Granolio d.d., Zagreb

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.

Contents

Management Report

General information

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 company 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 Nina 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. The shares are listed under the symbol GRNL and have been traded on the Zagreb Stock Exchange's official market since 23 March 2015.
The majority shareholder of the Company is Mr Hrvoje Filipović, who held 58.11% of the Company's ownership capital as of 31 December 2025. On the same day, the ten largest shareholders of Granolio held 95.77% of the capital

The Company's primary activity is the production and trade of agricultural products and livestock. As part of its business system, on 31 December 2025, the Company had six active business units, three of which were production centres: the Farina, Kopanica and Tena mills, for the production, packaging, storage and shipping of mill products.
Business unit Bjeliš is a silo used for drying and storing grain.
The business unit in Osijek is responsible for storing, selling and shipping raw materials for sowing, selling grains and oilseeds, and managing sales runways.
The Granolio business unit, located in Zagreb, provides logistical, management, accounting, and IT support to the Company's operations.

In addition to ISO and HACCP standards, the Farina mill is subject to IFS standards, which enable the Company to export flour to European Union countries, while the Kopanica mill and the Tena mill are subject to ISO and HACCP standards.
The Company markets seven brands of flour: Farina, Farina Speciale, Mlin Kopanica, Ekoklas, Mlineta, No No gluten-free flour, Belje flour and Tena flour

Due to its focus on product quality, delivery, and building long-term relationships with customers, Granolio produces private-label products for most leading retail chains in the Republic of Croatia. The Company currently produces flour for 15 private brands.

Management Report (continued)

General information (continued)

Group's mills production capacities as of 31 December 2025 are shown in the following table:

Mills production capacity as of 31 December 2025:

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

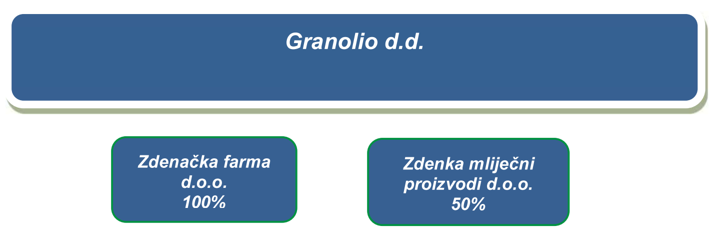
Subsidiaries

On 31 December 2025, the Company held 100% of the shares in the company Zdenačka farma d.o.o. The dominant influence in decision-making was exerted in the company Zdenka - mliječni proizvodi d.o.o., which has been consolidated into the Granolio Group since 2011.

The Company holds a minority share in Žitozajednica d.o.o.

Granolio's ownership shares in these subsidiaries on 31 December 2025 are shown in the following organisational chart:

The organisational structure of the Granolio Group on 31 December 2025



Significant business events in the current accounting period

In 2025, the Company recorded almost 28% 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.

Management Report (continued)

Significant business events in the current accounting period (continued)

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.

The Company regularly settles its liabilities to financial institutions and continues to repay liabilities in accordance with the pre-bankruptcy settlement.

Analysis of the 2025 business performance

in EUR '000

Granolio d.d.	1-12 2025	1-12 2024	change	
Operating income	73,739	61,794	11,945	19%
Operating expenses	71,681	58,148	13,533	23%
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)	(307)	98%
Net result for the period	1,127	2,820	(1,693)	(60%)

in EUR '000

Granolio d.d.	31.12.2025	31.12.2024	change	
Net assets (capital and reserves)	24,829	24,025	803	3%
Total debt	**21,742**	**23,172**	**(1,429)**	**(6%)**
Cash and cash equivalents	151	276	(125)	(45%)
Loans given, deposits and similar*	3,885	2,942	944	32%
Net debt	**17,706**	**19,953**	**(2,248)**	**(11%)**
Net debt/ EBITDA	**4,96**	**4,22**		
EBITDA for the last 12 months	3,573	4,728	(1,155)	(24%)

* Financial loans, securities and deposits provided.

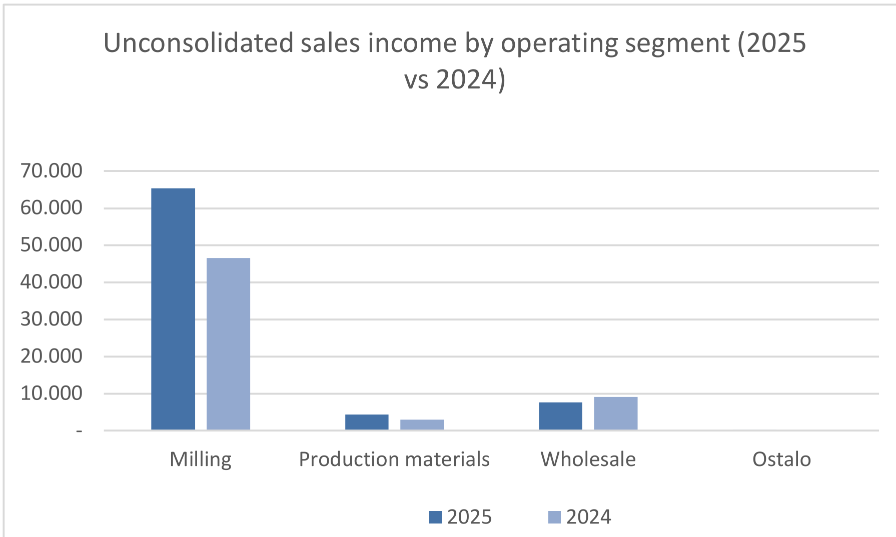
Total debt reported on 31 December 2025 includes all financial liabilities to financial institutions and non-financial entities.

The Company regularly settles existing liabilities under credits and loans which is visible from the data on total debt.

Management Report (continued)

Analysis of the 2025 business performance (continued)

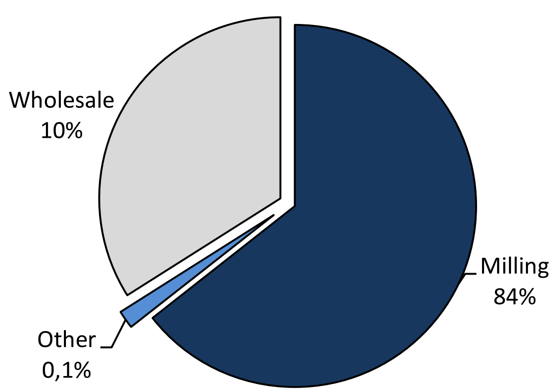
The total revenue from the sale of products and services in 2025 is 23% higher than in the previous year. The largest increase was recorded in the milling segment.



The wholesale segment consists of the sale of raw materials for sowing, grains and oilseeds, and bakery products. The volume of business in this segment mostly depends on the availability of financing.

The Other segment mainly represents revenues from the provision of drying services, storage, receiving goods and other services.

Share of individual segment in total sales in 2025



Management Report (continued)

Analysis of the 2025 business performance (continued)

Employee expenses are 34% higher than in the previous year, driven by the acquisition of additional milling operations and higher consumption of raw materials and supplies, which are 24% higher.

Total capital investments in tangible assets in 2025 amounted to EUR 1,683 thousand (2024: EUR 13,558 thousand). The purchases relate mainly (EUR 1,052 thousand) to the installation of new photovoltaic cells, and the rest to construction works (EUR 346 thousand) and the purchase of small plants.

The net financial result in 2025 amounted to EUR (620) thousand (2024: EUR 314 thousand).

Significant business events after the accounting period and the Company's strategic objectives

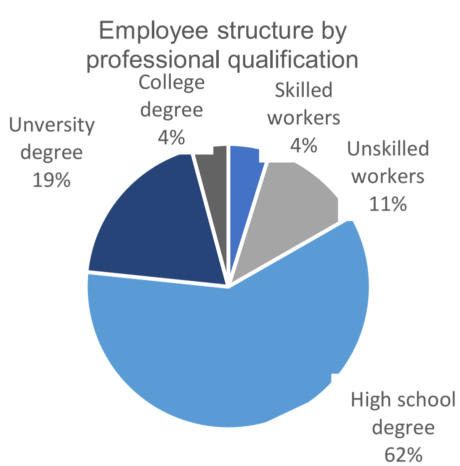
The Company's Management Board undertakes all necessary actions in order to minimise the newly created risks.

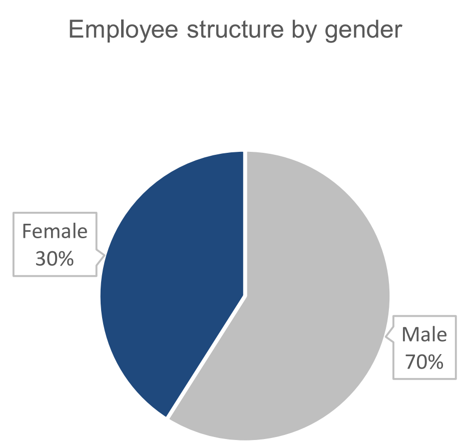
The completed investment in the construction of solar power plants at all major electricity consumers in the Granolio Group will enable a reduction in consumption of about 30 per cent and mitigate the impact of a possible further increase in electricity prices on the Company's operations.
The required 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 Company will respond to the overall increase in operating costs by raising product prices.

As far as capital investments are concerned, all plants are technologically advanced to the maximum, and there is currently no need for capital investments.
The Company expects to continue to operate successfully in 2026 and beyond.

Employees

In 2025, the Company had 187 employees based on working hours (2024: 177 employees). The structure of employees as of 31 December 2025, according to the criteria of professional qualifications and gender, is shown in the following graphs:





Management Report (continued)

Research and Development

In the observed period, the Company had no research and development projects.

Purchase of own shares

Until the date of issuance of the Management Report, the Company did not engage in any share buyback activities

Environmental Protection

In environmental protection, the Company implements comprehensive, systematic solutions and establishes environmentally friendly production processes.

Risks

The risks faced by the Company are detailed 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. 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.

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

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.

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.

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

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 for the annual financial statements

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

After making enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to accept the going concern principle when preparing the 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.
- preparing the 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, at any time, disclose with reasonable accuracy the unconsolidated financial position, unconsolidated business results, unconsolidated changes in equity, and unconsolidated cash flows of the Company, and for ensuring their compliance with the applicable Croatian Accounting Act. Furthermore, the Management Board is responsible for safeguarding the Company'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

Davor Mitrović dipl.oec.
Member of the Management Board

Vladimir Kalčić dipl.oec.
Member of the Management Board

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the unconsolidated annual financial statements

Opinion

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

In our opinion, the accompanying annual unconsolidated financial statements present a true and fair view of the Company's financial position as of 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 conducted our audit in accordance with the International Auditing Standards (ISAs). Our responsibilities under those standards are further described in our Independent Auditors' report under the section *Auditors' responsibilities for the audit of the unconsolidated annual financial statements*. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (with the 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 relevant to our audit of the financial statements of public interest entities in the Republic of Croatia. 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.

Emphasis of Matter

The Company has prepared its annual consolidated financial statements, and to better understand the Company's operations as a whole, users should read the Company's annual consolidated financial statements alongside these annual unconsolidated financial statements.

Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the unconsolidated annual 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
Revenue recognition In 2025, the Company reported sales revenues of EUR 72,461 thousand (for the year ended 31 December 2024, EUR 58,706) in its unconsolidated Statement of comprehensive income. Sales revenue includes: • Sales revenue - domestic • Sales revenue - foreign • Revenue from services Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Company's activities. Revenues are stated net of value-added tax, quantity rebates, and sales discounts. In accordance with International Financial Reporting Standard 15, Sales Revenue is recognised when the Company delivers goods to a customer, when it no longer has influence over the management of the goods, and when there is no outstanding liability that could affect the customer's acceptance of the product. 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 Company has objective evidence that all acceptance criteria are met. Considering the significance of sales 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. See notes 3.8 "Revenue Recognition" and 5 "Sales revenue" in the accompanying annual unconsolidated financial statements.	Our audit procedures related to this matter included, but were not limited to: - 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; - Examining the design and effectiveness of key controls related to the occurrence and accuracy of revenue recognition; - 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 Company's books of accounts at the same date; - Assessing the compliance of the policy for recognising revenue from sales with International Financial Reporting Standard 15 - Revenue from Contracts with Customers; - Assessing the adequacy of the disclosures related to the recognition of revenue from sales in accordance with International Financial Reporting Standard 15 - Revenue from Contracts with Customers.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Other information

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

In relation to our audit of the annual unconsolidated financial statements, it is our responsibility to read other information and consider whether the other information is materially inconsistent with the annual unconsolidated 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 Company's Management Report has been prepared in accordance with Article 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 unconsolidated annual financial statements;

2. The attached Management Report is compiled in accordance with Article 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 Company'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 unconsolidated annual financial statements

The Management Board is responsible for the preparation of unconsolidated 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 unconsolidated annual financial statements that are free from material misstatement due to fraud or error.

In preparing the unconsolidated annual financial statements, Management Board is responsible for evaluation of the Company'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 Company or discontinue its business or there is no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

Our goals are to obtain reasonable assurance about whether the unconsolidated 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 ISA, 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 unconsolidated 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 Company's internal controls.

- assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 auditors' report we are required to call our attention to related disclosures in the unconsolidated 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 auditors' report. However, future events or conditions may cause the Company to discontinue its operations on a going concern basis.

- evaluate the overall presentation, structure and content of the unconsolidated annual consolidated financial statements, including disclosures, as well as whether the annual unconsolidated financial statements reflect the transactions and events which they are based on in a way that achieves a fair presentation.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Auditor’s Responsibility for the audit of unconsolidated 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 with them any relationship and other matters that may reasonably be considered to affect our independence as well as, where applicable, on related safeguards.

Among the issues communicated to those charged with governance, we identify the most important for auditing the annual unconsolidated 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 July 2025, the Company’s General Assembly appointed us to audit the annual unconsolidated financial statements of the Company for the year 2025.

As of the date of this report, we have been continuously engaged in performing statutory audits of the Company, from the audit of the annual unconsolidated financial statements for 2019 to the audit of the annual unconsolidated financial statements for 2025, for a total of 7 years.

In the audit of the Company's annual unconsolidated financial statements for the year 2025, we determined the material significance of the annual unconsolidated financial statements as a whole to be EUR 1,030 thousand, representing approximately 1.4% of the realised sales revenue for the year 2025.

We have chosen sales revenue as the measure of materiality because it is the most appropriate, given the significant fluctuations in profit before tax in the current and prior periods.

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

During the period between the starting date of the audited annual consolidated financial statements of the Company for 2025 and the date of this Independent Auditor’s Report, we did not provide prohibited non-audit services to the Company 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 Company.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the audit of the unconsolidated annual 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 unconsolidated 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 by 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 *granoliodd-2025-12-31-eng,* in all material aspects, were prepared in accordance with the requirements of the ESEF Regulation

Responsibilities of the Management Board and those charged with governance

The Management of the Company 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 unconsolidated annual financial statements (continued)

Report based on the requirements of the ESEF Regulation (continued)

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 Bank'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 unconsolidated annual report, are prepared in the valid XHTML format,
- the information contained in the unconsolidated 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 unconsolidated annual 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, we do not express our assurance in other information published with documents in ESEF formation addition to this conclusion, as well as the opinion contained in this Independent Auditor's Report for the accompanying unconsolidated 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 Company's annual unconsolidated financial statements for 2025, which results in this Independent Auditor's Report, is the certified auditor Vedrana Stipić.

Zagreb, 30 April 2026

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

Stipić

Hrvoje Stipić, Predsjednik Uprave

Vedrana Stipić, ovlašteni revizor

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

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

in EUR '000

	Note	2025	2024
Income			
Sales revenue	5	72,461	58,706
Other operating income	6	1,279	3,089
Total operating income		**73,739**	**61,794**
Change in inventory value		(78)	37
Material expenses	7	(63,419)	(51,581)
Employee expenses	8	(5,776)	(4,292)
Depreciation and amortisation	13, 14,15	(1,515)	(1,077)
Other expenses	9	(753)	(593)
Value adjustment expenses		-	(5)
Other operating expenses	10	(295)	(637)
Total operating expenses		**(71,681)**	**(58,148)**
Operating profit		**2,058**	**3,646**
Financial income	11	1,142	995
Financial expenses	11	(1,763)	(1,308)
Net financial result		**(620)**	**(314)**
Profit before tax		**1,438**	**3,333**
Profit tax	12	(311)	(513)
Profit after tax		**1,127**	**2,820**
Other comprehensive income		-	-
Total comprehensive income		**1,127**	**2,820**
Earnings per share			
Basic and diluted earnings per share (in euros and cents)	29	**0.59**	**1.48**

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

Unconsolidated Statement of Financial Position
as of 31 December 2025

in EUR '000

	Note	31 December 2025	31 December 2024
FIXED ASSETS			
Intangible assets	13	935	997
Right-of-use assets	14	44	89
		979	**1,086**
Property, plant and equipment			
Land		1,318	1,318
Buildings		18,253	18,411
Plants, equipment and tools		8,864	4,541
Other tangible assets		14	15
Investment property		835	770
Tangible assets under construction		1,236	5,190
	15	**30,519**	**30,245**
Financial assets measured at amortised cost			
Loans, deposits and similar	16c	9	7
Investments in subsidiaries	16a	9,347	9,347
Long-term receivables	16b	31	375
		9,388	**9,730**
CURRENT ASSETS			
Inventories	17	**4,304**	**8,480**
Receivables			
Receivables from related parties	28	1,004	1,179
Receivables from customers	18a	11,014	10,073
Receivables from the state and other institutions	18b	701	1,763
Other receivables	18c	1,283	1,951
		14,002	**14,966**
Financial assets measured at amortized cost			
Loans to related parties	19, 28	1,290	1,106
Loans, deposits and similar granted	19b	2,535	1,433
Investment in securities	19a	20	20
		3,845	**2,559**
Cash and cash equivalents	20	151	276
Prepaid expenses and accrued income	21	162	66
TOTAL ASSETS		**63,350**	**67,408**

Unconsolidated Statement of Financial Position (continued)

as of 31 December 2025

in EUR '000

	Note	31 December 2025	31 December 2024
CAPITAL AND RESERVES			
Registered capital		2,524	2,524
Capital reserves		11,171	11,171
Revaluation reserves		4,866	5,264
Legal reserves		1,239	1,239
Reserves for own shares		110	110
Retained earnings/ (Loss carried forward)		3,792	897
Profit of the current year		1,127	2,820
	22	**24,829**	**24,025**
LONG-TERM LIABILITIES			
Deferred tax liability	12	1,068	1,156
Liabilities to banks and other financial institutions	23	15,101	16,354
Loan liabilities	24	265	531
Lease obligations	14	37	47
Liabilities to suppliers		-	-
Liabilities for securities	25	166	332
		16,637	**18,420**
SHORT-TERM LIABILITIES			
Liabilities for loans from affiliated companies	28	-	-
Liabilities to affiliated companies	28	135	128
Liabilities to banks and other financial institutions	23	1,260	1,261
Loan liabilities	24	4,734	4,469
Lease liabilities	14	12	30
Liabilities for securities	25	166	166
Liabilities for advances	26a	469	1,002
Liabilities to suppliers	26b	12,778	16,273
Liabilities for taxes, contributions and similar benefits	26c	209	190
Accrued expenses and deferred income	26d	1,117	681
Other short-term liabilities	26e	1,004	763
		21,884	**24,963**
TOTAL EQUITY AND LIABILITIES		**63,350**	**67,408**

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

Unconsolidated Statement of Changes in Equity
for the year ended 31 December 2025

	Share capital	Capital reserves	Legal reserves	Reserves for own shares	Revaluation reserves	(Loss carried forward/Retained earnings)	Profit for the current year	Total
Balance as of 1 January 2024	**2,524**	**11,175**	**1,141**	**106**	**5,663**	**(1,370)**	**1,970**	**21,209**
Schedule of results for 2024	-	-	-	-	-	1,872	(1,970)	**-**
Release of revaluation reserve	-	-	98	-	(398)	398	-	**-**
Share buyback		***(4)***		**4**		**(4)**		***(4)***
Total transactions with owners	**-**	***(4)***	**98**	**4**	**(398)**	**2,266**	***(1,970)***	***(4)***
Profit for the current year	-	-	-	-	-	-	2,820	2,820
Total comprehensive income for the year								
Balance as of 31 December 2024	-	-	-	-	-	-	**2,820**	**2,820**
Total transactions with owners	**2,524**	**11,171**	**1,239**	**110**	**5,264**	**897**	**2,820**	**24,025**
Schedule of results for 2025	-	-	-	-	-	2,820	(2,820)	**-**
Release of revaluation reserve		-	-	-	(398)	398	**-**	**-**
Dividend payout						(323)		**(323)**
Total transactions with owners	**-**	**-**	**-**	**-**	**(398)**	**2,895**	**(2,820)**	**(323)**
Profit for the current year	-	-	-	-	-	-	1,127	1,127
Total comprehensive income for the year	-	-	-	-	-	-	1,127	**1,127**
Balance as of 31 December 2025	**2,524**	**11,171**	**1,239**	**110**	**4,866**	**3,792**	**1,127**	**24,829**

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

Unconsolidated Statement of Changes in Equity
for the year ended 31 December 2025

	Note	2025	2024
			in EUR '000
Result before tax		**1,438**	**3,333**
Reconciliation of results:			
Depreciation	13,14,15	1,515	1,077
Gain on sale and disposal of fixed assets		(19)	(14)
Value adjustment of trade receivables		23	
Dividend income	11	(1,000)	(500)
Inventory surplus	6	(459)	(307)
Gains from other financial activities	11	-	(57)
Net interest expense	11	820	864
Operating result before changes in working capital		**2,318**	**4,396**
(Increase)/Decrease in inventories		4,636	(5,797)
(Increase)/Decrease in receivables		802	(3,910)
Increase/(Decrease) in liabilities		(3,514)	8,235
Advances received / (paid), net		159	(1,615)
Operating result after changes in working capital		**4,401**	**1,308**
Profit tax paid		(547)	(440)
Interest paid		(893)	(864)
Cash flow from operating activities		**2,961**	**4**
Interest collected		83	420
Cash expenditure for acquisition of property, plant, equipment and intangible assets		(1,473)	(13,562)
Cash expenditure for acquired shares		-	(93)
Cash expenditure for loans granted		(4,950)	(5,038)
Cash receipts from collection of loans granted		3,663	4,742
Cash receipts from sale of shares		-	-
Cash receipts from dividends received		1,000	500
Cash flow from investing activities		**(1,677)**	**(13,031)**
Cash expenditure for repayment of loans and borrowings		(8,619)	(8,508)
Cash receipts for loans received		7,199	21,061
Net expenditure on securities	25	344	(166)
Cash expenditure for repayment of leases	29	(9)	(35)
Cash expenditure for share buyback		-	(4)
Dividends paid		(324)	-
Cash flow from financing activities		**(1,409)**	**12,348**
Net changes in cash and cash equivalents		**(125)**	**(679)**
Cash at the beginning of the period		276	955
Cash at the end of the period		**151**	**276**

1. GENERAL INFORMATION

Granolio d.d. 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 and Osijek.

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 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 following subsidiaries made up the Granolio Group as of 31 December 2025:

Zdenka - mliječni proizvodi d.o.o., Veliki Zdenci,
Zdenačka farma d.o.o., Veliki Zdenci.

The core activities of the company Granolio d.d. and its subsidiaries comprise the production of food and agricultural 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% stake in Zdenačka farma d.o.o., Veliki Zdenci, for EUR 374 thousand. 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 thousand to EUR 2,124 thousand by issuing a new business share in the amount of EUR 3,918 thousand.

Around the middle of 2008, the Company acquired the entire equity share in Prerada žitarica d.o.o., Grubišno Polje, for EUR 691 thousand. The subsidiary's activities include grain warehousing and drying. As of 27 November 2017, the share capital of Prerada Žitarica was increased from EUR 3,069 thousand for EUR 8,470 thousand to EUR 8,470 thousand. On 30 April 2018, the Commercial Court in Zagreb adopted the Decision on the merger, formally ceasing the operations of the company Prerada žitarica.

In 2011, Granolio d.d. acquired a controlling interest in the subsidiary, enabling it to exercise power in making operational decisions of its subsidiaries, as well as to govern the financial and business policies, the appointment of the members of the Management Board or the majority of votes at Zdenka mliječni proizvodi d.o.o. and Žitar d.o.o.

On 4 March 2019, the Company sold its shares in the company Žitar d.o.o. The transaction was entered into the court registry on 14 March 2019.

The Management Board of Granolio d.d. on 31 December 2025 consisted of:
Hrvoje Filipović - President (since 23 February 2011),
Vladimir Kalčić - Member (since 23 February 2011), and
Davor Mitrović - Member (from 28 April 2022).

The Supervisory Board of Granolio d.d. on 31 December 2025, consisted of:
Vlatko Kordić – President (since 18 July 2025),
Nina Solomun – member (since 18 July 2025),
Tihomir Osmak - member (from 13 June 2019),

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

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

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

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 Company does not expect to be entitled to apply IFRS 19.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Compliance statement

These unconsolidated financial statements are prepared in accordance with the Accounting Act and the International Financial Reporting Standards ("the IFRSs") as adopted by the European Union

3.2 Basis of preparation

The financial statements of the Company 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 Company maintains its accounting records in Croatian, in Euro, and in accordance with Croatian laws and the accounting principles and practices observed by enterprises in Croatia.

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 under 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 of the Company continues to intensify its efforts to achieve capital adequacy, an essential condition for the Company's long-term survival.

3.3 Interests in associates and joint ventures

An associate is an entity over which the Company 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 reported in these unconsolidated financial statements at cost, 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".

The requirements of IAS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company'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 is recognised as 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Interests in joint operations

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

3.5 Interests in subsidiaries

A subsidiary is an entity in which the Company has significant influence in making financial and business policy decisions and controlling such policies. The assumption is that control exists when a parent owns, directly or indirectly through a subsidiary, more than half of the entity's voting power, unless in exceptional cases where it can be clearly proven that such ownership is not control. Control also exists when the parent company has half or less than half the voting power of the entity, when there is:

a) the power over more than half of the voting rights under agreements with other investors

b) the power to manage the financial and business policies of the entity based on a statute or agreement

c) the power to appoint or dismiss most of the members of the management or equivalent administrative body or

d) the power to give a decisive vote at the meetings of the management or the equivalent administrative body.

Investments in companies over which the Company has control and significant impact in these financial statements are stated at cost, less any impairment losses, if necessary.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 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 unconsolidated financial statements, the results and financial position of the Company are expressed in euros (EUR) because the euro is the functional currency of the Company and the presentation currency of the unconsolidated financial statements.

3.7 Using assumptions and estimates

The preparation of financial statements in conformity with IFRS requires 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 the 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 recognised 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 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 Company's operations. Revenues are stated net of value-added tax and quantity and sales discounts.

The Company recognises revenue when the amount of the revenue can be measured reliably, when future economic benefits will flow into the Company and when the specific criteria for the entire Company's activities described below are met.

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

The Company produces and distributes its own products and third-party merchandise (through wholesale operations). Wholesale revenue is recognised when the Company has delivered the goods to the wholesaler, no longer controls their management, and there is no outstanding liability that could affect the wholesaler's acceptance of the products.

A delivery is completed when the products are dispatched to a specific location, the risk of loss is transferred to the wholesaler, and one of the following is met: the wholesaler has accepted the goods in accordance with the underlying contract; or the acceptance deadline has passed; or the Company 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 short-term 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 Company does not have specific customer award schemes.

(iii) Sale of services

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 consists of interest earned on investments and foreign exchange 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Foreign currencies

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 to the functional currency using the exchange rates in effect at the transaction dates.

3.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset, which is a time-consuming asset that is required to be ready for its intended use or sale, are charged to the cost of the asset until it is largely ready for intended use or sale.

Investment income earned on the temporary investment of earmarked loan funds until the beginning of their spending on a qualifying asset is deducted from borrowing costs whose capitalisation is acceptable.

All other borrowing costs are included in profit or loss in the period in which they are incurred.

3.11 Employee benefits

(i) Pensions and other post-employment benefits

In the normal course of business, the Company deducts salaries from 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 Company is not obliged to provide any other post-employment benefits.

(ii) Long-term employee benefits

The Company does not recognise liability 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 Company 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 Company does not make any share-based payments to its employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Dividend

Dividends payable to shareholders are recognised as a liability in the financial statements in the period in which they are approved by the Company's General Assembly.

3.13 Operating segment reporting

A segment is a distinguishable component of the Company 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 Company monitors the performance of the following segments:

- Milling
- Wholesale
- Other (services, livestock, other activities)

The Company identifies operating segments based on internal reports on components of the Company that are regularly reviewed by the chief operating decision maker (the Management Board) to allocate resources to the segments and assess their performance. Details about the operating segments are disclosed in Note 5 to the unconsolidated financial statements. Comparative information has been presented in accordance with the principle of comparability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 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 goodwill, 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 Company 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 Company to change its judgement 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 Administration require that VAT is settled on a net basis. VAT on sale and purchase transactions is recognised in the unconsolidated 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, including VAT.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Property, plant and equipment

Property, plant and equipment are initially stated at cost, which includes the purchase price, including import duties and non-refundable taxes, after deduction of trade discounts and rebates, as well as all costs directly attributable to bringing the property to its location and working condition for its intended use. Property, plant and equipment are recognised if it is probable that future economic benefits attributable to the asset will flow to the Company; if the cost of the asset can be reliably determined, and if the individual purchase value of the asset is greater than EUR 665.

After initial recognition, land and buildings that are used in the production or delivery of goods or services, or for administrative purposes, are shown in the statement of financial position in revalued amounts, which represent their fair value on the revaluation date less value correction (accumulated depreciation) and accumulated impairment losses. Revaluation is carried out regularly so that the carrying amounts do not differ materially from the amounts that would be determined using fair value at the end of the 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.

Properties under construction for production, supply or administrative purposes are 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 Company’s accountancy policy. Fixed tangible assets under construction are classified to 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:

	2025	2024
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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16. 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.

3.17. 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.

Computer software

Software licences are capitalised based on the cost, including the cost of purchase and the 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.

Trademarks

Acquired trademark rights are capitalised based on the cost and are amortised over their estimated useful life, which has been estimated at 20 years.

3.18 Impairment of property, plant, equipment and intangible assets

At the end of each reporting period, the Company 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 Company 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 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 liabilities 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, whichever is shorter.

The useful life of the right-of-use assets is shown as follows:

	2025	2024
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.

3.20 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Cash and cash equivalents

Cash and cash equivalents consist of balances in bank accounts and cash on hand. For the purposes of the unconsolidated statement of financial position, bank overdrafts are included in current liabilities.

3.22 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.

3.23. State grants

Government grants are not recognised until there is a reasonable belief that the Company will fulfil all the conditions defined in the grant agreement and will receive the grant. Government grants whose primary condition is that the Company purchases, builds or otherwise acquires fixed assets are recognised as deferred income in the statement of financial position and are recognised systematically and reasonably during the useful life of the asset in the statement of profit and loss. Government grants are recognised as income over the period in accordance with the related costs (which are intended to be reimbursed) on a systematic basis. Government grants received as compensation for already incurred costs or for the purpose of providing direct financial support to the Company without further related costs are recognised in the statement of profit and loss in the period in which they were received.

3.24 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Financial assets

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions 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 of 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 attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss, are recognised immediately in profit or loss. All regular-way purchases or sales of financial assets are recognised and derecognised on a trade-date basis.

All regular purchases or sales represent purchases or sales of financial assets, which require delivery in accordance with the regulations or market practice. All recognised financial assets are subsequently measured at depreciated cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model and the characteristics of the contracted cash flows of the financial assets.

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) Depreciated cost and effective interest method

The effective interest method is used to calculate the depreciated 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 depreciated 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 depreciated 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 depreciated 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 financial assets, aside for the financial assets which subsequently became credit-impaired.

For financial assets which subsequently became credit-impaired, interest income is recognised by applying the effective interest rate to the depreciated cost of financial assets. If, in the following reporting periods, the credit risk for the credit-impaired financial instrument improves in the way 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 assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Financial assets (continued)

(i) Depreciated cost and effective interest method (continued)

For purchased or incurred credit-impaired financial assets, the Company 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.

(ii) Impairment of financial assets

The Company recognises provisions for expected credit losses on debt instruments measured at amortised cost and on trade receivables. 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 Company 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 Company's historical credit loss experience, adjusted for debtor-specific factors. The Company 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 Company recognises a lifetime ECL if there is a significant increase in credit risk since initial recognition. However, if the credit risk for the financial instrument has not significantly increased since initial recognition, the Company 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.

By contrast, a 12-month ECL represents a part of the lifetime ECL, given the probability of default in the 12 months following the reporting date.

Significant increase in credit risk

When assessing whether the credit risk for the financial instrument significantly increased since the initial recognition, the Company compares the risk of default on the reporting date to the risk of default of the financial instrument on the date of initial recognition. During the assessment, the Company considers both quantitative and qualitative information which are reasonable and available, including the historical experience, which can be accessed without unnecessary costs or engagements.

In particular, the Company relies on days of default when assessing significant credit risk deterioration. If the debtor is in default more than 360 days, then the Company assumes that there is 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 its 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 Company does not currently use the simplification of a low credit risk when assessing the significant increase in credit risk. The Company regularly monitors the efficiency of criteria used to determine whether there has been a significant increase in credit risk and reviews them so that the criteria may identify a significant increase in credit risk before any default occurs.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Financial assets (continued)

(iii) Definition of default status

The following facts, which represent a case of default for internal credit risk management purposes are considered by the Company 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 its creditors, including the Company, in full (without considering any collateral held by the Company).

Notwithstanding the above analysis, the Company considers that there was a default when the financial assets matured more than 360 days and the liabilities were not paid, unless the Company has reasonable and substantiated information to show a more appropriate delay criterion.

(iv) Credit-impaired financial assets

Financial assets are credit-impaired when one or more events with an adverse effect on estimated future cash flows and financial assets occurred. 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 it 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.

(v) Write-off policy

The Company writes off financial assets when there is information 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 3 years, whatever happens first. Written-off financial assets can still be subject to enforcement activities within the Company recovery procedures, with regard to the relevant legal advice, where appropriate. As previously described, revenue from the collection of financial assets is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Financial assets (continued)

(vi) 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. 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 in the moment of default, for the financial assets it represents a gross carrying amount of the assets at the reporting date. As for the exposure at the time of default, for financial assets it represents the gross carrying amount of the asset at the reporting date.

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

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 Company 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 Company 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 Company recognises impairment gains and losses in the statement of profit and loss for all financial instruments with the appropriate adjustment of the carrying amount through the loss provisions account.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership 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 Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the asset received.

In case of derecognition of financial asset recognition measured at amortized 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 case of equity instruments for which the FVTOCI option has been selected.

(vii) Derecognition of financial assets

The Company 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 of the asset to another entity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Financial assets (continued)

Loans and receivables

The Company always reports the provisions for losses of trade receivables in the amount equal to the life-long 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 Company recognised a loss in the amount of 100% of all receivables over 360 days past due as past experience shows that the relevant receivables can usually not be recovered.

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

The Company 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 Company's provision matrix. As the Company'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 Company's different customer bases.

3.26 Financial liabilities and equity instruments

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

The Company measures all financial liabilities at amortized cost.

However, for financial liabilities which arise when the transfer of financial assets does not meet the derecognition criteria or when the continued participation approach is applied, and for contracts on financial guarantees issued by the Company, subsequent measurement takes place in line with specific accounting policies provided below.

Financial liabilities 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 amortized cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortized 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 amortized cost of financial liability

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or as equity pursuant to the essence of the agreement.

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 later measured at amortized cost by applying the effective interest rate method, and the interest expenses are recognised based on the effective yield.

The effective interest rate method represents a method used for calculating the amortized cost of the financial liability and distributing the interest expenses throughout 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.

4. KEY ACCOUNTING ASSUMPTIONS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 3, the Company's Management Board 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 factors that are considered to be relevant. 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 judgements in the application of accounting policies

The following are the critical judgements, apart from those involving estimations, that the Management Board has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the unconsolidated financial statements.

(i) Revenue recognition

In making their judgement, the Management Board considered the individual criteria for the recognition of revenue from the sale of goods set out in IFRS 15 "Revenue from Contracts with Customers". Specifically, whether the Company has transferred to the customer a significant portion of the risks and rewards associated with ownership of the products and goods and whether the Company has recognized revenue from services in accordance with the stage of completion based on the proportion of services actually performed in relation to the total services to be performed.

(ii) Consequences of certain legal disputes

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

(iii) Recoverable amount of trade and other receivables

The recoverable amount of trade and other receivables is determined as the present value of future cash flows, discounted using the market interest rate in effect at the measurement date. Current receivables without the interest rate are measured at the originally invoiced amounts if the discounting effect is not material.

(iv) Useful life of property, plant and equipment

As described in Note 3.15 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

5. SALES REVENUE

in EUR ‘000

	2025	2024
Sales revenue – domestic	62,370	47,659
Sales revenue – foreign	8,891	10,226
Revenue from services	1,200	821
	72,461	**58,706**

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

The Company monitors its performance through the following operating segments:

- Milling
- Wholesale
- Other (services, livestock)

Revenue by segment

The operating income of the Company, 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 unconsolidated statement of comprehensive income.

in EUR ‘000

	2025	2024
Milling	58,217	45,450
Wholesale	13,039	12,429
Other	1,205	827
	72,461	**58,706**

Geographical analysis of sales revenue

in EUR ‘000

	2025	2024
Croatia	63,570	48,480
Serbia	458	3,515
Italy	2,006	2,490
Slovenia	1,439	1,204
Bosnia and Herzegovina	3,420	1,994
Hungary	-	579
Kosovo	564	420
Austria	178	20
Germany	137	4
Switzerland	252	-
The Netherlands	302	-
Romania	94	-
Sweden	37	-
Ireland	4	-
	72,461	**58,706**

6. OTHER OPERATING INCOME

	2025	2024
		in EUR '000
Inventory surpluses	459	307
Income from subsidies	193	183
Subsequent approvals from suppliers	21	18
Income from charges previously corrected and written off receivables	354	2,388
Other operating income	252	193
	1,279	**3,089**

Other operating income consists of income from rents, claims collection, sales of fixed assets, and subsequent approvals from suppliers and others. Income from subsidies refers to the Government of the Republic of Croatia's subsidies on electricity, amounting to EUR 19 thousand for 2025, and subsidies from the Agency for Payments in Agriculture and Fisheries, amounting to EUR 79 thousand.

7. MATERIAL EXPENSES

The structure of material costs is as follows:

	2025	2024
		in EUR '000
Raw materials and supplies	41,539	33,397
Energy consumed	1,539	1,385
Waste, breakage and damage to inventory	478	388
Small inventory expenses	72	47
Cost of inventory sold	-	-
Other material expenses	13	15
Cost of raw materials and supplies	**43,641**	**35,232**
Cost of goods sold	**12,242**	**11,345**
Telephone, mail and transport services	2,788	2,277
Maintenance and security services	789	492
Intellectual services	603	352
Leasing services	1,804	882
Promotional, sponsorship services	660	369
Quality control services	329	227
Sales expenses (freight forwarders, goods handling, etc.)	317	215
Other external expenses	246	190
Other external expenses	**7,536**	**5,004**
	63,419	**51,581**

The cost of scrap, waste, breakage and damage relates mainly to standard scrap in production, amounting to EUR 478 thousand (2024: EUR 388 thousand).

The total auditors' fees for 2025 amount to EUR 18 thousand (2024: EUR 18 thousand).

8. EMPLOYEE EXPENSES

		in EUR '000
	2025	**2024**
Net salaries	3,577	2,768
Taxes and contributions from salaries	1,473	985
Contributions on salaries	727	540
	5,776	**4,292**

As of 31 December 2025, the Company had 211 employees (31 December 2024: 188).

9. OTHER EXPENSES

		in EUR '000
	2025	**2024**
Reimbursement of employee expenses	320	221
Insurance premiums	142	101
Contributions, membership fees and other benefits	86	62
Banking services and payment transaction costs	39	95
Taxes that do not depend on the result	25	21
Official travel expenses	35	21
Other expenses	106	72
	753	**593**

Reimbursement of employee expenses mostly relates to compensation for travel expenses to and from work of EUR 110 thousand (2024: EUR 96 thousand) and Christmas bonuses, severance pay and other benefits in the amount of EUR 210 thousand (2024: EUR 125 thousand).

10. OTHER OPERATING EXPENSES

in EUR '000

	2025	2024
Entertainment expenses	173	166
Donations and sponsorships	32	36
Loss on sale of intangible assets	-	2
Fines, penalties, compensation for damages	8	389
Waste, breakage and damage to goods	28	23
Subsequently approved cassa sconto	32	19
Other operating expenses	22	2
	295	**637**

11. FINANCIAL INCOME AND EXPENSES

Financial income

in EUR '000

	2025	2024
Dividend income	1,000	500
Penalty interest	2	414
Interest on loans	139	24
Profits from stock market transactions	-	57
Other financial income	1	-
	1,142	**995**

Income from shares within the Group refers to income from dividends of the company Zdenka - mliječni proizvodi d.o.o. in the amount of EUR 1,000 thousand for 2025.

Financial expenses

in EUR '000

	2025	2024
Interest on loans and borrowings	1,709	1,284
Penalty interest	48	18
Other financial expenses	6	6
	1,763	**1,308**

12. PROFIT TAX

Profit tax comprises:

		in EUR '000
	2025	**2024**
Current profit tax	398	600
Deferred tax liability	(87)	(87)
Total profit tax liability	**311**	**513**

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	1,438	3,333
Profit tax at a rate of 18%	*259*	*600*
Effect of non-taxable income	(185)	(280)
Effect of non-deductible expenses	325	280
Profit tax	**398**	**600**
Effective tax rate	**28%**	**18%**

12. PROFIT TAX (CONTINUED)

Unused tax losses

In accordance with tax regulations, as of 31 December 2025, the Company has tax losses carried forward in the amount of zero EUR (as of 31 December 2024, zero EUR).

Deferred tax assets have not been recognised in the Company's books due to the uncertainty of realising sufficient future tax gains that would be reduced by tax losses carried forward.

Deferred tax liabilities arise from the following

in EUR '000

2025	Opening balance	Through profit or loss	Merger of subsidiary	Closing balance
Revaluation depreciation	1,156	(87)	-	1,068
Deferred tax liability	**1,156**	**(87)**	**-**	**1,068**

in EUR '000

2024	Opening balance	Through profit or loss	Merger of subsidiary	Closing balance
Revaluation depreciation	1,243	(87)	-	1,156
Deferred tax liability	**1,243**	**(87)**	**-**	**1,156**

Movement of deferred tax liability:

in EUR '000

	31 December 2025	31 December 2024
Balance as of 1 January	1,156	1,243
Decrease	(87)	(87)
	1,068	**1,156**

In accordance with the regulations of the Republic of Croatia, the Tax Administration may at any time inspect the books and records of companies in Croatia for a period of three years after the end of the year in which the tax liability was declared and may impose additional tax levies and fines. The Company's Management Board is not aware of the circumstances that could lead to potential significant liabilities in this regard.

13. INTANGIBLE ASSETS

Movement of intangible assets in 2025

in EUR '000

	Trademarks	Customer list	Software	Other intangible assets	TOTAL
Purchase value					
Balance as of 1 January 2025	**930**	**1,327**	**401**	**50**	**2,708**
Increase	-	-	-	-	**-**
Reclassification			-		**-**
Balance as of 31 December 2025	**930**	**1,327**	**401**	**50**	**2,708**
Impairment					
Balance as of 1 January 2025	-	**1,327**	**384**	**-**	**1,711**
Depreciation	47	-	15	-	**62**
Reclassification	-	-	-	-	-
Balance as of 31 December 2024	**47**	**1,327**	**399**	-	**1,773**
Present value as of 1 January 2025	**930**	**-**	**17**	**50**	**997**
Present value as of 31 December 2025	**884**	**-**	**2**	**50**	**935**

Movement of intangible assets in 2024

in EUR '000

	Trademarks	Customer list	Software	Other intangible assets	TOTAL
Purchase value					
Balance as of 1 January 2024	-	1,327	401	-	**1,729**
Increase	930	-	-	50	**980**
Balance as of 31 December 2024	**930**	**1,327**	**401**	**50**	**2,708**
Impairment					
Balance as of 1 January 2024	-	1,327	370	-	**1,697**
Depreciation	-	-	14	-	14
Balance as of 31 December 2024		**1,327**	**384**	-	**1,711**
Present value as of 1 January 2024	**-**	**-**	**32**	**-**	**32**
Present value as of 31 December 2024	**930**	**-**	**17**	**50**	**997**

14. RIGHT-OF USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

in EUR ‘000

	Vehicles	Equipment	TOTAL
Balance as of 1 January 2024	**-**	**71**	**71**
Increase	59	-	59
Transfer to assets	-	-	-
Depreciation	-	(41)	(41)
Balance as of 31 December 2024	**59**	**30**	**89**
Increase	-	-	-
Transfer to assets	-	(30)	(30)
Depreciation	(15)	-	(15)
Balance as of 31 December 2025	**44**	**-**	**44**

(b) Lease liabilities

in EUR ‘000

	Vehicles	Equipment	TOTAL
Balance as of 1 January 2024	**-**	**53**	**53**
Increase	59	-	59
Lease payment	-	(34)	(34)
Interest expense	-	(1)	(1)
Balance as of 31 December 2024	**59**	**18**	**77**
Increase	-	-	-
Lease payment	(10)	(18)	(28)
Interest expense	-	-	-
Balance as of 31 December 2025	**49**	**-**	**49**

c) Maturity of liabilities

in EUR ‘000

	31 December 2025	31 December 2024
Lease liability	**49**	**77**
(Current maturity)	(12)	(30)
Long-term lease liability	**37**	**47**

Maturity of lease liabilities is as follows:

in EUR ‘000

	31 December 2025 – balance	2026	2027	2028	2029 - onwards
Financial lease	49	12	12	12	13
	49	**12**	**12**	**12**	**13**

Interest on financial lease ranges from 4% to 5%.

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

15. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment in 2025:

in EUR '000

	Land	Buildings	Plant, equipment, and tools	Other tangible assets	Investment property	Property under construction	TOTAL
Purchase value							
Balance as of 1 January 2025	**1,318**	**30,398**	**17,234**	**29**	**770**	**5,190**	**54,939**
Increases	-	417	149	-	65	1,052	1,683
Transfers from right-of-use assets	-	-	29		-	-	29
Transfers from assets under construction	-	169	4,837		-	(5,006)	-
Sales and write-offs	-	-	(68)	-	-	-	(68)
Balance as of 31 December 2025	**1,318**	**30,984**	**22,181**	**29**	**835**	**1,236**	**56,583**
Impairment							
Balance as of 1 January 2025	**-**	**11,987**	**12,693**	**14**	**-**	**-**	**24,694**
Revaluation depreciation	-	291	195	-	-	-	486
Depreciation	-	453	497	2	-	-	952
Sales and write-offs	-	-	(68)	-	-	-	(68)
Balance as of 31 December 2025	**-**	**12,731**	**13,317**	**15**	**-**	**-**	**26,064**
Present value as of 1 January 2025	**1,318**	**18,411**	**4,541**	**15**	**770**	**5,190**	**30,245**
Present value as of 31 December 2025	**1,318**	**18,253**	**8,864**	**14**	**835**	**1,236**	**30,519**

Tangible assets worth EUR 22,731 thousand (2024: EUR 27,269 thousand) are pledged as collateral for the Company's loan liabilities (Note 24).

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in property, plant and equipment in 2024:

Tangible assets worth EUR 12,040 thousand was pledged as collateral for the Company's loan liabilities in 2023 (Note 24).

in EUR '000

	Land	Buildings	Plant, equipment, and tools	Other tangible assets	Investment property	Property under construction	Advances for tangible assets	TOTAL
Purchase value								
Balance as of 1 January 2024	**1,219**	**24,472**	**14,624**	**26**	**613**	**1,240**	**186**	**42,380**
Increases	55	5,784	2,626	6	157	3,950	-	12,578
Transfers	44	142	-	-	-	-	(186)	-
Sales and write-offs	-	-	(16)	(3)	-	-	-	(19)
Balance as of 31 December 2024	**1,318**	**30,398**	**17,234**	**29**	**770**	**5,190**	**-**	**54,939**
Impairment								
Balance as of 1 January 2024	-	**11,393**	**12,280**	**16**	**-**	**-**	**-**	**23,689**
Revaluation depreciation	-	291	195	1	-	-	-	486
Depreciation	-	304	232	-	-	-	-	536
Sales and write-offs	-	-	(14)	(3)	-	-	-	(17)
Balance as of 31 December 2024	**-**	**11,987**	**12,693**	**14**	**-**	**-**	**-**	**24,694**
Present value as of 1 January 2024	**1,219**	**13,079**	**2,344**	**10**	**613**	**1,239**	**186**	**18,690**
Present value as of 31 December 2024	**1,318**	**18,411**	**4,541**	**15**	**770**	**5,190**	**-**	**30,245**

16. FIXED FINANCIAL ASSETS

(a) Investments in subsidiaries

in EUR ‘000

	31 December 2025	31 December 2024
Zdenka mliječni proizvodi d.o.o., Veliki Zdenci	5,676	5,676
Zdenačka farma d.o.o., Veliki Zdenci	3,671	3,671
	9,347	**9,347**

Shares in Zdenka – mliječni proizvodi d.o.o. in the amount of EUR 5,676 thousand (31 December 2024: EUR 5,676 thousand) are pledged as collateral for the Company's loan liabilities (Note 24).

	31 December 2025	31 December 2024
Zdenačka farma d.o.o., Veliki Zdenci	100.00%	100.00%
Zdenka mliječni proizvodi d.o.o., Veliki Zdenci	50.00%	50.00%
Žitozajednica d.o.o., Zagreb	1.28%	1.28%

(b) Long-term receivables

in EUR ‘000

	31 December 2025	31 December 2024
Receivables under securities	31	375
	31	**375**

Interest in ownership structure

Voting rights are equal to the ownership rights.

(c) Long-term loans, deposits and similar granted

in EUR ‘000

	31 December 2025	31 December 2024
Loans to natural persons	9	7
	9	**7**

Movements in non-current loans for the year are provided in Note 19.

17. INVENTORIES

in EUR ‘000

	31 December 2025	31 December 2024
Raw materials and supplies	3,263	6,827
Trade goods	693	1,348
Finished products	347	305
	4,304	**8,480**

18. RECEIVABLES FROM CUSTOMERS, STATE AND OTHER INSTITUTIONS AND OTHER RECEIVABLES

a) Receivables from customers

in EUR ‘000

	31 December 2025	**31 December 2024**
Domestic sales	9,991	10,973
Subcontractor receivables	746	679
Foreign sales	947	759
Expected credit losses	(670)	(2,338)
	11,014	**10,073**

Subcontractor receivables refer to commodity loans for intermediate products required for sowing given to farmers who simultaneously supply raw materials for production and trade goods

Expected credit losses from customer receivables

in EUR ‘000

	2025	**2024**
Balance as of 1 January 2025	**2,338**	**3,738**
Write-off of adjusted receivables	(1,337)	(1,404)
Collection of value-adjusted receivables	(354)	-
New adjustments during the year	23	4
Balance as of 31 December 2025	**670**	**2,338**

The ageing analysis of outstanding receivables from customers where no impairment has been made is shown in the following table:

in EUR ‘000

	31 December 2025	**31 December 2024**
Not yet due	7,889	7,625
0-90 days past due	2,574	2,046
91-180 days past due	194	169
181-360 days past due	77	59
> 360 days past due	280	174
	11,014	**10,073**

18. RECEIVABLES FROM CUSTOMERS, STATE AND OTHER INSTITUTIONS AND OTHER RECEIVABLES (CONTINUED)

b) Receivables from state and other institutions

		in EUR ‘000
	31 December 2025	**31 December 2024**
VAT receivables	534	1,736
Profit tax advance payments	157	8
Other receivables from the State and other institutions	10	19
	701	**1,763**

c) Other receivables

		in EUR ‘000
	31 December 2025	**31 December 2024**
Prepayments made	1,100	1,804
Interest receivables	169	132
Other receivables	14	14
	1,283	**1,951**

19. 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) Loans, deposits and similar granted

		in EUR ‘000
	31 December 2025	**31 December 2024**
Loans to legal entities	2,529	1,417
Short-term loans to natural persons	6	16
	2,535	**1,433**

19. CURRENT FINANCIAL ASSETS (CONTINUED)

Movements of given loans and deposits in 2025

in EUR '000

	1 January 2025	Increase in loans given	Collection of given loans/deposits	Transfer from non-current to current loans and vice versa	31 December 2025
Given long-term loans					
Given loans to natural persons	7	6	-	(4)	9
Total long-term loans	**7**	**6**	**-**	**(4)**	**9**
Short-term loans					
Given loans to natural persons	17	2	(16)	4	7
Given loans to related parties	1,106	1,130	(946)	-	1,290
Given loans to companies	1,417	3,813	(2,700)	-	2,529
Total short-term loans	**2,540**	**4,945**	**(3,662)**	**4**	**3,826**
TOTAL	**2,547**	**4,951**	**(3,662)**	**-**	**3,834**

Movements of given loans and deposits in 2024

	1 January 2024	Increase in loans given	Collection of given loans/deposits	Transfer from non-current to current loans and vice versa	31 December 2024
Given long-term loans					
Given loans to natural persons	21	-	-	(14)	7
Total long-term loans	**21**	**-**	**-**	**(14)**	**7**
Short-term loans					
Given loans to natural persons	16	3	(17)	14	17
Given loans to related parties	1,096	1,660	(1,650)	-	1,106
Given loans to companies	1,117	300	-	-	1,417
Total short-term loans	**2,229**	**1,963**	**(1,667)**	**14**	**2,540**
TOTAL	**2,250**	**1,963**	**(1,667)**	**-**	**2,547**

20. CASH AND CASH EQUIVALENTS

in EUR ‘000

	31 December 2025	31 December 2024
Bank accounts	151	276
	151	**276**

21. PREPAID EXPENSES AND ACCRUED INCOME

in EUR ‘000

	31 December 2025	31 December 2024
Prepaid expenses	162	66
	162	**66**

Movements in prepaid expenses during the year were as follows:

in EUR ‘000

	2025	2024
Balance as of 1 January	**66**	**83**
Increase in prepaid expenses	421	1,147
Decrease in prepaid expenses	(325)	(1,164)
Balance as of 31 December	**162**	**66**

22. CAPITAL AND RESERVES

Equity represents the Company's own permanent sources of funding for its operations. It consists of the share capital, legal reserves, revaluation reserves, retained earnings and the result for the year.

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 Assembly, the share capital of the Company was increased from EUR 664 thousand to EUR 1,593 thousand by transferring retained earnings in 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 Assembly dated 2 September 2014, the share capital was increased by an additional contribution of EUR 931,240.30 from EUR 1,593 thousand to EUR 2,523,914.00. Based on a public invitation to subscribe to the new shares, the share capital was increased by cash contributions made in connection with the issue of 701,643 new non-materialised shares, each with a nominal amount of EUR 1.33 and a single final issue price of EUR 17.79. The Company made a public invitation to subscribe for a minimum of 671,642 up to a maximum of 789,157 new shares. The share subscription took place from 25 to 27 November 2014.

As of 31 December 2017, the Company's 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 also a capital gain amounting to EUR 11,547 thousand, which in the period from 1 January 2014 to 31 December 2015 had been decreased by recapitalisation costs incurred in that period of total value of EUR 374 thousand.

22. CAPITAL AND RESERVES (CONTINUED)

The ownership structure of the share capital on 31 December 2025 is presented below, with the largest 10 shareholders holding 93,40% of the shares at that date:

	31 December 2025	
	Number of shares in thousands	% of ownership
Filipović Hrvoje	1.105	58.11%
Interkapital vrijednosni papiri d.o.o./HOK osiguranje	379	19.90%
CIM Banque SA	105	5.52%
OTP Banka d.d./ Erste plavi OMF	84	4.44%
Auctus j.d.o.o.	38	2.00%
Agram banka d.d.	21	1.10%
Pavlović Davorin	20	1.07%
OTP banka	19	0.97%
Digitalni tahograf d.o.o.	5	0.26%
Other	126	6.60%
	1,902	**100.00%**

	31 December 2024	
	Number of shares in thousands	% of ownership
Filipović Hrvoje	1,105	58.11%
Interkapital vrijednosni papiri d.o.o.	379	19.90%
OTP banka d.d.	149	7.83%
C.I.M Banque	105	5.52%
Auctus j.d.o.o.	38	2.00%
Agram banka d.d.	21	1.11%
OTP banka d.d./1MO	14	0.74%
OTP banka d.d./ SZAIF d.d.	-	-
Katranček Marko	4	0.19%
Mitrović Davor	4	0.19%
Lončarić Davor	3	0.17%
Other	80	4.24%
	1,902	**100.00%**

23. LIABILITIES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

		in EUR '000
	31 December 2025	**31 December 2024**
Non-current liabilities		
Bank loans	15,100	16,354
	15,100	**16,354**
Current liabilities		
Bank loans	1,261	1,261
	1,261	**1,261**
	16,361	**17,615**

A brief overview of loan conditions

EUR 1.6 million of long-term liabilities under bank loans relate to loans obtained before the opening of pre-bankruptcy proceedings. The repayment dynamics are shown below in Note (23) through an overview of the maturity of liabilities.

The value of long-term assets encumbered by mortgages for bank loans as of 31 December 2025 amounts to EUR 21,423 thousand.

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

Movement in liabilities to banks and other financial institutions for 2025

	Opening balance 1 January 2025	Increase in loan liabilities	Payment of loan principal	Transfer from non-current to current and vice versa	Closing balance 31 December 2025
Long-term loans					
Long-term bank loans	16,354	-	-	(1,254)	15,100
Short-term loans					
Short-term bank loans	1,261	4,999	(6,253)	1,254	1,261
TOTAL	**17,615**	**4,999**	**(6,253)**	**-**	**16,361**

Movement in liabilities to banks and other financial institutions for 2024

	Opening balance 1 January 2024	Increase in loan liabilities	Payment of loan principal	Transfer from non-current to current and vice versa	Closing balance 31 December 2024
Long-term loans					
Long-term bank loans	6,133	11,475	-	(1,254)	16,354
Short-term loans					
Short-term bank loans	1,254	3,906	(5,153)	1,254	1,261
TOTAL	**7,387**	**15,381**	**(5,153)**	**-**	**17,615**

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

The maturity of bank loans is shown as follows:

in EUR ‘000

	31 December 2025 - balance	2026	2027	2028	2029	2030 - onwards
Liabilities to banks	16,361	1,261	1,874	2,197	1,800	9,229
	16,361	**1,261**	**1,874**	**2,197**	**1,800**	**9,229**

24. LOAN LIABILITIES

	Opening balance 1 January 2025.	Increase in loan liabilities	Repayment of loan principle	Transfer from current to non-current and vice versa	Closing balance 31 December 2025
Long-term liabilities					
Long-term liabilities for loans of natural persons	531	-	-	(265)	265
Total long - term loans	**531**	**-**	**-**	**(265)**	**265**
Short-term liabilities					
Short-term liabilities for corporate loans	4,469	-	-	-	4,469
Short-term liabilities for loans of natural persons	-	-	-	265	265
Total short - term loans	**4,469**		**-**	**265**	**4,734**
TOTAL	**5,000**		**-**	**-**	**5,000**

The value of fixed assets encumbered by mortgages for loans from non-financial entities as of 31 December 2025 amounted to EUR 1,308 thousand (31 December 2024: EUR 1,356 thousand).
Long-term liability for loans from individuals matures by the end of 2027.

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

24. LOAN LIABILITIES (CONTINUED)

	Opening balance 1 January 2024	Increase in loan liabilities	Repayment of loan principle	Transfer from current to non-current and vice versa	Closing balance 31 December 2024
Long-term liabilities					
Long-term liabilities for loans of natural persons	265	-	-	265	531
Total long - term loans	**265**	**-**	**-**	**265**	**531**
Short-term liabilities					
Short-term liabilities for corporate loans	1,394	4,376	(1,301)	-	4,469
Short-term liabilities for loans of natural persons	1,015	-	(750)	(265)	-
Total short - term loans	**2,409**	**4,376**	**(2,051)**	**(265)**	**4,469**
TOTAL	**2,674**	**4,376**	**(2,051)**	**-**	**5,000**

The value of fixed assets encumbered by mortgages for loans from non-financial entities as of 31 December 2025 amounted to EUR 1,356 thousand (31 December 2024: EUR 1,286 thousand).
Long-term liability for loans from individuals matures by the end of 2027.

25. LIABILITIES UNDER SECURITIES

in EUR '000

	31 December 2025	31 December 2024
Long-term liabilities under securities	166	333
Short-term liabilities under securities	166	166
	332	**499**

Liabilities for securities relate to liabilities for bills of exchange to CIM Banka companies EUR 332 thousand (31 December 2024: EUR 499 thousand).

Movement of liabilities from securities in 2025:

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

25. LIABILITIES UNDER SECURITIES (continued)

Movement of liabilities from securities in 2024:

	Opening balance 1 January 2024	Increase in liabilities from securities	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:

in EUR '000

	Balance 31 December 2025	2026	2027	2028	2029	2030 - onwards
Long-term liabilities under securities	333	166	166	-	-	-
	333	**166**	**166**	**-**	**-**	**-**

26. SHORT-TERM LIABILITIES

(a) Liabilities for received advances

	31 December 2025	31 December 2024
Liabilities for received advances	469	1,002
	469	**1,002**

Advances received on 31 December 2025 refer to advances related to field crops.

(b) Liabilities to suppliers

in EUR '000

	31 December 2025	31 December 2024
Suppliers in the country	12,372	15,481
Suppliers abroad	406	792
	12,778	**16,273**

Ageing structure of trade payables on 31 December 2025:

in EUR '000

	31 December 2025	31 December 2024
Not yet due	8,050	11,401
0 - 90 days	3,643	4,542
91 - 180 days	963	237
181 - 360 days	97	70
> 360 days	25	23
	12,778	**16,273**

(c) Liabilities for taxes, contributions and similar benefits

in EUR '000

	31 December 2025	31 December 2024
Taxes and contributions from and on salaries	175	146
VAT liabilities	-	-
Other liabilities for taxes and contributions	33	44
	208	**190**

26. SHORT-TERM LIABILITIES (CONTINUED)

(d) Accrued expenses and deferred income

	31 December 2025	31 December 2024
Accrued expenses	52	-
Deferred income	1,065	681
	1,117	**681**

Deferred income refers to grants in 2024 related to the construction of solar photo panels.

(e) Other short-term liabilities

in EUR ‘000

	31 December 2025	31 December 2024
Liabilities to employees	324	276
Liabilities for interests to financial institutions	680	487
	1,004	**763**

27. CONTINGENT LIABILITIES

As of 31 December 2025, the Company has liabilities under lease agreements totalling EUR 148 thousand that do not meet the recognition criteria under IFRS 16 and have not yet been realised or reported in the statement of financial position.

The contracted lease payment for the premises is presented as follows:

in EUR ‘000

	31 December 2025	2026	2027	2028	2029	From 2030
Leases	148	148	-	-	-	-
	148	**148**	**-**	**-**	**-**	**-**

28. RELATED PARTY TRANSACTIONS

in EUR '000

	Assets		Liabilities	
31 December 2025	**Trade and other receivables**	**Loans and deposits granted**	**Loans received**	**Trade and other payables**
Zdenačka farma d.o.o., Veliki Zdenci	345	296	-	12
Zdenka- mliječni proizvodi d.o.o., Veliki Zdenci	-	-	-	23
Stan arka d.o.o., Zagreb	-	31	-	-
Pet na treću d.o.o.	479	60	-	100
SP ONE d.o.o.	4	138	-	-
Key management	175	765	-	-
	1,003	**1,290**	**-**	**135**

in EUR '000

	Assets		Liabilities	
31 December 2024	**Trade and other receivables**	**Loans and deposits granted**	**Loans received**	**Trade and other payables**
Zdenačka farma d.o.o., Veliki Zdenci	530	113	-	-
Zdenka- mliječni proizvodi d.o.o., Veliki Zdenci	-	-	-	21
Stan arka d.o.o., Zagreb	-	31	-	-
Pet na treću d.o.o.	490	60	-	107
SP ONE d.o.o.	-	138	-	-
Key management	159	765	-	-
	1,179	**1,107**	**-**	**128**

Income and expenses for the years 2025 and 2024, resulting from transactions with related parties, are as follows:

in EUR '000

	2025		2024	
	Income	**Expenses**	**Income**	**Expenses**
Zdenačka farma d.o.o., Veliki Zdenci	1,283	154	859	126
Zdenka- mliječni proizvodi d.o.o., Veliki Zdenci	1,006	9	6	18
SP ONE d.o.o.	4	-	-	-
Pet na treću d.o.o.	3	667	2	412
Key management	16	-	16	-
	2,312	**830**	**883**	**556**

The Company's key management comprises members of the Management Board and the Supervisory Board of Granolio d.d.

Remuneration paid to key management during 2025 amounted to EUR 502 thousand (in 2024: EUR 349thousand).

In 2025, EUR 34 thousand in remuneration was paid to the members of the Supervisory Board (in 2024: EUR 24 thousand).

29. EARNING PER SHARE

		in EUR '000
	31 December 2025	**31 December 2024**
Profit	1,127	2,820
Profit attributable to the shareholders	1,127	2,820
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)	**0.59**	**1.48**

30. RISK MANAGEMENT

30.1. Financial risks

Equity risk management

Net debt-to-equity (Gearing ratio)

The Company 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)	16,693	18,113
Lease liabilities (non-current and current)	49	76
Loan liabilities (non-current and current)	5,000	5,000
Cash and cash equivalents	(151)	(276)
Net debt	**21,591**	**22,913**
Equity	24,829	24,025
Debt-to-equity ratio	**0.87**	**0.95**

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

The Company'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, and profit for the year.

30. RISK MANAGEMENT (CONTINUED)

30.1. Financial risks (continued)

Categories of financial instruments

		in EUR '000
	31 December 2025	**31 December 2024**
Financial assets		
Cash	151	276
Loans and receivables	17,317	15,835
Financial liabilities at amortised cost		
Liabilities under loans and securities	16,693	18,113
Trade payables	12,913	16,381
Loan liabilities	5,000	5,000
Lease liabilities	49	76
Other liabilities	1,473	1,765

Financial risk management objectives

The Company is partially financed through loans. As a result, the Company is subject to interest rate fluctuations. The Company is also exposed to credit risk arising from sales made on deferred payment terms.

The Company seeks to mitigate these risks to the lowest possible level.

Price risk management

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

30.1. Financial risks (continued)

Credit risk

The Company is exposed to the risk of default of a portion of its trade receivables. The Company transacts generally with retail chains with which it has a long history of cooperation. As a result, the Company's presentation mainly reflects potential issues in the retail industry. The Company seeks to minimise its credit risk exposure by monitoring the financial positions of its customers, 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 Company 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 Company protects itself from such situations by obtaining additional collateral, such as personal guarantees of the agricultural farm owners, their family members, establishing a pledge on the agricultural equipment and facilities, fiduciary title to harvested crops or grains on stock, co-ownership of the crops, and similar. 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 Company 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.

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 Company is exposed to the risk of rising interest rates. At the reporting date, the Company did not use any financial instruments to hedge its position from unfavourable interest rate movements.

As the Company borrows both at fixed and variable rates, it is exposed to interest rate risk. A vast majority of the loans bear interest at variable rates.

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 interest rates were to change by 0.5 per cent, and all other variables remained constant, the Company's interest expense would change by EUR 0 on 31 December 2025 (2024: EUR 0).

30. RISK MANAGEMENT (CONTINUED)

30.1. Financial risks (continued)

Liquidity risk

There is a risk that the Company will not be able to fulfil all its obligations in accordance with their maturity dates, which may be caused by inadequate collection of receivables from customers, an unfavourable time structure of debt maturities, or the inability to secure credit financing from financial institutions. To reduce liquidity risk, the Company continuously implements measures to actively collect receivables from customers and monitor their liquidity status, optimises its debt maturity structure, and secures free lines of credit with credit institutions so that it can continue servicing its obligations even in unforeseen situations.

However, the Company cannot provide any guarantees that liquidity risk management will be effective, and that any liquidity risk will not significantly affect the Company's operations and financial condition

The following tables detail the remaining contractual maturities of the Company'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 Company 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 defined as the earliest date on which the Company can be required to make the 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		4,651	6,078	3,976	1,319	130	16,154
Interest bearing		120	240	1,079	12,479	7,824	21,742
		4,771	**6,318**	**5,055**	**13,798**	**7,954**	**37,896**
31 December 2024							
Non-interest-bearing		5,409	4,279	8,477	-	-	18,165
Interest bearing		125	252	5,529	8,036	9,299	23,241
		5,534	**4,531**	**14,006**	**8,036**	**9,299**	**41,406**

30. RISK MANAGEMENT (CONTINUED)

30.1. Financial risks (continued)

Liquidity risk (continued)

The following table details the Company'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 to understand the Company's liquidity risk management, as the liquidity is managed on a net asset and liability basis.

	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		4,408	5,775	4,464	177	-	14,824
Interest bearing		200	97	1,418	238	1,901	3,854
		4,608	**5,872**	**5,882**	**415**	**1,901**	**18,678**
31 December 2024							
Non-interest-bearing		3,882	981	7,738	489	-	13,090
Interest bearing		147	132	546	1,914	5	2,745
		4,029	**1,113**	**8,284**	**2,403**	**5**	**15,835**

30. RISK MANAGEMENT (CONTINUED)

30.1. Financial risks (continued)

Fair value measurement

Fair value is the amount for which an asset could be exchanged or a liability settled between informed and willing parties under normal market conditions. The Management's position is that the fair value of cash and cash equivalents, placements with banks and other receivables, does not differ significantly from their carrying value due to the short-term nature of these financial instruments.

Most interest-bearing loans have a variable interest rate equal to the market rate, so there is not a significant difference between their carrying and fair values.

The Company measures fair value using a division that reflects the importance of the inputs used in making the measurement:
Level 1: quoted prices in active markets for assets and liabilities;
Level 2: application of valuation techniques, comparison of the fair value of another instrument that is substantially the same, discounted cash flows or other valuation techniques;
Level 3: application of valuation techniques where data affecting the determined fair value of financial instruments are not based on observable market data.

30. RISK MANAGEMENT (CONTINUED)

30.2. Industry risks

One of the food industry's risks is 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 their current products.

Flour production

Flour production could be adversely affected by extraordinary events such as fire, explosions, failures 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 Company 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 Company may incur costs not covered by insurance.

30.3. Regular operational risks

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).

Input commodity and product delivery risks

Wheat, as a key input to flour production, has a significant influence on flour production 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 Company 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 the Company has established a sales division that is active on international commodity markets and 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 import commodity purchases from the territory of the European Union.

The product delivery risk arises from a potential discontinuation of production due to a fault in the milling plant or the cancellation of the existing contract with the flour transporter.

The Company seeks to mitigate the risk of production downtime by hiring staff residing in the vicinity of the mill plants who possess the skills to eliminate faults within a reasonable time. As milling operations expand, higher finished product orders are expected, and warehousing capacity is being expanded to accommodate the required stock for timely deliveries.

The Company seeks to mitigate the 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 to either transporter by the scope of the services used.

Competition risk

The Company sells its products and goods mainly on the domestic market. As a result of Croatia's accession to the European Union, the administrative burden to entering the markets of other Member States has become smaller, which also applies to competitors entering the Croatian market.

30. RISK MANAGEMENT (CONTINUED)

30.3. Regular operational risks (continued)

The flour market strives to increase concentration, i.e., reduce the total number of flour producers (by enlarging or shutting down small mills) to achieve economies of scale and lower per-unit production costs, thereby strengthening its competitive position in the market. To this end, in May 2014, the Company acquired the milling businesses of Belje d.d. Darda and PIK Vinkovci d.d. from the Agrokor concern. With Croatia's accession to the European Union, the Company is no longer faced only with domestic competition, which is why the need to strengthen competitiveness is even more pronounced.

Key supplier and key customer concentration risk

The Company's major suppliers are those providing the raw materials and seeds for sowing. The Company seeks to work with as many suppliers as possible to mitigate the risk of disruption from the loss of a key supplier. Despite this, the Company cannot provide any assurance that a potential termination of cooperation with a key supplier will not have a significant impact on the Company's performance and financial position.

The risk of a change in ownership

The majority shareholder of the Company is Mr Hrvoje Filipović, who holds a 58.11% ownership interest. As the majority shareholder, Mr Filipović has controlling influence over the Company's shareholders through the rights and powers pertaining to him as a shareholder. 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 Company's performance and financial condition.

Working capital risk

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

Input commodity price risk

The operating results are largely influenced by the price of wheat, the Company'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 Company's ability to satisfy domestic wheat demand, movements in domestic wheat prices are affected by fluctuations in global wheat prices on commodity exchanges. The Company's past performance is conclusive that past wheat purchase price fluctuations positively correlated with historic flour price fluctuations. However, a certain period is required for the flour price to align with wheat price fluctuations, resulting in a short time frame during which the Company's margin is negatively impacted when wheat prices increase. Regardless of past indications of a correlation between flour and wheat prices, the Company cannot warrant that a potential future increase in wheat prices will be fully offset by higher flour prices, or that the historic margin levels will be preserved.

The Company 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.

30. RISK MANAGEMENT (CONTINUED)

30.3. Regular operational risks (continued)

Dependence on the management and key personnel

The Company relies heavily on its staff as a key competitive advantage. This means the Company should make significant efforts to retain top talent at all levels to preserve its leading market position. The Company 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 Company's operations.

IT risks

The Company relies on a number of IT systems to support the efficient management of distribution capacities, communication with its customers and suppliers, human resource management, performance evaluation, and the collection of information for management decision-making. The Company'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 Company's operations and financial position.

Antitrust and competition law non-compliance risk

It is part of the Company's overall strategy to become the leading flour producer on the Croatian market and a flour supplier in the region, which may render the Company non-compliant with 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 Company 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 affect the Company's financial position and performance.

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

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

Litigation risk

As any business entity, the Company 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 Company's debtors or suppliers. The risk of future customer claims arising from losses or injuries caused by product consumption cannot be excluded. The Company 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.

30. RISK MANAGEMENT (CONTINUED)

30.3. Regular operational risks (continued)

The risk of obligations or losses not covered by insurance

The level of insurance coverage is common for the industry in which the Company operates. The Company's insurance policies primarily cover occupational injuries, machinery faults, property damage, and crop insurance. Still, not all contingent liabilities and losses can be covered by insurance, and the Company 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 Company's operations and financial condition.

30.4. General risks

Business environment risk

The business environment risk includes political, legal and macroeconomic risks prevailing in the business environment of the Company, which is primarily the Croatian market on which the Company generates almost 87% of its total revenue (data for 2020), followed by the markets of Serbia, Italy, Bosnia and Herzegovina, Slovenia, Hungary and Romania.

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 Company cannot warrant that Croatia will fully implement the intended reforms or that the political environment will favour their implementation. In addition, the Company 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 Company may find itself unable to exercise or protect some of its rights.

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

The Company is also influenced by international trends, as wheat, its 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 Company 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.

30. RISK MANAGEMENT (CONTINUED)

30.4. General risks (continued)

Risk of changes in the legal framework

As a food producer, the Company 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 Company 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 gaining greater importance. The Company seeks to keep pace with and anticipate such changes, as non-compliance could result in various sanctions. The Company 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 Company 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 Company 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 Company. Additional regulations or interpretations of existing regulations may be introduced in the future, potentially affecting the Company's business and products. The Company cannot provide any warranty that the costs of complying with any such future initiatives will not have a significant impact on the Company's performance and financial condition.

31. CONTINGENT LIABILITIES

	Approved amount	Balance in EUR on 31 December 2025	Maturity
Zdenka- mliječni proizvodi d.o.o loan 4	4,617,681 €	2,380,665 €	30.9.2032
Total			

Legal disputes

There are no significant legal actions outstanding against the Company. The Management Board of the Company is confident of a successful defence as well as of no losses suffered by the Company. Hence, no provision for legal disputes has been recognised.

32. EVENTS AFTER THE BALANCE SHEET DATE

The Company continues to repay its obligations under the pre-bankruptcy settlement and through regular operations.

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

33. APPROVAL OF FINANCIAL STATEMENTS

These 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

Davor Mitrović dipl.oec.
Member of the Management Board

Vladimir Kalčić dipl.oec.
Member of the Management Board