

Granolio Group

*Consolidated Annual Report
for the year ended
31 December 2025*

This PDF version of the annual report is for informational purposes. The official version has been published in ESEF format.

This version of the Annual Report is a translation of the original, prepared in Croatian. Every effort has been made to ensure that the translation accurately represents the original. However, in all matters of interpreting information, views, or opinions, the original-language version takes precedence over any translation.

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Management Report

General information on Granolio Group

GRANOLIO d.d. (the "Company") is a joint stock company registered at the Commercial Court in Zagreb, Croatia. The Company's personal tax identification number (PIN) is 59064993527, and its registration number (MBS) is 080111595.

The registered seat of the Company is in Zagreb, Budmanijeva 5.

The Company has a General Assembly, a Supervisory Board, and a Management Board.

Members of the Management Board: Hrvoje Filipović, President
Vladimir Kalčić, Member
Davor Mitrović, Member

Members of the Supervisory Board: Vlatko Kordić, President
Nna Solomun, Deputy President
Tihomir Osmak, Member

The total amount of the Company's share capital as of 31 December 2025 is EUR 2,523,914; divided into 1,901,643 ordinary shares with a nominal value of EUR 1.327. Since 23 March 2015, the shares have been listed on the Zagreb Stock Exchange's official market under the ticker GRNL. The majority shareholder of the company is Mr Hrvoje Filipović, who held 58.11% of the ownership capital on 31 December 2024.

Consolidated Financial Statements of the Group for the period from 1 January to 31 December 2025 represent the financial statements for the parent company and related parties. Related parties (jointly referred to as the "Group") own and manage manufacturing facilities and activities in the food processing industry, agriculture and retail.

The consolidated financial statements comprise the financial statements of the following related parties:

1. Granolio d.d. (parent company)
2. Zdenačka farma d.o.o.
3. Zdenka – mliječni proizvodi d.o.o.

The core business of the Granolio Group is the production of wheat flour and milk and dairy products, storage of grains and oilseeds, trading in cereals, oilseeds, and raw materials for agricultural production, and organisation of agricultural production through subcontracting relationships with producers of agricultural products.

The Group could be classified into the following operating segments:

1. Milling
2. Wholesale
3. Dairy and cheese production
4. Other - livestock and service industry (drying and storage of grains and oilseeds, receipt of goods to the purchase and sales lines, lease income).

Management Report (continued)

General information on Granolio Group (continued)

At the end of the reporting period, the Group disposed with:

- 3 active mills to produce wheat flour;
- silos for storage of grains and oilseeds with a total capacity of about 96,500 tons;
- 1 dairy farm with a total capacity of 450 milking cows;
- approximately 170 hectares of agricultural land;
- milk processing production capacities of 11.4 thousand tons of finished products;

The Group's mills' production capacity as of 31 December 2025 is shown in the following table.

Mills production capacity as of 31 December 2025:

Mill	ton/24h
Farina	320
Kopanica	230
Tena	180
	730

Subsidiaries

Granolio d.d. holds the 100% equity interest in Zdenačka farma d.o.o.

It exercises the controlling influence in the decision-making process at Zdenka - mliječni proizvodi d.o.o., which has since 2011 been consolidated as part of the Granolio Group.

The owner of minority interest in Zdenka – mliječni proizvodi d.o.o. is Cautio d.o.o. from Našice.

Granolio d.d. holds a minority interest in the company Žitozajednica d.o.o.

Management Report (continued)

Significant business events in the current accounting period

Granolio d.d.

In 2025, the Company recorded almost 19% revenue growth compared with the previous period, driven by its most important segment, milling, which benefited from the successful acquisition of additional milling operations last year. The Company thus achieved higher utilisation of production capacity, which contributed to higher wheat flour sales, market share, and exports.

According to the CNB, core inflation in Croatia is expected to accelerate to 4.4% in 2026.

The Company's priorities remain the maintenance of a positive health bulletin for employees, ensuring the smooth continuation of production and continuous supply of customers and consumers, and social responsibility in the broadest sense.

The Company will continue to focus on achieving business goals and on building a foundation that delivers strong results in the coming years, i.e., long-term, successful operations and growth.

Granolio d.d.

in EUR '000

	1-12 2025	1-12 2024	change	
Operating income	73,739	61,794	11,945	19%
Operating expenses	71,681	58,148		
EBIT	2,058	3,646	(1,588)	(44%)
EBIT margin %	3%	6%		
EBITDA	3,573	4,728	(1,155)	(24%)
EBITDA margin %	5%	8%		
Net financial result	(620)	(314)	(306)	(97%)
Profit tax	311	513		-
Net result	1,127	2,820	(1,693)	(60%)
margin %	1.5%	4.6%		

Management Report (continued)

Significant business events in the current accounting period (continued)

Zdenačka farma d.o.o

Sales revenue in 2025 is about 21% higher than sales revenue in the previous period. Milk sales revenue is 9% higher than in the previous year. In 2025, the total milk delivery of the company Zdenačka farma amounted to 5 million kg (2024: 5.2 million kg). The average selling price of milk achieved in 2025 is 12% higher than the average selling price achieved in the previous year.

Financial indicators for 2025 for the company Zdenačka farma d.o.o. are presented in the following table.

Zdenačka farma d.o.o.

in EUR '000

	1-12 2025	1-12 2024	change	
Operating income	6,105	5,043	1,062	21%
Operating expenses	5,546	4,345		
EBIT	559	697	(138)	(20%)
EBIT margin %	9%	14%		
EBITDA	1,027	1,183	(156)	(13%)
EBITDA margin %	17%	23%		
Net financial result	(273)	(134)	(140)	(104%)
Profit tax	53	103		
Net result	232	461	(229)	(50%)
<i>margin %</i>	4%	9%		

Zdenka – mliječni proizvodi d.o.o.

Zdenka's total production capacity amounts to 11.4 thousand tons of finished products (cheese). Its own brand is "Zdenka", but the company also produces a significant number of products under brand names. Zdenka's assortment currently includes 18 private brands. In 2025, the company achieved a less favourable operating result compared to the previous year.

The company's total debt as of 31 December 2025 amounted to EUR 11 million (31 December 2024: EUR 8 million). The debt consists of EUR 9 million in long-term liabilities to financial institutions (31 December 2024: EUR 6.1 million) and EUR 2.3 million in short-term liabilities to financial institutions maturing in 2025 (31 December 2024: EUR 1.7 million).

The financial indicators for 2025 for the company Zdenka–mliječni proizvodi d.o.o. are presented in the following table.

Zdenka - mliječni proizvodi d.o.o.

in EUR '000

	1-12 2025	1-12 2024	change	
Operating income	40,725	37,960	2,765	7%
Operating expenses	39,704	35,098		
EBIT	1,020	2,862	(1,842)	(64%)
EBIT margin %	3%	8%		
EBITDA	3,073	4,853	(1,780)	(37%)
EBITDA margin %	8%	13%		
Net financial result	(202)	(45)	(157)	349%
Profit tax	-	-		
Net result	818	2,817	(1,999)	71%
<i>margin %</i>	2%	7%		

Management Report (continued)

Significant business events in the current accounting period (continued)

Granolio Group

Granolio Group's operating income is 15% higher than in the previous year. A more detailed analysis of income is presented below.

The Group's total debt is EUR 1.8 million higher than in the previous year

The financial indicators for 2025 for the Granolio Group are presented in the following table.

in EUR '000

	1-12 2025	1-12 2024	change	
Operating income	116,276	101,105	15,171	15%
Operating expenses	112,544	93,900	18,644	(20%)
EBIT	3,638	7,205	(3,567)	(50%)
<i>EBIT margin</i>	<i>3%</i>	<i>7%</i>		
EBITDA	7,673	10,759	(3,086)	(29%)
<i>EBITDA margin</i>	<i>7%</i>	<i>11%</i>		
Net financial result	(2,096)	(992)	(1,104)	111%
Net result for the period	1,170	5,590	(4,420)	(79%)
<i>Group result</i>	<i>761</i>	<i>4,181</i>	<i>(3,420)</i>	<i>(82%)</i>
<i>Minority interest</i>	<i>409</i>	<i>1,409</i>	<i>(1,000)</i>	<i>(71%)</i>

in EUR '000

	31.12.2025	31.12.2024	change	
Net assets (capital and reserves)*	28,286	28,440	(154)	(1%)
Total debt	33,030	31,307	1,723	6%
Cash and cash equivalents	1,222	505	717	142%
Loans granted, deposits and similar**	3,734	3,150	584	19%
Net debt	28,074	27,652	422	2%
Net debt/EBITDA	3,66	2,57	1	43%
EBITDA for the past 12 months	7,674	10,759	(3,086)	(29%)

* Net assets = capital and reserves attributed to equity holders of the parent and minority interest

** Loans, securities and deposits

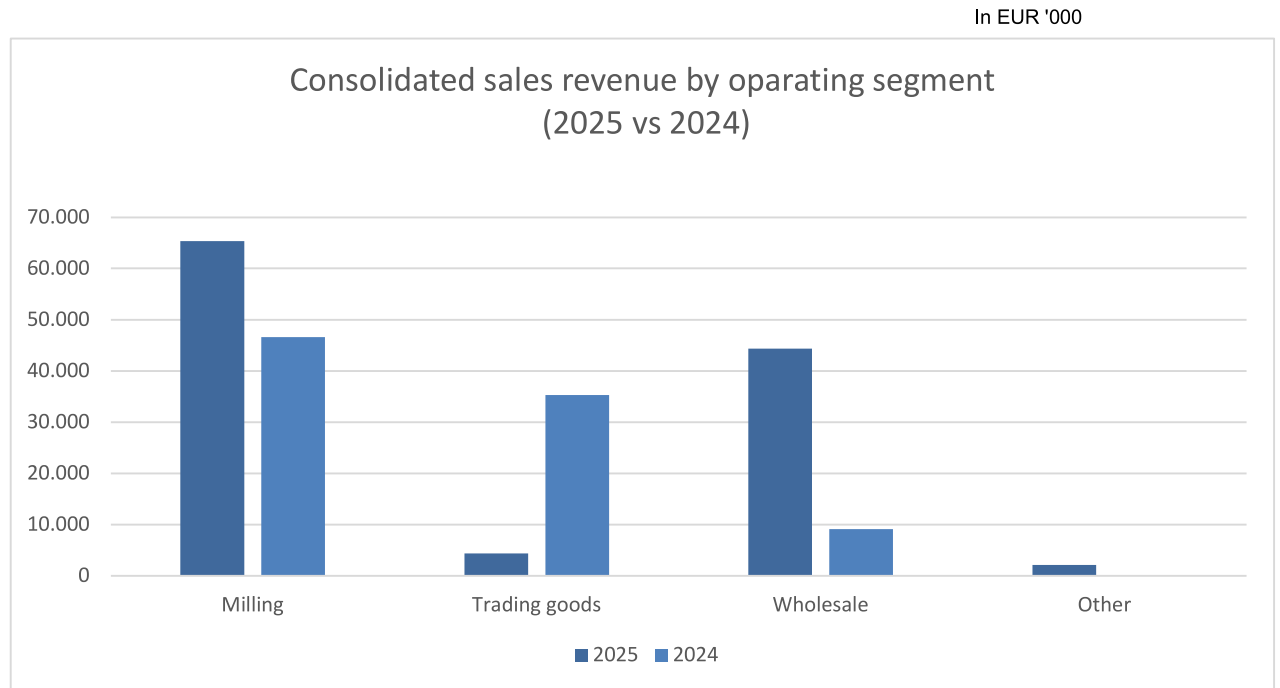
Total debt as of 31 December 2025 includes financial liabilities of the parent company to financial institutions and companies amounting to EUR 21.7 million (31 December 2024: EUR 23 million), liabilities of the company Zdenka amounting to EUR 11 million (31 December 2024: EUR 8 million) and liabilities of the company Zdenačka farma amounting to EUR 0.2 million (31 December 2024: EUR 0.3 million).

Management Report (continued)

Income analysis – Granolio Group

In 2025, the Granolio Group achieved sales revenue of EUR 113 million, 19% higher than the previous year.

Sales revenue achieved within the Group during 2025 amounted to EUR 4.3 million (2024: EUR 3.7 million) and was eliminated from total consolidated revenues.



Sales revenues are classified into the following operating segments: milling, dairying, wholesale, and others. The milling segment includes the sale of flour, realised in the parent company, the dairy segment includes the sale of milk by the company Zdenačka farma and the sale of dairy products by the company Zdenka.

Wholesale includes trade in cereals, oilseeds and raw materials realised by the companies Granolio and Zdenačka farma. The other segment includes drying and storage services for grains and oilseeds provided by the parent company, as well as income from the own production of agricultural products, which is part of Zdenačka Farma's activities.

Management Report (continued)

Significant business events after the accounting period and the Group's strategic goals

In 2025, geopolitical turmoil continued, with the war in the Middle East, along with the already existing conflicts between Israel and Palestine, and the war in Ukraine, marking an increase in the cost of raw materials and production costs. The conflicts have contributed to negative consequences for the entire global economy.

The required amount of raw material is secured until the new harvest, and the packaging is secured until the end of the year, reducing the risk of shortages and the need to procure at high prices.

The Group will respond to the overall increase in operating costs by raising product prices.

Business and investment development plan

Granolio

The Company expects to continue to operate successfully in 2026 and beyond. It is expected that it will successfully settle all liabilities, including those determined in the pre-bankruptcy procedure, in accordance with the pre-bankruptcy settlement. As far as capital investments are concerned, all plants are technologically advanced to the maximum and there is currently no need for capital investments.

Zdenačka farma d.o.o.

1. Reduce its financial liabilities to the parent company.
2. In the next two-year period, maintain milk production of 31 kg/cow per day
3. In the next two years, maintain the calving interval. period at less than 400 days
4. Maintain the age of heifers at calving at 24 months
5. Achieve a doubling of birth weight in calves in the first 60 days after calving
6. In order to reduce long-term feeding costs, provide additional arable land, from the existing 170 ha to 300-350 ha over the next few years (mostly through tenders for the lease of state agricultural land)
7. During the next period, provide the mechanisation necessary for field production and the most efficient daily operation of the farm
8. Through measure 4.1.2. Manure disposals ensure more efficient disposal of manure and slurry (manure trailer, slurry tank with depositors, front loader for tractor, scrapers for all stables, channel system to connect all manure lagoons)
9. Through measure 4.1.1. Investment in the dairy sector to build a dry and heifer barn and a new milking parlour, a heifer canopy and outlet, hay and straw storage tunnels

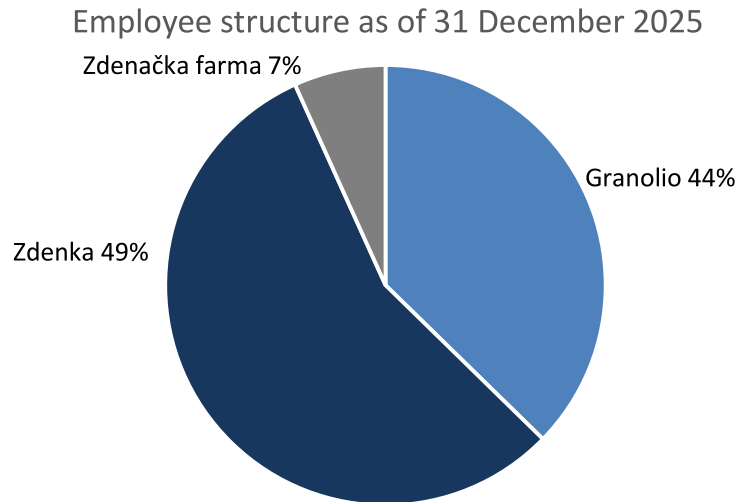
Zdenka - mliječni proizvodi d.o.o.

Since privatisation, Zdenka has invested significant funds in modernising production facilities and continues to invest to meet consumer needs and market trends. One of the plans for next year is to build a photovoltaic power plant to generate electricity for its own needs, to reduce the impact of a possible further increase in electricity prices on the company's operations. The goal is for investments, as before, to be co-financed with EU subsidies

Management Report (continued)

Employees

In 2025, the Group employed 465 workers (2024: 450) based on working hours, while as of 31 December 2025, it employed 530 workers (31 December 2024: 496). The structure of employees per individual company in the Group is shown in the following graph.



Research and development

In the reporting period, the Group had no research and development projects.

Purchase of own shares

As of the date of issue of the Annual Report of the Management Board, the Group did not engage in any purchases of its own shares.

Environmental protection

In environmental protection, the Group applies integrated, systematic solutions and implements environmentally friendly production processes.

Risks

Details about the risks to which the Group is exposed to are presented in detail in the notes to the annual financial statements.

Statement on the application of the Corporate Governance Code

The Statement on the Application of the Corporate Governance Code was prepared based on the provisions of Article 272.p of the Companies Act.

As a company whose shares are listed on the Official Market of the Zagreb Stock Exchange, Granolio d.d. (hereinafter referred to as "the Company") in 2025 applied the recommendations of the Corporate Governance Code, developed by the Croatian Financial Services Supervisory Agency (HANFA) and the Zagreb Stock Exchange d.d., in application from 1 January 2025, with deviations from some recommendations and guidelines of the Code.

Deviations from the recommendations of the Code are limited to provisions whose application is impractical or infeasible given the business circumstances or is not foreseen under the legal framework in which the Company operates.

In relation to the recommendations contained in Chapter 1 of the Code, the Company published the Articles of Association and part of the internal acts prescribed by the Code on its website during 2025 and plans to expand the number of acts published on its website. The Company plans to fully align the Code of Conduct with OECD guidelines and make it available on the website during 2026.

In relation to the recommendations in Chapter 2 of the Code, the Company plans to make the Conflict-of-Interest Management Policy available on its website during 2026. The Company applies the applicable regulations and Policies governing conflicts of interest and plans to adopt special procedures for approving and disclosing transactions between members of the Management or Supervisory Board and the Company during 2026. The Company discloses all transactions determined to be with related parties pursuant to Art. 263.a of the Companies Act and the expansion of the scope of reporting for 2026 will be assessed in accordance with the materiality and relevance of the information. The Company's Management Board reports annually on the total amount and nature of transactions with related parties.

In relation to the recommendations contained in Chapters 3 and 4 of the Code, the Company plans to include objective criteria for appointment to the Management Board in the procedures for such appointments, which it plans to adopt together with the succession plan during 2026. In relation to the obligation of balanced representation of women and men in the Supervisory Board (term of office which began in 2025), in terms of the total number of members of the Supervisory Board and the Management Board (a total of 6 members), one woman (16.667%) was elected and five men (83.333%) were elected/appointed, while in terms of the Supervisory Board, one woman (33.333%) and two men (66.667%) were elected, thus achieving the goal set in 2020, that at least one member of the Supervisory Board should be a woman, and a balanced representation of women and men in the Supervisory Board of 33.3% in accordance with the Companies Act has been achieved. One of the three members of the Supervisory Board is independent. The Company's Supervisory Board has not established a nomination committee or a remuneration committee because, under the Articles of Association, it has from three to five members and performs the tasks within the competence of the aforementioned committees. In this regard, the Supervisory Board, in accordance with legal regulations and the Policy for the selection and assessment of the fulfilment of the requirements for members of the Supervisory Board, conducted an assessment of the suitability of candidates for members of the Supervisory Board who were proposed to the Assembly, published the CVs of the candidates and the decision on the selection with the assessment of suitability, which the Company considers sufficient, and with the next appointment, the Company intends to expand the scope of published information in accordance with the Code. The Company plans to submit information on the presence of a candidate for the Supervisory Board, who is currently a member of the Supervisory Board, and conclusions on the assessment of his results during the next nomination of the current member and thus make all information from Articles 19 and 20 of the Code available free of charge and on the Company's website. The Supervisory Board has not adopted procedures for achieving majority independence of its members because it believes that its existing structure ensures effective supervision and will adopt the relevant measures, plan and deadline if it assesses that the need for this has arisen. The function of the Audit Committee, in accordance with the Audit Act, is performed by the established Audit Committee consisting of three members, who are also members of the Supervisory Board, one of whom is independent, and the Company plans to publish the description of the duties of the established Audit Committee on its website during 2026. The Supervisory Board has not assessed its effectiveness and composition, nor that of the established committees (Audit Committee) in accordance with the Code but plans to do the same for 2026.

Statement on the application of the Corporate Governance Code (continued)

In relation to the recommendations contained in Chapter 5 of the Code, there are no formally adopted rules regarding the scope of activities, responsibilities, and reporting procedures. The implementation of legally compliant, timely reporting is the responsibility of the Company's Management Board and its financial managers, including those of its subsidiaries. A report on the Company's relations with related companies is planned for 2026. The Supervisory Board ensures that the Management Board has a sufficient number of members to effectively discharge its responsibilities but estimates that it is currently not necessary to adopt a formal act on the Management Board's profile for the effective discharge of its responsibilities, since the Management Board has been operating effectively in its current composition for many years. The Management Board did not assess its own effectiveness or the effectiveness of individual members in 2025 but plans to do so in relation to its work in 2026.

In relation to Chapter 6 of the Code, as stated above, the Remuneration Committee has not been established, and the Remuneration Policy for Management Board members was adopted in 2025 for a period of up to 4 years and was approved at the Company's general assembly. Restrictions on the disposal of shares will be included in the Policy when the Company assesses it as necessary, and stock options and retention of part of the remuneration are not provided for in the Remuneration Policy for Management Board members. The Supervisory Board plans to assess the effects of the Remuneration Policy for Management Board members on the equality of remuneration and the assessment of remuneration in relation to the Company's results when adopting the next policy. The Company publishes data on the remuneration of the Supervisory Board and Management Board members in the Company's financial statements in total.

As recommended in Chapter 7 of the Code, we manage risk through our existing internal procedures and regular activities of the Management and the Supervisory Board, including identifying and monitoring key business risks. Given the size and complexity of the business, the Company believes the existing framework is adequate. The Company is not obliged to prepare a corporate sustainability report, and it does not make a profit from cross-border activities. The Company's Audit Committee meets with the external auditor as necessary, and the meeting to discuss issues identified during the audit of the reporting period and to monitor the quality of the services provided was held before the annual audit report was submitted. The Audit Committee approves the external auditor's non-audit services, and the Company plans to adopt the Policy on permitted non-audit services during 2026. Internal business control and risk management are partly performed through the activities of the Controlling business function, partly through the activities of the Company's management body, as previously stated, and partly through the activities of external auditors and certification companies. The internal audit function has not been established. The whistleblower protection rulebook is planned to be published on the company's website in 2026.

In relation to Chapter 8 of the Code, the Company applies the recommendations and legal obligations regarding the availability of data and documents on the Company's website and in the Company's annual report, except for the unavailability of certain data and documents. Information on data and documents is included in the notes section for each individual item of the Compliance Questionnaire for Issuers of Shares.

In relation to the recommendations from Chapter 9 of the Code, asking questions directly to the President of the Management Board and the President of the Supervisory Board is possible via the Company's contact email, which is published on the Company's website, while the Company's Articles of Association stipulate that shareholders at the General Assembly may exercise their right to vote exclusively in person or through a proxy, and vote by picking up voting cards or submitting ballots. Another method of exercising shareholders' voting rights and voting at the General Assembly will be enabled when the Company, or the majority of shareholders, deems it necessary. For personal reasons, the President and Deputy President of the Supervisory Board were not present at the Company's General Assembly in July 2025. Regarding the recommendations in Chapter 10 of the Code, the Company has internal policies that cover parts of the OECD guidelines and monitors their implementation. These have worked well in practice for risk management, and we plan to harmonise existing policies and adopt any missing policies by 2026, in line with the OECD guidelines. In 2026, the Company also plans to include achieving a balance between employees' work and private lives, and ensuring equality in employee remuneration and tax planning, in its existing policies.

Statement on the application of the Corporate Governance Code (continued)

During 2026, the Company plans to identify key stakeholders and establish formal periodic monitoring of the implementation and effectiveness of all adopted policies.

The Company provided detailed explanations regarding the non-application or deviation from individual recommendations of the Code in 2025 in the annual questionnaire, which is an integral part of the Code and is submitted to HANFA and the Zagreb Stock Exchange d.d., together with the annual financial statements for public disclosure.

Internal audit and risk management

Although the Company does not have an established internal audit function, internal business oversight and risk management are partly carried out through the activities of the business controlling function. Also, the main responsibilities of the Audit Committee of the Supervisory Board include monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity, as well as monitoring the effectiveness of the internal quality control and risk management systems.

In addition to the recommendations of the Code, the Management Board and the Supervisory Board of the Company are investing increased efforts to establish adequate corporate governance and transparent information, taking into account the Company's structure and organization, strategy and business goals, the allocation of authority and responsibilities with special emphasis on effective procedures for identifying, measuring and monitoring and reporting on business risks, as well as establishing appropriate internal control mechanisms.

The Company has prepared unconsolidated and consolidated financial statements for the Granolio Group, which consists of Granolio d.d. and the subsidiary Zdenačka farma d.o.o., fully owned by the company Granolio d.d., and for the subsidiary Zdenka – mliječni proizvodi d.o.o., where the Company is a co-owner.

Significant shareholders and limited shareholders' rights

As of 31 December 2025, the majority shareholder, with 1,105,000 shares, constituting 58.10765% of the Company's share capital and voting rights at the General Assembly, is Hrvoje Filipović. The company HOK-Osiguranje d.d. holds 378,506 shares, constituting 19.90% of the share capital, while CIM BANQUE S.A. holds 105,000 shares, constituting 5.52% of the share capital. Other shareholders individually hold shares that do not exceed 5.00% of the Company's share capital. All shares are fully paid up, and there are no restrictions on the rights arising from the shares.

Rules for the appointment and revocation of the Supervisory Board

The Company's Supervisory Board consists of three or five members. The exact number of the Supervisory Board members is determined by the decision of the Company's shareholders at their General Assembly.

As long as there is a prescribed obligation, one member of the Supervisory Board is a representative of employees, appointed and revoked as specified in the Labour Act. One member of the Supervisory Board is appointed and removed directly by Hrvoje Filipović, provided that he holds at least 25% of the total number of issued ordinary shares of the Company.

Other Supervisory Board members are elected and revoked by the Company's General Assembly, based on the proposals of shareholders who individually or collectively represent at least one twentieth of the share capital of the Company at the time of the election.

In accordance with the Companies Act and the Company's Articles of Association, the basic authority of the Supervisory Board is the constant supervision of the management of the Company's affairs and the appointment and dismissal of the President and members of the Management Board.

Statement on the application of the Corporate Governance Code (continued)

Rules for the appointment and revocation of the Management Board, and special powers of the Management Board

Pursuant to the Articles of Association of Granolio d.d., the Management Board consists of three to seven members, depending on the decision adopted by the Supervisory Board. The members and the President of the Management Board are appointed by the Supervisory Board for a mandate of up to five years, with the possibility of re-appointment. The Supervisory Board may issue a decision revoking the membership of a member or the President of the Supervisory Board for a relevant reason.

The affairs and operations of the Company are managed by the President and members of the Management Board based on the principle of segregation of duties and responsibilities for individual areas of operations or scope of responsibilities. The work and segregation of duties and responsibilities are regulated by the Rules of Procedure for the Management Board, adopted by the Management Board with the consent of the Company's Supervisory Board. The President of the Management Board represents the Company solely, and the Management Board members represent the Company jointly with the President of the Management Board or another Management Board member. The Company's Management Board must receive a consent from the Supervisory Board for, inter alia, deciding about the overall maximum indebtedness of the Company for a particular business year, maximum exposure on loans granted to related companies, maximum exposure of the Company with respect of guarantees, sureties and other security instruments issued to third legal and natural persons, about establishing and/or discontinuing any directly related companies, branch offices and business units, about purchasing or selling the shares in other companies in Croatia and abroad, about any fixed asset investments in excess of EUR 2,000,000.00, acquisition and sale of property with a net carrying value higher than EUR 660,000.00 ; establishing a lien on the property for purposes other than disposal in the ordinary course of business and conclusion of contracts worth in excess of EUR 660,000.00, with the exception of product, goods, energy, short-term debt and service sales contracts as part of the Company's ordinary business; decisions that affect the reputation of the Company and in all other cases determined by the Supervisory Board or the General Assembly.

Rules for amending the Articles of Association

The Articles of Association may be amended only by a decision of the General Assembly, by the majority of votes prescribed for the amendment in question by the Companies Act or the Articles of Association.

Composition and operation of the Supervisory Board

The composition and changes in the members of the Supervisory Board are presented in the Company's Financial Statements and at the end of this Statement. All members of the Supervisory Board are also members of the Audit Committee. The Deputy President of the Supervisory Board is an independent member of the Supervisory and Audit Committees. The Deputy President of the Supervisory Board, Ms Nina Solomun, is an expert in accounting and auditing of financial statements. One member of the Supervisory and Audit Committee is a woman, thus achieving a balanced representation of women and men in the Supervisory Board in accordance with the Companies Act..

In 2025, the Supervisory Board held five meetings, all attended by all members. In 2025, the Audit Committee held one meeting, which was attended by all members of the Board.

The Supervisory Board received reports from the Company's Management Board on the Company's business operations and on organisational and other changes related to the management of those operations, on a regular and timely basis, in accordance with the established standard form and content. The Supervisory Board assessed the cooperation between the Supervisory Board and the Management Board, as well as the adequacy of the support and information received from the Management Board during 2025, as satisfactory.

Statement on the application of the Corporate Governance Code (continued)

Composition and operation of the Management Board

In accordance with the Companies Act, the Company's Articles of Association, and the Rules of Procedure of the Management Board, the Management Board's basic authority is to manage the Company's affairs and to represent and present the Company to third parties. In addition, the Management Board is obliged and authorised, independently or with the prior approval of the Supervisory Board, to take all actions and decisions it deems necessary for the successful management of the Company's affairs and supervision of its operations. This includes, among other things, the adoption of Company's general acts, decisions on the Company's business and development plan, submission of reports to the Supervisory Board on the Company's operations and status, establishment of Company's bodies or committees and decision-making on all other issues that are placed within the competence of the Management Board by positive regulations or by the Articles of Association or other general acts, as well as on those issues that are not placed within the competence of another Company's body by positive regulations or by the Articles of Association.

The composition of the Management Board is listed in the Company's Financial Statements and at the end of this Statement. All members of the Management Board are men. The Supervisory Board considered the participation of a woman in the Company's Management Board, but considering that the Company's Management Board has consisted of three members for many years, who successfully and efficiently manage the Company's affairs and the Supervisory Board is satisfied with the business results, it was concluded that in the given circumstances it is not necessary to increase the number of members of the Company's Management Board, and in the event of the resignation of one of the members of the Company's Management Board, the Supervisory Board will reconsider this issue when appointing a new member.

Description of the work of the General Assembly

Shareholders, or their proxies, who are registered with the Central Depository and Clearing Company Inc. as shareholders at the beginning of the 21st day prior to the General Assembly, have the right to participate and exercise their right to vote at the General Assembly. One share entitles them to one vote at the General Assembly. Shareholders participate in the General Assembly in person or through a representative or proxy. The Company's General Assembly is convened in accordance with the law and the Articles of Association. The Company's General Assembly is convened by the Management Board or the Supervisory Board, as necessary, for the benefit of the Company. The invitation and agenda for the Assembly are publicly announced no later than one month before the date of its holding. Counterproposals by shareholders to the proposals of the Management Board and/or the Supervisory Board, with the name and surname of the shareholder and an explanation, or proposals by shareholders on the election of the Company's auditor, must be received by the Company at least 14 days prior to the General Assembly, whereby this deadline does not include the day the counterproposal reaches the Company. Shareholders who together hold shares in the amount of one twentieth of the Company's share capital have the right to request that an item be placed on the agenda of the General Assembly, with an explanation and a proposal for a decision. Such a request must be received by the Company at least 30 days before the General Assembly is held, whereby the date of receipt of the request by the Company is not included in this period.

The Company's General Assembly of the Company is valid and may pass the decisions if at least 50% of the shares giving the right to vote are represented, and all decisions on proposed agenda items are made by a simple majority of the votes cast, except for decisions made by a qualified majority, i.e. votes representing three quarters of the share capital represented at the General Assembly. Each share gives the right to one vote in the General Assembly.

Statement on the application of the Corporate Governance Code (continued)

The General Assembly is chaired by the President of the General Assembly, and in the event of his/her absence, by the Deputy President of the General Assembly. The President and Deputy President of the General Assembly are elected by the General Assembly for a term of 4 (four) years, upon the proposal of the Supervisory Board. The President of the General Assembly chairs the sessions and, before moving to the agenda, determines whether the shareholders' proxies have valid powers of attorney and whether the Assembly has a quorum. The President of the General Assembly determines the order of discussion of individual items on the agenda, decides on the order of voting, the method of voting, and all procedural issues not determined by law and the Articles of Association. In addition, the President of the General Assembly signs the decisions the list of shareholders present, the method and results of voting at the Assembly, other necessary records, communicates on behalf of the Assembly with other bodies of the Company and with third parties when provided for by law and the Articles of Association, and performs other tasks that are placed within his/her competence by law and the Articles of Association.

The Management Board of Granolio d.d. in 2025 consisted of:

President of the Management Board:	Hrvoje Filipović (reappointed on 18 December 2025)
Members of the Management Board:	Vladimir Kalčić (reappointed on 18 December 2025)
	Davor Mitrović (reappointed on 18 December 2025)

The Supervisory Board of Granolio d.d. in 2025 consisted of:

President of the Supervisory Board:

- *Franjo Filipović (reappointed from 06 June 2022 to 18 July 2025) and*
- *Vlatko Kordić (first appointed on 18 July 2025)*

Deputy President of the Supervisory Board:

- *Jurij Detiček (reappointed from 6 June 2022 to 18 July 2025) and*
- *Nina Solomun (first appointed on 18 July 2025)*

Members of the Supervisory Board:

- *Davor Štefan (reappointed from 6 June 2022 to 18 July 2025) and*
- *Tihomir Osmak (reappointed on 18 July 2025.)*

This Statement on the Application of the Corporate Governance Code is an integral part of the Company's Annual Report for 2025.

Responsibility of the Management Board for the consolidated financial statements

The Management Board of Granolio d.d., Zagreb, Budmanijeva 5, Zagreb (hereinafter: the Company) and its subsidiaries (the "Group") is obliged to ensure that the annual consolidated financial statements of the Company for 2025 are prepared in accordance with the applicable Croatian Accounting Act and International Financial Reporting Standards established by the European Union, so as to provide a true and fair view of the consolidated financial position, consolidated results of operations, consolidated changes in equity and consolidated cash flows of the Group for that period.

After making enquiries, the Management Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to accept the going concern principle when preparing the consolidated annual financial statements.

In preparing financial statements, the Management Board is responsible for:

- selecting and then consistently applying suitable accounting policies in accordance with the applicable standards of financial reporting,
- making reasonable and prudent judgments and estimates.
- acting in accordance with the applicable accounting standards, with disclosure and explanation of all materially significant deviations in consolidated financial statements; and
- preparing the annual consolidated financial statements on the going concern basis unless it is inappropriate to presume so.

The Management Board is responsible for keeping proper accounting records that, with reasonable accuracy, disclose at any time the consolidated financial position, consolidated business results, consolidated changes in equity, and consolidated cash flows of the Group, and their compliance with the applicable Croatian Accounting Act. Furthermore, the Management Board is responsible for safeguarding the Group's assets and, accordingly, for taking reasonable steps to prevent and detect fraud and other irregularities.

Signed on behalf of and for the Management Board:

30 April 2026

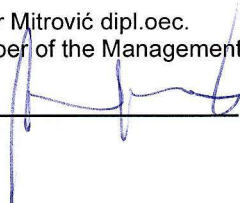
Hrvoje Filipović dipl.oec.
President of the Management Board



Vladimir Kalčić dipl.oec.
Member of the Management Board



Davor Mitrović dipl.oec.
Member of the Management Board



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Granolio d.d., Zagreb:

Report on the audit of the annual consolidated financial statements

Opinion

We performed an audit of the annual consolidated financial statements of Granolio d.d., Zagreb, Budmanijeva 5 (the "Company") and its subsidiaries (the "Group"), which comprise the Consolidated Statement of financial position as at 31 December 2025, the Consolidated Statement of comprehensive income, the Consolidated Statement of cash flows and the Consolidated Statement of changes in equity for the year then ended, as well as the accompanying Notes to the consolidated financial statements, including the information on significant accounting policies.

In our opinion, the accompanying annual consolidated financial statements present a true and fair view of the Group's financial position as at 31 December 2025 and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS").

Basis for Opinion

We performed our audit in accordance with the International Auditing Standards (ISAs). Our responsibilities under those standards are further described in our Independent Auditors' report under section *Auditors' responsibilities for the audit of the consolidated annual financial statements*. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (International Independence Standards), issued by the International Ethics Standards Board for Accountants (IESBA) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with those requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the consolidated annual financial statements for the current period. These matters were addressed in the context of our audit of the consolidated annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (continued)
Report on the audit of the annual consolidated financial statements (continued)
Key audit matter

We have determined the matter described below as the key audit matter to be communicated in our Independent Auditor's report:

Key audit matter	How we addressed the key audit matter
<p>Revenue recognition</p> <p>In 2025, the Group reported sales revenues of EUR 112,087 thousand (for the year ended 31 December 2024, EUR 94,415) in its consolidated Statement of comprehensive income.</p> <p>Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities. Revenues are stated in amounts less value added tax, quantity rebates and sales discounts.</p> <p>The Group recognises revenue when the amount of revenue can be measured reliably, when future economic benefits will flow to the Group and when specific criteria are met for all of the Group's activities.</p> <p>In accordance with International Financial Reporting Standard 15, Sales Revenue is recognised when the Group delivers goods to a customer, it no longer has influence over the management of the goods, and there is no outstanding liability that could affect the customer's acceptance of the product.</p> <p>Delivery is made when the products are shipped to a specific location; the risks of loss are transferred to the customer, and when one of the following is determined: the wholesaler accepts the products in accordance with the contract, or the deadline for acceptance of products has expired, or the Group has objective evidence that all acceptance criteria are met.</p> <p>Given the significance of revenues presented in the Statement of Comprehensive Income and the risk of their recognition, we concluded that the occurrence, accuracy, and completeness of revenues, and their distribution in the correct reporting period, are key audit matters.</p> <p>See notes 3.10 "Revenue Recognition" and 5 "Sales revenue" in the accompanying annual consolidated financial statements.</p>	<p>Our audit procedures related to this matter included, but were not limited to:</p> <ul style="list-style-type: none"> - Gaining an understanding of the sales process by interviewing key sales personnel; - Gaining an understanding of key controls related to the recognition of sales revenue; - Performing substantive testing to verify the consistency, accuracy, completeness and timeliness of revenue recognition; - Comparing the external confirmations received of the amounts of outstanding trade receivables at the reporting date with the balances shown in the Group's books of accounts at the same date; - Assessing the compliance of the policy for recognising sales revenue with International Financial Reporting Standard 15 - Revenue from Contracts with Customers; - Assessing the adequacy of the disclosures related to the recognition of sales revenue in accordance with International Financial Reporting Standard 15 - Revenue from Contracts with Customers.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the annual consolidated financial statements (continued)

Other information

The Management Board is responsible for other information. Other information includes the Annual Report but does not include the annual consolidated financial statements and our Independent Auditor's Report thereon. Our opinion on the annual consolidated financial statements does not include other information.

In relation to our audit of the annual consolidated financial statements, it is our responsibility to read other information and consider whether it is materially inconsistent with the annual consolidated financial statements or our audit findings or otherwise appears to be materially misstated.

Regarding the Management Report and the Statement on the application of the Corporate Governance Code, we also carried out the procedures required by the Croatian Accounting Act. These procedures include considering whether the Management Report has been prepared in accordance with Articles 22 and 24 of the Accounting Act and whether the Statement on the application of the Corporate Governance Code has been prepared in accordance with Article 25 of the Accounting Act.

Based on the procedures performed, to the extent we are able to assess, we report that:

1. The information in the attached Management Report and Statement on the application of the Corporate Governance Code is harmonised, in all significant respects, with the attached consolidated annual financial statements;
2. The attached Management Report is compiled in accordance with Articles 22 and 24 of the Accounting Act; and
3. The attached Statement on the Application of the Corporate Governance Code includes the information defined in Article 25 of the Accounting Act.

Based on our knowledge and understanding of the Group's operations and the environment in which it operates, which we acquired during our audit, we are required to report whether we have identified material misstatements in the Other information. In that sense, we have nothing to report.

Responsibilities of the Management Board and those charged with governance for the consolidated annual financial statements

The Management Board is responsible for the preparation of consolidated annual financial statements that give a true and fair view in accordance with IFRSs, and for those internal controls that the Management Board determines are necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement due to fraud or error.

In preparing the consolidated annual financial statements, the Management Board is responsible for evaluation of the Group's ability to continue operations assuming going concern principle, disclosure, if applicable, of issues related to going concern, and using accounting based on going concern principle, unless the Management Board intends to liquidate the Group, discontinue its operations or there is no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the annual consolidated financial statements (continued)

Auditor's Responsibility for the audit of consolidated annual financial statements

Our goals are to obtain reasonable assurance about whether the consolidated annual financial statements, as a whole, are free from material misstatement as a result of fraud or error, and to issue an Independent Auditors' Report that includes our opinion. Reasonable assurance is a higher level of assurance, but it does not guarantee that an audit performed in accordance with IAS will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered important if it can reasonably be expected that, individually or in aggregate, they affect the economic decisions of users made based on these unconsolidated annual financial statements.

As an integral part of the audit report in accordance with ISAs, we make professional judgments and maintain professional scepticism throughout the audit process. We also:

- identify and assess the risks of material misstatement of the annual consolidated financial statements due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is greater than the risk of error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or circumvention of internal controls.
- acquire an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- conclude on the appropriateness of the accounting basis used based on the going concern principle used by the Management Board, and based on the obtained audit evidence, we conclude on whether there is significant uncertainty regarding events or circumstances that may create significant doubts about the ability to continue operating for an indefinite period of time. If we conclude that there is significant uncertainty in our Independent Auditor's Report, we are required to call our attention to related disclosures in the consolidated annual financial statements or, if these are inappropriate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our Independent Auditor's Report. However, future events or conditions may cause the Group to discontinue its operations on a going concern basis.

- evaluate the overall presentation, structure and content of the annual consolidated financial statements, including disclosures, as well as whether the annual consolidated financial statements reflect the transactions and events on which they are based in a way that achieves a fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on these consolidated financial statements. We are responsible for directing, supervising and performing the audit of the Group. We are solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the annual consolidated financial statements (continued)

Auditor's Responsibility for the audit of consolidated annual financial statements (continued)

We communicate with those charged with governance, among other issues, the intended scope and timing of the audit and important audit findings, including any significant deficiencies in internal controls identified during our audit.

We also make a statement to those charged with governance that we have complied with the relevant ethical requirements regarding independence and that we will communicate to them any relationships and other matters that may reasonably be considered to affect our independence, as well as, where applicable, related safeguards.

Among the issues communicated to those charged with governance, we identify the most important issues for auditing the annual consolidated financial statements of the current period and present the key audit matters. We describe these matters in our Independent Auditor's Report, unless the law or regulation prevents the matters from being publicly disclosed, or when we decide, in extremely rare circumstances, that the matter should not be reported in our Independent Auditors' Report because the negative consequences of the disclosure could reasonably be expected to outweigh the benefits of public interest from such communication.

Statement on other legal requirements

On 18 June 2025, the Company's General Assembly appointed us to audit the Group's annual consolidated financial statements for the year 2025.

As of the date of this report, we are continuously engaged in performing the Group's statutory audits from the audit of the annual consolidated financial statements for the year 2019 to the audit of the annual consolidated financial statements for the year 2025, which is a total of seven years.

In our audit of the Group's annual consolidated financial statements for 2025, we determined the materiality of the consolidated financial statements as a whole to be EUR 1,793 thousand, representing approximately 1.6% of the Group's 2025 sales revenue.

We have chosen sales revenue as the measure of materiality because we believe it is the most appropriate indicator of the Group's business performance.

Our audit opinion is consistent with the supplementary report for the Group's Audit Committee, prepared in accordance with the provisions of Article 11 of Regulation (EU) No. 537/2014.

During the period between the starting date of the Group's audited annual consolidated financial statements for 2025 and the date of this Independent Auditor's Report, we did not provide prohibited non-audit services to the Group and its subsidiaries and did not provide services for the design and implementation of internal control procedures or risk management related to preparation and/or control of financial information or the design and implementation of technological systems for financial information, and we have maintained independence in relation to the Group.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the annual consolidated financial statements (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 amending Directive 2004/109/EC of the European Parliament and the Council regarding regulatory technical standards for the specification of the European Single Electronic Format

Auditor's assurance report on the compliance of annual consolidated financial statements (hereinafter: "financial statements"), prepared pursuant to the provision of Article 462, paragraph 5 of the Capital Market Act (Official Gazette, nos. 65/18, 17/2, 83/21, 151/22 and 85/24) by applying the Delegated Regulation (EU) 2018/815 establishing a single electronic reporting format for issuers (hereinafter: the ESEF Regulation).

We conducted the engagement with expressing reasonable assurance as to whether the financial statements prepared for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, which are contained in the electronic file *granoliogrupa-2025-12-31-eng*, in all material aspects, were prepared in accordance with the requirements of the ESEF Regulation.

Responsibilities of Management and those charged with governance

The Group's Management is responsible for the preparation and content of the financial statements in accordance with the ESEF Regulation.

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

The Management is also responsible for:

- public disclosure of the financial statements contained in the annual report in a valid XBRL format, and
- selection and use of XBRL codes in accordance with the requirements of the ESEF Regulation.

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

Auditor's responsibilities

It is our responsibility to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from material non-compliance with the requirements of the ESEF Regulation. We conducted this reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) - *Assurance engagements other than audits or reviews of historical financial information*.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the annual consolidated financial statements (continued)

Report based on the requirements of Delegated Regulation (EU) 2018/815 amending Directive 2004/109/EC of the European Parliament and the Council regarding regulatory technical standards for the specification of the European Single Electronic Format

Procedures performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance. However, it does not assure that the scope of testing will reveal all significant (material) non-compliance with the ESEF Regulation.

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

- we have read the requirements of the ESEF Regulation,
- we have gained an understanding of the Group's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or errors; and
- based on that, we have planned and designed procedures for responding to assessed risks and for obtaining reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the financial statements, which are included in the consolidated annual report, are prepared in the valid XHTML format,
- the information contained in the consolidated financial statements required by ESEF Regulation, are labelled and all labels meet the following requirements:
- XBRL mark-up language was used,
- the elements of the basic taxonomy listed in the ESEF Regulation with the closest accounting meaning were used, unless an additional element of taxonomy has been created in accordance with Annex IV ESEF Regulations,
- the labels comply with the common labelling rules under the ESEF Regulation.

We believe the audit evidence we have obtained is sufficient and appropriate to support our conclusion.

INDEPENDENT AUDITOR'S REPORT (continued)**Report on the audit of the annual consolidated financial statements (continued)****Report based on the requirements of the ESEF Regulation (continued)****Conclusion**

In our opinion, based on the procedures performed and the evidence obtained, the financial statements presented in ESEF format, contained in the above-mentioned electronic file and based on the provision of Article 462, paragraph 5 of the Capital Market Act prepared for the purposes of public disclosure, in all material respects are in line with the requirements from articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2025.

In addition to this conclusion, as well as the opinion contained in this Independent Auditor's Report for the accompanying consolidated financial statements and the Annual Report for the year ended 31 December 2025, we do not express any opinion on the information contained in these statements or other information contained in the file stated above.

The engaged partner involved in the audit of the Group's 2025 annual consolidated financial statements, resulting in this Independent Auditor's Report, is the certified auditor Vedrana Stipić.

In Zagreb, 30 April 2026

BDO Croatia d.o.o.
Radnička cesta 180
10000 Zagreb



Hrvoje Stipić, Predsjednik Uprave



Vedrana Stipić, ovlaštenu revizor


BDO Croatia d.o.o.
Zagreb, Radnička cesta 180
OIB: 76394522236

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Consolidated Statement of Comprehensive Income
for the year ended 31 December 2025

	Note	in EUR '000	
		2025	2024
Income			
Sales revenue	5	112.087	94.415
Other operating income	6	4.189	6.690
Total operating income		116.276	101.105
Change in inventory value		1.496	(14)
Material expenses	7	(95.526)	(78.649)
Employee benefits	8	(11.275)	(8.666)
Depreciation	14,15,16	(4.035)	(3.554)
Other expenses	10	(1.871)	(1.538)
Value adjustment costs	9	(2)	(5)
Other operating expenses	11	(1.425)	(1.474)
Total operating expenses		(112.638)	(93.900)
Operating profit		3.638	7.205
Financial income	12	141	522
Financial expenses	12	(2.237)	(1.514)
Net financial result		(2.096)	(992)
Profit before tax		1.542	6.213
Profit tax	13	(372)	(623)
Profit after tax		1.170	5.590
Other comprehensive income			
Total comprehensive income		1.170	5.590
Total comprehensive income for the current year for distribution:			
To the owners of the Company		761	4.181
To non-controlling interests	24	409	1.409
Earnings per share			
Basic and diluted earnings per share (in euros and cents)	33	0,40	2,19

* The accompanying notes are an integral part of these annual consolidated financial statements.

Consolidated Statement of Financial Position
as of 31 December 2025

		in EUR '000	
		in EUR '000	
	Note	31 December 2025	31 December 2024
FIXED ASSETS			
Intangible assets			
Trademarks, concessions, licenses		982	1,013
Right-of-use assets		205	339
	14,15	1,187	1,352
Property, plant and equipment			
Land		2,116	2,052
Buildings		26,230	23,010
Plants, equipment, vehicles and tools		18,701	13,289
Biological assets		1,057	1,009
Other tangible assets		13	16
Tangible assets under construction		1,676	7,984
Investment property		892	846
	16	50,685	48,206
Financial assets measured at amortised cost			
Loans, deposits and similar	17b	13	10
Long-term receivables	17a	31	375
		44	385
CURRENT ASSETS			
Inventories			
	18	12,020	14,681
Receivables			
Receivables from related parties	32	663	651
Receivables from customers	19a	16,366	15,844
Receivables from the state and other institutions	19b	1,168	2,347
Other receivables	19c	1,286	1,968
		19,483	20,810
Financial assets measured at amortised cost			
Loans to related parties	20b,32	1,110	1,260
Investments in securities	20a	20	20
Loans, deposits and similar	20b	2,560	1,485
		3,690	2,764
Cash and cash equivalents	21	1,222	505
Prepaid expenses and accrued income	22	169	67
TOTAL ASSETS		88,500	88,770

Consolidated Statement of Financial Position (continued)

as at 31 December 2025 (continued)

	Note	in EUR '000	
		31 December 2025	31 December 2024
I CAPITAL AND RESERVES			
Share capital		2,524	2,524
Capital reserves		11,171	11,171
Revaluation reserves		4,866	5,265
Legal reserves		1,239	1,239
Reserves for treasury shares		110	110
Retained earnings/(Loss carried forward)		3,187	(1,071)
Current year result		760	4,181
	23	23,857	23,420
Non-controlling interests	24	4,429	5,020
II LONG-TERM LIABILITIES			
Deferred tax liability	13	1,068	1,156
Liabilities to related parties	32	1,345	1,345
Liabilities for loans, deposits and similar	25	265	531
Liabilities to banks and other financial institutions	26	23,886	22,459
Liabilities for leases	15	213	226
Liabilities for securities	27	167	333
Liabilities to suppliers	28	-	254
		26,943	26,304
III SHORT-TERM LIABILITIES			
Liabilities for loans, deposits and similar	25	4,736	4,469
Liabilities to related parties	33	111	117
Liabilities to banks and other financial institutions	26	3,580	3,004
Liabilities for leases	15	17	119
Liabilities for advances		469	1,003
Liabilities to suppliers	29a	18,864	20,154
Liabilities for securities	27	166	166
Liabilities to employees		677	592
Liabilities for taxes, contributions and similar payments	29b	645	654
Liabilities for interest		687	487
Accrued expenses and deferred income	30	3,319	3,254
Other short-term liabilities		-	7
		33,271	34,026
TOTAL EQUITY AND LIABILITIES		88,500	88,770

* The accompanying notes are an integral part of these annual consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2025

in EUR '000

	Share capital	Capital reserves	Legal reserves	Reserves for own shares	Revaluation reserves	Loss carried forward	Profit for the year	Total for the Group	Non-controlling interest	TOTAL
Balance as of 1 January 2024	2,524	11,175	1,140	106	5,663	-3,258	1,892	19,243	4,111	23,354
Current year profit	-	-	-	-	-	-	4,181	4,181	1409	5,590
Total comprehensive income for the year	-	-	-	-	-	-	4,181	4,181	1,409	5,590
Transfer of revaluation reserve to retained earnings	-	-	-	-	-398	398	-	-	-	-
Dividend payment	-	-	-	-	-	-	-	-	(500)	(500)
Share buyback	-	-4	-	4	-	(4)	-	(4)	-	(4)
Schedule of results for 2023	-	-	99	-	-	1,793	(1,892)	-	-	-
Balance as of 31 December 2024	2,524	11,171	1,239	110	5,265	-1,071	4,181	23,420	5,020	28,440
Balance as of 1 January 20245	2,524	11,171	1,239	110	5,265	-1,071	4,181	23,420	5,020	28,440
Current year profit	-	-	-	-	-	-	760	760	409	1,169
Total comprehensive income for the year	-	-	-	-	-	-	760	760	409	1,169
Transfer of revaluation reserve to retained earnings	-	-	-	-	(399)	399	-	-	-	-
Dividend payment	-	-	-	-	-	(323)	-	(323)	(1,000)	(1,323)
Schedule of results for 2024	-	-	-	-	-	4,181	(4,181)	-	-	-
Balance as of 31 December 2025	2,524	11,171	1,239	110	4,866	3,187	760	23,857	4,429	28,286

* The accompanying notes are an integral part of these annual consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2025

		in EUR '000	
	Note	2025	2024
Result before tax		1,542	6,213
<i>Reconciliation of results:</i>			
Depreciation	14,15,16	4,035	3,554
Natural increase	16	(581)	(556)
Loss on sale and disposal of fixed assets, net		(146)	390
Inventory surplus	6	(486)	(307)
Net interest expense	12	2,043	1,068
Profit from other financial activities	12	-	(57)
Write-off of inventories		18	20
Operating result before changes in working capital		6,425	10,324
Decrease / (increase) in inventories		3,127	(6,465)
Decrease / (increase) in receivables		1,219	(5,868)
(Increase) / Decrease in short-term liabilities		(1,203)	6,523
Advances received / (given)		(533)	(94)
Operating result after changes in working capital		9,035	4,421
Profit tax paid		(547)	(440)
Interest paid		(2,027)	(1,069)
Cash flow from operating activities		6,461	2,912
Interest collected		87	417
Cash expenditures for the acquisition of tangible and intangible assets		(5,799)	(17,565)
Cash receipts from the sale of tangible and intangible assets		159	-
Cash receipts from the collection of securities		344	-
Cash expenditures for loans granted		(3,951)	(441)
Cash receipts from the collection of loans granted		3,023	2,966
Cash expenditures for the acquisition of securities		-	(93)
Cash flow from investing activities		(6,137)	(14,717)
Cash expenditures for the repayment of loans and advances		(10,196)	(10,646)
Cash receipts from loans and advances		12,190	21,120
Net expenditure on securities		(166)	(166)
Cash expenditures for the payment of dividends		(1,323)	(500)
Cash expenditures for the repayment of leases		(112)	(35)
Cash expenditures for the acquisition of shares		-	(4)
Cash flow from financing activities		393	9,769
Net changes in cash and cash equivalents		717	(2,037)
Cash and cash equivalents at the beginning of the period		505	2,541
Cash and cash equivalents at the end of the period		1,222	505

* The accompanying notes are an integral part of these annual consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2020

1. GENERAL INFORMATION

Granolio d.d. (the "Company") was incorporated as a Croatian joint stock company in December 1996. The registered seat of the Company is in Zagreb, and its business units are located in Gornji Draganac, Slavonski Brod, Velika Kopanica, Osijek, Vinkovci, Beli Manastir and Županja.

Based on Decision No. 48. St-2021/2017 dated 27 July 2017, the Commercial Court in Zagreb has opened a pre-bankruptcy procedure against Granolio d.d. and nominated Nada Reljić as the commissioner. On 6 December 2018, at the hearing on the amended restructuring plan vote before the Commercial Court in Zagreb, the plan was approved. The Court's Decision confirming the pre-bankruptcy agreement entered into force on 28 December 2018.

On 31 December 2025, the Management Board of Granolio d.d. consisted of the following members:

Hrvoje Filipović (reappointed on 18 December 2025)
Vladimir Kalčić (reappointed on 18 December 2025)
Davor Mitrović (reappointed on 18 December 2025)

On 31 December 2024, the Management Board of Granolio d.d. consisted of the following members:

Hrvoje Filipović - Chairman (since 23 February 2011)
Vladimir Kalčić - Member (since 23 February 2011)
Davor Mitrović -Member (since 28 April 2022)

On 31 December 2025, the Supervisory Board of Granolio d.d. consisted of the following members:

Vlatko Kordić – President (since 18 July 2025)
Nina Solomun – Member (since 18 July 2025)
Tihomir Osmak – Member (since 13 June 2019)

On 31 December 2024, the Supervisory Board of Granolio d.d. consisted of the following members:

Franjo Filipović – Chairman (since 23 February 2011)
Jurij Detiček – Member (since 23 February 2011)
Tihomir Osmak – Member (since 13 June 2019)
Davor Štefan – Member (since 16 January 2015)

Subsidiaries

Basic information of the Granolio Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Core activity	Place of incorporation and operation	Proportion of ownership interest and voting rights held by the Group	
			2025	2024
Zdenka - mliječni proizvodi d.o.o.	Production of dairy, trade and services	Veliki Zdenci	50%	50%
Zdenačka farma d.o.o.	Production of milk, cattle breeding and farm production	Veliki Zdenci	100%	100%

The Company has assessed that it has control over the Company Zdenka mliječni proizvodi d.o.o. in accordance with International Financial Reporting Standard 10.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

1. GENERAL INFORMATION (CONTINUED)

The core activities of Granolio d.d. and its subsidiaries comprise the production of food and agricultural products, the production of milk and dairy products, warehousing of agricultural products, and trade in bakery products, agricultural products, and raw materials for agricultural production.

In mid-2007, the Company acquired a 100% shareholding in Zdenačka farma d.o.o., Veliki Zdenci, for EUR 374,278. The subsidiary produces high-quality milk from dairy cows of high genetic potential.

Pursuant to the decision of the Company's General Assembly dated 16 March 2015, the share capital of Zdenačka farma was increased from EUR 1,794,412 to EUR 3.917.977.

In mid-2008, the Company acquired the entire equity share in Prerada žitarica d.o.o., Grubišno Polje, for EUR 690,953. The subsidiary's activities include grains warehousing and drying. As of 27 November 2017, the share capital of Prerada Žitarica was increased from EUR 3,068,631 to EUR 8,471,011 by issuing a new business share of HRK 40,700 thousand. The company Prerada žitarica d.o.o. was merged to the parent company on 30 April 2018.

The company Zdenka-mliječni proizvodi d.o.o. registered on 10 April 2002 at the Commercial Court in Bjelovar pursuant to the Decision number Tt-02 / 396-2 as a limited liability company.

Management Board of the Company consists of Mr Željko Gatjal, dipl.oec., and the Chairman of the Supervisory Board is Mr Hrvoje Filipović dipl. oec. Granolio d.d. participates in the ownership structure of Zdenka – mliječni proizvodi d.o.o. with a 50% share.

Company Granolio d.d. acquired business shares in the company Zdenka in 2010.

In 2011, Granolio d.d. has acquired a predominant influence by which it supervises decision-making in the operations of the subsidiary Zdenka - mliječni proizvodi d.o.o., and decides on financial and business policies, the appointment of members of the Management Board or ensures a majority vote of the members of the Management Board.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND INTERPRETATIONS

2.1. First application of new amendments to existing standards in force for the current reporting period

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the period beginning 1 January 2025:

- *Effects of changes in foreign exchange rates: lack of exchangeability (Amendment to IAS 21 “The Effects of Changes in Foreign Exchange Rates”)*

The adoption of the above amendment to the existing standard did not result in significant changes to the Group's financial statements.

The following illustrative examples were issued during 2025 without an effective date:

- *Illustrative examples of reporting uncertainties in financial statements*

On 28 November 2025, the International Accounting Standards Board (IASB) issued Disclosures about Uncertainties in the Financial Statements—Illustrative examples, which amended several IFRS accounting standards to include illustrative examples that demonstrate how entities can apply IFRS accounting standards when reporting the effects of uncertainty in their financial statements. The illustrative examples are supporting materials for IFRS accounting standards and do not have an effective date. The IASB issued a near-final version of the illustrative examples in July 2025.

The Group has taken these illustrative examples into account in preparing the unconsolidated financial statements, and no additional disclosures or changes in presentation were required.

2.2. Standards and amendments to existing standards issued by the IASB and adopted by the European Union, but not yet effective

The following amendments are effective for annual periods beginning on or after 1 January 2026.:

- *Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”)*
- *Nature-dependent electricity contracts (Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”)*

The Group is currently assessing the impact of these new amendments to accounting standards.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND INTERPRETATIONS (CONTINUED)

2.3. New standards and amendments to existing standards issued by the IASB not yet adopted in the European Union

The IFRS currently adopted in the European Union do not differ significantly from the regulations issued by the International Accounting Standards Board (IASB), with the exception of the following new standards and amendments to existing standards, the adoption of which by the European Union has not yet been decided (the effective dates specified below refer to IFRSs issued by the IASB):

The following standards apply to annual reporting periods beginning on or after 1 January 2027:

- *IFRS 18 Presentation and Disclosure in Financial Statements*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures*

The Company is currently assessing the impact of these new accounting standards. IFRS 18 Presentation and Disclosure in Financial Statements, issued by the IASB in April 2024, replaces IAS 1 and will result in significant consequential changes to IFRS accounting standards, including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Although IFRS 18 will not affect the recognition and measurement of items in separate financial statements, it is expected to significantly affect the presentation and disclosure of certain items. These changes include categorisation and subtotals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of performance measures determined by management.

The Group does not expect to be entitled to apply IFRS 19.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES

The following presents the Group's significant accounting policies adopted for the preparation of these consolidated financial statements. These accounting policies have been consistently applied by the Group and all subsidiaries for all periods included in these consolidated financial statements.

3.1 Statement of compliance

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("the IFRSs") as adopted by the European Union.

3.2 Basis of preparation

The Group's consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below, and in line with the International Financial Reporting Standards ("the IFRSs") as adopted by the European Union, and Croatian laws. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Group maintains its accounting records in Croatian, in Euro, and in accordance with Croatian laws.

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires the use of certain key accounting estimates. The Management Board is also required to exercise judgment in applying the Group's accounting policies. Areas involving a higher degree of judgment or complexity, i.e. areas where assumptions and estimates are significant for the financial statements, are presented in Note 4.

On 6 December 2018, at the hearing for the amended restructuring plan vote at the Commercial Court in Zagreb, the restructuring plan was approved. The Court's Decision confirming the pre-bankruptcy agreement entered into force on 28 December 2018.

The Company expects to continue its operations as a going concern and to settle all liabilities determined in the pre-bankruptcy settlement procedure. The Company has sufficient liquidity to fulfil its obligations to creditors and, in accordance with the business plan, estimates that positive cash flow will be generated from the core business in future periods.

Throughout 2025, stable cash flow and funds were provided to meet due liabilities to suppliers, employees, and the state, achieved through careful planning and liquidity management. So far, the Company has regularly repaid its liabilities in accordance with the pre-bankruptcy settlement, and it is expected to continue operating smoothly and repay its liabilities in accordance with the final settlement. The further investment and business plan will depend on the restructuring plan adopted as part of the pre-bankruptcy settlement.

The Management Board continues to intensify activities to achieve capital adequacy, an essential condition for ensuring the long-term survival of the Company.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when:

- the Company has power or has the ability to use its power over the investee;
- the Company is exposed to or has rights to variable returns from its involvement with the investee;
- the Company is capable of using its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company holds less than a majority of the voting rights of an investee, it has power over the investee if those voting rights are sufficient to give it the practical ability to direct the investee's relevant activities unilaterally.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.3. Basis of consolidation (continued)**

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- Share of voting rights in relation to the size and distribution of the voting rights of other persons entitled to vote;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The subsidiary is consolidated or ceases to be consolidated from the moment in which the Company acquires or loses control over it. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date on which the Company acquires control until the date on which the Company loses control of the subsidiary.

Profit or loss and each component of other comprehensive income are separated on the part of the owners of the parent (Company) and on the part of the owners of non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and the owners of non-controlling interests, even if this results in a negative balance for non-controlling interests.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between i) the total fair value of the fee received and the fair value of eventual retained interest ii) the previous carrying amount of assets (including goodwill) and liabilities of the subsidiary, and every non-controlling interest. All figures are based on the subsidiary previously been recognised in other comprehensive income are accounted as if the Group had directly sold the assets or liabilities of that company, i.e. figures are transferred to profit or loss, or in any of the components of shareholders' equity in accordance with applicable IFRS. The fair value of the retained interest in the former subsidiary at the date of loss of control at the subsequent accounting under IAS 39, regarded as the fair value of initial recognition and, if it is applicable, as a cost during the initial recording of shares in the associate or joint venture.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except :

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree, are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.4 Business combinations (continued)**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement-period adjustments depends on the classification of the contingent consideration. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the combination's synergies.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.6 Shares in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated in financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and is subsequently adjusted to reflect the Group's share of the associate's or joint venture's profit or loss and other comprehensive income. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date, and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Shares in associates and joint ventures (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

a. Shares in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Any goodwill arising from the acquisition of the Group's shares in the common control of a given company is calculated in accordance with the Group's accounting policy for calculating of goodwill resulting from business merger.

Unrealized gains and losses from transactions between the Group and the companies over which it has joint control are eliminated in proportion to the Group's share in the joint venture. Gains and losses from transactions between the Group and jointly controlled companies in the consolidated financial statements of the Group are recognized only to the extent of interest in jointly controlled companies that are not related to the Group.

b. Shares in joint management

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which entity from Group is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.8 Functional and reporting currency**

The financial statements are presented in the currency of the primary economic environment in which the entity operates, i.e. its functional currency. In the consolidated financial statements, the Group's results and financial position are expressed in euros (EUR) because the euro is the functional currency of the entity and the presentation currency of the consolidated financial statements..

3.9 Using estimates and judgements

The preparation of financial statements in conformity with IFRS requires from management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. These estimates and the underlying assumptions are based on past experience and various other pertinent factors and are believed to be reasonable under given circumstances and constitute a reliable basis for developing estimates of the carrying amounts of assets and liabilities that are not readily available from other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are regularly reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Areas of judgement made by the Management Board in applying IFRS that have a significant impact on the financial statements as well as areas of judgement involving a risk of material adjustment in the following year are presented in Note 4.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.10 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for products, goods or services sold in the regular course of the Group's operations. Revenues are stated net of value-added tax, quantity and sales discounts.

The Group recognises revenue when the amount of the revenue can be measured reliably, when future economic benefits will flow into the Group and when the specific criteria for all the Group's activities described below are met. Revenues are recognised in accordance with International Financial Reporting Standard 15 - *Revenue from Contracts with Customers*.

(i) Income from the wholesale of products and trade goods

The Group produces and distributes its own products as well as third-party merchandise. Wholesale revenue is recognised when the Group has delivered the goods to the customer, no longer controls their management, and there is no outstanding liability that could affect the customer's acceptance of the products.

A delivery is completed when the products are dispatched to a specific location, the risk of loss are transferred to the customer and one of the following is met: the customer has accepted the goods in accordance with the underlying contract; or the acceptance deadline has passed; or the Group has objective evidence that all the acceptance criteria are met.

Products are sold at the agreed volume discounts, with customers' right to return faulty goods. Sales revenue is recognised at the price in the underlying sales contract, less any estimated volume, sales discounts, and returns. The discounts and returns are assessed based on past experience. Volume discounts are assessed based on anticipated annual sales. When sales are made under terms and conditions that involve financing elements, i.e. where the collection period is longer than 60 days, the receivables are classified as current financial assets.

(ii) Income from the retail sale of products and merchandise

Retail product and merchandise sales are recognised upon the sale to the customer. Retail sales are generated in cash. The Group does not have specific customer award schemes.

(iii) Service sales

Service sales are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) Financial income

Financial income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised when the right to receive payment has been established.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Foreign currencies

(i) Foreign-currency transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and items denominated in foreign currencies measured at historical cost are not retranslated.

Foreign currency-denominated non-monetary assets and liabilities measured at historical cost are translated into the functional currency using the exchange rates in effect at the transaction dates.

(ii) Group members

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euros ("EUR"), which is the Group's functional currency.

3.12 Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. In future periods, borrowings are stated at amortised cost; all differences between receivables (minus transaction costs) and surrender value are recognised in the consolidated statement of comprehensive income over the borrowing period using the effective interest rate method.

Borrowing costs that can be directly linked to the acquisition, construction or production of a qualifying asset, a means that necessarily requires a considerable amount of time to be ready for intended use or sale, are attributed to the cost of purchasing that asset until the asset is largely unavailable for Intended use or sale. All other borrowing costs are included in profit or loss for the period in which they are incurred.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.13 Government grants and subsidies**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and will receive them. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred, or for the purpose of providing immediate financial support to the Group with no future related costs, are recognised in profit or loss in the period in which they become receivable.

3.14 Employee benefits**(i) Pension obligations and other post-employment benefits**

In the normal course of business, the Group makes salary deductions to mandatory pension funds on behalf of its employees, as required by law. All contributions paid to the mandatory pension funds are recognised as salary expense when accrued. The Group is not obliged to provide any other post-employment benefits.

(ii) Long-term employee benefits

The Group does not recognise an obligation for long-term employee benefits (jubilee awards), as they are neither included in employment contracts nor defined by other legal acts.

(iii) Short-term employee benefits

The Group recognises a provision for employee bonuses when there is a contractual obligation or a past practice that gives rise to a constructive obligation.

(iv) Share-based payments

The Group does not make any share-based payments to its employees.

3.15 Dividend

Dividends payable to the Group's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved in the General Assembly of the Group's shareholders.

3.16 Reporting on operating segments

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment) and is subject to risks and rewards different from those of other segments.

Based on the internal reporting structure, the Group monitors the performance of the following segments:

- Milling
- Dairy
- Wholesale
- Other

The Group identifies operating segments on the basis of internal reports on components of the Group that are regularly reviewed by the chief operating decision maker (Management Board) to allocate resources to the segments and to assess their performance. Details about the operating segments are disclosed in Note 6 to the consolidated financial statements. Comparative information has been presented on the principle of comparability

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.17 Taxation****(i) Profit tax**

Profit tax expense comprises current and deferred taxes. Profit tax expense is recognised in profit or loss to the extent of the tax relating to items within equity when the expense is also recognised through other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the financial statements, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax assets and liabilities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes. Deferred tax is not recognised for the following temporary differences: initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, as well as differences which refer to investing into subsidiaries and joint undertakings when it is probable that the relevant situation will not change in the near future. Deferred tax is measured at the tax rates expected to be applied to the temporary differences when they reverse, based on the laws enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are recognised only to the extent that it is probable that they could be utilised as a tax benefit.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or realise them simultaneously.

(iii) Tax exposure

In determining the amount of current and deferred tax, the Group considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iv) Value added tax (VAT)

The Tax Authorities require that VAT is settled on a net basis. VAT on sale and purchase transactions is recognised in the statement of financial position on a net basis. Where an amount receivable is impaired, the impairment loss is recognised in the gross amount of the receivable, i.e. including VAT.

3.18 Property, plant and equipment

Land and buildings used for goods or services production, or delivery or administrative purposes, are reported in the statement of financial position in revalued amounts, which represent their revaluation date fair value less the value adjustment (accumulated depreciation) and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Every increase resulting from land and building revaluation is reported in the statement of comprehensive income, except if it cancels the decrease resulting from the revaluation of the same asset which has been previously recognised in the statement of profit or loss, and in that case, the increase is recorded in the statement of profit or loss up to the amount of the previously stated decrease. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Property, plant and equipment (continued)

Property under construction, used for production, supply or administrative purposes, is carried at cost, less any recognised impairment loss. The purchase cost comprises the professional services fee and, in the case of qualifying assets, borrowing costs capitalised pursuant to the Group's accountancy policy. Such properties are classified into the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

	<u>2025</u>	<u>20234</u>
Buildings	40 years	40 years
Plants and equipment	10 years	10 years
Office equipment	4 years	4 years
Telecommunications equipment	2 years	2 years
Personal vehicles	2.5 years	2.5 years
Delivery vehicles	4 years	4 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is measured as the difference between the sale proceeds and the asset's carrying amount and recognised in profit or loss.

3.19. Investment property

Investment property refers to property held for the purpose of lease income or an increase in property value or both. After initial recognition, the Company chose, for its subsequent measurement accounting policy, a purchase cost model and applied it to all of its investment property.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.20 Intangible assets**

Intangible assets may be acquired in exchange for a non-cash asset or for cash, or a combination of both, where the cost of such an asset is determined at the fair value unless the exchange lacks commercial substance or the fair value of the asset received or disposed of cannot be determined reliably, in which case the cost is determined as the carrying amount of the asset disposed of.

(i) Computer software

Software licences are capitalised based on the cost, which includes the cost of purchase and costs incurred in bringing the software into a working condition for its intended use. The cost is amortised over the software's useful life, estimated at 5 years.

(ii) Trademarks

Rights to acquired trademarks are stated at cost and are amortized over their estimated useful lives of 20 years.

3.21. Impairment of property, plant, equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease, in line with the applicable Standard that governs the relevant asset revaluation.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Impairment loss reversal is immediately recognised as income, unless the relevant asset is not stated as a revalued amount, in which case the reversed impairment loss is stated as an increase due to revaluation in line with the applicable Standard stipulating the requirements concerning the relevant asset revaluation.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Leases

All leases are calculated by recognising the right-of-use asset and the lease liabilities, except for:

- Low value leases; and
- Leases whose lease term ends in a period of 12 months from the date of first application or less.

The lease liability is calculated at the present value of the contractual future payments to the lessor over the term of the lease, less the discount rate determined in relation to the rate inherent in the lease, unless it is (as is usually the case) not easy to determine, in which case the Company's incremental borrowing rate at the inception of the lease is used. Variable lease payments are included in the calculation of lease obligations only if they depend on an index or rate. In this case, the initial calculation of the lease liability assumes that the variable element will remain unchanged for the duration of the lease. Other variable lease payments represent an expense in the period to which they relate.

At the date of initial recognition, the carrying amount of the lease liability includes:

- amounts expected to be paid by the lessee under residual value guarantees;
- the cost of executing the purchase option if it is certain that the lessee will use that option; and
- payment of fines for termination of the lease if the lease period reflects that the lessee will take the opportunity to terminate the lease

Right-of-use assets are initially measured at the amount of the lease liability, less all lease incentives received and increased by:

- all lease payments made on or before the start date of the lease;
- all initial direct costs; and
- the amount of the provision recognised in the event that the Company contractually bears the costs of dismantling, removing or rebuilding the location of the property.

Right-of-use assets are reduced by accumulated depreciation calculated on a straight-line basis over the lease term or the asset's remaining economic life, if the latter is shorter.

The useful life of the asset with the right of use is shown as follows:

	2025	2024
Land	50 years	50 years
Vehicles	5 years	5 years
Equipment	10 years	10 years

After the initial measurement, the lease liability increases to reflect interest on lease liabilities and decreases to reflect lease payments made.

The lease liability is subsequently measured when there is a change in future lease payments resulting from a change in the index or rate, or in the estimate of the term of any lease.

For financial leases, the Company recognises right-of-use assets and lease liabilities.

3.23 Inventories

Inventories of raw materials and spare parts are stated at the lower of cost and net realisable value, determined using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business, less all variable selling costs.

The cost of work in progress and finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Trade goods are carried at the lower of purchase cost and selling price (less applicable taxes and margins).

Small inventory and tools are expensed when put into use.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.24 Biological assets**

The Group recognises a biological asset or agricultural products such as livestock and crops, when there is control over the property as a result of past events, when it is probable that future economic benefits associated with the asset will flow to the Group and when the fair value or cost of the item can be measured determine reliably.

Livestock (cows) is kept separately by ID numbers for certain categories of cattle. The categories that make up the breeding stock are cows, heifers and calves.

Supply of livestock valued at cost less accumulated depreciation and any impairment losses. The present value approximates the fair value of livestock.

Agricultural products harvested are measured at fair value less estimated costs to sell at the point of harvest.

For biological assets carried at cost, depreciation is recorded as an expense in the period and is calculated on a straight-line basis over the expected useful life of the assets.

3.25 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, if significant, using the effective interest method. Otherwise, they are measured at nominal amounts, less an allowance for impairment. Impairment is recognised whenever there is objective evidence that the Group will not be able to collect all amounts due under the originally agreed terms. Significant financial difficulties of the debtor, the probability of bankruptcy proceedings against the debtor, or default or delinquency in payment are considered indications of potential impairment. The amount of impairment loss of an item receivable is measured as the difference between the carrying amount and the recoverable amount of the receivable.

3.26 Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits with banks and other short-term highly liquid instruments with original maturities of up to three months or less. For the purposes of the consolidated statement of financial position, outstanding bank overdrafts are included in current liabilities.

3.27 Share capital

The share capital consists of ordinary shares. Amounts recognised in equity as a result of issuing new shares or options are presented net of the related transaction costs and profit tax. Any fair value of the consideration received in excess of the nominal value of issued shares is recognised as capital gains.

3.28 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position of the Group when the Group becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs which may be directly attributed to the acquisition or issuing the financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of financial assets and financial liabilities at initial recognition, where appropriate. Transaction costs which may be directly attributed to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.29 Financial assets

All regular-way purchases or sales of financial assets are recognised and derecognised on a trade-date basis. All regular-way purchases or sales represent purchases or sales of financial assets that require delivery in accordance with the regulations or market practice.

All recognised financial assets are subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model and the characteristics of the financial assets' contracted cash flows.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and effective interest method

The effective interest method is used to calculate the amortised cost of a debt instrument and to allocate interest income over the relevant period.

For financial assets, aside from purchased or incurred credit-impaired financial assets (i.e. assets which were credit-impaired during the initial recognition), the effective interest rate is a rate that accurately discounts the estimated future cash inflow (including all fees and points paid or received, which constitute an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding the expected credit losses, during the expected life of a debt instrument or, where appropriate, during a shorter period, to gross carrying amounts of the debt instrument at initial recognition. For purchased or incurred credit-impaired financial assets, the effective interest rate adjusted to the loan is calculated by discounting estimated future cash flows, including expected credit losses, to the depreciated cost of the debt instrument at initial measurement.

The amortised cost of financial assets is the amount at which the financial instrument is measured at initial recognition, less of payments of principal and plus accumulated depreciation, using the effective interest rate method for any difference between the opening amount and amount at maturity, adjusted for any loss. Gross carrying amount of financial assets is the amortised cost of financial assets before adjustments for any loss.

Interest income is recognised by applying the effective interest rate for debt instruments, which are subsequently measured at amortised cost and FVTOCI.

For financial assets other than purchased or incurred credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets, excluding those that subsequently became credit-impaired.

For financial assets that subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial assets. If, in the following reporting periods, the credit risk for the credit-impaired financial instrument improves to the extent that the financial instrument is no longer credit-impaired, the interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or incurred credit-impaired financial assets, the Group recognises interest income using the effective interest rate adjusted for credit risk, applied to the depreciated cost of the financial assets at initial recognition. The calculation is not returned to a gross basis, even if the credit risk of the financial assets subsequently improves and they are no longer credit-impaired.

Interest income is recognised in profit or loss.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.29 Financial assets (continued)

Impairment of financial assets

The Group recognises the provisions for expected credit losses from debt instruments measured at amortised cost. The amount of expected credit losses is calculated at each reporting date to reflect changes in credit risk since the initial recognition of an individual financial instrument.

The Group always recognises expected credit losses (ECL) on trade receivables using a selected simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for debtor-specific factors. The Group currently does not adjust the loss rate for future macroeconomic conditions, as it has not analysed the impact of macroeconomic factors on historical loss rates, including the time value of money, where appropriate.

For all other financial instruments, the Group recognises the lifetime ECL in the event of a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not significantly increased since initial recognition, the Group measures the loss for this financial instrument at 12-month ECL. Life-long ECL represents expected credit losses resulting from all potential cases of default during the expected lifetime of the financial instrument.

In contrast, the 12-month ECL represents a portion of the lifetime ECL based on the probability of default over the next 12 months after the reporting date.

(i) Significant increase in credit risk

When assessing whether the credit risk for the financial instrument has significantly increased since initial recognition, the Group compares the risk of default on the reporting date with that on the date of initial recognition.

During the assessment, the Group considers both quantitative and qualitative information that is reasonable and available, including the historical experience, which can be accessed without unnecessary costs or engagements.

In particular, the Group relies on days of default when assessing significant credit risk deterioration. If the debtor is in default for more than 180 days, the Group assumes a significant increase in credit risk.

Despite the aforementioned, we assume that the credit risk for the financial instrument has not significantly increased since the initial recognition if we determine that the financial instrument has a low credit risk at the reporting date. We conclude that the financial instrument has a low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong ability to settle his/her contractual obligations in the short term; and
- Adverse changes in economic and business conditions in the long term may, but do not necessarily have to, decrease the lessee's ability to meet his/her contractual cash flow obligations.

However, the Group does not currently use a low credit risk simplification when assessing a significant increase in credit risk. The Company regularly monitors the efficiency of the criteria used to determine whether there has been a significant increase in credit risk and reviews them to ensure they can identify such an increase before any default occurs.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.29 Financial assets (continued)***(ii) Definition of default status*

The following facts, which represent a case of default for internal credit risk management purposes are considered by the Group as a historical experience which proves that financial assets meeting any of the following criteria are, in general, not recoverable:

- if the debtor breached the financial clauses; or
- data developed internally or obtained from external sources point to the fact that it is highly unlikely that the debtor will pay his/her creditors, including the Group, in full (without considering any collateral held by the Group).

Despite the aforementioned analysis, the Group believes that default occurred if the financial assets are more than 360 days past due and the relevant liabilities have not been settled, unless the Group provides reasonable and substantiated information to support a more appropriate default criterion.

(iii) Credit-impaired financial assets

Financial assets are credit-impaired when one or more events occur that have an adverse effect on estimated future cash flows and financial assets. Proof of credit impairment of the financial asset includes data available on the following events:

- significant financial difficulties of the issuer or debtor;
- breach of contract, such as a default (defined above);
- when the issuer, due to the debtor's financial difficulties, grants the debtor a concession, which he would otherwise not consider;
- it becomes probable that the debtor will go into bankruptcy or undertake another type of financial restructuring;
- the disappearance of an active market for a specific financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off financial assets when there is data indicating that the debtor is in serious financial difficulties and that there is no real chance of recovery, for example, when the debtor has gone into liquidation or bankruptcy, or when trade receivables are more than 3 years past due, whichever occurs first. Written-off financial assets may still be subject to enforcement activities under the Group recovery procedures, where appropriate, in line with relevant legal advice. As previously described, revenue from the collection of financial assets is recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

Measurement of expected credit losses is the function of Probability of Default (PD), Loss Given Default (LGD), i.e., the size of loss in case of default, and Exposure at Default (EAD). Assessment of Probability of Default and Loss Given Default is based on historical data and information provided in previous paragraphs. In terms of exposure at the moment of default, for financial assets, it represents the gross carrying amount of the assets at the reporting date.

When assessing PD and LGD parameters, the Group relies on publications from external investment rating agencies.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.29 Financial assets (continued)**

For the financial assets, the expected credit loss is assessed as the difference between all contractual cash flows maturing in line with the contract and all expected cash flows, discounted at the original effective interest rate. If the Group measured provisions for expected loan losses for financial instruments in the amount equal to life-long ECL in the previous reporting period, but at the current reporting date it determined that the life-long ECL conditions are no longer met, the Group measures the loss in the amount equal to a 12-month ECL at the current reporting date, except for the assets for which a simplified approach was used (trade receivables).

The Group recognises impairment gains and losses in the profit and loss account for all financial instruments, with the appropriate adjustment to the carrying amount recorded through the loss provisions account.

End of financial asset recognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

If the Group neither transfers nor retains all the risks and rewards of ownership in a substantial way and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the asset received.

In case of financial asset recognition measured at depreciated cost, the difference between the asset's carrying amount and the amount of the consideration received, and receivable is recognised in profit or loss. Furthermore, in the event that recognition of debt investment measured at FVTOCI ceases, cumulative profit or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss, except in the case of equity instruments for which the FVTOCI option has been selected.

Loans and receivables

The Group always reports the provisions for losses on trade receivables equal to the lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The Group recognised a loss equal to 100% of all receivables that are 360 days past due, as past experience shows that the relevant receivables are usually not recoverable.

There were no changes in the assessment techniques or material assumptions during the current reporting period.

The Group writes off trade receivables when there are data pointing to the fact that the debtor is in serious financial difficulties and that there is no real chances of return, for example when the debtor has gone into liquidation or bankruptcy or when trade receivables are due more than 2 years, whatever happens first. None of the trade receivables are subject to enforcement activities. The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provisions for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.30 Financial liabilities**

All financial liabilities are measured subsequently at amortised cost by using the effective interest rate method or at fair value through profit or loss.

The Group measures all financial liabilities at amortised cost.

However, for financial liabilities arising from transfers of financial assets that do not meet the derecognition criteria or from contracts on financial guarantees issued by the Group, subsequent measurement is in line with the specific accounting policies provided below.

Financial liabilities are subsequently measured at amortised cost

Financial liabilities which are not (i) contingent consideration recognised by an acquirer in a business combination; (ii) held for trading; (iii) measured at fair value through profit or loss, are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest cost over the relevant period. The effective interest rate is a rate that accurately discounts the estimated future cash inflow (including all fees and points paid or received, which constitute an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of financial liability.

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or as principal, depending on the terms of the agreement.

Equity instruments

An equity instrument is a contract that provides the remaining interest in the entity's assets after all its liabilities have been deducted. The equity instruments issued by the Group are recorded as income, less direct issuance costs.

Financial liabilities

Other financial liabilities, including borrowings and loans, as well as bonds, are initially measured at fair value less transaction costs. Other financial liabilities are measured at amortised cost using the effective interest rate method, and interest expense is recognised based on that rate.

The effective interest rate method is used to calculate the amortised cost of the financial liability and to distribute the interest expense over the relevant period. The effective interest rate is the rate pursuant to which the estimated future cash flows are discounted during the expected lifetime of the financial liability or, where applicable, during a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's liabilities are paid, cancelled or expired.

3.31 Provisions

Provisions are recognised if the Group has a present obligation, legal or constructive, as a result of a past event, and 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. When the impairment is significant, a provision is made for the present value of the expenditures expected to be required to settle the obligation, using the estimated risk-free interest rate as the discount rate. When discounting is used, the effect of discounting is recorded as a financial expense each year, and the carrying amount of the provision increases each year to reflect the passage of time.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

4. KEY ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Group's accounting policies, as described in Note 3, Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in the application of accounting policies

The following are the critical judgements, apart from those involving estimation, that the Management have made in applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Revenue recognition

In making their judgement, Management considered the individual criteria for the recognition of revenue from the sale of goods set out in IFRS 15 "Revenue from Contracts with Customers" and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods and whether the Company recognized revenue from services in accordance with the stage of completion based on the share of services actually performed in relation to the total services to be performed.

(ii) Consequences of certain legal actions

There are a number of legal actions arising from the regular course of operations of individual companies within the Group. Management makes estimates of probable outcomes of these legal actions and recognises provisions for the Group's liabilities that may arise from these legal actions on a consistent basis.

(i) Recoverable amount of trade and other receivables

The Company always provides for losses on customer receivables equal to the lifetime ECL. Expected credit losses on trade receivables are estimated using a matrix of days past due, historical experience with the debtor's default status, and an analysis of the debtor's current financial position.

(ii) Useful life of property, plant and equipment

As described in Note 3.19 above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

5. SALES REVENUE

	in EUR '000	
	2025	2024
Sales revenue – domestic	94,748	76,329
Sales revenue – foreign	17,339	18,086
	112,087	94,415

The reporting segments form a part of the internal financial reporting. The internal reports are regularly reviewed by the Group's Management Board, which serves as the chief decision-maker, using them as a basis for assessing segment performance and making operating decisions.

The Group monitors its performance through the following operating segments:

- Milling
- Dairy
- Wholesale
- Other

Segment information – industry analysis:

The operating income of the Group, analysed by reporting segments presented in accordance with IFRS 8, and the reconciliation of the segment performance with the profit or loss on taxation as reported in the consolidated statement of comprehensive income. Revenue consists of sales revenue and other revenue generated by sales to external customers. Sales between reporting segments are eliminated in the consolidation process

	in EUR '000	
	2025	2024
Milling	59,897	44,585
Dairy	37,215	32,809
Wholesale	13,599	16,092
Other	1,376	929
	112,087	94,415

Territorial analysis of sales revenues

	in EUR '000	
Country	2025	2024
Croatia	94,472	77,323
Slovenia	5,660	4,022
Serbia	511	3,720
Bosnia and Herzegovina	5,733	4,209
Italy	2,006	2,490
Austria	203	24
Montenegro	745	628
Macedonia	377	360
Kosovo	927	740
Bulgaria	-	-
Germany	378	219
Canada	33	55
Hungary	12	592
Other countries	1,030	34
	112,087	94,415

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2024

6. OTHER OPERATING INCOME

	in EUR '000	
	2025	2024
Income from subsidies	1,364	1,672
Inventory surpluses	486	307
Income from collection of damages	257	93
Incomes based on herd growth	581	556
Subsequent approvals from suppliers	89	34
Income from the sale of fixed assets	146	41
Income from collected receivables	6	1,153
Subsequently determined income	412	2,388
Income from the sale of raw materials	328	-
Other operating income	520	446
	4,189	6,690

Income from collection of damages refers to income from the collection of damages from insurance companies. Other operating income consists of income from rents, sales of raw materials, from the use of own products and subsequently collected receivables.

7. MATERIAL EXPENSES

Material expenses structure is as follows:

	in EUR '000	
	2025	2024
Raw material and supplies	67,874	53,647
Energy consumed	2,684	2,645
Sludge, waste, breakage and damage to inventory	478	388
Other material expenses	648	583
	71,684	57,262
	14,296	14,393
<i>Cost of goods sold</i>		
Transportation, telephone and postal services		
Maintenance and security services		
Leasing and rental services	3,812	3,398
Intellectual services	1,215	833
Promotional, sponsorship services	1,791	894
Quality control services	647	452
Other selling expenses	754	459
Other external expenses	366	264
Raw material and supplies	96	220
Energy consumed	865	472
	9,546	6,993
	95,526	78,649

The total auditor's fee for 2025 is EUR 40 thousand, of which EUR 34 thousand relates to the Group's audit. The total auditor's fee for 2024 was EUR 28 thousand, of which EUR 28 thousand relates to the Group's audit.

Other external expenses are mostly composed of brokerage services, foreign trade services, other export services, highway costs, registration services and utility services.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

8. EMPLOYEE EXPENSES

	in EUR '000	
	2025	2024
Net salaries	7,176	5,708
Cost of taxes and contributions from salaries	2,702	1,882
Contributions on salaries	1,397	1,076
	11,275	8,666

In 2025, the Group employed 465 workers (2024: 450) based on working hours, while as of 31 December 2024, it employed 530 workers (31 December 2024: 501).

9. VALUE ADJUSTMENT

	in EUR '000	
	2025	2024
Trade receivables (Note 20)	2	5
	2	5

10. OTHER EXPENSES

	in EUR '000	
	2025	2024
Reimbursement of employee expenses, gifts and assistance	1,059	861
Insurance premiums	367	302
Contributions, membership fees and other benefits	126	96
Banking services and payment transaction expenses	90	120
Expenses of official trips	81	60
Taxes that do not depend on the result	25	21
Other expenses	123	77
	1,871	1,538

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

11. OTHER OPERATING EXPENSES

	in EUR '000	
	2025	2024
Subsequently approved cassa sconto	821	551
Write-offs of unpaid receivables	-	20
Loss, wastage, breakage and damage to goods	195	150
Entertainment and gift expenses	212	40
Death and write-off expenses	95	243
Fines, penalties, damages	10	403
Donations and sponsorships	32	36
Asset write-off expenses	-	2
Subsequently determined operating expenses	22	3
Loss from the sale of fixed tangible and intangible assets	-	17
Other operating expenses	39	10
	1,425	1,474

The category "Other operating expenses" includes losses from the adjusted value of the basic herd, costs of permitted shortfalls in production, reductions in receivables under PSN, and other operating expenses.

12. FINANCIAL INCOME AND EXPENSES

Financial income

	in EUR '000	
	2025	2024
Interest on loans granted	140	50
Default interest	-	414
Other financial income	1	58
	141	522

Financial expenses

	in EUR '000	
	2025	2024
Interest on loans, borrowings and leases	2,183	1,489
Default interest	48	18
Other financial expenses	6	7
	2,237	1,514

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

13. PROFIT TAX

Profit tax recognised in profit or loss

Tax expense/(income) comprises:

	in EUR '000	
	2025	2024
Current tax expense	459	710
Release of deferred tax assets	(87)	(87)
Tax expense	372	623

Effective tax rate reconciliation

A reconciliation of tax expense per the statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

	in EUR '000	
	2025	2024
Profit before taxation	1,541	6,215
Profit tax at a rate of 18%	457	1,208
Effect of non-taxable income	(186)	(281)
Effect of non-deductible expenses	344	301
Effect of unused tax losses and offsets not recognised as deferred tax assets	-	-
Effect of tax relief	(156)	(518)
Tax expense from active parts of operations recognized in profit or loss	459	710
Effective tax rate	29.79%	11.44%

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

13. PROFIT TAX (CONTINUED)

Unused tax losses

In accordance with tax regulations, the Group has no tax losses carried forward as of 31 December 2025.

Deferred tax assets are not recognised in the balance sheet.

Deferred tax liabilities arise from the following:

	Opening balance	Profit tax	in EUR '000 Closing balance
2025			
Revaluation depreciation	1,156	(87)	1,068
Deferred tax liability	1,156	(87)	1,068
	Opening balance	Profit tax	in EUR '000 Closing balance
2024			
Revaluation depreciation	1,243	(87)	1,156
Deferred tax liability	1,243	(87)	1,156

Movements in deferred tax assets

	in EUR '000	
	31 December 2025	31 December 2024
Balance as of 1 January	1,156	1,243
Decrease	(87)	(87)
	1,068	1,157

Under Croatian regulations, the Tax Administration may, at any time, audit the books and records of a Croatian company within three years of the year in which the tax liability is declared and impose additional taxes and penalties. The Group's Management is not aware of any circumstances which may give rise to a potential material liability in this respect.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

14. INTANGIBLE ASSETS

Movement of intangible assets in 2025

	in EUR '000			
	Trademarks, concessions, licenses, goods and services brands	Software and other rights	Other intangible assets	TOTAL
<u>Purchase value</u>				
Balance as of 31 December 2025	935	665	50	1,650
Increases	-	37	-	37
Sale	-	(1)	-	(1)
Balance as of 31 December 2025	935	701	50	1686
<u>Impairment</u>				
Balance as of 31 December 2025	-	637	-	637
Amortisation expense	46	22	-	68
Sale	-	(1)	-	(1)
Balance as of 31 December 2025	46	658	-	704
Present value as of 1 January 2025	935	28	50	1,013
Present value as of 31 December 2025	889	43	50	982

Movement of intangible assets in 2024

	in EUR '000			
	Trademarks, concessions, licenses, goods and services brands	Software and other rights	Other intangible assets	TOTAL
<u>Purchase value</u>				
Balance as of 31 December 2025	5	664	-	669
Increases	930	1	50	981
Balance as of 31 December 2025	935	665	50	1,650
<u>Impairment</u>				
Balance as of 31 December 2025	-	618	-	618
Amortisation expense	-	19	-	19
Balance as of 31 December 2025	-	637	-	637
Present value as of 1 January 2025	5	46	-	51
Present value as of 31 December 2025	935	28	50	1,013

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

15. RIGHT-OF-USE ASSETS

(a) Right-of-use assets

	in EUR '000			
	Land	Vehicles	Equipment	TOTAL
Balance as of 1 January 2024	171	-	279	450
Increase	-	59	-	59
Depreciation	(4)	-	(165)	(169)
Balance as of 31 December 2024	167	59	114	339
Transfer to assets	-	-	(30)	(30)
Depreciation	(5)	(15)	(84)	(104)
Balance as of 31 December 2025	162	44	-	205

(b) Lease liability

	in EUR '000			
	Land	Vehicles	Equipment	TOTAL
Balance as of 1 January 2024	181	-	314	495
Increase	-	59	-	59
Lease payment	-	-	(209)	(209)
Interest expense	-	-	(1)	(1)
Balance as of 31 December 2024	181	59	105	345
Increase	-	-	-	-
Lease payment	(2)	(8)	(102)	(112)
Interest expense	-	-	(3)	(3)
Balance as of 31 December 2025	179	51	-	230

	31 December 2025	31 December 2024
Long term liability	230	345
(Current maturity)	(17)	(119)
Lease liability	213	226

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment in 2025

	Land	Buildings	Plant and equipment, vehicles and tools	Biological assets	Other tangible assets	Tangible assets under construction	Investment property	TOTAL
<u>Purchase value or revaluation</u>								
Balance as of 1 January 2025	2,052	45,589	42,759	1,370	29	7,983	846	100,629
Acquisitions during the period	64	424	207	-	-	5,358	65	6,118
Transfer from assets under construction	-	4,118	7,547	-	-	(11,665)	-	-
Transfer from right-of-use assets	-	-	30	-	-	-	-	30
Other changes	-	-	-	-	-	-	(19)	(19)
Natural increase	-	-	-	582	-	-	-	582
Sales	-	-	(111)	(421)	-	-	-	(532)
Deaths	-	-	-	(95)	-	-	-	(95)
Write off	-	-	-	-	-	-	-	-
Balance as of 31 December 2025	2,116	50,131	50,431	1,436	29	1,676	892	106,712
<u>Impairment</u>								
Balance as of 1 January 2025	-	22,580	29,471	361	13	-	-	52,425
Cost for the period	-	1,030	2,175	169	3	-	-	3,377
Sales	-	-	(111)	(151)	-	-	-	(262)
Depreciation of revaluation (of total cost)	-	291	195	-	-	-	-	486
Balance as of 31 December 2025	-	23,901	31,730	379	16	-	-	56,026
Present value as of 1 January 2025	2,052	23,010	13,289	1,009	16	7,984	846	48,206
Present value as of 31 December 2025	2,116	26,230	18,701	1,057	13	1,676	892	50,686

Tangible assets worth EUR 25,521 thousand pledged as collateral for the Group's loan liabilities (Note 27).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movement of property, plant and equipment in 2024

	Land	Buildings	Plant and equipment, vehicles and tools	Biological assets	Other tangible assets	Tangible assets under construction	Investment property	Advances for tangible assets	TOTAL
<u>Purchase value or revaluation</u>									
Balance as of 1 January 2024	1,908	39,168	39,179	1,367	26	2,379	670	185	84,882
Acquisitions during the period	100	5,991	2,782	-	6	7,539	176	-	16,595
Transfer from assets under construction	44	488	1,516	-	-	(1,862)	-	(185)	-
Natural increase	-	-	-	556	-	-	-	-	556
Sales	-	-	(33)	(476)	(3)	(72)	-	-	(585)
Deaths	-	-	-	(77)	-	-	-	-	(77)
Write off	-	(57)	(685)	-	-	-	-	-	(742)
Balance as of 31 December 2024	2,052	45,589	42,759	1,370	29	7,983	846	-	100,629
<u>Impairment</u>									
Balance as of 1 January 2024	-	21,472	28,147	368	16	-	-	-	50,003
Cost for the period	-	874	1,835	170	-	-	-	-	2,879
Sales	-	-	(30)	(178)	-	-	-	-	(208)
Write off	-	(57)	(676)	-	(3)	-	-	-	(736)
Depreciation of revaluation (of total cost)	-	291	195	1	-	-	-	-	487
Balance as of 31 December 2024	-	22,580	29,471	361	13	-	-	-	52,425
Present value as of 1 January 2024	1,908	17,696	11,032	999	10	2,379	670	185	34,879
Present value as of 31 December 2024	2,052	23,010	13,289	1,009	16	7,984	846	-	48,206

Tangible assets worth EUR 27,269 thousand pledged as collateral for the Group's loan liabilities (Note 27).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

17. FIXED FINANCIAL ASSETS

(a) Long-term receivables

	in EUR '000	
	31 December 2025	31 December 2024
Long-term receivables	31	375
	31	375

(b) Given loans, deposits and similar

	in EUR '000	
	31 December 2025	31 December 2024
Loans to natural persons	9	7
Deposits	4	3
	13	10

The movement of long-term loans during the year is shown in Note 20.

18. INVENTORIES

	in EUR '000	
	31 December 2025	31 December 2024
Raw materials	7,068	10,331
Merchandise	871	1,764
Finished products	1,908	1,865
Production in progress	2,173	720
	12,020	14,681

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

19. RECEIVABLES

a) Trade receivables and receivables from related parties

	in EUR '000	
	31 December 2025	31 December 2024
Domestic customers	14,332	15,717
Customers abroad	1,959	1,707
Receivables from subcontractors	745	759
Expected credit losses	(670)	(2,338)
	16,366	15,844

Receivables from subcontractors refer to commodity loans in raw materials for sowing given to farmers who are, at the same time, suppliers of raw materials for production and trade goods.

Expected credit losses in trade receivables

	in EUR '000	
	2025	2024
Balance as of 1 January	2,114	4,970
Write-off of corrected receivables	(1,421)	(1,594)
Collection of value-adjusted receivables and receivables from subcontractors	(23)	(1,043)
Increase in expected credit losses	-	4
Balance as of 31 December	670	2,338

The age analysis of overdue receivables from customers for which no impairment was performed is shown in the following table:

	in EUR '000	
	31 December 2025	31 December 2024
Not yet due	12,533	12,496
0-90 days past due	3,260	2,856
91-180 days past due	203	220
181-360 days past due	88	90
> 360 days	282	182
	16,366	15,844

The Group carried out an impairment test of all receivables from customers and subcontractors and estimated that receivables from customers and subcontractors that were 360 days overdue as of 31 December 2025 are collectable.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

19. RECEIVABLES (CONTINUED)

b) Receivables from the state and other institutions

	in EUR '000	
	31 December 2025	31 December 2024
Grant and subsidies receivables	361	2,100
VAT receivables	558	73
Profit tax advances	201	134
Other receivables from the state and other institutions	48	40
	1,168	2,347

c) Other receivables

	in EUR '000	
	31 December 2025	31 December 2024
Interest receivables	169	132
Advances given	1,100	1,816
Other receivables	17	19
	1,286	1,968

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

20. CURRENT FINANCIAL ASSETS

a) Investment in securities

	in EUR '000	
	31 December 2025	31 December 2024
Investments in bills of exchange	20	20
	20	20

b) Given loans, deposits and similar

	in EUR '000	
	31 December 2025	31 December 2024
Loans to legal entities	2,529	1,417
Short - term loans granted to natural persons	31	17
Deposits	-	51
Loans, deposits and similar	2,560	1,485
Loans given to related parties	1,110	1,122
	3,670	2,607

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2025

20. CURRENT FINANCIAL ASSETS (CONTINUED)

Movements from receivables from granted loans in 2025

In EUR '000

	1 January 2025	Increase in given loans	Collection of given loan	Transfer from long to short term and vice versa	31 December 2025
Given long-term loans					
Given long-term loans to natural persons	7	6	-	(4)	9
	7	6	-	(4)	9
Given short-term loans					
Given loans to related parties	1,260	-	(150)	-	1,110
Given loans to companies	1,417	3,812	(2,700)	-	2,529
Given loans to natural persons	16	27	(16)	4	31
Total short-term loans	2,693	3,839	(2,866)	4	3,670
TOTAL	2,700	3,845	(2,866)	-	3,679

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2025

20. CURRENT FINANCIAL ASSETS (CONTINUED)

Movements from receivables from granted loans in 2024

In EUR '000

	1 January 2024	Increase in given loans	Collection of given loan	Transfer from long to short term and vice versa	Calculated exchange rate differences	31 December 2024
Given long-term loans						
Given long-term loans to natural persons	21	-	(2)	(12)	-	7
	21	-	(2)	(12)	-	7
Given short-term loans						
Given loans to related parties	1,122	138	-	-	-	1,260
Given loans to companies	1,117	300	-	-	-	1,417
Given loans to natural persons	16	-	(13)	12	-	16
Total short-term loans	2,255	438	(13)	12	-	2,693
TOTAL	2,276	438	(15)	-	-	2,700

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

21. CASH AND CASH EQUIVALENTS

	in EUR '000	
	31 December 2025	31 December 2024
Bank accounts – domestic currency	1,222	505
	1,222	505

22. PREPAID EXPENSES AND ACCRUED INCOME

	in EUR '000	
	31 December 2025	31 December 2024
Prepaid expenses	169	67
	169	67

Movement in prepaid expenses during the year was as follows:

	in EUR '000	
	2025	2024
Balance as of 1 January	67	83
Increase in prepaid expenses	440	1,153
Decrease in prepaid expenses	(338)	(1,168)
Balance as of 31 December	169	67

23. SHARE CAPITAL

Capital represents the Group's own permanent assets for operations. It includes the original share capital, together with legal reserves, revaluation reserves, retained earnings and the current year's result.

By decision of the Company's Assembly in 2012, Granolio d.o.o. was transformed into a joint-stock company by issuing ordinary shares. The share capital of the company in the amount of EUR 664 thousand has been divided into 500,000 ordinary shares of the "A" series, each with a nominal amount of EUR 1.33.

The new legal form of the Group was registered at the Commercial Court in Zagreb on 21 February 2012.

Pursuant to the decision of the Company's Shareholders, the share capital of the Company was increased from EUR 664 thousand to EUR 1.593 thousand by the amount of EUR 929 thousand. The share capital was increased through an issue of ordinary shares with a nominal value of EUR 1.33 per share, subscribed by the shareholders in proportion to their respective shares in the Company's capital as of that date. The share capital increase was registered at the Commercial Court in Zagreb on 28 September 2011.

Pursuant to the decision of the Company shareholders dated 2 September 2014, the share capital was increased by an additional contribution of EUR 931,240.30 to EUR 2,523,914.00. Based on a public invitation to the subscription of the new shares, the share capital was increased by cash contributions made based on an issue of 701,643 new non-materialised shares in the nominal amount of EUR 1.33 per share at a single final issue price per share of EUR 17.79. The Company made a public invitation to subscribe minimum 671,642 up to maximum 789,157 new shares. The share subscription took place in the period from 25 to 27 November 2014.

As of 31 December 2025, the subscribed capital, as registered in the court registry, amounts to EUR 2,523,914.00. The total number of shares is 1,901,643, and the nominal value per share amounts to EUR 1.33. The result of the sale of shares through the public offering is a capital gain in the amount of EUR 11,547 thousand, which from 1 January 2014 to 31 December 2015 was reduced by the costs of recapitalization incurred during that period in the total value of EUR 374 thousand.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

23. SHARE CAPITAL (CONTINUED)

The ownership structure of the share capital as of 31 December 2025 is presented below, with the largest 10 shareholders holding 93.38% of the shares at that date:

	31 December 2025		31 December 2024	
	Number of shares (in thousands)	Ownership %	Number of shares (in thousands)	Ownership %
Filipović Hrvoje	1,105	58.11%	1,105	58.11%
Interkapital vrijednosni papiri d.o.o.	379	19.93%	379	19.90%
OTP Banka d.d.	84	4.42%	149	7.83%
C.I.M Banque	105	5.52%	105	5.52%
Auctus j.d.o.o.	38	2.00%	38	2.00%
Agram banka d.d. (2021:Capturis d.o.o.)	21	1.10%	26	1.11%
Pavlović Davorin	20	1.05%	0	0.00%
OTP banka d.d./1MO	19	1.00%	14	0.74%
Digitalni tahograf d.o.o.	5	0.26%	0	0.00%
Katranček Marko /OTP banka d.d./ SZAIF d.d.	-	0.00%	4	0.19%
Mitrović Davor/HITA vrijednosnice d.d./1195	-	0.00%	4	0.19%
Others	126	6.62%	74	4.40%
	1,902	100.00%	1,902	100.00%

24. NON-CONTROLLING INTEREST

	in EUR '000	
	2025	2024
Balance as of 1 January	5,020	4,111
Payment of dividends for the year	(1000)	(500)
Net profit for the year	409	1,409
Balance as of 31 December	4,429	5,020

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

25. LIABILITIES FOR LOANS, DEPOSITS AND SIMILAR

	Opening balance - 1 January 2025	Increase in loan liabilities	Repayment of loan principle	Transfer from long to short term and vice versa	Closing balance – 31 December 2025
Non-current liabilities					
Liabilities for loans to trading companies	531	-	-	(266)	265
Total non-current loans	531	-	-	(266)	265
Current liabilities					
Current liabilities for corporate loans	4,469	2,201	(2,200)	266	4,736
Total current loans and deposits	4,469	2,201	(2,200)	266	4,736
TOTAL	5,000	2,201	(2,200)	-	5,001

	Opening balance - 1 January 2024	Increase in loan liabilities	Repayment of loan principle	Transfer from long to short term and vice versa	Closing balance – 31 December 2024
Non-current liabilities					
Liabilities for loans to trading companies	265	-	-	265	531
Total non-current loans	265	-	-	265	531
Current liabilities					
Current liabilities for corporate loans	1,394	5,681	(2,606)	-	4,469
Current loan liabilities to individuals	2,359	-	(750)	(1,609)	-
Total current loans and deposits	3,753	5,681	(3,356)	(1,609)	4,469
TOTAL	4,018	5,681	(3,356)	(1,344)	5,000

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

26. LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	in EUR '000	
	31 December 2025	31 December 2024
Non-current liabilities to banks	23,886	22,459
Current liabilities to banks	3,580	3,004
	27,466	25,463

Summary of borrowing arrangements

Long-term liabilities to financial institutions are related to loans from commercial banks. Interest on received loans ranges from 1% to 9,5%

Long-term loans are granted in euros. Part of these loans relates to the financing of the reconstruction and modernisation of production facilities for cheese production and to permanent working assets.

Current bank loans include short-term loans intended to finance current liquidity, as well as a portion of long-term loans maturing in the next year.

The value of assets secured by a mortgage to credit borrowings from banks as of 31 December 2025 amounted to EUR 31,197 thousand (as of 31 December 2024: EUR 57,502 thousand), which refers to:

Mortgages Granolio d.d., Zagreb:

1. Tangible assets: EUR 21,423 thousand (31 December 2024: EUR 47,554 thousand)
2. Shares in Zdenka: EUR 5,676 thousand (31 December 2024: EUR 5,676 thousand)

Total value of mortgaged assets: EUR 27,099 thousand (31 December 2024: EUR 53,230 thousand)

Zdenačka farma d.o.o . - value of tangible assets encumbered by mortgage: EUR 4,098 (2024: EUR 4,272 thousand).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

26. LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Movement of liabilities to banks and other financial institutions in 2025:

	in EUR '000				
	Opening balance 1 January 2025	Increase in loan liabilities	Repayment of loan principle	Transfer from long to short term and vice versa	Closing balance 31 December 2025
Long-term loans					
Long-term bank loans	22,459	5,000	-	(3,573)	23,886
Short-term loans					
Short-term bank loans	3,004	4,999	(7,996)	3,573	3,580
TOTAL	25,463	9,999	(7,996)	-	27,466

	in EUR '000						
	31 December 2025	2026	2027	2028	2029	2030	after 2030
Liabilities to banks	27,465	3,580	5,132	4,215	3,402	2,695	8,441
	27,465	3,580	5,132	4,215	3,402	2,695	8,441

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

26. LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS (CONTINUED)

Movement of liabilities to banks and other financial institutions in 2025

	in EUR '000				
	Opening balance 1 January 2024	Increase in loan liabilities	Repayment of loan principle	Transfer from long to short term and vice versa	Closing balance 31 December 2024
Long-term loans					
Long-term bank loans	13,981	11,475	-	(2,997)	22,459
Short-term loans					
Short-term bank loans	3,391	3,906	(7,290)	2,997	3,004
TOTAL	17,372	15,381	(7,290)	-	25,463

Maturity of liabilities to banks:

	in EUR '000						
	31 December 2024	2025	2026	2027	2028	2029	after 2029
Liabilities to banks	25,463	3,004	3,261	3,882	2,965	2,152	10,199
	25,463	3,004	3,261	3,882	2,965	2,152	10,199

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

27. LIABILITIES UNDER SECURITIES

in EUR '000

	31 December 2025	31 December 2024
Long-term liabilities under securities	167	333
Short-term liabilities under securities	166	166
	333	499

Liabilities under securities refer to liabilities for bills of exchange to the companies CIM Bank EUR 333 thousand (2024: EUR 499 thousand).

Movement of liabilities under securities in 2025

	Opening balance 1 January 2025	Repayment	Transfer from long-term to short-term	Closing balance 31 December 2025
Long term liabilities				
Liabilities under securities	333	-	(167)	166
Short term liabilities				
Liabilities under securities	166	(167)	167	166
TOTAL	499	(167)	-	332

The maturity of the securities is shown as follows:

	Balance – 31 December 2025	2026	2027	2028
Liabilities under securities	333	166	167	-
	333	166	167	-

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

27. LIABILITIES UNDER SECURITIES (CONTINUED)

Movement of liabilities under securities in 2024

	Opening balance 1 January 2024	Repayment	Transfer from long-term to short-term	Closing balance 31 December 2024
Long term liabilities				
Liabilities under securities	499	-	(166)	333
Short term liabilities				
Liabilities under securities	166	(166)	166	166
TOTAL	665	(166)	-	499

The maturity of the securities is shown as follows:

	Balance – 31 December 2025	2025	2025	2027
Liabilities under securities	499	166	166	167
	499	166	166	167

28. LONG-TERM TRADE PAYABLES

	in EUR '000	
	31 December 2025	31 December 2024
Domestic suppliers	-	254
Foreign suppliers	-	-
	-	254

Liabilities relate to liabilities to suppliers mainly for long-term leases..

29. SHORT-TERM LIABILITIES

(a) Trade payables

	in EUR '000	
	31 December 2025	31 December 2024
Domestic suppliers	15,278	17,807
Foreign suppliers	3,586	2,347
	18,864	20,154

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

29. SHORT TERM LIABILITIES (CONTINUED)

Ageing analysis of trade payables as of 31 December 2025:

	in EUR '000	
	31 December 2025	31 December 2024
Not due	11,812	14,076
0-90 days past due	5,553	5,361
91-180 days past due	1,354	341
181-360 days past due	98	131
> 360 days	52	95
	18,869	20,004

(b) Liabilities for taxes, contributions and similar benefits

	in EUR '000	
	31 December 2025	31 December 2024
VAT payable	270	260
Taxes and contributions from and on salaries	-	80
Other taxes and contributions payable	339	268
	36	46
	645	654

30. ACCRUED EXPENSES AND DEFERRED INCOME

	in EUR '000	
	31 December 2025	31 December 2024
Deferred income	3,188	3,254
Accrued expenses	131	-
	3,319	3,254

Movements in deferred income during the year were as follows:

	in EUR '000	
	2025	2024
Balance as of 1 January	3,233	3,602
Movements during the year	(45)	(369)
Balance as of 31 December	3,188	3,233

Movements in accrued expenses during the year were as follows:

	in EUR '000	
	2025	2024
Balance as of 1 January	-	20
Increase in accrued expenses	176	-
Decrease in accrued expenses	(45)	(20)
Balance as of 31 December	131	-

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

31. CONTINGENT LIABILITIES

As of 31 December 2025, the Group has liabilities under lease agreements totalling EUR 487 thousand, which have not yet been realised or disclosed in the statement of financial position.

Contractual payment of obligations under contracted leases is shown as follows

	in EUR '000					
	31 December 2025	2026	2027	2028	2029	2030
Contracted leases	487	165	13	11	10	287

32. RELATED PARTY TRANSACTIONS

	in EUR '000			
	31 December 2025		Liabilities	
	Assets		Long-term liabilities	Short-term liabilities
	Trade and other receivables	Loans given		
Stan arka d.o.o.		147		
Pet na treću d.o.o.	479	60	-	100
SP ONE d.o.o.	4	138	-	-
Key management	175	-	1,345	10
Cautio	5	-	-	-
	663	345	1,345	110

	in EUR '000			
	31 December 2024		Liabilities	
	Assets		Long-term liabilities	Short-term liabilities
	Trade and other receivables	Loans given		
Stan arka d.o.o.	-	297	-	-
Pet na treću d.o.o.	489	60	-	107
SP ONE d.o.o.	-	138	-	-
Key management	159	765	1,345	10
Cautio	4	-	-	-
	651	1,260	1,345	117

The Group's key management consists of the members of the Management Board of Granolio d.d. and the directors of the subsidiaries.

Remuneration paid to key management during 2025 amounted to EUR 536 thousand (in 2024: EUR 349 thousand).

During 2025, EUR 34 thousand in remuneration was paid to the members of the Supervisory Board (in 2024: EUR 23 thousand).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

32. RELATED PARTY TRANSACTIONS (CONTINUED)

Income and expenses for the years ended 31 December 2025 and 31 December 2024, arising from transactions with related parties, were as follows:

	2025		in EUR '000 2024	
	Income	Expenses	Income	Expenses
Cautio d.o.o.	5	-	5	-
Pet na treću d.o.o.	2	412	2	412
Key management	15	213	15	213
	22	625	22	625

33. EARNING PER SHARE

	31 December 2025	31 December 2024
Profit attributable to the Group	760	4,181
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	1,901,643	1,901,643
Earnings per share (in EUR and cent)	0.40	2.19

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT

34.1. Financial risks

Equity risk management

Net debt-to-equity (Gearing ratio)

The Group reviews the capital structure annually. As part of this review, the cost of capital and the risks associated with each class of capital are presented.

The gearing ratio at the date of the statement of financial position was as follows:

	in EUR '000	
	31 December 2025	31 December 2024
Debt (long-term and short-term loans and liabilities for securities)	32,800	30,962
Lease liabilities (long-term and short-term)	230	345
Cash and cash equivalents	(1,222)	(505)
Net debt	31,808	30,802
Equity	28,286	28,441
Debt to equity ratio	112%	92%

Debt is defined as long-term and short-term loans, liabilities under securities and lease obligations. Equity represents the value of capital and reserves and non-controlling interest.

The Group's capital consists of debt, including received loans and leases, cash and cash equivalents, and equity attributable to shareholders, comprising share capital, reserves, retained earnings, profit for the year, and non-controlling interest.

Categories of financial instruments

	in EUR '000	
	31 December 2025	31 December 2024
Financial assets		
Loans and receivables	22,187	21,305
Cash	1,222	505

Financial liabilities held at amortised cost:

Liabilities under loans and securities	27,799	25,962
Trade payables	18,864	20,408
Loan liabilities	5,001	5,000
Lease liabilities	230	345
Other liabilities	6,608	6,805

Financial risk management objectives

The Group finances a part of its operations using foreign-currency-denominated borrowings. Therefore, the Group is subject to the impact of changes in the applicable foreign exchange and interest rates. The Group is also exposed to credit risk, which arises from the sales it has made with deferred payment, and is also exposed to the risk of non-collectability of receivables

The Group seeks to reduce the effects of these risks to the lowest possible level.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)

34.1. Financial risks (continued)

Price risk management

The Group's largest market is the Republic of Croatia. The Group's Management Board determines service prices based on market rates. The purchase function is centralised, which, in itself, provides the Group with an image of a respectable customer with a strong negotiating position.

Currency risk

Since the introduction of the euro, the Group has not been exposed to exchange rate risk.

On the date of the report, the Group did not use financial instruments to hedge against adverse exchange rate movements.

The following table shows the carrying amounts of the Company's monetary assets and monetary liabilities in foreign currency as of the reporting date.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.1. Financial risks (continued)****Credit risk**

The Group is exposed to the risk of default of a portion of its trade receivables. The Group transacts generally with retail chains with which it has a long history of cooperation. As a result, the Group's credit risk is lower and reflects mainly potential issues in the retail industry. The Group seeks to minimise its credit risk exposure by monitoring its customers' financial positions, applying strict collection measures, and obtaining various forms of collateral, such as promissory notes and bills of exchange.

In addition to credit risk arising from trade debtors, the Group is also exposed to credit risk from dealing with subcontractors in the production of grains and oleaginous plants, as it extends credit to them for required seeds and intermediary products during the sowing season. The subcontractors generally settle the liabilities for the intermediary products and seeds by delivering oleaginous plants and crops if the parties agree on the product price during the harvest season. It is possible, and it happens that, in practice, some cooperative farmers fail to produce crops and oleaginous plants in quantities sufficient to settle the commodity loans for a variety of reasons. The Group protects itself from such situations by obtaining additional collateral, such as personal guarantees from the agricultural farm owners and their family members, establishing a pledge over the agricultural equipment and facilities, taking fiduciary title to harvested crops or grains on stock, co-ownership of the crops, and similar measures. The instruments to secure the settlement are negotiated separately with each individual farmer, depending on the history of the relationship.

Where an individual subcontractor cannot repay a commodity loan due to unfavourable weather conditions and/or market prices of crops/oleaginous plants, the Group enters into a deferred payment arrangement with such subcontractors at a certain interest rate, a settlement arrangement involving the next season's harvest or settlement in another crop not affected by poor weather conditions (e.g. rain during wheat harvest may reduce the wheat quality, but at the same time improve the quality of crops harvested in the autumn). It is common for subcontractors to sow several different types of crops/plants to reduce the risk that poor weather conditions will adversely affect a particular crop, and as a safeguard against unfavourable movements in the price of a particular crop, i.e., to disperse the risk.

The Group cannot provide any guarantees that the monitoring of the financial condition of customers, measurement of the control of the collection or collateral will be effective and that the eventual possible credit risk will not affect the Group's operational and financial condition, nor that the balance of commodity loans with problems in repayment will increase.

Interest rate risk

Given the level of debt owed to financial institutions, which mostly bears interest at variable rates linked to benchmark rates (EURIBOR, LIBOR, ZIBOR, and the treasury bills of the Croatian Ministry of Finance), the Group is exposed to the risk of rising interest rates. At the reporting date, the Group did not use any financial instruments to hedge its position from unfavourable interest rate movements.

Because the Group uses loans with both fixed and variable interest rates, it is exposed to interest rate risk. Most loans are nevertheless contracted with fixed interest rates (as a result of the parent company's pre-bankruptcy settlement).

The sensitivity analysis below is based on the risk of changes in interest rates at the date of the statement of financial position. For variable-rate debt, the analysis is prepared assuming the amount of the liability outstanding at the date of the statement of financial position was outstanding for the whole year. If the interest rates were to change by 0.5 per cent, and all other variables remained constant, there would be EUR 148 thousand (2024: EUR 147 thousand). The increased level of long-term debt at variable rates increases the impact of a potential change in interest rates on the profit.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)

34.1. Financial risks (continued)

Liquidity risk

There is a risk that the Group may not be able to meet all of its obligations as they fall due, which may be caused by an inadequate level of recoverability of amounts owed by customers, mismatches in the maturity of debt, or the inability to obtain loans from financial institutions. To reduce liquidity risk, the Group applies ongoing measures to recover its receivables and monitor the liquidity of its customers, seeks to optimise the maturity structure of its debt, and obtains lines of credit from financial institutions to enable it to continue servicing its debt in unforeseen circumstances.

However, the Group cannot provide any assurance that its liquidity management will be efficient or that potential liquidity risks will not have a significant impact on its performance and financial condition.

The following tables detail the remaining contractual maturities of the Group's non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities by reference to the earliest date on which the Group can be required to pay. The tables include both principal and interest cash outflows. The non-discounted amount of interest payments has been derived from interest rate curves at the end of the reporting period. The contractual maturity is the earliest date on which the Group can be required to make a payment.

	Weighted average effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	%						
31 December 2025							
Non-interest bearing		8,772	7,766	4,352	1,364	154	22,407
Interest bearing		1,502	615	3,093	22,435	8,450	36,095
		10,274	8,381	7,444	23,799	8,603	58,501
31 December 2024							
Non-interest bearing		7,909	5,542	8,610	251	-	22,312
Interest bearing		268	537	6,896	14,684	10,220	32,604
		8,177	6,079	15,505	14,935	10,220	54,916

The following table details the Group's remaining contractual maturity for its non-derivative financial assets. The table has been prepared based on the undiscounted contractual maturities of the financial assets, including the interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)

34.1. Financial risks (continued)

	Weighted average effective interest rate	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
	%						
31 December 2025							
Non-interest bearing		5,037	10,437	4,539	177	-	20,188
Interest bearing		200	97	1,559	242	1,901	3,999
		5,237	10,534	6,098	419	1,901	24,187
31 December 2024							
Non-interest bearing		9,045	1,745	7,852	498	-	19,140
Interest bearing		147	132	813	1,916	5	3,014
		9,192	1,878	8,665	13,652	5	22,154

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)

34.1. Financial risks (continued)

Fair value measurement

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties under common market conditions.

The Management Board considers that the carrying amounts reported in these financial statements of financial assets and financial liabilities carried at amortised cost approximate their fair values.

34.2. Industry risks

One of the food industry risks arises from the fact that consumers' eating and diet habits, as well as their awareness of the impact of diet on their health, have significantly evolved over the past two decades. Such trends pose an imperative for producers to expand their product lines and further improve the quality of current products, both in milling and in milk processing (Zdenka).

Flour production

Flour production could be adversely affected by extraordinary events such as fire, explosions, failure of production equipment, prolonged or unplanned maintenance, construction of roads or the closure of main transport routes, flooding, storms, or other extreme weather conditions. Although the Group has arranged insurance coverage for its facilities, such coverage is inherently limited by caps on insured sums and may not be sufficient to cover all costs. In addition, the Group may incur costs not covered by insurance.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.2. Industry risks (continued)****Dairy production**

In purchasing raw milk for the purposes of dairy production, Zdenka - mliječni proizvodi relies to a large extent on a number of cooperative farmers, which exposes it to the risk of the input material not being of sufficient quality to produce premium-quality products or the risk that milk is not delivered in time or in sufficient quantity. The input quality risk is sought to be minimised by having laboratories perform microbiological testing of raw milk. In case of a market disturbance due to a lack of raw material or its rising prices, the Group can redirect the milk produced by Zdenačka Farma to Zdenka in a relatively short time and thereby partly mitigate the risk. The lack of milk on the domestic market may also be compensated for by importing milk. However, because of the fierce competitive environment, Zdenka cannot protect itself from a potential increase in milk market prices or ensure that any such increase will be fully offset by higher end-product prices.

In addition to raw milk, Zdenka also purchases inputs for processed cheese from several EU producers that meet high-quality standards. The risk of a supplier's lack of input or contract cancellation is currently not significant because the current level of offers exceeds manufacturers' demand, and Zdenka itself can launch its own production should the market experience a significant disturbance.

The risk of product spoilage is pronounced because dairy products are highly susceptible to deterioration. Zdenka seeks to minimise risk by applying strict controls over inputs, processing in high-tech plants, and maintaining high hygiene standards.

Market risk is a significant concern for Zdenka, as it arises primarily from purchasing cheap cheese from the EU. Therefore, to hedge its margins, Zdenka focuses on the production and distribution of branded products, which are also a component of Zdenka's value. Maintaining the brand's image and values is key to Zdenka's success. Negative publicity, legal measures, or other factors could significantly impair the brand's value, reduce customer demand, and affect Zdenka's current and future operations and financial position.

Livestock operations

In the milk production segment (Zdenačka farma), livestock morbidity and mortality are the prevailing risks. To prevent disease and mortality, veterinary units have been established on farms to provide continuous care for livestock health. To produce high-quality milk, optimal feeding standards and hygiene in milking operations and the storage of raw milk are observed. Mortality insurance has been arranged for all livestock.

There is also a risk that the meat and milk produced may not meet the high-quality standards. However, the risk is significantly reduced by applying high production quality standards, such as ISO and HACCP.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.2. Industry risks (continued)****Crop operations**

Crop production is exposed to unfavourable weather conditions (drought, floods, hail), which may lower yield or impair quality, or both, and, in extreme cases, result in completely devastated crops. Unfavourable weather affects cooperative farmers to whom the Group extends credits by offering seeds and intermediary products, which may ultimately reduce the farmers' ability to settle their commodity loan debt, as described in more detail in Note 34.1. Credit risk

The weather risk is sought to be mitigated by arranging crop insurance.

The Group also applies geographic diversification to mitigate the weather risk.

As with livestock operations, the risk of crop morbidity may significantly affect expected yield (sometimes exceeding 30%). Therefore, according to common practice, disease prevention activities are undertaken as the most cost-efficient and effective way to maintain expected yield levels.

In addition to diseases, crop damage caused by a growing rodent population is becoming increasingly difficult to manage under current regulations (with further damage expected in the future).

Market risk

Food product demand is relatively steady relative to product prices. Factors impacting the demand are of the following nature: demographic (increase of population), economic (increase in the number of tourists and food consumption at hospitality facilities; higher production volumes in the confectionery and baking industries), political (EU membership that enables seamless export to both EU Member States, but also a higher competition on domestic markets on the part of producers coming from other Member States). The proximity of the Hungarian border to Žitar can affect the raw material market for Žitar's production.

Input commodity and product delivery risks

Wheat, as a key input to flour production, significantly influences flour output and prices, both in terms of wheat production and price levels. A key domestic source of input is a broad base of farmers with whom the Group cooperates by making deliveries of seeds and other intermediate products required for sowing and accepting settlement, using mostly offsetting arrangements involving produced wheat/crops at a pre-defined purchase price.

The input commodity purchase risk is mitigated, as Granolio has established a sales division active on international commodity markets that can, at any time, purchase sufficient quantities of wheat at the current market price. Croatia's accession to the European Union has lifted all administrative barriers to the import of goods from the European Union.

The risk of non-delivery of products exists due to the possibility that production will be halted by a breakdown in the milling facility or that the contract will be cancelled by the flour transporter.

The risk of production stoppages is minimised because the Group employs mill employees who are adequately trained to resolve malfunctions promptly. As more significant orders of finished products are expected due to the expansion of the milling business, storage capacity is being increased to build product stocks and fulfil orders on time.

The Group seeks to mitigate product delivery risk arising from the potential cancellation of the contract with the flour transporter by relying on a broad base of transporters, without being concentrated on any one transporter through the scope of services used.

In the dairy product segment, the risk of lack of raw material for the production of hot cheese is reasonable in the sense that there are enough bidders on the market and, in the case of a supplier's inability to supply, obtain raw material from another supplier in a relatively short time. Also, Zdenka has its own plant for producing raw cheese for melted cheese and, if necessary, can produce the required amount of raw material itself.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.2. Industry risks (continued)****Competition risk**

The Group sells its products and goods mainly on the domestic market. As a result of Croatia's accession to the European Union, the administrative burden of entering the markets of other Member States has decreased, including for competitors entering the Croatian market.

The flour market is increasingly concentrated, i.e., the total number of flour producers is decreasing (through integration or the liquidation of small mills), with the aim of leveraging economies of scale to reduce unit production costs and strengthen market competitiveness. To this end, the Group acquired in 2014 the milling operations of Belje d.d., Darda, and PIK Vinkovci d.d. from the Agrokori Group. Following Croatia's full EU membership, the Group is no longer exposed solely to domestic competitors, which is why the need to improve the Group's competitiveness has become increasingly important.

The Group estimates that the potential entry of new competitors into the domestic market of hot cheeses after the accession of the Republic of Croatia to the EU membership does not represent a significant risk to the business results, given the consumer habits and the longstanding presence of Zdenka on the domestic market, where it is competitive both at cost and quality.

34.3. Operational risks**Key supplier and key customer concentration risk**

The Group's largest customers are the leading retail chains in the Republic of Croatia, as well as foreign companies engaged in grain trade. The contract for business cooperation, concluded on 2 May 2014 with the company Konzum d.d., for a period of six years, includes representation in the supply of flour from the Group's range to Konzum's retail and wholesale network, in line with its market share. Therefore, the Group expects that, in the future, it will be most exposed to Konzum as its largest single customer, and thus to the potential risk of changes to commercial relations after the expiration of the aforementioned contract.

The Group's major suppliers are those supplying the raw material and seeds for sowing. The Group seeks to cooperate with as many suppliers as possible to mitigate the risk of discontinued cooperation with a key supplier. Despite this, the Group cannot provide any assurance that a potential termination of cooperation with a key supplier will not have a significant impact on the Group's performance and financial position.

The risk of change in ownership

The majority shareholder of the Group is Mr Hrvoje Filipović, who holds a 58.11% ownership interest.

As the majority shareholder, Mr Hrvoje Filipović has controlling influence over the Group's shareholders through the rights and powers that pertain to him as a Group shareholder. Mr Filipović's share of the Group's ownership at the reporting date is 58.11%.

The majority shareholding enables Mr Filipović to exercise his influence over all decisions made at a General Shareholders' Assembly.

No assurance can be provided that Mr Filipović's influence as the majority shareholder will not have a significant effect on the Group's performance and financial condition.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.3. Operational risks (continued)****Acquisition risk**

The Group's strategy includes expanding operations through both organic growth and acquisitions. Further implementation of the strategy will depend, among other things, on identifying and successfully executing acquisition opportunities. Future acquisitions may be scrutinised by the Competition Agency to identify potential market concentration, which means there is a risk that an acquisition may be found non-permissible or permissible only under certain prerequisites.

The Group's ability to efficiently integrate and manage the acquiree, as well as to adequately address future growth, would depend on a number of factors, and a potential failure could have an adverse effect on the Group's performance and financial position. Major acquisitions, as well as acquisitions outside the Group's current markets, are possible in the future. The Group has no experience in acquisitions outside its current markets, which could impact the success of acquisitions and the level of acquisition and integration costs. A large acquisition could prove much more difficult to integrate and require significantly more funds than any previous acquisition. Acquisitions beyond the Group's current markets could also pose challenges due to cultural and language barriers, as well as the integration and management of operations in territories much more remote from the Group's current markets.

The Group cannot provide any assurance that it will be able to properly address all risks associated with future acquisitions or integrations. As a result of an acquisition, the Group's debt may increase, both through raising funds to finance the acquisition and through the assumption of the acquiree's debt, which could considerably limit the level of debt the Group can take on in the future. Any significant increase in the Group's debt in connection with an acquisition could materially impact the Group's performance.

In undertaking any future acquisition and as part of the related acquisition analysis, the Group will have to make assumptions about expected cost savings and potential synergies. Such estimates are uncertain and subject to a series of significant operational, economic, and competitive risks that could significantly influence the actual results, which may differ from the initial estimates. The Group faces the risk of failing to achieve all or part of the savings and synergies envisaged at the outset of an acquisition.

In addition, during an acquisition, the Group usually assumes all the liabilities and acquires all the assets of the acquiree. Although the Group performs acquisition due diligence and seeks to obtain adequate guarantees and assurance as to the value of assets and liabilities it will acquire, it cannot provide any assurance that it will be able to identify all actual and contingent liabilities in advance of the actual acquisition implementation. Acquisitions that result in the Group assuming contingent liabilities without receiving adequate assurances or warranties could have a material impact on the Group's performance and financial position.

Working capital risk

Managing working capital successfully is a key area of the Group's operations. The Group may be under pressure from both competitors and key suppliers to shorten the settlement period for purchases, while simultaneously under pressure from customers to extend the payment period for sales.

The Group has made significant investments in its logistics to enhance inventory turnover and operational efficiency. Although the Group has been managing its working capital successfully, no assurance can be given that this will continue, and the Group's performance and financial position may be affected.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.3. Operational risks (continued)****Input commodity price risk**

The operating results are largely influenced by the price of wheat, the Group's key input commodity. Poor weather conditions, diseases and pests, political instability, and other external factors may cause volatility in wheat prices. Overall economic conditions, unforeseen demand, production and distribution issues, potential diseases and pests, and weather conditions at harvest may negatively impact wheat prices. Regardless of the Group's ability to satisfy domestic wheat demand, domestic wheat prices are affected by fluctuations in global commodity exchange prices. The Group's past performance indicates that past wheat purchase price fluctuations positively correlated with historic flour price fluctuations. However, a certain period of time is required for the flour price to align with wheat price fluctuations, resulting in a short window during which the Group's margin is negatively affected when wheat prices increase. Regardless of past indications of a correlation between flour and wheat prices, the Group cannot warrant that a potential future increase in wheat prices will be fully offset by higher flour prices, or that historic margin levels will be preserved.

The Group seeks to mitigate the risk of changes in wheat prices by participating actively in futures markets.

Granolio has been actively managing risks and commodity purchase prices by using various futures trading techniques on global commodity markets, without any pronounced open positions.

In the dairy product segment, raw milk prices may have a decisive impact on Zdenka's business results. In the event of a significant increase in the market prices of raw milk, it is possible to divert the production of the Zdenačke farme d.o.o. (Zdenačka farm currently does not supply Zdenka milk for commercial reasons only because it has a better selling price for milk from another customer) on the supply of Zdenka, if it is determined that it is in the interest of the entire Granolio Group.

Dependence on the management and key personnel

The Group relies heavily on its staff as a key competitive advantage. This means that the Group should make great efforts to retain top personnel at all levels to preserve its leading market position. The Group cannot warrant that it will be able to retain its current management and other leading employees or to attract new top personnel in the future. The potential loss of current key personnel and the inability to attract new key personnel could significantly impact the Group's operations.

IT risks

The Group relies on a number of IT systems to support the efficient management of distribution capacities, communication with customers and suppliers, human resource management, performance evaluation, and the collection of information for management decision-making. The Group's operations are becoming increasingly dependent on such systems, and any system downtime or failure resulting from malicious code, hacking attacks, hardware or software issues, or otherwise could have a significant impact on the Group's operations and financial position.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.3. Operational risks (continued)****Antitrust and competition law non-compliance risk**

It is part of the Group's overall strategy to become the leading flour producer on the Croatian market and a flour supplier in the region, which may render the Group non-compliant with the market competition rules. The Croatian legislation governing market competition, which is aligned with the EU rules, forbids any form of abuse of the dominant position, especially any direct or indirect imposition of purchase or selling prices or other unfair commercial terms and conditions, limiting production, markets or technological progress to the disadvantage of customers, or imposing any unequal conditions for the same type of deals with other enterprises that may bring them in a disadvantaged competitive position, or additional obligations to counterparties as a prerequisite for entering contracts with them that are in their nature and according to the customary commercial practice not directly related to the subject matter of such contracts.

In addition, the legislation forbids any agreements, decisions, associations or joint actions on the part of enterprises aimed at, or resulting in infringing the competition rules on a given market.

Although the Group is not aware of any infringement of competition rules and has never been a respondent in proceedings initiated before the Competition Agency, it cannot warrant that no such proceedings will ever be initiated. Any infringement of the competition rules is subject to significant administrative sanctions. For instance, a fine of up to 10% of the total annual revenue generated in the most recent year for which final financial statements are available may be imposed for entering into non-permissible deals or for abusing a dominant position. Therefore, any administrative sanction could adversely impact the Group's financial position and performance.

To mitigate the risk, the Group intends to arrange additional education for its employees on market competition rules, implement procedures to be followed when concluding contracts and undertaking other actions that may result in a breach of competition rules, and ensure that the procedures are consistently followed.

Furthermore, before undertaking any future acquisition, the Group may need to seek the Competition Agency's assessment of the intended concentration's eligibility. The Group cannot warrant that a concentration will be assessed as permissible or as permissible under conditions precedent, such as the disposal of certain assets or other steps that might affect the Group's revenue, profit or cash flows. The concentration eligibility assessment itself could affect the timing of the acquisition.

Litigation risk

As any business entity, the Group is also exposed to the risk of becoming a counterparty in legal actions initiated before courts, regulatory or other competent authorities, arising from its ordinary course of business. These include mainly claims involving the Group's debtors or suppliers. The risk of future customer claims arising from losses or injuries caused by product consumption cannot be excluded. The Group cannot provide any assurance that the outcome of potential future legal and regulatory proceedings or measures will not have a significant impact on its performance and financial condition.

The risk of liabilities or losses not covered by insurance

The level of insurance coverage is common for the industry in which the Group operates. The insurance policies of the Group include mainly those providing coverage for occupational injuries, machinery faults, property damage, and crop insurance. Still, not all contingent liabilities and losses can be covered by insurance, and the Group cannot warrant that it will not be exposed to situations in which no insurance coverage will be available or that such situations would not have a material impact on the Group's operations and financial condition.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**354.4. General risks****Business environment risk**

The business environment risk includes political, legal and macroeconomic risks prevailing in the business environment of the Group, which is primarily the Croatian market on which the Group generates 84% of its total revenue (2024: 82%), followed by the markets of Bosnia and Herzegovina, Italy, Slovenia, Kosovo and Montenegro. The Group cannot provide any guarantee that the Croatian market where the Group realizes most of its revenues will continue with the successful implementation of political and economic reforms. Delays or failures in carrying them out could affect the Group's business. The state budget savings and tax burden currently being implemented in the Republic of Croatia could slow economic growth or reduce disposable income, thereby affecting both the Group's revenue and profitability.

The governments in power so far have introduced economic reforms to develop and stabilise a free-market economy by privatising state-owned companies, attracting foreign direct investment, and implementing reforms required during the pre-accession stage. Despite significant progress towards establishing a full market economy, achieving the level of infrastructure found in Western European countries will take several more years and additional investments. The Group cannot warrant that Croatia will fully implement the intended reforms or that the political environment will favour their implementation. In addition, the Group cannot warrant that the Government in power will not introduce new regulations, fiscal or monetary policies, including taxation, environmental and public procurement policy, an indemnity policy for nationalised property or a new foreign exchange policy.

The legal framework of the Republic of Croatia is still evolving, which may create some legal uncertainty. As a result, the Group may find itself unable to exercise or protect some of its rights.

The open issues Croatia has with its neighbours do not affect the state's political stability but represent legitimate representation of the country's strategic and economic interests in international relations, as do those of all other developed states. As the Group's business is based in the Republic of Croatia, the risk of influence from other states in the environment is minimal.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

34. RISK MANAGEMENT (CONTINUED)**34.4. General risks (continued)****Business environment risk**

The Group's operations are subject to the impact of the macroeconomic environment, economic conditions, and developments in economic activity. In periods of economic disadvantage, the Group could face difficulties expanding its business or meeting its financial obligations. Under such circumstances, the Group's access to financial markets could become more difficult, and its borrowing costs could increase, thereby affecting the Group's performance and financial position. If the current economic situation persists, the Group, its customers, and suppliers could face difficulties accessing capital markets, which could adversely affect current revenue and profit levels.

The Group is also influenced by international trends, as wheat, the Group's key input commodity, is an exchange-traded commodity and is therefore subject to potential political instability in the major wheat-producing countries (China, Russia, the USA). As already mentioned above, the Group is able to meet its core input commodity needs entirely from domestic sources, while seeking to neutralise any fluctuations in commodity prices through active access to futures markets.

Risk of changes in the legal framework

As a food producer, the Group is exposed to strict regulatory requirements applicable to human foods, product safety, occupational health and safety, security and environmental protection (including those applicable to waste waters, sewage, clean air, noise, waste disposal, environmental cleaning and similar), as well as product ingredients and contents, packaging, designation, advertising and market competition. Food production generates waste and the emission of hazardous substances into the atmosphere and water, which is why the Group has an obligation to obtain various licences and adhere to various regulations. Health, safety, and environmental regulations in Europe and other developed countries are becoming increasingly stringent, and their implementation is becoming increasingly important. The Group seeks to keep pace with and anticipate such changes, as non-compliance could result in various sanctions. The Group considers itself currently compliant with all applicable regulations and rules, as well as the deadlines set by various regulators. However, it cannot warrant that it will not incur high costs to eliminate potential instances of non-compliance or the resulting negative publicity, or to adapt to amended regulations, or that the resulting impact on its operations and financial condition would not be significant. For instance, the Group is the current owner or lessee of a number of properties and facilities, including production plants and distribution centres, some of which were previously used for other commercial or industrial purposes. Although the Group is currently not aware of any facts that would give rise to additional obligations regarding the environmental status of the properties and facilities, any contamination identified as a result of current or previous operations and the resulting obligation to eliminate it could cause high costs to the Group. Additional regulations or interpretations of existing regulations may be introduced in the future, potentially affecting the Group's business and products. The Group cannot provide any warranty that the costs of complying with any such future initiatives will not have a significant impact on the Group's performance and financial condition.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2025

35. CONTINGENT LIABILITIES

As of 31 December 2025, the Group has no contingent liabilities under guarantees or co-borrowings.

Legal disputes

There are no significant lawsuits against the Group. Consequently, the cost of provisions for litigation is not recognised.

36. EVENTS AFTER THE REPORTING DATE

The parent company continues to repay part of its liabilities under the pre-bankruptcy settlement.

In the period between the balance sheet date and the date of signing this report, there were no significant events that would affect the Group's financial position.

37. APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual consolidated financial statements were approved by the Management Board and authorised for issue on 30 April 2026.

Signed on behalf of and for the Management Board:

Hrvoje Filipović dipl.oec.
President of the Management Board



Vladimir Kalčić dipl.oec.
Member of the Management Board



Davor Mitrović dipl.oec.
Member of the Management Board

