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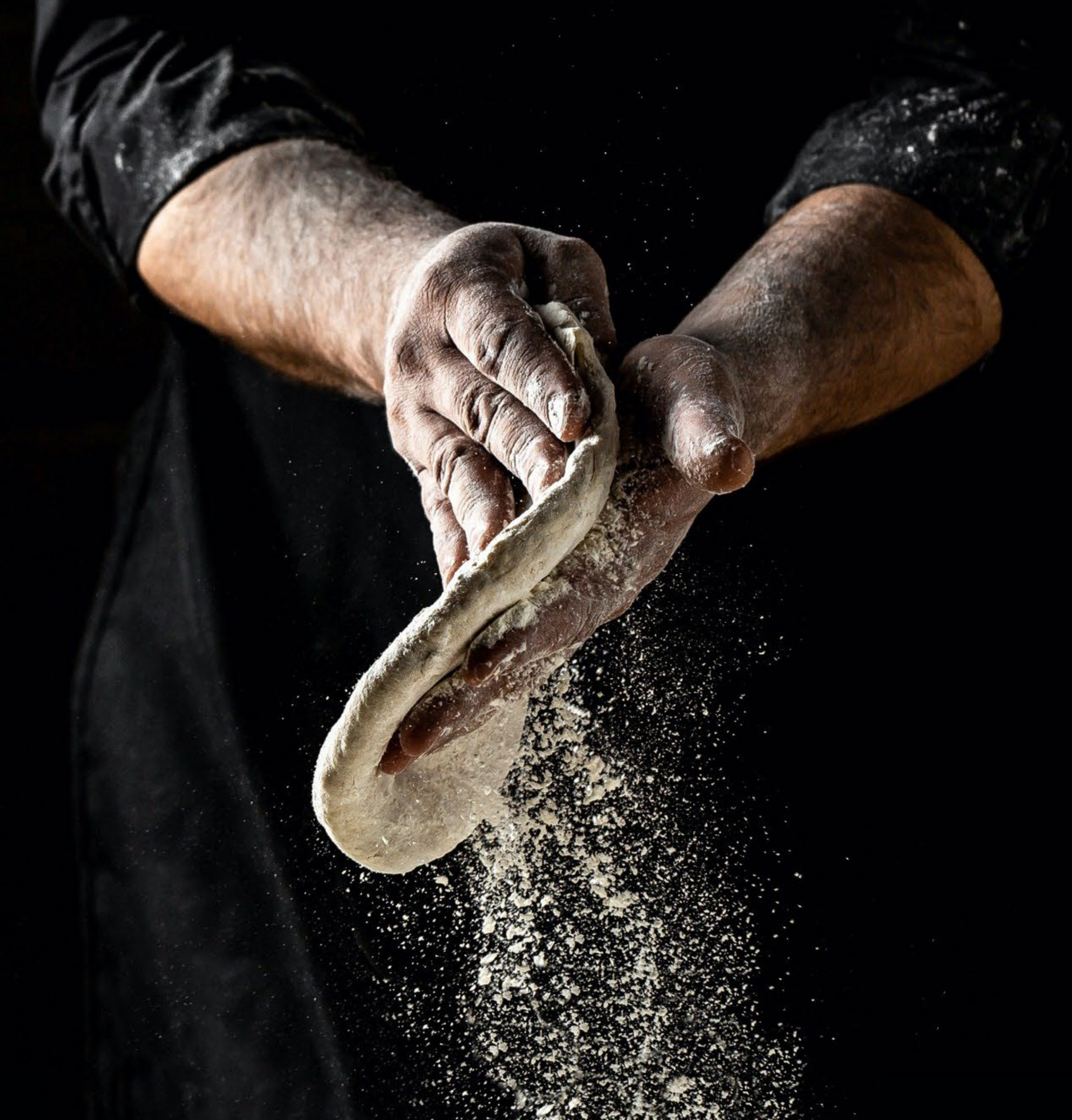
MLINOVI
-1893-

ČAKOVEČKI MLINOVI D.D.

ANNUAL REPORT
FOR THE YEAR 2024



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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.

MANAGEMENT REPORT
FOR THE YEAR 2024

ČAKOVEČKI MLINOVI
-1893-

1. CORE BUSINESS AND GENERAL INFORMATION

ABOUT THE COMPANY

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 manages a vertically integrated business model that includes the production of high-quality mill, bakery and oil products on one hand and trade of mixed goods on the other. Although food production is a tradition and heritage of the Company, through a series of successful acquisitions and integration of trade chains the Company has grown into a business system that today generates most of its revenue from trade activities.

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

In 2024, Čakovečki mlinovi d.d. achieved 35,9 million euros in total revenue based on total assets in the amount of 39,2 million euros. On December 31, 2024, the Company employed 197 employees. According to the Accounting law (OG 85/24, 145/24), the company Čakovečki mlinovi d.d. belongs to the medium-sized group of entrepreneurs.

Shares of Čakovečki mlinovi d.d. are listed on the Official Market of the Zagreb Stock Exchange under the symbol CKML. As at December 31, 2024, the Company had issued and listed 10.290.000 shares with a market capitalization of EUR 109,1 million.

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

BUSINESS SEGMENT

Company Čakovečki mlinovi d.d. operates in one business segment at the company level (food production) and reports accordingly in non-consolidated financial statements. The company is part of the segmental reporting of the Čakovečki mlinovi Group (the Food segment), whose operations are presented within the consolidated financial statements. Users of this report should read it together with the consolidated report of the Group for the year 2024, to obtain complete information about the financial position and results of operations of the Company and the Group.

In 2024, the Company generated 5.7% of sales abroad (2023: 8,3%). For more details on the geographical structure of the Company's foreign sales revenues, see note 5 – Sales revenues (outside the group) in the attached financial statements.

COMPANY BODIES AND CORPORATE GOVERNANCE

The Company's corporate governance 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 Statute and the Companies Act, represent the three fundamental bodies of the Company. The specific management power and responsibilities of these managing bodies are regulated by the applicable Croatian legislation, the Company's Act and the Corporate Governance Code, as well as regulations or prescribed acts.

The General Assembly of the Company as per Company's Act as of 30 August 2023, elects six members of the Supervisory Board, while one member is appointed by the company's employees in the legally prescribed manner. 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 Management Board, the Supervisory Board and the subcommittees of the Supervisory Board underwent multiple changes. The Company, in accordance with the prescribed obligations, publicly informed relevant stakeholders about all these changes without delay (details available on the Company's website: https://cak-mlinovi.hr/obavijesti/).

The composition of the Management Board of the Company as at December 31, 2024 is as follows:

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

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

The composition of the Supervisory Board of the Company as at 31 December 2024 is as follows:

- Damir Metelko, Chairman 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 Omazic, Member of the Supervisory Board
- Vanja Kutnjak, member of the Supervisory Board, representative of workers.

During 2024, the Supervisory Board held eleven meetings.

The Management Board and the Supervisory Board of the Company act in sessions 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 Corporate Governance Code.

Changes in the composition of the Management Board during 2024

- On March 6, 2024, Nino Varga, the President of the Management Board of the Company, submitted his resignation to the Supervisory Board;
- By decision of the Supervisory Board of the Company dated March 6, 2024, Krešimir Kvaternik was appointed Deputy President of the Management Board for the term from March 7 to October 7, 2024 (Krešimir Kvaternik's role as President of the Supervisory Board of the Company during his term as Deputy President of the Management Board is in dormant status);
- By decision of the Supervisory Board of the Company dated October 7, 2024, Krešimir Kvaternik's mandate as Deputy President of the Management Board was extended for the term from October 8 to December 31, 2024 (Krešimir Kvaternik's tenure as President of the Supervisory Board was continued for the same period);
- On November 28, 2024, Krešimir Kvaternik resigned from the position of Deputy President of the Company's Management Board (as well as from the position of member and president of the Company's Supervisory Board);

- By decision of the Company's Supervisory Board of November 28, 2024, Mario Sedlaček was appointed President of the Company's Management Board, and Krešimir Kvaternik was appointed as 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 during 2024

- In free and direct employee elections, Vanja Kutnjak was elected as the employee representative on the Company's Supervisory Board for a term of 4 years, starting from March 22, 2024, replacing the previous representative Lidija Posavec;
- On July 26, 2024, Katarina Varga, a member of the Supervisory Board, Audit Committee, Nomination Committee and Remuneration Committee, resigned from the Supervisory Board and its subcommittees effective August 28, 2024;
- By decision of the General Assembly of the Company dated 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 president of the Supervisory Board and the subcommittees of the Supervisory Board (he also resigned from the position of Deputy President of the Company's Management Board). Krešimir Kvaternik's position in the Supervisory Board and its subcommittees was in a dormant status in the period from March 7 to November 28, 2024 due to the performance of the position of Deputy President of the Company's Management Board.

General Assemblies in 2024

In 2024, one General Assembly of the Company was held. The following key decisions were made at the General Assembly, which was held on 28 August 2024: decision on the use of profit for 2023, decision on the payment of dividends from net profit for 2023 and payment of dividends from a portion of retained earnings achieved in 2022, decision 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 changes to the Remuneration Policy of Members of the Management Board of Čakovečki mlinovi d.d., decision on appointment of members of the Supervisory Board and decision on appointment of the Company's auditor for 2024. All decisions of the General Assembly were 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 members of the Supervisory Board

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. In 2003, he became a partner, and later a member of the board. He held this position until 2020. He continued his career at the law firm Metelko, Knežević & Partneri d.o.o. as a partner and member of the board. He is a member of the Croatian Chamber of Commerce and Industry, the Croatian Chamber of Commerce and Industry Executive Board, the Croatian Chamber of Commerce and Industry Management Board, and the Taxation Commission – ICC Croatia.
He has been a member of the Supervisory Board of Čakovečki mlinovi since August 2020, has held the position of Deputy Chairman of the Supervisory Board since September 2023, and has been the Chairman of the Supervisory Board since November 2024. He acts as 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 in Zagreb, majoring in accounting. He began his career in 2004 at Plodinec d.o.o., then continued his work at Zagrebačke pekarne Klara d.d., first as a management advisor, then as director of the commercial sector, and since 2012 as a management advisor, a position he still holds today.
He is the Chairman of the Supervisory Board at Zagrebačke Pekarne Klare d.d. and Prehrana trgovina d.d., a member of the Supervisory Board at Papuk Našice d.o.o. and a director at Coolway d.o.o.
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 earned his degree as a food technician at the School of Food Technology in Zagreb. He began his career in 2002 at Plodinec d.o.o., and in 2003 he moved to the position of Management Advisor at Mlin i Pekare d.o.o. In 2009, he was appointed Director of Prehrana i trgovina d.d. Zagreb. After that, he again took over the position of Management Advisor at Mlin i pekare d.o.o. Sisak. He currently holds the position of Director at New Mip d.o.o. Sisak.
He is the President of the Supervisory Board at Ultra Gros d.o.o., Deputy President of the Supervisory Board at Mlin i Pekare d.o.o., Papuk Našice d.o.o. and Zagrebačke pekarne Klara d.d., and is a member of the Supervisory Board at Prehrana Trgovina d.d. He is a member of the Management Board of Agro-Čepin d.o.o., and serves as a director in 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 doctorate from the Faculty of Economics in Zagreb, in the scientific field of economics, the branch of 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 began his career in 2008 as an assistant professor of organization and management at the Faculty of Economics in Zagreb, in 2013 he became head and associate professor, and in parallel in 2014 he served as Vice-Dean for Education, 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 holds the position of full professor with a permanent position at the Department of Organization and Management at the Faculty of Economics in Zagreb.
He is currently the President of the 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 2024. He acts as an independent member within the Supervisory Board of Čakovečki mlinovi.

Vanja Kutnjak
Member of the Supervisory Board

He graduated from the College of Security where he obtained the title of Master of Science in Safety and Security Engineer. He attended postgraduate studies at the Faculty of Organization and Informatics in Varaždin, majoring in Business Systems Management. He began his career at Čakovečki mlinovi d.d. in 1989. During his work, he was qualified to perform the function of an occupational safety and fire protection expert. Thirty-five years of work experience at Čakovečki mlinovi d.d., marked by experience working in the maintenance, laboratory and technical service departments. In 2021, he took over the position of Head of Technical Service, whose domain includes all investment maintenance, fleet and procurement management, and management of the safety and laboratory departments.
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 Office in the Guarantee Fund. Since 2006, he has been the head of the Green Card Department and since 2008 has served as Assistant Director of the Croatian Insurance Office for the Guarantee Fund and the Green Card. He is a certified mediator (USAID). He is a member of the Supervisory Board of 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 2023. He acts as an independent member within 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 Nominations Committee and the Remuneration Committee.

The Audit Committee shall, in addition to the tasks laid down in Regulation (EU) No 537/2014, have the following tasks:

- reports to the Supervisory Board 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 committee in this process,
- monitor the financial reporting process and submit recommendations or proposals to ensure its integrity,
- with regard to financial reporting, monitor the effectiveness of the internal quality control system and risk management system and, where applicable, internal audit, without violating its independence,
- monitors the performance of the statutory audit of the 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 575/2013 and in particular the suitability of providing non-audit services,
- is responsible for the selection procedure of the audit firm and proposes the appointment of an audit firm.

The composition of the Audit Committee as at 31 December 2024 is as follows: Franjo Plodinec(President), Igor Komorski (Deputy President), Damir Metelko (member), Josip Plodinec (member), Mislav Ante Omazić (member) i Vanja Kutnjak (član).

In 2024, the Audit Committee held five meetings.

The Nominations Committee shall perform the following tasks:

- oversees the process of appointments 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 Chairman 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 seeking candidates for the Supervisory Board,
- agrees 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 Chairman of the Management Board or the Supervisory Board,
- monitors progress in achieving the targeted percentage of female members of the Management Board and the Supervisory Board,
- monitors the Management Board's policy on the selection and appointment of senior management.

The composition of the Nomination Committee as at 31 December 2024 shall be as follows: Igor Komorski (President), Damir Metelko (Deputy Chair), Vanja Kutnjak, Lidija Posavec, Franjo Plodinec (members).

In 2024, the Nomination Committee held one meeting.

The Remuneration Committee shall perform the following tasks:

- recommends to the Supervisory Board the policy of remuneration for members of the Management Board at least every three years,
- recommends annually to the Supervisory Board receipts that should be received by members of the Management Board, based on an assessment of the Company's results and their personal results,
- recommends to the Supervisory Board the policy of remuneration for members of the Supervisory Board, which will be given for approval to the General Assembly,
- monitor the amount and structure of remuneration to senior management and workers as a whole and make recommendations to the Management Board on its policies,
- supervises the preparation and provides for approval to the Supervisory Board a legally prescribed annual report on the receipts of the Management Board and the Supervisory Board.

The composition of the Committee on Receipts as at 31 December 2024 is as follows: Igor Komorski (President), Damir Metelko (Deputy President), Vanja Kutnjak, Franjo Plodinec (members).

In 2024, the Remuneration Committee held one meeting.

In 2024, members of the Supervisory Board and its subcommittees achieved the following presence at the meetings:

	Supervisory Board	Audit Committee	Nomination Committee	Remuneration Committee
Katarina Varga	7/7	3/3	1/1	1/1
Damir Metelko	11/11	5/5	1/1	1/1
Lidija 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 members of the Management Board

Mario Sedlaček
President of the Management Board
He graduated from the Faculty of Economics in Osijek, majoring in financial management. In 2012, he completed postgraduate studies and obtained the title of Master of Science. He began his career at Papuk d.d., where he worked in the sales sector, and in 2004, he moved to Metalija-Trans d.o.o. as the head of retail and wholesale. He gained further professional experience in renowned companies such as Hofer KG, Mercator-H d.o.o., 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 at Papuk Našice d.o.o., which position he will leave in 2024, simultaneously 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 Board of Agro-Čepin d.o.o.

Marijan Sršen
Member of the Board
He graduated from the Faculty of Economics in Zagreb, majoring in accounting. He began his career in 2001 at Elektropromet d.d. as 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 Group d.o.o., after which he moved to Mlinar pekarska industrija d.o.o. as a CFO. Since 2020, he has been a member of the Board of Čakovečki mlinovi. During his business career, he has obtained a certificate of certified auditor issued by the Croatian Chamber of Auditors.
He is the President of the Supervisory Board of Trgocentar d.d., Deputy President of the Supervisory Board at Trgovina Krk d.d. and Radnik Opatija d.d.

Krešimir Kvaternik
Member of the Board
He graduated in international economics and political science from the University of California, Los Angeles. He completed his MBA and Master of Business Administration at the IEDC Bled School of Management. He began his career in 1998, at the consulting firm Ernst & Young Management Consultant, and continued at Deloitte, responsible for providing consulting services to renowned Croatian and foreign companies in Croatia and the region. He continued his career at CEMEX as a manager for strategic planning, acquisitions and business development, and then as CFO at the Financial Agency, and later at STSI d.o.o., 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 simultaneously worked at Zagrebački 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 worked as a procurator in the company ADRIATIC WATCH 22. d.o.o. He is the director of the companies 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 served as the President of the Supervisory Board of Čakovečki mlinovi d.d. from September 2023 to March 2024, after which his status in the Supervisory Board was suspended until November 2024, when he was appointed a member of the Management Board of Čakovečki mlinovi d.d.

2. SUBSIDIARIES AND ASSOCIATED COMPANIES

The following is an overview of the related parties of the parent company Čakovečki mlinovi d.d. as at 31 December 2024 year. The company has no registered branches.

Name	**Headquarters**	**Principal activity**	**Accounting method**	**Direct ownership /voting rights 31.12.204.**	**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%

For more details on the Company's income and expenses with related parties and the balance of the Company's receivables and liabilities against and to related parties, see note 30 – Related Party Relations in the attached financial statements.

3. BUSINESS RESULTS FOR YEAR 2024

KEY FINANCIAL INDICATORS OF THE COMPANY

INCOME STATEMENT (millions of euros)	**2024**	**2023**	**2024. / 2023**
Sales revenue	**28.4**	**28.5**	**(0.4%)**
Operating expenses, net[1]	25.8	26.3	(1.8%)
EBITDA[2]	**2.6**	**2.2**	**15.8%**
Normalized EBITDA[3]	**3.3**	**2.6**	**27.5%**
Depreciation	0.9	1.2	(21.6%)
EBIT[4]	1.7	1.1	57.2%
Net financial result[5]	7.3	0.0	-
Net profit (loss)	**8.6**	**0.9**	**-**

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

Balance sheet (millions of euros)	**31/12/2024**	**31/12/2023**	**31/12/2024 / 31/12/2023**
Net debt (cash)[7]	(14.0)	(5.4)	157.7%
Net debt (cash) / Norm. EBITDA (TTM)[8]	(4.2x)	(2.1x)	(2.1x)
Capital and reserves	36.1	28.6	26.6%
Return on Average Equity (ROAE) [9]	30.2%	2.8%	27.4 pb
Net working capital[10]	6.5	6.9	(5.1%)

CASH FLOWS (millions of euros)	**2024**	**2023**	**2024. / 2023**
Net cash flows from operating acts.	2.5	8.1	(69.5%)
Capital expenditures (CapEx)[11]	0.2	0.5	(61.2%)
Dividends paid	1.0	0.0	-

1 Operating costs, net include business expenses less depreciation, other business income and income based on the use of own products, goods and services; a detailed calculation is presented under Operating costs in this part of the report.
2 EBITDA (eng. earnings before interest, taxes, depreciation and amortization) represents operating profit before amortization; calculated as business income - business expenses + depreciation.
3 Normalization implies adjustment for one-time items; the detailed calculation is presented under Normalization of EBITDA in this part of the report.
4 EBIT (eng. earnings before interest and taxes) represents operating profit; calculated as business income - business expenses.
5 The net financial result is calculated as financial income + share in the profit of the associated company (NTL) - financial expenses.
6 Profit margins are calculated on the basis of sales revenue.
7 Net debt (money) includes long-term and short-term financial liabilities less money in the bank and treasury and deposits with banks. Deposits with banks are included in net debt regardless of the maturity date because they are available on call.
8 Net debt (money) / normalized EBITDA (TTM, eng. trailing twelve months) reflects the Group's ability to repay financial obligations; calculated as net debt (cash) divided by normalized EBITDA realized in the last 12 months before the reporting date.
9 ROAE (eng. return on average equity) represents the return on average capital; calculated as net profit divided by the average of capital and reserves between the beginning and the end of the year.
10 Net working capital includes inventories increased by short-term accounts receivable and reduced by short-term accounts payable.
11 CapEx (eng. capital expenditures) represents monetary expenditures for the purchase of long-term tangible and intangible assets.
Note: Amounts in this section as in the rest of the report are rounded to one decimal place.

4. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

At the General Assembly of the Company held on January 15, 2025, decisions were made on:

- payment of dividends from retained earnings
- increase of the Company's share capital by rights issues through the issuance of ordinary shares
- amendment of the Company's Articles of Association
- listing of the Company's shares on the Official Market of the Zagreb Stock Exchange

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

The Company's share capital was increased by the decision of the General Assembly by the amount of EUR 7,605,016.93, to the amount of EUR 21,262,193.93. The increase in the Company's share capital was carried out:
A) by entering the rights - business shares held by the company MLIN I PEKARE d.o.o., ID: 22260862756, in the trade company NewMip d.o.o., ID: 22916544397, which business shares represent 100.00% of the share capital of the company NewMip d.o.o., by issuing 3,804,979 new ordinary dematerialized registered shares of the Company without a nominal amount;
B) by entering the rights - ordinary dematerialized registered shares held by MLIN I PEKARE d.o.o. held 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 the company Zagrebačke pekarne Klara d.d., by issuing 1,291,688 new ordinary dematerialized registered shares of the Company without a nominal amount;
C) by entering rights – ordinary dematerialized registered shares held by PLODINEC d.o.o., ID: 93116812695, in the company Zagrebačke pekarne Klara d.d. namely 57,474 ordinary registered shares, which represent 20.25% of the share capital of Zagrebačke pekarne Klara d.d., by issuing 633,333 new ordinary dematerialized registered shares of the Company without a nominal amount, or by issuing a total of 5,730,000 new ordinary dematerialized registered shares of the Company without a nominal amount.
The amount for which the New Shares were issued was determined to be 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 an individual already issued share of the Company. In doing so, the value of the rights in the amount of EUR 54,909,283.07 was entered into the Company's capital reserves, which constituted the surplus over the amount of share capital relating to an individual already issued share of the Company. After the increase in the Company's share capital, the Company's share capital was divided into a total of 16,020,000 ordinary dematerialized registered shares without a nominal amount, which are kept in the depository of the CDCC. The decision of the General Assembly determined the listing on the Official Market of the Zagreb Stock Exchange d.d. of 5,730,000 new ordinary dematerialized registered shares of the Company without a nominal amount. The increase in the Company's share capital was implemented by the Decision of the Commercial Court in Varaždin dated 31 January 2025.

With the aforementioned increase in share capital, the Company acquired 174,673 ordinary shares of the company Zagrebačke pekarne Klara d.d., which constitutes 61.55% of the share capital of the aforementioned company. In accordance with the decision of the Company's bodies and the provisions of the Takeover of Joint Stock Companies Act, the Company published a notice to the Croatian Financial Services Supervisory Agency on 15 January 2025 in the manner prescribed by law on the emergence 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 publication of a takeover bid for the company Zagrebačke pekarne Klara d.d. The Company published an advertisement for the takeover bid in the Official Gazette on 28 February.

5. EXPECTED BUSINESS DEVELOPMENT IN 2025

The forecast for 2025 has a positive macroeconomic picture with a challenging combination of opportunities and risks for entrepreneurs. The Company's Management Board will continue to actively work on further business development. In this regard, the Company's Management Board will, during 2025, implement all necessary activities announced in the Takeover Offer for the company Čakovečki mlinovi d.d., dated August 28, 2024, by the bidders MLIN I PEKARE d.o.o., PLODINEC d.o.o., 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 market, optimizing costs and increasing the client base with the planned modernization of operations. The Company's operations in 2025 are subject to macroeconomic and economic developments in the world and Europe, and the Company will continue with a focused approach to finding opportunities in a dynamic environment.
As of the date of this report, the Company has a cash position sufficient to meet its liabilities as they fall due and therefore prepares its financial statements on a going concern basis.

General economic environment

According to the CNB, 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 current inflationary pressures, primarily core inflation and food price inflation. The risks of higher inflation are mainly related to geopolitical tensions that could result in higher prices of energy and other raw materials.

Real GDP in Croatia for 2024 was 3.7%, and the CNB expects further growth, but at a slightly lower level of 3.3% in 2025.
For 2025, global and regional GDP is expected to continue to grow, although perhaps at a slower pace than during the post-pandemic recovery. Depending on the region, economies could experience stabilization, while markets in developed countries should record moderate growth. In Croatia and Europe, the return to economic growth will also depend on favourable circumstances in the international market, interest rate policy and the stability of political and trade relations. Thus, in Croatia, we have a slowdown in growth to 3.3% (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 favourable financing costs. The slowdown in growth results from slower investment growth and weakening consumer confidence.

Impact of the war in Ukraine and Israel

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

As of the date of this report, the Company has no relationship with, nor is it exposed to, trading companies from Russia, Belarus or Ukraine. The Company maintains all business operations in Croatia, where it generates 95.7% of its revenue. The Company's foreign revenues 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 interests in entities in these countries.

There is no direct exposure to the aforementioned countries. The Management Board continuously reviews all risks related to external geopolitical developments and assesses that these risks do not threaten the stability of the Company's operations.

State price control measures

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

6. RISKS AND RISK MANAGEMENT OF THE COMPANY

In its operations, the Company is exposed to the risks listed in Note 33 – Risk exposure and risk management in the attached financial statements, which may be divided into the following groups:

- financial risks, which include: capital risk, credit risk, liquidity risk, interest rate cash flow risk and fair interest rate value risk
- regular business risks, which include: market risk, operational risk, industry risk, risk of procurement of raw materials and delivery of products, risk of competition, risk of fluctuations in prices of basic raw materials, risk of legal proceedings against the Company 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 Company consists of the following steps:

- identifying potential risks in business
- analysis and assessment of identified risks
- defining risk management objectives and policies
- monitoring and monitoring of risk management activities
- reporting on risk management results.

More detailed information on risk management is presented in Note 31 – Risk exposure and risk management. The Company does not use financial instruments to hedge against the aforementioned risks.

7. INFORMATION ON ACQUISITION AND RELEASE OF OWN SHARES

As of December 31, 2024, the Company did not hold its own shares, nor did it acquire or dispose of them during 2024.

8. RESEARCH AND DEVELOPMENT ACTIVITIES

The company continuously works on research and development activities of new products, improvement of key business processes, employee development and growth through acquisitions.

Special emphasis is placed on the Company’s tradition in the production of high-quality mill and bakery products and oils, as well as on the continuous analysis of the market and the development of a local-specific assortment.In 2024 year in accordance with the implemented optimization of the bakery assortment, 9 new bakery items were introduced, and 9 articles was abolished.

The Mill Plants of the Company were completely renovated in 2017 and are one of the most technologically advanced plants in Croatia and the wider region, while bakery plants are continuously being renovated.

Company does not develop asset internally, so no activities regarding research and development connected with development of internal asset are conducted.

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9. EMPLOYEES STRUCTURE

The company had an average of 207 employees during 2024. The average was calculated based on the actual number of employees on 01.01.2024, and the quarters within 2024. The employee structure is presented in the table below.

Work unit	2024
Mlin Čakovec	45
Mlin Donji Kraljevec	7
Pekara Čakovec	81
Pekara Oroslavje	33
Joint operations	41
Ukupno	**207**

For Čakovečki mlinovi d.d.:

Mario Sedlaček
President of the Management Board

Franjo Plodinec
Member of the Management Bord

Marijan Piršen
Member of the Management Bord

Krešimir Kvaternik
Member of the Management Bord

ČAKOVEČKI MLINOVI D.D.

STATEMENT ON THE APPLICATION OF THE
CORPORATE GOVERNANCE CODE
FOR THE YEAR 2024

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Pursuant to Article 272p, in conjunction with Article 250a(4) of the Code of Civil Procedure, Companies Act (Official Gazette 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 Accounting Act ("Official Gazette", No. 85/24, 145/24), the Management Board of the company Čakovečki mlinovi, d.d., Čakovec, Mlinska ulica 1, PIN: 20262622069 (hereinafter: the Company), gives the following

STATEMENT
ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE

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

2. In the last year, the Company essentially applied the recommendations set out in the Code, publishing all the 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 Appointing Committee and the Board for Remuneration, with the tasks provided for in 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 certain 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 published on the company's official website (www.cak-mlinovi.hr) as well as on the website of the Zagreb Stock Exchange d.d. and the Croatian Reporting News Agency.

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

3. Supervision of the management of the Company's business 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 Articles of Association of the Company. Members of the Supervisory Board regularly receive detailed information on the management and work 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 affairs 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 obligations of the Company.

The Company applies the rules on the application of the accounting policy, and which rules govern the application of the procedure 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 characteristics of risk management in relation to financial reporting is contained in note 31 – Risk exposure and risk management in the attached consolidated financial statements.

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

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 INC/ AZ OMF CATEGORY B	2,853,265	27.73%
3.	ERSTE & STEIERMARKISCHE BANK INC/ PBZ CO OMF - CATEGORY B	2,391,539	23.24%
4.	ZAGREBAČKA BANKA INC/COLLECTIVE CUSTODIAN'S ACCOUNT - DOMESTIC LEGAL	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 - CATEGORY A	160,732	1.56%
7.	ZAGREBAČKA BANKA D.D./SUMMARY CUSTODY ACCOUNT - DOMESTIC LEGAL	61,534	0.60%
8.	ZAGREBAČKA BANKA D.D./ AZ BENEFIT OPEN VOLUNTARY PENSION	60,858	0.59%
9.	FIMA-VRIJEDNOSNICE D.O.O./ NEKIĆ DANKA	46,500	0.45%
10.	OTP BANKA D.D./ OTP INDEX FUND - OIF WITH PUBLIC OFFER	39,656	0,39%

The Company is informed 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, ID: 22260862756, Plodinec d.o.o., Staro Čiče, ID: 93116812695, Allianz ZB d.o.o. company for the management of mandatory and voluntary pension funds, Zagreb, ID: 58384724129, in its own name and for the account of certain pension funds under its management and PBZ CROATIA OSIGURANJE d.d. for the management of mandatory pension funds, Zagreb, ID: 20455535575, in its own name and for the account of certain pension funds under its management. The Company intends, in accordance with the provisions 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 (NN 136/2024), Article 37, paragraph 4, to submit an application for entry of data on the existence of the Agreement on the Regulation of Mutual Relations of 25 September 2023 in the court register within the prescribed period, stating the purpose of that agreement and the method of achieving that purpose.

The Company's shareholders' voting rights as per Company's Articles of Association as of 30 august 2023 that was relevant for 2024, are not limited to a certain percentage or number of votes, nor are there time limits for exercising voting rights. Each ordinary share shall be entitled to one vote at the General Assembly. The Company is authorized to issue ordinary shares in the name as well as to issue other types and genera of shares in accordance with the positive regulations of the Republic of Croatia and the Articles of Association of the Company. The decision on the issuance of shares, in accordance with Article 172 of the Companies Act, is made by the General Assembly, in accordance with the Articles of Association of the Company. The rights and obligations of the Company arising from the acquisition of own shares are exercised in accordance with the provisions of the Companies Act and in accordance with the decision of the General Assembly of the Company of 30 August 2021 on the granting of authority to the Management Board of the Company to acquire and dispose of own shares for a period of five years from the date of the decision.

Amendments to the Articles of Association of the Company shall be adopted in the manner specified by the Companies Act. During 2024, General Assembly did not pass decision on amendments of the Articles of Association of the Company as of 30 August 2023.

The General Assembly of the Company operates and has authority, and shareholders exercise their rights, in accordance with the provisions of Companies Act and other applicable regulations.

5. The Management Board of the Company consist 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 function of member of the Management Board of the Company is performed by Mr. Marijan Sršen and Mr. Krešimir Kvaternik. Members of the Management Board manage the company's activities independently and at their own risk and represent the company individually, and individual tasks, determined by Article 28 of the Articles of Association as of 30 august 2023 and in other cases, when prescribed by law, the Company's Articles of Association or the decision of the Supervisory Board, are authorized to undertake only with the prior consent of the Supervisory Board. The Management Board shall be appointed and recalled by the Supervisory Board for a period of up to five years.

The Supervisory Board of the Company consists of six members.
The composition of the Supervisory Board of the Company as at 31 December 2024 is as follows:
- 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,
- Vanja Kutnjak, member of the Supervisory Board, representative of workers.

Changes in the composition of the Management Board during 2024
- On March 6, 2024, Nino Varga, the President of the Management Board of the Company, submitted his resignation to the Supervisory Board;
- By decision of the Supervisory Board of the Company dated March 6, 2024, Krešimir Kvaternik was appointed Deputy President of the Management Board for the term from March 7 to October 7, 2024 (Krešimir Kvaternik's role as President of the Supervisory Board of the Company during his term as Deputy President of the Management Board is in dormant status);
- By decision of the Supervisory Board of the Company dated October 7, 2024, Krešimir Kvaternik's mandate as Deputy President of the Management Board was extended for the term from October 8 to December 31, 2024 (Krešimir Kvaternik's tenure as President of the Supervisory Board was continued for the same period);
- On November 28, 2024, Krešimir Kvaternik resigned from the position of Deputy President of the Company's Management Board (as well as from the position of member and president of the Company's Supervisory Board);
- By decision of the Company's Supervisory Board of November 28, 2024, Mario Sedlaček was appointed President of the Company's Management Board, and Krešimir Kvaternik was appointed as 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 during 2024
- In free and direct employee elections, Vanja Kutnjak was elected as the employee representative on the Company's Supervisory Board for a term of 4 years, starting from March 22, 2024, replacing the previous representative Lidija Posavec;
- On July 26, 2024, Katarina Varga, a member of the Supervisory Board, Audit Committee, Nomination Committee and Remuneration Committee, resigned from the Supervisory Board and its subcommittees effective August 28, 2024;
- By decision of the General Assembly of the Company dated August 28, 2024, Josip Plodinec, Franjo Plodinec and Mislav Ante Omazić were appointed to the Supervisory Board;

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- On November 28, 2024, Krešimir Kvaternik resigned from the position of member and president of the Supervisory Board and subcommittees of the Supervisory Board (he also resigned from the position of Deputy President of the Company's Management Board). Krešimir Kvaternik's position in the Supervisory Board and its subcommittees was in a dormant status in the period from March 7 to November 28, 2024 due to the performance of the position of Deputy President of the Company's Management Board.

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 were appointed to the Committee for Appointments, as well as to the Committee for Remuneration.

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 constitutes a separate section and an integral part of the separate annual report on the Company's status for the year 2024.

In Čakovec, 22 April 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.

FINANCIAL STATEMENTS
FOR THE YEAR 2024

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

For each financial year, the Management Board of Čakovečki mlinovi Inc. is responsible for the preparation of financial statements in accordance with International Financial Reporting Standards adopted by the European Union ("IFRS"), so that they give a true and fair view of the financial position and results of Čakovečki mlinovi Inc. ("The Company") for that period.

The Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

The responsibilities of the Management Board when preparing financial statements include the following:

- the selection and consistent application of appropriate accounting policies;
- giving reasonable and prudent judgments and estimates;
- complying with applicable accounting standards, and
- preparing financial statements under the going concern basis.

The Management Board of the Company is responsible for preparing the annual report, keeping appropriate accounting records, so that at all times they give a true and fair view of the financial position and results of the Company's operations and is obliged to prepare financial statements in accordance with IFRSs and articles 22. and 24. of the Accounting Act.

In addition, the Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The annual report and financial statements presented on the following pages have been approved by the Management Board of the Company.

In Čakovec, 22 April 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

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STATEMENT OF THE PERSONS RESPONSIBLE TO PREPARE FINANCIAL STATEMENTS

Pursuant to Article 462. Of the Capital Markets Act (OG 65/18, 17/20, 83/21, 151/22, 85/24), President of the Management Board of the Company Mario Sedlaček and Member of the Management Board Marijan Sršen and Krešimir Kvaternik make a statement:

To the best of our knowledge:

- The financial statements for 2024 are prepared in accordance with IFRSs and give an objective overview of the assets and liabilities, financial position, profit or loss of the issuer.

- The management report for 2024 contains a true account of the development and results of the business and position of the issuer, with a description of the most significant risks and uncertainties to which the issuer is exposed.

In Čakovec, 22 April 2025

For Čakovečki mlinovi Inc:

Mario Sedlaček
President of the Management Board

Marijan Sršen
Member of the Management Board

Franjo Plodinec
Member of the Management Board

Krešimir Kvaternik
Member of the Management Board

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

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2024, and its separate financial performance and its separate 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 Separate Financial Statements* section of our report. We are independent of the Company 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.

Emphasis of Matter

We draw attention to Note 1A *Basis of Preparation* to the accompanying separate financial statements, which states that the consolidated financial statements, which include the Company and its subsidiaries ("Čakovečki mlinovi Group"), have been prepared in accordance with IFRS and were published separately on 22 April 2025. For a better understanding of the Čakovečki mlinovi Group as a whole, users should read the consolidated financial statements in conjunction with the accompanying separate financial statements. Our opinion is not modified in relation to this matter.

Key Audit Matter

Key audit matter is that matters that, in our professional judgment, was of most significance in our audit of the separate financial statements of the current period. That matter was addressed in the context of our audit of the separate 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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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matter (continued)

<table>
<tr><th colspan="2">Recognition of sales revenue</th></tr>
<tr><td colspan="2">For the accounting framework see Note 2 "Significant accounting policies", section 2.16 „Revenue recognition". For additional information related to the identified key audit matter, see notes 4 and 5 to the separate financial statements.</td></tr>
<tr><th>Description of the Key audit matter</th><th>How we addressed Key audit matter</th></tr>
<tr><td>As of 31 December 2024, sales revenue amounted to EUR 28,433,424 (2023: EUR 28,542,278).

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.</td><td>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.</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Matter

Separate financial statements of the Company for the year ended 31 December 2023 have been audited by other auditor, who issued unmodified opinion on those 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 separate financial statements and our auditor's report.

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 are 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 Article 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in the Article 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 separate financial statements.
2) Management Report has been prepared, in all material respects, in accordance with the Article 24 of the Accounting Act.
3) Corporate Governance Report has been prepared, in all material aspects, in accordance with the Article 25 of the Accounting Act.

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

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

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

In preparing the separate financial statements, Management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Company'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 Company'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 separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate 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 separate 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 separate financial statements of the Čakovečki mlinovi d.d. 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 CKML-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, Company 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.

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 Company, 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 separate report have been prepared in valid XHTML format;
- Data included in the separate 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 Company 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 Company by the on General Shareholders' Meeting held on 28 August 2024 to perform audit of accompanying separate 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 separate financial statements is consistent with the additional report issued to the Audit Committee of the Company 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.

Goran Končar

Director and certified auditor

For signature, 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

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.

	Note	2024 in EUR	2023 in EUR Restated
Sales revenues	4,5	28,433,424	28,542,278
Other revenues	6	131,596	169,432
Operating revenues		28,565,020	28,711,710
Change in the value of inventory of production in progress and finished products	7	162,811	(98,930)
Costs of raw materials, energy	8	(16,901,272)	(18,458,982)
Costs of goods sold	8	(689,288)	(577,810)
Other external costs	8	(2,472,180)	(1,955,911)
Staff costs	9	(4,919,951)	(4,193,807)
Depreciation, amortization	16	(923,009)	(1,177,959)
Other expenses	10	(1,139,852)	(1,059,977)
Value adjustments	11	(10,927)	-
Reservations	12	29,156	(74,145)
Other operating expenses	13	(30,328)	(51,831)
Operating expenses		**(26,894,840)**	**(27,649,352)**
Operating profit		**1,670,180**	**1,062,358**
Financial income	14	7,317,370	71,040
Financial costs	15	(3,746)	(87,536)
Net financial result		**7,313,624**	**(16,496)**
Profit before tax		8,983,804	1,045,862
Income tax expense	16	(366,729)	(189,438)
Net profit		**8,617,075**	**856,424**
Other comprehensive gains		-	-
Total comprehensive profit for the year		**8,617,075**	**856,424**
Earnings per share for profit attributable to shareholders of the Company during the year (in euro)	17		
- basic		0.84	0.08
- diluted		0.84	0.08

Accounting policies and notes following, form an integral part of these financial statements.

	Note	31/12/2024 In EUR	31/12/2023 In EUR Restated
Assets			
Non - Current assets			
Intangible assets		4,760	619
Tangible assets	18	3,109,812	3,801,439
Right of use asset	19	49,441	2,572
Investment property	19a	2,804,002	2,945,779
Investments accounted for using equity method	20	10,537,303	10,537,303
Financial assets	20	557	557
Receivables from customers	23	193	1,896
Deferred tax assets	21	118,601	118,198
		16,624,669	17,408,363
Current assets			
Inventories	22	4,397,131	3,894,761
Non-current asset asset held for sale	22	184,390	-
Receivables from customers	23	3,806,988	3,911,758
Other receivables	23	70,728	32,854
Financial assets	24	56,421	103,671
Cash and cash equivalents	25	14,065,326	5,384,365
		22,580,984	13,327,409
TOTAL ASSETS		**39,205,653**	**30,735,772**
Capital and reserves			
Share capital	26	13,657,177	13,657,177
Reserves	26	3,131,511	3,131,511
Retained earnings	26	19,350,387	11,762,311
		36,139,075	28,550,999
Liabilities			
Non-current liabilities			
Provisions	27	300,726	338,345
Lease liabilities	28	34,077	1,850
		334,803	340,195
Current liabilities			
Provisions	27	134,484	126,021
Liabilities to companies within Group	29	120,622	8,376
Liabilities for loans, deposits, and similar of subsidiaries	28	17,776	2,675
Liabilities for advances	29	331	10,630
Trade payables	29	1,720,047	896,980
Liabilities towards employees	29	292,236	242,193
Taxes, contributions and other duties payable	29	182,024	374,366
Corporate income tax liabilities	29	214,554	139,884
Liabilities from equity share in profit	29	28,608	32,606
Other payables	29	21,093	10,847
		2,731,775	1,844,578
TOTAL EQUITY AND LIABILITIES		**39,205,653**	**30,735,772**

Accounting policies and notes following, form an integral part of these financial statements.

	Note	2024 in EUR	2023 in EUR
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**8,983,804**	**1,045,862**
Adjustments:			
Amortization	16	923,009	1,177,959
Gains and losses from sales and value adjustments of fixed tangible and intangible assets		(48,387)	(42,263)
Gains and losses from sales and unrealised gains and losses and value adjustment of financial assets		-	19,464
Value adjustment of receivables from customers	11	10,927	4,095
Interest and dividend income	14	(7,000,000)	(70,954)
Interest expenses	15	3,734	67,006
Provision	12	(29,156)	88,881
Increase or decrease in cash flows before changes in working capital		**2,843,931**	**2,290,050**
Changes in working capital		**(61,887)**	**5,876,609**
Increase or decrease in short-term liabilities		926,355	(1,136,364)
Increase or decrease in short-term receivables		(301,483)	1,482,302
Increase or decrease in inventory		(686,759)	5,530,671
Cash from business		2,782,044	8,166,659
Cash expenditure on interest		-	(67,006)
Cash receipts on payment of previously impaired receivables		10,704	-
Corporate income tax paid		(336,580)	(33,970)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**2,456,167**	**8,065,683**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Cash receipts from the sale of long-term tangible and intangible assets		52,792	42,291
Cash receipts from interest		314,315	66,476
Cash receipts from dividends	14	7,003,055	4,478
Cash receipts based on the repayment of given loans and savings deposits		77,928	3,705,000
Cash expenditure stipulates for the purchase of long-term tangible and intangible assets	18,19	(190,562)	(491,586)
Other cash receipts from investment activities		-	27,284
Cash expenditure on the displacement of minority shareholders		-	(1,117,291)
Other cash expenditures from investment activities		-	(58,661)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES		**7,257,528**	**2,177,991**
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Cash receipts from the principal of loans, loans and other loans		-	(5,179,826)
Cash expenditures for repayment of the principal of loans, loans and other loans		(1,029,000)	-
Cash expenditure on dividend payments		(3,734)	-
Other cash expenditures from financial activities		-	(38,580)
NET CASH FLOWS FROM FINANCIAL ACTIVITIES		**(1,032,734)**	**(5,218,406)**
TOTAL NET CASH FLOW		**8,680,962**	**5,025,268**
Money and cash equivalents at the beginning of the period		5,384,365	359,097
Cash and cash equivalents at the end of the period	25	**14,065,326**	**5,384,365**

Accounting policies and notes following, form an integral part of these financial statements.

	Share capital in EUR	Legal reserves in EUR	Other reserves in EUR	Retained earnings in EUR	Total in EUR
Balance on 1/1/2023	**13,657,177**	**682,859**	**2,448,652**	**10,905,887**	**27,694,575**
Profit of the business year	-	-	-	856,424	856,424
Total comprehensive income	-	-	-	856,424	856,424
Dividend	-	-	-	-	-
Balance on 31/12/2023	**13,657,177**	**682,859**	**2,448,652**	**11,762,311**	**28,550,999**
Balance on 1/1/2024	**13,657,177**	**682,859**	**2,448,652**	**11,762,311**	**28,550,999**
Profit of the business year				8,617,075	**8,617,075**
Total comprehensive income	-	-	-	8,617,075	**8,617,075**
Dividend	-	-	-	(1,029,000)	**(1,029,000)**
Balance on 31/12/2024	**13,657,177**	**682,859**	**2,448,652**	**19,350,387**	**36,139,075**

Accounting policies and notes following, 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 them the Commercial Court in Varaždin, by decision Tt-95/482-2 on 4 December 1995, entered the Company in the court register. Country of establishment of the Company: Croatia, MB of the Company: 03108414 OIB of the Company: 20262622069.

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

On December 31, 2024, Čakovečki mlinovi d.d. (hereinafter referred to as "Čakovečki mlinovi Group" or "Group") has three dependent companies (subsidaries: Trgovina Krk d.d. Malinska, Trgocentar d.d. Virovitica, and Radnik Opatija d.d. Lovran, and one associated company: Narodni trgovački lanac d.o.o. Soblinec.

In addition to the separate financial statements of the Company, Čakovečki mlinovi d.d. prepares consolidated financial statements for the Group. The annual consolidated financial statements of Čakovečki mlinovi Group are available on the Company's website: www.cak-mlinovi.hr.

The business accounts of the Company are opened with:

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

ACTIVITIES OF THE COMPANY

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

BODIES OF THE COMPANY

The composition of the Bodies of the Company as at 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, President of the Supervisory Board, independent member
- Igor Komorski, independent Member of the Supervisory Board
- Vanja Kutnjak, Member of the Supervisory Board, representative of workers
- Josip Plodinec, Member of the Supervisory Board
- Franjo Plodinec, Deputy Chairman of the Supervisory Board
- Mislav Ante Omazić, member of the Supervisory Board

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

NOTE 1 – GENERAL INFORMATION (CONTINUED)

Nominating Committee
- Igor Komorski, Chairman of the Nominations Committee, independent member
- Damir Metelko, Deputy Chairman of the Nomination Committee, independent member
- Vanja Kutnjak, member of the Nominating Committee
- Josip Plodinec, member of the Nominating Committee

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

NOTE 1A – BASIS OF PREPARATION

Statement of compliance

The Company has prepared these separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”).

Basis of measurement

The Company’s financial statements have been prepared on the historical cost basis, except for financial assets and financial liabilities, which are measured at fair value.

Going concern basis

These separate financial statements have been prepared on the going concern basis, which implies continuity of operations and the realization of assets and payment of liabilities in the ordinary course of business.

Use of estimates and judgments

In preparing financial statements in accordance with IFRS, the Management Board makes estimates, judgments and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and the disclosure of commitments and contingent liabilities at the date of the statement of financial position, as well as the amounts of income and expenses during the reporting period.
Estimates and related assumptions are based on past experience and other relevant factors that are considered reasonable in the circumstances and the outcome of which forms the basis for making judgments about the carrying amounts of assets and liabilities that are not observable from other sources. Actual results may differ from estimates.
Estimates and related assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management's judgments related to the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of possible material adjustment within the next year are described in Note 3. Key accounting estimates and judgments.

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURE

Investment in subsidiaries
Subsidiaries are all companies over which the Company has control if, on the basis of its participation in it, it is exposed to variable yield, or 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 replaced shall be considered when assessing whether the Company controls another entity. Investments in subsidiaries are reported at a cost less impairment loss.

Investment in joint ventures
The company has a stake in a joint venture that is a jointly controlled entity, and investors have a contract establishing joint control over the economic activities of the entity. The Company recognises its stake in the joint venture using a cost ingestion method minus the impairment loss of assets. The assessment of the value of the investment in the Joint Venture of the Company shall be made in the case where there is an indication that this value is impaired or there are no more impairment losses recognised in previous periods.

2.3. REPORTING ON BUSINESS SEGMENTS

A business segment is a component of the Company engaged in business activities from which it can generate revenue and in respect of which it bears costs (including revenue and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the main decision-maker of the entity in order to make decisions on resources that need to be allocated to the segment and evaluate its operating results, and for which separate financial data is available. The company operates in one business segment (food production) and does not report on business segments in separate financial statements.

Business segments are relevant from the Group's perspective and are presented within the consolidated financial statements published on the Company's website (www.cak-mlinovi.hr)

2.4. FOREIGN CURRENCIES

a) Functional and reporting currency

Items included in the Company's financial statements are stated in the currency of the primary economic environment in which the Company operates (functional currency). The functional and presentation currency is EURO.

b) Transactions and balances in foreign currency
Transactions in foreign means of payment are translated into the functional currency so that amounts in foreign means of payment are converted at the exchange rate on the day of the transaction. Gains or losses from exchange rate differences, which arise when settling these transactions and recalculating monetary assets and liabilities expressed in foreign currencies, are recognized in the income statement. Balances of assets and liabilities in foreign currencies are converted at the balance sheet date at the mid-rate of the Croatian National Bank.

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are presented in the balance sheet at a historical cost less accumulated depreciation. Historical cost includes an expense that is directly attributable to the acquisition of assets.
Subsequent expenditure shall be included in the carrying amount of the asset or, if necessary, recognised as separate assets only if the Company will benefit from the said assets in the future, and if the cost of the asset can be measured reliably. All other costs of investment and ongoing maintenance are charged by the profit and loss account in the financial period in which they were incurred.

Land and assets in construction are not depreciated. Depreciation of other assets is calculated using a straight-line method for the purpose of allocating the cost of that asset during its estimated useful life. Depreciation is calculated for each asset until the asset is fully depreciated or to the residual value of the asset if it is significant.

The estimated useful life and annual depreciation rate were determined as follows did not change in 2024 compared to 2023:

Buildings	10 – 40 years	2,5 % - 10%
Equipment	2 – 10 years	10% - 50%
Transport and other asset	4 – 5 years	20% - 25%

In the event that the carrying amount of the asset is greater than the estimated recoverable amount, the difference shall be written down to the recoverable amount. Gains and losses incurred by sales are determined by comparing the income and carrying amount of the asset and are included in other gains - net in the profit and loss account.

2.6. INVESTMENT PROPERTIES

Investment properties refer mainly to office buildings and land that are held for the purpose of long-term rental income or due to an increase in their value, and Company does not use them. Investment properties are treated as long-term investments, unless they are intended for sale in the following year and a buyer has been identified, in which case they are classified as current assets.
Investment properties is stated at historical cost less accumulated depreciation and provisions for impairment, if necessary. Depreciation of buildings is calculated using the straight-line method for the purpose of cost allocation during their useful life (10 to 40 years).
Subsequent expenses are capitalized only when it is probable that the Company will have future economic benefits from it and when the cost can be reliably measured. All other repair and maintenance costs are charged to the profit and loss account when incurred.

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7. FINANCIAL ASSETS

The Company classifies its financial assets into the following categories: financial assets at fair value in the income statement and financial assets at amortized cost. The classification depends on the purpose for which the financial asset was acquired. 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:
- financial assets are held within a business model aimed at holding financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset cause cash flows that are exclusively payment of principal and interest on the remaining principal amount on certain dates.

Verifying that the contractual terms of a financial asset contain cash flows that are exclusively principal payments and interest on the remaining principal amount on certain dates (SPPI) is done exclusively at the initial recognition of the financial asset.

If the contractual terms of a financial asset change significantly or there is a partial or complete write-off of the contracted cash flows, the financial asset shall cease to be recognised, the new financial asset subject to the retest shall initially be recognised.
The significance of the change in contractual terms is calculated by applying the original effective interest rate to cash flows due to a change in contractual terms. The difference arising from the original contracted cash flows and calculated in this way is recorded in the statement of comprehensive profit if it is insignificant, while the significant one carries out the cessation of recognition as stated above. The company defines the significance of the change in contractual conditions at the qualitative and quantitative level at each change of the terms on a particular contract.
By default, all other financial assets are measured subsequently at fair value through profit or loss. Trade receivables that do not include a significant financing component are initially recognized at transaction price instead of fair value.

When initially recognizing financial assets, the company uses the possibility of irrevocable determination of the following:
- The company may irrevocably opt for subsequent changes in the fair value of the investment in equity in other comprehensive profits if certain criteria are met (see (ii) below); and
- The company may irrevocably designate a debt instrument that meets the criterion of measurement at amortised cost, measurement at fair value through profit or loss if this eliminates or significantly reduces accounting mismatch (see (iii) below).

Asset items are classified and measured as shown below:

Description	Classification and measurement
Assets	
Cash and cash equivalents (deposits, commercial papers)	Depreciated cost
Receivables from customers and other receivables	Depreciated cost
Other financial assets	Depreciated cost
Given loans and other receivables	Depreciated cost
Instruments of ownership	Fair value through profit or loss

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.7. FINANCIAL ASSETS (continued)

(i) Amortised cost and effective interest rate method

The effective interest rate method is a method of calculating the depreciated cost of a debt instrument and distributing interest income over the relevant period.
For financial assets, other than purchased or incurred credit-impaired financial assets (or assets that are credit-impaired at initial recognition), the effective interest rate is the rate that accurately discounts the 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; through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amounts of the debt instrument at initial recognition. For credit-impaired financial assets purchased or incurred, the effective interest rate aligned with the loan it is calculated by discounting estimated future cash flows, including expected credit losses, to the depreciated 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 minus principal repayments plus cumulative depreciation, using the effective interest rate method of any difference between that initial amount and the amount of maturity adjusted for any loss.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before reconciliation 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, except for purchased or incurred credit-impaired financial assets, interest income shall be calculated by applying an effective interest rate to the gross carrying amount of the financial asset, except for financial assets that later became credit-impaired.
For financial assets that later became credit-impaired, interest income is recognised by applying an effective interest rate to the depreciated cost of the financial asset. If, in subsequent reporting periods, credit risk to a credit-impaired financial instrument improves so that the financial instrument is no longer credit-impaired, interest income shall be recognised by applying an effective interest rate to the gross carrying amount of the financial asset.

For purchased or incurred credit-impaired financial assets, the Company recognises interest income by applying an effective interest rate adjusted by credit risk to the amortised cost of the financial asset at initial recognition. The calculation shall not be returned on a 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 recognized in the profit and loss account and is included in the item "Financing income - interest income" (note 14).

(ii) Financial assets measured at fair value through profit or loss
This category includes financial assets intended for trading. Financial assets are classified in this category if they were acquired primarily for the purpose of selling in the short term. Assets in this category are classified as short-term assets, except for derivative financial instruments.
Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with all gains or losses at fair value recognised in the statement of comprehensive income. The net profit or loss recognised in profit and loss includes any dividend or interest earned on financial assets and is included in the item other gains and losses (note 14). Fair value shall be determined as described in note 32.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7. FINANCIAL ASSETS (continued)

Impairment of financial assets
The Company measures an impairment allowance for a financial instrument at each reporting date in 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 recognized based on an assessment of the probability and facts of default (all of which are older than 360 days) and losses due to relationships with business partners 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 Company applies the simplified model of IFRS 9 Financial Instruments and classifies its financial assets with respect to the valuation method in the category of financial assets at amortized cost. This classification is made upon initial recognition and depends on the business model for managing financial assets and the cash flow characteristics adopted by the Company. Lifetime expected credit losses are recognized in the event of impairment of trade receivables, therefore there is no need to additionally monitor indicators of increased risk of receivables, because the expected credit loss is recognized based on the expected credit loss matrix.
The assessment of future expected credit losses, or the impairment of financial instruments due to them, is made based on the average write-off rate in previous years and its application to the unimpaired financial assets measured at amortized cost at the reporting date.

After a claim and the existence of objective evidence of impairment based on one or more events 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 made.

Financial assets cease to exist 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 Company will include forward-looking information when assessing whether the credit risk of an instrument has increased significantly since initial recognition and when calculating expected credit losses.
Derecognition of financial assets

The Company derecognises a financial asset when:

(a) it expires the contractual rights to the cash flows from the financial asset, or
(b) it transfers the financial asset and the transfer meets the conditions for derecognition.

Transfer of financial assets
An entity transfers a financial asset by:

(a) transferring the contractual rights to receive the cash flows from the financial asset, or
(b) retaining the contractual rights to receive the cash flows from the financial asset but assuming a contractual obligation to pay the cash flows to one or more recipients in the arrangement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8. LEASES

a) The Company is lessor

Assets given under business lease are depreciated over their expected useful life in the same way as other similar assets.
Leases in which the Company is the lessor are classified as business leases. A lease is classified as a financial lease if it transfers to the lessee almost all the risks and benefits associated with ownership of the respective property. All other leases are classified as business leases.

When the Company is an indirect landlord, it calculates the main lease and sublease as two separate contracts. A sublease is classified as a financial or business lease by reference to right-of-use property resulting from the main lease.
Income from rents based on business lease is recognised in a straight line during the period of the lease in question. Initial direct costs incurred at the stage of negotiation and contracting the terms of the business lease are attributed to the carrying amount of the subject matter of the lease and recognized in a straight line during the rental period. Receivables based on financial leases are recorded as receivables in the amount of the Group's net investment in rent. Financial rental income shall be allocated over accounting periods to reflect a constant periodic rate of return on the open state of the Group's net investment based on leases.
Where the contract includes components relating to the lease and components that are not related to the lease, the Company applies IFRS 15 to the distribution of compensation in accordance with the contract for each component.

b) The company 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 them, and lease liabilities are expressed under long-term and short-term liabilities to suppliers.

The company assesses whether it is a lease agreement or whether the contract contains a lease, at the beginning of the contract. The Company declares right-of-use assets and its associated lease obligation in respect of all leases in which it is a tenant, except for short-term leases (defined as leases with a duration of 12 months or less) and leases of low value assets (such as tablets and personal computers, office furniture and telephones). For such leases, the Company rectangularly recognizes rental payments as business expenses over the duration of the lease, unless some other systematic basis reflects the timing dynamics of spending the economic benefits of the assets held in the lease. For the first time, the lease obligation is measured in the amount of the present value of rental payments that have not been settled at the start date, reduced by the use of the rate resulting from the lease. If this rate cannot be determined, the tenant most often uses his borrowing rate. Rental payments covered by the measurement of the rental obligation include:

- fixed rental payments (including lease payments that are essentially fixed), less incentives received for rent;
- variable rental payments that depend on the index or rate, initially measured using the index or rate valid on the start date of the lease;
- the amount expected to be paid by the lessee on the basis of residual guarantees;
- the price of executing the possibility of purchase if it is certain that the lessee will take advantage of this opportunity; and
- payment of lease termination penalties if the rental period reflects that the lessee will take advantage of the possibility of terminating the lease.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8. LEASES (CONTINUED)

The lease liability is subsequently measured by

- increasing the carrying amount to reflect interest on lease liability (using the discount interest rate included in lease – incremental interest rate)
- by reducing net book value to reflect lease payments made.
- The company re-measures the lease liability (and makes appropriate adjustments to the associated right-of-use assets) when:
  - the rental period changes or arises a significant event or significant change of circumstances, which results in a change in the assessment of the exercise of the possibility of purchase, in which case the lease obligation is re-measured so that the revised rental payments are discounted using 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 obligation is re-measured by discounting the revised lease payments using unchanged discount rates (unless the change in rental payments is due to a change in variable interest rates, in which case the revised discount rate is applied).
  - the lease agreements and the lease change is not calculated as a separate lease, in which case the lease obligation is re-measured on the basis of the modified lease period so that the revised lease payments are discounted using the revised discount rates on the date of the amendment.

The company has not made 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 date of commencement of the lease, minus the incentives received for the conclusion of the business lease and any initial direct costs. They are subsequently measured at a cost less accumulated depreciation and impairment losses.

Where the Company bears the costs of dismantling and removing the assets in the lease, restoring the place where the property is located or returning the underlying assets to the condition required under the terms of the lease, the provision shall be recognised and measured in accordance with IAS 37 *Provisions, contingent asset and liabilities*. Where the costs relate to right-of-use assets, the costs are included in the associated right-of-use assets, unless those costs are incurred when producing stocks. Right-of-use assets are depreciated through the rental period or lifetime of use, whichever is shorter. If, on the basis of the lease, ownership of the underlying assets is transferred or if the cost of the right-of-use assets reflects that the Company will take advantage of the possibility of purchase, the right-of-use assets are depreciated through the useful life of the underlying asset. Depreciation begins at the start date of the lease. The Company applies IAS 36 *Impairment of Asset* to determine whether the value of the right-of-use asset is impaired or whether any impairment losses have been accrued for it, as described in the accounting policy related to "Property, plant and equipment".

Variable rents that do not depend on the index or rate are not covered by the measurement of the lease obligation and right-of-use assets. Related payments are recognised as an expense in the period in which the event or condition giving rise to the payments in question arose and are included in “Other expenses” in profit and loss (see Note 10).

As a practical solution, IFRS 16 allows the lessee not to separate components that do not relate to the lease and to account for components related to the lease and components that do not relate to the lease as a single component. Society did not use this practical solution. For a contract containing a component relating to the lease and one or more additional components not related to the lease, the Company shall allocate the fee under the contract to each component relating to the lease based on the relative standalone price of that component and the total stand-alone price of non-leased components.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9. INVENTORIES

Inventories of raw materials are stated at the lower value between the acquisition cost, which is determined by the weighted average price method, and the net realizable value, whichever is lower, after provisioning for obsolete items. The net realizable value represents the estimate of the selling price in the ordinary course of business less variable selling costs.

The costs incurred by bringing each product to its current location and the balance is calculated as follows:

- raw materials consumption; based on average purchase prices.
- finished products and production in progress include the cost of raw materials, the cost of direct labour, other direct costs and the associated part of general production costs (based on normal regular production capacity), and does not include borrowing costs.

Finished goods in stores are presented at selling price less taxes and margins.
On each day of the balance sheet, a check of damaged and non-compliant inventories are carried out. If necessary, the value of damaged inventories and inventories that have passed the expiration date is value adjusted. Small inventory, packaging and car tiers in use can be included in the costs when their individual value is lower than 500 euros, and the service life is less than one year by the method of a one-time write-off.

2.10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, current accounts and bank deposits with original contractual maturities 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 immaterial risk of change in value and are held for the purpose of meeting short-term cash obligations and not for investment or other purposes.

2.11. SHARE CAPITAL

Ordinary shares are classified as equity. Shares owned by the Company are presented as own shares and are exempted from the equity.

2.12. LOANS

Loans are initially recognised at fair value less transaction costs. In future periods, loans are shown at amortised cost; and any differences between receipts (less transaction costs) and redemption value are recognised in the profit and loss account during the loan life. Borrowing costs that can be directly attributed to the acquisition, construction or production of qualifying assets are an integral part of the cost of that asset. Loans are classified as short-term liabilities, unless the Company has the unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.13. DEFERRED AND CURRENT CORPORATE INCOME TAX

The company calculates the tax liability in accordance with Croatian laws and regulations. The tax expense 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 valid on the reporting date and all adjustments of the tax liability from previous periods.
The amount of deferred tax is calculated using the balance sheet 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 results from the initial recognition of assets or liabilities in a transaction other than a business merger that does not affect accounting profit or taxable profit (tax loss) at the time of the transaction.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14. EMPLOYEE BENEFITS

a) Liabilities for pensions and other liabilities after retirement

In the course of regular business, when paying salaries of the Company on behalf of its employees who are members of mandatory pension funds, it makes regular payments of contributions in accordance with the law. Mandatory pension contributions to funds are reported as part of the cost of salaries when accounted for. The Company's liability ceases at the time when the contributions are settled. The company does not have an additional pension plan and therefore has no other liabilities regarding employee pensions. Furthermore, the Company is under no obligation to provide any other employee benefits after their retirement.

b) Severance pay

Severance liabilities are recognised when the Company terminates an employee's employment before the normal retirement date or by the employee's decision to voluntarily accept the termination of employment in exchange for compensation. The Company recognizes severance pay liabilities when it has demonstrably assumed the obligation to terminate employment with current employees.

c) Short-term employee benefits

The Company recognises the provision for bonuses when there is a contractual obligation or practice from the past on the basis of which the derived obligation arose. The reservation is also recognised for unused vacations in the amount expected to be paid as a short-term obligation if the Company has a current legal or derivative obligation to pay this amount as a result of the service performed in the past by the employee and if the obligation can be measured reliably.

d) Other employee benefits

Liabilities based on other long-term employee benefits, such as jubilee awards and legal severance pay, are reported in the net amount of the present value of the defined benefit obligation at the reporting date. The projected credit unit method is used to calculate the present value of the liability. Corresponding losses or repeated valuation gains are recognised immediately in the profit or loss statement, except for actuarial gains and losses on repeated valuation of defined employee benefit liabilities recognised in the statement of other comprehensive income as items that will not carry over into profit or loss in subsequent periods.

2.15. PROVISIONS

Provisions for guarantee costs and litigation are recognised if the Company has a present legal or derivative obligation as a result of a past event, if an outflow of resources is likely to be required to settle the obligation, and if the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the costs 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 risks specific to that obligation. The amount of provisioning is increased in each period to reflect the elapsed time.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16. REVENUE RECOGNITION

Revenue is recognised as the amount of the transaction price, where the transaction price is the amount of compensation to which the Company expects to be entitled in exchange for the transfer of promised goods or services to the customer, excluding amounts charged on behalf of third parties. The company recognizes revenue when it transfers control of a product or service to the customer.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is presented net of value-added tax, rebates and discounts that are an integral part of contracts with customers. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. Revenue is recognised as follows:

a) Revenues from the sale of products and goods

Revenue is recognized when delivery liabilities are met by transferring control of the promised products and goods or service to the customer. Control over products and the goods (e.g. the sale of equipment) is transferred when the products and the goods are delivered to the customer, the buyer has the goods fully disposed of and there is no outstanding obligation that could affect the buyer's acceptance of the goods. The delivery was carried out when the products and the goods were shipped to a specific location, and the risks of obsolescence and loss were transferred to the buyer. Control over the goods is usually transferred at a certain point.

Revenues from the sale of products and goods largely comprise revenues from the sale of flour, bread, rolls, biscuits, waffles, pasta, porridges, edible oils. Revenues from the sale of products and goods are recognized at the time of sale of the goods to the customer. Standard payment terms range from 30 to 60 days.

b) Revenue from services

Revenue from services is recognised in the period in which the services were performed. If the realisation of the service extends to 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 until final execution. The services provided by the Company to the greatest extent include transport and rental services.

2.17. FINANCIAL REVENUE

c) Interest Income

Interest income is recognised on a time-proportional basis using the effective interest rate method.

d) Dividend income

Dividend income is recognised when the right to pay dividends has been established.

2.18. DISTRIBUTION OF DIVIDENDS

The distribution of dividends to the shareholders of the Company is recognized as an obligation in the financial statements in the period in which they were approved by the General Assembly of shareholders of the Company.

NOTE 3 - KEY ACCOUNTING ESTIMATES

Estimates are continuously evaluated and based on experience and other factors, including expectations of future events that are considered acceptable under existing circumstances. Company makes estimates and makes assumptions related to the future. The resulting accounting estimates are, by definition, in rare cases equated with actual results. The following are estimates and assumptions that could cause a significant risk of adjusting the carrying amounts of assets and liabilities in the next financial year.

a) Impairment of non-financial assets

Depreciable assets are reviewed for impairment when events or changed circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the asset's fair value less costs to sell or the asset's value in use.

Recoverable amount and fair value are usually determined using a discounted cash flow method that incorporates reasonable market assumptions. Impairment is based on many factors such as changes in market conditions, increases 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 an impairment. An impairment loss is recognized as the difference between the asset's book value and its recoverable amount. For the purpose of impairment assessment, assets are grouped at the lowest level to determine cash flow (cash generating units) individually. Non-financial assets, except for goodwill, for which an impairment loss has been reported, are checked at each reporting date for possible reversal of the impairment.

Determining impairment of assets involves the use of estimates that contain but are not limited to the causes, moment and amount of impairment. Determining impairment indicators, as well as assessing future cash flows and determining the fair value of assets (or groups of assets) requires management to make significant assessments when identifying and valuing impairment indicators, expected cash flows, applicable discount rates, useful lifetimes of use and residuals. For details, see Notes 18, 19,19a,20,23 and 31.

b) Useful life of the property, plant and equipment

The determination of 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 considered annually, or whenever there is an indication of significant changes in assumptions. We believe that this is an important accounting assessment, since it includes assumptions about technological developments and depends significantly on the Investment Plans of the Company. For details, see Notes 18 and 19.

c) Inventories

Inventories are value as per lower of net realisable 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.

d) Impairment of investment in subsidiaries

The company performs an impairment test for investments in subsidiaries when events or changed circumstances occur that indicate that the book value of the investments is not recoverable. Recoverable amounts of money-generating units are determined on the basis of fair value minus sales costs. These calculations require the use of estimates. For details, see Note 20.

NOTE 3 - KEY ACCOUNTING ESTIMATES (CONTINUED)

e) Expected credit loss model

The company uses a simplified approach to the allocation of receivables according to the requirements of IFRS 9. The assessment of future expected credit losses, i.e. the correction of the value of financial instruments due to them, is carried out based on the average write-off rate in previous years and its application to uncorrected financial assets, which are measured at amortized cost on the reporting date.

Company does not impair cash and cash equivalents because effect of expected credit loss is immaterial for those. Company uses simplified approach for calculation of expected credit loss and for each balance sheet date, asses if there are receivables older than 360 days, if so Company applies impairment in amount they find reasonable that will not be able to collect.

If not collected earlier, all claims are settled within one year from the due date. The analysis of receivables and the associated value adjustment showed a significant collection of receivables in the first year from the due date and in the following two years through lawsuits. Historically speaking, the above trends are stable and there are no known facts or indications that the trend will change in future periods.

After the complaint and the existence of objective evidence of impaired value based on one or more events that indicate to the Management that the contracted cash flows will not be able to be collected, the value of the specified financial asset is adjusted, in an amount that reflects the specified parameters. The decision on alignment is made by the Company's Management Board. For details see Notes 11, 23, 24, 25 and 31.

f) Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The amount of the provision is increased in each period to reflect the passage of time. Note 12 and 27.

For litigation

Provisions for warranty and litigation costs are recognised if the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

For termination benefits and jubilee awards

Liabilities for other long-term employee benefits, such as jubilee awards and statutory termination benefits, are stated at the net present value of the defined benefit obligation at the reporting date. The projected unit credit method is used to calculate the present value of the obligation. The corresponding losses or gains on remeasurement are recognized immediately in the statement of profit or loss, except for actuarial gains and losses on remeasurement of defined benefit obligations, which are recognized in the statement of other comprehensive income as items that will not be reclassified 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 current liability if the Company has a present legal or constructive obligation to pay that amount as a result of past service by the employee and the obligation can be measured reliably.

NOTE 3 - KEY ACCOUNTING ESTIMATES (CONTINUED)

g) Income tax and deferred tax

The Company is subject to income tax in Croatia. In the ordinary course of business, the Company enters into transactions and makes calculations for which the final amount of tax cannot be determined with certainty. The Company recognizes liabilities for expected possible tax issues during a 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 provisions for income tax and deferred tax in the period of the final tax ruling.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which they can be utilized. At each reporting date, the Company reassesses unrecognized potential deferred tax assets and the recoverability of the carrying amount of recognized deferred tax assets. For details, see Notes 16 and 21.

In accordance with the regulations of the Republic of Croatia, the Tax Administration may at any time inspect the books and records of the Company within a period of 3 years after the end of the year in which the tax liability was stated and may impose additional tax liabilities and penalties. The Management is not aware of any circumstances that could lead to significant liabilities in this regard.

NOTE 4 – SALES REVENUE (within Group)

Total sales revenue includes:

(u eurima)	2024	2023
Revenue from sales to entrepreneurs outside the group	21,601,422	21,495,010
Revenue from sales to entrepreneurs within the group	6,832,002	7,047,268
Ukupno prihodi od prodaje	**28,433,424**	**28,542,278**

Most revenue is recognized at the time of sale.

Sales revenues with entrepreneurs within the group by revenue types

(in euros)	2024	2023
Revenue from the sale of products	5,588,731	5,925,126
Revenues from transport services	472,163	360,035
Revenues from the sale of goods	701,299	701,219
Revenue from leases /i/	69,809	60,888
Sales revenue with entrepreneurs within the group	**6,832,002**	**7,047,268**

/i/ Lease revenue

These revenues were mostly related to the lease of real estate to the subsidiaries Trgovina Krk d.d. Malinska.

NOTE 5 – SALES REVENUE (outside the group)

(in euros)	2024	2023
Revenue from sales in the country /i/	20,379,200	19,720,618
Revenues from sales abroad /ii/	1,222,222	1,774,392
Total sales revenue	**21,601,422**	**21,495,010**

/i/ Sales revenue in the country by type of revenue

(in euros)	2024	2023
Revenue from the sale of products	19,715,707	19,170,079
Revenues from the sale of goods	512,517	404,708
Revenues from transport services	89,857	83,149
Lease revenue	61,119	62,682
Total sales revenue in the country	**20,379,200**	**19,720,618**

NOTE 5 – SALES REVENUE (outside the group) (CONTINUED)

/ii/ Revenues from sales abroad by country

(in euros)	2024	2023
Sales revenues - Slovenia	702,037	1,343,082
Sales revenue - BiH	497,487	363,082
Sales revenues -Litvania	16,640	15,506
Sales revenue - Germany	6,058	21,293
Sales revenue -Kosovo	-	30,876
Sales revenue – Mađarska	-	553
Total revenues from sales abroad	**1,222,222**	**1,774,392**

NOTE 6 – OTHER OPERATING INCOME

(in euros)	2024	2023
Proceeds from the sale of fixed assets	52,792	37,924
Income from compensation for damages from insurance companies	23,750	55,639
State aid revenues and proceeds from donations, awards, subsidies, grants and assistance	15,285	7,051
Revenues from collected and reversed value adjusted receivables	10,704	14,758
Revenues based on the use of the own products, goods and services	9,177	19,508
Surplus revenues	7,440	9,658
Revenue from the sale of raw materials, spare parts, small inventory, packaging and car tyres	3,046	1,863
Other business income with entrepreneurs within the group	54	5,009
Other operating revenues	9,348	18,022
Total other operating revenue	**131,596**	**169,432**

NOTE 7 – CHANGE IN THE VALUE OF INVENTORY OF PRODUCTION IN PROGRESS AND FINISHED PRODUCTS

Changes in the value of inventories of unfinished production and finished products as at 31 December compared to 1 January of the current year affect costs by retaining part of the costs of the current year in the amount of inventory value increases, while the decrease in the value of inventories increases the cost of the period. These inventories in 2024 decreased by 147,584 euros (in 2023 they increased by 119,259 euros). Furthermore, the position of change in the value of inventories was corrected by the amount of surpluses on production and finished products in the amount of EUR 3,933 (2023: EUR 4,548), and production and finished products shortfalls in the amount of EUR 19,160 (2023: EUR 24,877), which were expressed within other operating income or expenditures.

Change in inventory value	**2024**	**2023**
Balance on January 1	614,461	733,720
Balance on December 31	762,045	614,461
Difference	**(147,584)**	**119,259**
Deficits in production and finished goods	19,160	24,877
Surpluses in production and finished goods	3,933	4,548
Change in inventory value on December 31	**(162,811)**	**98,930**

NOTE 8 – MATERIAL COSTS

(in euros)	2024	2023
Costs of raw material and energy /i/	16,901,272	18,458,982
Cost of goods sold	689,288	577,810
Other external costs /ii/	2,472,180	1,955,911
Total material costs	**20,062,740**	**20,992,703**

/i/ Costs of raw materials and materials and energy

(in euros)	2024	2023
Cost of raw materials	14,488,824	16,206,266
Energy consumption costs	1,375,197	1,281,245
Packaging costs	989,330	916,823
Spare parts and small inventory	47,921	54,648
Total raw material and material costs	**16,901,272**	**18,458,982**

/ii/ Other external costs

(in euros)	2024	2023
Intellectual and personal services /i/	733,323	266,238
Costs of promotion, propaganda, advertising, sponsorship, fairs	533,009	464,019
The cost of telephone, internet, transportation, etc.	488,022	483,080
Maintenance services	251,601	259,548
Utilities and other services	161,829	157,394
Service of assignment of agency workers	107,060	65,550
Leases and rents	98,287	127,026
Costs of registration of means of transport, mediation and commercial services	22,280	20,515
Product development services	8,900	9,161
Student services	6,778	8,135
Other services /ii/	61,091	95,245
Total other external costs	**2,472,180**	**1,955,911**

/i/ Intellectual and personal services

Within the cost of intellectual and personal services, the costs of the audit of the company's financial statements and other services provided by the auditor in 2024 in the total amount of 71,511 euros are shown. Other costs refer to the cost of maintaining the IT system and intellectual services related to the projects of potential acquisitions.

/ii/ Other services

Other services also include ongoing occupational safety services in the amount of EUR 5.424 (2023: EUR 6,882), and other services (cleaning, vehicle surveillance, fire alarm services, testing of fire extinguishers, work equipment, vehicle washing and parking services and other expenses ...) in the amount of EUR 55,667 (2023: 88,363 euros(of which EUR 10,594 in 2023 relates to product packaging services)).

NOTE 9 – EMPLOYEES EXPENSES

(in euros)	2024	2023
Net salaries and wages	3,032,951	2,607,007
Costs of taxes and contributions from salaries	1,212,858	1,013,149
Contributions to salaries	674,142	573,651
Total staff costs	**4,919,951**	**4,193,807**

As of December 31, 2024, the Company had 212 employees (in 2023: 205).

NOTE 10 – OTHER COSTS

(in euros)	2024	2023
Rewards and gifts to employees	543,583	482,014
Employees extras and allowances	217,621	208,806
Insurance premiums	118,379	110,208
Compensation to members of the Supervisory Board and other income (gross)	76,093	60,717
Contributions to water management, forests and monument annuity	43,718	51,829
Banking services and commissions	27,662	24,573
Contributions and membership fees of the Croatian Chamber of Economy, Croatian Chamber of Trades and Crafts, tourist boards, etc.	17,029	17,907
Representation and promotion	14,285	12,743
The cost of medical examinations of employees	10,253	11,396
Expenses for business trips	10,965	9,003
Costs of general and special education and training of employees	7,176	4,682
Costs for manuals, journals, professional literature, official gazettes	2,715	1,596
Court costs, fees and costs of admonitions	301	3,053
Other operating expenses /i/	50,072	61,450
Total other costs	**1,139,852**	**1,059,977**

/i/ Other operating expenses
Other operating costs mostly include expenditure spending on health surveillance and product inspections, environmental costs, and other costs.

NOTE 11 - VALUE ADJUSTMENTS

The costs of value adjustment of short-term assets consist of value adjustments based on the value adjustments of receivables from customers for delivered goods and services, for which there is a probability that they will not be charged (which also include general provisions for anticipated future corrections in accordance with IFRS 9 - note 23 and 31), and other value adjustments for claims that have been settled or reported in pre-bankruptcy and bankruptcy procedures, and written off as uncollectible claims.

In 2024, costs were calculated for adjustments to the value of short-term assets in the amount of 10,927 euros (in 2023: 4,095 euros), a previously adjusted value of 10,704 euros (2023: 18,854 euros) was charged, of which the position of value adjustments of receivables from customers relates to the amount of -223 euros (in 2023: 14,759 euros).

NOTE 12 – PROVISIONS

(in euros)	2024	2023
Provisions for severance pay and jubilee awards	(33,479)	88,881
Provisions for unused vacations /i/	4,323	(14,736)
Total bookings	**(29,156)**	**74,145**

	Jubilee awards	Severance pay	Total
Balance as of 1 January 2024	**206,195**	**155,005**	**361,200**
Income from cancellation of provisions	(23,112)	(10,367)	(33,479)
Paid during the year	-	-	-
Balance as of 31 December 2024	**183,083**	**144,638**	**327,721**

/i/ The Company recognizes provisioning for unused vacation days on the net principle as a difference in the initial and final balance of liabilities with the recording of the difference within income or expenses. In 2024, revenues of EUR 4,323 were recognised under provisions (EUR 14,736 in revenue was generated in 2023). The provision is recognised for unused annual vacation days, because the Company has a current legal or derivative obligation to pay this amount for 9,732 hours (in 2023: 9,514 hours) of unused annual leave resulting from the service performed in the past by the employee and the obligation can be reliably measured. Information on provisions is described in Note 27.

	2024	2023
Balance as of January 1 (unused vacations)	**103,166**	**117,902**
Income from reversal of provisions for unused vacations	-	(14,736)
Expense from provisions for unused vacations	4,323	-
Balance as of December 31	**107,489**	**103,166**

NOTE 13 - OTHER OPERATING EXPENSES

(in euros)	2024	2023
Scarp, scattering, malfunction and breakage, write-offs and shortages of short-term mat. property	21,772	33,678
Purchase value of raw materials sold, cessation of recognition of long-term tangible assets	4,404	854
Fines, penalties, compensation, etc.	658	13,166
Subsequently determined expenditures from previous years /i/	-	21
Other business expenses	3,494	4,112
Total other business expenses	**30,328**	**51,831**

NOTE 14 – FINANCIAL INCOME

(in euros)	2024	2023
Income from investments in subsidiaries /i/	7,000,000	-
Income from other long-term financial investments and loans	314,315	66,476
Exchange rate differences and other financial income	-	85
Other financial income /ii/	3,055	4,479
Total financial income	**7,317,370**	**71,040**

/i/ Income from investments in subsidiaries

In 2024, a dividend payment (note 32) was made by subsidiaries in the amount of EUR 7.000.000. In 2023, there was no dividend payment by subsidiaries.

/ii/ Other financial income

Other financial income in 2024 and 2023 includes dividend income from shares reported within short-term financial assets at fair value through profit and loss account.

NOTE 15 – FINANCIAL COSTS

(in euros)	2024	2023
Interest-based costs and similar costs with entrepreneurs within the group /i/ - MSFI 16 (Note 28)	3,474	2,074
Interest-based costs and similar costs	259	-
Unrealized losses (expenses) on financial assets	13	19,465
Exchange rate differences and other costs	-	64,932
Other financial costs	-	1,065
Total financial costs	**3,746**	**87,536**

/i/ Interest-based costs and similar costs with entrepreneurs within the group

The company received loans in total EUR 5,308,912 from its subsidiaries Trgostil d.d. and Trgovina Krk d.d., which were used to finance the purchase of wheat in 2022 and to pay dividends to shareholders. The loans were fully repaid in 2023. Loans were subject to a statutory interest rate of 2.40% between related persons (2022: 2.68%). In 2024, there were no loans received from subsidiaries.

NOTE 16 – INCOME TAX EXPENSE

(in euros)	2024	2023
Current tax	367,131	217,973
Cost/(income) of deferred tax	(402)	(28,535)
Total	**366,729**	**189,438**

(in euros)	2024	2023
Profit or loss before tax	**8,983,804**	**1,045,862**
Tax calculated at the rate of 18%	1,617,085	188,255
Taxable expenditure	110,271	185,095
Tax taxable expenses	19,849	33,317
Tax-free income and incentives	7,054,456	19,993
Tax tax-free income and incentives	(1,269,802)	(3,599)
Income tax or loss from business	**367,131**	**217,974**
Effective tax rate	4,09%	20,84%
Cost/(income) of deferred tax	(402)	(28,536)
Profit or loss of financial year	**8,617,075**	**856,424**

The most significant part of the reduction of the tax base relates to the abolition of part of the provision under IFRS 9 in the amount of EUR 33,479 (2023: cancellation of a part of the provision according to IFRS 9 in the amount of EUR 10,358), and to state aid for education and training and dividend income. In accordance with local regulations, the Tax Administration may review the Company's books and records at any time and may impose additional tax liabilities and penalties.

NOTE 17 - EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the Company's net profit by the weighted average number of ordinary shares.

(in euros)	2024	2023
Company net profit	8,617,075	856,424
Average weighted number of ordinary shares	10,290,000	10,290,000
Basic earnings per share (in euros)	**0.84**	**0.08**

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

Purchase value	**31/12/2022**	New Purchase	Transfer	Disposal and Sales	**31/12/2023**
Land	962,897	-	-	-	962,897
Buildings	8,719,212	9,378	(43,549)	-	8,685,042
Plant and equipment	17,513,895	122,227	-	(60,266)	17,575,856
Tools, plant inventory and transport assets	1,910,388	257,909	-	(370,303)	1,797,994
Tangible assets in preparation and advances	190,362	23,303	-	-	213,665
Total purchase value	**29,296,754**	**412,817**	**(43,549)**	**(430,569)**	**29,235,454**

Value adjustment	**31/12/2022**	Calculate depreciation	Transfer	Disposal and Sales	**31/12/2023**
Buildings	6,961,224	266,367	-	-	7,227,591
Plant and equipment	16,399,701	543,222	-	(60,237)	16,882,685
Tools, plant inventory and transport assets	1,542,867	151,174	-	(370,303)	1,323,738
Total value adjustment	**24,903,792**	**960,763**	**-**	**(430,540)**	**25,434,014**

Net book value	**31/12/2022**				**31/12/2023**
Land	962,897				962,897
Buildings	1,757,989				1,457,450
Plant and equipment	1,114,194				693,171
Tools, plant inventory and transport assets	367,521				474,256
Tangible assets in preparation and advances	190,362				213,665
Total net book value	**4,392,963**				**3,801,439**

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Purchase value	31/12/2023	New Purchase	Transfer	Disposal and Sales	31/12/2024
Land	962,897	-	-	-	962,897
Buildings	8,685,042	-	-	-	8,685,042
Plant and equipment	17,575,856	61,596		(33,674)	17,603,778
Tools, plant inventory and transport assets	1,797,994	184,874		(260,381)	1,722,487
Tangible assets in preparation and advances	213,665	257,732	(429,093)[1]	-	42,304
Total purchase value	**29,235,454**	**504,202**	**(429,093)**	**(294,055)**	**29,016,508**

Value adjustment	31/12/2023	Calculate depreciation	Transfer	Disposal and Sales	31/12/2024
Buildings	7,227,591	185,828	-	-	7,413,419
Plant and equipment	16,882,685	399,492	-	(31,599)	17,250,578
Tools, plant inventory and transport assets	1,323,738	179,341	-	(260,381)	1,242,698
Total value adjustment	**25,434,014**	**764,661**	**-**	**(291,980)**	**25,906,695**

Net book value	31/12/2023				31/12/2024
Land	962,897				962,897
Buildings	1,457,450				1,271,623
Plant and equipment	693,171				353,200
Tools, plant inventory and transport assets	474,256				479,788
Tangible assets in preparation and advances	213,665				42,304
Total net book value	**3,801,439**				**3,109,812**

The most significant change in 2024, in terms of material assets, was the acquisition of freight vehicles, temperature sensors for mill rollers.
As of December 31, 2024 and as of December 31, 2024, the Company has no pledged tangible assets as a means of securing loan repayment.
The book value of temporarily unused property, plant and equipment as of December 31, 2024 is EUR 764,581 (December 31, 2023 EUR 825,063). The fair value of the said asset is approximately equal to the book value on the balance sheet date.

[1] The difference in the amount of the transfer of tangible assets under construction relates to a mixing plant that was moved (reclassified) to assets held for sale in the amount of EUR 184,390. Note 18.

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(u eurima)	2024	2023
Depreciation of property and equipment	397,725	543,221
Depreciation of Buildings	185,828	309,916
Depreciation of tools, inventory and transport vechichels	179,341	151,175
Depreciation of investment property	141,777	136,064
Depreciation of cars – right of use asset	15,759	36,654
Amortisation of intangibles	2,579	929
Total depreciation/amortisation	**923,009**	**1,177,959**

NOTE 19 –RIGHT OF USE ASSETS

Purchase value	**31/12/2022**	New Purchase	Transfer	Disposal and Sales	**31/12/2023**
Tools, plant inventory and transport assets	165,441	-	-	(120,524)	44,917
Total purchase value	165,441	-	-	(120,524)	44,917
Value adjustment	**31/12/2022**	Calculate depreciation	Transfer	Disposal and Sales	**31/12/2023**
Tools, plant inventory and transport assets	126,215	36,654	-	(120,524)	42,345
Total value adjustment	**126,215**	**36,654**	**-**	**(120,524)**	**42,345**
Net book value	**31/12/2022**				**31/12/2023**
Tools, plant inventory and transport assets	39,226				2,572
Total net book value	**39,226**				**2,572**

Purchase value	**31/12/2023**	New Purchase	Transfer	Disposal and Sales	**31/12/2024**
Tools, plant inventory and transport assets	44,917	62,628	-	(44,917)	62,628
Total purchase value	**44,917**	**62,628**	**-**	**(44,917)**	**62,628**
Value adjustment	**31/12/2023**	Calculate depreciation	Transfer	Disposal and Sales	**31/12/2024**
Tools, plant inventory and transport assets	42,345	15,759	-	(44,917)	13,187
Total value adjustment	**42,345**	**15,759**	**-**	**(44,917)**	**13,187**
Net book value	**31/12/2023**				**31/12/2024**
Tools, plant inventory and transport assets	2,572				49,441
Total net book value	**2,572**				**49,441**

NOTE 19a – INVESTMENT PROPERTY

Purchase value	**31/12/2022**	New Purchase	Transfer	Disposal and Sales	**31/12/2023**
Land	1,975,876	-	-	-	1,975,876
Buildings	14,946,697	78,769	43,549	-	15,069,015
Total purchase value	**16,922,573**	**78,769**	**43,549**	**-**	**17,044,891**
Value adjustment	**31/12/2022**	Calculate depreciation	Transfer	Disposal and Sales	**31/12/2023**
Buildings	13,919,500	179,612	-	-	14,099,112
Total value adjustment	**13,919,500**	**179,612**	**-**	**-**	**14,099,112**
Net book value	**31/12/2022**				**31/12/2023**
Investment property	3,003,073				2,945,779
Total net book value	**3,003,073**				**2,945,779**

Purchase value	**31/12/2023**	New Purchase	Transfer	Disposal and Sales	**31/12/2024**
Land	1,975,876	-	-	-	1,975,876
Buildings	14,946,697	78,769	43,549	-	15,069,015
Total purchase value	**16,922,573**	**78,769**	**43,549**	**-**	**17,044,891**
Value adjustment	**31/12/2023**	Calculate depreciation	Transfer	Disposal and Sales	**31/12/2024**
Buildings	14,099,112	141,777	-	-	14,240,889
Total value adjustment	**14,099,112**	**141,777**	**-**	**-**	**14,240,889**
Net book value	**31/12/2023**				**31/12/2024**
Investment property	2,945,779				2,804,002
Total net book value	**2,945,779**				**2,804,002**

The Company estimates the fair value of real estate investments using data from Level 3, in accordance with IFRS 13: Fair Value Measurement. The company uses the income approach when calculating the fair value of investments in real estate, the estimated fair value of investments in real estate is EUR 8,637,985 (2023: EUR 8,214,210).

NOTE 20 – INVESTMENT IN SUBSIDIARIES AND LONG TERM FINANCIAL ASSET

(in euros)	31/12/2024	31/12/2023
Investments in subsidiaries – Radnik Opatija /i/	1,176,957	1,176,957
Investments in subsidiaries – Trgovina Krk /i/	9,360,346	9,360,346
Other financial assets – share in Žitozajednica d.o.o.	557	557
Total financial assets	**10,537,860**	**10,537,860**

/i/ Investments in subsidiaries

In 2024, there were no changes in the mentioned positions.

(in euros)	31/12/2024	31/12/2023
Investments in subsidiaries	10,537,303	10,537,303
Value adjustment	-	-
Total investments in subsidiaries	**10,537,303**	**10,537,303**

NOTE 21 – DEFERRED TAX ASSETS

In this position, the effects of temporary tax differences on expenditures that were not tax deductible and increased the tax base were shown. It consists of EUR 118,601 (2023: EUR 118,198) on the basis of unrealised loss from fair valuation of shares and value adjustments, provisions for pensions and severance pay, value adjustment of claims on customers, and tax-unrecognised depreciation.

(in euros)	**31/12/2024**	**31/12/2023**
Basis of recognition		
Liabilities based on employee benefits (jubilee and severance pay)	58,990	65,016
Valuation of financial assets (shares)	38,887	38,885
Trade receivables Value Adjustment	5,156	3,400
Tax-unrecognized depreciation	15,568	10,897
Total deferred tax assets	**118,601**	**118,198**

Deferred tax assets	**31/12/2024**	**31/12/2023**
Balance on January 1	**118.198**	**89.663**
Obligations based on employee benefits (jubilee and severance pay)	65.016	49.018
Valuation of financial assets	38.885	35.381
Trade receivables Value Adjustment	3.400	5.264
Tax-deductible depreciation	10.897	-
Recognized through P&L	**402**	**28,535**
Obligations based on employee benefits (jubilee and severance pay)	(6,026)	15,998
Valuation of financial assets	2	3,504
Trade receivables Value Adjustment	1,756	(1,864)
Tax-deductible depreciation	4,670	10,897
Balance as of December 31	**118,601**	**118,198**
Liabilities based on employee benefits (jubilee and severance pay)	58,990	65,016
Valuation of financial assets	38,887	38,885
Trade receivables Value Adjustment	5,156	3,400
Tax-deductible depreciation	15,568	10,897
Balance as of December 31	**118,601**	**118,198**

NOTE 22 – INVENTORIES AND LONG-TERM ASSET HELD FOR SALE

(in euros)	31/12/2024	31/12/2023
Raw materials	3,588,306	3,246,507
Finished product	762,045	614,461
Commercial goods	46,780	33,793
Non-current asset held for sale	184,390	-
Total Inventory	**4,581,521**	**3,894,761**

The company did not make any inventory adjustments in 2024.

/i/ Long-term assets held for sale

According to the decision of the Management Board, an automatic mixing plant with a total value of 184,390 euros was reclassified from long-term assets under construction to assets held for sale.

NOTE 23 – TRADE RECEIVABLES AND OTHER RECEIVABLES

The Company's receivables from customers as of the balance sheet date consist of:

(u eurima)	31/12/2024	31/12/2023
Current trade receivables	3,806,988	3,911,758
Non-current trade receivables	193	1,896
Total trade receivables	**3,807,181**	**3,913,654**

(in euros)	31/12/2024	31/12/2023
Trade receivables /ii/	2,961,181	3,007,489
Receivables from entrepreneurs within the group /i/	845,807	904,269
Receivables from State and other institutions /iii/	22,961	12,829
Receivables from employees and members	451	-
Other receivables /iv/	47,316	20,025
Total Receivables	**3,877,716**	**3,944,612**

/i/ Receivables from entrepreneurs within the group

(in euros)	31/12/2024	31/12/2023
Receivables from entrepreneurs within the group	905,077	963,539
Value Adjustment	(59,270)	(59,270)
Total receivables from entrepreneurs within the group	**845,807**	**904,269**

Receivables from entrepreneurs within the group relate to receivables on business relations of delivery of goods and services to affiliated companies Trgovina Krk d.d. Malinska, Radnik Opatija d.d. Lovran, Trgocentar d.d. Virovitica. The balance sheet for 2024 showed a value adjustment of receivables from entrepreneurs within the group in the amount of EUR 59,270 (2023: EUR 59,270), of which there were no corrections due to the results of the current year.

/ii/ Trade receivables

(in euros)	31/12/2024	31/12/2023
Domestic trade receivables	3,158,760	3,183,651
Value adjustment of receivables and disputed receivables against customers	77,642	137,691
Abroad trade receivables	(275,221)	(313,853)
Total receivables from customers	**2,961,181**	**3,007,489**

Trade receivables are expressed in the amount of net invoiced value adjusted for expected credit losses. The balance sheet for 2024 showed an adjustment in the value of claims against customers in the amount of EUR 275,221 (2023: EUR 313,853), of which EUR 10,927 (2023: EUR 4,095) was deducted.

Trade receivables by region	31/12/2024	31/12/2023
Domestic	3,729,345	3,774,067
Foreign	77,643	137,691
Total trade receivables by region	**3,806,988**	**3,911,758**

NOTE 23 – TRADE RECEIVABLES AND OTHER RECEIVABLES (CONTINUED)

/ii/ Trade receivables (continued)

The age structure of trade receivables at the reporting date was as follows:

	Gross 31/12/2024	Impairment 31/12/2024	Gross 31/12/2023	Impairment 31/12/2023
Overdue	3,356,002	(6,031)	3,447,567	(6,439)
Due to 30 days	241,483	(1,601)	247,350	(1,568)
Due 31-90 days	125,951	(3,627)	131,692	(3,020)
Due over 90 days	418,043	(323,232)	458,272	(362,096)
Total Gross	**4,141,479**	**(334,491)**	**4,284,881**	**(373,123)**

The movement of impairment of trade receivables throughout the year was as follows:

	2024	2023
January 1 according to IFRS 9	**373,123**	**386,535**
Impairment Cost/(Disposal) (Note 11)	9,756	4,095
Posting	(39,065)	(9,011)
Suspicious claims collected	(9,323)	(8,496)
Status of December 31	**334,491**	**373,123**

Table of expected credit losses in accordance with IFRS 9

	31/12/2024	31/12/2023
Average applied impairment rate for trade receivables	5.84%	3.72%
Gross value of trade receivables**	3,111,735	3,051,495
Expected impairment	(28,645)	(18,888)
Net trade receivables	3,083,090	3,032,607

*A different discount rate was used for each group of receivables depending on the maturity, and the table shows the average rate.
**Gross value of trade receivables includes total unimpaired trade receivables and foreign trade receivables at the balance sheet date.

/iii/ Receivables from the state and other institutions

Within the framework of receivables from the state and other institutions, receivables for salary compensation from the Croatian Health Insurance Fund and the health fund were presented, as well as receivables for a higher paid membership fee to the tourist board and a higher paid contribution for general useful forest functions.

/iv/ Other receivables

Within other receivables, receivables for given advances, surcharge of ETC devices, interest on deposits in banks, and other receivables in the form of pre-paid costs related to 2025 were reported.

NOTE 24 – CURRENT FINANCIAL ASSETS

(in euros)	31/12/2024	31/12/2023
Investments in securities (fair value) /ii/	38,367	38,380
Loans, deposits etc. (amortised expense) /iii/	18,054	65,291
Total current financial assets	**56,421**	**103,671**

/i/ Investments in securities

The investment position in securities refers to the investment in shares intended for trading that are recorded by the fair value method. The gain or loss arising from a change in the fair value of a financial asset is recognised in the current year's profit and loss account.

/ii/ Loans, deposits etc.

In 2023, deposits were contracted with a maturity of less than three months and are reported in Note 25 *Cash at bank and in hand*. The above is also valid for 2024. The remaining amount, in both years, refers to receivables under guarantees provided.

The Company did not perform impairment of short-term financial assets for expected credit losses as of 31 December 2024 or 31 December 2023, as they are insignificant.

NOTE 25 – CASH AND CASH EQUIVALENTS

(in euros)	31/12/2024	31/12/2023
Deposits with a maturity of less than three months	13,984,000	5,370,777
Giro account and cash register	81,326	13,588
Total cash	**14,065,326**	**5,384,365**

The Company did not perform impairment of cash in bank and cash in hand for expected credit losses as of December 31, 2024 or December 31, 2023, as they are insignificant.

The Company can use all cash in bank and cash in hand without additional restrictions.

NOTE 26 – CAPITAL AND RESERVES

(in euros)	31/12/2024	31/12/2023
Share capital /i/	13,657,177	13,657,177
Profit reserves /ii/	3,131,511	3,131,511
Retained earnings /iii/	10,733,312	10,905,887
Profit of business year	8,617,075	856,424
Total capital and reserves	**36,139,075**	**28,550,999**

/i/ Share capital

The share capital of the Company as at 31 December 2024 is EUR 13,657,177 (2023: EUR 13,657,177) and is divided into 10,290,000 shares (2023: 10,290,000 shares) without nominal value.

/ii/ Profit reserves

The legal reserve is formed in accordance with Croatian regulations according to which the Company is obliged to enter the twentieth part (5%) of the current year's profit in the legal reserves, until these reserves together with capital gains reach the amount of five percent (5%) of the share capital. This reserve is not distributable.

Other reserves were created during the privatization of the Company and are the result of the difference in exchange rates on the day of the decision on privatization and denomination of the Company's capital from the originally nominated value in German marks to Croatian kuna.

(in euros)	31/12/2024	31/12/2023
Legal reserves	682,859	682,859
Other reserves	2,448,652	2,448,652
Total profit reserves	**3,131,511**	**3,131,511**

/iii/ Retained earnings or transferred loss

Based on the decision of the General Assembly of the Company, in 2024 a dividend was paid from the profit in the total amount of 1,029,000 euros, while in 2023 there was no dividend payment.

Based on the decision of the General Assembly of the Company held on August 28, 2024 n 2018, the Company's net profit of EUR 856,424 was allocated in full for dividend payment.

NOTE 27 – PROVISIONS

(in euros)	**31/12/2024**	**31/12/2023**
Provisions for pensions, severance pay and similar liabilities /i/	327,721	361,200
Provisions for unused annual leave /ii/	107,489	103,166
Total bookings	**435,210**	**464,366**

/i/ Provisions for pensions, severance pay and similar liabilities

	Jubilee awards	**Severance pays**	**Total**
At 1 January 2024	**206,195**	**155,005**	**361,200**
Income from reversal of provisions (Note 12)	(23,112)	(10,367)	(33,479)
Paid during the year	-	-	-
At December 2024	**183,083**	**144,638**	**327,721**

The short-term part	22,581	4,414	26,995
Long-term part	160,502	140,224	300,726
Total	**183,083**	**144,638**	**327,721**

This provision refers to the estimated long-term earnings of workers related to severance pay and jubilee awards, which is defined by internal regulations. The long-term amount of the provision refers to the estimated acquired entitlements to severance pay and jubilee awards that will be paid after December 31, 2024. The short-term amount of workers' remuneration consists of an estimate of jubilee awards and severance pay of EUR 26,995 to be paid over a period of 12 months after the balance sheet date. In 2023, the short-term amount of provisions for workers' salaries consists of jubilee awards and severance pay in the amount of EUR 22,855.

Actuarial assessments are made based on the following main assumptions:

	31/12/2024	**31/12/2023**
Discount rate	3.09%	3.39%
Rate of fluctuation	9.47%	7.11%
Average expected remaining seniority (in years)	18.20	19.04

/ii/ Provisions for unused annual leave

The Company recognizes a provision for unused annual leave on a net basis as the difference between the opening and closing balance of liabilities. In 2024, expenses were charged in the amount of EUR 4,323 reported within provisions (in 2023, EUR 14,736 of income was realized). A provision is recognized for unused annual leave because the Company has a present legal or constructive obligation to pay that amount for 9,732 hours (in 2023: 9,514 hours) of unused annual leave resulting from past service by employees and the obligation can be measured reliably.

	2024	**2023.**
As at 1 January (unused vacation)	**103,166**	**117,902**
Income from reversal of provisions for unused vacation (Note 12)	-	(14,736)
Provision for unused vacation (Note 12)	4,323	-
As at 31 December	**107,489**	**103,166**

NOTE 28 – NON-CURRENT LIABILITIES (Liabilities for loans, deposits and similar)

(in euros)	31/12/2024	31/12/2023
Liabilities for loans, deposits and similar /i/	34,077	1,850
Total non-current liabilities	**34,077**	**1,850**

Maturity per lease liabiltiies	31/12/2024	31/12/2023
Long term liabilities	34,077	1,850
Short term liabilities	17,776	2,675
Total liabilities for leases	**51,853**	**4,525**

/i/ Liabilities for loans, deposits and the similar

The company applies IFRS 16 in such a way that it shows the right-of-use assets in the same item in which the corresponding underlying assets would be shown if they were owned by him, and the lease liabilities are expressed within the framework of long-term and short-term liabilities for loans, deposits, etc. The application of IFRS 16 in the Company refers to personal vehicles leased (operating lease).

Maturity Analysis - Contractual Undiscounted Cash Flows	2024	2023
Up to one year	17,776	2,835
Between one and two years	18,832	-
Between two and three years	5,938	1,850
More than three years	9,431	-
Total Gross	**51,977**	**4,685**
Impact of discounting	(124)	(160)
Total liabilities per lease at 31.12.	**51,853**	**4,525**

Amounts of leases recognized through profit or loss	2024	2023
Depreciation Cost	15,759	36,654
Interest on liabilities per lease	3,474	2,064
Costs related to short-term leases	98,287	127,026
Total Gross	**117,520**	**165,744**

The total cash outflow based on the lease of right-of-use assets to which the company applies IFRS 16 is EUR 15,300 (2023: EUR 38,580).

NOTE 28 – NON-CURRENT LIABILITIES (Liabilities for loans, deposits and similar) (CONTINUED)

Movement in liabilities for loans and deposits during the year

(in euros)	Liabilities for loans and deposits
Short-term	2,675
Long-term	1,850
Balance 1/1 total	**4,525**
Cash receipts	62,628
Cash disbursement	(15,300)
Total cash transactions	**47,328**
Other changes	-
Change in lease terms	-
Total non-cash transactions	**-**
Balancd 31/12/ total	**51,853**
Short-term	17,776
Long-term	34,077

NOTE 29 - CURRENT LIABILITIES

(in euros)	31/12/2024	31/12/2023
Trade payables /i/	1,720,047	896,980
Employee benefits payables/ii/	292,236	242,193
Income tax liability /iii/	214,554	139,884
Liabilities for taxes, contributions, and similar benefits /iii/	182,024	374,366
Provisions – current maturity (Note 27)	134,484	126,021
Liabilities towards subsidiaries within the group /iv/	120,622	8,376
Liabilities from equity share in profit	28,608	32,606
Liabilities for loans, deposits and the like /v/ (Note 28)	17,776	2,675
Liabilities for advances	331	10,630
Other payables /vi/	21,093	10,847
Total current liabilities	**2,731,775**	**1,844,578**

/i/ Trade payables

Trade payables are largely related to Trade payables in the country based on goods, services, fixed assets and interest of EUR 1,301,634 (2023: EUR 588,843). Liabilities for non-invoiced goods and services amounting to EUR 163,577 (2023: EUR 237,430) are mainly related to the deposit of cereals, while suppliers from abroad are subject to EUR 254,836 (in 2023: EUR 70,707).

/ii/ Employee benefits payables

As part of the liabilities towards employees, liabilities for net salaries of employees for December 2024 in the amount of EUR 258,469 (2023: EUR 210,742) were shown, as well as liabilities for employee benefits for December 2024 in the amount of EUR 33,767 (in 2023: EUR 31,451), which were calculated in the accounting period, and the payment of which followed in 2025.

/iii/ Liabilities for taxes, contributions, and similar benefits

(in euros)	31/12/2024	31/12/2023
Liabilities for value added tax	24,938	251,830
Corporate income tax liabilities	214,554	139,885
Liabilities for tax and surtax on income	29,768	21,375
Liabilities for insurance contributions from and to salaries	125,557	99,415
Other liabilities of public benefits	1,762	1,746
Total liabilities for taxes, contributions and similar benefits	**396,578**	**514,250**

NOTE 29 - CURRENT LIABILITIES (continued)

/iv/ Liabilities to entrepreneurs within the group

The Company received loans from the subsidiaries Trgostil d.d. and Trgovina Krk d.d. in the total amount of EUR 5,308,912, with the possibility of successive loan repayment until 31 January 2023. The loans were used to finance the purchase of wheat of the 2022 harvest and the payment of dividends to shareholders. The annual interest rate applicable between related parties was agreed on the loan amount. For the loans received, the Company issued promissory notes as a security instrument for the loan repayment. Within 2023, the loans were fully repaid. In 2024, there were no loans received from subsidiaries. As of 31 December 2024, the Company has EUR 120,622 of liabilities to related parties for obligations for services and goods received.

/v/ Liabilities for loans, deposits and similar

Within these liabilities, a liability based on leases according to IFRS 16 – Leases is presented. As of 31. December 2024, they include contracted leases for passenger vehicles, and within this position, a short-term liability with a maturity date within one year is presented.

/vi/ Other payables

Under this position of other payables, which is EUR 21,093 (in 2023: EUR 10,847), the accrued liabilities for the accrued costs of services performed, rebates, fees and other costs charged in the current period.

NOTE 30 – RELATED PARTY TRANSACTIONS

As of 31 December 2023, the Company has following affiliated 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	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%

/i/ Key transactions within subsidiaries from the Group

There were no changes during 2024.

NOTE 30 – RELATED PARTY TRANSACTIONS (CONTINUED)

/ii/ Key transactions with related companies from the Group

Within the core business, the Company also carries out activities with affiliated companies, which include the purchase of goods and services, and credit relations.

Affiliated Company	Purchase in 2023	Debt balance at 31/12/2023	Sales in 2023	State of claims on 31/12/2023	Claim for interest	Loan balance at 31/12/2023
Trgovina Krk d.d.	272,224	8,376	6,299,068	823,150	-	-
Radnik Opatija d.d.	10,006	-	824,060	73,954	-	-
Trgocentar d.d.	-	-	5,732	7,165	59,270	3,031,500
Trgocentar d.d. value adjustment	-	-	-	-	(59,270)	(3,031,500)
Zagrebačke pekarne Klara d.d.	22,158	9,087	293,607	58,041	-	-
Papuk Našice d.o.o.	29,949	-	-	-	-	-
Narodni trgovački lanac d.o.o.	78,942	10,440	1,509,570	239,967	-	-

Affiliated Company	Purchase in 2024	Debt balance at 31/12/2024	Sales in 2024	State of claims on 31/12/2024	Claim for interest	Loan balance at 31/12/2024
Trgovina Krk d.d. Malinska	294,323	120,622	6,131,442	752,374	-	-
Radnik Opatija d.d. Lovran	14,130	-	700,614	93,433	-	-
Trgocentar d.d. Virovitica	-	-	-	-	59,270	3,031,500
Trgocentar d.d. Virovitica vrijed. usklađenje	-	-	-	-	(59,270)	(3,031,500)
Zagrebačke pekarne Klara d.d.	159,050	15,107	524,743	37,068	-	-
New Mip d.o.o.	38	-	-	-	-	-
Papuk Našice d.o.o	1,123,040	80,739	3,213	-	-	-
Narodni trgovački lanac d.o.o.	45,700	18,187	1,711,509	285,389	-	-

NOTE 30 – RELATED PARTY TRANSACTIONS (CONTINUED)

Loans to affiliates

Affiliated Company	Claim 31/12/2024	Claim 31/12/2023	Interest income 2024	Interest income 2023
Trgocentar d.d. Virovitica	3,031,500	3,031,500	-	-
Trgocentar d.d Virovitica value adjustment	(3,031,500)	(3,031,500)	-	-
Total	**-**	**-**	**-**	**-**

Loans received from affiliated companies

Affiliated Company	Loan liability 12/31/2024	Loan liability 12/31/2023	Interest expense 2024	Interest expenditure 2023
Trgovina Krk d.d Malinska	-	-	-	64,932
Total	**-**	**-**	**-**	**64,932**

Dividend income from affiliated companies

Affiliated Company	Dividend income 2024	Dividend income 2023
Trgovina Krk d.d Malinska.	7.000.000	-
Total	**7.000.000**	**-**

/iii/ Transactions with key entity management personnel

The key personnel of the management of the entity consists of the Management Board of the company and the Supervisory Board. The board consists of two members. The Supervisory Board has five members and some of them are employed with the Company. Salaries and allowances of members of the Management Board are expressed within the framework of staff costs and allowances to the Supervisory Board within other costs. In 2024, members of the Management Board and Supervisory Board were paid a total in the name of salary costs with associated contributions and fees 337,754 euros (in 2023: 345,850 euros).

NOTE 31 – RISK EXPOSURE AND RISK MANAGEMENT

The term risk refers to all risks to which the company is exposed or could be exposed in the business. Risk management shall include the identification, measurement or assessment and monitoring of risks, including reporting on the risks to which the company is exposed or may be exposed in the course of its business. The Company implements regular risk management measures with regard to the scope and type of work performed by the Company.

31.1 Financial risk management

The activities carried out by the Company expose it to various financial risks: credit risk, liquidity risk, interest rate risk.

(in euros)	31/12/2024	31/12/2023
Cash and cash equivalents	14,065,326	5,384,365
Investments in shares (shares) of entrepreneurs within the group - long-term	10,537,303	10,537,303
Receivables from customers	2,961,181	3,007,489
Receivables from subsidaries within the group	845,807	904,269
Other receivables	47,316	20,025
Investments in securities	38,367	38,380
Claims from the state and other institutions	22,961	12,829
Given loans, deposits and the like enterprising. Within the long-term	18,054	65,291
Receivables from employees and members of group	451	-
Investments in shares (shares) of subsidaries within the group - long-term	557	557
Other fixed financial assets - long-term	193	1,896
Total financial assets	**28,537,516**	**19,972,404**

(in euros)	31/12/2024	31/12/2023
Trade payables	1,720,047	896,980
Provision	435,210	464,366
Employee benefits payables	292,236	242,193
Income tax liability	214,554	139,884
Liabilities for taxes, contributions, and similar benefits	182,024	374,366
Liabilities towards subsidiaries within the group	120,622	8,376
Liabilities for loans, deposits, etc. - IFRS 16 rental – long term	34,077	1,850
Liabilities from equity share in profit	28,608	32,606
Liabilities for loans, deposits, and s. - lease IFRS 16 - short-term	17,776	2,675
Liabilities for advances	331	10,630
Other payables	21,093	10,847
Total financial liabilities	**3,066,578**	**2,184,773**

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

31.1 Financial risk management (continued)

Financial instruments

a) Capital risk management

The primary goal of the Company's capital management is to ensure business support and maximize shareholder value.
The capital structure of the Company refers to the share capital, which consists of subscribed capital, reserves and retained earnings and as of December 31, 2024, amounts to EUR 36,139,075 (December 31, 2023: 28,550,999).

The company manages capital and adjusts considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to investors, return capital to investors or increase capital in the context of savings through tax benefits. The company manages capital risk by monitoring indebtedness indicators through the ratio of debt and capital, and by monitoring indicators of the profitability of its own capital.

Debt ratio

	31/12/2024	**31/12/2023**
Loan and lease liabilities	51,853	4,525
Cash, cash equivalents and deposits	(14,083,380)	(5,449,656)
Net debt	**(14,031,527)**	**(5,445,131)**
Capital and reserves	36,139,075	28,550,999
Net debt to equity ratio	**38.8%**	**19.1%**

There were no changes in objectives, policies and processes during the years ended December 31, 2024 and December 31, 2023.

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

Financial instruments (continued)

b) Credit risk

Current assets of the Company that can lead to credit risk consist mainly of funds, receivables on customers and receivables on given loans. The company does not have a significant concentration of credit risk. The Company's sales policies ensure that sales are made to customers who have an appropriate credit history. The rest of the receivables from customers are not significant due to the dispersion to a very large number of customers, individually small balances, and strict collection and delivery measures by the Company. Part of the company's receivables is provided by promissory notes. In order to minimise this risk, the Company's sales policy ensures sales to verified customers with whom there are long-standing relationships and security of billing. With new customers, strict billing measures are implemented. The Company considers that its maximum exposure is reflected in the amount of receivables less the adjustment recognised at the date of the statement of financial position.

Book value of financial assets	**31/12/2024**	**31/12/2023**
Trade receivables and other receivables	3,877,716	3,944,612
Loans, deposits, etc. - short-term	18,054	65,291
Cash and cash equivalents	14,065,326	5,384,365
Total	**17,961,096**	**9,394,268**

Receivables from customers by region	**31/12/2024**	**31/12/2023**
Domestic	3,729,345	3,774,067
Foreign	77,643	137,691
Total receivables from customers by region	**3,806,988**	**3,911,758**

The age structure of trade receivables at the reporting date was as follows:

	Gross 31/12/2024	**Impairment 31/12/2024**	**Gross 31/12/2023**	**Impairment 31/12/2023**
Overdue	3,356,002	(6,031)	3,447,567	(6,439)
Due to 30 days	241,483	(1,601)	247,350	(1,568)
Due 31-90 days	125,951	(3,627)	131,692	(3,020)
Due over 90 days	418,043	(323,232)	458,272	(362,096)
Total Gross	**4,141,479**	**(334,491)**	**4,284,881**	**(373,123)**

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

Financial instruments (continued)

b) Credit risk (continued)

Below is information on the Company's trade receivables credit risk exposure using the provisioning matrix:

31/12/2023 Trade receivables	**Not due**	**0-30**	**31-60**	**61-90**	**91-120**	**>121**	**TOTAL**
Expected credit loss rate	0.27%	0.37%	1.78%	3.90%	6.63%	9.38%	-
Estimated total gross carrying amount at default	2,394,817	427,265	99,528	32,105	47,645	50,136	3,051,495
Expected credit loss	6,439	1,568	1,767	1,253	3,157	4,704	18,888

31/12/2024 Trade receivables	**Not due**	**0-30**	**31-60**	**61-90**	**91-120**	**>121**	**TOTAL**
Expected credit loss rate	0.25%	0.36%	1.98%	4.86%	8.82%	14.59%	-
Estimated total gross carrying amount at default	2,402,008	446,738	107,209	30,932	14,370	110,478	3,111,735
Expected credit loss	6,030	1,601	2,124	1,503	1,267	16,120	28,645

The movement of impairment of receivables from customers throughout the year was as follows:

	2024	**2023.**
January 1 according to IFRS 9	**373,123**	**386,535**
Impairment Cost/(Disposal) (Note 11)	9,757	4,095
Write -off	(39,066)	(9,011)
Suspicious claims collected	(9,323)	(8,496)
Status of December 31	**334,491**	**373,123**

Furthermore, the Company is exposed to credit risk through cash deposits in banks. The Company did not perform impairment of cash in bank and cash on hand and deposits for expected credit losses as of 31 December 2024 or 31 December 2023, since they are insignificant. Risk management focuses on dealing with the most respectable banks in the country, with regular monitoring of available statistical reports of banks and capital adequacy with the CNB.

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

Financial instruments (continued)

c) Liquidity risk

Liquidity risk management involves 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 liabilities. The company's goal is to maintain the flexibility of financing in such a way that the contracted credit lines are available. The Finance Department regularly monitors the level of available sources of funds. Liquidity risk exposure is reduced by maintaining a sufficient amount of own funds needed to settle all liabilities, and by ensuring appropriate credit lines in case of shortage of own funds through planning known and potential cash outflows and inflows with regard to regular business flows, regular monitoring and liquidity management, identifying appropriate measures to prevent or eliminate the causes of illiquidity and identifying other options.

Undiscounted value of contracted cash flows:

December 31, 2024	Up to 1 month.	From 1 to 3 months	From 3 months. up to 1y.	From 1 to 5 years	Total
Receivables from customers (interest-free) (note 23)	3,589,854	122,324	94,810	-	3,806,988
Other receivables (interest-free) (note 23)	70,728	-	-	-	70,728
Claims on deposits (note 24)	18,054	-	-	-	18,054
Cash and cash equivalents (note 25)	14,065,326	-	-	-	14,065,326
Total	**17,743,962**	**122,324**	**94,810**	**-**	**17,961,096**
December 31, 2024	**Up to 1 month.**	**From 1 to 3 months**	**From 3 months, up to 1y**	**From 1 to 5 years**	**Total**
Trade payables (interest-free) (note 29)	1,840,669	-	-	-	1,840,669
Other liabilities (interest-free) (note 29)	846,335	-	-	-	846,335
Liability based on rent (note 28)	1,443	2,907	13,426	34,201	51,977
Total	**2,688,447**	**2,907**	**13,426**	**34,201**	**2,738,981**
Maturity mismatch	**15,055,515**	**119,417**	**81,384**	**(34,201)**	**15,222,115**

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

Financial instruments (continued)

c) Liquidity risk (continued)

December 31, 2023	Up to 1 month	From 1 to 3 months.	From 3 months. up to 1y	From 1 to 5 years	Total
Receivables from customers (interest-free) (note 23)	3,686,911	128,672	96,175	-	3,911,758
Other receivables (interest-free) (note 23)	32,854	-	-	-	32,854
Claims on deposits (note 24)	65,291	-	-	-	65,291
Cash and cash equivalents (note 25)	5,384,365	-	-	-	5,384,365
Total	**9,169,421**	**128,672**	**96,175**	**-**	**9,394,268**
December 31, 2023	**Up to 1 month**	**From 1 to 3 months.**	**From 3 months, up to 1y**	**From 1 to 5 years**	**Total**
Trade payables (interest-free) (note 29)	905,356	-	-	-	905,356
Other liabilities (interest-free) (note 29)	913,692	-	-	-	913,692
Liability based on rent (note 28)	1,018	1,816	-	1,850	4,684
Total	**1,820,066**	**1,816**	**-**	**1,850**	**1,823,732**
Maturity mismatch	**7,349,355**	**126,856**	**96,175**	**(1,850)**	**7,570,536**

e) Interest rate risk

Since the Company has significant assets that generate interest income, the Company's income and cash flow from operating activities may be significantly dependent on changes in market interest rates. The Company's exposure to the risk of changes in the interest rate market is primarily related to the loans, money and cash equivalents given and the Company's cash deposits.

Given loans, deposits and the like to subsidaries within the group were granted in previous years to the dependent company Trgocentar d.d. Virovitica in the amount of a loan of 2,984,330 euros with agreed annual interest at a variable rate, which is determined on the basis of the provisions of the Profit Tax Act that regulate interest between related persons, or in accordance with the applicable regulations, and which on the day of the balance sheet amounted to 3.42 % per year. Contracted loans are secured by a pledge on real estate, and blank promissory notes.

Cash deposits of the Company make short-term revolving deposits with banks. Deposits are prone to a change in the interest rate, by the bank's decision.

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

Financial instruments (continued)

e) Interest rate risk (continued)

Sensitivity analysis to interest rate changes

The following table analyses the Company's sensitivity to a 0.5% interest rate change. The sensitivity rate of 0.5% is the rate that represents management's assessment of realistically possible changes in the interest rate on loans and deposits contracted at a variable interest rate.

December 31, 2024	**Interest increased by 0.5%**	**Difference**	**Interest reduced by 0.5%**	**Difference**
Loan, loan and lease liabilities	51,854	(259)	51,854	259
Days of loans, deposits and the similar	13,984,000	69,920	13,984,000	(69,920)
Net effect		**69,661**		**(69,661)**
December 31, 2023	**Interest increased by 0.5%**	**Difference**	**Interest reduced by 0.5%**	**Difference**
Loan, loan and lease liabilities	4,525	(2)	4,525	2
Days of loans, deposits and the similar	5,370,777	9	5,370,777	(9)
Net effect		**7**		**(7)**

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

31.2 Risks of regular operations

Market risk

Market risk is related to the appearance and realization of products on the market. In order to successfully cope with the competition, the Company reduces risk by quality preparation and careful selection of the appropriate market strategy that is the result of market, customer and competition analysis. The company is fully committed to customer requirements and needs and is constantly exploring new customers and distribution channels.
The demand for food products is relatively inelastic to the price of the product. Factors influencing the demand for food products are: demographic (increase-decrease in the number of inhabitants), economic (increasing the number of tourists and food consumption in the hospitality industry; growth of production in the confectionery and bakery industry), social (changes in living standards and eating habits of the population), political (EU membership that allows 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 damage caused by inadequate internal processes, persons, systems or external events including the risk of amendments to legal regulations. Business activities are planned on the basis of the plans specified in the procedures for the application of the HACCP system. Activity planning also includes a HACCP plan that arises as a result of the HACCP study. Hazard analysis and identification of critical control points is part of quality planning. This includes improvements and encouragement of actions that prevent the occurrence of inadequate work activities while carrying out regular business activities.
Flour production could be negatively affected by emergencies such as earthquake, fire, explosion, failure and breakage of production equipment, prolonged or extraordinary maintenance. The Company uses insurance to cover damage to these facilities and equipment, as well as insurance and agreed compensation in case 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 Company may be subject to expenses not covered by insurance.
The Company relies on IT systems that enable it to effectively manage the Company, communicate with customers and suppliers, and collect all the necessary information that management could rely on in decision-making. The Company's business is becoming increasingly 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 Company. The Company actively implements the policy of protecting its systems from these risks through IT departments in society, and through external support.

Industry risk

One of the risks that arise in the food industry is the fact that consumers' eating habits and their awareness of the impact of food on health have changed strongly over the past 20 years. Such trends put an imperative before manufacturers in terms of increasing the existing product range and further improving the quality of existing products.

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

31.2 Risks of regular operations (continued)

Risk of procurement of raw materials and delivery of products

Wheat production and the movement of the price of wheat on the domestic and world markets, as the most important raw material for the production of flour, significantly affect the production and movement of the price of flour.
An important domestic source of raw materials are local wheat producers with whom a long-term business relationship has been established. The risk of purchasing raw materials as well as the price of raw materials is directly related to the quality of the raw material. It is possible that due to climate influences, the raw material does not have a satisfactory or required quality.
The risk of procurement of raw materials is reduced by the fact that the Company can, for now at any time, acquire a sufficient amount of wheat at the current market price in international commodity markets. With the accession of the European Union, all administrative obstacles to the procurement of raw materials from the European Union disappeared. The risk of non-delivery of the product is present due to the possibility of production termination due to the failure of the milling plant. The risk of production interruption is reduced by the fact that the Company employs employees at the mill site who are adequately trained to deal with 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 Company has a large base of carriers and by the volume of use of the carrier's services is not dependent on any of them.

The risk of competition

The company sells its products and goods mainly in the domestic market. Croatia's accession to the European Union has administratively facilitated the entry into 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, or 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 and thus strengthen the competitive position on the market.
With Croatia's accession to the European Union, the Society no longer faces only domestic competition, which is why the need to strengthen competitiveness is even more pronounced.
The Company's investment in 2016 replaced all existing equipment for cleaning and grinding grains as well as equipment for peeling grains. The latest generation of milling equipment for processing wheat and rye has been installed, which ensures an increase in processing capacity and supports the intention that society has the highest standards in product quality and health safety, and thus a greater competitive advantage.

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

31.2 Risks of regular operations (continued)

Risk of fluctuations in 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 Company that is a stock exchange commodity. The volatility of wheat prices 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.

Although the Company can meet all the needs for wheat on the domestic market, the price movement in the domestic market is influenced by the movement of the price of wheat on the world commodity exchanges. Based on the historical business of the 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, a certain period is needed for the price of flour to adapt to changes in wheat prices, which in certain shorter periods has a negative impact on the margin of the Company in case of an increase in the price of wheat.

Regardless of historical indicators that indicate the correlation of flour and wheat prices, the Society cannot guarantee that in the future the eventual increase in wheat prices will be fully compensated by the increase in flour prices in a way that maintains historical margins.
The company tried to reduce access to futures markets, but failed to find an adequate financial product that could ensure satisfactory quality in the event of maturity. The company further reduces the risk of price fluctuations by purchasing larger quantities of raw materials in the price of the harvest and depending on the price itself.

Risk of conducting legal proceedings against the Company

The Company, 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 relate primarily to disputes with debtors or suppliers. In the future, the risk of potential lawsuits by customers and other stakeholders to the Company due to damage caused by the consumption of the product cannot be excluded. The Company cannot provide any assurances that the results of future legal and regulatory disputes or measures will not significantly affect the company's operations and financial condition. Part of the risk the Company minimizes with the concluded liability insurance policies.

Risk of liabilities or losses not covered by insurance

The company has undertaken activities, through the engagement of insurance specialists, to recognize key risks and threats to the company's business. Insurance policies and the risks they cover in addition to the usual risks for the industries in which the Company operates, also cover risks due to earthquakes and delays due to earthquakes, fires, explosions. However, it is not possible to cover all potential liabilities and losses with insurance and therefore the Company 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 business and financial condition of the Company.

NOTE 31 - RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

31.3. General risks

The risk of the business environment

The risk of the business environment includes political, legal and macroeconomic risks of the environment in which the Company operates, which primarily refers to the Croatian market in which the Company generates its total income, 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, achieving the level of infrastructure of Western European countries will take several more years and several additional investments. The company cannot provide any guarantees that Croatia will achieve the intended reforms or that the political environment will be stimulating for the implementation of reforms.

The Company is not able to give any guarantees that the Government will not introduce new regulation, fiscal or monetary policy, including regulation or policies of taxation, environmental protection, public procurement, or exchange rate policy. The legal framework of the Republic of Croatia is still developing, which can cause certain legal uncertainties. Society could find itself in a situation where it is unable to successfully exercise or protect some of its rights.

The Company's business is subject to the macroeconomic environment, economic conditions, and economic activity. In periods of adverse economic conditions, the Company may have difficulties in expanding its business. The continuation of the current economic situation could make it difficult for the Company, as well as for its customers and suppliers, access to the capital market which could affect the existing level of revenue and profitability. The Company is also influenced by international developments since wheat, which is the basic raw material for production in the Company, is a stock exchange commodity and thus may be subject to the influence of possible political instability in countries that are significant producers of this cereal (China, Russia, USA). However, as indicated above, the Company can fully meet its needs for raw material from domestic sources.

Risk of changing the legal framework

As a producer of food products, the Company is subject to strong regulations related to human nutrition, product safety, safety and working conditions of employees, safety and environmental protection (including those related to wastewater, air purity, noise, waste disposal, environmental cleaning, etc.), product composition, packaging, labelling, advertising and competition. Food production results in the generation of waste, the release of harmful substances into the atmosphere and water, and the Society is therefore obliged to obtain different permits and comply with different regulations. Health, safety and environmental regulations in Europe and other developed regions are becoming more stringent and enforcement is becoming more pronounced. Society tries its best to monitor and anticipate all such changes, but any failures of that type could result in different penalties. The company believes that it is currently compliant with existing regulations and regulations and deadlines prescribed by different regulators. The Company cannot give any guarantees that it will not be faced with significant costs to adapt to changes in existing regulations, which could significantly affect the company's operations and financial condition.

Also, it is possible to introduce additional regulations in the future and change the current legislation (or its interpretation) which could affect the company's business and products. The Company cannot give any guarantees that in the future the cost of adhering to such initiatives will not have a significant impact on the business and financial condition of the Company.

NOTE 32 – 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 conditions and traded on active liquid markets is determined by market prices;
- the fair value of other financial assets and other financial liabilities shall be determined in accordance with pricing models, based on an analysis of discounted cash flows using prices from known market transactions and prices offered for similar instruments.

As at 31 December 2024 and 31 December 2023, the amounts of money, short-term deposits, receivables, short-term liabilities, calculated costs, short-term loans and other financial instruments correspond to their market value, due to the short-term nature of these funds and liabilities.

The management considers that the book values of financial instruments that are not measured at fair value are approximately equal to fair values.

Fair value indicators recognised in the statement of financial position

The following table analyses financial instruments that were reduced to fair value after first recognition, classified into three groups depending on the availability of fair value indicators:

- Level 1 – fair value indicators are derived from (non-harmonised) prices quoted in active markets for equivalent assets and equivalent liabilities
- Level 2 – fair value indicators are derived from other data on assets or liabilities that are not quoted from Level 1 prices, either directly (or as prices), or indirectly (or, derived from their prices)
- Level 3 – indicators derived using valuation methods in which asset or liability data that are not based on available market data were used as input data.

In 2024, there was no transfers within Levels.

The Company adjusts the value of instruments presented in Level 3 in accordance with the confirmation of the Central Depository and Clearing Company ("SKDD") on the market value at the balance sheet date.

31 December 2024	**1. level**	**2. level**	**3. level**	**Total**
Investments in shares	-	-	38,367	38,367
Total	**-**	**-**	**38,367**	**38,367**
31 December 2023	**1. level**	**2. level**	**3, level**	**Total**
Investments in shares	-	-	38,380	38,380
Total	**-**	**-**	**38,380**	**38,380**

NOTE 33 – COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At the balance sheet date, the Company does not have any commitments that is not stated in the financial statements.

Contingent liabilities and litigation

Litigation
The Company is conducting several procedures for the collection of receivables resulting from insolvency or other circumstances on the part of the Company's debtors. The Company is taking all necessary legal actions to protect its receivables and ensure timely collection.

At the balance sheet date, the Company, as a defendant, is participating in a civil proceeding initiated during 2021 by the plaintiff Allianz Hrvatska d.d., for payment. The proceeding is related to a fire at a facility owned by the Company 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, the likelihood of the plaintiff's success in the dispute is assessed to be low. Due to the above, no reservation was made for the described case.

Administrative proceedings by the Agency for the Protection of Market Competition (AZTN)
The proceedings initiated by the AZTN due to indications that the Company and Tvornica stočne hrane d.d., by determining the purchase prices of wheat on the relevant market in the period from 2020 to 2022, violated market competition by entering into a prohibited agreement within the meaning of Art. 8, paragraph 1 of the Act on the Protection of Market Competition, were suspended based on the AZTN Decision CLASS: UP/I 034-03/23-01/012, REG. NUMBER: 580-09/133-24-020 of 14.11.2024 due to the lack of legal prerequisites for conducting the proceedings.

NOTE 34 – SUBSEQUENT EVENTS

At the General Assembly of the Company held on January 15, 2025, decisions were made on:

- payment of dividends from retained earnings
- increase of the Company's share capital by rights issues through the issuance of ordinary shares
- amendment of the Company's Articles of Association
- listing of the Company's shares on the Official Market of the Zagreb Stock Exchange

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

The Company's share capital was increased by the decision of the General Assembly by the amount of EUR 7,605,016.93, to the amount of EUR 21,262,193.93. The increase in the Company's share capital was carried out:
A) by entering the rights - business shares held by the company MLIN I PEKARE d.o.o., ID: 22260862756, in the trade company NewMip d.o.o., ID: 22916544397, which business shares represent 100.00% of the share capital of the company NewMip d.o.o., by issuing 3,804,979 new ordinary dematerialized registered shares of the Company without a nominal amount;
B) by entering the rights - ordinary dematerialized registered shares held by MLIN I PEKARE d.o.o. held 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 the company Zagrebačke pekarne Klara d.d., by issuing 1,291,688 new ordinary dematerialized registered shares of the Company without a nominal amount;

NOTE 34 – SUBSEQUENT EVENTS (CONTINUED)

C) by entering rights – ordinary dematerialized registered shares held by PLODINEC d.o.o., OIB: 93116812695, in the company Zagrebačke pekarne Klara d.d. namely 57,474 ordinary registered shares, which represent 20.25% of the share capital of Zagrebačke pekarne Klara d.d., by issuing 633,333 new ordinary dematerialized registered shares of the Company without a nominal amount, or by issuing a total of 5,730,000 new ordinary dematerialized registered shares of the Company without a nominal amount.

The amount for which the New Shares were issued was determined to be 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 an individual already issued share of the Company. In doing so, the value of the rights in the amount of EUR 54,909,283.07 was entered into the Company's capital reserves, which constituted the surplus over the amount of share capital relating to an individual already issued share of the Company. After the increase in the Company's share capital, the Company's share capital was divided into a total of 16,020,000 ordinary dematerialized registered shares without a nominal amount, which are kept in the depository of the CDCC. The decision of the General Assembly determined the listing on the Official Market of the Zagreb Stock Exchange d.d. of 5,730,000 new ordinary dematerialized registered shares of the Company without a nominal amount. The increase in the Company's share capital was implemented by the Decision of the Commercial Court in Varaždin dated 31 January 2025.

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

NOTE 35 – APPROVAL OF FINANCIAL STATEMENTS

The annual report of Čakovečki mlinovi d.d. was approved for issue by the Management Board of the Company on 22 April 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
-1893-

Čakovečki mlinovi d.d.
Čakovec, Mlinska ulica 1

NADZORNI ODBOR
Ur. broj: 01-05-318-4/2025
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.3. Odluka o suglasnosti i utvrđenju godišnjih financijskih izvješća za 2024. godinu za Čakovečke mlinove 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 Čakovečke mlinove, d.d. Čakovec.

2. Nadzorni odbor Čakovečkih mlinova d.d. daje suglasnost i utvrđuje Godišnja izvješća za 2024. godinu za Čakovečke mlinove, d.d. Čakovec.

3. Odluka stupa na snagu danom donošenja.

Predsjednik Nadzornog odbora
Damir Metelko

ČAKOVEČKI
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-1893-

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