the following risk groups in the mill and bakery industry and in trade:

1. Workers in the bakery industry
    - Exposure to high temperatures in bakeries can lead to heat stress and dehydration.
    - Long-term work in such conditions increases the risk of exhaustion and health problems.
2. Milling industry workers
    - Exposure to flour and dust particles increases the risk of respiratory diseases and allergic reactions.
    - Insufficient ventilation and protective equipment can exacerbate respiratory problems.
3. Workers exposed to airborne allergens
    - Allergens from flour are present in the bakery and milling industry, which can cause occupational asthma and skin irritations.
    - Long-term exposure without adequate protection increases health risks.

The Group is taking measures to reduce negative effects through ventilation systems, protective equipment and health checks to ensure worker safety.

4. Retail employees – the risk of turnover is particularly sensitive in the season when it is more difficult to find employees due to tourism. It is of utmost importance for the Group to ensure quality staff throughout the year and great efforts are made to retain existing staff.[110]

[107] ESRS-2 SBM-3, S1, 14 d)
[108]ESRS2, SBM_3, S1 16
[109]ESRS2, SBM-3, S1 14 e)
[110]ESRS2, SBM-3, S1 15

ČAKOVEČKI MLINOVI
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ESRS S1 Own workforce

S1-1

The Čakovečki mlinovi Group implements a policy related to its own workforce through adopted Regulations related to its own workforce. An independent policy related to its own workforce. Thus, at the level of each individual company, the Group has in force the Regulations on Salaries and Other Material Rights, the Regulations on Labor, the Regulations on Handling Personal Data, the Regulations on the Management Board's Work, the Regulations on the Supervisory Board's Work, the Regulations on the Procedure for Internal Reporting of Irregularities, the Regulations on Handling Inside Information, the Regulations on Occupational Safety and Health, and others.[111]

The Labor Code regulates working conditions, rights and obligations of employees and the Company, promotes worker dignity, protection from discrimination, wages and other work-related issues. This reduces the risk of labour disputes and dissatisfaction among employees.

The Regulations on Salaries and Other Material Rights regulate the bases and criteria for the calculation and payment of salaries and other material rights of workers, this reduces the possibility of misunderstandings and disputes over payments, contributes to the financial stability of workers and encourages their motivation.

The Regulations on the Handling of Personal Data regulate the implementation of the Company's current Personal Data Protection Policy, or the rules for the processing and protection of personal data of respondents, to ensure the legality of processing and adequate protection of personal data that will be processed in its business by the Company as the controller of personal data. It is applicable to all employees, persons working under a contract of employment, service providers, volunteers, students, members of the Management Board and Supervisory Board. It defines the principles of processing, types of processing, purposes of processing, retention periods, transfer to third countries and the rights of respondents. This reduces the risk of data misuse and legal consequences due to non-compliance with data protection regulations.

The Regulations on the Internal Whistleblowing Procedure regulate the procedure for reporting irregularities in the ČKML company and the procedure for appointing a confidential person and their deputy. It provides a mechanism for reporting irregularities within the Company, reduces the fear of retaliation and contributes to the creation of a transparent and ethical working environment.

The Ordinance on the Organization of the Implementation of Occupational Safety and Health, and the Rights, Obligations and Responsibilities of Authorized Persons and Workers defines the responsibilities and obligations of all participants in relation to occupational safety and health, reducing the risk of injuries and occupational diseases, thereby increasing the safety and well-being of workers.[112]

Internal regulations apply to all employees unless the rights and obligations of an individual employee, or the rights and obligations of the company, are otherwise regulated by an employment contract or some other type of agreement concluded between the company and the employee.

Operations – All policies apply to all employees, but specific provisions may vary depending on the workplace (e.g. occupational health and safety is particularly relevant to operational workers).
Value chain level – Policies cover internal employees and can be extended to external collaborators and suppliers (e.g. personal data protection and whistleblowing).
Geographical features – These apply to all business locations.

[111] S1-1, AR 11
[112] S1-1 19. MDR-P 65 a), e)

Stakeholders – In addition to employees, policies affect management, regulators, and external partners (e.g., a data protection policy may also apply to customers and suppliers).
The management of the Company is responsible for the implementation of these activities. Implementation and supervision are carried out by the Managers of business units and Managers, with the support of the Service for General and Legal Affairs.[113][114]
All the described documents and regulations related to its own workforce are issued by the Management in consultation with the trade union and are available on the company's bulletin boards and in the relevant departments, primarily in the General and Legal Affairs Department, while the Occupational Safety Regulations are available in the Technical Department.[115]

Although the company does not monitor compliance with the UN-leading principles and rules at work and human rights, the Declaration of the International Labor Organization on fundamental principles and rights at work and the OECD Guidelines for multinational companies, it monitors and ensures compliance with all laws of the Republic of Croatia.
Through internal company documents, respect for human rights is ensured, such as:[116]

- Fair working conditions (safety at work, fair wages, prohibition of forced and child labour),
- Workers have the right to form unions and negotiate working conditions,
- Discrimination based on gender, race, ethnicity, religion, disability, sexual orientation, etc. is prohibited.
- The employer ensures equal pay for equal work and equal opportunities for advancement,
- The right of workers to be informed and participate in decision-making is respected,
- The privacy of employees and personal data is protected,
- Working hours and work-life balance are respected.

The protection of our employees is a priority for the Group, and all our employees are covered by an occupational safety system in accordance with the provisions of the Occupational Safety and Health Act, to prevent accidents, create safe working conditions and protect the health of employees.[117]

There are no separate policies aimed at protecting dignity and harassment, but it is mentioned and prescribed in the Group's Rules of Procedure.
The rulebook defines the protection of workers' dignity and harassment. The group is obliged by the rulebook to protect workers from direct or indirect discrimination in the field of work and working conditions, including selection criteria and conditions for employment, promotion, career guidance, professional training and development and retraining, in accordance with the Labor Act and special laws. The rulebook also defines the process for filing a complaint and ensuring legal remedy - which includes appointing two persons of different genders to receive complaints.
This process, and the protection of the person submitting the report, is also defined in the Regulations on the procedure for internal reporting of irregularities and the appointment of a confidential person.[118]

S1-2 – Procedures for engaging with your own workforce and worker representatives regarding impacts

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[114] S1-1 19. MDR-P 65 c)
[115] S1-1 19. MDR-P 65 e), f)
[116] S1-1 20.
[117] S1-1 23.
[118] S1-1 24. a),b),c),d)

The Group considers the perspectives of its workforce in making decisions related to workforce impacts through collaboration with employee representatives and unions.
Cooperation with workers takes place directly with worker representatives on the supervisory board and unions, who regularly consult on issues affecting the workforce.

Types of cooperation:

- Information: Workers are regularly informed about changes that affect them. Such as changes in working conditions and obligations. Unions and workers' representatives also inform management about priority issues for workers, including their expectations and wishes related to working conditions.
- Consultation: Unions and workers' representatives advise management on relevant issues.
- Participation: Worker representatives actively participate in decision-making on important issues.
- Frequency of cooperation: Regular: Cooperation is continuous, and meetings are held monthly.

Human resources coordinate cooperation, with the active role of worker representatives in the supervisory board.

The group does not have a global framework agreement but adheres to local laws and treaties.

The Group considers the explanations and comments when conducting the consultation or co-decision process with the union representative and takes corrective measures when necessary.[119]

Measures to gain insight into the perspectives of the workforce, especially vulnerable and marginalized groups:

We have introduced an internal communication application to facilitate two-way communication between employees and management and to ensure that all employees could express their views, suggestions and concerns. In addition to the application, we organize employee meetings twice a year and provide individual discussions at least once a year, or more often if the employee wishes. In addition, we regularly hold meetings with departments to analyse employee needs and ensure timely support measures.[120]

Recording and integrating feedback:

We collect feedback through the app, regular meetings, and anonymous surveys. All feedback is analysed by relevant teams and management, and key findings are integrated into the decision-making process. After implementing certain measures, we inform employees through the app, internal newsletters, and meetings so that they can see concrete changes that are a result of their suggestions.

Collaboration within the organization:

We conduct collaboration activities at the organization-wide level, as well as at the level of individual locations and departments. We centralize the information collected from various initiatives through our application and regular internal reports, so that it is available to all decision-makers.

Resources allocated for collaboration:

To implement the cooperation activities, we provide financial resources for the development and maintenance

[119]S1-1 27. a), b), c), d), e)
[120]S1-1 28.

of a communication application, the organization of employee meetings and gatherings, and training for managers on the importance of inclusive communication. Also, human resources include the internal communications team, HR department, and employee representatives who actively participate in the implementation of the measures.

Cooperation in the context of transitioning to green business:
A transition plan has not been developed, and no analysis of the impact of the transition to climate-neutral operations and the link to its impact on jobs has been conducted.[121]

S1-3 – Procedures for remediating adverse impacts and channels through which your own workforce can express concerns

Our disciplinary procedure provides legal remedy in cases of all identified significant adverse effects on workers. The procedure includes a report and a formal investigation, during which relevant evidence is collected and all parties involved are heard. Based on the established facts, a decision is made in accordance with internal acts and applicable regulations.
Workers are allowed to file a complaint, and the effectiveness of the legal remedy is assessed through the analysis of repeated cases, feedback and the assessment of the corrective measures applied. The General and Legal Affairs Department monitors the implementation of procedures and ensures their compliance with regulations.[122]

Specific channels for expressing concerns

Workers can express concerns through a direct channel to the manager, the general and legal affairs department, or anonymously through an internal application. Also, a third-party channel is available through an external application. Questions put to the manager are immediately resolved orally, while written inquiries to the general and legal services are followed up until they are answered.[123]

Monitoring and supervision of the questions asked and processed

Through the application, we provide an overview of the questions raised and processed. Questions raised directly to the manager are resolved immediately, while written inquiries to the general and legal departments are recorded and the timeliness of responses is monitored. We assess the effectiveness of the channel by analysing reports and employee feedback.
We have publicly announced the method for reporting irregularities and relevant regulations and have appointed a confidential person to receive reports. We also have an authorized person to receive and resolve complaints related to worker dignity.
We regularly inform employees about these structures through internal notifications and training and monitor their awareness and trust through feedback. We have established policies to protect whistleblowers and other involved persons from retaliation, ensuring confidentiality and impartiality in the treatment.[124]

S1-4 – Taking measures for significant impacts on own workforce, approaches to managing significant risks and realizing significant opportunities related to own workforce, and the effectiveness of these measures
In the reporting year, we took the following key measures to prevent and mitigate negative impacts on employees, identified through the assessment of dual significance on employees:[125]

[121]S1-1 AR 24.e), S1-4. AR 43.
[122]S1-1 32. a),c)
[123]S1-1 32. b),d)
[124]S1-3 33., 34.
[125]S1-4 37., 38. a), MDR 68. a), b)

Increasing material benefits

Expected outcomes:

- Greater employee motivation and engagement.
- Increasing employee satisfaction, which can result in lower turnover rates and higher engagement.
- Attracting new candidates thanks to additional benefits.

Rewards for successful referrals can increase the pool of qualified candidates, while financial assistance for new-borns and mentoring allowances demonstrate concern for employees' personal and professional goals. This also contributes to a sense of value and belonging to the Group, thereby achieving loyalty and motivation goals.

Improving the balance of business and private life

Expected outcomes:

- Better work-life balance increases employee satisfaction, reduces stress, and increases productivity.
- Employees feel supported and respected, which can reduce turnover

By allowing flexible working hours and working from home, employees can better balance family and professional responsibilities, which leads to greater satisfaction and engagement. An additional day off for parents of first graders further facilitates family adjustments, which contributes to long-term employee loyalty.

Improving the working environment

Expected outcomes:

- A positive atmosphere in the team, which leads to better interpersonal relationships and stronger cooperation.
- Increased productivity, motivation and reduced stress
- Reduced employee turnover
- Attracting qualified workers

The introduction of coffee machines and the organization of team building activities contribute to a more relaxed working atmosphere and better employee bonding.

Employee development and evaluation system

Expected outcomes:
- Increasing the qualifications of workers,
- better adaptation of the workforce to the labour market,
- faster integration process of new employees,
- clearer and fairer evaluation of employee performance, which improves professional development
- reducing the need for external experts

Implementing onboarding systems and mentoring programs helps new employees integrate into the work environment more easily and quickly, improving their experience and reducing initial stress. Employee appraisals contribute to clarity regarding expectations, provide employees with feedback for improving their work, and enable the recognition of excellent employees, which strengthens their engagement and motivation. Organizing seminars, educational programs for training. Qualified employees can perform more complex tasks, which reduces the need for additional employment and increases competitiveness and quality of work.

Employee turnover analysis

Expected outcomes:
- Collecting useful data to identify the causes of employee turnover.
- Increasing employee retention through improving working conditions.

By conducting surveys and analysing exit interviews, we gain insight into the reasons why employees leave the Group. Based on this data, we take concrete steps to improve working conditions and ensure better employee retention.

Setting up cameras, alarms and access control:

Expected outcomes:
- Increased safety and a sense of security among employees.
- Reduced risks of accidents and security threats.

By implementing cameras, alarms and access control systems, we ensure a safer working environment for our employees. People who monitor the entrances and exits of the facility help monitor security, thereby increasing the feeling of security among employees. This approach reduces the risk of accidents.

Automation and digitalization and reduction of overtime

Expected outcomes:
- Increasing efficiency,
- reducing human errors
- increasing the speed of completing tasks.

Implementation of new technologies, procurement of automated equipment, training of workers to work with new tools. Automation enables a reduction in the need for manual workers in some areas and overtime, thereby reducing the pressure on employment and increasing the Group's competitiveness.

Protection of employee personal data[126]

Expected outcomes:

- Compliance with GDPR and other relevant data protection regulations
- Restricted access to personal data to authorized persons only.
- Transparency policies, so employees know how their data is being used.
- Anonymizing data, when possible, to protect employee privacy.
- Clear internal regulations on the use of employee data for analytics and business decisions.

The Group strictly adheres to the General Data Protection Regulation (GDPR) and other relevant regulations, ensuring that all procedures are in line with legal requirements. Furthermore, access to personal data is strictly limited to authorized persons, thereby minimizing the risk of unauthorized use or disclosure. Transparency is a key component of these measures, and the Group implements policies that provide employees with clear information about how their data is used. Whenever possible, data is anonymized to further protect employee privacy. Finally, the Group has established clear internal policies that govern the use of employee data for analytics and business decision-making purposes, ensuring that every step is taken with ethical standards and employee well-being in mind.

Conducting training related to occupational safety and workplace risk assessment

Related effects: occupational safety and fires and explosions.
Expected outcomes: Reduction of occupational injuries.

The above measures apply to all employees, with adjustments for specific groups (e.g. parents, mentors, workers with specific needs), and are being implemented continuously, with some already implemented (e.g. material benefits, adjusted working hours), while others are being gradually introduced (e.g. additional teambuilding activities, flexible working). The implemented measures have already resulted in an improved working atmosphere, and their effectiveness is continuously monitored through the analysis of employee feedback and exit surveys. Confidential whistleblowers have been appointed to ensure legal redress and worker dignity, and the procedures have been made public.[127]

The process of determining the necessary and appropriate measures is based on collecting information from workers and managers. The specific actual or potential negative impact on the workforce is analysed, and based on this data, appropriate measures are taken to prevent or reduce the risk, such as training, adjustment of working conditions, medical assistance or changes to the work process.[128]

The process of determining the necessary and appropriate measures involves identifying adverse impacts through feedback from workers and managers. It includes an analysis of monetary resources, human resources, and specific individuals responsible for specific tasks, such as those responsible for occupational health and safety, and team members who verify compliance with obligations (e.g. wearing protective equipment). Dedicated resources for privacy are also included, depending on the nature of the adverse impact. Based on this information, appropriate measures are taken to reduce or eliminate the risks.[129]

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[126] S1-4 41
[127] MDR 68. b), c), d), e)
[128] S1-4, 39
[129] S1-4, 43

To mitigate the risk of labour shortages, we are implementing several key measures:[130]

- Expanded recruitment and referral programs: We have introduced rewards for successful referrals to motivate our employees to bring in new candidates and expand our team with qualified workers.
- Mentoring system: We have provided additional fees for mentors who help newly employed persons, thereby speeding up their integration process and increasing the chances of retaining new employees.
- Flexibility and work-life balance: We have enabled flexible working hours, working from home, and an additional day of vacation for parents of first-year students, creating a more attractive work environment that meets the diverse life circumstances of employees.
- Employee development: We have implemented an onboarding system for new employees, as well as an assessment system that helps identify talents and enables their professional development within the Group.
- Improving working conditions and well-being: Investing in better working conditions, such as teambuilding activities and improving material benefits, increases employee satisfaction and reduces turnover.

Given that the assessment of double materiality under the ESRS was conducted for the first time this year, we have not currently integrated this risk into our existing risk management systems.[131]

The implementation of the above measures did not require significant expenditures at the Group level.[132]

The process of determining the necessary and appropriate measures is based on collecting information from workers and managers. The specific actual or potential negative impact on the workforce is analysed, and based on this data, appropriate measures are taken to prevent or reduce the risk, such as training, adjustment of working conditions, medical assistance or changes to the work process.[133]

S1-5 – Target values related to managing significant negative impacts, fostering positive impacts, and managing significant risks and opportunities

The Čakovečki mlinovi Group has not adopted targets related to its own workforce. In 2024, the Group conducted a dual significance assessment for the first time, the results of which showed significant impacts and risks related to its own workforce, so this analysis will only serve to enable the Group to adopt strategic guidelines and targets related to its own workforce.[134]

We do not monitor the effectiveness of our policies and measures in relation to significant impacts and risks arising from sustainability as we do not currently have established targets. Therefore, we do not have specific monitoring procedures.

We do not have a set level of ambition or qualitative or quantitative indicators to assess progress. We do not currently use a reference period to measure progress.

[130] S1-4, 40 a)
[131] S1-4, AR 47
[132] MDR-A 69 c)
[133] S1-4 39.
[134] S1-5, ESRS 2, 72

S1-6 - Characteristics of Group employees

Sex	Number of employees
Men	501
Women	1,786
Else	-
Not reported	-
Total employees	2,287

Reporting period 1.1.2024 - 31.12.2024.				
Čakovec Mills Group	MEN	WOMEN	NOT PUBLISHED	TOTAL
Number of employees (number)	501	1,786		2,287
Number of permanent employees (number)	417	1,554		1,971
Number of temporary employees (number)	82	235		317
Number of employees with non-guaranteed working hours (number)				
Number of full-time employees (number)	470	1,752		2,222
Number of part-time employees (number)	31	34		65

In the reporting period, there were 482 employee departures at the end of the period and the total number of employees at the end of the period was 2,287. Based on this number of departures (482/2,287), the average turnover rate was 21%.

For employee characteristics indicators, the number of employees at the end of the reporting period, or on 31.12.2024, was used.[135]

To properly understand employee turnover data, it is important to provide additional information that explains the specific reasons for changes in the number of employees:[136]

Reasons for fluctuation:

Employee turnover in the Group is primarily a consequence of the shortage of labour, both at the national level in the Republic of Croatia and in the Međimurje County. The proximity of neighbouring countries such as Slovenia, Austria and Germany additionally affect the labour market, encouraging worker mobility. In addition, turnover is also driven by intense competition in the labour market and the development of strong industrial sectors, which makes it difficult to retain qualified personnel. Factors contributing to turnover include the expiration of fixed-term contracts, retirement, mutual termination of employment and extraordinary dismissals.

[135] S1-6, 50 days)
[136]

S1-10 – Appropriate salaries

Everyone in the Group receives wages in accordance with labour law, meaning no one has an income lower than the legally prescribed minimum wage.

S1-14 – Health and safety indicators

All Group employees are covered by the health and safety management system.[137]

There were 30 work-related injuries, with no work-related fatalities, in 2024. The injury rate is 13.11 per 1,000 employees, indicating a relatively low number of accidents at work.

S1-17 - Cases, complaints and serious impacts related to human rights

There were no complaints during 2024, nor any discrimination including harassment, nor any human rights violations in the observed period.

S4 Consumers and end users

S4-1- Consumer and end-user policies

The group has not adopted an independent policy related to customers and end users, but the issues of customers and end users are regulated by the internal act Sales procedure as part of the ISO 9001 standard.[138]

S4-2 – Procedures for engaging with consumers and end users regarding impacts

Collaboration takes place directly with consumers and end users, as well as with their legitimate or trusted representatives who have insight into their needs and situation. This approach allows the Group to better understand users' needs and adapt its products and services to meet their specific requirements and increase satisfaction rates.[139]

Cooperation with consumers and end users takes place through several key phases:[140]

- **Product/service development phase:** In this phase, the Group collaborates with users to gather feedback and understand their needs, which enables the development of a product or service that will meet market demands.
- **Marketing and sales phase:** The collaboration includes activities such as product promotion, educating users about its benefits, and providing support during the purchasing decision-making process.
- **Post-sales support phase:** After the sale, the collaboration continues through customer support, resolving complaints, and providing additional information to ensure customer satisfaction and encourage loyalty.

[137]S1-14, 80 a
[138]S4-1, AR 10, 15
[139]S4-2 20. a)
[140]S4-2 20. b)

The type of collaboration varies from direct communication through various channels (phone, email, social media) to organizing workshops, webinars or focus groups. The frequency of collaboration depends on the phase and needs of the user; it can be a one-time event during a specific phase or continuous throughout the entire life cycle of the product or service.[141]

Key functions and roles responsible for achieving collaboration with consumers include:[142]

- **Marketing:** Responsible for developing strategies for attracting and retaining customers, implementing marketing campaigns and analysing market trends.
- **Sale:** Focused on direct interaction with users, understanding their needs and providing solutions that meet those needs.
- **Customer service:** Provides post-purchase customer support, resolves complaints, and ensures a high level of customer satisfaction.
- **Product development:** Collaborates with users to gather feedback and integrate it into the development process of new products or services.

These functions ensure that the results of customer engagement are integrated into the Group's strategy and are continuously adapted to meet changing market needs.

All agreements or outcomes of collaboration, such as increased customer satisfaction, increased sales, or reduced complaints, are carefully analysed to inform future strategies and ensure continuous adaptation to customer needs.[143]

The Group does not take measures to gain insight into the perspectives of consumers and/or end users who may be particularly vulnerable to the effects and/or marginalized.[144]

S4-3 – Procedures for remediation of adverse effects and channels through which consumers and end users can express concerns

The Group conducts internal investigations to determine the cause of adverse impacts and takes measures to correct the procedures or change the business practices that led to these impacts. Depending on the results of the investigation, the responsible persons face appropriate sanctions or training for improvement.[145]

In the event that the Group determines that its actions have had a significant adverse impact on consumers and/or end users, the following steps are taken to ensure appropriate remedies:[146]

1. Active recognition and recognition of problems: The Group immediately recognizes and acknowledges the negative effects of its products or services on consumers. This step involves analysing the situation and identifying the cause of the problem.

2. Consumer information: Consumers are informed in a timely manner about the problem that has arisen, including information about the nature of the effect, possible consequences and steps the Group is taking to correct the situation.

[141] S4-2 20. b)
[142] S4-2 20. c)
[143] S4-2 20. d)
[144] S4-2 21.
[145] S4-3 23.
[146] S4-3 25. a)

3. Provision of appropriate legal remedies: The Group provides consumers with access to legal remedies, such as:

- **Product repair or replacement:** If the product is defective, the option of free repair or replacement is provided.
- **Price reduction or refund:** In cases where repair or replacement is not possible, consumers are offered a price reduction or a full refund.

The Group has established various channels to enable consumers and end users to directly express their concerns or needs. These channels include email address telephone contact.[147]

The group actively collects feedback through various channels, such as user satisfaction surveys and analysis of complaints.[148]

S4-4 – Taking measures for significant impacts on consumers and end users, approaches to managing significant risks and realizing significant opportunities related to consumers and end users, and the effectiveness of these measures

The Group takes the following measures to prevent and mitigate negative effects on consumers:[149]

- Continuous quality control: We implement strict quality control procedures to ensure that our products meet high safety standards. These procedures include regular analyses of product composition and safety, as well as monitoring the microbiological integrity of raw materials.

- Proactive consumer education: Through marketing campaigns and educational initiatives, we inform consumers about the importance of healthy eating and safe consumption of our products.

The Group has taken the following measures to provide legal redress for consumers:[150]

- Introduction of a complaints system: A clear system for submitting complaints through our official channels (email, phone call, online platforms) has been introduced so that consumers can quickly and efficiently report any dissatisfaction with products or services.
- Return and complaint policy: We have provided a policy that allows for product returns or replacements if consumers are not satisfied with the purchased products, thus providing them with a legal and quick legal remedy.

The Group does not currently have measures in place to assess the implementation of the impacts.[151]

The Group has not established target values related to consumers and end users. The measures will be determined according to the determination of the target values.[152]

[147] S4-3 25. b), 27.
[148] S4-3 25.d)
[149] S4-4 31.a)
[150] S4-4 31.b), 32.c)
[151] S4-4 31.d)
[152] S4-5; MDR-T 80 b

3. *Management information within the sustainability report*

The Group does not have its own Corporate Governance Code or Code of Ethics but adheres to the recommendations and guidelines of the Corporate Governance Code of the Zagreb Stock Exchange.
However, we understand that for the long-term sustainability of the Group, this is an important document that ensures transparency, accountability and compliance with best business practices, and we plan to adopt it in the appropriate medium term.

The establishment, development, promotion and evaluation of corporate culture is based on transparency, responsibility, ethics and compliance with the best corporate practices. Management bodies (Supervisory Board, Board) play an important role in shaping the corporate culture.

The members of the supervisory board and management act in the best long-term interest of the company, not in their own interest or the interest of individual shareholders or other parties. The supervisory board has ensured formal and transparent procedures for the appointment of members of the management board and the supervisory board and for the selection of senior management. Each individual member has the appropriate expertise required for their specific duties. The company has ensured that shareholders and other stakeholders have simple and non-discriminatory access to information about the company's ownership structure, corporate governance mechanisms, and financial and operational results. Members of the supervisory board and management must act with integrity and in accordance with the law and the company's code of conduct and set an example for all employees with their behaviour. Compliance with high standards of business ethics and transparency is ensured.[153]

In the event of illegal behaviour or behaviour that violates internal rules, the Rules on the Internal Reporting Procedure and the Appointment of a Confidential Person have been adopted, which are easily accessible (General and Legal Affairs, Company website). The Rules clearly define the procedure for reporting irregularities, including information on how to file a report, who to contact and what types of reports are covered by the procedure. A Decision on the Appointment of a Confidential Person and their Deputy has been adopted.
The company plans to train and raise awareness among its employees through education on whistleblower rights, reporting procedures, and the importance of complying with whistleblower protection regulations.[154]
A report on irregularities is prepared once a year and presented to the Company's Supervisory Board.

The group does not have an established anti-corruption policy but plans to establish one by the end of 2025.[155]

The Group has established legal standards for financial reporting, which include the obligation to transparently present operations and transactions. The above can help detect and prevent corruption.

It is necessary:

- establish and conduct regular internal audits and supervision to identify and correct potential corruption risks,
- develop and implement a code of ethics that sets high standards of behaviour for all employees, management personnel, suppliers and customers,
- clearly define responsibilities for violating anti-corruption policies and apply appropriate sanctions,
- ensure that the Company complies with all relevant laws and regulations on the fight against corruption.

[153]G1-1 9.
[154]G1-1 10.a)
[155]G1-1 10.b)

Whistleblowers are allowed to submit reports anonymously or with guaranteed confidentiality of their identity. Whistleblowers are protected from all forms of retaliation, including dismissal, demotion, threats, intimidation, discrimination or other adverse actions that would have a negative impact on their work or professional status. The company is obliged to conduct a prompt, impartial and thorough investigation into the whistleblower's allegations. The investigation must be conducted by independent persons, as this ensures objectivity. Whistleblowers are provided with information about the progress and outcome of the investigation. All employees are informed about the procedure and the designated person to whom they can contact regarding the application through notice boards and internal notices.[156]

The riskiest functions in terms of corruption and bribery have not been identified in the Group.[157]

G1-2 Supplier relationship management

Internal acts establish the rules of conduct for internal participants in procurement processes. The Internal Decision on Procedures during the Procurement Procedure and the Invitation to Submit Bids, as well as the Bid Evaluation Form, define the criteria for selecting suppliers, tender procedures and the method of evaluating bids.
All relations with suppliers are regulated by written contracts that define rights, obligations, prices, delivery terms and payment methods. Contracts include clauses on quality, deadlines and liability in case of default.[158]

The risk of delivery delays is addressed by supplier diversification and contractual penalty clauses.
The issue of the supplier's financial stability is carried out by checking the creditworthiness before concluding a contract.
The group prefers to collaborate with multiple SME suppliers to reduce vulnerability.
The Group has not yet established social and environmental criteria as criteria for selecting suppliers.[159] [160]

[156]G1-1 10 c) i. ii.
[157]G1-1 10.h)
[158]G1-2 14.
[159]G1-2 15 a), b)
[160] G1-6 33 a)

G1-6 Payment practices

In Čakovečki mlinovi Inc. - the average delay in paying invoices in 2024 is 5.46 days. It takes an average of 6 days from the day the invoice is entered into the system until it is posted. We do not have separate records for partners by company size. In Trgovina Krk Inc. the average delay is 2 days, we also do not have data by company size. For Radnik Opatija Inc. the following applies: for the main category of suppliers, which accounts for 65% of annual invoices, the payment terms are defined by contracts. 19% are paid upon receipt of the invoice, 43% of invoices are paid within 30 days, 10% within 15 days, 9% within 45 days, 9% within 60 days, while about 10% of invoices are paid within 7 to 20 days.[161]

Regarding the payment terms, they are defined by contract and range from 30 days to 60 days. The average payment days for Trgovina Krk Inc. and Čakovečke mlinove Inc. were calculated based on all invoices received in 2024 that were paid by the date of analysis, while for Radnik Opatija Inc. the methodology is described in detail above..[162] [163]
We have no ongoing proceedings related to late payment.[164]

[161]G1-6 33.a)
[162]G1-6 33.b)
[163]MDR-M 77.a), G1-6 33.d)
[164] G1-6 33.c)

ČAKOVEČKI MLINOVI
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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE SUSTAINABILITY REPORT

In accordance with the provisions of Articles 32 and 36 of the Accounting Act (Official Gazette 135/24), the Management Board of the Čakovečki mlinovi Group is responsible for the preparation of the Consolidated Sustainability Report in accordance with the European Sustainability Reporting Standards (ESRS), and for:

- preparing the disclosures in the section "Disclosures in accordance with Article 8 of Regulation 2020/852 (Taxonomy Regulation)" of the Consolidated Sustainability Report, in accordance with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);
- designing, implementing and maintaining such internal control systems as the Management Board considers necessary to ensure the preparation of the Consolidated Sustainability Report that is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate sustainability reporting methods, as well as making reasonable estimates and judgments regarding individual disclosures, considering the specific circumstances of the Group's operations.

The Management Board is also responsible for the design and implementation of the process for identifying information to be disclosed in the consolidated Sustainability Report in accordance with ESRS, and for disclosing this process in the section "ESRS 2: IRO-1 – Description of the process for identifying and assessing significant impacts, risks and opportunities" and "IRO-2 – Disclosure requirements in ESRS included in the sustainability statement".

This responsibility includes:

- understanding the context in which the Čakovečki mlinovi Group operates and its business relationships and stakeholders;
- identifying actual and potential impacts, both negative and positive, related to sustainability issues, as well as risks and opportunities that affect or could reasonably be expected to affect the Group's financial position, operating results, cash flows, access to financing or cost of capital, in the short, medium and long term;
- assessing the significance of identified impacts, risks and opportunities through the application of appropriate materiality thresholds;
- making assumptions that are reasonable given the circumstances in which the Group operates.

The Consolidated Sustainability Report, which covers pages 26 to 119, has been approved by the Management Board.

In Čakovec, 22 April 2025

For Čakovečki mlinovi Inc.:

Mario Sedlaček
President of the Management Board

Plodinec Franjo

Franjo Plodinec
Member of the Management Bord

Marijan Sršen
Member of the Management Bord

Krešimir Kvaternik
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INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Čakovečki mlinovi d.d.

We have conducted a limited assurance engagement on the Sustainability Report included in section Management Report for the year 2024 of the Annual Report of Čakovečki mlinovi d.d. (the "Company") and its subsidiaries ("the Group") as at 31 December 2024 and for the period from 1 January 2024 to 31 December 2024 (the "Sustainability Statement").

Identification of Applicable Criteria

The Sustainability Statement was prepared by the Management Board of the Company in order to satisfy the requirements of article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards introduced by Commission Delegated Regulation (EU) of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council ("ESRS"), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1; and

- Compliance of the disclosures in subsection *Čakovečki mlinovi – consolidated disclosures in accordance with article 8 of the Taxonomy regulation* within the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Inherent Limitations in Preparing the Sustainability Statement

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

This version of the independent limited assurance report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

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Deloitte.

INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Responsibility of the Management Board of the Company

Management of the Company is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO-1 of the Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the Sustainability Statement, in accordance with article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the ESRS;
- Preparing the disclosures in subsection *Čakovečki mlinovi – consolidated disclosures in accordance with article 8 of the Taxonomy regulation* of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- Designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.

Practitioner's Responsibility

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgment and maintain professional skepticism throughout the engagement.

INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Practitioner's Responsibility (continued)

Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in note ESRS 2 IRO-1.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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 control.

Our Independence and Quality Management

We complied with the applicable independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "Code"). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
    - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
    - reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in note ESRS 2 IRO-1.

INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Summary of Work Performed (continued)

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
    - performing inquiries to understand the Group's control environment, processes and information systems relevant to the preparation of the sustainability statements;
- Evaluated whether material information identified by the Process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performed substantive assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied; and
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with article 32 and 36 of Accounting Act implementing 29(a) of the EU Directive 2013/34/EU, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement is in accordance with the description set out in note ESRS 2 IRO-1; and
- Compliance of the disclosures in subsection *Čakovečki mlinovi – consolidated disclosures in accordance with article 8 of the Taxonomy regulation* of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Other Matter

Our assurance engagement does not extend to information in respect of earlier periods.

Goran Končar

Director and Certified auditor

For signatures, please refer to the original Croatian auditor`s report, which prevails.

Deloitte d.o.o.

22 April 2025

Radnička cesta 80,

10 000 Zagreb,

Croatia

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ČAKOVEČKI MLINOVI D.D.

CONSOLIDATED STATEMENT
ON THE APPLICATION OF THE GROUP'S
CODE CORPORATE GOVERNANCE
FOR 2024

Pursuant to Article 272p, and in conjunction with Article 250a(4) of the Constitution of the Republic of Croatia. of the Companies Act (Official Gazette, No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23, 136/24; hereinafter: ZTD) and Article 25 of the Companies Act. of the Accounting Act ("Official Gazette", No. 85/24, 145/24), the Management Board of the company Čakovečki mlinovi d.d., Čakovec, Mlinska ulica 1, OIB: 20262622069 (hereinafter: the Company), gives the following

CONSOLIDATED STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE

1. The Company voluntarily applies the Code of Corporate Governance jointly developed by the Croatian Financial Services Supervisory Agency and the Zagreb Stock Exchange (hereinafter: the "Code"), which is publicly available on the official website of the Zagreb Stock Exchange (www.zse.hr).

2. In the last year, the Company essentially applied the recommendations set out in the Code, publishing all information whose publication is provided for by positive regulations and the publication of which information is primarily in the interest of the Company's shareholders. The Supervisory Board of the Company established the Nomination Committee and the Remuneration Committee, with the tasks stipulated by the Code. At the same time, in accordance with the provisions of the Audit Act, the Audit Committee operates in the Company.

Detailed explanations related to deviations from individual recommendations of the Code, the Company presents in the Compliance Questionnaire for issuers of shares, which is submitted to the Croatian Financial Services Supervisory Agency and is published on the official website of the Company (www.cak-mlinovi.hr) as well as on the websites of the Zagreb Stock Exchange d.d. and the Croatian News Agency.

The Company plans to continue to make its operations and business results transparent and available to the public during 2025.

3. Supervision over the management of the Company's affairs shall be carried out by the Supervisory Board in accordance with the provisions of the Companies Act. The role of the Supervisory Board is also regulated by the Company's Articles of Association. Members of the Supervisory Board regularly receive detailed information on the management and operation of the Company in order to be able to effectively fulfil their supervisory role. The report of the Supervisory Board on the supervision of the conduct of business shall be submitted to the General Assembly.

The Audit Committee of the Company acts as an independent board. The Audit Committee provides support to the Supervisory Board and the Management Board of the Company in the effective execution of corporate governance, financial reporting and control Liabilities of the Company.

The Company applies the rules on the application of accounting policy, which rules govern the application of procedures and techniques in the presentation of assets, liabilities, principal, income, expenses and financial results of the Company in the basic financial statements.

A description of the basic features of risk management in relation to financial reporting is contained in note 32 – Risk exposure and risk management in the accompanying consolidated financial statements.

4. The ten largest shareholders, as at 31 December 2024:

Ord. number	Shareholder	Number of shares	Share in share capital
1.	MLIN I PEKARE D.O.O.	3,208,066	31.18%
2.	OTP BANKA D.D./ AZ OMF CATEGORY B	2,853,265	27.73%
3.	ERSTE & STEIERMÄRKISCHE BANK D.D./ PBZ CO OMF - KATEGORIJA B	2,391,539	23.24%
4.	ZAGREBAČKA BANKA D.D./ AZ PROFIT OPEN-END VOLUNTARY PENSION FUND	302,624	2.94%
5.	OTP BANKA D.D./ AZ MANDATORY PENSION FUND CATEGORY A	195,403	1.90%
6.	ERSTE & STEIERMARKISCHE BANK D.D./ PBZ CO OMF - KATEGORIJA A	160,732	1.56%
7.	ZAGREBAČKA BANKA D.D./OMNINI CUSTONIČKI ACCOUNT - DOMAĆA PRAVNA	61,534	0.60%
8.	ZAGREBAČKA BANKA D.D./ AZ BENEFIT OPEN-END VOLUNTARY PENSION FUND (1/1)	60,858	0.59%
9.	FIMA-SECURITIES LTD./ NEKIĆ DANKA	46,500	0.45%
10.	OTP BANKA D.D./ OTP INDEKSNI FOND - OIF WITH A PUBLIC OFFERING	39,656	0.39%

The Company is aware of the fact of the establishment of joint operations based on the Agreement on the Regulation of Mutual Relations concluded on September 25, 2023 between the companies: Mlin i pekare d.o.o., Sisak, OIB: 22260862756, Plodinec Ltd., Staro Čiče, OIB: 93116812695, Allianz ZB d.o.o. mandatory and voluntary pension fund management company, Zagreb, OIB: 58384724129, in its own name, and on behalf of certain pension funds under its management, and PBZ CROATIA OSIGURANJE d.d. for management of mandatory pension funds, Zagreb, OIB: 20455535575, in its own name, and on behalf of certain pension funds under its management. In accordance with the provision of Article 293a of the Companies Act, and in connection with the transitional and final provisions of the Act on Amendments to the Companies Act (Official Gazette 136/2024), Art. 37th, parag. 4, within the prescribed deadline, submit an application for the registration of information on the existence of the Agreement on the Regulation of Mutual Relations from 25 September 2023 in the court register, stating the purpose of that contract and the manner of achieving that purpose.

The voting rights of the Company's shareholders are not limited to a certain percentage or number of votes by the Company's Articles of Association of August 30,2023 which was applied during 2024 nor are their time limits for exercising voting rights. Each ordinary share gives the right to one vote at the General Assembly. The Company is authorized to issue ordinary registered shares as well as to issue other types and types of shares in accordance with the positive regulations of the Republic of Croatia and the Company's Articles of Association. The decision on the issue of shares, in accordance with Article 172 of the ZTD, is made by the General Assembly, in accordance with the Company's Articles of Association. The rights and obligations of the Company arising from the acquisition of own shares are exercised in accordance with the provisions of the ZTD and in accordance with the decision of the General Assembly of the Company of 30 August 2021 on granting the Management Board of the Company the authority to acquire and dispose of own shares for a period of five years from the date of the decision.

Amendments to the Company's Articles of Association shall be adopted in the manner determined by the ZTD. During 2024 the General Assembly of the Company did not decide on amendments to the Company's Articles of Association of August 30, 2023.
The General Assembly of the Company operates and has authorizations, and the shareholders exercise their rights, in accordance with the provisions of Companies Act and other applicable regulations.

5. The Management Board of the Company consists of three members. On December 31, 2024 the function of the President of the Management Board of the Company is performed by Mr. Mario Sedlaček, and the functions of a member of the Management Board of the Company are performed by Mr. Marijan Sršen and Mr. Krešimir Kvaternik. During 2024 the members of the Management Board shall conduct the Company's affairs independently and on their own responsibility and represent the Company individually, and certain tasks, exhaustively determined by Article 28 of the Act. of the Company's Articles of Association of August 30,2023and in other cases, when prescribed by law, the Company's Articles of Association, or a decision of the Supervisory Board, they are authorized to undertake only with the prior consent of the Supervisory Board. The Management Board is appointed and recalled by the Supervisory Board for a term of up to five years.

The Supervisory Board of the Company consists of 6 members.
Composition of the Supervisory Board of the Company as of 31 December 2024:

- Damir Metelko, President of the Supervisory Board,
- Franjo Plodinec, Deputy Chairman of the Supervisory Board,
- Igor Komorski, Member of the Supervisory Board,
- Josip Plodinec, Member of the Supervisory Board,
- Mislav Ante Omazić, Member of the Supervisory Board and
- Vanja Kutnjak, Member of the Supervisory Board, workers' representative.

Changes in the composition of the Management Board in 2024

- On March 6, 2024 Nino Varga, President of the Management Board of the Company, submitted his resignation to the Supervisory Board;
- by the decision of the Supervisory Board of the Company of March 6, 2024 Krešimir Kvaternik was appointed to the position of Deputy President of the Management Board, for the term of office from March 7 to October 7, 2024 (the role of Krešimir Kvaternik as the President of the Supervisory Board of the Company during the performance of the function of the Deputy President of the Management Board is in the status of rest);
- by the decision of the Supervisory Board of the Company of October 7, 2024 Krešimir Kvaternik's term of office as Deputy President of the Management Board was extended for the term of office from October 8 to December 31, 2024 (for the same period of time, the status of suspension of Krešimir Kvaternik's position as President of the Supervisory Board was continued);
- On November 28, 2024 Krešimir Kvaternik resigned from the position of Deputy President of the Management Board of the Company (as well as from the position of member and President of the Supervisory Board of the Company);
- By the decision of the Supervisory Board of the Company of November 28, 2024Mario Sedlaček was appointed President of the Management Board of the Company, and Krešimir Kvaternik was appointed a member of the Management Board. Both members of the Management Board were appointed for a term of office starting from November 29, 2024 to December 31, 2026.

Changes in the composition of the Supervisory Board in 2024

- in the free and direct elections of employees, Vanja Kutnjak was elected as the employee representative to the Supervisory Board of the Company, for a term of 4 years, starting from March 22, 2024replacing the former representative Lidija Posavec;
- On 26 July 2024 Katarina Varga, a member of the Supervisory Board, the Audit Committee, the Nomination Committee and the Remuneration Committee, resigned from the Supervisory Board and its subcommittees as of 28 August 2024;
- by the decision of the General Assembly of the Company of August 28, 2024 Josip Plodinec, Franjo Plodinec and Mislav Ante Omazić were appointed to the Supervisory Board;
- On November 28, 2024 Krešimir Kvaternik resigned from the position of member and chairman of the Supervisory Board and subcommittee of the Supervisory Board (he also resigned from the position of deputy chairman of the Management Board of the Company). Krešimir Kvaternik's position in the Supervisory Board and its subcommittees in the period from 7 March to 28 November 2024 was suspended for the purpose of performing the function of Deputy President of the Management Board of the Company.

As per the Articles of Association of the Company as of 30 august 2023, the General Assembly elects and dismisses six members of the Supervisory Board, while one member of the Supervisory Board is elected, appointed and recalled by the employees of the Company in the manner determined by the regulations of the Republic of Croatia. The Supervisory Board acts as a collegial body at meetings held at least once quarterly, where it discusses and decides on all issues within its competence prescribed by the Companies Act and the Articles of Association of the Company. Decisions of the Supervisory Board shall be made by a majority of the votes cast except in cases where the Statute of the Company for decision-making provides for anything else.

All members of the Supervisory Board are also members of the Audit Committee.

The same members of the Supervisory Board have been appointed to the Nomination Committee and the Remuneration Committee.

There are no restrictions in the executive, management, and supervisory bodies, as well as at all other levels of the Company, regarding gender, age, education, profession, or other similar restrictions.

On General Assembly held on January 15,2025 Decision on amendments of the Article of Association of the Company was passed, as per which significant changes were done in part related to responsibilities and limitations of the Management Board, and responsibilities of the Supervisory Board and General Assembly of the Company.

6. In accordance with the provisions of Article 250 paragraph 4 and Article 272 of the Companies Act, this Statement is a separate section and an integral part of the consolidated annual report on the Group's status for the year 2024.

In Čakovec, April 22, 2025

For Čakovečki mlinovi Inc.:

Mario Sedlaček
President of the Management Board

Franjo Plodinec
Member of the Management Bord

Marijan Sršen
Member of the Management Bord

Krešimir Kvaternik
Member of the Management Bord

ČAKOVEČKI MLINOVI D.D.

CONSOLIDATED
FINANCIAL STATEMENTS
FOR YEAR 2024

RESPONSIBILITY OF THE MANAGEMENT BOARD FOR THE PREPARATION AND APPROVAL OF THE ANNUAL REPORT

The Management Board of Čakovečki mlinovi Inc., as the Management Board of the parent company of the Group (the "Management Board"), is obliged to prepare consolidated financial statements for each business year, which give a true and faithful view of the Group's financial position and the results of its operations and cash flow, in accordance with applicable accounting standards, and is responsible for keeping appropriate accounting records that enable the preparation of financial statements at all times.

The Management Board is responsible for selecting appropriate accounting policies that are in accordance with the International Financial Reporting Standards adopted in the European Union and for their consistent application, making reasonable and prudent judgments and estimates, and preparing financial statements based on the going concern principle, unless the assumption that the Group will continue to operate is inappropriate.

The Management Board reasonably expects that the Group has adequate funds to continue operations in the foreseeable future. For this reason, the Management Board continues to accept the principle of unlimited operating time in the preparation of consolidated financial statements.

The Management Board's responsibilities in preparing the consolidated financial statements include the following:

- the selection and consistent application of appropriate accounting policies;
- making reasonable and prudent judgments and assessments;
- acting in accordance with applicable accounting standards, and
- Preparation of financial statements under the assumption of indefinite time of business.

In accordance with the Accounting Act, the Management Board is obliged to prepare an Annual Report containing annual financial statements, management report and corporate governance statement. The Management Report and the Corporate Governance Statement have been prepared in accordance with the requirements of Articles 21, 22, 24 and 25 of the Accounting Act. Also, the Management Board is responsible for the preparation of the Sustainability Report, in accordance with Articles 32 and 36 of the Sustainability Act. Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU. The Management Board has the overall responsibility for taking steps reasonably available to it to enable it to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

The Management Board is responsible for submitting the Group's Annual Report, which includes the annual financial statements, to the Supervisory Board, after which the Supervisory Board needs to approve them for submission to the General Meeting of Shareholders for acceptance.

Consolidated financial statements are prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"), presented on the following pages, are approved by the Management Board as of 22 April 2025 and submitted to the Supervisory Board for approval.

In Čakovec, April 22, 2025

For Čakovečki mlinovi Inc.:

Mario Sedlaček
President of the Management Board

Franjo Plodinec
Member of the Management Bord

Marijan Sršen
Member of the Management Bord

Krešimir Kvaternik
Member of the Management Bord

STATEMENT OF RESPONSIBLE PERSONS
FOR THE PREPARATION OF FINANCIAL STATEMENTS

Based on the provisions of Article 462. of the Capital Market Act (Official Gazette 65/18, 17/20, 83/21, 151/22, 85/24), the President of the Management Board of the Company, Mario Sedlaček, and the members of the Management Board of the Company, Marijan Sršen and Krešimir Kvaternik, give the following statement:

To the best of our knowledge:

- The consolidated financial statements for 2024 have been prepared in accordance with IFRS and provide an objective view of the issuer's assets and liabilities, financial position, profit or loss.

- The Consolidated Management Report for 2024 contains a truthful view of the development and results of operations and the position of issuers and companies included in the consolidation as a whole, with a description of the most significant risks and uncertainties to which they are exposed.

In Čakovec, April 22, 2025

For Čakovecke mlinovi Inc.:

Mario Sedlaček
President of the Management Board

Marijan Sršen
Member of the Management Bord

Plodinec Franjo

Franjo Plodinec
Member of the Management Bord

Krešimir Kvaternik

Krešimir Kvaternik
Member of the Management Bord

Deloitte d.o.o.
ZagrebTower
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Čakovečki mlinovi d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Čakovečki mlinovi d.d. and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and 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 (IFRS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and Regulation (EU) 537/2014 of the European Parliament and of the Council, dated 16 April 2014, on specific requirements regarding statutory audit of public-interest entities. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code) and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is that matters that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. That matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on that matter.

This version of the auditor`s report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

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Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

Recognition of sales revenue	
For the accounting framework see Note 2 *"Significant accounting policies"*, section 2.17 *„Revenue recognition"*. For additional information related to the identified key audit matter, see note 4 to the consolidated financial statements.	
Description of the Key audit matter	**How we addressed Key audit matter**
As of 31 December 2024, sales revenue amounted to EUR 200,450 thousand (2023: EUR 193,148 thousand). In accordance with International Financial Reporting Standard 15 - *Revenue from Contracts with Customers* ("IFRS 15"), the Company recognizes sales revenue when control of the products and goods is transferred to the customer, or when the obligation is fulfilled, in an amount that represents the consideration to which the Company expects to be entitled in exchange for the agreed products and goods. Revenue is measured on a net basis, net of rebates and other trade allowances to customers. Management includes various judgments when estimating rebates due to the complex nature of trade agreements and customer relationships. The timing of revenue recognition is affected by different shipping terms agreed with different customers, and the risk of recognizing sales revenue in the wrong period is higher at year-end. Sales revenue is one of the key performance indicators of the Company and the Management Board, and as such is exposed to the risk of Management's override to encourage the recognition of revenue before the conditions are created and before the transfer of control over products and goods to the customer. We consider this area to be a key audit matter during our audit of the separate financial statements for the year ended 31 December 2024 due to the possible significant effects on the financial statements if revenue is not properly calculated and recognized in a timely manner.	In order to respond to the risks associated with sales revenue, identified as a key audit matter, we designed audit procedures that enabled us to obtain sufficient appropriate audit evidence to form our conclusion on this matter. We performed the following audit procedures with respect to the area of sales revenue: • Reviewed and inspected accounting policies applied for revenue recognition, and comparing them with the requirements of IFRS 15 – *Revenue from Contracts with Customers*; • Obtained an understanding of the control environment and internal controls established by the Management Board in the process of recognizing sales revenue, including the information technology applications and tools used; •Verified the adequacy of the design and effectiveness of the implementation of the identified internal controls relevant to the revenue recognition process; • Determined the scope and type of substantive testing to verify the correctness of the calculation and recognition of sales revenue; • Substantive testing of the recognition and measurement of sales revenue on a selected sample, with which we verified the accuracy and timeliness of revenue recognition; • Review and vitrification of the sufficiency of disclosures in accordance with the requirements of IFRS 15 - Revenue from contracts with customers.

Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Matter

Consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by other auditor, who issued unmodified opinion on those consolidated financial statements as of April 26, 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. With respect to the Management Report, the Corporate Governance Report, which is included in the Annual Report, we have also performed the other procedures prescribed by the Accounting Act. These procedures include examination of whether the Management Report include required disclosures as set out in the Articles 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in the Articles 22 and 25 of the Accounting Act.

Based on the procedures performed during our audit, to the extent we are able to assess it, we report that:

1) Information included in the other information is, in all material respects, consistent with the attached consolidated financial statements.
2) Management Report has been prepared, in all material respects, in accordance with the Articles 22 and 24 of the Accounting Act, 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.
3) Corporate Governance Report has been prepared, in all material aspects, in accordance with the Articles 22 and 25 of the Accounting Act.

Based on the knowledge and understanding of the Group and its environment, which we gained during our audit of the consolidated financial statements, we have not identified material misstatements in the other information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 control.
- 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 auditor's report to the related disclosures in the consolidated 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 auditor's 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 consolidated financial statements, including the disclosures, and whether the consolidated 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 opinion.

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 control 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF)

Auditor's reasonable assurance report on the compliance of consolidated financial statements (financial statements), prepared based on the provision of Article 462 (5) of the Capital Market Act by applying the requirements of the Delegated Regulation (EU) 2018/815 specifying for the issuers a single electronic reporting format ("ESEF Regulation"). We conducted a reasonable assurance engagement on whether the financial statements of the Čakovečki mlinovi Group for the financial year ended 31 December 2024 prepared to be made public pursuant to Article 462 (5) of the Capital Market Act, contained in the electronic file CKMLgroup-2024-12-31-eng.zip, have been prepared in all material aspects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation and content of the financial statements in line with the ESEF Regulation.

In addition, Management is responsible for maintaining the internal controls system that reasonably ensures the preparation of financial statements without material differences with the reporting requirements from the ESEF Regulation, whether due to fraud or error.

Furthermore, Management is responsible for the following:

- public reporting of financial statements presented in the Annual Report in valid XHTML format
- selection and use of XBRL markups in line with the requirements of the ESEF Regulation.

Those charged with governance are responsible for supervising the preparation of financial statements in ESEF format as part of the financial reporting process.

Auditor's Responsibilities

It is our responsibility to carry out a reasonable assurance engagement and, based on the audit evidence obtained, give our conclusion on whether the financial statements have been prepared without material differences with the requirements from the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with the *International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance for providing a conclusion.

Quality management

We have conducted the engagement in compliance with independence and ethical requirements as provided by the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The code is based on the principles of integrity, objectivity, professional competence and due diligence, confidentiality, and professional conduct. We comply with the *International Standard on Quality Management 1, Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* (ISQM 1) and accordingly maintain an overall management control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and statutory requirements.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Report based on the requirements of Delegated Regulation (EU) No. 2018/815 amending Directive No. 2004/109/EC of the European Parliament and of the Council as regards regulatory technical standards for the specification of the uniform electronic format for reporting (ESEF) (continued)

Procedures performed

As part of the selected procedures, we have conducted the following activities:

- We have read the requirements of the ESEF Regulation;
- We have gained an understanding of internal controls of the Group, relevant for the application of the ESEF Regulation requirements;
- We have identified and assessed the risks of material differences with the ESEF Regulation due to fraud or error;
- We have devised and designed procedures for responding to estimated risks and obtaining reasonable assurance in order to give our conclusion.

Our procedures focused on assessing whether:

- Financial statements included in the consolidated report have been prepared in valid XHTML format;
- Data included in the consolidated financial statements required by the ESEF Regulation have been marked up and meet all of the following requirements:
    - XBRL has been used for markups.
    - Core taxonomy elements stipulated in the ESEF Regulation with the closest accounting meaning were used unless an extension taxonomy element was created in line with the Annex IV of the ESEF Regulation;
    - Markups comply with the common rules on markups in line with the ESEF Regulation.

We believe the evidence we obtained to be sufficient and appropriate to provide a basis for our conclusion.

Conclusion

We believe that, based on the procedures performed and evidence obtained, the financial statements of the Group presented in the ESEF format, contained in the aforementioned electronic file, and based on the provision of Article 462 (5) of the Capital Market Act, have been prepared to be published for public, in all material aspects in accordance with the requirements of articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2024.

In addition to this conclusion, as well as the audit opinion contained in this Independent Auditor's Report for the accompanying financial statements and Annual Report for the year ended 31 December 2024, we do not express any opinion on the information contained in these documents or other information contained in the above-mentioned file.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

Other reporting obligations as required by Regulation (EU) No. 537/2014 of the European Parliament and the Council and the Audit Act

We were appointed as the statutory auditor of the Group by the on General Shareholders' Meeting held on 28 August 2024 to perform audit of accompanying consolidated financial statements. Our total uninterrupted engagement has lasted one year and covers period 1 January 2024 to 31 December 2024.

We confirm that:

- our audit opinion on the accompanying consolidated financial statements is consistent with the additional report issued to the Audit Committee of the Group on 22 April 2025 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

There are no services, in addition to the statutory audit, which we provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

The engagement partner on the audit resulting in this independent auditor's report is Goran Končar.

For signatures, please refer to the original Croatian auditor`s report, which prevails.

Goran Končar
Director and certified auditor

Deloitte d.o.o.

22 April 2025
Radnička cesta 80,
10 000 Zagreb,
Croatia

This version of the auditor`s report is translation from the original, which was prepared in the Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024
(all amounts are presented in thousands of euros)

	Note	2024	2023
Sales revenue	4	200,450	193,148
Other income	4	6,673	6,470
Operating income		**207,123**	**199,618**
Change in the value of inventories of work in progress and finished products	5	163	(99)
Costs of raw materials, materials, energy and raw materials	6	(23,149)	(25,101)
Cost of goods sold		(120,026)	(115,102)
Other external costs	7	(7,970)	(6,655)
Personnel costs	8	(33,345)	(28,889)
Depreciation	16,17,18	(7,254)	(7,707)
Other costs	9	(7,600)	(7,056)
Value adjustments	10	(154)	(191)
Reserve	11	(119)	(101)
Other operating expenses	12	(1,672)	(1,506)
Operating expenses		**(201,126)**	**(192,407)**
Operating profit		**5,997**	**7,211**
Financial income	13	1,066	422
Financial expenditures	13	(137)	(166)
Net financial result		**929**	**256**
Share of profits of the associate	19	1,287	1,336
Profit before tax		8,213	8,802
Corporate Income Tax	14	(1,407)	(1,547)
Net profit		**6,806**	**7,255**
Attributed:			
To the Company's shareholders		6,764	7,248
Owners of non-controlling shares		42	7
Earnings per share for profit attributable to the Company's shareholders during the year (in euros)			
-Basic	15	0.66	0.71
-Diluted	15	0.66	0.71

(all amounts are presented in thousands of euros)

	Note	2024	2023
Net profit		**6,806**	**7,255**
Other comprehensive gains:			
Items that will not be reclassified in profit or loss			
Fair valuation of stocks		121	113
Total Other Comprehensive Profit for the Year, Net Tax		**121**	**113**
Total comprehensive profit for the year		**6,927**	**7,368**
Attributed:			
To the Company's shareholders		6,885	7,361
Owners of non-controlling shares		42	7

The accounting policies and notes below form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ON 31 DECEMBER 2024
(all amounts are presented in thousands of euros)

	Note	31/12/2024	31/12/2023
Assets			
Fixed assets			
Intangible assets		72	33
Tangible assets	16	33,713	33,989
Property with the right of use	17	4,073	4,294
Real Estate Investments	18	481	481
Investments in associates	19	9,079	8,604
Financial assets	20	1,799	1,664
Receivables	23	-	2
Deferred tax assets	21	320	308
		49,537	**49,375**
Current assets			
Inventories	22	25,602	26,382
Non-current assets held for sale	22	184	-
Trades and other receivables	23	8,995	9,709
Financial assets	24	80	625
Cash and cash equivalents,	25	28,833	23,754
		63,693	**60,470**
TOTAL ASSETS		**113,231**	**109,845**

	Note	31/12/2024	31/12/2023
Capital and reserves,			
Share capital	26	13,657	13,657
Reserves	26	3,132	3,246
Fair value reserves	26	2,990	2,869
Retention	26	71,615	65,766
		91,394	85,538
To owners of non-controlling shares	26	(3,823)	(3,865)
		87,571	**81,673**
Commitments			
Long-term liabilities			
Reserve	27	787	861
Rental obligations	28	2,699	2,974
Loan liabilities	28	-	-
Deferred tax liability	29	656	630
		4,142	**4,465**
Short-term liabilities			
Provisions	27	634	441
Lease liabilities	28	1,433	1,438
Borrowings	28	4,177	4,187
Trade payable	30	10,164	12,391
Employee benefit obligations	30	2,078	1,838
Income tax payable	30	2,409	2,949
Taxes, contributions, and other duties payable	30	64	43
Liabilities for advances	30	29	32
Liabilities from equity share in profit	30	530	388
		21,518	**23,707**
TOTAL LIABILITIES AND CAPITAL		**113,231**	**109,845**

The accounting policies and notes below form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(all amounts are presented in thousands of euros)

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		8,213	8,802
Adjustments:			
Amortization	16	7,254	7,707
Impairment losses and (gains)/losses on disposal of assets assets		(47)	7
Value reconciliation of accounts receivable and inventory	10	154	19
Share in the profit of the associated company	19	(1,287)	(1,336)
Income from interest and dividends	13	(940)	(481)
Interest expenses	13	135	213
Provisions	11,27	119	13
Increase in cash flows before changes in working capital		13,601	14,944
Changes in working capital		952	3,239
(Decrease) in liabilities		(450)	(703)
Increase in receivables		681	184
Decrease in inventory	22	721	3,758
Cash generated from operations		14,553	18,183
Cash paid for interest		(132)	(213)
Paid income tax		(1,595)	(804)
NET CASH FLOWS FROM OPERATING		**12,826**	**17,166**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Cash proceeds from the sale of non - current assets		66	71
Cash proceeds from interest		940	357
Cash proceeds from dividends		124	123
Cash proceeds from loans and deposits		15	3,705
Other cash paid from investment activities		(145)	(157)
Other cash proceeds from investment activities		-	27
Cash paid for squeezing out of minority shareholders		-	(1,117)
Cash paid for buying current asset		(5,410)	(6,284)
NET CASH FLOWS FROM INVESTING		**(4,410)**	**(3,275)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repaying the principal of loans and credits	28	(10)	(10)
Repayment of leases liabilities principal amount	28	(2,298)	(1,867)
Dividend paid	26	(1,029)	-
NET CASH FLOWS FROM FINANCIAL		**(3,337)**	**(1,877)**
TOTAL NET CASH FLOW		**5,079**	**12,014**
Cash and cash equivalents at the beginning of the period		23,754	11,740
Cash and cash equivalents at the end of the period	25	**28,833**	**23,754**

The accounting policies and notes below form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(all amounts are presented in thousands of euros)

	Attributable to the capital holders of the parent company							
	Share capital	**Legal reserves**	**Other reserves**	**Fair value reserves**	**Retention**	**Altogether**	**Non-controlling shares**	**Altogether**
Balance on 1/1/2023	**13,657**	**683**	**2,449**	**2,756**	**58,664**	**78,209**	**(2,877)**	**75,332**
Profit/(loss) of the financial year	-	-	-	-	7,248	7,248	7	7,255
Other Comprehensive income	-	-	-	113	-	113	-	113
Total Comprehensive income		-	-	113	7,248	7,361	7	7,368
Dividend	-	-	114	-	(24)	90	-	90
Other changes in equity		-	-	-	(122)	(122)	(995)	(1,117)
As of 31/12/2023	**13,657**	**683**	**2,563**	**2,869**	**65,766**	**85,538**	**(3,865)**	**81,673**
Balance on 1.1.2024.	**13,657**	**683**	**2,563**	**2,869**	**65,766**	**85,538**	**(3,865)**	**81,673**
Transfer to retained earnings	-	-	(114)	-	114	-	-	-
Profit/(loss) of the financial year	-	-	-	-	6,764	6,764	42	6,806
Other Comprehensive income	-	-	-	121	-	121	-	121
Total Comprehensive income	-	-	(114)	121	6,878	6,885	42	6,927
Dividend	-	-	-	-	(1,029)	(1,029)	-	(1,029)
Other changes in equity	-	-	-	-	-	-	-	-
As of 31/12/2024	**13,657**	**683**	**2,449**	**2,990**	**71,615**	**91,394**	**(3,823)**	**87,571**

The accounting policies and notes below form an integral part of these financial statements.

NOTE 1 – GENERAL INFORMATION

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

The share capital of the Company as of the date of issuance of this report amounts to EUR 13,657,177,00 and is divided into 10,290,000 shares without nominal value. The shares of Čakovečki mlinovi d.d., are listed on the Official Market of the Zagreb Stock Exchange under the symbol CKML.

As of December 31, 2024 Čakovečki mlinovi d.d. have three subsidiaries: Trgovina Krk d.d. Malinska, Trgocentar d.d. Virovitica and Radnik Opatija d.d. Lovran (hereinafter: "Čakovećki mlinovi Group" or "Group") and one associated company: Narodni trgovački lanac d.o.o. Soblinec.

The Company's business accounts are opened with:

- Privredna banka Zagreb, d.d. IBAN: HR2623400091116005907,
- Erste & Steiermärkische bank d.d.. Zagreb IBAN: HR4924020061100031817, te kod
- Zagrebačka banka d.d.. Zagreb IBAN: HR9223600001102561339.

GROUP ACTIVITIES

The Group generates the majority of revenues by performing the activities of retail trade, wholesale trade, and production and trade in food products (flour, bread, pastries, biscuits, wafers, pasta, porridge, edible oils).

BODIES OF THE COMPANY

The composition of the Company's bodies as of December 31, 2024 is as follows:

Management
- 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, Chairman 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 Chairman of the Supervisory Board
- Mislav Ante Omazić, independent member of the Supervisory Board

Audit Committee
- Franjo Plodinec, Chairman of the Audit Committee
- Igor Komorski, Deputy Chairman of the Audit Committee (independent member)
- Damir Metelko, independent member
- Vanja Kutnjak, Member of the Audit Committee
- Josip Plodinec, Member of the Audit Committee
- Mislav Ante Omazić, independent member of the Audit Committee

(all amounts are presented in thousands of euros)

NOTE 1 – GENERAL INFORMATION (CONTINUED)

Nomination Committee

- Igor Komorski, Chairman of the Nominations Committee, non-attached member
- Damir Metelko, Deputy Chairman of the Nominations Committee, independent member
- Vanja Kutnjak, Member of the Nominations Committee
- Josip Plodinec, Member of the Nominations Committee

Remuneration Committee

- Igor Komorski, Chairman of the Remuneration Committee, independent member
- Damir Metelko, Deputy Chairman of the Admissions Committee, independent member
- Vanja Kutnjak, Member of the Admissions Committee
- Franjo Plodinec, Member of the Admissions Committee

SUBSIDIARIES AND ASSOCIATED COMPANIES

Name	Headquarters	Principal activity	Accounting method	Direct ownership/ Voting rights 31/12/2024	Direct ownership/ Voting rights 31/12/2023
Trgovina Krk d.d.	Malinska, Croatia	Retail trade	Directly	100%	100%
Trgocentar d.d.	Virovitica, Croatia	Rental properties	Indirectly	49.55% / 52.03 %	49.55% / 52.03 %
Narodni trgovački lanac d.o.o.	Soblinec, Croatia	Wholesale and retail trade	Indirectly	25%	25%
Radnik Opatija d.d.	Lovran, Croatia	Bakery	Directly	100%	100%

On January 10,2023 the Commercial Court in Zadar issued a decision concluding the bankruptcy proceedings against Vražap d.o.o.

On 3 October 2022, the Commercial Court in Rijeka, as the court of the registered office of the acquiring company, issued Decision No. Tt-22/6112-3, by which the merger of the related company TRGOSTIL, d.d. with the acquiring company TRGOVINA KRK d.d. was entered in the court register. Given that Čakovečki mlinovi d.d. was the 76.78% owner of Trgostil Inc., for the purpose of the merger, the share capital of Trgovina Krk d.d. was increased by HRK 25.2 million, by issuing 13,575 new shares that were replaced with the existing shares of Trgostil d.d. owned by its minority shareholders. After the exchange of shares, the share of Čakovečki mlinovi d.d. in Trgovina Krk d.d. was reduced from 100% to 98.13%, following which the procedure of squeezing out minority shareholders of Trgovina Krk d.d. was initiated, which was concluded on April 17, 2023 by registration in the court register of the Commercial Court in Rijeka, upon completion of the procedure of squeezing out minority shareholders, Čakovečki mlinovi is the 100% owner of Trgovina Krk.

NOTE 1A – BASIS FOR PREPARATION

Declaration of Conformity

The Group has prepared these consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS").

Basis of measurement

The Group's financial statements are prepared on the basis of historical cost, excluding financial assets and financial liabilities, which are measured at fair value.

Assumption of indefinite business

These consolidated financial statements have been prepared under the assumption of indefinite period of business, which implies business continuity and the realization of assets and payment of liabilities as part of regular operations.

Use of estimates and judgments

When preparing financial statements in accordance with IFRS. the Management Board of the parent company provides estimates, judgments and assumptions that affect the application of policies and the reported amounts of assets and liabilities, as well as the disclosure of assumed and contingent liabilities at the date of the statement of financial position, as well as the amounts of income and expenses in the reporting period.
Estimates and related assumptions are based on experience in past periods and other relevant factors that are considered justified in the circumstances and the outcome of which constitutes the basis for making judgments about the carrying amounts of assets and liabilities that are not evident from other sources. Actual results may differ from estimates.
The estimates and the associated assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period, or in the period of change and future periods if the change affects current and future periods.

The judgments of the Management Board of the parent company relating to the application of IFRS that have a material impact on the financial statements and estimates with a material risk of possible material adjustment in the coming year are described in note 3. *Key accounting estimates and judgments.*

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION AND DECLARATION OF CONFORMITY

Adoption of new and amended International Financial Reporting Standards ("IFRS") and interpretations

a) First application of new amendments to existing standards in force for the current reporting period -

In the current year, the Group has applied a number of amendments to international accounting standards published by the International Accounting Standards Board ("IASB") and adopted in the European Union ("EU"), which are mandatory for the reporting period beginning on or after 1 January 2024.

Standard	Title and description
Amendments to IAS 1	Classification of liabilities as current or non-current and long-term liabilities with covenants
Amendments to IAS 7 and MSFI 7	Supplier financing agreements
Amendments to IFRS 16	Lease liabilities on sale and leaseback

Their adoption had no significant impact on the disclosures or amounts stated in these financial statements.

b) Standards and amendments to existing standards published by IASB and adopted in the European Union but not yet in force

At the date of approval of these financial statements, the Group has not applied the following new and revised international accounting standards issued and adopted by the EU, but are not yet in force:

Standard	Title and description	EU adoption date
Amendments to IAS 21	Lack of interchangeability	1 January, 2025

The Group does not expect that the adoption of the above Standards will have a significant impact on the Group's financial statements in future periods.

(all amounts are presented in thousands of euros)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1. BASIS OF PREPARATION AND DECLARATION OF CONFORMITY (CONTINUED)

c) New standards and amendments to standards published by IASB but not yet adopted in the European Union

Currently, the standards adopted by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board, except for the following new standards and amendments to existing standards, which have not yet been adopted by the EU on the date of issue of these financial statements:

Standard	Title and description	Adoption status in the EU
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments (IAS effective date: 1 January 2026)	It hasn't been adopted yet
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Edition 11 (IAS effective date: 1 January 2026)	It hasn't been adopted yet
IFRS 18	Presentation and Disclosures in Financial Statements (IAS effective date: 1 January 2027)	It hasn't been adopted yet
IFRS 19	Non-Publicly Owned Subsidiaries: Disclosures (IAS effective date: 1 January 2027)	It hasn't been adopted yet
IFRS 14	Regulatory Deferral Accounts (IAS effective date: 1 January 2016)	The European Commission has decided not to initiate the endorsement process for this interim standard and to await the final standard.
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments	The endorsement process has been postponed indefinitely pending the completion of the research project on the equity method.

The Group does not expect that the adoption of the above Standards will have a significant impact on the Group's financial statements in future periods.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2. BASICS OF CONSOLIDATION

The consolidated financial statements of the Group include the financial statements of Čakovečki mlinovi d.d. (the "Company") and the companies over which Čakovečki mlinovi d.d. controls (subsidiaries) as of and for the year ended 31 December 2024 together the "Group". An investor controls the company in which he invests if he is able to control, or has rights to shares in the earnings of another company, and can influence the amount of earnings distributed by exercising his power over that company.

Investment in subsidiaries
Subsidiaries are all companies over which the Group has control if, on the basis of its participation in it, it is exposed to variable yield, i.e. it has rights to them and the ability to influence the yield by its predominance in that company. The existence and effect of potential voting rights that can currently be exercised or exchanged are considered when assessing whether the Group is controlled by another entity. Investments in subsidiaries are recognized at cost less impairment loss. The Group has a stake in the associated company (25% ownership).

Investment in associates
The group has a stake in a joint venture that is a jointly controlled entity, and investors have an agreement that establishes joint control over the entity's economic activities. The Group recognizes its interest in the joint venture using the cost less impairment loss. An assessment of the value of an investment in a joint venture of the Group is made when there is an indication that this value has been impaired or there are no longer impairment losses recognized in previous periods.

Business mergers
The Group uses the purchasing accounting method for the accounting treatment of business mergers. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets given, the principal instruments issued, and the liabilities incurred or assumed at the date of purchase. The transferred consideration includes the fair value of each item of assets or liabilities resulting from the contingent consideration agreement. The costs associated with the acquisition are disclosed in the statement of comprehensive income as they are incurred. Identifiable assets, liabilities and contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. The excess of consideration transferred, above the fair value of the Group's interest in the acquired identifiable net assets, is disclosed as goodwill. If this is less than the fair value of the net assets of the acquired subsidiary, the difference is disclosed directly in the statement of comprehensive income.

Share method
According to the equity method, investments are initially recognized at acquisition cost and subsequently adjusted to recognize the Group's share of the entity's profit or loss after the acquisition, and the Group's share of movements in the entity's other comprehensive income. Dividends received from associates are recognized as a decrease in the carrying amount of an investment. If the Group's share of losses in an equity investment is equal to or greater than its interest in the entity, including any other unsecured long-term receivables, the Group shall not recognize further losses, unless it has assumed obligations or made payments on behalf of another entity. Unrealized gains arising from transactions between the Group and its affiliates are eliminated to the level of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the transferred assets.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2. BASICS OF CONSOLIDATION (CONTINUED)

Loss of control over subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of the subsidiary and all related non-controlling interests and other capital items are derecognised. Gains or losses are recognised in the income statement. A retained interest in a former subsidiary is measured at fair value when control is lost.

Transactions eliminated in consolidation

Balances and transactions between the members of the Group and all unrealised gains from transactions between the members of the Group were eliminated in the consolidation of the financial statements.

2.3. REPORTING ON BUSINESS SEGMENTS

A business segment is a component of the Group that engages in business activities from which it can generate income and in respect of which it incurs costs (including income and costs related to transactions with other components of the same entity), the business results of which are regularly reviewed by the entity's chief decision-maker in order to make decisions about the resources to be allocated to the segment and to evaluate its business results, and for which separate financial data are available. The Group operates in the business segment of trade as the dominant business segment, and in the segment of food production (milling and bakery), which are not so dominant in the overall business of the Group. The companies within the Group are divided into their own segment, with the exception of the parent company, which has one unit that belongs to the retail segment. An overview of the Group companies is provided in note 1. An overview of the financial indicators of the segments is provided in note 4.

2.4. FOREIGN CURRENCIES

a) Functional and reporting currency

The items included in the Group's financial statements are disclosed in the currency of the primary economic environment in which the Group operates (functional currency). The functional and presentation currency is the EURO.

b) Transactions and balances in foreign currency

Transactions in foreign means of payment are converted into functional currency so that the amounts in foreign means of payment are converted at the exchange rate on the day of the transaction. Gains or losses on foreign exchange differences, which arise on the settlement of these transactions and the conversion of monetary assets and liabilities denominated in foreign currencies, are recognized in profit or loss. Balances of assets and liabilities in foreign currencies are recalculated at the middle exchange rate of the Croatian National Bank on the balance sheet date.

(all amounts are presented in thousands of euros)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are disclosed in the balance sheet at historical cost less accumulated depreciation and impairment. Historical cost includes an expense that is directly related to the acquisition of an asset.
Subsequent expenses are included in the carrying amount of an asset or, where applicable, recognized as a separate asset only if the Group will derive future economic benefits from those assets, and if the cost of the asset can be measured reliably, all other costs for maintenance and repairs are charged to the costs in the period in which they are incurred.

Land and property in preparation are not depreciated. Depreciation of other assets is accounted for using a straight-line method for the purpose of allocating the cost of those assets over their estimated useful life. Depreciation is accounted for each asset until the asset is fully depreciated or up to the residual value of the asset if it is material.

The estimated useful life and annual depreciation rate were determined as follows and did not change in 2024 compared to 2023:

Construction facilities	10 – 40 years	2.5 % - 10%
Plant and equipment	2 – 10 years	10% - 50%
Tools, Operating Inventory & Transport Assets	4 – 5 years	20% - 25%

In the event that the carrying amount of the asset is higher than the estimated recoverable amount, the difference is written off to the recoverable amount. Gains and losses arising from sales are determined by comparing the income and book value of the asset and are included in other gains - net in the profit and loss account.

2.6. INVESTMENTS IN REAL ESTATE

Investments in real estate relate mainly to office buildings and land that are held for the purpose of long-term acquisition of rental income or due to an increase in their value, and are not used by the Group. Investments in real estate are treated as long-term investments, unless they are intended to be sold in the following year and the buyer has been identified, in which case they are classified as current assets.

Investments in real estate are reported at historical cost less accumulated depreciation and impairment provisions, if necessary. The depreciation of buildings is calculated using a straight-line method for the purpose of allocating costs over their useful life (10 to 40 years).

Subsequent expenses are capitalized only when it is probable that the Group will derive future economic benefits from it and when the cost can be measured reliably, all other repair and maintenance costs are charged to the profit and loss account when they are incurred.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7. FINANCIAL ASSETS

The Group classifies its financial assets into the following categories: financial assets at fair value in profit or loss and financial assets at amortised cost. The classification depends on the purpose for which the financial asset was acquired and the cash flow characteristics of the asset. Management determines the classification of financial assets at initial recognition and evaluates that decision at each reporting date.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial assets are held within a business model that has as its object the holding of financial assets for the purpose of collecting contractual cash flows; and
- The contractual terms of a financial asset give rise to cash flows that are exclusively the payment of principal and interest on the remaining principal amount on certain dates.

The verification of whether the contractual terms of a financial asset contain cash flows that are exclusively payments of principal and interest on the remaining principal amount on certain dates is done exclusively at the initial recognition of the financial asset.
If the contractual terms of a financial asset change significantly or a partial or full write-down of contracted cash flows occurs, the financial assets are derecognised and a new financial asset that is subject to re-examination is initially recognised.
The materiality of the change in contractual terms is calculated by applying the original effective interest rate on cash flows due to the change in contract terms. The difference arising from the original contracted cash flows and those calculated in this way is recorded in the comprehensive income statement if it is insignificant, while the significant cash flow is derecognised as stated above. The Group defines the materiality of a change in contractual terms on a qualitative and quantitative level at each change in the terms of an individual contract.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVOSD):

- the financial assets are held within a model whose objective is achieved by collecting contractual cash flows and selling the financial assets;
- The contractual terms of the financial asset give rise to cash inflows that are solely the payment of principal and interest on the remaining principal amount on a given date

All other financial assets are measured subsequently at fair value through profit or loss by default.

When initially recognizing financial assets, the Group shall make use of the possibility to irrevocably determine the following:

- The Group may irrevocably elect to make subsequent changes to the fair value of the equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- A group may irrevocably designate a debt instrument that satisfies the amortized cost measurement criterion or the FVOSD measurement criterion, measurement at fair value through profit or loss if this eliminates or significantly reduces the accounting mismatch (see (iii) below).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7. FINANCIAL ASSETS (continued)

Asset items are classified and measured as shown below:

Description	Classification and measurement
Assets	
Cash and cash equivalents (deposits, commercial papers)	Amortized Cost
Receivables from customers and other receivables	Amortized Cost
Other financial assets	Amortized Cost
Loans and other receivables granted	Amortized Cost
Equity instruments	Fair value through profit or loss, except when using fair value through other comprehensive profit / Other models

(i) Amortised cost and effective interest rate method

The effective interest rate method is a method of calculating the amortized cost of a debt instrument and allocating interest income over a relevant period.

For financial assets, other than purchased or accrued credit impaired financial assets (ie assets that are credit-impaired at initial recognition), the effective interest rate is the rate that accurately discounts estimated future cash receipts (including any fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, over the expected life of the debt instrument or, where appropriate, a shorter period, on the gross carrying amounts of the debt instrument at initial recognition. For credit impaired financial assets purchased or accrued, the loan-adjusted effective interest rate shall be calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument at the initial measurement.

The amortised cost of a financial asset is the amount at which a financial instrument is measured at initial recognition less principal repayments and increased by cumulative amortisation, using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted for any loss.

The gross carrying amount of a financial asset is the amortized cost of the financial asset before adjustment for any loss.

Interest income is recognised using the effective interest rate method for debt instruments that are subsequently measured at amortised cost and at FVOSD. For financial assets, other than purchased or resulting credit-impaired financial assets, interest income is calculated by applying the effective interest rate on the gross carrying amount of the financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on a credit impaired financial instrument improves so that the financial instrument is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7. FINANCIAL ASSETS (continued)

(i) Amortised cost and effective interest rate method (continued)

For purchased or accrued credit-impaired financial assets, the Group recognises interest income by applying a credit-risk-adjusted effective interest rate to the amortised cost of the financial asset at initial recognition. The calculation shall not be reverted to the gross basis even if the credit risk of the financial asset is subsequently improved so that the financial asset is no longer credit-impaired.
Interest income is recognised in profit or loss and is included in Note 13 Financial income.

(ii) Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, where all gains or losses at fair value are recognised in the comprehensive income statement. Net profit or loss recognised in profit and loss includes any dividend or interest earned on financial assets and is included in other gains and losses (Note 13). Fair value shall be determined as described in Note 32.

Impairment of financial assets

On each reporting date, the Group shall measure impairment provisions for a financial instrument to an amount equal to the duration of expected credit losses if the credit risk for that financial instrument has increased significantly since initial recognition.

The measurement of expected credit losses is measured and recognised on the basis of an assessment of the probability and facts of default and loss due to business partner relationships based on historical data and current facts adjusted for forward-looking information such as repayment plans agreed with customers, the amount of payment collateral, etc.

The Group uses the simplified IFRS 9 *Financial Instruments* model and classifies its financial assets with regard to the valuation method in the category of financial assets at amortized cost. This classification is carried out at initial recognition and depends on the business model for managing financial assets and the cash flow characteristics adopted by the Group.

The assessment of future expected credit losses, i.e. the adjustment of the value of financial instruments due to them, is carried out on the basis of the average write-down rate in previous years and its application to non-adjusted financial assets measured at amortised cost at the reporting date.

After the prosecution has been filed and there is objective evidence of impairment based on an event or more that indicates to the Management Board that the contracted cash flows cannot be collected, the value of the said financial assets will be adjusted.

Financial assets are terminated at the moment when the rights to receive cash flows from the financial assets have expired or the rights have been transferred with other rights and responsibilities.

Expected future developments

The Group will include forward-looking data when assessing whether the credit risk of an instrument has increased significantly since initial recognition and when calculating the expected credit loss.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7. FINANCIAL ASSETS (continued)

(ii) Financial assets measured at fair value through profit or loss (continued)

Derecognition of financial assets

A group derecognizes a financial asset when:

(a) expire contractual rights to the cash flows of the financial assets, or

(b) transfers financial assets and the transfer meets the conditions for derecognition

Transfer of financial assets

An entity transfers financial assets in such a way that:

(a) transfers contractual rights to receive cash flows from financial assets, or

(b) retains contractual rights to receive cash flows from financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients in the arrangement.

2.8. LEASES

a) The group is the lessor

Assets leased for business are depreciated over their expected useful life in the same way as other similar assets. Leases, in which the Group is the lessor, are classified as business leases. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards associated with the ownership of the underlying asset. All other leases are classified as business leases.

When the Group is an intermediate lessor, it accounts for the master lease and sublease as two separate agreements. In classifying a lease, the intermediate lessee shall classify a sublease as a financial or operating lease, as follows:
(a) if the main lease is a short-term lease, the sublease shall be classified as an operating lease;
(b) otherwise, the sublease shall be classified on the basis of the right of use arising from the underlying lease and not on the basis of the underlying asset (for example, the asset, plant or equipment that is the subject of the lease).
Rental income from operating leases is recognised in a straight line during the lease period. Initial direct costs incurred at the stage of negotiating and negotiating the terms of the operating lease are attributed to the carrying amount of the leased object and recognised in a straight line during the lease period.
Receivables based on financial leases are recorded as receivables in the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment open balance based on leases.

When a contract includes both lease-related and non-lease-related components, the Group applies IFRS 15 to allocate the contract fee for each component.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8. LEASES (continued)

b) The group is a lessee

Right-of-use assets are included in the same item in which the corresponding underlying assets would be shown if they were owned by the owner, and lease liabilities are reported under long-term and short-term liabilities to suppliers.

The Group assesses whether it is a lease agreement or whether it contains a lease, at the beginning of the agreement. The Group discloses right-of-use assets and the corresponding lease liability in respect of all leases in which it is a lessee, except for all short-term leases (defined as leases with a duration of 12 months or less) and leases of low-value assets (such as tablets and PCs, office furniture and telephones for up to EUR 500). For such leases, the Group recognizes lease payments as an operating expense during the lease term, unless another systematic basis better reflects the timing of the expenditure of the economic benefits of the leased assets.

The lease liability is measured for the first time in terms of the present value of lease payments outstanding at the commencement date, reduced by the use of the lease rate. If it is not possible to determine this rate, the tenant usually uses his borrowing interest rate. The lease payments included in the lease liability measurement include:

- fixed lease payments (including lease payments that are essentially fixed), minus rental incentives received;
- variable lease payments that depend on an index or rate, initially measured by the use of an index or rate in force at the start date of the lease;
- the amount that the lessee is expected to pay under residual value guarantees;
- the price of exercising the purchase option if it is certain that the lessee will exercise that option; and
- payment of penalties for termination of the lease if the lease period reflects that the renter will exercise the option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liabilities (using the effective interest method) and decreasing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes appropriate adjustments to the related right-of-use assets) when:

- the lease period changes or a significant event or significant change in circumstances occurs, resulting in a change in the assessment of the exercise of the purchase option, in which case the lease liability is remeasured by discounting the revised lease payments by applying the revised discount rate;
- lease payments change due to changes in the index or rate, or a change in the expected payment of the guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments by applying the unchanged discount rates (unless the change in lease payments is due to a change in variable interest rates, in which case the revised discount rate applies),
- lease modifications, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured on the basis of the modified lease period so that the revised lease payments are discounted by applying the revised discount rates at the effective date of the amendment.

The Group did not make such adjustments during the periods presented. Right-of-use assets include the initial measurement of the lease liability in question, the lease payment on or before the lease commencement date, minus the incentives received to conclude the operating lease and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8. LEASES (continued)

a) The group is a lessee (continued)

When a Group incurs the costs of dismantling and removing a leased asset, restoring the location of the asset or restoring the underlying asset to the condition required by the terms of the lease, the provision is recognized and measured in accordance with IAS 37. If the costs relate to right-of-use assets, the costs are included in the related right-of-use assets, unless these costs are incurred in the production of inventories.

Right-of-use assets are depreciated over the lease period or useful life, whichever is shorter. If, under a lease, ownership of the underlying asset is transferred, or if the cost of the right-of-use asset reflects that the Group will exercise the option to purchase, the right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins on the lease start date.

The Group applies IAS 36 to determine whether the value of an asset with a right to use is impaired or whether any impairment losses are accounted for, as described in the property, plant, and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liability and right-of-use assets. Related payments are recognized as an expense in the period in which the event or condition giving rise to the payments in question occurred and are included in 'Other external expenses' in profit and loss (see Note 7).

As a practical solution, IFRS 16 allows the lessee not to separate non-lease components and to account for lease-related and non-lease components as a single component. The Group did not use this practical solution. For a contract that contains a lease component and one or more additional non-lease components, the Group is required to allocate the remuneration under the contract to each lease component on the basis of the relative stand-alone price of that component and the total stand-alone price of the non-lease components.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9. INVENTORIES

Stocks of raw materials, materials, merchandise, spare parts, small inventory, packaging and car tires are reported in the business books at the cost of procurement, which include the purchase price, import duties and freight forwarding costs, non-refundable taxes, and other costs that can be attributed to the procurement until the goods are brought to the warehouse. The value of stocks is further reduced by discounts and rebates when they can be allocated to specific products.

Stocks of merchandise in stores are reported at sales prices with the price difference and value added tax included (the so-called retail method).

When selling these inventories, the cost of inventories is determined by deducting the value added tax and the margin from the sale price. The cost of inventories is recognized as an expense of the period and the underlying income. Goods that are damaged during manipulation and storage, as well as goods that lose their use value, are determined through inventory procedures or special commissions and with the approval of the responsible person, and in the amount of permitted write-offs prescribed by the Croatian Chamber of Economy and the approval of the Tax Administration, they are written off at the expense of regular operating costs. The selling price of merchandise is determined on the basis of sales calculations and price lists that are in accordance with the Group's commercial policy.

Inventories are valued at a lower value between acquisition cost and net realisable value, after provisioning for obsolete items. Procurement cost includes all costs related to procurement and is calculated based on weighted average purchase prices. If necessary, the value of damaged stocks and stocks that have passed their expiration date is corrected.

Small inventory, packaging and car tires in use can be included in the costs when their individual value is less than 500 euros and their useful life is less than one year, using the one-off write-off method.

2.10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in cash, current accounts and deposits with banks with an original contractual maturity of up to three months. Cash equivalents are short-term, highly liquid investments that can be exchanged for a known amount of money and are subject to non-material change in value risk and are held with the intention of settling short-term cash obligations rather than for investment or other reasons.

2.11. SHARE CAPITAL

Ordinary shares are presented as principal. Owned shares are presented as treasury shares and are excluded from the principal.
Basic earnings per share is calculated in such that Group net profit is divided by weighted average share of ordinary shares.

2.12. LOANS

Loans or credits are initially recognised at fair value less transaction costs. In future periods, loans or credits are recognised at amortised cost; and any differences between receipts (minus transaction costs) and redemption value are recognised in profit or loss over the life of the loans or credits. The costs of loans or credits that are directly attributable to the acquisition, construction or production of qualifying assets are an integral part of the cost of those assets. Loans or credits are classified as current liabilities, unless the Group has an unconditional right to defer the settlement of the obligation for at least 12 months after the balance sheet date.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13. DEFERRED AND CURRENT PROFIT TAX

The Group calculates the tax liability in accordance with Croatian laws and regulations. The tax expense that is calculated on the result for the year consists of current tax and deferred tax. Current tax represents the expected tax liability calculated on the taxable amount of profit for the business year, using the tax rate in force on the reporting date and any adjustments to the tax liability from previous periods.
The amount of deferred tax is calculated using the balance sheet liability method, on temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements. However, deferred tax is not recognised if it arises from the initial recognition of assets or liabilities in a transaction other than a business combination and which does not affect accounting profit or taxable profit (tax loss) at the time of the transaction.

2.14. EMPLOYEE BENEFITS

a) Liabilities for pensions and other liabilities after retirement

In the course of regular operations, when paying salaries to the Group, it performs regular payments of contributions on behalf of its employees who are members of mandatory pension funds in accordance with the law. Mandatory pension contributions to the funds are reported as part of the cost of salaries when they are calculated. The Group's liability ceases at the moment when the contributions are settled. The Group does not have an additional pension plan and therefore there are no other obligations related to employee pensions. Furthermore, the Group has no obligation to provide any other benefits to employees after their retirement.

For mortality, the Mortality Tables of the Republic of Croatia 2010-2013 issued by the Croatian Bureau of Statistics are used with a correction factor of 75%. The retirement age is determined for each employee, taking into account their current age and total length of service, as well as the statutory retirement conditions. The annual rate of departures from the company for each company was calculated separately. For workers over 50 years of age, the turnover rate is set at 0%.
An overview of actuarial assumptions is given in footnote 27.

The defined benefits are related to the rights set out in the ordinances in each company separately and range from the minimum obligation for the employer to pay the employee the amount of severance pay of EUR 1,400 upon retirement to the maximum obligation for the employer to pay the employee the amount of severance pay at the time of retirement the amount of severance pay to the employee in the amount of three average net salaries in the last three months before retirement at the level of the Republic of Croatia. For the calculation of the amount for the reservation of jubilee awards, the rights range from 199 euros for 10 years of service to 1.6 average net salaries in the Republic of Croatia in the last three months for 40 years of service.

b) Severance pay

Severance pay liabilities are recognized when the Group terminates an employee's employment before the normal retirement date or by an employee's decision to voluntarily accept termination of employment in exchange for compensation. The Group acknowledges severance pay liabilities when it has demonstrably entered into an obligation to terminate the employment relationship with current employees. The projected credit unit method is used to calculate the provisioning for severance payments.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14. EMPLOYEE BENEFITS (CONTINUED)

c) Short-term remuneration of employees

The Group recognises a provision for bonuses when there is a contractual obligation or past practice that gave rise to a derivative obligation. A provision is also recognised for unused annual leave in the amount expected to be paid as a short-term liability if the Group has a current legal or constructive obligation to pay that amount as a result of past service rendered by employees and the obligation can be measured reliably.

d) Other employee benefits

Liabilities based on other long-term employee benefits, such as jubilee bonuses and statutory severance pay, are reported at the net present value of the defined benefit liability at the reporting date. The projected credit unit method is used to calculate the present value of the liability. The corresponding losses or gains on repeated revaluation are recognised immediately in the statement of profit or loss, except for actuarial gains and losses on the remeasurement of defined benefit obligations of employees that are recognised in the statement of other comprehensive income as items that will not be carried forward to profit or loss in subsequent periods.

2.15. PROVISIONS

Provisions for guaranteed costs and litigation are recognized if the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the liability, and if the amount of the liability can be reliably estimated.

Provisions are measured at the present value of the costs that are expected to be required to meet the obligation, using a pre-tax discount rate, which reflects current market estimates of the time value of money as well as the risks that are specific to that liability. The amount of the reservation increases in each period to reflect the elapsed time.

2.16. STATE AID

State aid is not recognised until the fulfilment of the conditions for obtaining state aid and the receipt of aid become realistically certain. State aid is recognised in profit and loss systematically through the period in which the Group recognises the costs to be covered by the aid as an expense. Government aid for which the Group acquires, constructs or otherwise acquires fixed assets is recognised in the consolidated statement of financial position as deferred income and is carried forward to profit and loss systematically and rationally over the useful life of the asset in question. State aid claims to compensate for costs or losses already incurred or to provide immediate financial support to the Group without future related costs are recognised in profit and loss for the period in which they are claimed.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17. REVENUE RECOGNITION

Revenue is recognized as the amount of the transaction price, where the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties. A group recognizes revenue when it transfers control of a product or service to a customer.

Revenue consists of the fair value of consideration received or receivable for products, goods or services sold in the ordinary course of business of the Group. Revenues are reported in amounts that are reduced by value added tax, rebates and discounts that are an integral part of the contract with customers. The Group recognizes revenue when the amount of revenue can be measured reliably, when it is probable that the Group will achieve future economic benefits and when the specific criteria for all of the Group's activities described below are met. Revenue is recognized as follows:

a) Revenues from the sale of products and goods

Revenue is recognised when delivery obligations are satisfied by transferring control of the promised good or service to the customer. Control of the goods is transferred when the goods are delivered to the customer, the customer is in full possession of the goods and there is no outstanding obligation that could affect the buyer's acceptance of the goods. Delivery is made when the goods are shipped to a specific location, and the risks of obsolescence and loss are passed on to the customer. Control of the commodity is usually transferred at a certain point in time.
Revenues from the sale of products and goods mostly include revenues from the sale of flour, bread, pastries, biscuits, waffles, pasta, porridges, edible oils. Revenues from the retail sale of goods are recognised at the time of sale of the goods. Customer. Retail revenues are mostly generated in cash or through credit cards. Reported income includes credit card fees that are reported as part of other operating expenses. The group has defined the payment maturity at 30-60 days.

b) Revenue from services

The services provided by the Group mostly include transport services. Revenue from services is recognised in the period in which the services are performed. If the realization of the service extends over more than one period, the input method (based on the costs incurred) and the output method (based on the units/jobs delivered) are used to measure progress to final execution. The group has defined the payment maturity at 30-60 days.

2.18. FINANCIAL INCOME

a) Interest income

Interest income is recognized on a time-proportional basis using the effective interest rate method.

b) Dividend income

Dividend income is recognized when the right to dividend payment is established.

2.19. DISTRIBUTION OF DIVIDENDS

The distribution of dividends to the shareholders of the Group is recognized as a liability in the financial statements in the period in which they are approved by the General Meeting of Shareholders of the Group.

NOTE 3 - KEY ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates are evaluated on an ongoing basis and are based on experience and other factors, including expectations of future events that are considered acceptable under the current circumstances. The Group makes estimates and makes assumptions about the future. The resulting accounting estimates are, by definition, in rare cases equated with actual results. Below are estimates and assumptions that could give rise to a significant risk of reconciliation of the carrying amounts of assets and liabilities in the next financial year.

a) Impairment of non-financial assets

Assets that are depreciated are reviewed for impairment when events or changed circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the fair value of the asset minus costs to sell or the value of the asset in use, whichever is higher.
The recoverable amount and fair values are usually determined using the discounted cash flow method, which contains reasonable assumptions about the market.
Impairment is based on many factors such as a change in market conditions, an increase in the cost of capital, changes in future financing options, technological obsolescence, replacement costs, amounts paid in comparable transactions and other changes in circumstances that indicate the existence of impairment.
An impairment loss is recognized as the difference between the carrying amount of an asset and its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest cash generating unit.
Non-financial assets, other than goodwill, for which an impairment loss has been reported, are audited at each reporting date for possible reversal of the impairment.

The determination of an impairment (impairment) of an asset involves the use of valuations that include, but are not limited to, the causes, timing, and amount of impairment. The determination of impairment indicators, as well as the estimation of future cash flows and the determination of the fair value of an asset (or group of assets), requires Management to make significant estimates in identifying and evaluating impairment indicators, expected cash flows, applicable discount rates, useful lives and residual value. For details, see Notes 19, 22.

b) Useful life of the asset

Determining the useful life of an asset is based on historical experience with similar assets, as well as anticipated technological developments and changes in broader economic and industrial factors. The adequacy of the estimated useful life shall be reviewed annually, or whenever there is an indication of a significant change in the assumptions. We believe this is an important accounting estimate, as it includes assumptions about technological developments and is significantly dependent on the Group's investment plans. For details, see Notes 16 and 17.

c) Inventories

Inventories are value as per lower of net realizable value of cost of purchase, after impairment for obsolete inventory. Impairment is done on each balance sheet date, depending on inventories expiration date and their usage.

NOTE 3 - KEY ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

d) Expected Loss Model

The assessment of future expected credit losses, i.e. the adjustment of the value of financial instruments due to them, is carried out on the basis of the average write-down rate in previous years and its application to non-adjusted financial assets measured at amortised cost at the reporting date. The Group uses a simplified approach to the allocation of receivables to Level 2 and Level 3 as required by IFRS 9. For loans granted, the Group uses a general approach. Receivables overdue over 365 days were allocated to Level 3.
If they are not collected earlier, all claims are sued within one year from the due date. The analysis of receivables and the corresponding value adjustment showed significant collection of receivables in the first year from the due date and in the following two years through court actions. Historically, these trends are stable and there are no known facts or indications that the trend will change in future periods.

After the prosecution and the existence of objective evidence of impairment based on an event or several that indicate to the Management Board that the contracted cash flows will not be collected, an adjustment of the value of the said financial assets is carried out, in an amount that reflects the stated parameters. The decision on harmonization is made by the Management Board. For details, see Notes 10, 23.

d) Provisions

Provisions are measured at the present value of the costs that are expected to be required to meet the obligation, using a pre-tax discount rate, which reflects current market estimates of the time value of money as well as the risks that are specific to that liability. The amount of the reservation increases in each period to reflect the elapsed time.

For litigations
Provisions for guaranteed costs and litigation are recognized if the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the liability, and if the amount of the liability can be reliably estimated.

For severance pay and jubilee awards
Liabilities based on other long-term employee benefits, such as jubilee bonuses and statutory severance pay, are reported at the net present value of the defined benefit liability at the reporting date. The projected credit unit method is used to calculate the present value of the liability. The corresponding losses or gains on repeated revaluation are recognized immediately in the statement of profit or loss, except for actuarial gains and losses on the remeasurement of defined benefit obligations of employees that are recognized in the statement of other comprehensive income as items that will not be carried forward to profit or loss in subsequent periods.

For unused annual leave
A provision is also recognized for unused annual leave in the amount expected to be paid as a short-term liability if the Group has a current legal or constructive obligation to pay that amount as a result of past service rendered by employees and the obligation can be measured reliably.

NOTE 3 - KEY ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

e) Corporate income tax and deferred tax

The Group is a corporate income taxpayer in Croatia. As part of its regular operations, the Group concludes transactions and makes calculations according to which the final amount of tax cannot be determined with certainty. The Group recognizes liabilities for anticipated possible tax issues in the tax audit, which is based on estimates of whether additional tax liability will arise. If the final tax outcome of these tax issues differs from the amount originally calculated, the resulting differences will affect the provisions for corporate income tax and deferred tax in the period of the final tax decision.

Deferred tax assets are recognized up to the amount that is likely to generate taxable profits sufficient for their use. At each reporting date, the Group reassesses the unrecognized potential deferred tax assets and the recoverability of the carrying amount of the recognized deferred tax assets. For details, see notes 14, 21 and 29.

In accordance with the regulations of the Republic of Croatia, the Tax Administration may review the books and records of the Groups at any time for a period of 3 years after the end of the year in which the tax liability was reported and may introduce additional tax liabilities and penalties. The management of the parent company is not aware of circumstances that could give rise to significant liabilities in this regard.

(all amounts are presented in thousands of euros)

NOTE 4 – REVENUE

Sales revenue by category

	2024	2023
Revenues from the sale of goods	174,589	168,109
Revenue from the sale of products	25,384	24,384
Rental income	328	377
Income from other services	98	176
Other sales revenues	51	102
Total sales revenue	**200,450**	**193,148**

	2024	2023
Sales Revenue - Retail	169,917	162,271
Sales revenues - wholesale	30,533	30,877
Total sales revenue	**200,450**	**193,148**

	2024	2023
Revenue from sales in the domestic market	199,207	191,284
Revenue from sales on the foreign market	1,243	1,864
Total sales revenue	**200,450**	**193,148**

Revenues from rental services in the domestic market

Within these revenues, income from the rental of real estate, parts of real estate, and through short-term and long-term contracts are reported. Contracts concluded with a maturity date of 2025 and onwards, and their annual inflow are given below:

	2024	2023
Up to one year	542	538
Between one and two years	442	494
Between two and three years	345	313
Between three and four years	276	230
Between four and five years	186	147
Over five years	90	130
Total gross	**1,881**	**1,852**

Lease amounts recognized through profit or loss

	2024	2023
Income from operating lease	328	377
Total gross	**328**	**377**

(all amounts are presented in thousands of euros)

NOTE 4 – REVENUE (continued)

Other operating income

	2024	2023
Fees for assortment, position and advertising of goods, etc.	5,112	4,778
Revenue from surpluses	511	329
Compensation for damages – insurance	72	147
Income from the sale of assets and raw materials	65	73
Revenue from the cancellation of provisions and value adjustments	-	107
Revenues from collected written off receivables, etc.	19	37
State grants, donations, awards, subsidies, etc.	15	182
Other income	878	817
Total Other Operating Income	**6,673**	**6,470**

Other income

The most significant part of other revenues are revenues from other services such as revenues from olive processing services and revenues from the purchase of receivables.

Basic information about business by segment

For management purposes, the Group is organized into business units that basically consist of two segments: Trade and Food. Reporting segments are an integral part of internal financial statements. Internal financial statements are regularly reviewed by the Group's Management Board, which is also the main decision-maker and on the basis of which it evaluates business performance and makes business decisions.

Below is basic information on the Group's segments on a consolidated Group basis by reporting segments. The sales revenue shown refers to the revenue generated by total sales, while sales between reporting segments are eliminated during consolidation.

(all amounts are presented in thousands of euros)

NOTE 4 – REVENUE (continued)

Overview by segments

	2024			
	Trade	**Food**	**Eliminations**	**Consolidation**
Operating revenues	183,567	33,916	(10,360)	207,123
Operating profit before depreciation and amortization by segment	10,760	3,253	(761)	13,252
Amortization	7,030	911	(686)	7,254
Financial revenue				1,066
Financial expenses				(137)
Share in the profit of the associated company				1,287
Profit before tax				**8,213**
Profit tax				(1,407)
Profit of the current year				**6,806**

	2023			
	Trade	**Food**	**Eliminations**	**Consolidation**
Operating revenues	176,421	34,015	(10,818)	199,618
Operating profit before depreciation by segment	12,989	2,626	(698)	14,917
Amortization	7,199	1,131	(623)	(7,707)
Financial revenue				422
Financial expenses				(166)
Share in the profit of the associated company				1,336
Profit before tax				**8,802**
Profit tax				(1,547)
Profit of the current year				**7,255**

(all amounts are presented in thousands of euros)

NOTE 5 – CHANGE IN THE VALUE OF INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS

Changes in the value of inventories of unfinished production and finished products as at 31 December 2024 compared to 1 January 2024 affect costs in such a way that part of the current year's costs is retained in inventories in the amount of the increase in the value of inventories, while the decrease in the value of inventories increases the costs of the period. These stocks in 2024 increased by 162,811 thousand euros (in 2023 they decreased by 98,931 euros).

NOTE 6 – COSTS OF RAW MATERIALS, MATERIALS, ENERGY AND RAW MATERIALS

	2024	2023
Raw materials and production materials	16,721	19,023
Energy	5,654	5,886
Spare parts and small inventory	774	192
Total cost of raw materials	**23,149**	**25,101**

NOTE 7 – OTHER EXTERNAL COSTS

	2024	2023
Transport and telecommunication services	1,868	1,658
Maintenance and service services	1,708	1,516
Utilities	1,157	652
Intellectual services and education	867	1,142
Advertising	739	582
Rental costs	431	256
Student services	401	141
Asset protection services	338	362
Other services	461	346
Total other external costs	**7,970**	**6,655**

Intellectual Services

The cost of intellectual services included fees for the statutory audit of the financial statements of the Group and its subsidiaries, contracted in the total amount of EUR 115 thousand (2023: EUR 75 thousand).

Other costs relate to the cost of maintaining the IT system, intellectual services related to potential acquisition projects, legal services and various business consulting services.

Other services

Other services also include the costs of service packaging of goods and products, current occupational safety services, and other similar services.

(all amounts are presented in thousands of euros)

NOTE 8 – EMPLOYEES EXPENSES

	2024	2023
Net salaries	21,901	18,945
Contributions and taxes from salaries	6,833	6,032
Contributions on salary	4,611	3,912
Total staff costs	**33,345**	**28,889**

As of December 31, 2024 the Group had 2,287 employees (2021: 2,249).

NOTE 9 – OTHER COSTS

	2024	2023
Reimbursement of employee expenses, gifts and assistance	5,160	4,632
Banking services and payment transaction costs	1,030	931
Contributions, membership fees and taxes that do not depend on the business result	291	659
Insurance cost	275	277
Supervisory fees	132	97
Advertising costs	79	67
Daily allowances and other costs of business trips	47	39
Legal costs, fees and dunning costs	-	16
Other miscellaneous costs	586	338
Total other costs	**7,600**	**7,056**

Other intangible costs
Other intangible operating costs mostly include expenditures for health surveillance and product inspections, environmental protection costs, etc. fees, and other similar costs.

NOTE 10 – VALUE ADJUSTMENTS

	2024	2023
Value adjustment of current assets	154	191
Total value alignment	**154**	**191**

The value adjustment costs of current assets consist of value adjustments of receivables from customers in the amount of EUR 89 thousand (2023: EUR 191 thousand).

NOTE 11 – PROVISIONS

	2024	2023
Provisions for jubilee awards	114	89
Accruals for unused vacations	5	12
Total provisions	**119**	**101**

(all amounts are presented in thousands of euros)

NOTE 12 – OTHER OPERATING EXPENSES

	2024	**2023**
Deficiencies, calo, decay, breakdown and breakage and write-offs	1,152	1,007
Intermediation	416	373
Costs from the sale of assets, raw materials, and materials, etc.	5	6
Other business expenses	99	120
Total other business expenses	**1,672**	**1,506**

The cost of mediation is the cost of the franchise model that the Group has established with several stores. Other operating expenses are primarily related to donations, and fines for violations.

NOTE 13 – NET FINANCIAL RESULT

Financial income

	2024	**2023**
Exchange differences and other financial income	940	296
Other income from interest	2	2
Other financial income	124	124
Total financial income	**1,066**	**422**

Other financial income is mainly related to interest income on deposits and dividend income from shares in unrelated companies.

Financial expenses

	2024	**2023**
Discount release of IFRS 16	126	123
Interest-based expenses and similar expenses	9	16
Exchange rate differences and other expenditure	2	8
Unrealized losses (expenses) from fine, property	-	19
Total financial expenditure	**137**	**166**
Net financial income	**929**	**256**

(all amounts are presented in thousands of euros)

NOTE 14 – CORPORATE TAX

	2024	**2023**
Current tax	1,393	1,558
Deferred tax	14	(11)
Total cost of income tax	**1,407**	**1,547**

	2024	**2023**
Profit / (loss) before tax	**8,213**	**8,802**
Income tax at 18% (domestic rate)	1,478	1,584
Expenditure not deductible for tax purposes	221	264
Tax-free income	(292)	(301)
Profit tax	**1,407**	**1,547**
Effective tax rate	**17,1%**	**17,6%**

The largest part of tax-deductible expenses relates to unrecognized inventory deficits in the trade segment.

The most significant part of the reduction of the tax base, i.e. non-taxable income refers to reductions on dividends received, cancellations of part of provisions under IFRS 9 and state aid for education and training.

In accordance with local regulations, the tax administration may inspect the books and records of the Group at any time, and may impose additional tax liabilities and penalties.

NOTE 15 – BASIC EARNINGS PER SHARE

	2024	**2023**
Net profit	6,805,601	7,255,348
Average weighted number of shares	10,290,000	10,290,000
Basic and diluted earnings per share	**0.66**	**0.71**

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of ordinary shares.

(all amounts are presented in thousands of euros)

NOTE 16 – TANGIBLE ASSETS

Depreciation and amortization

	2024,	2023,
Depreciation of intangible assets	43	65
Amortization of tangible assets	5,514	5,729
Amortization of right-of-use assets	1,697	1,733
Amortization investment in real estate	-	180
Total depreciation	**7,254**	**7,707**

	Land	Constructio n facilities	Plant, equipment, tools, operating inventory, and transport assets	Assets in the pipeline	Other tangible assets	TOTAL
Purchase Value						
On January 1, 2023,	11,674	82,953	45,379	1,105	830	141,941
Additions	69	9	437	3,625	2,041	6,181
Transfer	(79)	5,582	(2,824)	(2,344)	(335)	-
Disposal	(2)	(5,170)	(441)	(26)	-	(5,639)
On December 31, 2023	**11,662**	**83,374**	**42,551**	**2,360**	**2,536**	**142,483**

	Land	Constructio n facilities	Plant, equipment, tools, operating inventory, and transport assets	Assets in the pipeline	Other tangible assets	TOTAL
Accumulated depreciation						
On January 1, 2023,	-	66,277	41,040	-	830	108,147
Disposal	-	180				180
Transfer	-	(252)	(5,310)	-	-	(5,562)
Depreciation charge	-	2,919	2,810	-	-	5,729
On December 31, 2023	**-**	**69,124**	**38,540**	**-**	**830**	**108,494**
Net book value as of December 31, 2023	**11,662**	**14,250**	**4,011**	**2,360**	**1,706**	**33,989**

(all amounts are presented in thousands of euros)

NOTE 16 – TANGIBLE ASSETS (CONTINUED)

	Land	Constructio n facilities	Plant, equipment, tools, operating inventory and transport assets	Assets in the pipeline	Other tangible assets	TOTAL
Purchase value						
On January 1, 2024	11,662	83,374	42,551	2,360	2,536	142,483
Additions	27	-	264	5,090	267	5,648
Transfer	-	2,951	1,948	(4,117)	(1,180)	(398)
Disposal	-	-	(649)	-	-	(649)
On December 31, 2024	**11,689**	**86,325**	**44,114**	**3,333**	**1,623**	**147,085**

	Land	Constructio n facilities	Plant, equipment, tools, operating inventory and transport assets	Assets in the pipeline	Other tangible assets	TOTAL
Accumulated depreciation						
On January 1, 2024	-	69,124	38,540	-	830	108,494
Transfer	-	-	-	-	-	-
Disposal	-	-	(639)	-	-	(639)
Depreciation charge	-	2,918	2,598	-	-	5,515
On December 31, 2024	**-**	**72,042**	**40,499**	**-**	**830**	**113,371**
Net book value as of December 31, 2024	**11,689**	**14,283**	**3,615**	**3,333**	**793**	**33,713**

The Group's capital investments in 2024 amounted to EUR 5.4 million and are lower than in the same period of the previous year (2023: EUR 6.3 million), given that the previous multi-year investment cycle in Trgovina has been completed.

In the Retail segment, EUR 4.9 million was invested in the opening of new stores and the renovation of existing ones. Capital investments in the Food segment amounted to EUR 0.5 million and relate to the purchase of vehicles for the transport of bakery products and equipment in mill and bakery production.

As of the balance sheet date, the Group has no liens of third parties on real estate.

The book value of temporarily unused real estate, plant and equipment as at 31 December 2024 is EUR 764,581 (as of 31 December 2023: EUR 825,063).

(all amounts are presented in thousands of euros)

NOTE 17 – RIGHT-OF-USE ASSETS

	Construction facilities	Tools, operating inventory, and transport assets	TOTAL
Purchase Value			
On January 1, 2023	8,782	208	8,990
Additions	1,121	-	1,121
Disposals	(223)	-	(223)
On December 31, 2023,	**9,680**	**208**	**9,888**

	Construction facilities	Tools, operating inventory, and transport assets	TOTAL
Accumulated depreciation			
On January 1, 2023,	3,727	134	3,861
Sales & Expense	-	-	-
Depreciation of the current year	1,688	45	1,733
On December 31, 2023,	**5,415**	**179**	**5,594**
Net book value as of 31 December 2023	**4,265**	**29**	**4,294**

	Construction facilities	Tools, operating inventory and transport assets	TOTAL
Purchase Value			
On 1 January 2024,	9,680	208	9,888
Magnification	3,696	63	3,759
Sales & Expense	(5,410)	(45)	(5,455)
On December 31, 2024,	**7,966**	**226**	**8,192**

	Construction facilities	Tools, operating inventory, and transport assets	TOTAL
Accumulated depreciation			
On 1 January 2024,	5,415	179	5,594
Sales & Expense	(3,127)	(45)	(3,172)
Depreciation of the current year	1,673	24	1,697
On December 31, 2024,	**3,961**	**158**	**4,119**
Net book value as of 31 December 2024	**4,005**	**68**	**4,073**

The increases primarily relate to annexes on the extension of the duration or change of the terms of the contract for the existing business premises leased in the Trgovina Krk and to a lesser extent to the contracts for new premises also in the Trgovina Krk.

(all amounts are presented in thousands of euros)

NOTE 18 – INVESTMENT IN REAL ESTATE

	Land
Purchase Value	
On January 1, 2023,	481
Additions	-
Disposals	-
On December 31, 2023,	**481**
Accumulated depreciation	
On January 1, 2023,	-
Transfer	-
Sales & Expense	-
Depreciation of the current year	-
As of December 31, 2023,	**-**
Net book value as of 31 December 2023	**481**

	Land
Purchase Value	
On 1 January 2024,	481
Additions	-
Disposals	-
On December 31, 2024	**481**
Accumulated depreciation	
On 1 January 2024	-
Transfer	-
Disposals	-
Depreciation charge	-
On 31 December 2024	**-**
Net book value as of 31 December 2024	**481**

Investment is guided by the investment cost method, The calculation of depreciation is carried out according to the same method as for the funds used by the Group for its own activities, The fair value of the investment in real estate as at 31 December 2024 is approximately equal to its carrying amount, The Group assesses the fair value of an investment in real estate using the data from Level 3, in accordance with IFRS 13: Measurement of Fair Value, The Group uses an income approach to calculate the fair value of real estate investments,

(all amounts are presented in thousands of euros)

NOTE 19 – INVESTMENTS IN ASSOCIATES

Name	The Group's share of ownership and voting rights 31/12/2024	The Group's share of ownership and voting rights 31/12/2023
Narodni trgovački lanac d.o.o.	25%	25%

Investments in shares refer to investments in the business share of Narodni trgovački lanac d.o.o. At the end of 2020, the Group acquired an additional stake and owns a significant influence of a 25% stake in the company. Since then, the Group no longer considers this interest as part of IFRS 9 (Financial Assets at Fair Value through Other Comprehensive Income-Option), which was classified as other non-current assets in the previous year, but as an investment in an associate in accordance with the provisions of IAS 28 outside the scope of IFRS 9. Also, in 2020, prior to the acquisition of an additional interest in accordance with the provisions of IFRS 9, the Group fairly valued the said interest and reported an increase in fair value reserves within other comprehensive income in the amount of EUR 2,368,744, and EUR 519,960 was reported as deferred tax assets.

In 2024 the Group recognized in the statement of comprehensive profit of the associate in the amount of EUR 1,287 thousand (2023: EUR 1,336 thousand), which represents 25% of the profit after tax of Narodni trgovački lanac d.o.o.

During 2024 Narodni trgovački lanac d.o.o. voted a dividend to the Group in the amount of EUR 812 thousand (2023: EUR 808 thousand), which was paid during the year.

An overview of the movement of the book value of investments in the company Narodni trgovački lanac d.o.o., is given in the following table:

	2024	2023
Investment at the beginning of the period	8,604	8,706
Voted dividend (compensated during the year)	(812)	(808)
Share in the profit of the associated company	1,287	1,336
Investment at the end of the period	**9,079**	**8,604**

The following is an overview of the condensed financial information relating to the affiliate. The condensed financial information below is the amounts presented in the IFRS financial statements of the affiliate.

(all amounts are presented in thousands of euros)

NOTE 19 - INVESTMENTS IN ASSOCIATES (CONTINUED)

	Narodni trgovački lanac d.o.o.	
	31/12/2024 ***Unaudited***	**31/12/2023** ***Unaudited***
Current assets	38,607	37,487
Non-current assets	57,011	17,888
Short-term liabilities	(29,241)	(18,580)
Long term liabilities	(37,638)	(9,947)
The Group's share in the Company's capital	**7,185**	**6,712**
Share of other owners in the capital of the Company	**21,554**	**20,163**
Revenues	238,195	178,339
Profit for year	**5,016**	**5,318**
Other comprehensive income attributable to the owners of the Company	-	-
Total comprehensive income	**5,016**	**5,318**
Dividends during the year	**812**	**808**

NOTE 20 - FIXED FINANCIAL ASSETS

	31/12/2024	**31/12/2023**
Equity instruments	1,709	1,560
Loans, deposits, etc,	90	104
Total non-current financial assets	**1,799**	**1,664**

Loans, deposits, etc.

The amount of EUR 90 thousand (2023: EUR 104 thousand) reported in this position refers to a loan to unrelated parties and guarantees provided to a leasing company related to the operating lease of a personal vehicle.

Equity instruments

It refers mostly to investments in equity instruments that are not listed on the stock exchange. The fair value of those instruments is shown in note 32.

(all amounts are presented in thousands of euros)

NOTE 21 - DEFERRED TAX ASSETS

This item shows the effects of temporary tax differences for expenses that were not tax deductible and increased the tax base. It consists of EUR 320 thousand (2023: EUR 308 thousand) on the basis of unrealized loss from fair valuation of shares and value adjustments, provisions for pensions and severance payments, value adjustment of receivables from customers, and tax-deductible depreciation.

	Liabilities based on employee benefits (jubilee and severance pay)	Valuation of financial assets by FV through RDiG	Value matching of inventories and customers	Tax losses	TOTAL
On 1 January 2023	**128**	**35**	**125**	**9**	**297**
Posting in the profit and loss account	2	4	(6)	11	11
On December 31, 2023,	**130**	**39**	**119**	**20**	**308**
On 1 January 2024	**130**	**39**	**119**	**20**	**308**
Posting in the profit and loss account	(5)	-	12	5	12
On December 31, 2024	**125**	**39**	**131**	**25**	**320**

NOTE 22 – INVENTORIES

	31/12/2024	31,12,2023,
Merchandise	20,878	22,175
Raw materials and materials	3,943	3,591
Finished products	763	616
Non-current assets held for sale	184	-
Advances on stocks	17	-
Total Stock	**25,785**	**26,382**

Inventories are reported at acquisition cost or net expected sales value, whichever is lower. On each balance sheet day, a check of damaged and non-compliant stocks is performed. During year 2024, the Group impaired EUR 60 thousand of inventories.

According to the decision of the Management Board of Čakovečki mlinovi, the automatic kneading plant, with a total value of EUR 184,390 was reclassified from fixed assets in preparation to assets intended for sale in 2024.

NOTE 23 – RECEIVABLES FROM CUSTOMERS AND OTHER RECEIVABLES

	31/12/2024	31/12/2023
Long-term receivables	-	2
Short-term receivables	8,995	9,709
Total receivables	**8,995**	**9,711**

(all amounts are presented in thousands of euros)

NOTE 23 – RECEIVABLES FROM CUSTOMERS AND OTHER RECEIVABLES (CONTINUED)

	31/12/2024	31/12/2023
Receivables from customers	8,083	8,968
Claims from the state and other institutions	490	285
Receivables from employees and members of undertakings	122	115
Other receivables	300	343
Total receivables	**8,995**	**9,711**

Receivables from customers

	31/12/2024	31/12/2023
Receivables from customers in the country	9,315	10,108
Receivables from customers abroad	86	145
Correction of the value of receivables from customers	(1,318)	(1,285)
Total receivables from customers	**8,083**	**8,968**

Receivables from customers are reported in the amount of the net invoiced value adjusted for the value adjustment of overdue and risky receivables. The balance sheet for 2024 showed an adjustment in the value of receivables from customers in the amount of EUR 1,318 thousand (2023: EUR 1,285 thousand).

Age structure of receivables of customers in the country and abroad at the balance sheet date:

	31/12/2024	31/12/2023
Not overdue	5,946	6,251
Up to 30 days due	967	1,542
Overdue from 31-90 days	783	1,112
Overdue over 90 days	1,705	1,348
	9,401	**10,253**

Movement of the value correction in the year:

	2024	2023
As of January 1, 2024	**(1,285)**	**(1,294)**
Impairment expense	(89)	(191)
Write - off	43	190
Doubtful receivables collected	13	10
As of December 31, 2024	**(1,318)**	**(1,285)**

Claims from the state and other institutions
It primarily refers to claims from the Croatian Health Insurance Fund (cro. HZZO) for sick leave benefits and claims from the Environmental Protection Fund for refundable compensation.

Receivables from employees and members of undertakings
Within these receivables, the majority of the receivables reported relate to the receivables of subsidiaries on the basis of shortages charged to the responsible persons in stores.

Other receivables

	31/12/2024	31/12/2023
Accrued Revenue Not Due for Collection	232	36
Claims for advances	18	20
Other receivables	50	287
Total other receivables	**300**	**343**

(all amounts are presented in thousands of euros)

NOTE 24 — CURRENT FINANCIAL ASSETS

	31/12/2024	31/12/2023
Given loans, deposits	42	500
Investments in securities	38	38
Other financial assets	-	87
Total short-term financial assets	**80**	**625**

Investments in securities

A securities investment position refers to an investment in shares held for trading that are recorded under the fair value method. A gain or loss arising from a change in the fair value of a financial asset is recognised in the current year's profit or loss account.

Loans and deposits given

In2023deposits with a maturity of less than three months were contracted and reported under note 25, position cash in the bank and cash register. This also applies to year 2024. The remainder of the amount, in both years, relates to claims on bail bonds given.

The Group did not reduce the value of current financial assets for expected credit losses as at 31 December 2024 or 31 December 2023as they are insignificant.

NOTE 25 – CASH AND CASH EQUIVALENTS

	31/12/2024	31/12/2023
Cash on hand and balances with banks	2,856	2,196
Time deposits with maturity less than three months	25,977	21,558
Total Cash and Cash Equivalents	**28,833**	**23,754**

The companies within the Group did not carry out an impairment of money in the bank and cash register for expected credit losses as at 31 December 2024 or 31 December2023as they are insignificant.

All the money in the bank and cash register of the Group Companies can be used without any additional restrictions.

(all amounts are presented in thousands of euros)

NOTE 26 – CAPITAL AND RESERVES

	31/12/2024	31/12/2023
Share capital	13,657	13,657
Reserves from profit	3,132	3,246
Fair value reserves	2,990	2,869
Retained earnings	71,615	65,766
To owners of non-controlling interests	(3,823)	(3,865)
Total capital and reserves	**87,571**	**81,673**

Fair value reserves fin, Assets available for sale

Fair value reserves as at 31 December 2024 amount to EUR 2,990,339 (31 December 2023: EUR 2,869,225) and relate to the measurement gain on investments in shares of unrelated companies and on the measurement of investments in NTL, when acquiring an additional interest and changing the classification to an investment in an associate.

Description	2024	2023
Fair value reserve from measurement of investments in shares of unrelated undertakings	621,595	500,481
Fair value reserve from measurement of investments in an associate (NTL)	2,368,744	2,368,744
Total Capital and Reserves	**2,990,339**	**2,869,225**

Upisani kapital

The share capital as of December 31, 2024 amounts to EUR 13,657,177 (December 31, 2023: EUR 13,657,177) and is divided into 10,290,000 shares (December 31, 2023: 10,290,000 shares) with no nominal value.

Profit reserves

	31/12/2024	31/12/2023
Legal reserves	683	683
Other reserves	2,449	2,563
Total Profit Reserves	**3,132**	**3,246**

The statutory reserve is formed in accordance with Croatian regulations, according to which the Company is obliged to enter the twentieth part (5%) of the profit of the current year into the statutory reserves, until these reserves, together with the capital gain, reach the amount of five percent (5%) of the share capital, This reserve is not distributable. On the basis of the Decision on the distribution of profit in 2018 adopted by the Assembly of the Company, it was determined that a part of the realized net profit for 2017 in the amount of EUR 167,231 will be allocated to legal reserves, in order to reach the amount of 5% of the Company's share capital, which amounts to EUR 682,859, together with the existing legal reserves, which amount to EUR 515,628. Other reserves arose during the privatization of the Company and are the result of the difference between the exchange rate on the day of the decision on privatization and the denomination of the Company's capital from the originally nominated value in German marks to Croatian kuna.

(all amounts are presented in thousands of euros)

NOTE 26 - CAPITAL AND RESERVES (CONTINUED)

Retained earnings or loss carried forward

The profit for the financial year amounted to EUR 6,806 thousand (2023: EUR 7,255 thousand) and was shown in the retained earnings position. Retained earnings excluding profit for the financial year amounted to EUR 64,809 thousand (2023: EUR 58,511 thousand).

Based on the decision of the General Assembly of the parent Group, in 2024 a dividend was paid from profit in the total amount of EUR 1,029,000, while in 2023 there was no dividend payment.

Based on the decision of the General Assembly of the parent company of the Group held on 28/08/2024 the net profit of the parent Group of EUR 856,424 was allocated in full for the payment of dividend.

Owners of non-controlling shares

A non-controlling interest refers to:

	31/12/2024	**31/12/2023**
Trgocentar d.d.	47.97%	47.97%

The share of minority shareholders in the profit/(loss) of the current year is:

	2024	**2023**
Trgocentar d.d.	42	7
Total	**42**	**7**

The share of minority shareholders in the capital of subsidiaries is:

	31/12/2024	**31/12/2023**
Trgocentar d.d.	(3,823)	(3,865)
Total	**(3,823)**	**(3,865)**

(all amounts are presented in thousands of euros)

NOTE 27 – PROVISIONS

Provisions for jubilee awards and retirement severance payments

	31/12/2024	31/12/2023
Long-term part	787	861
Short-term part	634	441
On December 31, 2024	**1,421**	**1,302**

The table below shows the booking trends:

	IAS 19 Reservations	Reservations Unused GO	Reserve
On January 1, 2023	**1,101**	**302**	**1,403**
Cost of increasing reservations	-	23	23
Revenue from reversal of provisions	(109)	(15)	(124)
As of December 31, 2023	**992**	**310**	**1,302**
Cost of increasing reservations	36	157	193
Revenue from reversal of provisions	(67)	(7)	(74)
On December 31, 2024	**961**	**460**	**1,421**

This reservation refers to the estimated long-term income of employees related to severance pay and jubilee bonuses, which is defined by the Collective Agreement. The long-term reservation amount refers to the estimated acquired rights to severance pay and jubilee awards that will be paid after December 31, 2024.

Actuarial estimates were made on the basis of the following main assumptions:

	31/12/2024	31/12/2023
Discount rate	3.09%	3.39%
Turnover rate	9.47% - 18.4%	7.1% - 14%

NOTE 28 – LIABILITIES FOR CREDIT, LOANS AND LEASES

Liabilities for credits and loans

	31/12/2024	31/12/2023
Long-term part	-	-
Short-term part	4,177	4,187
	4,177	**4,187**

Short-term liabilities in the amount of EUR 4,177 thousand (2023: EUR 4,187 thousand) relate to loans with a maturity of less than one year and to liabilities under loans received by Trgocentar d.d. Virovitica, and which were received from companies that are not part of the Čakovečki mlinovi Group.

(all amounts are presented in thousands of euros)

NOTE 28 - LIABILITIES FOR CREDIT, LOANS AND LEASES (CONTINUED)

Obligations under lease agreements

	31/12/2024	31/12/2023
Long-term part	2,699	2,974
Short-term part	1,433	1,438
	4,132	**4,412**

Maturity of the long-term part:

	31/12/2024	31/12/2023
1-2- years	1,110	1,029
2-5 years	1,522	1,686
>5 years	67	259
	2,699	**2,974**

The movement of liabilities for loans and advances and lease liabilities during the year was as follows:

	Credits and loans	Lease obligations
On 1 January 2023	**4,197**	**5,256**
Money Transactions		
Loan repayment	(10)	-
Rent repayment	-	(1,867)
Total Money Transactions	**(10)**	**(1,867)**
Non-monetary transactions		
Release of lease discount	-	123
New lease agreements	-	1,121
Terminations/modifications of lease agreements	-	(221)
Total non-cash transactions	-	1,023
On December 31, 2024	**4,187**	**4,412**

	Credits and loans	Lease obligations
On 1 January 2024,	**4,187**	**4,412**
Money Transactions		
Loan repayment	(10)	-
Rent repayment	-	(2,298)
Total Money Transactions	**(10)**	**(2,298)**
Non-monetary transactions		
Release of lease discount	-	122
New lease agreements	-	4,371
Terminations/modifications of lease agreements	-	(2,475)
Total non-cash transactions	-	2,018
On December 31, 2024,	**4,177**	**4,132**

The total cash outflow from the lease of right-of-use assets to which the Group applies IFRS 16 amounted to EUR 2,298 thousand (2023: EUR 1,867).

(all amounts are presented in thousands of euros)

NOTE 29 – DEFERRED TAX LIABILITY

This position shows the effects of tax differences on the basis of fair valuation of assets through other comprehensive profit in the total amount of EUR 656 thousand.

The path of deferred tax liability in 2024 was as follows:

	Deferred tax liability
On January 1, 2023	**605**
Increases due to the revaluation of financial assets by FV through OCI	25
As of December 31, 2023	**630**
On 1 January 2024	**630**
Increases due to the revaluation of financial assets by FV through OCI	26
On 31 December 2024	**656**

The deferred tax liability in the total amount of EUR 656 thousand (31/12/2023: EUR 630 thousand) consists of EUR 520 thousand (31/12/2023: EUR 520 thousand) of deferred tax liability incurred when acquiring an additional stake in the National Retail Chain (NTL) in 2020, and EUR 136 thousand (31/12/2023: EUR 110 thousand) of deferred tax liability resulting from the fair valuation of financial assets measured at fair value through other comprehensive income.

(all amounts are presented in thousands of euros)

NOTE 30 - ACCOUNTS PAYABLE AND OTHER LIABILITIES (CONTINUED)

	31/12/2024	31/12/2023
Accounts payable	10,164	12,391
Obligations for taxes, contributions, and similar charges	2,409	2,949
Obligations to employees	2,078	1,838
Advance liabilities	64	43
Liabilities based on the share of the result	29	32
Other short-term liabilities	530	388
Total accounts payable and other payables	**15,274**	**17,641**

Accounts payable

	31/12/2024	31/12/2023
Accounts payable to suppliers in the country	9,554	11,906
Accounts payable to suppliers abroad	397	197
Liability for uninvoiced goods	213	288
Total liabilities to suppliers	**10,164**	**12,391**

Liabilities to suppliers mostly refer to liabilities to suppliers on the basis of delivered and invoiced goods, services, fixed assets.
Liabilities for non-invoiced goods mostly relate to the deposit and procurement of cereals in the amount of EUR 163 thousand (2023: EUR 186 thousand).

Obligations to employees

	31/12/2024	31/12/2023
Liabilities for net salaries to employees	1,816	1,621
Other obligations to employees	262	217
Total liabilities to employees	**2,078**	**1,838**

As part of the liabilities to employees, liabilities for net salaries of employees for December 2024 and liabilities for compensation of employees for December 2024which were calculated in the accounting period, and whose payment followed in 2025, were reported.

Obligations for taxes, contributions, and similar charges

	31/12/2024	31/12/2023
VAT liability	1,102	1,406
Corporate income tax liability	350	782
Liabilities for other taxes and contributions	957	761
Total liabilities for taxes, contributions and similar charges	**2,409**	**2,949**

Other short-term liabilities

Other current liabilities, totaling EUR 530 thousand (2023: EUR 698 thousand), included liabilities for accrued costs of services, rebates, fees and other costs charged for the current period.

(all amounts are presented in thousands of euros)

NOTE 31 – RELATIONS WITH RELATED PARTIES

Transactions between the Company and its subsidiaries, which are its related parties, have been eliminated by consolidation and are not disclosed in this note.

As part of its core business, the Company also performs business with an associate, which includes the purchase of goods and services, as well as dividend income.

Key Transactions with an Associate

	Narodni trgovački lanac d.o.o.
Receivable as of 31/12/2024	345
Obligation as at 31/12/2024	1,580
Sales in 2024	2,138
Procurement in 2024	12,385
Other income	5
Dividend income	808

Transactions with the Group's key staff and members of the Supervisory Board

The key management personnel of the Group are the Management Board of the company and the Supervisory Board. There are 6 members of the Management Boards of the Group companies. The salaries and allowances of the members of the Management Board are stated within the staff costs, and the remuneration of the Supervisory Board within other costs.

In 2024 members of the Management Board and the Supervisory Board were paid a total of EUR 1.2 million in salary costs with associated contributions and allowances (in 2023: EUR 974 thousand).

(all amounts are presented in thousands of euros)

NOTE 32 – RISK EXPOSURE AND MANAGEMENT

The term risk means all risks to which the Group is or could be exposed in the course of its business. Risk management includes the identification, measurement or assessment and monitoring of risks, including reporting on the risks to which the Group is or may be exposed in the course of its operations. The Group implements regular risk management measures with regard to the scope and type of activities performed by the Group.

32.1 Financial risk management

The activities that the Group performs expose it to various financial risks: credit risk, liquidity risk, interest rate risk.

	31/12/2024	**31/12/2023**
Long-term financial assets	90	104
Long-term receivables	-	2
Receivables	8,995	9,709
Current financial assets	42	587
Money and cash equivalents,	28,833	23,754
Financial assets at amortised cost	37,960	34,156
Investments in securities	38	38
Financial assets at fair value through profit or loss	38	38
Equity instruments	1,709	1,560
Financial Assets at Fair Value through Other Comprehensive Income - Equity Instruments	1,709	1,560
Total financial assets	**39,707**	**35,754**

	31/12/2024	**31/12/2023**
Lease liabilities	4,132	4,412
Loan liabilities	4,177	4,187
Liabilities towards suppliers	10,164	12,391
Liabilities towards employees	2,078	1,838
Liabilities for taxes, contributions and similar benefits	2,409	2,949
Liabilities for advances	64	43
Liabilities based on the share in the result	29	32
Other short-term liabilities	530	388
Financial liabilities at amortized cost	23,583	26,240
Total financial Liabilities	**23,583**	**26,240**

(all amounts are presented in thousands of euros)

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.1 Financial risk management (continued)

Financial instruments

a) Capital risk management

The primary objective of the Group's capital management is to provide support for the business and maximize shareholder value.
The Group's capital structure refers to the share capital, which consists of subscribed capital, reserves and retained earnings, and as at 31 December 2024 amounted to EUR 87,571 thousand (31 December 2023: EUR 81,673 thousand).

The Group also manages capital to make adjustments in light of changes in economic conditions, In order to maintain or adjust the capital structure, the Group may adjust dividend payments to investors, return capital to investors or increase capital in the context of savings through tax benefits. The Group manages capital risk by monitoring the indebtedness ratio through the debt-to-equity ratio, and by monitoring the return on equity indicators.

Debt indicators

	31/12/2024	**31/12/2023**
Loans and lease liabilities	(8,309)	(8,599)
Cash and cash equivalents and deposits	28,875	24,254
Net debt	(20,566)	(15,655)
Capital	87,570	81,673
Net debt equity ratio	**23.5%**	**19.2%**

There have been no changes in objectives, policies and processes during the years ended 31 December 2024 and 31 December 2023.

(all amounts are presented in thousands of euros)

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.1 Financial risk management (continued)

Financial instruments (continued)

b) Credit risk

The Group's current assets that may give rise to credit risk consist mainly of cash. receivables from customers and other receivables. The Company does not have a significant concentration of credit risk. The Group's sales policies ensure that sales are made to customers who have a proper credit history. The rest of the receivables from customers is not significant due to the dispersion to a very large number of customers, individually small stocks and strict collection and delivery measures by the Group. Part of the receivables is secured by the Group with promissory notes. In order to minimize this risk, the Group's sales policy ensures sales to verified customers with whom there are long-standing relationships and security of collection. Strict billing measures are implemented for new customers. The Group considers that its maximum exposure is reflected in the amount of receivables less the value adjustment recognized at the date of the statement of financial position.

Furthermore, the Group is exposed to credit risk through cash deposits in banks. Risk management is focused on doing business with the most respectable banks in the country, with regular monitoring of available statistical reports of banks and capital adequacy at the CNB.

	31/12/2024	31/12/2023
Receivables from customers	8,083	8,968
Loans and deposits made - short-term	42	500
Money and cash equivalents,	28,833	23,754
Total financial assets	**36,958**	**33,222**

	31/12/2024	31/12/2023
Receivables from customers in the country	9,315	10,108
Receivables from customers abroad	86	145
Total receivables from customers (gross)	**9,401**	**10,253**

Impairment losses and maturity

	31/12/2024	31/12/2023
Receivables from customers in the country	9,315	10,108
Receivables from customers abroad	86	145
Correction of the value of receivables from customers	(1,318)	(1,285)
Total receivables from customers	**8,083**	**8,968**

	Gross amount 31/12/2024	Reduction 31/12/2024	Gross amount 31/12/2024	Reduction 31/12/2024
Not overdue	5,946	(6)	6,251	(96)
Up to 30 days due	967	(2)	1,542	(66)
Overdue from 31-90 days	783	(4)	1,112	(81)
Overdue over 90 days	1,705	(1,306)	1,348	(1,042)
	9,401	**(1,318)**	**10,253**	**(1,285)**

(all amounts are presented in thousands of euros)

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.1 Financial risk management (continued)

Below is information on the credit risk exposure of receivables from the Group's customers using the provisioning matrix:

31/12/2024 **Trade receivables**	**Not overdue**	**0-30**	**31-60**	**61-90**	**91-120**	**>121**	**TOTAL**
Expected Credit Loss Rate	0.25% - 3.2%	0.4% - 8.4%	2.0% - 14.1%	4.9% - 19.0%	8.8% - 28.1%	14.6% - 47.8%	
Estimated total gross Carrying amount of default	6,854	1,328	428	421	298	433	9,762
Expected credit loss	151	76	47	76	81	170	601

31/12/2023 **Trade receivables**	**Not overdue**	**0-30**	**31-60**	**61-90**	**91-120**	**>121**	**TOTAL**
Expected Credit Loss Rate	0.3% - 1.8%	0.4% - 4.6%	1.8 % - 8%	3.9 % - 16.6%	6.6 % - 30.2 %	9.4 % - 44 %	-
Estimated total gross Carrying amount of default	7,296	1,819	1,071	264	146	86	10,682
Expected credit loss	96	66	79	40	33	20	334

The impairment movement of receivables from customers throughout the year was as follows:

	2024	**2023**
As of January 1, 2024	**(1,285)**	**(1,294)**
Value adjustment expense	(89)	(195)
Write - off	43	194
Doubtful receivables collected	13	10
As of December 31, 2024	**(1,318)**	**(1,285)**

(all amounts are presented in thousands of euros)

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.1 Financial risk management (continued)

Financial instruments (continued)

c) Liquidity risk

Liquidity risk management implies maintaining a sufficient amount of money, ensuring the availability of financial resources with an adequate amount of contracted credit lines and the ability to settle all obligations. The Group's goal is to maintain financing flexibility in such a way that the contracted credit lines are available. The finance department regularly monitors the level of available sources of funds. Exposure to liquidity risk is reduced by maintaining a sufficient amount of own funds necessary to settle all liabilities, and by securing appropriate credit lines in the event of a shortage of own funds through planning of known and potential cash outflows and inflows with regard to the regular course of operations, regular monitoring and management of liquidity, determination of appropriate measures to prevent or eliminate the causes of illiquidity and identification of other options.

Liquidity risk analysis

The tables below show the contractual maturities of the Group's financial liabilities and financial assets disclosed in the statement of financial position at the end of each reporting period.
The liquidity risk analysis attached below does not indicate the possibility of a lack of liquidity of the Group in the short term.
Presentation of liabilities and receivables at the balance sheet date according to the expected maturity:

Undiscounted value of contracted cash flows as at 31/12/2024:

	i.r.	Up to 1 year	1-5 years	> 5 years	Total
Trade receivables		8,083	-	-	8,083
Receivables from employees and members of entrepreneurs		122	-	-	122
Receivables from the state and other institutions		490	-	-	490
Other receivables		300	-	-	300
Loans and deposits	0.01% -2.86%	80	-	-	80
Cash and cash equivalents		28,833	-	-	28,833
Total financial assets		**37,908**	**-**	**-**	**37,908**

	i.r.	Up to 1 year	1-5 years	> 5 years	Total
Lease liabilities	2.50%	1,469	11,775	2,327	15,571
Loan liabilities	2.4%-2.68%	4,177	-	-	4,177
Trade payables		10,164	-	-	10,164
Liabilities for taxes, contributions and similar benefits		2,409	-	-	2,409
Liabilities towards employees		2,078	-	-	2,078
Liabilities for advances		64	-	-	64
Liabilities based on the share in the result		29	-	-	29
Other short-term liabilities		530	-	-	530
Total financial Liabilities		**20,920**	**11,775**	**2,327**	**35,022**

(all amounts are presented in thousands of euros)

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.1 Financial risk management (continued)

Undiscounted value of contracted cash flows as at 31/12/2023:

	i.r.	Up to 1 year	1-5 years	> 5 years	Total
Trade receivables		8,968	-	-	8,968
Receivables from employees and members of entrepreneurs		115	-	-	115
Receivables from the state and other institutions		285	-	-	285
Other receivables		343	-	-	343
Loans and deposits		625	-	-	625
Cash and cash equivalents	0.01% -2.86%	23,754	-	-	23,754
Total financial assets		**34,090**			**34,090**

	i.r.	Up to 1 year	1-5 years	> 5 years	Total
Lease liabilities	2.50%	1,474	12,975	3,449	17,898
Loan liabilities	2.4%-2.68%	4,187	-	-	4,187
Trade payables		12,391			12,391
Liabilities for taxes, contributions and similar benefits		2,949			2,949
Liabilities towards employees		1,838	-	-	1,838
Liabilities for advances		43			43
Liabilities based on the share in the result		32	-	-	32
Other short-term liabilities		388	-	-	388
Total financial liabilities		**23,302**	**12,975**	**3,449**	**39,726**

d) Interest rate risk

The Group has significant assets in deposit, so the change in the interest rate is directly related to the realized interest income, the Group's income and cash flow from operating activities can be significantly dependent on changes in market interest rates. The Group's exposure to the risk of changes in the interest rate market is primarily related to loans granted, cash and cash equivalents and cash deposits of the Group, as well as to liabilities under loans and advances.

Deposits are prone to changing the interest rate, by decision of the Bank.

Sensitivity analysis to changes in the value of the interest rate

The following table analyses the Group's sensitivity to a change in the interest rate of 0,5%. The 0,5% sensitivity rate is a rate that represents management's estimate of the realistically possible changes in the interest rate on loans and deposits that are contracted with a variable interest rate. A decrease in i.r. would result in the same amounts, but with the opposite sign.

	31/12/2024		31/12/2023	
	Book value	**Increase by 0.5%**	**Book value**	**Increase by 0.5%**
Loan liabilities	(4,177)	(21)	(4,187)	(19)
Lease obligations	(4,132)	(21)	(4,412)	(22)
Loans and deposits given	25,977	130	22,058	110
Net Amount	**17,668**	**88**	**13,459**	**69**

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.2. Risks of Regular Operations

Market risk

Market risk is related to the appearance and realization of the product on the market. In order to successfully cope with the competition, the Group reduces risk through quality preparation and careful selection of an appropriate market strategy resulting from the analysis of the market, customers and competition. The Group is fully dedicated to the requirements and needs of customers and is constantly exploring new customers and distribution channels.
The demand for food products is relatively inelastic to the price of the product. The factors influencing the demand for food products are: demographic (increase and decrease in the number of inhabitants), economic (increase in the number of tourists and food consumption in the catering industry; growth of production in the confectionery and bakery industry), social (changes in the standard of living and eating habits of the population), political (membership in the EU that enables unhindered export to the countries of the European Union, but also increased competition on the domestic market with the arrival of producers from other member states).

Operational risk

Operational risk is the risk of loss due to errors, interruptions or damages caused by inadequate internal processes, persons, systems or external events, including the risk of changes in legal regulations, Business activities are planned on the basis of plans specified in the procedures for the application of the HACCP system, The planning of activities also includes the HACCP plan that is created as a result of the HACCP study, Hazard analysis and identification of critical control points is part of quality planning, This includes improving and encouraging actions that prevent the occurrence of inappropriate work activities during the performance of regular business activities.
Flour production could be adversely affected by extraordinary events such as earthquake, fire, explosion, breakdown and breakage of production equipment, prolonged or extraordinary maintenance. The Group uses insurance to cover damage to these facilities and equipment, as well as insurance and contracted compensation in the event of downtime. Such insurance will be subject to limitations in the form of a maximum amount of compensation and a warranty period of 6 months and may not be sufficient to cover all costs. Also, the Group may be subject to costs that are not covered by insurance.
The Group relies on IT systems that enable it to efficiently manage the Group, communicate with customers and suppliers, and collect all the necessary information that the Management Board could rely on for decision-making. The Group's business is becoming more and more dependent on the use of such systems, and any disruptions in the operation of IT systems based on computer viruses, hacker attacks, disruptions in the operation of IT equipment and programs or some other reasons could have a significant impact on the business and financial condition of the Group. The Group actively implements a policy of protecting its systems from these risks through the company's IT department, and through external support.

Industry risk

One of the risks that appear in the food industry is the fact that consumers' eating habits and their awareness of the impact of food on health have been changing strongly in the past 20 years. Such trends put an imperative in front of manufacturers in terms of increasing the existing range of products and further improving the quality of existing products.

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.2. Risks of Regular Operations (continued)

Risk of sourcing raw materials and product delivery

The production of wheat and the movement of the price of wheat on the domestic and world markets, as the most important raw material for flour production, significantly affects the production and movement of the price of flour.
An important domestic source of raw materials is local wheat producers with whom a long-term business relationship has been established.
The risk of raw material procurement as well as the price of raw material is directly related to the quality of the raw material. It is possible that due to climatic influences, the raw material does not have the satisfactory or required quality.
The risk of raw material procurement is reduced by the fact that the Group can, for the time being, procure enough wheat at the currently valid market price on international commodity markets. With the accession to the European Union, all administrative obstacles to the procurement of raw materials from the European Union have disappeared.
The risk of non-delivery of the product is present due to the possibility of cessation of production due to a malfunction in the milling plant. The risk of production stoppages is being mitigated by the fact that the Group employs employees at the mill site who are adequately trained to resolve failures within a reasonable time. The risk of non-delivery of products due to the cancellation of the contract with the flour carrier is sought to be reduced by the fact that the Group has a large carrier base and is not dependent on either carrier in terms of the volume of use of carrier services.

Competition risk

The Group sells its products and goods mainly in the domestic market. With Croatia's accession to the European Union, it is administratively easier to enter the market of other member states, as well as the arrival of foreign competition on the domestic market.
The flour market tends to increase concentration, i,e, to reduce the total number of flour producers (by consolidating or shutting down small mills) in order to achieve the lowest possible production costs per unit of product through economies of scale and thus strengthen the competitive position on the market.
With Croatia's accession to the European Union, The Group no longer faces only domestic competition, which is why the need to strengthen competitiveness is even more pronounced.

With the investment of the parent company in 2016, all existing equipment for cleaning and grinding grain as well as equipment for husking grain was replaced. The latest generation of milling equipment for the processing of wheat and rye has been installed, which ensures an increase in processing capacities and supports the intention that the parent company has the highest standards in quality and health safety of products, and thus a greater competitive advantage.

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (CONTINUED)

32.2. Risks of Regular Operations (continued)

Risk of fluctuations in the prices of basic raw materials

Business results are influenced by the price of wheat, as the most important raw material in the production of the parent Company, which is a stock exchange. Wheat price volatility can be due to bad weather, disease, political instability and other external factors. General economic conditions, unforeseen demand, problems in production and distribution, diseases, weather conditions during crop growth and harvest can have a negative impact on wheat prices.
Regardless of the fact that the parent Company can meet all the needs for wheat on the domestic market, the price movement on the domestic market is influenced by the movement of the price of wheat on world commodity exchanges. Based on the historical operations of the parent Company, it can be stated that the movement of the purchase price of wheat was positively correlated with the movement of the price of flour. However, it should be pointed out that a certain period of time is needed for the price of flour to adjust to the changes in wheat prices, which in certain shorter periods has a negative impact on the margin of the parent company in the event of an increase in the price of wheat. Regardless of historical indicators indicating the correlation of flour and wheat prices, the parent Company cannot guarantee that in the future it will be able to fully compensate for the possible increase in wheat prices by increasing flour prices in a way that maintains historical margins.

The parent Company tried to reduce the risk of wheat price changes in access to futures markets, but failed to find an adequate financial product that could ensure satisfactory quality in the event of maturity.

The risk of price fluctuations is further reduced by the parent Company by purchasing larger quantities of raw material in the harvest price, depending on the price itself.

Risk of litigation against the Group

The Group, like any economic operator, is subject to the risk of bringing proceedings before courts, regulatory or other competent authorities, in the ordinary course of business. Such disputes primarily relate to disputes with debtors or suppliers. In the future, the risk of potential lawsuits by customers and other stakeholders against the Group due to damage caused by the consumption of products cannot be ruled out. The Group cannot provide any guarantees that the results of future legal and regulatory disputes or measures will not materially affect the Group's operations and financial condition. Part of the risk is mitigated by the Group with concluded liability insurance policies.

Risk of liabilities or losses not covered by insurance

The Group has undertaken activities, through the engagement of insurance specialists, to identify key risks and threats to the Group's business. In addition to the usual risks for the industries in which the Group operates, the concluded insurance policies and the risks they cover risks due to earthquakes and downtime due to earthquakes, fires and explosions. However, it is not possible to cover all potential liabilities and losses with insurance, and therefore the Group cannot provide any guarantees that it will not be exposed to situations that will not be covered by insurance, and that such situations will not have a significant impact on the Group's operations and financial condition.

NOTE 32 – RISK EXPOSURE AND MANAGEMENT (continued)

32.3. General risks

Business Environment Risk

Business environment risk includes political, legal and macroeconomic risks of the environment in which the Group operates, which primarily refers to the Croatian market, where the Group generates its total revenues, and the remaining part to Bosnia and Herzegovina and Slovenia. Previous governments have implemented economic reforms with the aim of developing and stabilizing a free market economy. Although Croatia has made significant efforts towards establishing a market economy, it will take several more years and a number of additional investments to reach the level of infrastructure of Western European countries. The Group cannot provide any assurances that Croatia will achieve the intended reforms or that the political environment will be conducive to reforms. The Group is not in a position to give any assurances that the Government will not introduce new regulation, fiscal or monetary policy, including taxation, environmental, public procurement or exchange rate policy regulations or policies. The legal framework of the Republic of Croatia is still evolving, which may cause certain legal uncertainties. The group could find itself in a situation where it is unable to successfully exercise or protect some of its rights.

The Group's operations are subject to the macroeconomic environment, economic circumstances and the development of economic activity. In periods of unfavorable economic conditions, the Group may have difficulties in expanding its business. The continuation of the current economic situation could make it difficult for the Group, as well as for its customers and suppliers, to access the capital market, which could affect the current level of revenue and profitability.
The Group is also affected by international developments, given that wheat, which is the basic raw material for the production of the parent Company, is a stock exchange commodity and thus may be subject to the influence of possible political instabilities in countries that are significant producers of this grain (China, Russia, USA). However, as indicated above, the Group can fully meet its raw material needs from domestic sources.

The Risk of Changing the Legal Framework

As a manufacturer of food products, the Group is subject to strong regulations related to human consumption, product safety, safety and working conditions of employees, safety and environmental protection (including those related to wastewater, air cleanliness, noise, waste disposal, environmental cleanup, etc.), product composition, packaging, labeling, advertising and competition. Food production results in the generation of waste, the release of harmful substances into the atmosphere and water, and the Group is therefore obliged to obtain various permits and comply with various regulations.

Health, safety and environmental regulations in Europe and other developed regions are becoming stricter and enforcement. The group tries to monitor and anticipate all such changes, but any failures of this type could result in different punishments. The Group believes that it is currently compliant with existing regulations and regulations and deadlines set by various regulators.

The Group cannot give any guarantees that it will not face significant costs to adapt to changes in existing regulations, which could have a significant impact on the Group's operations and financial condition. Also, it is possible that additional regulations will be introduced in the future and the current legislation (or its interpretation) will be changed, which could affect the Group's operations and products. The Group cannot give any guarantees that in the future the cost of adhering to such initiatives will not have a material impact on the Group's operations and financial condition.

(all amounts are presented in thousands of euros)

NOTE 33 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities under standard terms and traded on active liquid markets is determined by the prices quoted on the market
- the fair value of other financial assets and other financial liabilities is determined in accordance with pricing models and on the basis of a discounted cash flow analysis using prices from known market transactions and prices offered for similar instruments.

As at 31 December 2024 and 31 December 2023 the reported amounts of cash, short-term deposits, receivables, short-term liabilities, calculated expenses, short-term loans and other financial instruments correspond to their market value, due to the short-term nature of these assets and liabilities.

The carrying amounts of financial instruments that are not measured at fair value are approximately equal to fair values.

Fair value indicators recognized in the statement of financial position

The following table analyses financial instruments that have been reduced to fair value after the first recognition, classified into three groups depending on the availability of fair value indicators:

- Indicator level 1 – fair value indicators are derived from (non-matched) prices quoted on active markets for similar assets and liabilities
- Indicator level 2 – fair value indicators are derived from other data on assets or liabilities that are not quoted prices from level 1, either directly (i.e., as prices) or indirectly (i.e., derived from their prices)
- 3, Indicator level – indicators derived using valuation methods that use data on assets or liabilities as inputs that are not based on available market data.

In 2024 there was no transfer between levels.

The Group adjusts the value of the instrument in accordance with the CDCC's (cro. SKDD) certificate of market value as of the balance sheet date.

December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Investing in securities	102	1,597	38	1,737
TOTAL	**102**	**1,597**	**38**	**1,737**
December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Investing in securities	99	1,452	47	1,598
TOTAL	**99**	**1,452**	**47**	**1,598**

NOTE 34 – COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At the balance sheet date, the Group has no contingent or assumed liability that should be disclosed in the financial statements.

Potential liabilities and litigation

Litigation
The Group conducts several debt collection proceedings resulting from insolvency or other circumstances on the part of the Group's debtor. The Group takes all necessary legal actions to protect its claims and ensure timely collection.

As at the balance sheet date, the parent company of the Group, as a defendant, participates in civil proceedings initiated in 2021 by the plaintiff Allianz Hrvatska d.d. for payment. The proceedings are related to a fire on a building owned by the Company, which is located at I, Novaka 42, Čakovec. The value of the subject matter of the dispute is EUR 716,703. Given the status of the case and the evidence, it was estimated that the plaintiff would be successful in the dispute. Due to the above, no reservation was made for the described item.

Administrative proceedings by the Croatian Competition Agency (CCA)
The proceeding initiated by the CCA due to the existence of indications that Trgovina Krk d.d. and Tvornica stočne hrane d.d. distorted competition by concluding a cartel within the meaning of Art, 8th century 1 of the Competition Act, pursuant to CCA Decision CLASS: UP/I 034-03/23-01/012, Reg. No.: 580-09/133-24-020 of 14 November 2024was suspended due to the lack of legal prerequisites for conducting the proceedings.

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE

At the General Assembly of the parent company of the Group held on 15 January 2025, decisions were made on:

- pays dividends from retained earnings
- increasing the share capital of the parent Group by investing in rights by issuing ordinary shares
- Amendments to the Statute of the parent group
- listing of the Group's parent company shares on the Official Market of the Zagreb Stock Exchange

The dividend was paid on 30 January 2025 in the amount of EUR 0,49 per share, which represented a total amount of EUR 5,042,100,00.

By the decision of the General Assembly, the share capital of the parent company of the Group was increased by the amount of EUR 7,605,016,93, to the amount of EUR 21,262,193,93.
A) by entering the rights - business shares held by the company MLIN I PEKARE Ltd., OIB: 22260862756, in the company NewMip Ltd., OIB: 22916544397, which business shares represent 100,00% of the share capital of NewMip Ltd., by issuing 3,804,979 new ordinary book-entry shares of the parent Group to a name without a nominal amount;
B) by entering the rights – ordinary dematerialised shares in the name held by MLIN I PEKARE D.o.o. in the company Zagrebačke pekarne Klara d.d., OIB: 76842508189 namely 117,199 ordinary registered shares, which shares represent 41,30% of the share capital of Zagrebačke pekarne Klara d.d., by issuing 1,291,688 new ordinary book-entry shares of the parent company of the Group in the name without a nominal amount;

NOTE 35 – EVENTS AFTER THE BALANCE SHEET DATE (CONTINUED)

C) by entering the rights – ordinary dematerialized shares in the name held by PLODINEC Ltd., OIB: 93116812695, in the company Zagrebačka pekarne Klara Inc., namely 57,474 ordinary registered shares, which shares represent 20,25% of the share capital of Zagrebačke pekarne Klara d.d., by issuing 633,333 new ordinary dematerialized shares of the parent company Klara Inc., i,e, by issuing a total of 5,730,000 new ordinary book-entry shares of the parent company of the Group in the name without a nominal amount, the nominal amount.
The amount for which the New Shares were issued was set at EUR 10,91 per New Share, In accordance with the above, it was determined that the New Shares were issued for an amount that is higher than the amount of share capital relating to each already issued share of the parent Group. At the same time, the value of rights in the amount of EUR 54,909,283,07 was entered into the capital reserves of the parent Group, which represented a surplus over the amount of share capital related to each already issued share of the parent Group. Following the increase in the share capital of the parent Group, the share capital of the parent group was divided into a total of 16,020,000 ordinary book-entry shares in a name without a nominal amount, which are kept in the depository of the CCDC. The decision of the General Assembly determined the listing on the Official Market of the Zagreb Stock Exchange d.d. 5,730,000 new ordinary book-entry shares of the parent Group in a registered name without a nominal amount. The increase in the share capital of the parent Group was carried out by the Decision of the Commercial Court in Varaždin of 31 January 2025.

With the aforementioned increase in the share capital, the parent company of the Group acquired 174,673 ordinary shares of the company Zagrebačke pekarne Klara d.d., which makes 61,55% of the share capital of the said company. In accordance with the decision of the parent company of the Group and the provisions of the Act on the Takeover of Joint Stock Companies, on 15 January 2025, the parent company of the Group published a notice to the Croatian Financial Services Supervisory Agency in the manner prescribed by law on the occurrence of the obligation to publish a takeover bid for the company Zagrebačke pekarne Klara d.d.

On 26 February 2025, the Croatian Financial Services Supervisory Agency issued a decision approving the company Čakovečki mlinovi d.d. to publish a takeover bid for Zagrebačke pekarne Klara d.d. On 28 February, the Company published an advertisement for a takeover bid in the Official Gazette.

On 7 February 2025, Trgovina Krk received a notification from the Croatian Competition Agency ("CCA") on the initiation of administrative proceedings ex officio pursuant to the Act on the Prohibition of Unfair Trading Practices in the Food Supply Chain and the General Administrative Procedure Act, All the requested documentation has been submitted to the CCA and at the moment the Group does not have any further information that would entail potential liabilities for the Group.

Apart from the difficult general economic situation, after the end of 2024 and the introduction of a price control measure on 70 products in retail trade in January 2025, no other business events or transactions occurred in the Group that would have a significant impact on the Group's operations or the disclosures in this report.

On 10 April 2025, Supervisory Board appointed Mr. Franjo Plodinec as Member of the Management Board for the mandate of 4 years as of 10 April 2025 until 31 December 2026.

NOTE 36 – APPROVAL OF FINANCIAL STATEMENTS

The consolidated annual report of the company Čakovečki mlinovi Inc. has been approved for issuance by the Management Board of the Company on April 22, 2025.

For Čakovečki mlinovi Inc.:

Mario Sedlaček President of the Management Board	Franjo Plodinec Member of the Management Bord
Marijan Seršen Member of the Management Bord	Krešimir Kvaternik Member of the Management Bord

Čakovečki mlinovi d.d.
Čakovec, Mlinska ulica 1

NADZORNI ODBOR
Ur. broj: 01-05-318-5/2025
Čakovec, 25.4.2025. godine

Izvod iz Zapisnika sa sjednice Nadzornog odbora Čakovečki mlinovi d.d., održane elektronskim putem dana 25. travnja 2025. godine

Ad.4. *Odluka o suglasnosti i utvrđenju godišnjih financijskih izvješća za 2024. godinu za Grupu Čakovečki mlinovi d.d.*

Na temelju članka 27. Statuta Čakovečki mlinovi, d.d. Čakovec Nadzorni odbor Društva je na 2. sjednici održanoj 25. travnja 2025. godine donio slijedeću:

O D L U K A

1. Utvrđuje se da je Uprava Čakovečkih mlinova d.d. utvrdila Godišnja izvješća za 2024. godinu za Grupu Čakovečki mlinovi.

2. Nadzorni odbor Čakovečkih mlinova d.d. daje suglasnost i utvrđuje Godišnja izvješća za 2024. godinu za Grupu Čakovečki mlinovi.

3. Odluka stupa na snagu danom donošenja.

Predsjednik Nadzornog odbora
Damir Metelko

ČAKOVEČKI MLINOVI
-1893-

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