



ČAKOVEČKI MLINOVI

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ČAKOVEČKI MLINOVI D.D.

CONSOLIDATED
ANNUAL REPORT
FOR 2025 YEAR



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ČAKOVEČKI MLINOVI D.D.

**CONSOLIDATED
MANAGEMENT REPORT
FOR THE 2025 YEAR**

1. CORE ACTIVITY AND GENERAL INFORMATION

IN BRIEF ABOUT THE ČAKOVEČKI MLINOVI GROUP

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

Čakovečki mlinovi d.d. has five subsidiary companies: Trgovina Krk d.d. Malinska, Trgocentar d.d. Virovitica, Radnik Opatija d.d. Lovran, Zagrebačke pekarnice Klara d.d., Zagreb, and NewMiP d.o.o., Sisak (hereinafter collectively: the “Čakovečki mlinovi Group” or the “Group”) and one associate: Narodni trgovački lanac d.o.o. Soblinec. Čakovečki mlinovi d.d., in addition to these consolidated Group reports, also prepares separate non-consolidated financial statements of the Company.

In the year 2025, the Čakovečki mlinovi Group achieved 407.4 million euros of consolidated total revenue on the basis of consolidated total assets in the amount of 227.1 million euros, and on the basis of hours worked it employed an average of 4,470 employees. Pursuant to the Accounting Act (Official Gazette 85/24, 145/24, 151/25) the Čakovečki mlinovi Group is classified as a large group of undertakings.

The shares of Čakovečki mlinovi d.d. are listed on the Official Market of the Zagreb Stock Exchange under the ticker CKML. As at 31 December 2025, the Company issued and listed 16,020,000 registered dematerialised ordinary shares in the name of the holder without nominal value. On 15 January 2025 the General Meeting adopted a Decision on the increase of the share capital by contributions in rights through the issue of ordinary shares. On the basis of the said decision, the share capital of the Issuer was increased from an amount of 13,657,177.00 euros (thirteen million six hundred and fifty-seven thousand one hundred and seventy-seven euros), by an amount of 7,605,016.93 euros (seven million six hundred and five thousand sixteen euros and ninety-three cents), to an amount of 21,262,193.93 euros (twenty-one million two hundred and sixty-two thousand one hundred and ninety-three euros and ninety-three cents), by issuing a total of 5,730,000 (five million seven hundred and thirty thousand) new registered dematerialised ordinary shares of the Company in the name of the holder without nominal amount (the “Shares”).

In the year 2025 the Company paid a dividend, in a total amount of 13,052,100.00 euros: The first dividend was paid in accordance with the decision of the General Meeting of the Company held on 15 January 2025, by which it was approved that a dividend be paid in the amount of 0.49 euros per share. The dividend was paid to the shareholders of the Company from retained earnings generated in 2018, 2019 and 2020, in total amount of 5,042,100.00 euros. Payment of the dividend was made on 30 January 2025.

The second dividend was paid in accordance with the decision of the General Meeting of the Company held on 18 August 2025, by which the payment of a dividend in the amount of 0.50 euros per share was approved. The dividend was paid to the shareholders of the Company out of a portion of the net profit generated in 2024, in the total amount of 8,010,000.00 euros. The payment of the dividend was made on 18 September 2025.

HISTORICAL DEVELOPMENT

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

- 1893. Incorporation of Čakovečki mlinovi d.d. in Čakovec;
Construction of the Čakovec mill
- 1946. Nationalization of Čakovečki mlinovi d.d.
- 1961. Construction of a bakery plant in Čakovec

- 1973. Acquisition of the Konjščina bakery
- 1975. Acquisition of the Oroslavje bakery
- 1985. Construction of an industrial bakery in Čakovec
- 1992. Transformation of the socially-owned enterprise Čakovečki mlinovi into a joint-stock company;
Privatization
- 1994. Acquisition of Radnik Opatija d.d., Lovran
- 1996. Acquisition of Primorac d.o.o., Rijeka;
Reconstruction and increase of the production capacity of the Čakovec mill to 200 tons/day
- 1999. Acquisition of Trgovina Krk d.d., Malinska
- 2001. Introduction of the frozen program at the Čakovec bakery
- 2003. Acquisition of Trgočentar d.d., Čakovec;
Incorporation of METSS d.o.o., Čakovec;
Listing of CKML shares on the Zagreb Stock Exchange
- 2007. Acquisition of Vražap d.d., Zadar;
Acquisition of Pogača Babin Kuk d.o.o., Dubrovnik
- 2010. Acquisition of Trgostil d.d., Donja Stubica
- 2011. Acquisition of Trgočentar d.d., Virovitica
- 2017. Acquisition of Kvarner Punat trgovine d.o.o., Punat;
Reconstruction and increase of the production capacity of the Čakovec mill to 300 tons/day
- 2021. Merger of METSS d.o.o. into Trgovina Krk d.d.;
Demerger of Radnik Opatija d.d. and merger of the trading segment into Trgovina Krk d.d.;
Stock split of CKML shares
- 2022. Merger of Trgostil d.d. into Trgovina Krk d.d.
- 2025. The composition of the Group was expanded through the inclusion of new companies: Zagrebačke pekarnice Klara d.d., Zagreb, Prehrana trgovina d.d., Zagreb and NewMip d.o.o., Sisak
Purchase and sale of shares of Zagrebačke pekarnice Klara d.d. and increase of the ownership stake
The Company acquires the milling business unit from NewMip d.o.o.
Zagrebačke pekarnice Klara d.d. acquires the bakery business unit from NewMip d.o.o.
Merger of Prehrana trgovina d.d. into Trgovina Krk d.d.

BUSINESS SEGMENTS AND OPERATING ACTIVITIES

The Čakovečki mlinovi Group is organized into two strategic business segments:

- trade, which comprises the retail and wholesale of food and non-food products, and
- food, which comprises the production of milling and bakery products and oils.

Čakovečki mlinovi d.d. manage the segments at the strategic level and act as the Group's corporate center. The Trade business segment is operated by Trgovina Krk d.d. In the Food business segment, operations are carried out and managed by Čakovečki mlinovi d.d., Zagrebačke Pekarne Klara d.d., NewMip d.o.o. and Radnik Opatija d.d.

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

Trade

KEY OPERATING INDICATORS	31/12/2025.	31/12/2024
Number of retail stores	815	421
Area of retail stores (in m2 net)	79,719	54,867
Average store area (in m2 net)	98	130
Share of owned retail store area	74	67
Area of distribution warehouses (in m2 gross)	11,267	11,343
Average number of employees	2,088	1,831

Retail is the largest segment of the Čakovečki mlinovi Group, which in 2025 generated 77.9% of the Group's sales revenue before eliminations.

The Retail segment is organized into two business areas:

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

Retail accounts for 79.6% of the Trade segment's sales revenue.

As at 31 December 2025, Retail managed 815 retail stores located in north-western Croatia, in Kvarner and on the island of Krk. The total net sales area amounted to 79,719 m², of which around 74.5% is owned by the Group. The key elements of the Retail segment's offer are the proximity of the stores and the local assortment, which is why the Group's retail stores are mostly located in smaller settlements or residential districts and have an average net sales area of up to 98 m². This store format is defined in Croatia as a market or self-service store, and internationally it is better known as the *proximity* format due to its characteristic closeness (Eng. proximity) to customers.

Trgovina Krk d.d. holds a 25% equity interest in the company Narodni trgovački lanac d.o.o. (hereinafter: "NTL"), the largest purchasing association for food products in Croatia, through which it carries out around 75% of its goods procurement. Apart from providing commercial services to its members, developing the NTL brand and purchasing and distributing fruit and vegetables, NTL manages its own retail network of 339 stores and 9 wholesale logistics and distribution centres. In 2025 NTL generated 254.5 million euros of total revenue (2024.: 238.2 million euros) and 3.3 million euros of net profit (2024.: 0.9 million euros). Trgovina Krk d.d. also holds a 10% equity interest in the company Grandal grupa d.o.o., the largest purchasing association for construction material in Croatia.

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Food

KEY OPERATING INDICATORS	31/12/2025	31/12/2024
Annual processing capacity of mills (in tonnes)	105,000	80,000
Processing of cereals (in tonnes)	73,245	51,738
Average utilisation of mill capacity	70%	65%
Storage capacity for cereals (in tonnes)	49,800	22,000
Storage capacity for flour (in tonnes)	3,750	2,000
Annual production capacity of bakeries (in tonnes)	33,700	12,599
Production of bakery products (in tonnes)	32,402	7,685
Average utilisation of bakery capacity	96.1%	61.0%
Production of oil (in tonnes)	89	33
Average number of employees	2,382	281

The Food segment covers food production and is organized into two business areas:

- milling – production predominantly of flour and other mill products and, to a lesser extent, groats and animal feed flour;
- bakery – production predominantly of bread, rolls and cakes and, to a lesser extent, dough

At the end of 2025, the Food segment operated three milling plants (Čakovec, Donji Kraljevec and Sisak) with a total production capacity of 105,000 tonnes per year, seven bakery plants (Čakovec, Oroslavje, Lovran, Malinska, Zagreb, Sisak and Našice) with a total production capacity of 33,700 tonnes per year.

CORPORATE BODIES AND CORPORATE GOVERNANCE

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

The General Assembly of the Company, on the basis of the Articles of Association of the Company dated 15 January 2025, elects four members of the Supervisory Board. In accordance with the provision of Article 23 paragraph 1 of the Articles of Association of the Company, one member of the Supervisory Board is appointed and revoked by (i) Allianz ZB d.d and (ii) *PBZ CROATIA OSIGURANJE d.d. za upravljanje obveznim mirovinskim fondovima*. One member of the Supervisory Board is appointed and revoked by the employees of the Company in the manner prescribed by law. Members of the Supervisory Board are elected for a term of four years. The Supervisory Board appoints the members of the Management Board of the Company for a term of up to five years.

During 2025, the composition of the Management Board of the Company, the Supervisory Board and the subcommittees of the Supervisory Board was subject to multiple changes. The Company, in accordance with the prescribed obligations, without delay, publicly informed the relevant stakeholders of all these changes (details available on the Company's website: <https://cak-mlinovi.hr/obavijesti/>). <https://cak-mlinovi.hr/obavijesti/>

Composition of the Management Board of the Company as at 31 December 2025:

- Mario Sedlaček, President of the Management Board,
- Franjo Plodinec, member of the Management Board and
- Krešimir Kvaternik, member of the Management Board.

All members of the Management Board are authorized to represent the Company jointly with one other member of the Management Board.

Composition of the Supervisory Board of the Company as at 31 December 2025:

- Damir Metelko, Chairman of the Supervisory Board,
- Vesna Butorac, Deputy Chairwoman of the Supervisory Board
- Dragica Plodinec, member of the Supervisory Board
- Josip Plodinec, member of the Supervisory Board,
- Ema Marušić, member of the Supervisory Board,
- Prof. Dr. Sc. Mislav Ante Omazić, member of the Supervisory Board and
- Vanja Kutnjak, member of the Supervisory Board, employees' representative.

During 2025, the Supervisory Board held a total of sixteen meetings. The Management Board and the Supervisory Board of the Company act at meetings, electronically or by correspondence, in accordance with the provisions of the applicable regulations and the Company's acts.

More details on corporate governance in the Company in 2025 are available below and in the Consolidated Statement on the Application of the Corporate Governance Code.

Changes in the composition of the Management Board during 2025

- By decision of the Supervisory Board of the Company dated 10 April 2025, the number of members of the Management Board was increased to four and, as a member of the Management Board, in addition to Mario Sedlaček, Krešimir Kvaternik and Marijan Sršen, also Franjo Plodinec was appointed.
- By decision of the Supervisory Board of the Company dated 1 October 2025, the mandate of Marijan Sršen as a member of the Management Board was not extended and it was decided that he would not be reappointed to the said function.
- By decision of the Supervisory Board dated 1 October 2025, until the appointment of a new member of the Management Board – Chief Financial Officer, the powers and duties of the member of the Management Board – Chief Financial Officer were temporarily, for a period of three months (from 2 October 2025 to 3 January 2026), taken over by a member of the Management Board, Krešimir Kvaternik.

- By decision of the Supervisory Board of the Company dated 22 December 2025, the mandate of Management Board member Krešimir Kvaternik was extended for a further six months (from 4 January 2026 to 4 July 2026) in the position of member of the Management Board – Chief Financial Officer

Changes in the composition of the Supervisory Board during 2025

- on 18 February 2025, Franjo Plodinec, Josip Plodinec Jr., and Igor Komorski, members of the Supervisory Board, also members of the Audit Committee and of other subcommittees, submitted their resignations from their duties, with effect from 9 April 2025. On 7 April 2025, Damir Metelko, member of the Supervisory Board of the Company, as well as a member of the Audit Committee and other subcommittees, resigned from his duties, with effect from 9 April 2025. On 8 April 2025, prof. dr. sc. Mislav Ante Omazić, member of the Supervisory Board, as well as a member of the Audit Committee and other subcommittees, resigned from his duties, with effect from 9 April 2025;
- by resolution of the General Meeting of 9 April 2025, the following were elected members of the Supervisory Board Dragica Plodinec, Josip Plodinec Sr., Ms Ema Marušić and Ms Vesna Butorac;
- in accordance with the provision of Article 23 paragraph 1 of the Articles of Association of the Company, the shareholders of the companies PBZ CROATIA OSIGURANJE d.d. and Allianz ZB d.d. on 10 April 2025 appointed prof. dr. sc. Mislav Ante Omazić and Damir Metelko as members of the Supervisory Board of the Company.

General Meetings in 2025.

In 2025, three General Meetings of the Company were held. At the General Meeting, which was held on 15 January 2025. the following key resolutions were adopted: the resolution on the payment of a dividend out of retained earnings, the resolution on increasing the share capital of the company by issuing ordinary shares by contributions in rights with partial exclusion of pre-emptive rights in the subscription of new shares, the resolution on the change of the business activity, the resolution on the amendment of the Articles of Association of the Company and the resolution on the listing of new 5,730,000 shares of the company on the official market of Zagrebačke burze d.d., At the General Meeting held on 9 April 2025, the resolution was adopted on the election of the members of the Supervisory Board of the Company. At the General Meeting held on 18 August 2025, the following key resolutions were adopted: the resolution on the allocation of profit for 2024 for the year, the resolution on the payment of a dividend, the resolution on granting discharge to the members of the Management Board and the Supervisory Board for 2024, the resolution on the approval of the report on the remuneration of the members of the Management Board and the Supervisory Board for 2024 for the year, the resolution on the approval of the Agreement on the transfer of the bakery business unit, the resolution on the appointment of the auditor of the Company for 2025 and 2026 and the resolution on the remuneration of the members of the Supervisory Board.

All resolutions of the General Meeting have been published in accordance with statutory provisions and are available on the website of Čakovečkih mlinova (www.cak-mlinovi.hr) and Zagrebačke burze (www.zse.hr).www.cak-mlinovi.hrwww.zse.hr

Curricula vitae of the members of the Supervisory Board

Damir Metelko

Chairman of the Supervisory Board

He graduated from the Faculty of Law in Zagreb. He began his career in 1991 at the law firm Hanžeković & Radaković d.o.o. as a lawyer. In 2003 he became a member of the firm, i.e. a partner, and later also a member of the management. He performed this function until 2020. He continues his career at the law firm Metelko, Knežević & Partneri d.o.o. as a partner and member of the management. He is a member of the HOK, the Executive Committee of the HOK, the Management Board of the HOK and the Taxation Commission – ICC Croatia.

He has been a member of the Supervisory Board of Čakovečki mlinovi d.d. since August 2020, has held the position of Deputy Chairman of the Supervisory Board since September 2023, and became Chairman of the Supervisory Board in November 2024. Within the Supervisory Board of Čakovečkih mlinova he acts as an independent member.

Vesna Butorac

Deputy Chairwoman of the Supervisory Board

She began her career in 1982 as a trainee in planning and analysis at Metalotehna d.o.o. Sisak. She worked in this company for 11 years in various positions, as an independent planning analyst, head of planning and analysis, director of the work community and company director. From 1993 to 2002 she worked as an inspector in the Ministry of Finance, the Financial Police, and in 2002 she was employed by the company Segestica d.o.o. Sisak in the position of director of finance and accounting. Then, in 2005 she became director of finance and accounting in the company Mlin i pekare d.o.o. Sisak. From March 2007 onwards she has been director (member of the management board) of the company Mlin i pekare d.o.o. Sisak. In the period from 2021 to 2023 she held the position of member of the supervisory board in the company Zagrebačke Pekarne Klara d.d. She is Chairwoman of the Supervisory Board in the company Papuk d.o.o. Našice. She has been a member of the Supervisory Board of Čakovečkih mlinova since April 2025

Josip Plodinec Sr.

Member of the Supervisory Board

The title of wood industry engineer was obtained at the Forestry Faculty in Zagreb. He began his career in 2002 in the company Plodinec d.o.o., and in 2003 he moved to the position of adviser to the Management Board at Mlin i Pekare d.o.o. In 2009 he was appointed director of the company Prehrana i trgovina d.d. Zagreb. After that he again took over the function of adviser to the Management Board in the company Mlin i pekare d.o.o. Sisak. He is currently serving as director in the company NewMip d.o.o. Sisak.

He is Chairman of the supervisory board in Mlin i pekare d.o.o., a member of the supervisory board in the companies Zagrebačke Pekarne Klara d.d. and Prehrana trgovina d.d., and he is director (member of the management board) in the company Plodinec d.o.o. He has been a member of the Supervisory Board of Čakovečkih mlinova d.d. since April 2025.

Mislav Ante Omazić, professor, PhD

Member of the Supervisory Board

He obtained his doctorate at the Faculty of Economics in Zagreb, in the scientific field of economics, branch of organization and management. He is the author of numerous scientific and professional projects and a visiting lecturer at many educational institutions in Croatia and abroad.

He began his career in 2008 as an assistant professor for organization and management at the Faculty of Economics in Zagreb, in 2013 he became head of department and associate professor, and in parallel in 2014 he held the position of Vice-Dean for Teaching, Students and Quality Management. He acquired knowledge and experience in the field of corporate governance and the functioning of governing bodies through his work on the supervisory board of Zagrebačke burze d.d. and Hrvatske poštanske banke d.d., and as the chairman of the management board of Ekonomskog instituta u Zagrebu. Today he holds the position of full professor with tenure at the Department of Organization and Management at the Faculty of Economics in Zagreb.

He is currently the President of the Management Board of IEDC – Poslovne škole Bled, where he contributes to the development of strategic initiatives and business management at the international level.

He has been a member of the Supervisory Board of Čakovečki mlinovi d.d. since August 2024. Within the Supervisory Board of Čakovečki mlinovi d.d. he acts as an independent member.

Vanja Kutnjak

Member of the Supervisory Board

He graduated from the College of Safety, where he obtained the title Master of Engineering in Safety and Protection. He attended postgraduate studies at the Faculty of Organization and Informatics in Varaždin, major in Business Systems Management. In 1989 he began his career at Čakovečki mlinovi d.d. During his work he was trained to perform the function of occupational safety and fire protection expert. Thirty-five-year work experience at Čakovečki mlinovi d.d., has been marked by experience of working in the maintenance, laboratory and technical service departments. In 2021 he took over the function of Head of the Technical Service, within whose scope lies all investment maintenance, management of the vehicle fleet and procurement, and management of the safety department and laboratory. He has been a member of the Supervisory Board of Čakovečki mlinovi d.d. since March 2024.

Dragica Plodinec

Member of the Supervisory Board

She began her career as a shop assistant after finishing secondary school, at OPZ Turopolje. During the 1980s she and her husband were engaged in the cultivation and marketing of vegetables. In 1990 she founded the company Plodinec d.o.o., and in 1991 she and her husband started their own mill. She is a member of the supervisory board in the companies: Mlin i pekare d.o.o. and Prehrana trgovina d.d. She has been a member of the Supervisory Board of Čakovečki mlinovi since April 2025.

Emma Marušić

Member of the Supervisory Board

She graduated from the Faculty of Law in Zagreb in 2003. She began her career as a trainee lawyer with attorney Anđelko Jureška. From 2004 to 2014 she worked at Odvjetničkom društvu Divjak, Topić & Bahtijarević, first as a trainee lawyer and then as an attorney. Since 2006 she has been a permanent court interpreter for the English language. In 2014 she founded her own law office in which she still works. She has been a member of the Supervisory Board of Čakovečki mlinovi since April 2025

Subcommittees of the Supervisory Board

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

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

- Reports to the Supervisory Board on the outcome of the statutory audit and explains how the statutory audit has contributed to the integrity of financial reporting and explains the role of the Audit Committee in that process,
- monitors the financial reporting process, including the process of reporting in electronic format in accordance with the law governing the accounting of undertakings, and submits recommendations or proposals to ensure its integrity,
- with regard to financial reporting, monitors the effectiveness of the internal quality control system and the risk management system and, where applicable, the internal audit, without prejudice to its independence,
- monitors the performance of the statutory audit of the annual financial statements and the consolidated annual financial statements,
- examines and monitors the independence of the audit firm in accordance with the Audit Act and Regulation (EU) No. 537/2014, and in particular the appropriateness of providing non-audit services that are subject to its prior approval,
- is responsible for the procedure for selecting the audit firm and proposes the appointment of the audit firm.

With regard to sustainability reporting and the assurance of the sustainability report, it has the following tasks:

- reports to the Supervisory Board on the outcome of the assurance of the sustainability report and explains how the assurance of the sustainability report has contributed to the integrity of sustainability reporting and explains the role of the Audit Committee in that process,
- monitors the sustainability reporting process, including the process of reporting in electronic format in accordance with the law governing the accounting of undertakings and the process carried out to determine the information to be reported in accordance with sustainability reporting standards as laid down by implementing acts of the European Commission, and submits recommendations or proposals to ensure its integrity,
- with regard to sustainability reporting, including the process of reporting in electronic format in accordance with the law governing the accounting of undertakings, monitors the effectiveness of the internal quality control system and the risk management system and, where applicable, the internal audit, without prejudice to its independence,
- monitors the performance of the assurance of the sustainability report,
- examines and monitors the independence of the audit firm in accordance with the Audit Act,
- is responsible for the procedure for selecting the audit firm and proposes the appointment of the audit firm.

The composition of the Audit Committee as at 31 December 2025 is as follows: Vesna Butorac (Chairwoman), Mislav Ante Omazić (Deputy chairmen), Damir Metelko (member), Ema Marušić (member), Dragica Plodinec (member), Josip Plodinec Sr. (member) and Vanja Kutnjak (member).

In 2025 the Audit Committee held six meetings.

Nomination Committee – main responsibilities:

- monitoring the appointment process to the Supervisory Board and the Management Board to ensure that it is fair, transparent and non-discriminatory, that it promotes diversity, inclusion and equal opportunities and that it ensures a balanced representation of both genders
- developing role and candidate descriptions for each vacant position in accordance with the profile of the Management Board or the Supervisory Board (as necessary, in consultation with the chairman of the Management Board or the Supervisory Board) and identifying and recommending suitable candidates to the Supervisory Board
- when seeking independent candidates for the Supervisory Board, determining that the candidates are independent and on the basis of which criteria
- agreeing on the terms of appointment with potential new members of the Management Board or the Supervisory Board, including the expected time required to perform their function
- preparing a succession plan for the reappointment or replacement of members of the Supervisory Board and the Management Board, in consultation with the chairman of the Supervisory Board or the Management Board
- monitoring progress in achieving the percentage of female members of the Management Board and the Supervisory Board and senior management
- monitoring the policy of the Management Board when selecting and appointing senior management
- monitoring the implementation of internal evaluations and the employee perception survey on gender equality and equal opportunities within the company.

The composition of the Nomination Committee as at 31 December 2025 is as follows: Ema Marušić (chairwoman), Damir Metelko (deputy chairman), Vanja Kutnjak, Mislav Ante Omazić, Vesna Butorac (members).

In 2025, the Nomination Committee held two meetings.

Remuneration Committee – main responsibilities:

- to recommend to the Supervisory Board the remuneration policy for members of the Management Board at least every three years, taking into account the amount and structure of remuneration of senior management and employees as a whole, and to carry out a prior assessment of the effects of that policy on the equality of remuneration between genders for equal work and/or work of equal value
- to recommend each year to the Supervisory Board the remuneration to be received by members of the Management Board, based on an assessment of the company's results and their personal performance, after consultation with the chairman of the Management Board, taking into account the equality of remuneration between genders for equal work and/or work of equal value
- to recommend to the Supervisory Board the remuneration policy for members of the Supervisory Board, which will be submitted for approval to the General Assembly, and to carry out a prior assessment of the effects of that policy on the equality of remuneration between genders for equal work and/or work of equal value, to monitor the amount and structure of remuneration of senior management and employees as a whole, taking into account the equality of remuneration between genders for equal work and/or work of equal value, and to make recommendations to the Management Board on its policies and
- to monitor the preparation of the legally prescribed mandatory annual remuneration report for approval by the Supervisory Board

The composition of the Remuneration Committee as of 31 December 2025 is as follows: Mislav Ante Omazić (chairman), Vanja Kutnjak (deputy chairman), Damir Metelko, Ema Marušić, Vesna Butorac (members).

In 2025, the Remuneration Committee held three meetings.

In 2025, the members of the Supervisory Board and its subcommittees achieved the following attendance at meetings:

	Supervisory Board	Audit Committee	Nomination Committee	Remuneration Committee
Damir Metelko	15/16	6/6	2/2	3/3
Igor Komorski	2/3	1/1	-	-
Franjo Plodinec	3/3	1/1	-	-
Josip Plodinec Jr.	3/3	1/1	-	-
Vanja Kutnjak	16/16	6/6	2/2	3/3
Mislav Ante Omazić	16/16	6/6	2/2	3/3
Vesna Butorac	13/13	5/5	2/2	3/3
Josip Plodinec Sr.	13/13	5/5	-	-
Ema Marušić	13/13	5/5	2/2	3/3
Dragica Plodinec	13/13	5/5	-	-

Curricula vitae of Management Board members

Mario Sedlaček

President of the Management Board

He graduated from the Faculty of Economics in Osijek, majoring in financial management. In 2012 he completed postgraduate studies and obtained the title of Master of Science. He began his career with the company Papuk d.d., where he performed tasks in the sales department, and in 2004 he moved to the company Metalija-Trans d.o.o. to the position of head of retail and wholesale. He gained further professional experience in renowned companies such as Hofer KG, Mercator-H d.o.o., Spar Hrvatska d.o.o. and PP Orahovica, in positions that included management, planning, organisation and control of operations in the areas of procurement, sales and production. Since 2016 he has held the position of director in the company Papuk Našice d.o.o., which position he left in 2024, simultaneously with his appointment as President of the Management Board of Čakovečkih mlinova d.d. Since 2024 he has performed the function of president of the Management Board in the company Agro-Čepin d.o.o., which function he left in May 2025.

Franjo Plodinec

Member of the Management Board

He graduated in 2008 from the Faculty of Economics in Zagreb. He began his career in 2004 in the company Plodinec d.o.o. and then continued his work in the commercial company Zagrebačke pekarne Klara d.d., initially as Management Board adviser, then as director of the commercial sector, and since 2012 as Management Board adviser, a function he still holds today. He is Chairman of the Supervisory Board in the company Zagrebačke Pekarne Klare d.d. , Radnik Opatija d.d. and Trgovina Krk d.d. He is a member of the Supervisory Board in the company Papuk Našice d.o.o. and a director in the company Coolway d.o.o. Since May 2025 he has been a member of the Management Board of Čakovečkih mlinova d.d.

Krešimir Kvaternik

Member of the Management Board

He graduated in international economics and political science at a Californian university in Los Angeles. He completed an MBA, a master's degree in business administration at IEDC Bled School of management. He began his career in 1998 in the consulting company Ernst & Young Management Consultant and continued at Deloitte, in charge of providing consulting services to renowned Croatian and foreign companies in Croatia and the region. He continued his career at CEMEX as manager for strategic planning, acquisitions and business development, and then as CFO in the Financial Agency, subsequently also in STSI d.o.o., INA Grupa. He then continued his business career as a member of the Management Board for restructuring, sales and procurement in Petrokemija. In 2015 he founded startup Intelligent Warranty and at the same time worked at Zagrebačkom holdingu d.o.o. as financial director, and in the same year he also moved to HAC-ONC d.o.o to the position of member of the Management Board responsible for IT and toll collection. From 2016 to 2021 in the commercial company ADRIATIC WATCH 22. d.o.o. he acted in the capacity of procurator. He is director of the companies Blochktthree Europe d.o.o. and 5i Digital d.o.o. He is Deputy Chairman of the Supervisory Board in the companies Radnik Opatija d.d. and Trgovina Krk d.d. and a member of the Supervisory Board in Trgočentar d.d. and Zagrebačke pekarne Klara d.d. By decision of the Supervisory Board of October 2025, he temporarily performs the function of Chief Financial Officer in the Company.

2. SUBSIDIARIES AND ASSOCIATED COMPANIES

Below is an overview of related companies of the parent company Čakovečki mlinovi d.d. as at 31 December 2025. The Company has no registered branches.

Company name	Registered office	Principal activity	Type of relationship	Share of direct parent in capital / Voting rights 31/12/2025	Share of direct parent in capital / Voting rights 31/12/2024
Trgovina Krk d.d.	Malinska, Croatia	Retail trade	Direct	87.61%	100%
NewMip d.o.o.	Sisak, Croatia	Production, wholesale and retail trade	Direct	100%	0%
Zagrebačke Pekarne Klara d.d.	Zagreb, Croatia	Retail trade; Bakery	Direct	94.27%	0%
Trgocentar d.d.	Virovitica, Croatia	Rental of real estate	Indirect	49.55% / 52.03 %	49.55% / 52.03 %
Narodni trgovački lanac d.o.o.	Soblinec, Croatia	Wholesale and retail trade	Indirect	25%	25%
Radnik Opatija d.d.	Lovran, Croatia	Bakery	Direct	100%	100%

3. BUSINESS RESULTS IN 2025. YEAR

KEY EVENTS IN 2025. YEAR

1. Occurrence of the obligation to publish a takeover bid

On 15 January 2025 Čakovečki mlinovi d.d. announced the occurrence of the obligation to publish a takeover bid for the shares of the company Zagrebačke pekarnice Klara d.d. (ZPKL), in accordance with the Act on the Takeover of Joint-Stock Companies.

2. Increase of share capital and expansion of the Group

On 31 January 2025 the Commercial Court in Varaždin rendered, and on 1 February 2025 published, a Decision (Tt-25/276-2) by which the increase of the share capital of the company Čakovečki mlinovi d.d. from the amount of 13,657,177.00 euros by an additional 7,605,016.93 euros, to a total of 21,262,193.93 euros, was registered in the court register.

The increase in share capital was carried out by contributions in rights, in accordance with the resolutions of the General Meeting held on 15 January 2025.

In the procedure, 5,730,000 new ordinary dematerialised registered shares without nominal amount were issued, whereby the share capital of the Company was divided into a total of 16,020,000 ordinary shares.

All issued shares are of the same rank, confer the right to one vote and are kept in dematerialised form with Središnjem klirinškom depozitarnom društvu d.d. For the purpose of listing the said shares on the Official Market of Zagrebačke burze d.d., the Company prepared and on 22 October 2025 published a simplified listing prospectus, whereby the share offer did not have the character of a public offer, but was carried out using a statutory exemption in accordance with the applicable capital market regulations, and after the approval of the Croatian Financial Services Supervisory Agency. The listing of the shares on the Official Market of Zagrebačke burze d.d. was approved by the decision of the exchange on 14 November 2025.

By the Decision of the Commercial Court in Varaždin of 31 January 2025 (Tt-25/276-2) in the court register there were also registered changes of activities within the scope of business operations and amendments to the Articles of Association of the Company.

As of 1 February 2025, the newly acquired companies were included in the consolidation of the Čakovečki mlinovi Group:

Zagrebačke pekarnice Klara d.d.,
Prehrana trgovina d.d.,
NewMip d.o.o.,

thereby the Group additionally expanded its production and distribution capacities and strengthened its market position in the milling and bakery and trading business segment.

3. Approval by HANFA and publication of the takeover bid

On 26. February 2025 the Croatian Financial Services Supervisory Agency (HANFA) adopted a decision by which it approved the takeover bid for the company Zagrebačke pekarnice Klara d.d. Zagreb. The Company informed the investment public thereof on 27 February 2025. The offer was published in accordance with Article 27 of the Act on the Takeover of Joint-Stock Companies.

4. Report on the takeover of Zagrebačke pekarnice Klara d.d.

On 11 April 2025, after the offer had been carried out, Čakovečki mlinovi published a report on the takeover of the shares of Zagrebačke pekarnice Klara d.d., which was submitted to HANFA, Zagrebačkoj burzi and HINA.

5. Purchase and sale of shares and increase of the ownership interest in ZPKL

On 15–16 May 2025 Čakovečki mlinovi concluded an agreement with Dragica Plodinec on the purchase and sale of 69,304 ordinary shares of the company Zagrebačke pekarnе Klara d.d. („ZPKL“), which represents 24.42% of the share capital. After the transaction, the company's interest in ZPKL increased to 89.53%.

6. Restructuring and intragroup agreements

On 22 May 2025 a series of agreements between related companies was concluded, on the basis of which between the companies NewMip d.o.o. and Čakovečki mlinovi d.d. a status change – a demerger with acquisition – was carried out, by which the economic unit of the milling business of the company NewMip d.o.o. was transferred to Čakovečki mlinovi d.d. At the same time, the takeover of the bakery activity from the company Čakovečki mlinovi d.d. to Zagrebačke pekarnе Klara d.d. was carried out, as well as the merger of the company Prehrana Trgovina d.d. into the company Trgovina Krk d.d. The decisions of the competent commercial courts in connection with the said status changes were adopted on 1 October 2025.

7. Dividend payments

In 2025 the Company paid a dividend on two occasions, with a total value of 13,052,100.00 euros.

The first dividend was paid in accordance with the resolution of the General Meeting of the Company held on 15 January 2025, by which the payment of a dividend in the amount of 0.49 euros per share was approved. The dividend was paid to the shareholders of the Company from retained earnings generated in 2018, 2019 and 2020, in a total amount of 5,042,100.00 euros. The dividend payment was made on 30 January 2025.

The second dividend was paid in accordance with the resolution of the General Meeting of the Company held on 18 August 2025, by which the payment of a dividend in the amount of 0.50 euros per share was approved. The dividend was paid to the shareholders of the Company from a portion of the net profit generated in 2024, in a total amount of 8,010,000.00 euros. The dividend payment was made on 18 September 2025.

KEY FINANCIAL INDICATORS OF THE GROUP

STATEMENT OF PROFIT OR LOSS (in millions of euros)	2025	2024	2025/ 2024
Operating revenues	405.7	207.1	95.90%
Sales revenue	398.5	200.5	98.75%
Operating expenses	402.1	201.1	99.95%
EBITDA ¹	21.2	13.3	59.40%
Normalised EBITDA²	20.9	14.9	40.27%
Depreciation	17.6	7.3	141.10%
EBIT ³	3.5	6.0	-41.67%
Net financial result ⁴	2.9	0.9	222.22%
Net profit (loss)	5.7	6.8	-16.18%

Profit margins⁵			p.p.
EBITDA margin	5.3%	6.6%	-1.4
Normalised EBITDA margin	5.2%	7.4%	-2.3
EBIT margin	0.9%	3.0%	-2.1
Net profit margin	1.4%	3.4%	-2.0

BALANCE SHEET (in millions of euros)	31/12/2025	31/12/2024	31/12/2025/ 31/12/2024
Net debt (cash) ⁶	24.5	-20.6	-118.93%
Net debt (cash) / normalised EBITDA (TTM) ⁷	1.2x	(1.5x)	2.7
Capital and reserves	139.2	87.6	59.0%
Return on average equity (ROAE) ⁸	5.3%	6.8%	-22.05%
Net working capital ⁹	37.2	23.7	56.54%

CASH FLOWS (in millions of euros)	2025	2024	2025/ 2024
Net cash flows from operating activities.	16.3	12.8	27.34%
Capital investments (CapEx) ¹⁰	22.7	5.4	318.8%
Cash outflows for dividend payments	13.1	1.0	1,168.42%
Corporate income tax	0.7	1.4	-50.0%

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

2 Normalization entails an adjustment for one-off items; a detailed calculation is presented under Normalization of EBITDA in this section of the report.

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

4 Net financial result is calculated as financial income + share in profit of the associate (NTL) – financial expenses.

5 Profit margins are calculated on the basis of sales revenue.

6 Net debt (cash) includes long-term and short-term financial liabilities reduced by cash in bank and cash on hand and deposits with banks. Deposits with banks are included in net debt regardless of their maturity because they are available on demand.

7 Net debt (cash) / normalized EBITDA (TTM, Eng. trailing twelve months) reflects the Group's ability to repay its financial liabilities; calculated as net debt (cash) divided by normalized EBITDA achieved in the last 12 months before the reporting date.

8 ROAE (Eng. return on average equity) represents return on average equity; calculated as comprehensive income divided by the average equity and reserves between the beginning and the end of the year.

9 Net working capital includes inventories increased by short-term receivables from customers and reduced by short-term liabilities to suppliers and by advances.

10 CapEx (Eng. capital expenditures) represents cash expenditures for the purchase of property, plant and equipment and intangible assets.

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

SUMMARY OF GROUP RESULTS

In 2025 the Čakovečki mlinovi Group achieved:

- 398.5 million euros of sales revenue,
- 20.9 million euros of normalized EBITDA,
- 5.7 million euros of net profit.

Total sales revenues increased by 98.8% or 198 million euros compared to the same period of the previous year.

The Retail Segment, as the largest business segment of the Group, generated 335.8 million euros of revenue, or 83.2% of the Group's total revenues from sales, with 15.4 million euros of EBITDA.

At the Group level, normalized EBITDA increased by 6.0 million euros, while the net profit decreased by 1.1 million euros compared to 2024.

A decrease was recorded in the normalized EBITDA margin from 7.4% to 5.15%, and a decrease in the net profit margin from 3.4% to 1.4%.

The Čakovečki mlinovi Group has a characteristic seasonality of operations that depends on developments in Croatian tourism and taking into account the new members of the Group, which have contributed to improving the revenue base.

SALES REVENUE

SALES REVENUE BY SEGMENT					
(in millions of euros)	2025.	% of sales revenue	2024	% of sales revenue	2025/2024
Retail	335.8	83.2%	175.3	87.4%	89.2%
Food	62.6	16.8%	25.2	12.6%	165.1%
Consolidated sales revenue	398.5	100.0%	200.4	100.0%	98.8%

Note: The data are presented on a consolidated basis.

LFL¹ RETAIL GROWTH			
(in millions of euros)	2025	2024	2025/2024
Revenue from sale of goods – Trade	328,8	174,8	88.1%
Revenue from sale of goods - Retail	314.1	160.7	95.4%
Revenue from sale of goods - Retail - LFL	163.5	154.7	5.7%

¹ Revenues on a comparable basis (Eng. like-for-like, LFL) refer to stores that operated throughout both comparative periods.
Note: The data are presented on a consolidated basis.

Overall, the significant increase in revenue in 2025 confirms the success of the strategic acquisitions and integrations within the Čakovečki mlinovi Group and the strengthening of its market position in the food and trading sector.

OPERATING COSTS

(in millions of euros)	2025.	% of sales revenue	2024.	% of sales revenue	2025./2024.
Raw materials and supplies and changes in the value of inventories	41.0	10.3%	23.0	11.5%	78.3%
Cost of goods sold, net ¹	223.7	56.1%	120.0	56.8%	86.4%
Other external costs	19.8	5.0%	8.0	4.0%	147.5%
Wages to employees and non-taxable receipts ²	79.1	19.8%	33.3	19.1%	137.5%
Other costs	16.4	4.1%	7.6	3.8%	115.8%
Value adjustments and provisions	1.3	0.3%	0.3	0.2%	376.8%
Other operating expenses (income) ³	3.6	0.9%	1.7	0.85%	111.8%
Operating costs, net	384.9	96.6%	187.3	93.4%	105.5%

1 Cost of goods sold reduced by income from subsequently approved rebates and marketing services.

2 Staff costs include net salaries, taxes and contributions from salaries, contributions on salaries, and tax-free benefits paid to employees.

3 Other operating expenses reduced by: tax-free benefits paid to employees, other operating income excluding income from subsequently approved rebates and marketing services, and income from the use of own products, goods and services.

As at 31 December 2025, the Group employed 4.853 employees (2024: 2.292), while the average number of employees on a working-hours basis in 2025 amounted to 4.470 employees (2024: 2.072).

This growth in employment and costs reflects the Group's significant expansion and the successful integration of new business entities, while at the same time adapting to rising labour costs in the market.

EBITDA

EBITDA BY SEGMENT (in millions of euros)	2025.			2024.		
	GROUP	RETAIL	FOOD	GROUP	RETAIL	FOOD
Consol. sales revenue	398.5	335.8	62.7	200.4	175.3	25.2
EBITDA	21.2	15.4	5.8	13.3	10.4	2.9
EBITDA margin	5.3%	4.6%	5.7%	6.6%	5.9%	11.3%
Normalised EBITDA ¹	20.9	14.9	6.0	14.9	11.6	3.3
Normal. EBITDA margin	5.2%	4.4%	9.6%	7.4%	6.6%	12.9%

1 Normalisation means adjustment for material one-off items; a detailed calculation is presented under Normalisation of EBITDA in this section of the report. Note: The figures are presented on a consolidated basis.

The normalised EBITDA margin of the Retail segment amounts to 4.4% (2024: 6.6%), which indicates a slight decrease in profitability due to the increase in operating costs and the cost integration of new members, despite a significant increase in the volume of operations.

The results achieved confirm the Group's stable operational growth, while maintaining positive profitability during a period of intensive expansion and restructuring.

Normalisation of EBITDA

NORMALISATION OF EBITDA	2025			2024		
(in millions of euros)	GROUP	RETAIL	FOOD	GROUP	RETAIL	FOOD
EBITDA	21.2	15.4	5.8	13.3	10.4	2.9
Intellectual services	0.2	0.0	0.2	0.5	0.3	0.2
Contractual bonuses and severance payments	0.0	0.0	0.0	0.6	0.4	0.2
Other one-off expenses (income), net	-0.6	-0.5	-0.1	0.5	0.5	0.0
Normalized EBITDA	20.9	14.9	6.0	14.9	11.6	3.3

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

In addition to reporting on alternative (non-IFRS) performance measures such as EBITDA, the Group discloses the impact of one-off items in order to achieve a higher level of transparency of its ordinary business activities. One-off items are considered to be those items that do not occur regularly and have a material impact on the result. In 2025 the Group recorded 0.4 million euros of one-off income (2024: 1.61 million euros of costs).

NET PROFIT

In 2025 the Group achieved net profit in the amount of 5.7 million euros, which represents a decrease of 1.1 million euros compared to 2024.

NET DEBT

(in millions of euros)	31/12/2025	31/12/2024	31/12/2025/ 31/12/2024.
Long-term liabilities for received loans	4.8	0.0	-
Long-term lease liabilities	14.3	2.7	529.6%
Short-term liabilities for received loans	18.2	4.2	433.3%
Short-term lease liabilities	3.9	1.4	278.5%
Loans granted, deposits and similar	-7.9	0.0	-
Cash at bank and in hand	-8.8	-28.8	-69.4%
Net debt (cash)	24.5	-20.6	-218.9%

The decrease in the net cash position is a consequence of increased investment activities, the inclusion of new members in the consolidation, and the growth of lease and loan liabilities as a result of the expansion of the Group's operations.

CASH FLOWS

In 2025, the Čakovečki mlinovi Group generated 16.3 million euros of net cash flows from operating activities.

CASH FLOWS (in millions of euros)	2025.	2024.	2025./ 2024.
Net cash flows from operating activities	16.3	12.8	27.3%
Capital investments (CapEx) ¹⁰	22.7	5.4	320.4%
Cash outflows for dividend payments	13.1	1.0	1,168%
Corporate income tax	0.7	1.4	-50%

The Group's capital investments in 2025 amounted to 22.7 million euros, which is more than in 2024 (5.4 million euros).

These indicators confirm that the Group continues to invest intensively in the development and expansion of its operations, with healthy cash liquidity and positive cash flows from its core activity, which provides a stable basis for further growth.

NET WORKING CAPITAL

NET WORKING CAPITAL			
(in millions of euros)	31/12/2025	31/12/2024	31/12/2025/ 31/12/2024
Inventories	43.7	25.8	70.7%
Short-term receivables from customers	17.5	8.1	116.0%
Short-term liabilities to suppliers	-24.0	-10.2	135.3%
Net working capital	37.2	23.7	65.4%

The increase in net working capital is a consequence of the inclusion of new members in the consolidation.

VALUATION OF THE ČAKOVEČKI MLINOVI GROUP

KEY VALUATION INDICATORS OF THE CKML SHARE			
(in millions of euros)	31/12/2025	31/12/2024	31/12/2025/ 31/12/2024
Price per share (PPS, in euros) ¹	11.0	10.6	3.8%
Market capitalization ²	176.2	109.1	61.6%
EV ³	204.6	84.7	241.6%
EV / Sales revenues ⁴	0.51x	0.46x	0.05x
EV / normalized EBITDA⁴	9.8x	6.4x	3.4x
Earnings per share (EPS, in euros) ⁵	0.35	0.7	-45%
Dividend per share (DPS, in euros) ⁶	0.50	0.00	-
Dividend yield ⁷	4.5%	0.0%	-

1 Price per share (Eng. price per share, PPS) is represented by the reference price on the Zagreb Stock Exchange, i.e. the volume-weighted average price of traded shares as a better representation of the price given the low liquidity of the CKML share.

2 Market capitalization represents the market value of the share capital on the stock exchange; calculated as the product of the number of shares (16,020,000) and the price per share.

3 EV (Eng. enterprise value) represents the value of the business; calculated as market capitalization + net debt (cash) + minority interest.

4 Valuation indicators are calculated on the basis of fundamentals achieved in the last 12 months before the reporting date (TTM, Eng. trailing twelve months).

5 Earnings per share (Eng. earnings per share, EPS) represents net earnings per share calculated on the basis of net profit attributable to equity holders of the parent.

6 Dividend per share (Eng. dividends per share, DPS) is calculated as the ratio of cash outflows for dividend payment to the number of shares.

7 Dividend yield is calculated as the ratio of dividend per share to price per share.

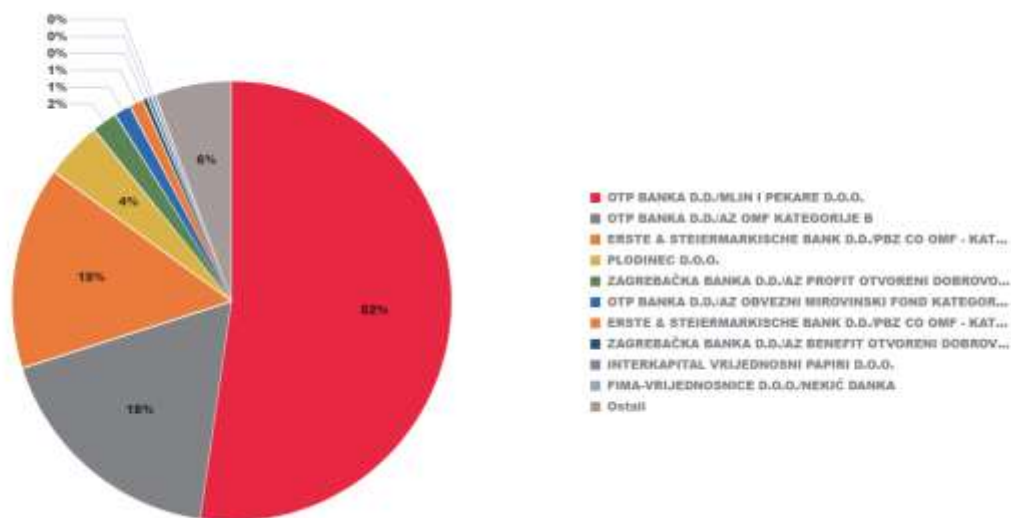
4. OWNERSHIP STRUCTURE AND PERFORMANCE OF THE CKML SHARE

As at 31 December 2025, Čakovečki mlinovi d.d. had 16,020,000 authorized, issued and listed ordinary shares without nominal value.

Top 10 shareholders as at 31 December 2025.

No.	Shareholder	Number of shares	Share in share capital (%)
1.	OTP BANKA D.D./MLIN I PEKARE D.O.O./MLIN I PEKARE D.O.O. (1/1)	8,374,646	52.28
2.	OTP BANKA D.D./ AZ OMF KATEGORIJE B (1/1)	2,853,265	17.81
3.	ERSTE & STEIERMARKISCHE BANK D.D./PBZ CO OMF - KATEGORIJA B (1/1)	2,391,539	14.93
4.	PLODINEC D.O.O. (1/1)	672,989	4.20
5.	ZAGREBAČKA BANKA D.D./ AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND (1/1)	302,624	1.89
6.	OTP BANKA D.D./ AZ OBVEZNI MIROVINSKI FOND KATEGORIJE A (1/1)	195,403	1.22
7.	ERSTE & STEIERMARKISCHE BANK D.D./PBZ CO OMF - KATEGORIJA A (1/1)	160,732	1.00
8.	ZAGREBAČKA BANKA D.D./ AZ BENEFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND (1/1)	60,858	0.38
9.	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O./ZBIRNI SKRBNIČKI RAČUN ZA DF	50,306	0.31
10.	FIMA-VRIJEDNOSNICE D.O.O./ NEKIĆ DANKA (1/1)	46,500	0.29

Ownership structure by investor group as at 31 December 2025.



* For the purposes of this presentation, management includes members of the Management Board and the Supervisory Board and persons associated with them.

Čakovečki mlinovi d.d. have a stable ownership structure.

The largest stake, at 52%, is held by OTP banka d.d./MLIN I PEKARE d.o.o., which is more than half of the total structure. They are followed by two more significant positions: 18% (OTP banka d.d./AZ OMF kategorije B) and 15% (ERSTE & Steiermärkische Bank/ PBZ CO OMF – kategorija B). The other participants hold significantly smaller stakes – from 6% downwards, including several small stakes of 1% and less.

As at 31 December 2025. the Company had 345 shareholders. Were distributed to the public (English: free float*) 47.72% of the shares.

* Public distribution (English: free float) is calculated as the total number of shares less the Company's own shares and the shares held by holders who hold 5% or more of the total number of shares, excluding investment and pension funds.

5. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 27 January 2026 an Agreement on the merger of the company NewMip d.o.o., in the capacity of the company being merged, with the company Trgovina Krk d.d., in the capacity of company acquirer. Čakovečki mlinovi d.d. holds 87.61% of the shares in the company Trgovina Krk d.d. and 100% of the shares in the company NewMip d.o.o.

By the merger, all assets, rights and obligations of the company NewMip d.o.o. will be transferred to the company Trgovina Krk d.d., with a simultaneous increase in the share capital of the acquiring company through the issue of new shares which will be allocated to Čakovečkim mlinovima d.d. as 100% owner of the company NewMip d.o.o.

By this merger, the pre-emptive rights of the existing shareholders of the acquiring company in subscribing for new shares are partially excluded, while the rights of minority shareholders are not changed beyond the limits prescribed by the Companies Act.

After the signing of the agreement, activities began on the transfer of the retail operations, which should be completed by 30 June 2026, when the registration of the merger in the court register of the Commercial Court in Rijeka and Zagreb is expected. The legal effects of the merger will arise upon the registration of the merger in the court register.

6. EXPECTED BUSINESS DEVELOPMENT IN 2026 YEAR

Forecasts for 2026 are based on the expected gradual slowdown of economic expansion in Croatia and in the euro area, with persistently pronounced geopolitical risks and a moderate increase in domestic demand. According to updated projections, the Croatian economy is expected in 2026 to grow between 2.8% and 2.9%, which represents a slight slowdown compared with 2025, but still indicates a relatively solid pace of growth.

The Management Board of the Parent of the Group will in 2026 continue to carry out strategic activities aimed at consolidating operations within Grupa MIP and Grupa Čakovečki mlinovi and at increasing operational efficiency and competitiveness. Further strengthening of the market position is expected through cost optimization, modernisation of business processes and expansion of the client base in the domestic and international markets, with an emphasis on strengthening the export orientation.

The Group's operations in 2026 will remain under the influence of international developments, particularly in the context of trade tensions, movements in energy prices and the dynamics of inflation. The Group will therefore continue actively to manage risks and monitor changes in the economic environment.

At the date of issue of this report, the Group has sufficient liquidity to duly settle all due liabilities, and the financial statements are prepared on a going concern basis.

General economic environment

According to the latest projections of the Croatian National Bank and the European Commission, inflation in Croatia in 2026 is expected to slow to around 3.1%, or 2.8% according to the methodology of the European Commission, which indicates a gradual weakening of inflationary pressures after the induced price growth in previous years.

The slowdown in inflation is the result of weaker underlying inflationary factors, including slower growth in food prices and stabilization of energy costs. At the same time, continued wage growth and low unemployment (around 4.5%) will continue to support household consumption.

Investment activity in 2026 will continue to be supported by further use of EU funds, although with milder growth rates compared with the period of strong investment expansion in 2022–2024.

Continued growth in exports of goods is also expected, while exports of services will remain moderate due to the impaired price competitiveness of tourism.

The contribution of net exports to GDP is likely to remain negative due to rising household consumption abroad and strong imports of services.

Impact of the war in Ukraine and the Middle East

Prolonged conflicts in Ukraine and in the Middle East continue to pose significant negative risks to global and European economic developments. These risks include potential disruptions in supply chains, instability of energy prices and increased defence expenditure, which could affect investment and operating costs.

Croatia remains relatively weakly exposed to the direct trade effects of the conflicts, while indirect effects through movements in energy and raw material prices remain present.

In this year as well, the Group has no business exposure to companies from Russia, Belarus or Ukraine, nor any ownership links with those markets. Risks associated with geopolitical developments are continuously monitored and assessed, with the assessment that there are no threats to the stability of the Group's operations.

Government price control measures

In 2026, the continuation of certain government interventions in the segment of prices of basic food products, energy and services is expected, particularly in the context of stabilising inflation. Given similar mechanisms applied in 2025, it is possible that the measures will affect margins and pricing strategies in the retail and processing sectors.

The capping of the prices of certain food items could continue to limit the Group's flexibility in pricing, particularly in the segment of flour, bakery products and other basic food items. The Management Board will continue to offset the negative effects through optimisation of operations, cost rationalisation and price adjustments in the range that is not regulated.

7. RISKS AND RISK MANAGEMENT OF THE GROUP

The Group is in its operations exposed to the risks set out in note 32 – Exposure to risks and risk management in the accompanying financial statements, which can be divided into the following groups:

- financial risks, which include: capital risk, credit risk, liquidity risk and fair value interest rate risk
- risks of ordinary operations, which include: market risk (interest rate, currency and price risk), operational risk, industry risk, risk of procurement of raw materials and delivery of products, competition risk, risk of fluctuations in prices of basic raw materials, risk of conducting court proceedings against the Group and the risk of liabilities or losses that are not covered by insurance
- general risks, which include: risk of the business environment and risk of changes in the legal framework.

Risk management in the Group consists of the following steps:

- identification of potential risks in operations
- analysis and assessment of the identified risks
- definition of risk management objectives and policies
- supervision and monitoring of risk management activities
- reporting on the results of risk management.

More detailed information on risk management is presented in note 32 – Exposure to risks and risk management. The Group does not use financial instruments for the purpose of hedging against the aforementioned risks.

8. INFORMATION ON THE ACQUISITION AND DISPOSAL OF TREASURY SHARES

As at 31 December 2025, the parent company Čakovečki mlinovi d.d. did not hold treasury shares, nor did it acquire or dispose of them during 2025. Furthermore, none of the subsidiaries of Čakovečki mlinovi d.d. held shares of the parent company.

9. RESEARCH AND DEVELOPMENT ACTIVITIES

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

In the Trade segment, competition is continuously monitored and the market is researched with the aim of developing and optimizing the product range offering that meets the needs of target customers. In addition, activities are initiated that support organic growth of sales revenues, and business processes are introduced with the aim of reducing operating costs. Potential acquisitions that would be a strategic fit with the business model of the Trade segment are also continuously monitored and analysed.

Particular emphasis is placed on the tradition of the Group in the production of high-quality milling and bakery products and oils, as well as on continuous market analysis and the development of a locally specific product range.

The Company's milling facilities were completely renovated in 2017 and are among the technologically most advanced facilities in Croatia and the wider region, with a tendency for further investments. In 2025, a new packaging line was also installed.

10. EMPLOYEE STRUCTURE

The Group in 2025 had an average of 4,395 employees. The calculation of the average was obtained on the basis of the actual number of employees as at 01.01.2025, and of the quarters within 2025.

A presentation of the structure of employees is given in the table below, and more detailed information is also provided under item S1-5 of the Sustainability Report.

Group	31/12/2025
Čakovečki mlinovi d.d.	201
Trgovina Krk d.d.	2,076
Radnik Opatija d.d.	87
Trgocentar d.d.	-
Zagrebačke pekarnice Klara d.d.	556
Prehrana d.o.o.	299
NewMip d.o.o.	1,686
Total	4,395


11. SUSTAINABILITY REPORT

The Company is required to prepare a report on sustainability, which forms an integral part of the management report.

For Čakovečki mlinovi d.d.:



 Mario Sedlaček
 President of the Management Board



 Franjo Plodinec
 Member of the Management Board



 Krešimir Kvaternik
 Member of the Management Board



ČAKOVEČKI MLINOVI

-1893-

ČAKOVEČKI MLINOVI D.D.

SUSTAINABILITY REPORT
FOR THE YEAR 2025



ESRS 2 – General information

BP-1 – General basis for preparing the sustainability report

The sustainability report of the Čakovečki mlinovi Group has been prepared for the reporting period from 1 January 2025 to 31 December 2025 and includes data on a consolidated basis for the company Čakovečki mlinovi d.d. and its subsidiaries, unless otherwise indicated in the text.

The report has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) and the relevant provisions of the Corporate Sustainability Reporting Directive (CSRD), applying the principle of double materiality as the basis for identifying key impacts, risks and opportunities related to sustainability.

The Čakovečki mlinovi Group consists of Čakovečki mlinovi d.d. and affiliated companies operating in the food and retail sectors.

The Čakovečki mlinovi Group is made up of the parent company **Čakovečki mlinovi d.d.** and the subsidiaries included in the scope of reporting:

- Zagrebačke pekarnice Klara d.d., Zagreb
- Trgovina Krk d.d, Malinska
- Radnik Opatija d.d., Lovran
- NewMip d.o.o., Sisak

Trgocentar d.d., Virovitica, is a member of the Čakovečki mlinovi Group, but is not separately included in the scope of reporting because its data are included in the data of the company Trgovina Krk d.d.

The data in this report are presented on a consolidated basis for the aforementioned Group companies, unless otherwise indicated in specific sections of the report. The same approach to consolidation has been applied both to financial reporting and to sustainability reporting, as disclosed in the Annual Report.

In addition to the above-mentioned companies, **Trgovina Krk d.d.** has a **25% ownership interest in the company Narodni trgovački lanac d.o.o., Soblinec**, which is not included in the scope of consolidation of the sustainability report due to the minority interest that does not provide control over the company.

The Group's business model comprises the purchase and storage of cereals, milling production, bakery production, distribution and retail sale of food products. The integrated value chain enables control of the process from raw material to the end consumer. As at 31 December 2025, the Group employed 4,853 workers. In the previous reporting period, the Group had a total of 2,287 employees, whereby the increase in the number of employees in 2025 is primarily the result of changes in the composition and scope of the Group, that is, the inclusion of new members in the consolidation.

The Management Board of the Čakovečki mlinovi Group is responsible for defining the sustainability strategy, managing impacts, risks and opportunities related to sustainability, and implementing policies and action plans in the ESG area.

Sustainability matters are integrated into the processes of strategic planning and business management, and their assessment is carried out by applying the double materiality assessment methodology and internal analyses of relevant impacts, risks and opportunities.

The following information is included by reference to other parts of the Annual Report:

Disclosure requirement	Reference
ESRS 2 BP-1 Scope of consolidation	Chapter 1. Consolidated financial statements; Note 1. Principal activity and general information; section In brief about the Čakovečki mlinovi Group
ESRS 2 GOV-1 Composition and diversity of the Management Board and the Supervisory Board	Chapter 1. Consolidated financial statements; Note 1. Principal activity and general information; section Company bodies and corporate governance
ESRS 2 GOV-1 Roles and responsibilities of the administrative, management and supervisory bodies	Chapter 1. Consolidated financial statements; Note 1. Principal activity and general information; section Company bodies and corporate governance

Disclosure requirement	Reference
E1-5 Energy consumption and energy mix ESRS 2 SBM-1 Strategy, business model and value chain	Chapter 1. Consolidated financial statements; Note 1. Principal activity and general information; section Business segments and operating activities
E1-6 Greenhouse gas emission intensity per net revenue	Chapter Consolidated financial statements, Notes to the financial statements Note 4 – Revenue
S1-6 Number of employees at Group level	Chapter 1. Consolidated financial statements; Note 3. Results of operations in 2025; section Operating expenses

BP-2 - Disclosures in specific circumstances

When preparing the sustainability report, the Čakovečki mlinovi Group applies the time horizons defined by the ESRS standards, unless explicitly stated otherwise for a particular disclosure.

During the reporting period, the Group underwent significant organisational and business changes that affected the scope of the Group, the structure of business segments and the processes for collecting data for sustainability reporting purposes. These changes were taken into account when determining the reporting scope and preparing the disclosures in this report.

Due to changes in the composition and scope of the Group, certain data for 2025 are not fully comparable with the data for the previous reporting period. Where the comparability of data is limited, this is indicated alongside the relevant disclosure.

Apart from the above, no other special circumstances have been identified that would materially affect the basis for preparing the sustainability report. Where estimates or data of limited availability were used in preparing certain disclosures, the methodology and limitations are stated alongside the disclosures to which they relate.

GOV-1 Role of the administrative, management and supervisory bodies

Čakovečki mlinovi d.d., as the parent of the Čakovečki mlinovi Group, operates as a joint-stock company with a General Assembly, a Supervisory Board and a Management Board.

The General Assembly decides on matters within its legal and Articles-of-Association competences, including the appointment of members of the Supervisory Board and decisions on the financial statements.

The Supervisory Board supervises the conduct of the Company's business, appoints the members of the Management Board and considers matters important for the Group's long-term operations. It considers sustainability matters when they are related to the business strategy, risks, investments, business organisation or regulatory obligations of the Group.

The Management Board manages the Group's operations and is responsible for business decisions, implementation of the strategy, organisation of work and the establishment of processes necessary for sustainability reporting. The Management Board incorporates sustainability matters into business planning, risk management, decision-making and the monitoring of measures related to material topics.

Activities related to sustainability are carried out through the competent organisational units of the Group. Expert departments and managers of the business areas to which a particular topic relates participate in preparing data, implementing measures and monitoring impacts, including finance, controlling, human resources, procurement, production, sales, quality and occupational safety.

The composition of the Management Board and the Supervisory Board is presented in the introductory part of the report.

The Company is a joint-stock company of the dualistic type and has the following bodies:

- General Assembly
- Supervisory Board
- Management Board

Governance structure and responsibilities for sustainability matters

The Group's corporate governance structure is based on a system of a management board and a supervisory board, which ensure oversight of operations and the making of strategic decisions.

List of members of the Management Board:

- Mario Sedlaček, President of the Management Board
- Franjo Plodinec, member of the Management Board
- Krešimir Kvaternik, member of the Management Board

List of members of the Supervisory Board:

- Damir Metelko, Chair of the Supervisory Board
- Vesna Butorac, Deputy Chair of the Supervisory Board
- Dragica Plodinec, member
- Josip Plodinec, member
- Vanja Kutnjak, member
- Ema Marušić, member
- Mislav Ante Omazić, member

Curricula vitae of the members of the Management Board and the Supervisory Board are presented in the Annual Report in the section *Company bodies and corporate governance*.

Knowledge and experience relevant for sustainability

The Management Board members and the Supervisory Board members have experience in areas that are important for the Čakovečki mlinovi Group's operations: trade, food production, finance, law, management, controlling, quality, food safety and business development.

These areas are linked to the material topics of the Group. Energy, emissions and resource management requires knowledge of production processes, investments and cost structure. Working conditions and employee development require experience in work organization, people management and operational business management. Relations with suppliers are linked to procurement, quality, continuity of supply and the terms of cooperation in the value chain. Relations with consumers and end users are linked to retail, food safety, product quality and complaint management. Sustainability issues in the Group are therefore not considered as a separate topic, but through business decisions relating to production, trade, procurement, the workforce, quality, investments, costs and regulatory obligations.

Responsibilities for sustainability matters

The Management Board is responsible for integrating sustainability matters into business planning, decision-making, implementation of measures and the allocation of responsibilities within the Group.

The Supervisory Board considers sustainability matters within the framework of its supervision of operations, when they are related to the strategy, risks, investments, regulatory requirements and the long-term development of the Group.

Organizational units and Group companies to which a given topic relates are responsible for preparing data and implementing individual measures. Controlling coordinates the collection and consolidation of data for sustainability reporting, in cooperation with the person responsible from individual companies and business areas.

In 2025 the Group defined an internal framework for sustainability management. The framework includes Sustainability Strategy, policies, action plans, methodologies and internal acts for material topics. These

documents define responsibilities, measures, implementation deadlines and indicators that are monitored in sustainability reporting.

The responsibilities of the Supervisory Board, the Management Board, sector directors, the Sustainability Committee and operational ESG teams are governed by the Rulebook on the procedures for management and supervision of sustainability factors of the Čakovečki mlinovi Group.

GOV-2 – Information provided to the company’s administrative, management and supervisory bodies and the sustainability factors addressed by those bodies

During 2025 the Management Board was informed about sustainability matters at working meetings with people responsible for ESG activities in the Group’s companies.

The materials for discussion included the results of the double materiality assessment, the proposed material topics and drafts of the Sustainability Strategy, policies and action plans. The Sustainability Committee, which brings together representatives of relevant business areas and companies of the Group, participated in preparing the supporting materials. The Committee collected input information, considered proposals for material topics and prepared materials for the Management Board’s decision-making.

The Supervisory Board was informed through the materials submitted for the meeting at which documents in the area of sustainability were considered. At that meeting, the Supervisory Board considered and adopted the Sustainability Strategy, policies and action plans for material topics, as well as related methodologies and internal acts.

The Rulebook on the procedures for management and supervision of sustainability factors defines the roles of the Supervisory Board, the Management Board, sector directors, the Sustainability Committee and operational ESG teams in managing sustainability matters. The Rulebook also governs reporting and decision-making on sustainability matters. Documents considered in the area of sustainability include:

Strategy

- Sustainability Strategy of the Čakovečki mlinovi Group

Policies and action plans with defined measures and target values

- Climate Change Mitigation and Adaptation Policy and Action Plan of the Čakovečki mlinovi Group
- Pollution Management Policy and Action Plan of the Čakovečki mlinovi Group
- Resource Management and Circular Economy Policy and Action Plan of the Čakovečki mlinovi Group
- Working Conditions and Employee Development Management Policy and Action Plan of the Čakovečki mlinovi Group
- Quality and Food Safety Policy
- Supplier Relationship Management Policy and Action Plan of the Čakovečki mlinovi Group
- Consumer and End-User Relationship Management Policy and Action Plan of the Čakovečki mlinovi Group

Methodologies

- Methodology for determining the impacts, risks, opportunities and material topics of the Čakovečki mlinovi Group
- Methodology for determining the physical and transition climate risks of the Čakovečki mlinovi Group

Rulebooks and codes

- Rulebook on the procedures for management and supervision of sustainability factors of the Čakovečki mlinovi Group
- Code of Business Conduct for Suppliers of the Čakovečki mlinovi Group

GOV-3 – Inclusion of sustainability performance in incentive schemes

In the reporting period, results in the area of sustainability were not included in the remuneration system for members of the Group’s administrative, management and supervisory bodies. The remuneration of the Management Board and Supervisory Board members does not include variable components linked to the achievement of sustainability targets or climate targets.

GOV-4 – Due diligence report

The Čakovečki mlinovi Group continuously assesses the actual and potential impacts of its operations in order to prevent or reduce negative impacts on society and the environment. The due diligence process is integrated into strategic management and is based on the Sustainability Strategy, the related policies and action plans, and the Methodology for determining impacts, risks, opportunities and material topics.

The key elements of the due diligence process include:

Key elements of the due diligence process	Sections in the Sustainability Report
Inclusion of the due diligence process in governance, strategy and the business model	ESRS GOV-2, ESRS GOV - 3, ESRS SBM 3
Engagement with affected stakeholders in all key steps of the due diligence process	ESRS SBM-2, ESRS IRO 1
Identification and assessment of adverse impacts	ESRS 2 IRO-1; E1 IRO-1; E2 IRO-1; E5 IRO-1; S1-3; S4-3, G1-IRO -1
Taking measures to eliminate those negative impacts	E1-3, E2-2, E5-2, S1-4, S4-4, G1-2, G1-3
Monitoring the effectiveness of the measures taken and reporting on the results	E1-4, E1-6, E2-3, E5-3, E5-4, S1-5, S4-5, G1-1, G1-2

The due diligence process in the Group is based on systematic monitoring of the impacts of operations, risk assessment and the implementation of measures to reduce negative impacts on the environment, employees, consumers and the wider community. The results of the double materiality assessment are used to identify material sustainability topics and to define targets, measures and key performance indicators within the Group's policies and action plans.

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

In the reporting period, the Čakovečki mlinovi Group did not have a formally established integrated risk management and internal control system specifically aimed at sustainability reporting.

Sustainability-related risks are identified through the double materiality assessment and through internal analyses of impacts, risks and opportunities. The results of these analyses are used as a basis for defining material topics, sustainability targets and measures within the Group's Sustainability Strategy, policies and action plans.

In the coming periods, further development is planned of the risk management and internal control systems related to sustainability reporting, including the integration of risk monitoring procedures into existing management processes and periodic reporting to the Management Board, Supervisory Board and Audit Committee on relevant sustainability matters.

SBM-1 - Strategy, business model and value chain

The Čakovečki mlinovi Group has developed its Sustainability Strategy with the aim of ensuring the long-term stability of operations, transparency and compliance with European and domestic regulations; sustainability is integrated into key business processes of the Group, and ESG factors have been recognised as an important element in managing risks, opportunities and the long-term development of operations.

The Sustainability Strategy of the Čakovečki mlinovi Group is based on the following key sustainability areas:

Climate change (E)	The Strategy includes measures aimed at reducing greenhouse gas emissions and managing climate-related risks and opportunities in the Group's operations.
Pollution management (E)	The Group implements measures to reduce air, water and soil pollution, with an emphasis on responsible management of emissions and waste in production processes.
Circular economy and innovation (E)	In line with resource management policies, the Group focuses on more efficient use of raw materials, waste reduction and increasing the share of recycling and material recovery.
Working conditions and employees (S)	The Group is committed to responsible management of working conditions, with an emphasis on protecting employees' health and safety, improving working conditions and developing employees' knowledge and skills.
Consumers and end users (S)	The Strategy recognises the importance of transparent communication with consumers and the continuous monitoring of their needs and expectations.
Food quality and safety management (S)	The Group ensures high standards of food quality and safety through control of all stages of product production and distribution and compliance with relevant food safety standards.
Supplier relationship management (G)	The Group's suppliers are assessed against defined criteria in order to ensure compliance with business standards, responsible business conduct and sustainability requirements.

The implementation of the Sustainability Strategy is based on the results of the double materiality assessment and is operationalised through adopted policies and action plans for material topics, with defined targets and key performance indicators (KPIs) used to monitor progress in achieving sustainability goals.

Business model and value chain

The Čakovečki mlinovi Group operates through two strategic business segments: **trade** and **food**. The Group's business model is based on a combination of retail sale of food products and food production through its own production capacities. Čakovečki mlinovi d.d. acts as the Group's corporate centre and manages operations at a strategic level. Operational activities are carried out through subsidiaries. Segment **Trade** comprises the operations of the company **Trgovina Krk d.d.** and the activities of the company **Trgočentar d.d.**, which, for reporting purposes, are included in the data of the company Trgovina Krk d.d. Segment **Food** comprises the operations of the companies **Čakovečki mlinovi d.d.**, **Zagrebačke pekarnе Klara d.d.** i **Radnik Opatija d.d.**

Trade segment

The trade segment covers the retail and wholesale of food and non-food assortments. Retail accounts for the largest share of this segment's operations, and the Group's stores are mainly located in smaller settlements and residential districts and operate in the format of local shops with smaller sales areas.

At the end of 2025, the Group operated more than 800 retail outlets located primarily in north-western Croatia, in the Kvarner region and on the island of Krk. Procurement of goods is to a significant extent carried out through the purchasing association Narodni trgovački lanac (NTL), of which the company Trgovina Krk d.d. is a member.

Food segment

The food segment comprises the production of milling and bakery products and the production of oil.

Production takes place in several production plants that include milling facilities, bakery plants and oil mills.

The operations of this segment are organised through three basic production areas:

- **milling** – production of flour and other milling products
- **bakery** – production of bread, pastries and other bakery products
- **oil production** – contract production of olive oil

Production activities in the food segment are carried out by the companies **Čakovečki mlinovi d.d.**, **Zagrebačke pekarnе Klara d.d.** i **Radnik Opatija d.d.**

At the end of the reporting period, the Čakovečki mlinovi Group had a total of 4,853 employees, while in 2024 it had 2,072 employees, all employed in Group companies operating in the Republic of Croatia.

Value chain

The Group's value chain begins upstream with the procurement of raw materials, goods, packaging, energy sources, equipment and services. In the food segment, key inputs include cereals, flour, raw materials for bakery production, packaging, energy sources and transport services, while in the trade segment key inputs consist of food and non-food goods, logistics services, equipment for points of sale, energy and other services needed for the functioning of the retail network. Procurement of goods in the trade segment is to a significant extent carried out through the association Narodni trgovački lanac d.o.o. (NTL), through which most procurement is conducted, supplemented by direct contractual relationships with suppliers.

Data on inputs are collected from internal records of procurement, sales, production, logistics, quality control, finance, controlling and human resources, and where available, data from suppliers, customers and business partners are also used. The collected data are reviewed by the responsible organisational units before being included in the report.

The central part of the value chain consists of the Group's own activities, which include the processing of raw materials, production of milling and bakery products and oils, storage, quality control, logistics, transport, distribution, wholesale and retail. Through these activities, the Group achieves a significant degree of vertical integration and in the value chain acts as a producer, distributor and retail trader.

In the downstream part of the value chain, the Group's products and goods are placed on the market through its own retail network, wholesale channels and partner sales channels. Key business entities in this part include wholesale customers, the hospitality sector, public institutions, industrial customers and end consumers. The Group's retail network is based on a proximity (proximity) store format, ensuring the availability of products in local communities and tourist areas.

The Group plays multiple roles in the value chain, integrating the functions of procurement, production, distribution and sales. Such a position enables greater control over product quality, efficient supply chain management and the development of long-term relationships with suppliers, customers and other business partners.

OUR VALUES

PASSION FOR QUALITY

From field to table, we seek excellence in the supply chain and select partners who share this passion

TEAM SPIRIT

The motivation and professional development of our employees are the key to success. Respect, trust, honesty, and dialogue are principles that inspire our activities in creating enthusiasm and team spirit.

SUSTAINABILITY

Sustainability has always been one of our key development features, of course, with the moral commitment to care for future generations. We believe that economic efficiency must go hand in hand with environmental protection and human well-being.



CUSTOMER FOCUS

Meeting the needs and expectations of consumers is our daily task, anticipating them is our challenge.



INNOVATION

Focusing on innovation and continuous search have always been characteristics of Čakovečki mlinovi Group and have always been our way to build quality.



EFFICIENCY

We always seek efficiency at every level of our organization and processes, reinforcing it with a constant focus on the health and safety of our employees.



VALUE CREATION

Our story is a story of success, success built on our brand and on the connection with our suppliers and our customers. We intend to continue generating fair profits consistently with an ethical approach to business and social relationships.






Group values



Contribution to sustainable development goals

Through the implementation of adopted policies and action plans, the Čakovečki mlinovi Group manages impacts, risks and opportunities related to the environmental, social and governance aspects of operations. This reduces risks associated with climate change, social challenges and regulatory requirements and strengthens the long-term sustainability of operations. Sustainability goals are defined through measurable key performance indicators (KPI) that enable the monitoring of progress and the improvement of business processes.

The Group continuously assesses impacts, risks and opportunities and, as necessary, adjusts business processes in order to ensure business resilience and alignment with the principles of a sustainable economy.

Below is an overview of the connection between material topics and the global Sustainable Development Goals (SDG), the current situation and the targets up to 2030. Data for 2024 are used as a baseline value for monitoring the achievement of sustainability goals up to 2030, while progress in the 2025 reporting year is presented through the relevant thematic sections of the report.

	Material topic	Contribution to SDG	Status 2024/2025	Targets by 2030
	Climate change	SDG 13 – Climate action	A Transition Plan for decarbonisation has been adopted for the period from 2024 (base year) to 2030 in the bakery segment and KPIs have been set for reducing emissions	Reduction of greenhouse gas emissions in line with the Transition Plan for decarbonisation for the bakery segment
	Pollution	SDG 6 – Clean water and sanitation	The Company takes care to properly manage wastewater with the aim of reducing water pollution.	Reduction of emissions into water by complying with the limit values prescribed by the water permit (KPI). Optimisation of water use in production processes.
	Resource management and circular economy	SDG 12 – Sustainable consumption and production	Optimisation of raw materials, reduction of waste and increase of recycling	Increase in the percentage of operational waste diverted from landfill towards energy recovery or recycling.
	Working conditions and employees	SDG 8 – Decent work and economic growth	Adopted policy of working conditions and action plan.	Improvement of wages, training, safety and work-life balance.
	Food quality and safety	SDG 3 – Good health and well-being	IFS, ISO 9001 certificates and HACCP, established quality monitoring system	Improvements in the system of control of the quality and safety of food products

	Customer satisfaction	SDG 9 – Industry, innovation and infrastructure	Regular customer satisfaction surveys, improvement of complaint management and communication with consumers.	Higher-quality and more comprehensive analysis of customer satisfaction and development of healthier and more sustainable products in line with nutrition trends and customer preferences.
	Supplier and co-operator management	SDG 12 – Responsible consumption and production	ESG criteria in supplier selection, application of the Code of Business Conduct	Increase in the number of suppliers applying ESG standards

SBM-2 - Interests and positions of stakeholders

The Čakovečki mlinovi Group involves key stakeholders in the materiality assessment process who may influence the Group’s operations or may be influenced by the Group’s operations. Stakeholders have been identified and classified in accordance with the requirements of the ESRS 1 standard and have been divided into affected stakeholders and users of sustainability statements.

Among the key stakeholders, employees, customers and suppliers were identified, while internal stakeholders include members of the ESG team and representatives of organisational units who participate in the assessment of impacts, risks and opportunities related to the sustainability of operations. In order to collect stakeholder views, in 2025 a survey questionnaire was carried out among employees, key customers and suppliers. The participants assessed the importance of environmental, social and governance topics relevant for the Group’s operations, including climate change, resource management, working conditions and safety, relations with suppliers, and issues of consumers and end users. In addition to the direct involvement of stakeholders, additional sources of information were also used in the materiality assessment process, including the regulatory framework, international reporting standards and an analysis of the practices of comparable companies. In the following table it is shown how the Group involves its stakeholders in the double materiality assessment.

Key stakeholders	Purpose of engagement	Channels
Employees	Collecting insights on significant impacts, risks and opportunities related to working conditions and operations of the Group.	Interviews with internal experts and employee representatives within the double materiality assessment.
Consumers (customers and end users)	Understanding customer needs and expectations and collecting insights on impacts, risks and opportunities related to products and services.	Interviews with internal customer relations experts and analysis of publicly available information on the sustainability of key customers.
Shareholders	Ensuring transparency and information on the Group’s business results and strategy.	Communication through the General Meeting, the Supervisory Board, financial reports and investor relations.
Suppliers	Understanding sustainable practices and ESG priorities of suppliers in value chain.	Analysis of sustainability information from publicly available reports and suppliers’ websites.
Regulatory authorities and public administration bodies	Compliance of operations with regulatory requirements and public policies.	Monitoring legislation, European Union regulations and relevant public policies.
Community	Maintaining good relations and contributing to the development of the local community.	Socially responsible activities and initiatives in the local community.

Results of the stakeholder survey

As part of the double materiality assessment, the Čakovečki mlinovi Group carried out an ESG questionnaire among key stakeholders – employees, customers and suppliers – with the aim of collecting their views on the importance of environmental, social and governance topics relevant to the Group’s operations.

The survey results showed a high level of alignment in the priorities of the different stakeholder groups. Employees attached the greatest importance to working conditions and occupational safety, as well as to corporate culture and ethical governance. Customers highlighted product quality and safety as the most important topics, while suppliers emphasized the importance of responsible use of resources and stable cooperation in the supply chain.

A comparison of the results of the three stakeholder groups shows that the following stand out as key topics for the Group:

- product quality and safety
- working conditions and employee safety
- use of resources and circular economy
- reduction of pollution and environmental impact

In addition to the above topics, stakeholders also identified supplier relationship management and climate change as important.

The survey results were used as one of the input elements in the double materiality assessment and the identification of material ESG topics for the Čakovečki mlinovi Group.

Stakeholder views collected through ESG questionnaires were used as one of the input data in the double materiality assessment. The survey results were considered within the Sustainability Committee and included in the materials that the Management Board and the Supervisory Board examined when adopting the Sustainability Strategy, policies and action plans for material topics.

The materials presented the topics that stakeholders rated as important, including product quality and safety, working conditions and employee safety, use of resources, reduction of pollution, relations with suppliers and climate change. Stakeholder views were taken into account when confirming material topics and designing related measures.

Identification, assessment and monitoring of environmental impacts

The manner of identifying, assessing, monitoring and managing environmental impacts is explained in detail in the chapters: Climate change, Pollution, and Use of resources and circular economy.

Materiality assessment and stakeholder engagement

The Čakovečki mlinovi Group applies a systematic approach to assessing material ESG topics through dialogue with key stakeholders, including the Management Board, employees, suppliers, customers and representatives of the local community. The assessment is based on an analysis of impacts, risks and opportunities, applying the principles of double materiality.

In the Group-level materiality assessment methodology, the material topics identified through the following were taken into account:

- "Methodology for determining impacts, risks, opportunities and material topics of Zagrebačke pekare Klara d.d.", and
- "Methodologies of the double materiality assessment process of Čakovečki mlinovi d.d."

which carried out the assessment process in 2024 and updated it in 2025 after changes in the composition of the Group. At the level of consolidation of the Čakovečki mlinovi Group, the principle is applied whereby material topics identified as significant for an individual Group member are also considered significant for the Group as a whole.

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

Based on the double materiality assessment, the Group has identified significant impacts, risks and opportunities related to environmental, social and governance topics. The assessment covers the Group's own operations and the upstream and downstream parts of the value chain.

The material topics are related to the Group's main activities: procurement, food production, warehousing, logistics, wholesale and retail. In the area of the environment, the most important topics relate to emissions, energy, pollution, waste and packaging. In the area of social topics, they relate to working conditions, employee health and safety, food quality and safety and information for consumers and end users. In the area of corporate governance, the material topic relates to the management of relationships with suppliers.

Below, the significant impacts, risks and opportunities are presented, their connection with the business model, the part of the value chain to which they relate and the affected stakeholders.

In this reporting period, the Group carried out an assessment of the significant impacts, risks and opportunities (IRO) related to environmental, social and governance topics in accordance with ESRS standards. The assessment covers the impacts arising from its own operations, as well as from activities in the upstream and downstream parts of the value chain.

Below are the identified impacts and risks on the environment and society, the business model and value chain they affect, and their classification together with the affected stakeholders.

Sustainability factor					Where in the business model and value chain		Classification			Affected stakeholders and environment	
IRO	Name	ESG Category	Topic	Sub-/sub-sub-topic	Business segment	Value chain	Positive or Negative	Actual or Potential	Time period	Negative impact on human rights?	Affected stakeholders
I	Greenhouse gases with a higher global warming potential (GWP)	Environmental	E1 Change	Climate change mitigation and adaptation	Production; Retail	Own operations	Negative impact	Actual	Short-term	No	Nature
I	Scope 1 and 2 GHG emissions	Environmental	E1 Climate Change	Climate change mitigation and adaptation	All operations	Own operations	Negative impact	Actual	Short-term	No	Nature
I	Scope 3 GHG emissions	Environmental	E1 Climate Change	Climate change mitigation	/	Upstream, Downstream	Negative impact	Actual	Short-term	No	Nature
I	Energy consumption	Environmental	E1 Climate Change	Energy	All operations	Own operations	Negative impact	Actual	Short-term	No	Nature

Sustainability factor					Where in the business model and value chain		Classification			Affected stakeholders and environment	
IRO	Name	ESG Category	Topic	Sub / sub-sub-topic	Business segment	Value chain	Positive or Negative	Actual or Potential	Time period	Negative impact on human rights?	Affected stakeholders
I	Emissions into air and water	Environmental	E2 Pollution	Air pollution Water pollution	Bakery and Milling	Own operations	Negative impact	Actual	Short-term	No	Nature
I	Waste	Environmental	E5 Resource use and circular economy	Waste	All operations	Own operations	Negative impact	Actual	Short-term	No	Nature
I	Inflow of resources	Environmental	E5 Resource use and circular economy	Inflows of resources, including resource exploitation	All operations	Own operations	Negative impact	Actual	Short-term	No	Nature
	Outflow of resources	Environmental	E5 Resource use and circular economy	Outflows of resources	All operations	Own operations	Negative impact	Actual	Short-term	No	Nature
I	Employee data privacy	Social	S1 Own workforce	Other rights arising from the employment relationship – Privacy	All operations	Own operations	Negative impact	Potential	Short-term	Yes	Own workforce
I	Store robberies	Social	S1 Own workforce	Working conditions – Health and safety	Retail	Own operations	Negative impact	Actual	Short-term	No	Own workforce
I	Occupational safety	Social	S1 Own workforce	Working conditions – Health and safety	All operations	Own operations	Negative impact	Potential	Short-term	No	Own workforce

Sustainability factor					Where in the business model and value chain		Classification			Affected stakeholders and environment	
IRO	Name	ESG category	Topic	Sub / sub-sub-topic	Business segment	Value chain	Positive or Negative	Actual or Potential	Time period	Negative impact on human rights?	Affected stakeholders
I	Fires and explosions	Social	S1 Own workforce	Working conditions - Health and safety	Production	Own operations	Negative impact	Potential	Short-term	No	Own workforce
I	Equal treatment and opportunities, including training and skills development	Social	S1 Own workforce	Equal treatment and opportunities for all - Training and skills development	All operations	Own operations	Negative impact	Potential	Short-term	No	Own workforce
I	Overtime	Social	S1 Own workforce	Working conditions - Working time	Production, Retail	Own operations	Negative impact	Actual	Short-term	No	Own workforce
I	Consumer complaints	Social	S4 Consumers and end-users	Effects related to information for consumers and/or end-users - Access to (quality) information	All operations	Own operations	Negative impact	Potential	Short-term	No	Consumers / End-users
I	Contaminated products	Social	S4 Consumers and end-users	Personal safety of consumers and/or end-users - Health and safety	All operations	Own operations	Negative impact	Actual	Short-term	No	Consumers / End-users
I	Payment terms to suppliers	Governance	G1 Business conduct	Management of relationships with suppliers, including payment	Procurement	Own operations	Positive impact	Potential	Short-term	No	Workers in the value chain
R	Labour shortage	Social	S1 Own workforce	Working conditions - Working time	All operations	Own operations	/	/	Short-term	/	/

IRO-1 – Description of the procedure for identifying and assessing material impacts, risks and opportunities

In 2024, the Čakovečki mlinovi Group carried out a double materiality assessment in accordance with the requirements of the European Sustainability Reporting Standards (ESRS). The purpose of the procedure was to identify impacts, risks and opportunities related to environmental, social and governance topics and to determine which of them constitute material topics for the Group’s business and its stakeholders.

Phase 1: Understanding	Phase 2: Identification	Phase 3: Assessment	Phase 4: Determination
<p>1. Define the scope of the CSRD: understanding which subsidiaries are included in the double materiality assessment scope</p> <p>2. Identification and classification of stakeholders: identifying key internal and external stakeholders and classifying them as affected stakeholders or users of the sustainability statement</p>	<p>6a. Impact materiality: identification of impacts arising from the company’s operations and value chain.</p>	<p>7. Impact materiality assessment: evaluation of each identified impact based on its severity (scale, scope, and irremediability of the impact) and likelihood.</p>	<p>9. Consolidation of assessment results: list of material impacts, risks, and opportunities of the company.</p>
<p>3. Develop engagement methods: develop stakeholder engagement methods across the various stages of the double materiality assessment process.</p> <p>4. Sustainability topic list: develop a list of non-sector-specific, sector-specific, and company-specific sustainability topics based on the standard and benchmarking.</p> <p>5. Value chain mapping: linking sustainability topics (and stakeholders) to the value chain.</p>	<p>6b. Financial materiality: identification of ESG risks and opportunities that result in impacts on costs, revenues, and the company’s asset value.</p>	<p>8. Financial materiality assessment: evaluation of each identified risk/opportunity based on its magnitude and likelihood.</p>	<p>10. Process documentation: a written document explaining the key steps, involved stakeholders, and the results of the double materiality assessment.</p>
Stakeholder engagement throughout the double materiality assessment process.			

The assessment covered the Group’s own operations as well as activities in the upstream and downstream part of the value chain. Internal stakeholders participated in the process through interviews and expert consultations, while external stakeholders were involved through value chain analysis, comparative industry analysis and a review of publicly available information on key customers and suppliers. Based on the information collected, potential impacts, risks and opportunities related to ESG topics were identified. Their materiality was assessed by applying the criteria of magnitude, scope and irremediability of impacts and the probability and magnitude of financial impact for risks and opportunities. The results of the double materiality assessment constitute the basis for determining material sustainability topics and for structuring the content of this Sustainability Report.

The first dimension of “double materiality” is impact materiality (the “inside-out” perspective). According to EFRAG standards, a topic is material from this perspective “when it relates to significant actual or potential, positive or negative impacts of the undertaking on people or the environment”. It is defined as “impacts related to environmental, social and governance factors.”

For this part of the analysis, impacts related to environmental, social and governance factors were identified through discussion with key internal stakeholders, research and active and passive engagement of external stakeholders from the value chain, as well as benchmark analysis.

The analysis aims to determine causal relationships between the Group’s practices and its value chain and their impact on the environment and society. First, the topics are contextualized in order to explain why they are relevant for the Group and its value chains. Then the impacts of each topic on society or the environment are described. Finally, the impacts are classified as prescribed by ESRS 1 (para. 43). The identification process must take into account whether the impact is:

- actual or potential,
- negative or positive impacts on people or the environment,
- in the short-, medium- and long-term time horizon, covering all affected stakeholders (own operations and the upstream and downstream value chain), in the case of potential impacts.

Observing inherent impacts and based on the Group’s respective sector, we assumed that the impacts arising from the Group’s operations are negative, without taking into account the mitigation measures implemented. In addition to negative impacts, we also identified several positive impacts.

The second dimension of “double materiality” is financial materiality (the “outside-in” perspective). According to EFRAG standards, a topic is material from this perspective “if it gives rise to significant financial effects on the undertaking.” Financial effects are defined as “risks or opportunities that affect (or will likely affect) the development, financial position, financial results, cash flows of the undertaking, its access to financing or cost of capital in the short, medium and long term.”

For this part of the analysis, risks and opportunities related to sustainability factors were identified through discussion with key internal stakeholders, research and passive engagement of external stakeholders from the value chain and benchmark analysis.

The analysis aims to determine how risks and opportunities (e.g. legal, reputational, operational, financial as suggested by ESRS 1 AR.13) relate to the topics identified in the short list may affect the Group’s activities in the short, medium and long term. The structure of the analysis is as follows:

0. Definition of the topic

1. Contextualization of the topic: Providing details regarding the scope (i.e. own operations, upstream, downstream) for each topic as well as potential company-specific details related to the relevance of the topic.

2. How this topic may represent a risk/opportunity for the Group: describes the operational, financial, reputational and legal risks for the Group relating to the topic, based on research.

3. Financial assessment of the risk/opportunity: assesses the magnitude, probability and impact of the topic on the Group’s long-term performance and summarizes the main risks and/or opportunities associated with the sustainability topic.

The analysis is risk-based and therefore opportunities are identified only when there is a direct business opportunity related to the subject that is not the result of risk management.

After determining the IRO, an assessment of impact materiality and financial materiality was carried out. Both assessments are based on ESRS 1 (para. 37-51), described in detail in the previous section (see phase 2).

3.1 Assessment of impact materiality

Regarding the assessment of impact materiality, ESRS 1 (para. 45, AR.10) states that impacts are assessed based on the following criteria:

- Severity, which consists of 3 elements:
 - magnitude;
 - scope;
 - irremediability of the impact (assessed only for negative impacts)
- Probability (assessed only for potential impacts)

The Group adopted the following approach when scoring:

- Magnitude, scope and irremediability of the impact: generic criteria applicable to all topics for own operations, scoring from 0 to 5
- Probability: generic criteria applicable to all topics for own operations, scoring from 1 to 4 (n/a. for actual effects)

Materiality threshold: 3.0 for impact materiality (on a scale of 1–5).

Value chain: Impacts in the value chain were identified but not scored, given that at the time of assessing these impacts there was not enough information from the value chain. This choice was made in view of the limited data available on the Group’s value chain. It is important to note that the scoring was validated with key stakeholders from the Group’s own operations.

For risks and opportunities, an assessment of financial materiality was carried out. This assessment is based on ESRS 1 (para.47-51). ESRS 1 (para.47-51)

ESRS (para. 51) ESRS (para. 51) specifies that “the materiality of risks and opportunities is assessed on the basis of a combination of the probability of occurrence and the potential magnitude of the financial effects”.

For this assessment, the following scoring mechanisms were used:

- Probability: the detailed scoring mechanism used is set out in the section “R&O criteria and thresholds” in the documented double materiality process in Annex 1. Probability is assessed on a scale from 0 to 5.
- Magnitude: we based the scoring mechanism for assessing magnitude from 1 to 5 on the practice of assessing the materiality of the financial effect for the Group that may influence the decisions of primary users of financial statements, i.e. on an estimated value of >0.5% share in revenues per year. This value served to determine the threshold of significant financial impact, i.e. a score of 3. The scoring of magnitude was divided into risks and opportunities that could materialize in the short term and risks and opportunities that could materialize in the medium and long term. The detailed scoring mechanism used is set out in the section “R&O criteria and thresholds” in the documented double materiality process in the attached table.

The final scores were confirmed at a joint meeting with key internal stakeholders for each segment. At the consolidated level, if a topic is material for one member of the Group, it is considered material at Group level. Below the materiality thresholds, impacts, risks and opportunities are not considered significant enough to be defined as material under ESRS 1.ESRS 1

Material sustainability topics

The Group uses double materiality of impacts, risks and opportunities as the basis for assessing its ESG impacts. The materiality assessment methodology includes assessing the impacts of operations on the environment and society and the financial consequences of ESG factors on operations.

Key material topics

Based on the analysis, the material sustainability topics include:

ESRS topic	ESRS sub-topic	ESRS sub-sub-topic
E1 Climate change	Mitigation of climate change	
	Adaptation to climate change	
	Energy	
E2 Pollution of air and water	Emissions into the air	
	Emissions into the water	
E5 Use of resources and circular economy	Waste	
	Inflows and outflows of funds, including the use of resources	
S1 Own work force	Equal treatment and opportunities for all	Training and development of skills
	Working conditions	Adequate wages
		Working time
		Health and safety
		Work-life balance
Other rights arising from the employment relationship	Privacy	
ESRS topic	ESRS sub-topic	ESRS sub-sub-topic
S4 Consumers and end users	Personal safety of consumers and/or end users	Health and safety (food safety and quality)
	Effects related to information for consumers and/or end users	Access to high-quality information
		Consumer experience
G1 Business conduct	Management of relationships with suppliers, including payment	

The Group has made use of the option of gradually introducing the information prescribed in ESRS 2 SBM-3 paragraph 48 subparagraph (e) (expected financial effects).

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

This report assesses the eligibility and, where applicable, the alignment of the Čakovečki mlinovi Group's economic activities for the 2025 financial year, on the basis of the Taxonomy Regulation and related legislative acts (Delegated Acts), as well as all additional guidance published since their adoption. The entire portfolio of the Čakovečki mlinovi Group has been included in the analysis of economic activities.

The Čakovečki mlinovi Group generates the majority of its revenue through retail and wholesale of food and non-food products. These income-generating activities are not eligible under the EU Taxonomy. The Čakovečki mlinovi Group has reviewed all economic activities that meet the Taxonomy conditions set out in the Climate Delegated Act and the Delegated Act of the Taxonomy Regulation on the basis of expenditure and investments. An eligible share of revenue, capital expenditures (CapEx) and operating expenditures (OpEx) that can be identified with the so-called acquisition of outputs (in accordance with Commission Delegated Regulation (EU) 2021/2178) has been identified.

Activities in the following areas are eligible within revenue, CapEx and OpEx: purchase and ownership of buildings (CCM 7.7), road transport services (CCM 6.5 / 6.6), and related mobility and infrastructure activities. In 2025, the following is taxonomy-eligible: 0.59% of revenue, 50.06% of total CapEx and 52.53% of OpEx. Most activities primarily relate to the objective of climate change mitigation.

The analysis of the technical criteria for each individual activity has established that, although the activities are taxonomy-eligible (eligible), they are not aligned (aligned) with the EU Taxonomy and do not meet the substantial contribution criteria nor the "do no significant harm" requirements.

By applying a conservative approach, activities have been classified as non-aligned in situations where there was insufficient data to confirm full compliance with the technical screening criteria.

Share of capital expenditures aligned with the EU Taxonomy

Report year 2024	2024			Substantial Contribution Criteria						DoH criteria ("Does not significantly harm")						Minimum categories	Taxonomy eligible proportion (A.2) CapEx, 2024	Category - enabling activity	Category - transitional activity
	Code	CapEx	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
Total		€	%	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	Y1, Y2, Y3, Y4, Y5	%	0	1	
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. CapEx of environmentally sustainable activities (Taxonomy-eligible)																			
CapEx of environmentally sustainable activities (Taxonomy-eligible) (A.1)		0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%			
Proportion of enabling		0.00	0.00%													0%			
Proportion of transitional		0.00	0.00%													0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-eligible)																			
Relocation of existing buildings	CK 3.1	0.07	1.07%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			1.07%	
Demolition and erection of buildings and other structures	CK 3.2	0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			0.00%	
Construction, extension and renovation of water collection, treatment and supply systems		0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			0.00%	
Treatment by filtration, desalination and light commercial services	CG 3.3 / CG 3.4	0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			0.00%	
Weight forward services by road		0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			0.00%	
Installation, maintenance and repair of energy efficiency equipment		0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			0.00%	
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings		0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			0.00%	
Construction and renovation of buildings		0.00	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			0.00%	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-eligible) (A.2)		0.07	0.97%															0.97%	
A. CapEx from eligible activities (A.1 + A.2)		0.07	0.97%															0.97%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		19.69	99.03%															99.03%	
Total		20.00	100.00%															100.00%	

Share of operating expenses related to economic activities aligned with the EU Taxonomy

Financial year 2025	2025		Substantial Contribution Criteria							DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Taxonomy aligned proportion (A.1.) or eligible (A.2.) OpEx, 2023	Category - enabling activity	Category - transitional activity	
	Economic activities	Code	OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy					Biodiversity
Text		m€	%	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. OpEx of environmentally sustainable activities (Taxonomy-aligned)																				
-		0.00	0.00%	N/EL	NEL	NEL	NEL	NEL	NEL	N	N	N	N	N	N	N	N	0.00%	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N	N	N	N	N	N	N	N	0.00%	-	-
Proportion of enabling		0.00	0.00%																	
Proportion of transitional		0.00	0.00%																	
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5 / CCA 6.5	0.23	2.60%	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)									3.21%		
Freight transport services by road	CCM 6.6 / CCA 6.6	0.50	5.84%	EL	EL	NEL	NEL	NEL	NEL									3.30%		
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	3.89	44.29%	EL	EL	NEL	NEL	NEL	NEL									79.88%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4.61	52.53%	52.53%	0.00%	0.00%	0.00%	0.00%	0.00%									86.39%		
A. OpEx from eligible activities (A.1 + A.2)		4.61	52.53%	52.53%	0.00%	0.00%	0.00%	0.00%	0.00%									86.39%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		4.17	47.47%																	
TOTAL		8.78	100.00%																	

Share of revenue from products and services related to economic activities aligned with the EU Taxonomy

Financial year 2025	2025			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards	Taxonomy aligned proportion (A.1.) or eligible (A.2.) Turnover, 2024	Category - enabling activity	Category - transitional activity
	Economic activities	Code	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaption	Water	Pollution	Circular Economy				
Text		m€	%	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y, N; N/EL (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Turnover of environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00	0.00%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0.00%	-	-
Proportion of enabling		0.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N	N	N	N	N	N	N	0.00%	-	-
Proportion of transitional		0.00	0.00%																
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	2.53	0.59%	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)								0.32%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2.53	0.59%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%								0.32%		
A. Turnover from eligible activities (A.1 + A.2)		2.53	0.59%	0.59%	0.00%	0.00%	0.00%	0.00%	0.00%								0.32%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		424.74	99.41%																
TOTAL		427.27	100.00%																

ENVIRONMENTAL INFORMATION

E1 Climate change

E1-1 - Transition plan for climate change mitigation

The Čakovečki mlinovi Group has not adopted a single transition plan for climate change mitigation at the level of the entire Group, with its adoption expected during 2026. At the level of the bakery business segment, i.e. for Zagrebačke pekarnе Klara d.d., which represent a significant part of the Group's operating activities, a "Transition plan for climate change mitigation" has been adopted. Although the Group has not adopted the Transition Plan at Group level, measures aimed at reducing greenhouse gas emissions and increasing energy efficiency have been defined at that level, and 2025 has been determined as the base year for monitoring key performance indicators (KPIs).

Key measures include modernising the vehicle fleet through the gradual introduction of lower-emission vehicles and investing in increased energy efficiency by installing LED lighting in production facilities, offices and retail outlets, thereby achieving energy savings. Additional activities include optimising energy consumption through the use of more efficient technologies, replacing obsolete equipment and reducing emissions from refrigeration systems through regular maintenance and gradual modernisation. A more detailed presentation of emission reduction targets, associated measures, planned investments and key performance indicators (KPIs) is provided in section E1-4 – Target values related to climate change mitigation and adaptation to those changes. The Čakovečki mlinovi Group did not have in 2025 significant capital expenditures relating to economic activities connected with coal, oil or gas and is not excluded from the EU Paris Agreement-aligned benchmarks.

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

In 2024, the Group adopted the "Methodology of the double materiality assessment process of Čakovečki mlinovi d.d." on the basis of which, among other things, the impacts, risks and opportunities related to climate change were analysed. In view of the changes in the composition of the Čakovečki mlinovi Group in 2025, a re-assessment of the double materiality of the Čakovečki mlinovi Group was carried out and, as a result of the analysis, "Climate change" was assessed as a material topic.

All climate risks observed in the context of the double materiality assessment related to the Group's value chain and own operations. The main impacts and risks related to climate change and the measures to strengthen resilience are set out below:

Impacts	Risks	Measures to strengthen resilience
<p>Emissions of greenhouse gases from production processes, refrigeration systems and transport have a negative impact on the environment and contribute to climate change. Climate change may affect transport and the quality and availability of raw materials.</p>	<p>The Čakovečki mlinovi Group has identified physical climate risks associated with extreme weather events (storms, heavy precipitation) that may affect transport, infrastructure and water availability.</p> <p>At the same time, transition climate risks have been identified, including regulatory risks related to changes in legislation, financial risks related to rising energy prices and the necessary investments in adapting operations, and reputational risks related to growing stakeholder expectations in the area of sustainability (ESG). Risk assessment was carried out using climate scenarios RCP 4.5 and RCP 8.5 over the short-, medium- and long-term time horizons.</p>	<p>The Čakovečki mlinovi Group strengthens its resilience by diversifying sources of raw materials, investing in energy efficiency and adaptation of infrastructure and implementing emission reduction measures, thereby reducing costs in the long term and strengthening competitiveness and reputation.</p>

ESRS 2 IRO-1 - Description of the procedures for identifying and assessing material impacts, risks and opportunities related to climate change

A detailed description of the procedures for identifying and assessing material impacts, risks and opportunities related to climate change is provided in the general disclosures (ESRS 2) section of this Report.

Physical and transition climate risks

The Group has adopted the "Methodology for identifying physical and transition climate risks of the Čakovečki mlinovi Group", which provides a framework for effectively identifying and assessing the Group's physical and transition climate risks related to climate change. This Methodology sets out a framework for identifying, assessing and managing the key risks and opportunities arising from climate change and enables an assessment of their impacts on the Group's business model and its value chain.

The Group carries out a systematic review of the impacts of climate change on key activities and assets. This process includes analysis of physical and transition climate risks, assessment of the sensitivity of activities and assets, and adaptation of the Group's Sustainability Strategy to climate change. Relevant climate scenarios (RCP 4.5 and RCP 8.5) are applied in order to ensure the long-term resilience of operations.

RCP4.5 (Representative Concentration Pathway 4.5) represents an intermediate greenhouse gas emissions scenario that foresees the stabilization of their concentration in the atmosphere by the year 2100, but without drastic emission reductions. This scenario assumes the implementation of global climate policies and the development of technologies that contribute to the reduction of greenhouse gas emissions. It is estimated that the global average temperature could increase by approximately 2.1°C to 3.2°C by the end of the century compared to pre-industrial levels. Although significant climate change is expected, RCP4.5 implies a certain limitation of extreme impacts, thereby reducing the most severe consequences of global warming.

RCP8.5 (Representative Concentration Pathway 8.5) represents a high greenhouse gas emissions scenario, often referred to as a "business-as-usual" scenario, which assumes the absence of significant global efforts to reduce emissions. In this scenario, greenhouse gas emissions continue to grow throughout the 21st century due to increased energy consumption and the absence of effective climate policies. It is estimated that the global average temperature could increase between 3.2°C and 5.4°C by 2100 compared to pre-industrial levels. This scenario predicts the most extreme climate impacts, including intense heatwaves, a significant rise in sea level and loss of ecosystems, which could have serious consequences for global economic, ecological and social systems.

The Group continuously adjusts its processes in order to minimize the impact of climate change and ensure the resilience of its operations. These assessments are key for long-term planning and compliance with regulatory requirements. Physical and transition climate risks are analyzed over three time periods: short-term (up to 1 year), medium-term (1–5 years) and long-term (more than 5 years).

Assessment of physical climate risks

Identification of physical climate risks: Physical risks related to natural and climatic hazards include extreme weather conditions (such as heatwaves, storms, floods, etc.), and these risks have been identified through the Climate Risk Vulnerability Assessment (CRVA¹) and include assessments of current and future climate scenarios.

Exposure of assets and activities: The Group's key locations have been analyzed, and special attention has been paid to the main factors affecting operations, which include: (1) assets and processes at the site, (2) input items into the process, (3) output items from the process and (4) transport connectivity, i.e. transportation.

¹ CRVA - Climate Risk Vulnerability Assessment

For the assessment of exposure to physical risks, we identified the main commercial properties that predominantly affect the Group's operations and are located in Čakovec, Virovitica, Malinska, Lovran and Velika Gorica. Regarding the stores in the retail segment, a total of 815 stores have not been identified as key from the aspect of physical climate risks, since individual properties do not have a significant share in the Group's total revenues in 2025 and represent smaller individual material asset values. Consequently, potential adverse events that would affect one or a small number of these stores would not significantly jeopardize the stability of operations or the Group's overall activities.

Sensitivity analysis and assessment of exposure

Analysis of sensitivity and assessment of exposure to current and future climate change has been evaluated with regard to: (1) assets and processes at the site, (2) input items into the process, (3) output items from the process and (4) transport connectivity, i.e. transportation.

For each climate variable the following are assessed for the above-mentioned parameters: (1) sensitivity, (2) exposure, (3) vulnerability, (4) risk assessment and any (5) adaptation.

Vulnerability analysis

For the vulnerability analysis, a combination of sensitivity and exposure was taken into account in order to determine the level of vulnerability of assets and processes at the site, input and output items of the process and transport connectivity. This assessment enables a better understanding of potential risks and their impact on key processes and assets.

Climate risk analysis

In 2025, a climate risk assessment was carried out according to two scenarios, RCP4.5 and RCP8.5, focusing on the variables that were identified as medium and high levels according to the vulnerability analysis. This approach has enabled a more detailed understanding of climate risks and their integration into the adaptation and sustainable business strategy.

Risk matrix indicates the highest risk of occurrence of storms with a medium risk and a score of 42/100 for the RCP 8.5 scenario in the long term, and a similar case, for example, occurred in Zagreb in July 2023, when an enormous amount of precipitation fell together with the storm.

As regards the risk of water availability, for which the production process and input raw materials are highly sensitive, this risk has been assessed as a medium risk with a score of 40/100 for the RCP 8.5 scenario in the long term.

According to Water risk atlas, for the catchment area the seasonal variability measures the average intra-annual variability of available water supply, including renewable surface and groundwater reserves, where variability is low to medium. Water depletion measures the ratio of total water consumption to available renewable water resources, where for the catchment area the possibility of depletion is low (< 5%).

Measures to adapt to physical climate risks

Adaptation measures are aimed at mitigating the negative effects of climate change on operations, infrastructure and employees, thereby reducing potential damage and financial costs.

The Group applies the following key adaptation measures:

- **Technical measures to increase infrastructure resilience** – design and reconstruction of buildings in accordance with applicable construction regulations, using engineering solutions that increase resistance to climate extremes
- **Organizational risk management measures** – established emergency and crisis management plans
- **Financial protection measures** – insurance policies taken out against basic climate and other relevant risks

By applying the above measures, the Group mitigates the adverse impacts of climate change and reduces potential damage and costs for operations, employees and assets.

Assessment of transition risks

Transition risks represent key challenges in the process of moving to a carbon-neutral economy. They arise from regulatory, technological, market and reputational changes that focus primarily on reducing greenhouse gas emissions and adapting to climate change. These risks can significantly affect the company's financial stability, its competitiveness, reputation and operating costs. For the assessment of transition risks, climate scenarios RCP 4.5 and RCP 8.5 were used, which make it possible to analyze the impact of various transition events through short-term and long-term projections. The results of this assessment are presented below:

Scenario	Impact	Period of impact
RCP 4.5 Moderate emission-reduction scenario	<p>The RCP 4.5 scenario assumes the introduction of moderate policies to reduce greenhouse gas emissions, but with less ambitious targets compared to the RCP 2.6 scenario.</p> <p>Within this scenario, transition risks are expected that are related to the gradual introduction of carbon taxes and incentives for the application of low-carbon technologies, as well as increasing regulatory and market pressure on activities with higher levels of emissions. The costs of adaptation, including investments in energy efficiency and the modernization of technologies, remain significant, but are lower compared with stricter scenarios of decarbonization.</p>	long-term
RCP 8.5 High-emissions scenario	<p>The RCP 8.5 scenario assumes the absence of significant global efforts to reduce greenhouse gas emissions and the continuation of high emission levels. In such a scenario, transition costs initially remain low due to limited regulatory and market changes. However, in the long term operations are exposed to significantly increased physical climate risks, such as more frequent and more intense extreme weather events and damage to infrastructure, which can indirectly affect future transition decisions and increase overall operational and financial risks.</p>	long-term

Scenario analysis of transition risks

The assessment of transition risks is based on the identified key aspects: (1) regulatory risk arises from stricter climate policies, which include higher prices of emissions through taxes, reporting obligations and regulatory restrictions for certain products and services; (2) market risk is manifested through changes in consumer preferences, with consumers increasingly favoring sustainable products, while the prices of raw materials subject to environmental restrictions rise; (3) technological risk relates to the costs of switching to low-carbon technologies and the uncertainties associated with investments in sustainable innovations, (4) reputational risk arises from the growing pressure of stakeholders and consumers to adopt responsible business practices and reduce emissions, as a result of which operations are faced with the challenges of maintaining trust and market competitiveness. The assessment of transition risks is based on a combination of the probability of occurrence and the intensity of consequences for both climate scenarios.

The analysis shows that the largest identified transition risks are medium-level and relate to long-term market and reputational risks in the RCP 4.5 scenario, in particular changes in consumer preferences and increased requirements for the implementation of ESG and reporting. The Group at the same time recognizes these risks as opportunities and actively monitors regulatory and market changes in order to take timely measures and make use of the potential positive effects on operations.

Resilience of the strategy and business model

The Group analyzed the resilience of its strategy and business model in the context of climate change, taking into account current and future challenges. The analysis is based on climate scenarios RCP4.5 and RCP8.5. These two scenarios are used to understand potential future climate conditions and to assess how different levels of climate change could affect the Group's operations. The resilience analysis covered key business operations and assets in order to assess their exposure to climate risks.

The resilience analysis includes an analysis of adaptation over three time periods. In the short term, within a period of up to one year, the focus was on adapting key operations to extreme weather conditions, together with measures to reduce current climate risks. In the medium term, over a period of one to five years, the emphasis is placed on the implementation of renewable sources of energy (heat pumps) and on increasing energy efficiency, thereby enabling the long-term sustainability of operations. In the long term, over a period of longer than five years, full adaptation of the business model to climate sustainability is planned. Focus has been placed on locations with high physical risks, which have been identified through the Climate Risk Vulnerability Assessment (CRVA). In addition to operational aspects, financial impacts have also been analyzed, including potential changes in capital investments and operating costs, with the aim of ensuring the long-term resilience of operations.

The Group also takes out insurance policies against basic perils in order to secure funds to cover losses if an insured event occurs. In 2025 a total of one loss event related to flooding was recorded, with a loss amounting to 1,981 euros.

Results of the resilience analysis

The analysis identified key physical climate risks that may affect the strategy and business model. These are: risks of storms and extreme precipitation and the risk of water availability. In addition to physical climate risks, transition climate risks were also analyzed, of which the most significant include: the impact of regulatory changes and the need for adaptation, changes in consumer expectations and the potential risk related to loss of reputation due to failure to adapt, higher costs of adapting to lower-emission technologies, and the risk of increased requirements for ESG reporting and a decline in the confidence of the public and key stakeholders.

The Group continues to carry out resilience analysis and adjust its strategy in order to remain in line with climate and regulatory requirements. The results of applying scenario analysis indicate the need for further investments in technologies that reduce greenhouse gas emissions and increase energy efficiency.

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

In 2025, the “**Policy and Action Plan for Climate Change Mitigation and Adaptation of Grupa Čakovečki mlinovi**” (the Policy) was adopted, which provides a comprehensive framework for managing material impacts, risks and opportunities related to climate change. This Policy is a key part of the Group's commitment to sustainability and compliance with the European and national legislative framework.

Policy	Key areas
Policy on climate change mitigation and adaptation of Grupa Čakovečki mlinovi	<ul style="list-style-type: none"> • Climate change mitigation • Climate change adaptation • Energy efficiency • Stakeholder engagement and education • Financial commitment • Integration into the business strategy

The Group has committed to carry out continuous assessment of climate risks and opportunities through periodic reviews and adjustments of its Sustainability Strategy. The system for monitoring progress towards climate targets includes key performance indicators (KPIs) and regular reporting relative to the base year (2025).

E1-3 – Measures and resources related to climate policies

Greenhouse gas emissions from the Group's own operations and value chain have a negative impact on the environment and contribute to climate change. The Group is implementing and planning measures aimed at reducing greenhouse gas emissions, increasing energy efficiency and strengthening the resilience of operations, in line with the Policy.

The main sources of emissions from own sources relate to production processes powered by natural gas, refrigeration and air-conditioning systems and transport. In order to reduce emissions, energy optimization in production are being carried out, as well as regular technical servicing of equipment and the gradual modernization of the vehicle fleet. Electricity consumption and costs are continuously monitored, and price stability is ensured by framework contracts at the level of the Group's members.

In parallel, renewable energy projects are being developed, including solar power plants, thereby reducing dependence on the electricity grid and energy costs. In the value chain the Group manages climate risks through diversified procurement of raw materials and monitoring of the quality of cereals, thereby reducing exposure to disruptions caused by climate change.

The base year for monitoring progress and determining key performance indicators (KPIs) is 2025, while the period for implementing measures is defined as from 2025 to 2030.

Key targets include the reduction of greenhouse gas emissions through the modernization of the vehicle fleet and the implementation of decarbonisation measures in the bakery segment, as well as increasing energy efficiency through the installation of LED lighting. Progress is monitored by means of KPIs, including the number of hybrid-powered vehicles, the share of facilities with LED lighting and the annual electricity savings achieved.

The implementation of the measures is supported by the allocation of appropriate resources through capital investments and operating costs, with priority being given to projects with a long-term effect on reducing emissions and increasing energy efficiency. The allocation of resources is regularly reviewed in order to ensure the effectiveness of the measures and alignment with the Group's climate targets.

Expected reductions in greenhouse gas emissions

The planned measures are expected to result in:

- an 8.9% reduction in emissions from Scope 1 and 2 by 2030, in line with the Transition Plan for decarbonisation which has so far been determined for the bakery segment.

Grupa Čakovečki mlinovi currently has no single Transition Plan for climate change mitigation adopted at the level of the entire Group.

Accordingly, the expected emission reductions for other business segments have not been quantified and are not covered by a formally defined transition plan.

The stated reduction of 8.9% at Group level is based solely on the absolute effects of the measures from the Transition Plan of Zagrebačke pekare Klara d.d., which have been transferred to Group level. Due to the larger overall emissions base at Group level, the relative effect (in %) is lower than at the level of the bakery segment.

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

Grupa Čakovečki mlinovi sets target values for the reduction of greenhouse gas emissions in accordance with the identified climate risks and opportunities and in line with the level of development of the climate-issues management system at Group level and in its business segments.

Given that the Group currently has no single transition plan adopted at the level of the entire Group, the target values for emission reductions have been defined primarily at the level of the bakery business segment, that is for

Zagrebačke pekarnice Klara d.d., while at Group level operational measures and KPIs aimed at reducing emissions and increasing energy efficiency are being implemented.

The target values relate to greenhouse gas emissions from Scope 1 and 2, which are under direct operational control, and are defined in relation to the base year 2024 for the bakery segment, and the year 2025 for monitoring at Group level.

The targets are set for the medium-term period up to 2030 and are based on available internal data, planned investments and assumptions about the development of the energy sector, including the expected growth in the share of renewable energy sources.

The Group currently has no adopted remuneration policy that includes climate criteria for members of administrative, management and supervisory bodies. However, the Group recognises the need to integrate climate objectives into the remuneration strategy in order to ensure long-term sustainable development and increase the accountability of management structures in achieving climate targets.

Group-level measures are planned for the period from 2025 to 2030, with continuous monitoring of the achievement of KPIs:

Objective	Measure	Type and amount of cost	Indicator (KPI)	Period
Reduction of GHG emissions	Modernisation of the vehicle fleet	CAPEX 100,000 euros	Number of vehicles with hybrid drive - 2 vehicles	2025 – 2030
	Reduction of greenhouse gas emissions in accordance with the Transition Plan for decarbonisation – in the bakery segment	CAPEX 1,124,000 euros	Reduction of emissions according to the Transition Plan	
Increase of energy efficiency	Installation of LED lighting in plants, offices and MP facilities	OPEX 112,000 euros	5% of facilities with LED lighting 288,000 kWh savings/year	2025 – 2030

Transition plan for decarbonisation of the bakery business segment (Zagrebačke pekarnice Klara)

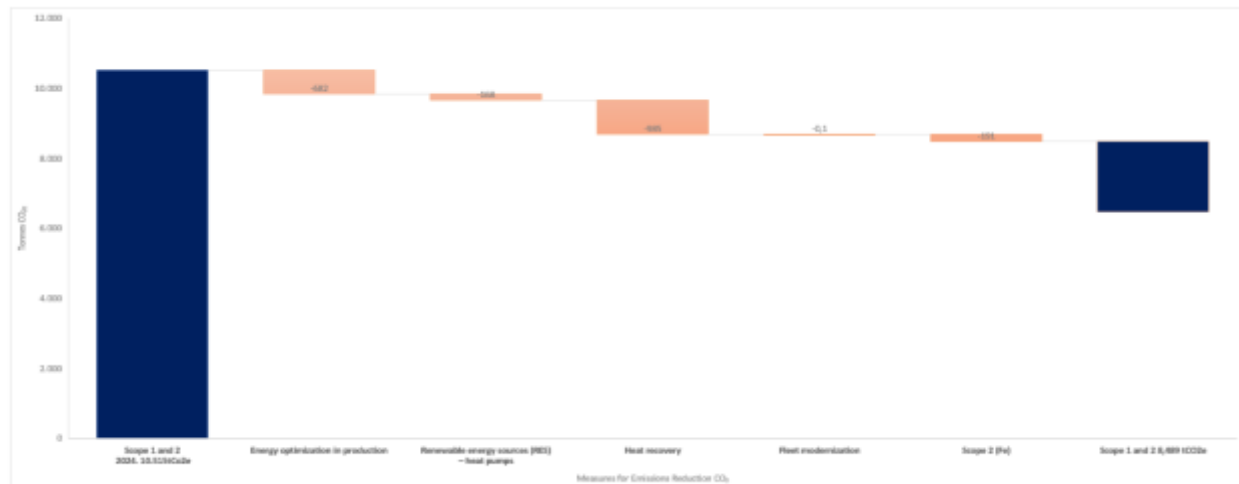
Zagrebačke pekarnice Klara d.d. has adopted a Transition Plan for climate change mitigation (decarbonisation), which was initially adopted in 2024 and updated in 2025 due to organisational changes, including the sale of a shareholding in the company Prehrana trgovina d.d. and acquisitions carried out.

The update involved a recalculation of the base year 2024 in order to ensure data comparability and reliable monitoring of progress. The focus of the transition plan is directed at emissions from Scope 1 and 2, which are under the company's direct operational control and enable effective management of emission reductions. The decarbonisation plan is based on technological improvements and increased energy efficiency. Key measures include:

- energy optimisation of production processes
- installation of heat recovery systems
- modernisation of the vehicle fleet

In 2025, the combustion system in the boiler house was modernised by replacing the existing burners with more advanced models, reducing gas consumption from 57 m³/h to 42 m³/h, while simultaneously reducing CO₂ emissions and operating costs. The system was further improved by integrating an economiser for heat recovery from flue gases.

The company continuously carries out regular maintenance of equipment in order to preserve energy efficiency. In 2025, four electric vehicles and nine new vehicles were purchased to replace older ones. Following the acquisitions carried out, the vehicle fleet was expanded to a total of 60 vehicles, and further replacements are planned in 2026. With the implementation of the planned measures, it is estimated that by 2030 the company will achieve a reduction in emissions from Scope 1 of 21% and from Scope 2 of 7%, i.e. a total reduction of 19%.



The planned investments are directed towards taxonomy-eligible activities, and in 2025 the company had no significant capital expenditures related to activities in the fossil fuel sector.

Measure	Planned investments (thousand euros)	Maximum expected total emission reduction by 2030 in tCO ₂ eq	Investment period
Energy optimisation in production	664	849	2025 - 2030
Energy efficiency in production (heat recovery)	330	985	
Modernisation of the vehicle fleet	130	0.1	

Assuming implementation of the measures envisaged by the transition plan for decarbonisation only in the bakery segment, the Group would achieve by 2030 a reduction of Scope 1 emissions by 13.4% and Scope 2 emissions by 2.9%, i.e. the total reduction of Scope 1 and 2 emissions by 2030 would amount to 8.9%.

E1-5 – Energy consumption and energy mix

Information on the consumption of energy of the Group and the mix of energy sources are presented in the table below.

Energy consumption and energy source mix	2024	2025
(1) Fuel consumption from coal and coal products (MWh)	-	7,987
(2) Fuel consumption from crude oil and oil derivatives (MWh)	63	8,681
(3) Fuel consumption from natural gas (MWh)	9,709	35,965
(4) Fuel consumption from other fossil sources (MWh)	-	926

(5) Consumption of purchased or acquired electricity, heating energy, steam energy and cooling energy from fossil sources (MWh)	15,198	0
(6) Total energy consumption from fossil sources (MWh) (calculated as the sum of rows 1 to 5)	24,970	53,559
Energy consumption and energy source mix	2024	2025
Share of energy from fossil sources in total energy consumption (%)	99%	70%
(7) Consumption from nuclear sources (MWh)	-	3,208
Share of energy from nuclear sources in total energy consumption (%)	-	4%
(8) Consumption of fuels for renewable sources including biomass (which also includes industrial and municipal waste of biological origin, biogas, hydrogen from renewable sources etc.) (MWh)	-	81
(9) Consumption of purchased or acquired electric energy, energy for heating, steam and energy for cooling from renewable sources (MWh)	-	19,837
(10) Consumption of energy from renewable sources from own production excluding fuels (MWh)	142	0
(11) Total consumption of energy from renewable sources (MWh) (calculated as the sum of rows from 8 to 10.)	142	19,918
Share of energy from renewable sources in total energy consumption (%)	0,0056%	26%
Total consumption of energy (MWh) (calculated as the sum of rows 6. and 11.)	25,112	76,685

Energy intensity per net revenue	2024.	2025.
Total energy consumption from activities in climate-significant sectors per net revenue from activities in climate-significant sectors (MWh per 000 euros of revenue)	0.12	0.19

The data for 2024 and 2025 are not comparable due to a change in the scope of the Group as a result of acquisitions in 2025 and due to a change in the methodology for allocation of electricity, whereby from 2025 the energy mix of the supplier HEP Opskrba is used.

Total consumption of energy from fossil sources under the control of the Group

The consumption includes primary energy from crude oil, oil derivatives and natural gas, as well as consumption of secondary non-renewable energy purchased externally such as electricity, heat used for heating, cooling, lighting and fuel use in vehicles. Energy consumption is based on the invoices of the suppliers of individual energy sources.

With regard to energy consumption, the Group reports only on energy consumed during processes owned or controlled by the Group, applying the same scope as is applied for reporting on greenhouse gas emissions from scopes 1 and 2.

Energy intensity per net revenue

The Group's total net revenue amounts to 398,470 thousand euros (Note 4 – Revenue). Total energy consumption from activities in climate-significant sectors amounts to 53,559 MWh.

The total energy intensity calculated as consumption of energy from activities in climate-significant sectors, per 000 euros of net revenue from activities in climate-significant sectors, is 0.19. Considering that the activities of the Group are covered by climate-significant sectors, the entire net revenue of the Group has been taken into account.

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

Data on greenhouse gas emissions have been collected on the basis of available data for 2025. The baseline year for monitoring greenhouse gas emissions has been determined to be 2024, when the processes for collection, verification and analysis of data were established.

Data for 2024 are not comparable with data for 2025, taking into account significant acquisitions and changes in the composition of the Čakovečki mlinovi Group.

	2024	2025
Emissions of greenhouse gases from Scope 1		
Gross emissions of greenhouse gases from Scope 1 emissions (tons of CO2 equivalent)	5,149	13,145
Percentage of greenhouse gas emissions from Scope 1 from regulated emission trading schemes (%)	-	-
Emissions of greenhouse gases from Scope 2		
Gross emissions of greenhouse gases from Scope 2 based on location (tons of CO2 equivalent)	2,283	6,683
Gross emissions of greenhouse gases from Scope 2 - market-based approach (tons of CO2 equivalent)	8,362	24,516
Significant emissions of greenhouse gases from Scope 3		
Total gross indirect emissions of greenhouse gases from Scope 3 (tons of CO2 equivalent)	220,712	371,476
1. Purchased goods and services	184,542	312,687
2. Capital goods	1,899	4,632
3. Activities related to fuel and energy (which are not included in Scope 1 or 2)	4,358	16,975
4. Transport and distribution at a higher level	325	484
5. Waste generated during operations	380	587
6. Business travel	1	2
7. Travel of employees to work	1,583	4,744
8. Leased assets at a higher level of the value chain	3,568	10,752
9. Transport at a lower level	231	1,247
10. Processing of sold products	-	-
11. Use of sold products	12,717	276
12. Treatment at the end of life of sold products	8,171	10,469
13. Leased assets at a lower level of the value chain	829	5,993
14. Franchises	-	-
15. Investments	2,109	2,628
Total greenhouse gas emissions		
Total greenhouse gas emissions (location-based) (tonnes of CO2 equivalent)	228,144	391,304
Total greenhouse gas emissions (market-based)	234,223	409,137

Intensity of greenhouse gases per net revenue	2024	2025	Change (2025/2024)
Total greenhouse gas emissions (based on location) per net revenue (in tonnes of CO2 equivalent/thousand euro)	1.10	0.98	-11%
Total greenhouse gas emissions (based on market) per net revenue (in tonnes of CO2 equivalent/thousand euro)	1.13	1.02	-10%

The Group's total net revenue amounts to 398,470 thousand euro (Note 4 – Revenue). Total greenhouse gas emissions on a location basis amount to 391,304 tonnes of CO₂ equivalent. The location-based emission intensity, expressed per net revenue (tCO₂e/thousand euro), amounts to 0.98. Total greenhouse gas emissions on a market basis amount to 409,137 tonnes of CO₂ equivalent, while the market-based emission intensity amounts to 1.02 tCO₂e/thousand euro.

Although in 2025 an increase in absolute greenhouse gas emissions was recorded due to changes in the composition of the Group resulting from acquisitions and an expansion of the reporting scope, the emission intensity indicators point to an improvement in emission efficiency. Greenhouse gas emission intensity per net revenue decreased compared to 2024, both on a location basis and on a market basis.

This reduction in intensity indicates more efficient management of energy and emissions, regardless of the increase in total emissions, which is primarily the result of the inclusion of new companies in the Group.

	Amount in 000 euro
Net revenue for the calculation of greenhouse gas intensity	398,470
Net revenue (other)	-
Total net revenue	398,470

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

Emissions of greenhouse gases of Scope 1 and Scope 2 have been calculated on the basis of the provisions of the ESRS and the methods of the Greenhouse Gas Protocol on greenhouse gases, version from 2024 (*The GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance*) on the basis of the available information within the Group.

Methodology for the calculation of Scope 1

Emissions of Scope 1 according to the source have been calculated using methodologies and emission factors that correspond to each source as follows:

Stationary combustion (liquid and gaseous fuels): Emissions of greenhouse gases (GHG) from the combustion of liquid and gaseous fuels have been calculated using DEFRA emission factors. The amount of fuel consumed was multiplied by the applicable emission factor specific to the type of fuel in order to determine the resulting emissions. This approach takes into account the direct emissions of CO₂, CH₄ and N₂O from the use of fuels.

Refrigerants (Fugitive emissions): Emissions from fugitive release of greenhouse gases, such as refrigerant fluids or leaks from equipment, have been calculated using the potential for global warming (*global warming potential - GWP*) obtained from the Intergovernmental Panel on Climate Change (IPCC) AR6. The quantity of greenhouse gases released was multiplied by the GWP of each gas in order to reflect their relative impact on climate change.

Mobile combustion (vehicles): Greenhouse gas emissions from mobile combustion sources, such as vehicles owned by the Group, have been calculated using DEFRA emission factors. The total amount of fuel was multiplied by the relevant emission factor in order to determine the emissions of CO₂, CH₄ and N₂O generated by the combustion of fuel (from the IPCC AR6 report)..

Methodology for the calculation of Scope 2

Scope 2 emissions are calculated on the basis of the total amount of electricity supplied to the Group's facilities or plants under its financial control. Data on electricity consumption are multiplied by relevant location-based (the source of the emission factor is IEA) and market-based emission factors (the source of the emission factor is AIB).

Method based on location: This method uses average emission factors of the grid on the basis of the geographical location of electricity consumption, reflecting the regional energy mix.

Method based on the market: This method uses emission factors specific to the market in order to reflect the quantities of energy obtained from renewable sources or special contracts, ensuring that emissions reflect the type of electricity purchased.

Overview of the methodology for calculating individual categories of Scope 3

Individual categories from Scope 3 were calculated by selecting applicable methods from the Greenhouse Gas Protocol, 2004 edition (GHG Protocol Technical Guidance for Calculating Scope 3 Emissions v1.0 – Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard) based on the available information. When determining the reporting boundary, it was concluded that categories 10. Processing of sold products, 14. Franchises and 15. Investments.

1. Purchased goods and services: Calculated on the basis of a method based on consumption.
2. Capital goods: Calculated on the basis of a method based on consumption.
3. Activities related to fuel and energy (not included in Scope 1 or 2): Calculated on the basis of energy consumption data obtained from energy suppliers.
4. Upstream transport and distribution: Calculated on the basis of average kilometres travelled and types of transport.
5. Waste generated during operations: Calculated on the basis of a method based on the type of waste.
6. Business travel: Calculated on the basis of a method based on information on the number of overnight stays.
7. Employee commuting to work: Calculated on the basis of a method based on the average kilometres travelled and types of transport.
8. Leased assets at a higher level of the value chain: Calculated on the basis of a method based on the specific characteristics of the assets (floor area) and, for part of the data, on the basis of the energy consumption of leased assets at a higher level of the chain.
9. Transport at a lower level: Calculated on the basis of a method based on consumption.
10. Processing of sold products: Not applicable, the Group does not produce semi-finished products that are processed by third parties.
11. Use of sold products: Calculated on the basis of a method based on the direct use of products that directly consume energy, products that emit greenhouse gases during their life cycle and emissions from the sale of petroleum products.

12. End-of-life treatment of products sold: Calculated on the basis of data on the type of waste and the method of waste disposal.

13. Leased assets at a lower level of the value chain: Calculated on the basis of a method based on the specific characteristics of the assets (floor area) and, for part of the data, on the basis of the energy consumption of leased assets at a lower level of the chain.

14. Franchises: Not applicable, the Group does not have franchises in its ownership.

15. Investments: Calculated on the basis of interests in associates, i.e. on the basis of investments in equity instruments.

After calculation of the total quantity of greenhouse gases in Scope 3, and on the basis of a comparison of the results obtained after the calculation of individual categories, it was concluded that the most significant categories for the Group are category 1. Purchased goods and services and category 3. Fuel- and energy-related activities (which are not included in Scope 1 or 2). Category 1 thus generates 293,174 tCO₂ (eq) which is 83% of the total greenhouse gases generated in Scope 3, while category 3 generates 16,975 tCO₂ (eq), which is 5% of the total greenhouse gases generated in Scope 3.

Detailed methodology for calculation of category 1

Emissions in this category were calculated on the basis of financial expenditures intended for purchased goods and services using Exiobase emission factors. This process involved comparing data on financial consumption across operations in order to present the total consumption by relevant purchasing categories specific to the location and product. Specific Exiobase emission factors were applied to each purchasing consumption category based on the description of the purchasing category in order to calculate the total emissions. These emission factors were further adjusted to take inflation into account by using the Consumer Price Index (CPI). The emission factors used are from 2022, and the inventory data are from 2025. The inflation adjustment was based on the ratio of CPI between 2022 and 2023 for the country of operation.

Excluded from the calculation

It has been estimated that quantification based on financial expenditures for key operational input goods and services covers a large portion of the emissions arising from activities related to the procurement of these goods and services. In this respect, property rental and utilities, energy and fuels, electricity, business travel activities, waste management activities, logistics services (transport) and employee transport services are excluded from the calculation for category 1, since they are covered by other categories within Scope 3.

Assumptions used during the calculation

It is assumed that suppliers of goods and services generate emissions in line with average industry estimates, allowing the application of general emission factors to specialized materials where appropriate. The financial data does not distinguish between the costs of products, transport and use. Therefore, assumptions were made as to whether these costs should be separated in order to account for both the product and the transport or allocated directly to the product. Assumed that the costs of the product include also the costs of transport, without their separation into different categories. Exobase emission factors were calculated on a “cradle-to-gate” basis, covering the entire life cycle of the goods, including emissions from upstream transport.

Detailed methodology for the calculation of category 11

The calculation was carried out by selecting the applicable methods from the Protocol on greenhouse gases, version from 2024 (*GHG Protocol Technical Guidance for Calculating Scope 3 Emissions v1.0 – Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard*) on the basis of the available information and IPCC the guidelines for national inventories of greenhouse gases (*IPCC Guidelines for National Greenhouse Gas Inventories, Chapter 3: Mobile Combustion*).

Applied were the following methodologies for different main categories of products:

1. Products that directly consume energy:

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

2. Products that contain or generate greenhouse gas emissions:

For products that contain or emit greenhouse gases during use, the following formula was applied: Σ (expected product use over the total lifetime \times number of products sold in the reporting period \times refrigerant leakage per use (kg) \times global warming potential (GWP) (kg CO₂e/kg)).

In this calculation, refrigerant leakage per use was applied based on IPCC Table 3: Default Emission Factors for Refrigeration/Air Conditioning Equipment. A conservative approach was adopted by selecting the upper bound of the estimated ranges for both refrigerant leakage per use (kg) and the lifetime (years) of refrigeration and air conditioning systems. This decision was made due to the lack of precise data on refrigerant leakage and product lifetime, thereby ensuring a more robust estimate of emissions.

3. Fuels and petroleum feedstocks:

Emissions from fuels and petroleum feedstocks are calculated using the following formula: Σ (total quantity of fuel/feedstock sold (e.g. kWh) \times emission factor of fuel/feedstock combustion (e.g. kg CO₂e/kWh)). Additionally, for the calculation of CO₂ emissions from AdBlue (a urea-based catalyst), IPCC guidelines have been applied. AdBlue typically contains 32.5% urea by weight. CO₂ emissions from urea application can be estimated using the following formula: Emissions CO₂ = Σ Activity \times (12/60) \times Purity \times (44/12). Where: Emissions = CO₂ emissions from urea-based additives in catalytic systems; Activity = quantity of urea-based additive consumed for use in catalytic systems; Purity = mass fraction (= percentage divided by 100) of urea in the urea-based additive. The factor (12/60) accounts for the stoichiometric conversion from urea (CO(NH₂)₂) to carbon, while the factor (44/12) converts carbon to CO₂.

Assumptions used during the calculation

For products containing refrigerants, refrigerant leakage during use has been estimated based on IPCC Table 3: Default Emission Factors for Refrigeration/Air Conditioning Equipment. A conservative assumption has been made by selecting the highest values for refrigerant leakage during use and over the product lifetime in order to account for the lack of specific data regarding each refrigeration and air-conditioning system. CO₂ emissions from AdBlue (a urea-based catalyst) have been calculated in accordance with the IPCC formula for urea application. It is assumed that the urea purity in AdBlue is 32.5% by weight, which is a standard industry value. This assumption has been applied to all urea-based catalytic applications in the absence of specific purity data.

E1-9 – Expected financial consequences of significant physical and transition risks and potential climate-related opportunities

The Group continuously analyzes the potential financial consequences of climate risks and opportunities that may affect operations in the short, medium and long term. Physical climate risks, such as extreme weather events and long-term climate change, may lead to increased operating costs, the need for additional investments in the resilience of infrastructure, and possible disruptions in the supply chain. However, analyses carried out on the basis of regional climate models have not identified significant risks that could cause major financial losses or require urgent adjustments to the business model.

In order to minimize the potential financial effects of physical climate risks, the Group invests in adaptation measures, including improvements to infrastructure to reduce exposure to flooding, modernization of cooling systems for more efficient operation at high temperatures, optimization of ventilation systems and implementation of heat recovery technologies, which contributes to energy efficiency and a reduction in operating costs.

In addition to physical climate risks, the Group is also exposed to transition risks arising from changes in regulatory requirements, market conditions and technological innovations associated with the shift to a low-carbon economy. The introduction of stricter emission regulations may result in additional compliance costs, while changes in the preferences of customers and financial institutions may affect the availability of capital and the competitive position in the market. On the other hand, opportunities arising from sustainable technologies and increased demand for environmentally friendly products may contribute to cost reductions through greater energy efficiency and optimization of resources, as well as to an improvement in the Group's market position.

The Group continuously monitors the financial impacts of climate risks and opportunities and adjusts its strategies in order to ensure the long-term resilience and stability of its operations.

E2 - POLLUTION

Pollution is defined as a discharge of pollutants directly or indirectly caused by human activity² into the air, water or soil, which may be harmful to human health and/or environmental quality, leads to damage to material property, disrupts environmental characteristics or other legitimate uses of the environment.

As support to the EU Action Plan “Towards Zero Pollution for Air, Water and Soil” and the creation of a non-toxic environment with zero pollution, the Group carried out activities in 2025 aimed at preventing or mitigating actual or potential negative impacts on air, water and soil pollution.

The Group monitors emissions and carries out testing in accordance with the relevant legal regulations, and in 2025 not a single case was recorded of exceeding the permitted emission limit values related to air and water pollution.

ESRS IRO – 1 Description of procedures for determining and assessing significant impacts, risks and opportunities arising from pollution

In 2024, the “Methodology for Determining the Material Topics of Čakovečki mlinovi Group” was adopted, which was updated in 2025, and which clearly prescribes the method for identifying and analysing impacts related to pollution. The process includes analysis of key indicators of emissions into air, water and soil and their connection with business activities. It includes tools for data collection and impact monitoring through specific modules.

The assessment approach is based on identifying actual and potential impacts, taking into account the sustainability of suppliers, production processes and pollution management. In addition to internal monitoring, the Group conducts benchmarking and sector analyses, comparing itself with the best available practices in the food and retail industry, thereby ensuring continuous improvement of its sustainable business strategies.

The results of consultations with stakeholders also resulted in the adjustment of the “Sustainability Strategy of Čakovečki mlinovi Group” and the setting of targets for reducing emissions into air and water – two material topics of Čakovečki mlinovi Group in the area of pollution.

E2-1 – Policies related to pollution

In 2025 the Group adopted the “**Pollution Management Policy of Čakovečki mlinovi Group**” (the Policy), which is integrated into the Sustainability Strategy of Čakovečki mlinovi Group. The Group aims to reduce negative environmental impacts in line with legal regulations and stakeholder expectations. The Policy is based on the principles of prevention, control and continuous improvement in the field of air, water and soil pollution management. Special emphasis is placed on the integration of environmental standards into key business processes and cooperation with relevant stakeholders.

Policy	Key areas
Pollution Policy of Čakovečki mlinovi Group	<ul style="list-style-type: none"> • Systematic reduction of negative pollution impacts • Management of environmental and health risks • Responsible handling of hazardous substances • Integration of risks into strategic decision-making • Compliance with regulations and standards • Continuous monitoring of emissions and waste

Mitigating negative impacts on air, water and soil is an integral part of the Group’s Policy, under which it actively implements measures to reduce pollution. Emissions into the air are controlled through systematic monitoring and alignment with legal norms in order to ensure responsible air quality management.

² A substance, vibration, heat, noise, light or other contaminants present in the air, water or soil, which may be harmful to human health and/or the environment, which may cause damage to material property or which may impair or interfere with amenities and other legitimate uses of the environment

As regards water, the Policy covers the reduction of potential pollution through efficient resource management and discharge monitoring, in accordance with regulatory requirements and applicable water rights permits. At the same time, preventive measures are taken to protect soil, including proper storage of potentially harmful materials, thereby preventing unintentional pollution and ensuring long-term environmental protection. The Group actively implements measures to reduce and replace substances that may negatively affect the environment and human health. The focus is on identifying substances of concern in business processes and on educating employees about safe handling and the reduction of risks associated with their use. The Group has developed plans for managing emergency situations with the aim of preventing or reducing the negative impacts of potential incidents. As part of the Policy, regular assessment of pollution-related risks has been established to ensure that environmental risks are identified and minimised in a timely manner. Internal acts define clear protocols for rapid response and management in emergencies, ensuring effective coordination and reduction of possible damage. At the same time, the effectiveness of existing control and prevention measures is continuously assessed, thereby ensuring the constant improvement of the environmental protection and business safety system.

E2-2 – Measures and resources related to pollution

Under the “Action Plan for Pollution Management of Čakovečki mlinovi Group” the Group implements key activities for pollution management. Resources include the funds required for the implementation of measures.

Mitigation measures are divided into hierarchical steps:

Hierarchy of steps	Mitigation measures
Prevention	Introduction of technologies that reduce emissions, such as energy and technological optimisation of furnaces and the transition to renewable energy sources (heat pumps).
Reduction	Use of water separators and regular technical maintenance of water discharge/treatment systems.
Remediation	The operational plan for emergency situations includes rapid detection, crisis management and isolation of the source of pollution and coordination with the competent authorities.

E2-3 – Target values related to pollution

The Group implements systematic measures to control and reduce negative environmental impacts, with clearly defined performance indicators and target values. Pollution control includes monitoring emissions into air and water during production processes, ensuring compliance with environmental regulations. Special attention is paid to regular analysis of the quality of wastewater discharges.

Emergency operational plans define clear protocols for action in crisis situations, including extraordinary and sudden water pollution. As part of this, an Operational Plan for Intervention Measures has been drawn up, while documents for the management of emergency situations precisely define responsibilities and procedures, including crisis communication, evacuation and rescue.

Improvement of water resource management includes the optimisation of water consumption in production processes and the application of digital consumption readings where possible. The status of emissions is regularly monitored and reported to regulatory bodies, in accordance with the conditions of the water rights permit. In order to ensure transparency of the environmental protection policy, the document “Pollution Management Policy of Čakovečki mlinovi Group” is available to all stakeholders on request via official communication channels.

Activities and target values

To implement the objectives of the Action Plan, the Group has implemented key activities that ensure continuous reduction of the environmental footprint. Activities are clearly defined, with responsibilities and mechanisms for monitoring progress, while the success of the measures implemented is monitored through performance indicators (KPIs).

By 2030 a reduction of hazardous waste by 10% is planned, while in the segment of emissions into water, control measures are continuously implemented in order to ensure compliance with the water rights permit.

Performance indicators are defined in relation to the base year 2025 when performance indicators for the Group were defined for the first time, and will be monitored on an annual basis, enabling timely evaluation of progress and adaptation of strategies in line with the Group's environmental objectives.

Activities	Time frame	KPI
Reduction of hazardous waste	By 2030	Reduction of hazardous waste by 10%
Emissions into water – implementation of control measures in order to ensure that emissions into water are compliant with the water permit	continuously	Control of emission quantities in accordance with the water permit

The Group implements binding targets in accordance with legislative requirements and at the same time sets additional voluntary targets in order to improve the sustainability of its operations. Mandatory targets include reducing emissions in line with national and EU standards, while voluntary targets seek to further reduce emissions and waste, thereby achieving more ambitious environmental outcomes than those prescribed by the legislative framework.

E2-4 – Air and water pollution

Emissions into the air represent a significant environmental aspect of the Group's operations. The Group regularly conducts prescribed occasional and periodic measurements of emissions from stationary sources, ensures compliance with limit values and reports via the Environmental Pollution Register (ROO). Measurements are carried out at technically appropriate measuring points, using reference methods in accordance with the applicable standards.

Emissions of pollutants into air		2025
CO ₂	tons/year	5,920.631
NO _x	tons/year	3.463
CO	tons/year	0.597
SO ₂	tons/year	0.304
CH ₄	tons/year	0.020
N ₂ O	tons/year	0.002
PM10 and PM2.5	tons/year	0.320
Total	tons/year	5,925.337

The results of measurements carried out during 2025 at all relevant plants confirm that emissions do not exceed the statutory limit values and no need for corrective measures has been identified. The Group continuously improves processes and plant maintenance with the aim of further reducing emissions and preserving air quality.

Emissions into water

Prescribed emission limit values and permitted concentrations of hazardous and other substances in wastewater are defined by the water permit. The Group continuously seeks to ensure that the measured values remain below the prescribed threshold limits in order to minimise the impact on the environment. During the reporting period, no irregularities were identified in relation to the limit values defined by the water permit.

Emissions of pollutants into water		2025
COD (Chemical oxygen demand)	tons/year	7.73
BOD5 (Biochemical oxygen demand)	tons/year	2.36
AOX (Adsorbable organic halogen compounds)	tons/year	0.0084
Low-volatility lipophilic substances (total oils and fats)	tons/year	0.340
Total hydrocarbons (mineral oils)	tons/year	0.0011
Anionic detergents	tons/year	0.0216
Cationic detergents	tons/year	<0.0042
Non-ionic detergents	tons/year	1.51470
Total suspended solids	tons/year	0.05

In all production facilities, the Group ensures lawful and controlled use of water and discharge of wastewater into public sewerage systems, with prior treatment and regular monitoring of discharge quality. Where applicable, water permits have been obtained, and where a permit is not required, operations are carried out in accordance with the decisions of the competent authorities and the applicable legislative framework.

Wastewater from production and sanitary processes is discharged following prior treatment (grease traps, oil and fat separators, mechanical and chemical processes for reducing COD and BOD), in order to prevent damage to the public sewerage system and negative impacts on the environment. The quality of discharges is regularly tested at control points and the results are compared with prescribed limit values. Measurements to date confirm compliance with the conditions of the permits.

The Group uses water primarily for technological and sanitary purposes, relying on the public water supply. Drainage systems are separated (sanitary and storm water), impermeable and regularly maintained. Planned inspections, cleaning and servicing of drainage systems are carried out, including periodic emptying and disposal of sludge and waste through authorized collectors.

Internal documents and procedures have been established, including work and maintenance plans for water facilities, waste management regulations and operational plans for action in the event of extraordinary and sudden water pollution. In the event of an incident, measures are applied for the urgent isolation of the source of pollution (closing of drains, use of absorbent agents), preventing pollutants from entering the sewer system, removing and properly disposing of contaminated material and notifying the competent authorities.

Identified hazardous substances (e.g. fuels and heating oil) are stored and used with prescribed technical and organizational protection measures. Risks related to force majeure, inadequate maintenance or human error are mitigated through preventive inspections, employee training and regular system checks.

The effectiveness of the measures is monitored through internal inspections, record keeping, testing in accordance with the prescribed parameters and continuous compliance with applicable legislation and issued permits.

Within the Group, persons responsible for environmental protection are defined, who supervise the monitoring of emissions of pollutants into water and air. The discharge control is carried out by authorized laboratories, which take samples of wastewater and perform analyses according to reference methods.

The total quantity of pollutants discharged into the environment is determined on the basis of the analysis of the concentration of individual substances in the samples and the total quantity of discharged water. Systematic monitoring and the application of relevant methods ensure accurate data on emissions and enable the undertaking of appropriate environmental protection measures.

E2-5 – Substances of concern and substances of very high concern

In its production, distribution and commercial activities, the Group does not produce, use, procure, import or export substances of concern or substances of very high concern, whether individually, in mixtures or as part of products. Likewise, the Group does not generate emissions of substances of concern, nor does it supply them as part of its products or services. In accordance with applicable regulations and best environmental and health protection practices, business operations are fully aligned with regulatory requirements relating to the control and limitation of the use of substances that may pose a risk to the environment and human health.

E2-6 – Expected financial consequences of impacts, risks and opportunities related to pollution

In 2025 no material incidents were recorded related to emissions into air, water or soil that would have a significant impact on the Group's cash flow.

ESRS E5 USE OF RESOURCES AND CIRCULAR ECONOMY

IRO-1 – Description of processes for identifying and assessing material impacts, risks and opportunities related to the use of resources and the circular economy

In 2025 the “Methodology for the identification of impacts, risks, opportunities and material topics of Grupa Čakovec” was updated, defining the process of identifying and assessing impacts related to resource management and the circular economy.

The assessment is based on the criteria of scale, irreversibility and time horizon of impacts, with an analysis of regulatory requirements, market trends and their impact on the business model and financial sustainability. The results of the double materiality are used to define priority topics for reporting.

The process includes quantitative and qualitative analyses, comparison with industry practices and active involvement of internal and external stakeholders, including suppliers and customers. The use of resources and the implementation of circular economy principles are key in the following business units of the Group:

Business units	Key activities
Milling and bakery	Focus on optimizing raw material consumption, reducing waste during the production process and applying sustainable packaging solutions.
Packaging and packing	Transition to environmentally friendly materials and focus on the use of recyclable materials.
Retail of consumer goods	Application of sustainable practices in retail facilities, including a focus on the introduction of energy-efficient lighting, reducing food waste through stock optimization and encouraging the reuse and recycling of packaging.

In the milling segment, emphasis is placed on optimizing raw material consumption, reducing waste in the production process and applying more sustainable packaging solutions. In the area of packaging and packing, a gradual transition to more environmentally friendly and recyclable materials is being implemented with the aim of reducing environmental impact. In the retail of consumer goods, sustainable practices are applied through the introduction of energy-efficient lighting, optimization of stocks to reduce food waste and encouraging the reuse and recycling

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

The Group has adopted the “**Resource and Circular Economy Management Policy of Grupa Čakovečki mlinovi**” (the Policy), thereby committing to the sustainable use of resources and reduction of its environmental footprint. The Policy emphasizes the Group’s commitment to effective resource management and to promoting the circular economy with the aim of sustainable business operations. The key elements of the strategy include reducing negative environmental impact through recycling, waste reduction and optimization of resource use. Furthermore, emphasis is placed on stakeholder engagement and the promotion of the circular economy within the business ecosystem.

Policy	Key areas
Resource and Circular Economy Management Policy of Grupa Čakovečki mlinovi	<ul style="list-style-type: none"> • Reduction of emissions and prevention of air, water and soil pollution • Sustainable water management and wastewater treatment • Responsible management of hazardous substances and chemicals • Energy efficiency and reduction of greenhouse gas emissions (including logistics) • Sustainable waste management and optimization of resources • Risk management, emergency measures and continuous employee training • Cooperation with suppliers to reduce emissions in the supply chain • Systematic monitoring, KPI indicators and responsibility of the Management Board for implementation of the policy

The Policy applies to all employees of the Group, and affiliated companies and business partners are encouraged to adopt it or integrate its principles into their own business practices.

Management of own waste

The total amount of waste generated during 2025 is 8,130 tons, of which the highest share is non-hazardous waste, which accounts for 99% of total waste.

Type of waste		2025	Share
Paper and cardboard	tons	3,855	48%
Mixed and municipal waste	tons	2,363	28%
Biowaste and wood waste	tons	606	8%
Sludges from washing, cleaning, peeling	tons	498	6%
Materials unsuitable for consumption or processing	tons	446	6%
Plastic	tons	194	2%
Other	tons	168	2%
Total		8,130	100%

Key categories include paper and cardboard (48%), mixed municipal waste (28%), and biowaste and wood waste (8%).

Hazardous waste accounts for 1% of total waste, with sludge and oily water from separators being the most prevalent, which Zagrebačke pekarnice Klara, in accordance with the “Work instruction for waste management”, treat in such a way that, as scheduled, every four months, an authorized collector comes, cleans the grease trap of sludge and transports it away, while the other Group members implement documented waste management procedures.

In order to reduce our impact on the environment, we take active measures to divert waste from landfills and to reuse it. The total quantity of waste disposed of at landfill amounts to 2.368 tons, which represents 29% of total waste.

Annual quantities of separately collected waste by type and subsequent treatment – non-hazardous waste		Reuse	Recycling	Composting	Incineration	Use for energy recovery	Landfilling	Total
Year								
2025	tonnes		5,678				2,368	8,046

Annual quantities of separately collected waste by type and subsequent treatment – hazardous waste		Reuse	Recycling	Composting	Incineration	Use for energy recovery	Landfilling	Total
Year								
2025	tonnes		83					83

Annual quantities of separately collected waste by type and subsequent treatment – hazardous and non-hazardous waste		Reuse	Recycling	Composting	Incineration	Use for energy recovery	Landfilling	Total
Year								
2025	tonnes	-	5,762	-	-	-	2,368	8,130

The data indicate a continued need to optimize waste management, with an emphasis on reducing the amount of waste disposed of at landfills and increasing recycling.

Particular attention is devoted to categories with high recycling potential, such as paper, plastic and metals, and to improving systems for hazardous waste treatment in order to reduce its impact on the environment.

Waste prevention and management

The Group aligns its policies with the waste hierarchy, emphasizing prevention, reuse and recycling. In production and logistics processes, optimization activities are carried out, including improving milling and baking processes, more efficient inventory planning and the sale of products approaching their expiry date in order to reduce food losses. Materials arising as by-products or surpluses are endeavored to be reused. For example, older or unsold bread is redirected to animal feed or biogas production, while broken grain is used as feed. The remaining waste is separated according to prescribed categories and handed over to authorized collectors and processors for further treatment. Internal procedures and work instructions have been established for waste management. Zagrebačke pekarnice Klara apply the Work instruction for waste management and the Policy and

Action plan for resource management and the circular economy, while Čakovečki mlinovi apply the work instruction “Disposal and management of waste”.

Measurement methodology

The calculation of waste quantities by type of waste is based on a combination of actually recorded data and estimates for locations or waste streams for which full records by type of waste were not available.

For types of waste for which consignment notes and internal records existed, actually recorded data on the quantities of waste handed over during the reporting period were used.

For locations and waste streams without full records on the type of waste an estimate of quantities was made on the basis of a representative sample of facilities and available data. The estimates were prepared using the frequency of container emptying, container volume, number of facilities and data for the most burdened periods of the year. On the basis of the samples obtained, average values were calculated and then extrapolated to the total number of facilities and the entire reporting period. For certain waste streams, proportional estimates were also used on the basis of available data for part of the year. The methodology applied made it possible to consolidate available actual data and estimates for segments where detailed records were not available, while seeking to ensure that the estimates were representative and conservative. In the next reporting period, improvement of the systems for recording and monitoring waste is planned in order to increase the level of accuracy and availability of data and to reduce the share of estimated waste quantities.

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

The Group carries out activities aimed at more efficient use of resources and increased recovery of waste in line with the principles of the circular economy. The measures include reducing losses in production and distribution, reusing by-products and responsible management of packaging and materials throughout the supply chain.

In the area of procurement, cooperation is encouraged with suppliers who apply sustainable practices, with an emphasis on local sources of raw materials and packaging, traceability of materials and the use of recyclable packaging or packaging with a share of recycled content. Progress in the implementation of measures is monitored through key performance indicators (KPI). One of the objectives by 2030 is to increase the share of waste diverted from landfills to recycling or energy recovery, thereby contributing to reducing the environmental impact of operations and more efficient use of resources.

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

In order to ensure the application of good practices in waste management, the Group directs its policies towards the waste hierarchy with an emphasis on prevention, reuse and recycling:

Waste management hierarchy	Key activities
Waste prevention	Optimization of resources used in production processes in order to minimize the amount of waste.
Recycling	Maximizing the possibilities for recycling materials through selective collection and separation of waste at source.
Energy recovery	Separation and utilization of organic food waste for energy production by an authorized partner.
Disposal	The Group is continuously working on reducing the amount of waste that ends up in landfill.

The Group’s objective is to increase by 2030 the quantity of operational waste diverted from landfills to energy use or recycling, with 2025 defined as the base year:

Activities	Timeframe	KPI
Percentage of operational waste diverted from landfills to energy use or recycling	By 2030	<ul style="list-style-type: none"> 3% more waste sent for recycling 3% more waste used for energy purposes

E5-4 – Resource inflow

In the production segment:

- For bakery products, the key products resulting from the production process are fresh bread, fresh rolls and frozen bakery products
- For milling production, the key products are flour, barley groats, buckwheat groats, corn grits and animal feed (corn feed flour, cracked corn, wheat flour and wheat bran).
- For oils, the focus is on the production of pumpkin seed oil.

In the trade segment (retail sale of consumer goods), the main products are food products, alcoholic and non-alcoholic beverages and tobacco products.

Type of raw material in production	tons
Cereals	66,528
Flour	14,951
Yeast	341
Salt	243
Oil	221
Total	82,284

The Company continuously improves its system for monitoring the consumption of raw materials and materials. Given the current recording in different units of measure, in this reporting period the focus was placed on key raw materials relevant to the production process, for which reliable, consistent and comparable data are available.

Raw materials

In the production process of milling products, the most prevalent raw material is wheat, and in the production process of bakery products it is flour, followed by yeast, oil and salt. Raw materials for the production of wheat, rye and corn flour are procured in the Republic of Croatia and are of domestic origin from the areas of Vukovar-Srijem, Osijek-Baranja, Požega-Slavonia, Virovitica-Podravina, Sisak-Moslavina and Zagreb Counties. The main yeast supplier holds the FSSC 22000 and ISO 14001 certificates. The main oil supplier holds the ISO 9001:2015 and IFS V8 certificates, and the main salt supplier holds the ISO 9001:2015 and HACCP certificates. In the coming period, the establishment of a data collection system and the development of a methodology for monitoring resource inflows are planned, with the aim of ensuring more complete and comparable disclosure of data.

E5-5 – Resource outflow

Packaging materials

In the structure of packaging materials in 2025, paper and cardboard packaging is predominantly used, accounting for 77% of the total quantity (1,275 tons). This type of packaging is made mainly from recycled material, which significantly contributes to reducing the environmental footprint and to compliance with the principles of the circular economy.

Plastic packaging is represented to a significantly lesser extent, with plastic (other polymers) accounting in total for about 22.2% of the total packaging. Other types of material (glass, metal) are represented in negligible shares.

Packaging material	2025 (tons)	Share
Paper and cardboard	1,275	77.4%
Plastic (Other polymers)	366	22.2%
Other (glass, metal)	7	0.4%
Total	1,648	100%

Grupa Čakovečki mlinovi operates in the segments of bakery, milling and retail trade in consumer goods, with key products being food products with a relatively short life cycle.

Given the nature of the products, the application of the principles of circularity relates primarily to the use of biological materials that are part of natural cycles and to the optimisation of the use of resources in production and packaging.

In the milling and bakery segment:

- the basic raw materials (wheat, flour and other agricultural products) represent biological materials that return to natural cycles
- measures are implemented to reduce waste and optimize production processes

In the trade segment:

- the focus is on optimizing inventories and reducing product write-offs
- packaging and waste management is carried out in accordance with applicable regulations

The application of other principles of circularity (such as repair, remanufacturing or disassembly of products) is not applicable given the nature of food products.

Expected durability of products

Given the nature of the products (fresh bakery products and food products), the expected life span is significantly shorter than for durable products and is defined by shelf life and storage conditions. Comparison with the industry average is not relevant, as the Group's products do not differ significantly in terms of durability from the standards of the food industry.

Repairability of products

Given the nature of the products (food products), the concept of repairability is not applicable.

Recycled content in products and packaging

The Group uses packaging materials (e.g. paper, cardboard and plastic); however, it does not currently have systematic data on the share of recycled content in products and their packaging at a level that would allow quantitative reporting. In the coming period, the development of a methodology for monitoring the share of recycled materials in packaging is planned.

E5-6 – Expected financial consequences of impacts, risks and opportunities related to the use of resources and the circular economy

The Group assesses the financial effects of measures related to resource management and pollution prevention through analysis of operating costs, efficiency of resource use and potential savings. The assessments include an analysis of the cost-effectiveness of the measures implemented, where a reduction in operating costs is expected through optimisation of the use of materials and reduction of waste generation. At the same time, the implementation of the measures contributes to strengthening the Group's reputation as a responsible business entity focused on environmental protection, which may positively affect long-term competitiveness and stakeholder relations.

The objectives defined in the Action Plan for the implementation of the Pollution Management Policy are integrated into the Group's Sustainability Strategy, thereby supporting responsible use of resources, waste prevention and the application of the principles of the circular economy with the aim of reducing negative impacts on the environment and increasing the resilience of the business.

In the future we will improve methods for monitoring the financial effects of sustainability in order to quantify impacts on operations more precisely.

ESRS S1 Own workforce – Working conditions policy

The Čakovečki mlinovi Group implements **the Policy and Action Plan for the Management of Working Conditions and Employee Development** in order to manage the material impacts, risks and opportunities associated with its own workforce. The Policy covers adequate wages, working time, occupational health and safety, work-life balance, training and skills development, and employee privacy.

The Policy applies to all Group companies and to all employees, regardless of the type of employment relationship or job position. In its implementation, the Group applies the Labour Act, the Occupational Safety and Health Act, the Anti-Discrimination Act and internal bylaws governing employment relations, wages, occupational safety, personal data protection and internal reporting of irregularities.

The Policy is linked to the identified S1 impacts and risks. In the area of wages, the risk relates to employee dissatisfaction, complaints and turnover if wages are not aligned with internal rules, market conditions and employee expectations. In the area of working time, the material impact is overtime work, which may lead to fatigue, lower employee satisfaction and a higher risk of injury.

In the area of occupational health and safety, risks arise from working with machines, equipment, furnaces, sharp objects, slippery surfaces, loads and other sources of possible injury in production, warehousing, logistics and retail. In milling production, an additional risk of fire and explosion associated with the flammability and explosiveness of flour has been identified, and in retail, the risk of robberies that may endanger employees' physical safety and have psychological consequences.

In the area of skills development, the risk relates to uneven access to training and upskilling, which may affect employee satisfaction, opportunities for advancement and adaptation to future business needs. In the area of privacy, the risk relates to inappropriate processing or protection of employees' personal data, which may lead to breaches of privacy, identity theft, financial fraud and undermining employees' trust.

Implementation of the Policy is elaborated in the Action Plan. The Action Plan includes measures, responsible persons, deadlines and monitoring indicators for wages, work organization, training, health and safety protection, work-life balance and protection of employees' personal data.

The Working Conditions Policy is based on the following principles:

- **Adequate wages** – ensuring a fair and competitive wage structure while monitoring alignment with market conditions and internal rulebooks.
- **Training and skills development** – systematic implementation of training and professional development programs with the aim of developing employee competencies and adapting to future business needs.
- **Occupational health and safety** – risk assessment and management, implementation of preventive measures and continuous training of employees on safety procedures and occupational safety.
- **Working time and work-life balance** – observing the prescribed working time and applying measures that contribute to the reconciliation of business and private obligations, where possible in view of the nature of the work.
- **Protection of employee privacy** – ensuring lawful and confidential processing of employees' personal data in accordance with the applicable data protection regulations.

Implementation of the Working Conditions Policy is elaborated through an action plan that defines activities, responsibilities, time limits and key performance indicators (KPIs), thereby enabling systematic monitoring of progress and continuous improvement of working conditions in all companies within the Group.

S1-2 – Processes for engagement with own workforce and workers' representatives

The Čakovečki mlinovi Group incorporates the perspective of employees into the management of topics that have been identified as material for its own workforce in the double materiality assessment: working time, occupational health and safety, adequate wages, training and skills development, work-life balance and employee privacy.

Engagement is carried out through communication with workers' representatives, trade union representatives, employee representatives on the Supervisory Board and the competent organizational units for human resources.

These channels are used to inform, consult and collect employees' proposals or concerns on issues that may affect working conditions, work organization, occupational safety and employment rights.

Employee perspectives are specifically taken into account for topics where actual or potential impacts and risks have been identified: overtime work, risks of injuries and other safety incidents, work organisation in production and retail, availability of training, complaints related to wages and processing of employees' personal data.

Engagement with workers' representatives takes place at least once a year as part of monitoring the objectives and measures from the Policy and Action Plan for the Management of Working Conditions and Employee Development, and additionally when changes occur that may affect working conditions, work organisation, employee safety or employment rights. The Policy provides for annual monitoring of data, employee feedback and indicators related to wages, training, health and safety, and work-life balance.

The organisational units for human resources are responsible for implementing engagement, with the participation of managers of the business areas to which a particular topic relates. In these processes, the Group applies the regulations of the Republic of Croatia, collective and internal acts and the rules on worker consultation and co-determination where applicable.

S1-3 – Remediation processes for negative impacts and channels for raising concerns

The Čakovečki mlinovi Group enables employees to submit complaints, suggestions and concerns related to working conditions, wages, working time, occupational health and safety, workplace relations and personal data protection. Employees may contact their immediate superiors, the competent human resources departments, workers' representatives, trade union representatives or people responsible for acting under the Company's internal bylaws.

Remediation processes for negative impacts are related to the material S1 topics identified in the double materiality assessment. In the case of occupational injuries and safety incidents, the Group monitors the number of injuries, their causes and lost days and implements corrective measures. For overtime work and work time organisation, workload, use of available measures to support work-life balance and the results of employee satisfaction surveys are monitored. For wages, alignment with internal rules and market indicators and complaints related to wage calculation are monitored. For training, employee participation in training programs and implementation of the annual training plan are monitored.

The Action Plan for the Management of Working Conditions and Employee Development sets out measures, deadlines and monitoring indicators for the areas of wages, training, health and safety, work-life balance and employee satisfaction. The effectiveness of the measures is monitored at least once a year through data on injuries, lost days, employee turnover, training, complaints regarding wage calculation and the results of employee surveys.

For the receipt and handling of reports of irregularities and complaints related to the protection of workers' dignity, the Company's internal bylaws are applied, including the Rulebook on the Procedure for Internal Reporting of Irregularities and the Rulebook on the Protection of Workers' Dignity. Reports are processed with the protection of confidentiality and the protection of the reporting person against adverse consequences, in accordance with applicable regulations and internal procedures.

S1-4 – Measures to manage impacts, risks and opportunities related to own workforce

Measures relating to the own workforce are elaborated in the Policy and Action Plan for the Management of Working Conditions and Employee Development. The Policy covers adequate wages, training and skills development, working time, health and safety, work-life balance and employee privacy.

The Action Plan for the area of wages provides for regular analysis of wages in relation to the sector median and market trends, monitoring complaints regarding wage calculation and their timely resolution.

In the area of training and skills development, the implementation of regular training and upskilling is envisaged, formalization of the process of onboarding new employees, a mentoring system and, for the bakery segment, language training for foreign workers.

In the area of health and safety, monitoring of injuries, causes of injuries and lost days, implementation of occupational safety training and training on safety protocols and risk prevention is envisaged.

In the area of work-life balance, monitoring of employee satisfaction and use of available benefits is envisaged, including benefits related to parenthood and specific life circumstances, in accordance with the rules applicable in individual Group companies.

Implementation of the measures is monitored through the indicators from the Action Plan: the ratio of the average wage to the sector median, the share of employees who participated in training, the occupational injury rate, the number of lost days due to injuries, the results of employee satisfaction surveys and the use of individual benefits.

Measures are implemented in accordance with the deadlines and responsibilities set out in the Action Plan. Implementation is monitored by the competent organizational units, operational managers and the ESG team, and the results are reviewed at least once a year through indicators related to wages, training, occupational injuries, lost days, employee satisfaction and the use of measures to support work-life balance.

S1-5 – Objectives related to own workforce

Grupa Čakovečki mlinovi monitors the objectives related to its own workforce through the Action Plan for the Management of Working Conditions and Employee Development. The objectives are related to pay, skills development, occupational health and safety, and work-life balance.

Area	Objective	Monitoring indicators
Adequate pay	To monitor the alignment of pay with market and sector indicators.	Ratio of the Group's average pay to the sector median; target $\geq 1,00$
Occupational health and safety	To reduce the risks of workplace injuries and strengthen the safety culture.	Occupational injury rate, number of days lost and number of occupational safety trainings.
Work-life balance	To monitor employee satisfaction and the use of available support measures.	Employee satisfaction survey results and use of available benefits.
Integration of foreign workers	To support the integration of foreign workers through language training.	Number of foreign workers who have completed a Croatian language course.

S1-6 – Structure of the Group's employees

As at 31 December 2025, the Group employed a total of 4.853 employees, of whom 1.186 were men (24,42%) and 3.667 were women (75,58%).

Table: Number of employees by gender on 31/12/2025

Gender	Number of employees
Men	1,186
Women	3,667
Total employees	4,853

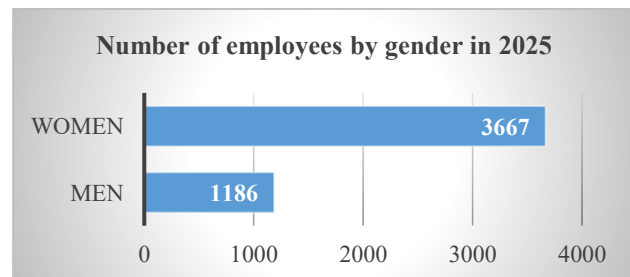
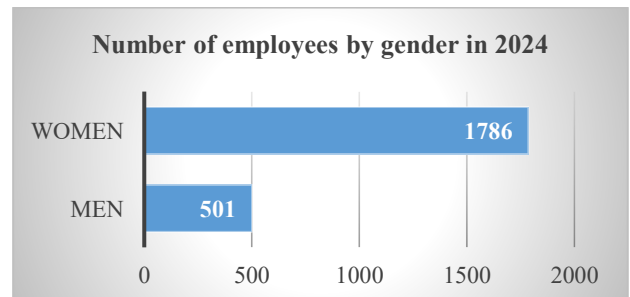


Table: Number of employees by gender on 31/12/2024

Gender	Number of employees
Men	501
Women	1,786
Total employees	2,287



The majority of employees were in permanent employment (4,147), while 706 employees were employed on a temporary basis in accordance with the national legislation of the countries in which the Group operates. Employees with an unguaranteed number of working hours are not recorded. With regard to working time, 4,571 employees worked full time, while 282 employees worked part time.

Area	Reporting period 1 January–31 December 2024.				Reporting period 1 January–31 December 2025.			
	Men	Women	Not disclosed	Total	Men	Women	Not disclosed	Total
Number of employees (number)	501	1,786	-	2,287	1,186	3,667	-	4,853
Number of permanent employees (number)	417	1,554	-	1,971	936	3,211	-	4,147
Number of temporary employees (number)	82	235	-	317	250	456	-	706
Number of employees with an unguaranteed number of working hours (number)	-	-	-	-	-	-	-	-
Number of full-time employees (number)	470	1,752	-	2,222	1,144	3,427	-	4,571
Number of employees in part-time employment (number)	31	34	-	65	42	240	-	282

The comparability of data between 2024 and 2025 is limited due to changes in the organizational scope of the Group. Consequently, certain indicators presented for 2025 are not directly comparable with the data for 2024 without additional methodological adjustments.

S1-7 – Workers who are not employees of the Group

In addition to employees, the Group's operations also involve workers who are not in an employment relationship with the companies within the Group. In the reporting period, four workers provided by employment agencies and four workers of suppliers performing work on the premises of the companies within the Group were recorded.

Other forms of engagement of workers who are not in an employment relationship, such as self-employed persons engaged for work comparable to the work of employees, were not recorded in the reporting period.

S1-8 Collective bargaining and workers' representatives

At Group level, a significant proportion of employees is covered by collective agreements. The Group has no employees outside the European Economic Area.

Data	Value
Number of workers covered by collective agreements	2,346
Total number of workers	4,476
Percentage (%)	52%

In the reporting period, **2,346 employees** were covered by a collective agreement, which represents **52% of the total number of workers covered by this indicator**. The collective agreement applies to the employees of **Trgovina Krk d.d.**, to whom the Collective Agreement for the Trade Sector concluded at the level of the Republic of Croatia applies.

Employees of the other companies in the Group are not covered by a collective agreement. Their rights and obligations arising from employment are regulated by the Labour Act, employment contracts and internal acts of each company, including work regulations and regulations on salaries and other monetary rights.

In certain companies within the Group, employees are represented through workers' representatives and trade union organisations, which participate in communication with the employer on issues of working conditions and other topics related to the employment relationship.

SI-9 Diversity indicators

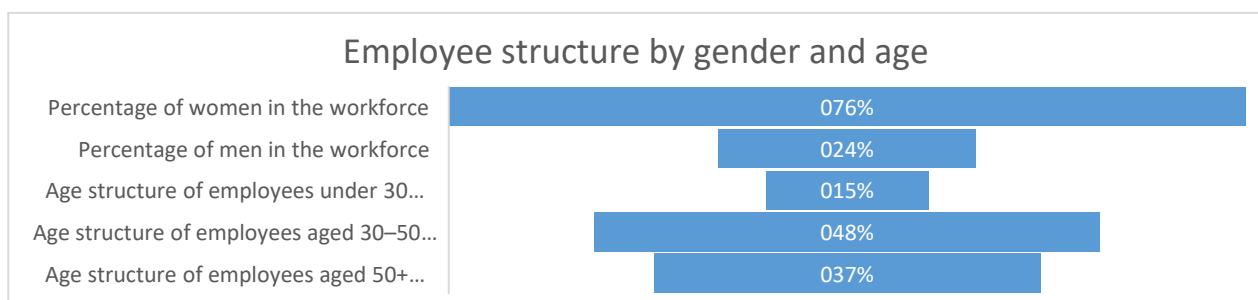
Table: Gender diversity of Management Boards

Gender	Members of management boards
Men	9
Women	0
Percentage of women on management boards	0.00%

The management structures in the companies within the Group consist of a total of nine members of management boards, with all functions in the reporting period performed by men. Consequently, the share of women on management boards at Group level is 0%.

Table: Analysis of the structure of employees by gender, managerial positions and age as at 31 December 2025.

Reporting item	Method of calculation / Formula	Value
Percentage of women in the workforce	(Number of employed women / Total number of employees) * 100	75.56%
Percentage of men in the workforce	(Number of employed men / Total number of employees) *	24.44%
Percentage of women in managerial positions	(Number of women in managerial positions / Total number of managers) * 100	35.00%
Percentage of men in managerial positions	(Number of men in managerial positions / Total number of managers) * 100	65.00%
Age structure of employees up to 30 years	Number of employees in the age group / Total number of employees * 100	15.43%
Age structure of employees 30–50 years	Number of employees in the age group / Total number of employees * 100	47.89%
Age structure of employees 50+ years	Number of employees in the age group / Total number of employees * 100	36.68%



In the reporting period, the share of women in the workforce is 75.56%, while the share of men is 24.44%. According to the age structure of employees, 15.43% of employees belong to the age group up to 30 years, 47.89% to the age group from 30 to 50 years, while 36.68% of employees belong to the age group above 50 years.

SI-10 Adequate wages

Employee wages in the Group are determined and paid in accordance with the provisions of the Labour Act, whereby employee remuneration is at least at the level of the statutory minimum wage.

SI-11 Social protection

In the reporting period, all employees of the Group are covered by the compulsory health insurance system and are entitled to income compensation in the event of temporary incapacity for work and during parental leave in accordance with the applicable legislation. Coverage by these forms of social protection is 100%.

SI-14 Health and safety

Table: Health and safety

Reporting item	Method of calculation / Formula	Value
Percentage of the workforce covered by the health and safety management system	(Number of employees covered by the system / Total number of employees) * 100	100%
Number of fatalities due to work-related injuries	Total number of reported fatalities due to injuries	0
Number of fatalities due to work-related illness	Total number of reported fatalities due to work-related illness	0
Number of recordable work-related injuries	Total number of recorded injuries	126
Rate of work-related injuries	(Number of work-related injuries / Total number of hours worked) * 1,000,000	8.15
Number of work-related illnesses	Total number of illnesses identified through medical supervision	0
Number of lost days due to work-related injuries and illnesses	Number of days of absence from the first to the last day, including weekends and public holidays	2,804

Occupational health and safety data show that 100% of the workforce is covered by the health and safety management system. In the reporting period, no fatalities due to work-related injuries or work-related illnesses were recorded, nor were any work-related illnesses reported. A total of 126 work-related injuries were recorded, the rate of work-related injuries amounts to 8.15 per million hours worked, and the total number of lost days due to work-related injuries and illnesses is 2,804.

SI-15 Work-life balance

Table: Work-life balance

Reporting data	Value
Percentage of employees entitled to maternity leave	3.07%
Percentage of employees who used maternity leave	100%
Percentage of employees entitled to paternity leave	0.33%
Reporting data	Value
Percentage of employees who used paternity leave	100%
Percentage of employees entitled to parental leave	2.84%
Percentage of employees who used parental leave	100%
Percentage of employees entitled to carers' leave	0%
Percentage of employees who used carers' leave	0%

In the reporting period, 3.07% of employees were entitled to maternity leave, 0.33% of employees to paternity leave and 2.84% of employees to parental leave. In all cases, employees who acquired the right to the mentioned leaves in the reporting period also used them.

SI-16 Pay gap

Table: Pay gap

Data	Value in euro
Average gross hourly wage of male employees	9.36
Average gross hourly wage of female employees	7.26
Difference in average gross hourly wage (%)	22%

The difference in average gross hourly wage between male and female employees in the reporting period is 22%. The average gross hourly wage of male employees amounts to 9.36 euro, while the average gross hourly wage of female employees amounts to 7.26 euro.

Table: Total annual remuneration

Data	Value in euro
Total annual remuneration for the highest-paid person	149,999.88
Median of total annual remuneration for all employees (excluding the highest-paid person)	13,954.56
Ratio between the highest-paid and the average-paid employee	10.75

The total annual remuneration of the highest-paid person in the Company in the reporting period amounted to 149,999.88 euro. The median total annual remuneration for all employees, excluding the highest-paid person, amounted to 13,954.56 euro.

The ratio between the total annual remuneration of the highest-paid person and the median total annual remuneration of employees was 10.75.

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

During 2025, there were no complaints received, nor cases of discrimination including harassment, nor any violations of human rights.

Overview of key performance indicators (KPIs) from the Action Plan

Within the Policy on Management of Working Conditions and Employee Development of the Čakovečki mlinovi Group, an action plan has been adopted which defines objectives, activities and key performance indicators (KPIs) for monitoring the implementation of measures in the area of working conditions, employee development, occupational health and safety and work-life balance.

KPI-s enable systematic monitoring of progress in achieving the objectives defined by the Group's Policy and Sustainability Strategy.

Area	KPI	Objective
Adequate remuneration	Ratio of the Group's average wage to the sector median	≥ 1.00
Employee development	Share of employees who participated in at least one training per year	≥ 80% of employees
Employee development	Number of trainings carried out and employee participation	Continuous increase in the scope of trainings
Occupational health and safety	Occupational injury rate	Reduction of the injury rate by 10%
Occupational health and safety	Number of trainings in the area of occupational safety	Increase in the number of trainings per year
Work-life balance	Result of the employee satisfaction survey	Increase in satisfaction by +5% per year
Work-life balance	Percentage of employees who use available benefits (e.g. a day off for parents)	Monitoring the use of benefits

The monitoring of the achievement of the said indicators is carried out through the regular collection and analysis of data and through internal reporting processes to the Group's governing bodies.

The monitoring results are used to assess the effectiveness of the measures implemented and to further improve working conditions and human resources management.

ESRS S4 – Consumers and end-users

S4-1 – Policies for consumers and end-users

ESRS 2 IRO-1 and SBM-3 – Connection of impacts, risks and opportunities with the business model

The impacts, risks and opportunities related to consumers and end-users were identified through the double materiality assessment process carried out at the level of the Čakovečki mlinovi Group and are directly linked to the material topics defined within the ESRS S4 standard. In this context, the Group has identified the following key impacts, risks and opportunities:

1. **Personal safety of consumers and end-users – health and safety:** the impacts relate to ensuring the health safety of products and the protection of consumer health; risks include potential incidents related to food safety and associated regulatory and reputational consequences; opportunities relate to further strengthening preventive controls and food safety management systems;
2. **Impacts related to information for consumers and end-users – access to quality information:** impacts arise from transparent, accurate and timely informing of consumers about products; risks include possible non-compliance in labelling and communication towards consumers; opportunities relate to improving transparency and quality of information through the development of communication channels and labelling practices;
3. **Food quality and safety:** the impacts relate to consistent product quality and compliance with applicable standards; risks include deviations in the quality of raw materials and products and potential non-compliance with standards and regulatory requirements; opportunities include improving food quality and safety management systems, including the application of standards such as ISO 9001:2015 and HACCP;
4. **Consumer satisfaction:** impacts relate to the perception of the quality of products and services and the level of consumer trust; risks include a possible decline in satisfaction due to shortcomings in product or service quality; opportunities relate to improving products and services through systematic monitoring and analysis of consumer feedback.

These impacts, risks and opportunities are present along the entire value chain of the Group, especially in the milling and bakery segments and in distribution and retail channels, and form the basis for defining and implementing the Policy and action plan for managing relations with consumers and end-users.

The Čakovečki mlinovi Group has established a formal Policy and action plan for managing relations with consumers and end-users, which define the principles, objectives, responsibilities and implementation mechanisms in the area of consumer health and safety protection, food quality and safety, access to accurate information and consumer satisfaction.

The Policy was adopted at Group level and provides a framework for managing relations with consumers in all companies included in the consolidation, with operational implementation adjusted to individual business segments.

Implementation of the Policy is linked to the existing food quality and safety management systems, which include product labelling procedures, customer complaint management, internal audits and monitoring of corrective and preventive measures in cases where deviations are identified.

In the Group's production segments, quality and food safety management systems are established in accordance with relevant standards and regulatory requirements and include the application of HACCP principles and food safety certification systems where applicable.

Consumer feedback is additionally monitored through customer satisfaction analyses, surveys and received complaints and customer comments, and the results of these analyses are used as one of the sources for identifying areas for improving products and services.

Scope of the Policy

The Policy covers all activities that may have an impact on consumers and end-users, including:

- procurement and receipt of raw materials,
- production and processing,
- storage and transport,
- retail and distribution,
- product labelling and declaration,
- advertising and communication,
- complaint and claim management.

The application of the Policy is linked to the existing food quality and safety management systems (HACCP, ISO 9001:2015, ISO 14001 and IFS Food where applicable), which include the performance of internal audits, customer complaint management and the monitoring of corrective and preventive measures in cases where deviations are identified, thereby ensuring operational implement ability and consistency.

Informing consumers about product composition, allergens and other relevant information is governed by internal procedures for preparing product specifications and declarations, thus ensuring compliance with regulatory requirements and standards for transparent consumer information.

Content and fundamental principles of the Policy

The Policy includes:

- the obligation to ensure the health suitability and safety of products,
- a quality management system and preventive risk controls,
- transparent and accurate informing of consumers about ingredients, allergens and nutritional values,
- responsible communication and prevention of misleading practices,
- mechanisms for receiving and handling complaints,
- continuous improvement based on consumer feedback.

Advertising and communication with customers are based on accuracy, clarity and non-misleading presentation of products and services. Contractual relations with business customers are governed by defined commercial terms, with due observance of contractual obligations and the application of the principles of transparent business operations.

In the reporting year 2025 no significant incidents were recorded that would have a material impact on consumer health or the Group's business reputation.

Management and responsibilities

The Management Board of the company Čakovečki mlinovi d.d., as the parent company of the Group, oversees the implementation of the policy at Group level, while operational implementation is ensured by the quality, production, sales, marketing and ESG functions in the individual Group companies, with the involvement of the Data Protection Officer in the part relating to the processing of consumers' personal data.

The implementation of the policy is monitored through quality and food safety management systems, including internal and external audits, analyses of customer complaints, consumer satisfaction reports, and through risk management processes at Group level.

S4-2 – Procedures for cooperation with consumers and end users

The Čakovečki mlinovi Group has established structured procedures for continuous cooperation and communication with consumers and end users, which include:

- **receiving and recording consumer feedback and complaints** through defined communication channels,
- **conducting consumer satisfaction surveys** and systematic collection of feedback,
- **analysis of the information received within the framework of the quality and food safety management system**, including identification of the causes of nonconformities,
- **definition and implementation of corrective and preventive actions** in accordance with internal procedures and the requirements of standards (HACCP, ISO 9001:2015, IFS Food),
- **monitoring the effectiveness of the measures taken and reporting** through internal management systems and ESG reporting.

The procedures are implemented with the aim of timely identifying potential impacts, risks and opportunities related to the Group's products and services, whereby the information collected is used as input data in the processes of quality management, continuous improvement, and identification and assessment of operational and reputational risks.

Communication channels and collection of feedback

The Group uses several communication channels for interaction with consumers and end users, including:

- direct communication in retail outlets,
- telephone and electronic channels for receiving enquiries and complaints,
- complaint forms,
- customer and consumer satisfaction surveys in the Group's production segments (B2B and B2C where applicable)
- communication via websites and other available communication channels.

The results of consumer satisfaction surveys, complaints received and other feedback are regularly analysed within the framework of the quality management system, and the areas for improvement that are identified are used as input data for enhancing the quality of products and processes and for planning corrective and preventive actions.

Involving consumers in impact assessment

Consumer feedback represents one of the important sources of information for managing product quality and improving business processes, and is used for:

- identifying potential negative impacts related to products and services (e.g. variability of product quality, shelf life, comprehensibility of information for consumers),
- assessing reputational and regulatory risks related to products and communication with consumers,
- improving the labelling and declaration of products,
- optimising logistics, distribution and sales processes related to the delivery of products to consumers.

In this way, consumer feedback is used as one of the input elements in the processes of product quality management and risk management and contributes to the identification and assessment of material impacts and risks in accordance with the Group's double materiality assessment process.

Process management and responsibilities

The operational functions (sales, quality, and functions related to retail and distribution) are responsible for receiving and handling complaints, in coordination with the ESG team in the part relating to monitoring indicators and reporting.

Complaints received are recorded and analyzed within the framework of the quality management system, whereby the type and frequency of complaints are monitored and possible areas for improving products and processes are identified.

In the event of identified systemic issues, appropriate corrective and preventive actions are initiated in accordance with the quality management system and internal procedures for managing nonconformities.

S4-3 – Procedures for remediating negative impacts and channels for raising concerns

The Čakovečki mlinovi Group has established formal procedures for the timely identification, investigation and remediation of negative impacts on consumers and end users, including mechanisms for raising concerns and submitting complaints, and procedures for correcting identified deviations and mitigating their consequences for consumers. The procedures are carried out within the framework of the quality and food safety management system and include recording customer complaints, analyzing the causes of identified deviations and nonconformities and initiating appropriate corrective and preventive actions.

The aim of these procedures is to ensure the effective resolution of individual cases, to prevent the recurrence of similar situations, and to continuously improve the quality and food safety system. In the reporting year 2025, customer complaints received were recorded and analysed within the framework of the quality management system at the level of the relevant business functions and business segments, and the identified cases of nonconformity were resolved through defined procedures for corrective actions.

Channels for raising concerns

Consumers and end users can raise concerns or submit a complaint through several available communication channels, including:

- direct communication in retail outlets and with sales staff,
- telephone and electronic channels (e-mail),
- written complaint forms, websites and other available communication channels for contacting customers where applicable.

Complaints received are recorded and processed in accordance with the internal procedures of the quality management system, with each report being analysed in order to determine the cause of the problem and identify appropriate corrective measures. The complaint handling process also includes monitoring the timeliness of responses, with the aim of ensuring a response to the consumer within defined time limits, as a rule within 60 hours of receipt of the complaint, in accordance with internal objectives and performance indicators.

Resolution and remediation procedures

The complaint handling procedure includes:

1. receipt and recording of the complaint,
2. analysis of the cause (in cooperation with the relevant operational functions, including production and quality control where applicable)
3. adoption of corrective measures,
4. providing feedback to the consumer after the case analysis has been carried out,
5. implementation of measures to remediate negative impacts on consumers, where applicable (e.g. replacement of the product, refund of funds or other appropriate actions in accordance with internal procedures),
6. implementation of preventive measures in order to prevent the recurrence of similar situations.

Complaints received are recorded and analysed within the framework of the quality management system. As part of the Group's operations during 2025 several individual customer complaints were received, which were analysed through nonconformity management procedures and corrective measures within the framework of the quality management system.

In cases that may have an impact on the health and safety of consumers, additional controls are activated in accordance with the HACCP system and internal food safety procedures, including traceability tests and, where necessary, product withdrawal or recall procedures. In such cases the Group also ensures the implementation of appropriate measures to remediate negative impacts on consumers, including timely informing of consumers and taking actions to eliminate or mitigate the consequences of the identified nonconformities.

S4-4 – Taking measures for material impacts, managing risks and opportunities, and the effectiveness of those measures

The Group implements measures aimed at preventing and mitigating potential negative impacts on consumers and end users and at strengthening the positive impacts that are directly linked to the identified impacts, risks and opportunities (IRO) within the framework of the material topics: (1) consumer health and safety, (2) access to quality information, (3) food quality and safety, and (4) consumer satisfaction. The measures are implemented through existing quality and food safety management systems and through operational procedures for managing complaints, nonconformities and corrective actions, especially in the milling and bakery production segments where formal quality management systems have been established. These mechanisms enable timely identification of problems, the taking of corrective and preventive measures, and the continuous improvement of products and processes in line with the material topics identified in the double materiality assessment.

Management of risks related to health and safety (IRO: consumer health and safety; food quality and safety)

To prevent negative impacts on consumer health and safety, the Group applies a series of preventive and control measures within the food quality and safety management system. These measures include:

- a HACCP system with defined critical control points,
- regular internal and external audits of the food quality and safety system,
- quality control of raw materials and finished products in accordance with internal procedures and quality control plans
- tests of product traceability and procedures for managing potential product recalls, monitoring of hygiene conditions and of production, storage and distribution processes. These measures are aimed at preventing contamination and product nonconformities and at the timely detection and elimination of potential deviations in production and logistics processes.

Within the production processes, regular laboratory analyses of raw materials and finished products are also carried out in order to confirm compliance with prescribed food quality and safety standards.

Measures to improve consumer information and experience (IRO: access to quality information; consumer satisfaction)

In addition to measures focused on product safety, the Group carries out activities that improve consumer awareness and the quality of the user experience. These activities include:

- ensuring clear and transparent product labelling in accordance with regulatory requirements and internal declaration procedures,
- availability of communication channels for consumer inquiries, complaints and feedback,
- monitoring customer satisfaction through research, surveys and analysis of received complaints and feedback

- using consumer feedback as one of the sources for improving products and operational procedures.

In this way, consumers represent an important source of information for the continuous improvement of product quality, processes and communication with the market.

Product development and positive impacts (IRO: food quality and safety; consumer satisfaction)

As part of product development and quality management, the Group continuously identifies opportunities to improve products and create positive impacts for consumers, especially through the processes of developing new products and adapting existing products to market requirements and regulatory standards. These activities include:

- maintaining and improving stable product quality through the food quality and safety management system,
- adapting product specifications in accordance with regulatory requirements and market expectations,
- transparent product labelling and the availability of information relevant to consumers,
- continuous monitoring of customer feedback and its use in improving products.

These activities contribute to strengthening consumer trust in the Group's products and to the long-term maintenance of quality and reputation in the market.

Monitoring the effectiveness of measures

The effectiveness of the measures taken is monitored through regular monitoring of indicators related to product quality, food safety and consumer satisfaction. For this purpose, the following are analysed:

- the number and type of consumer complaints received,
- results of internal and external audits of the food quality and safety system,
- results of product quality controls and laboratory analyses carried out within the quality management system,
- results of consumer satisfaction surveys.

In the event of identified deviations or recurring nonconformities, corrective and preventive measures are initiated within the quality management system and nonconformity management procedures, with the aim of eliminating the root causes of problems and preventing their recurrence. In this way, it is ensured that the measures taken are directly aimed at managing the identified impacts, risks and opportunities and at their continuous monitoring and improvement.

S4-5 – Target values related to consumers and end users

Grupa Čakovečki mlinovi has set target values and key performance indicators (KPI) related to material topics in the area of consumers and end users, in accordance with the Policy and Action Plan for Managing Relations with Consumers. The objectives are defined with a clear distinction between:

- objectives at Group level,
- objectives that are currently being operationally implemented in the bakery segment (Zagrebačke pekare Klara d.d.),
- the gradual harmonisation of the methodology for monitoring objectives across all business segments in the coming reporting periods.

This approach enables the gradual alignment of consumer management practices at the level of the entire Group while retaining the operational specificities of individual business segments.

Overview of objectives and KPIs by segment

HEALTH, QUALITY AND FOOD SAFETY

Objective/Segment	Description of the measure and KPI	Time horizon
Regular employee training on food safety <i>Segment: Group</i>	KPI: Number of training sessions held per year; Maintain the number of trainings at the level of the previous year, with an increase in the number of specialist external trainings	Continuous
Implementation of quality controls in production – analysis of main raw materials <i>Segment: bakery</i>	Percentage of products that pass all quality controls; KPI: increase the number of annual internal analyses of main raw materials by 10%	Annually
Monitoring and analysis of product conformity <i>Segment: bakery</i>	KPI: More detailed analysis of the causes of product nonconformities on a case-by-case basis and proposal of preventive and corrective measures for them.	Continuous
Strengthening cooperation with suppliers <i>Segment: bakery</i>	KPI: Increase the number of quality controls at suppliers by 25%	Annually

CONSUMER EXPERIENCE AND AWARENESS

Objective	Description of the measure and KPI	Time horizon
Response to the questionnaire by significant wholesale customers <i>Segment: Group</i>	KPI: Increase of response rate by 2% per year in the period 2025-2030	Annually
Training of employees on communication with consumers and complaint handling <i>Segment: Group</i>	KPI: Number of employees included in training; in accordance with the annual training plan	Annually
Carrying out regular consumer satisfaction surveys <i>Segment: bakery</i>	Total number of consumers who completed the questionnaire (absolute number) – in 2024 year = 103 KPI: 150 in 2025 - 250 in 2030.	Annually
Monitoring the speed of resolving complaints <i>Segment: bakery</i>	KPI: Time to respond to a complaint < 60 hours	Continuously

The presented KPIs relate to the areas in which the goals and the monitoring methodology were formally defined and operationally implemented in the reporting period. Progress in achieving the goals is monitored through the quality management system, complaint analyses, audit results and customer satisfaction surveys.

Methodological note

Goals marked as segment **bakery** relate to Zagrebačke pekarnе Klara d.d., where KPIs were operationally implemented and monitored in 2025 as part of the quality and food safety management system.

A detailed presentation of the achievement of goals in the bakery segment is published in a separate **Sustainability Report of Zagrebačke pekarnе Klara d.d. for 2025**.

For the other segments of the Group (milling and retail), the formalisation of segment KPIs and their gradual integration into the consolidated monitoring system is planned in the coming reporting periods, with the aim of methodological harmonisation and data comparability at Group level.

ESRS G1 – Business conduct

ESRS 2 IRO-1 and SBM-3 – Connection between impacts, risks and opportunities and the business model

As part of the double materiality assessment process, Grupa Čakovečki mlinovi identified the topic of **management of relationships with suppliers, including payment practices**, as a material topic in the area of business conduct.

The assessment identified a series of potential impacts, risks and opportunities related to business ethics and supply chain management, particularly in the context of the upstream value chain.

The key identified risks include:

- risks of unethical business behavior or conflicts of interest in business relationships
- reputational and regulatory risks related to non-compliance with regulations and business ethics standards
- operational risks related to disruptions in the supply chain
- ESG risks related to suppliers' business practices.

At the same time, responsible supply chain management creates a range of business opportunities, including:

- strengthening the stability and resilience of the supply chain
- developing long-term partnership relationships with suppliers
- encouraging cooperation with local and regional suppliers
- increasing the transparency and trust of business partners and other stakeholders.

In order to manage the impacts mentioned, risks and opportunities, the Group has established a structured framework for managing relationships with suppliers, which includes ethical standards of business behavior, responsible procurement practices, and mechanisms for monitoring and supervising compliance in the supply chain.

This framework is integrated into the business model and operational procurement management processes and represents part of the Group's broader ESG strategy.

G1-1 – Policies on business conduct and corporate culture

Grupa Čakovečki mlinovi applies a formalized framework of corporate governance and business ethics that regulates the standards of integrity, transparency and responsible business conduct. The framework is based on the internal rules and regulations of the Group's companies, relevant regulatory requirements and key documents for supply chain management, in particular the **Supplier Code of Conduct of Grupa Čakovečki mlinovi** and the **Policy and Action Plan for Management of Relationships with Suppliers**, which define the standards of business conduct, expectations towards suppliers and the principles of responsible procurement.

These documents apply to all companies included in the consolidation and represent a key mechanism for integrating ESG principles into the management of business relationships and the supply chain.

Ethical framework and prohibition of corruption

The Group applies the principle of zero tolerance for bribery, corruption and other forms of unethical business behaviour.

Business ethics standards are defined through:

- internal acts and regulations of the Group's companies
- Supplier Code of Conduct of Grupa Čakovečki mlinovi
- application of relevant national and EU regulations

- corporate governance rules and internal control procedures.

The Supplier Code of Conduct defines the minimum standards of business conduct for all suppliers and business partners of the Group, including the prohibition of corruption, respect for human rights and working conditions, environmental protection, product safety and transparency of business relationships in the supply chain.

Employees involved in procurement processes, supplier management and financial decision-making are required to act in accordance with internal rules and applicable legislation.

Mechanisms for reporting irregularities (whistleblowing)

At the level of companies within the Group, a formal system for reporting irregularities has been established in accordance with the Whistleblower Protection Act.

The system enables employees to report irregularities related to business conduct, corruption, conflicts of interest or other irregularities in operations.

The system for reporting irregularities includes:

- a designated confidential person and deputy,
- defined procedures for receiving and handling reports,
- protection of the identity of the reporting person,
- prohibition of retaliation against reporting persons,
- defined deadlines for action and informing the reporting person.

In the 2025 reporting year, no confirmed cases of corruption or retaliation against whistleblowers were recorded.

Protection of personal data and confidential information

Companies within the Group apply formal policies and regulations governing the processing and protection of personal data in accordance with the General Data Protection Regulation (GDPR) and relevant national legislation.

Internal regulations define the principles of lawful and transparent processing of personal data, the rights of data subjects, and organizational and technical data protection measures.

Application of these rules ensures the protection of confidential information of employees, business partners and other stakeholders and reduces regulatory and reputational risks related to data management.

Role of management and supervisory bodies

The highest level of responsibility for the implementation of business conduct and ethical business policies lies with the management boards of the companies within the Group.

The Management Board is responsible for establishing and implementing business conduct policies, while the supervisory bodies supervise the risk management system, including risks related to business ethics and the integrity of operations.

ESG topics, including the management of relationships with suppliers and ethical business conduct, are integrated into the corporate governance system and are periodically considered at the level of the governing bodies.

Integration into the risk management system

Risks related to corruption, conflicts of interest, unethical business practices and irregularities in the supply chain are identified and monitored within the Group's risk management system.

Preventive measures include:

- clear approval procedures and control mechanisms,
- segregation of duties in functions with increased risk,
- internal controls and supervisory activities,
- employee training in ethical standards and rules of business conduct.

This system enables the timely identification of potential irregularities and the reduction of operational, regulatory and reputational risks related to corporate governance.

G1-2 – Management of relationships with suppliers

Grupa Čakovečki mlinovi recognizes a stable, transparent and responsible supply chain as a key element of the long-term sustainability of its operations.

Management of relationships with suppliers is governed through the **Policy and Action Plan for Managing Relationships with Suppliers of Grupa Čakovečki mlinovi** and the **Supplier Code of Conduct**, which define standards of business conduct, compliance requirements and monitoring mechanisms in the supply chain.

These documents apply to all companies included in consolidation and represent a common framework for managing relationships with suppliers at Group level.

Fundamental principles of supplier management

Supplier management is based on the principles of responsible business, transparency and long-term partnership with suppliers.

The key elements of this approach include:

- timely and transparent settlement of obligations to suppliers
- management of operational, financial and reputational risks in the supply chain
- supplier compliance with regulatory requirements and business ethics standards
- ongoing communication and development of partnership relations
- standardized procedures for evaluating and documenting supplier compliance.

This approach contributes to the stability of the supply chain and to the compliance of operations with regulatory requirements and internal product quality and safety standards.

Supplier Code of Conduct

The Supplier Code of Conduct of Grupa Čakovečki mlinovi defines the minimum standards of business conduct that suppliers must observe in cooperation with the Group.

The Code covers standards in the areas of:

- prohibition of corruption and unethical business practices
- compliance with laws and regulatory requirements
- respect for human rights and working conditions
- environmental protection
- quality, safety and traceability of products.

Suppliers confirm their acceptance of these standards when establishing or renewing business cooperation. In the event of identified deviations, corrective measures may be requested or, in the last resort, business relationships may be terminated. In line with the objectives defined in the Policy for Managing Relationships with Suppliers, the Group is continuously increasing the share of suppliers that have formally accepted the Supplier Code of Conduct.

System for rating and evaluating suppliers

The Group applies to a structured supplier rating system that enables monitoring of delivery quality, supplier reliability and compliance with relevant business requirements.

Supplier assessment particularly includes:

- the quality of products and services
- reliability and timeliness of delivery
- financial stability of the supplier
- compliance with regulatory requirements
- observance of standards of business ethics, environmental protection and other requirements defined by the Supplier Code of Conduct.

In certain business segments, suppliers are also systematically assessed through internal evaluation forms. One of the objectives defined in the Action Plan (in the bakery segment) is for more than 70% of assessed suppliers to be in the highest performance category, thereby encouraging the continuous improvement of the quality and reliability of the supply chain.

Risk management in the supply chain

Risks related to suppliers are monitored through the risk management system and analyzed across several categories, including operational, qualitative, financial and regulatory risks.

Management of these risks is carried out through a combination of preventive and control mechanisms, including:

- defined criteria for selecting suppliers
- contractual provisions and compliance requirements
- periodic supplier evaluations
- conducting audits and monitoring the implementation of corrective measures.

This approach enables the timely identification of potential deviations and the reduction of operational and reputational risks in the supply chain.

Supervision and responsibilities

The operational implementation of the Policy for Managing Relationships with Suppliers is carried out by the procurement and quality functions in the Group's companies, under the supervision of the Management Board.

The results of supplier evaluations and supervisory activities are analyzed at the level of the relevant governing bodies, thereby ensuring timely risk identification and the continuous improvement of standards in the supply chain.

G1-3 and G1-4 – Prevention and detection of corruption and bribery

Grupa Čakovečki mlinovi applies a zero-tolerance principle to corruption, bribery and other forms of unethical business conduct. Business ethics standards and the prohibition of corruption are defined through the internal acts of the Group's companies, the corporate governance system and the **Supplier Code of Conduct of Grupa Čakovečki mlinovi**, which requires business partners to adhere to the principles of transparent and lawful business operations.

Risks related to potential corrupt activities are considered within the Group's risk management system, with particular emphasis on functions that may be exposed to increased risk, such as procurement, finance and supplier management. In these areas, control mechanisms are applied that include segregation of duties, multi-level approval of transactions and internal control procedures.

A whistleblowing mechanism is available that allows the reporting of suspected irregularities or unethical behaviour. The whistleblowing system ensures the protection of the whistleblower's identity, a prohibition of retaliation and defined procedures for receiving and processing reports.

In the 2025 reporting year:

- no confirmed cases of corruption or bribery were recorded
- no court proceedings related to corrupt activities were conducted
- no monetary fines or regulatory sanctions were imposed in the area of corruption and bribery.

G1-5 – Political engagement and contributions

Grupa Čakovečki mlinovi does not finance political parties, political campaigns or individual candidates and does not provide direct or indirect political donations.

The Group does not carry out political lobbying activities through third parties, nor does it have formal memberships in organizations whose primary purpose is political activity. In the case of participation in professional or business associations, membership is focused on the exchange of expert knowledge, monitoring of regulatory changes and sector development, and not on political advocacy.

In the 2025 reporting year, no payments related to political contributions were made.

G1-6 – Payment practices

The Čakovečki mlinovi Group applies clearly defined and contractually agreed payment deadlines towards suppliers, in line with the principles of transparency and equal treatment of business partners.

Payment practices are regulated within the Supplier Relationship Management Policy, which emphasizes the importance of timely settlement of obligations and maintaining stable financial relations in the supply chain.

Management of maturities and monitoring of liabilities

Monitoring of due dates of liabilities is carried out through continuous operational oversight by the finance function, with analysis of open items and regular reconciliation of balances with suppliers.

Payment deadlines are as a rule agreed in the range from 30 to 60 days, depending on the supplier category and the nature of the business relationship, with the same conditions applied to all suppliers, including micro, small and medium-sized enterprises (SMEs).

At Group level, as at 31/12/2025 94% of total liabilities to suppliers relate to non-overdue liabilities, whereby overdue liabilities older than 30 days account for less than 2% of total liabilities, which indicates a high level of regularity in the fulfilment of financial obligations.

The analysis of the structure of liabilities is based on the status of open items as at 31/12/2025 and shows that most suppliers fall into the category without delays or with minimal administrative deviations, while more significant delays are limited to a smaller number of individual cases, most often related to open items such as complaints, disputes or balance reconciliations.

Judicial and regulatory proceedings

In the reporting year, there were no final court proceedings related to supplier payment practices.

In one case, administrative proceedings were initiated before the Agencija za zaštitu tržišnog natjecanja (AZTN) in connection with the application of the Act on the Prohibition of Unfair Trading Practices in the Food Supply Chain, which had not been finally concluded as at the reporting date.

This case relates to a limited number of transactions, with the total value of the items in question not being significant in the context of the overall operations of the company concerned (Trgovina Krk d.d.) and, given its scope and financial significance, it is not considered material nor does it have a significant impact on the Group's overall payment practices.

Any deviations in payment deadlines arise from operational circumstances and are addressed through defined internal procedures and continuous communication with suppliers.

Equal treatment of suppliers

The Group applies equal treatment to all suppliers, including micro, small and medium-sized enterprises (SMEs). Any earlier payments are the result of commercial arrangements, for example discounts for early payment, and not a selective approach towards individual suppliers.

Target values related to supplier relationship management and business conduct

In 2025, the Čakovečki mlinovi Group formalized goals and key performance indicators (KPIs) in the area of supplier relationship management and business ethics, in accordance with the **Supplier Relationship Management Policy**, the **Action Plan** and the **Supplier Code of the Čakovečki mlinovi Group**.

The goals were defined with a clear distinction between:

- goals at Group level
- goals that are currently operationally implemented in the baking segment (Zagrebačke pekarnе Klara d.d.)
- the gradual harmonization of the monitoring methodology across all business segments of the Group.

Such an approach enables the gradual introduction of a standardized system for monitoring goals at the level of the entire Group, while taking into account the operational specificities of individual business segments.

Overview of goals and KPIs by segments

Goal	Description of the measure and KPI	Time horizon
Implementation of the supplier code <i>Segment: Group</i>	Percentage of suppliers that have signed the supplier code; target $\geq 12\%$ of suppliers in total turnover	Continuous
Education and communication on ESG standards in procurement <i>Segment: Group</i>	Number of organized educational sessions in the procurement area per year; target = 2 sessions	Annually
Monitoring supplier performance, including the sustainability aspect <i>Segment: baking</i>	Percentage of suppliers in category "A" (score >2.5) target $>70\%$	Annually

Methodological note

The goals marked as the baking segment relate to Zagrebačke pekarnе Klara d.d., where the KPIs are operationally implemented and monitored in 2025.

For other segments of the Group (milling and trade), the formalization of KPIs and their full integration into the monitoring system is planned in the upcoming reporting periods.

ESRS INDEX

The ESRS Index is an overview of disclosure requirements according to the ESRS standards, which covers all relevant data points from ESRS 2 and six thematic standards that cover material topics significant for the company, and serves as a guide for easier navigation of information within the sustainability report based on the analysis of impacts, risks and opportunities (IRO).

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ESRS E2 POLLUTION	Disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities arising from pollution	70
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List of data on cross-cutting and topical standards arising from other EU legislation

Meaning of abbreviations					
n.m.	not a material topic for the Čakovečki mlinovi Group				
n.p.	not applicable				
n.d.	not available				
Disclosure requirement and related data point	Reference to SFDR	Reference to Pillar 3	Reference to regulations or benchmarks	Reference to the European Climate Law	Page
ESRS 2 GOV-1 Gender diversity in the administrative, management and supervisory bodies, point 21. subpoint (d)	Indicator No. 13 of Table 1 of Annex I.	-	Commission Delegated Regulation (EU) 2020/1816, Annex II.	-	84
ESRS 2 GOV-1 Percentage of members of the administrative, management and supervisory bodies who are independent, point 21. subpoint (e)	-	-	Delegated Regulation (EU) 2020/1816, Annex II.	-	84
ESRS 2 GOV-4 Due diligence statement, point 30.	Indicator No. 10 of Table 3 of Annex I.	-	-	-	36
ESRS 2 SBM-1 Involvement in activities related to fossil fuels and energy, point 40. subpoint (d) sub-subpoint i.	Indicator No. 4 of Table 1 of Annex I.	Regulation (EU) No. 575/2013, Article 449.a; Commission Implementing Regulation (EU) 2022/2453	Delegated Regulation (EU) 2020/1816, Annex II.	-	n.p.
ESRS 2 SBM-1 Involvement in activities related to the manufacture of chemicals, point 40. subpoint (d) ii.	Indicator No. 9 of Table 2 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Annex II.	-	n.p.
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, point 40. subpoint (d) iii.	Indicator No. 14 of Table 2 of Annex I.	-	Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Article 12(1), Annex II.	-	n.p.
ESRS 2 SBM-1 Involvement in activities related to the cultivation and production of tobacco, point 40. subpoint (d) iv.	Indicator No. 14 of Table 2 of Annex I.	-	Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Article 12(1), Annex II.	-	n.p.
ESRS E1-1 Transition plan for achieving climate	-	-	Regulation (EU) 2021/1119, Article 2(1).	Regulation (EU) 2021/1119,	55

neutrality by 2050, point 14.					Article 2(1).	
ESRS E1-1 Undertakings excluded from benchmarks aligned with the Paris Agreement, point 16. subpoint (g)	-	Article 449.a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Trading book – Climate change transition risk	Delegated Regulation (EU) 2020/1818, Article 12(1) points from (d) to (g) and Article 12(2).	-		56
ESRS E1-4 Greenhouse gas emission reduction targets, point 34.	Indicator No. 4 of Table 2 of Annex I.	Article 449.a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3	Commission Delegated Regulation (EU) 2020/1818, Article 6.	-		63
ESRS E1-5 Energy consumption from fossil sources broken down by source (only sectors that significantly affect the climate), point 38.	Indicator No. 5 from Tables 1 and 2 of Annex I.	-	-	-		64
ESRS E1-5 Energy consumption and energy mix, point 37.	Indicator No. 5 from Table 2 of Annex I.	-	-	-		64
ESRS E1-5 Energy intensity related to activities in sectors that significantly affect the climate, points 40 to 43.	Indicator No. 6 from Table 1 of Annex I.	-	-	-		64
ESRS E1-6 Gross greenhouse gas emissions in Scopes 1, 2 and 3 and total greenhouse gas emissions, point 44.	Indicator No. 1 and 2 from Table 1 of Annex I.	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3	Commission Delegated Regulation (EU) 2020/1818, Article 8(1).	-		65
ESRS E1-6 Gross greenhouse gas emissions intensity, points 53 to 55.	Indicator No. 3 from Tables 1 and 2 of Annex I.	-	Commission Delegated Regulation (EU) 2020/1818, Article 8(1).	-		65
ESRS E1-7 Removal of greenhouse gases and carbon credits, point 56.	-	-	-	Regulation (EU) 2021/1119, Article 2(1).		n/a
ESRS E1-9 Exposure of the reference portfolio to physical risks related to climate change, point 66.	-	-	Commission Delegated Regulation (EU) 2020/1818, Commission Delegated	-		n.d.

				Regulation (EU) 2020/1816, Annex II.	
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk, point 66. subpoint (a)	-	Regulation (EU) No 575/2013, Article 449a, Commission Implementing Regulation (EU) 2022/2453, points 46 and 47.	-	-	n.d.
ESRS E1-9 Location of significant assets exposed to significant physical risk, point 66. subpoint (c)	-	Regulation (EU) No 575/2013, Article 449a, Commission Implementing Regulation (EU) 2022/2453, points 46 and 47.	-	-	57
ESRS E1-9 Breakdown of the carrying amount of the undertaking's real estate by energy efficiency classes, point 67. subpoint (c)	-	Regulation (EU) No 575/2013, Article 449a, Commission Implementing Regulation (EU) 2022/2453, point 34, template 2	-	-	n.d.
ESRS E1-9 Degree of portfolio exposure to opportunities related to climate change, point 69.	-	-	Commission Delegated Regulation (EU) 2020/1818, Annex II.	-	n.d.
ESRS E2-4 Quantity of each pollutant listed in Annex II to the E-PRTR Regulation, released into air, water and soil, point 28.	Annex I, indicator No. 8, Table 1 of Annex I.	-	-	-	72 - 73
ESRS E3-1 Water and marine resources, point 9.	Indicator No. 7 from Table 2 of Annex I.	-	-	-	n.m.
ESRS E3-1 Specific policy, point 13.	Indicator No. 8 from Table 2 of Annex I.	-	-	-	n.m.
ESRS E3-1 Sustainable oceans and seas, point 14.	Indicator No. 10 from Table 2 of Annex I.	-	-	-	n.m.
ESRS E3-4 Total amount of recycled and reused water, point 28. sub-point (c)	Indicator no. 6.2 from table 2 of Annex I.	-	-	-	n.m.
ESRS E3-4 Total water consumption in m³ per net revenue from own operations, point 29.	Indicator no. 6.1 from table 2 of Annex I.	-	-	-	n.m.

ESRS 2-IRO 1 – E4, point 16. sub-point (a) sub-sub-point i.	Indicator no. 7 from table 2 of Annex I.	-	-	-	n.m.
ESRS 2-IRO 1 – E4, point 16. sub-point (b)	Indicator no. 10 from table 2 of Annex I.	-	-	-	n.m.
ESRS 2-IRO 1 – E4, point 16. sub-point (e)	Indicator no. 14 from table 2 of Annex I.	-	-	-	n.m.
ESRS E4-2 Sustainable land/agricultural practices or policies, point 24. sub-point (b)	Indicator no. 11 from table 2 of Annex I.	-	-	-	n.m.
ESRS E4-2 Sustainable practices or policies for oceans/seas, point 24. sub-point (c)	Indicator no. 12 from table 2 of Annex I.	-	-	-	n.m.
ESRS E4-2 Policies to address deforestation, point 24. sub-point (d)	Indicator no. 15 from table 2 of Annex I.	-	-	-	n.m.
ESRS E5-5 Non-recycled waste, point 37. sub-point (d)	Indicator no. 13 from table 2 of Annex I.	-	-	-	78
ESRS E5-5 Hazardous waste and radioactive waste, point 39.	Indicator no. 9 from table 1 of Annex I.	-	-	-	78
ESRS 2 – SBM3 – S1 Risk of forced labour, point 14. sub-point (f)	Indicator no. 13 from table 3 of Annex I.	-	-	-	n.m.
ESRS 2 – SBM3 – S1 Risk of child labour, point 14. sub-point (g)	Indicator no. 12 from table 3 of Annex I.	-	-	-	n.m.
ESRS S1-1 Commitments in the area of human rights policy, point 20.	Indicator no. 9 from table 3 of Annex I and indicator no. 11 from table 1 of Annex I.	-	-	-	80, 86
ESRS S1-1 Due diligence policies on matters covered by Fundamental Conventions 1 to 8 of the International Labour Organization, point 21.	-	-	Delegated Regulation (EU) 2020/1816, Annex II.	-	n.d.
ESRS S1-1 Procedures and measures to prevent human trafficking, point 22.	Indicator no. 11 from table 3 of Annex I.	-	-	-	not disclosed.
ESRS S1-1 Policy for the prevention of occupational accidents or	Indicator No. 1 from Table 3 of Annex I.	-	-	-	80

management system, paragraph 23.					
ESRS S1-3 Grievance mechanism, paragraph 32. sub-point (c)	Indicator No. 5 from Table 3 of Annex I.	-	-	-	81
ESRS S1-14 Number of fatalities and number and rate of occupational accidents, paragraph 88. sub-points (b) and (c)	Indicator No. 2 from Table 3 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Annex II.	-	85
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illnesses, paragraph 88. sub-point (e)	Indicator No. 3 from Table 3 of Annex I.	-	-	-	85
ESRS S1-16 Unadjusted gender pay gap, paragraph 97, point (a)	Indicator No. 12 from Table 1 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Annex II.	-	86
ESRS S1-16 Excessive pay difference between the director and employees, paragraph 97. sub-point (b)	Indicator No. 8 from Table 3 of Annex I.	-	-	-	86
ESRS S1-17 Cases of discrimination, paragraph 103. sub-point (a)	Indicator No. 7 from Table 3 of Annex I.	-	-	-	86
ESRS S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 104. sub-point (a)	Indicator No. 10 from Table 3 of Annex I and Indicator No. 14 from Table 2 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1.	-	not disclosed.
ESRS 2 – SBM3 – S2 High risk of child labour or forced labour in the value chain, paragraph 11. sub-point (b)	High risk of child labour or forced labour in the value chain, paragraph 11. sub-point (b) Indicator No. 12 and 13 from Table 3 of Annex I.	-	-	-	not meaningful.
ESRS S2-1 Commitments in the area of human rights policy, paragraph 17.	Indicator No. 9 from Table 3 of Annex I.	-	-	-	not meaningful.
ESRS S2-1 Policies relating to workers in the value chain, paragraph 18.	Indicator No. 11 and 4 from Table 3 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU)	-	not meaningful.

					2020/1818, Article 12, paragraph 1.
ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 19.	Indicator No. 10 from Table 1 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Annex II.	-	not meaningful.
ESRS S2-1 Due diligence policies on the matters covered by the core conventions 1 to 8 of the International Labour Organization, paragraph 19.	Indicator No. 14 from Table 3 of Annex I.	-	-	-	not meaningful.
ESRS S2-4 Human rights matters and incidents related to the upstream and downstream levels of the value chain, paragraph 36.	Indicator No. 12 from Table 3 of Annex I.	-	-	-	not meaningful.
ESRS S3-1 Commitments in the area of human rights protection policy, paragraph 16.	Indicator No. 9 from Table 3 of Annex I and Indicator No. 11 from Table 1 of Annex I.	-	-	-	not measurable.
ESRS S3-1 Non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO principles and the OECD Guidelines, paragraph 17.	Indicator No. 10 from Table 1 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1.	-	not measurable.
ESRS S3-4 Human rights-related issues and incidents, paragraph 36.	Indicator No. 14 from Table 3 of Annex I.	-	-	-	not measurable.
ESRS S4-1 Policies relating to consumers and end-users, paragraph 16.	Indicator No. 9 from Table 3 and Indicator No. 11 from Table 1 of Annex I.	-	-	-	88 - 89
ESRS S4-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and with the OECD Guidelines, paragraph 17.	Indicator No. 10 from Table 1 of Annex I.	-	Delegated Regulation (EU) 2020/1816, Delegated Regulation (EU) 2020/1818, Annex II, Article 12, paragraph 1.	-	not available.

ESRS S4-4 Human rights-related issues and incidents, paragraph 35.	Indicator No. 14 from Table 3 of Annex I.	-	-	-	not available.
ESRS G1-1 United Nations Convention against Corruption, paragraph 10, subparagraph (d)	Indicator No. 15 from Table 3 of Annex I.	-	-	-	95 - 96
ESRS G1-1 Whistleblower protection, paragraph 10, subparagraph (c)	Indicator No. 6 from Table 3 of Annex I.	-	-	-	96
ESRS G1-4 Monetary penalties for breaches of anti-corruption and anti-bribery regulations, paragraph 24, subparagraph (a)	Indicator No. 17 from Table 3 of Annex I.	-	Commission Delegated Regulation (EU) 2020/1816, Annex II.	-	not available.

STATEMENT OF MANAGEMENT BOARD'S RESPONSIBILITY FOR THE SUSTAINABILITY REPORT

In accordance with the provisions of Articles 32 and 36 of the Accounting Act (Official Gazette 85/24, 145/24, 151/25), the Management Board of the Čakovečki mlinovi Group is responsible for the preparation of the Consolidated Sustainability Report in accordance with the European Sustainability Reporting Standards (ESRS), and for:

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

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


This responsibility includes:

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


The Consolidated Sustainability Report, has been approved by the Management Board.

In Čakovec, 28 May 2026

For Čakovečki mlinovi d.d.:



Mario Sedlaček
President of the Management Board



Krešimir Kvaternik
Member of the Management Board



Franjo Plodinec
Member of the Management Board

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Čakovečki mlinovi d.d.

We have conducted a limited assurance engagement on the Sustainability Statement included in the Annual Report of Čakovečki mlinovi d.d. (the “Company”) and its subsidiaries (“the Group”) as at 31 December 2025 and for the period from 1 January 2025 to 31 December 2025 (the “Sustainability Statement”).

Identification of Applicable Criteria

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

- Compliance with the European Sustainability Reporting Standards introduced by Commission Delegated Regulation (EU) of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council (“ESRS”), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the “Process”) is in accordance with the description set out in note ESRS 2 IRO-1; and
- Compliance of the disclosures in subsection ČAKOVEČKI MLINOVI – CONSOLIDATED DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF EU TAXONOMY REGULATION within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

Inherent Limitations in Preparing the Sustainability Statement

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

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

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

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

The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: EUR 5,930.00; Company Directors: Katarina Kadunc, Goran Končar and Helena Schmidt, Bank: Privredna banka Zagreb d.d., Radnička cesta 80, 10 000 Zagreb, bank account no. 2340009–1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

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INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Responsibility of the Management Board of the Company

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

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

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

- Compliance with the ESRS;
- Preparing the disclosures in subsection *ČAKOVEČKI MLINOVI – CONSOLIDATED DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF EU TAXONOMY REGULATION* within the environmental section of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- Designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

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

Practitioner's Responsibility

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

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

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

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

INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Practitioner's Responsibility (continued)

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

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

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Quality Management

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

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

Summary of Work Performed

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

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

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

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

INDEPENDENT LIMITED ASSURANCE REPORT (continued)

Summary of Work Performed (continued)

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

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

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

Limited Assurance Conclusion

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

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement is in accordance with the description set out in note ESRS 2 IRO-1; and
- Compliance of the disclosures in subsection *ČAKOVEČKI MLINOVI – CONSOLIDATED DISCLOSURES IN ACCORDANCE WITH ARTICLE 8 OF EU TAXONOMY REGULATION* within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Goran Končar
Director and Certified auditor

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

Deloitte d.o.o.

28 May 2026
Radnička cesta 80,
10 000 Zagreb,
Croatia

ČAKOVEČKI MLINOVI D.D.

**CONSOLIDATED STATEMENT ON THE APPLICATION OF
THE CODE
OF THE GROUP'S CORPORATE GOVERNANCE
FOR 2025**

Pursuant to Article 272.p, in conjunction with Article 250.a paragraph 4 of the Companies Act (“Official Gazette”, numbers 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23, 136/24; hereinafter: the Companies Act) and Article 25 of the Accounting Act (“Official Gazette”, numbers 85/24, 145/24, 151/25), the Management Board of the company Čakovečki mlinovi d.d., Čakovec, 1 Mlinska Street, PIN: 20262622069 (hereinafter: the Company), issues the following

STATEMENT ON THE APPLICATION OF THE CORPORATE GOVERNANCE CODE

1. The Company voluntarily applies the Corporate Governance Code which was jointly drawn up by the Croatian Financial Services Supervisory Agency and Zagrebačka burza d.d. (hereinafter: “Code”), and which Code is publicly available on the official website of Zagrebačka burza d.d. (www.zse.hr).

2. In the previous year the Company largely applied the recommendations laid down in the Code, publishing all information whose publication is prescribed by applicable regulations and the publication of which is primarily in the interest of the shareholders of the Company. The Supervisory Board of the Company has established a Nomination Committee and a Remuneration Committee, with the tasks envisaged by the Code. At the same time, in accordance with the provisions of the Audit Act, an Audit Committee also operates within the Company.

The Company presents detailed explanations relating to departures from individual recommendations of the Code in the Questionnaire on Compliance for Share Issuers, which is submitted to the Croatian Financial Services Supervisory Agency and is published on the official website of the Company (www.cak-mlinovi.hr) as well as on the websites of Zagrebačka burza d.d. and of the Croatian News Agency. www.cak-mlinovi.hr

During 2026 the Company plans to continue making its operations and operating results transparent and accessible to the public.

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

The Audit Committee of the Company acts as a committee of the Supervisory Board. The Audit Committee supports the Supervisory Board and the Management Board of the Company in effectively fulfilling their obligations regarding corporate governance, financial reporting and control of the Company.

The Company applies rules on the application of the accounting policy, which rules govern the application of procedures and techniques in the recognition of the assets, liabilities, equity, income, expenses and financial result of the Company in the primary financial statements.

A description of the main characteristics of risk management in relation to financial reporting is contained in note 32 – Exposure to risks and risk management in the accompanying consolidated financial statements.

4. The ten largest shareholders, as at 31 December 2025:

No.	Shareholder	Number of shares	Share in the share capital (%)
1.	OTP BANKA D.D./MLIN I PEKARE D.O.O./ MLIN I PEKARE D.O.O. (1/1)	8,374,646	52.28
2.	OTP BANKA D.D./ AZ OMF KATEGORIJE B (1/1)	2,853,265	17.81
3.	ERSTE & STEIERMARKISCHE BANK D.D./ PBZ CO OMF - KATEGORIJA B (1/1)	2,391,539	14.93
4.	PLODINEC D.O.O. (1/1)	672,989	4.20
5.	ZAGREBAČKA BANKA D.D./ AZ PROFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND (1/1)	302,624	1.89
6.	OTP BANKA D.D./ AZ OBVEZNI MIROVINSKI FOND KATEGORIJE A (1/1)	195,403	1.22
7.	ERSTE & STEIERMARKISCHE BANK D.D./ PBZ CO OMF - KATEGORIJA A (1/1)	160,732	1.00
8.	ZAGREBAČKA BANKA D.D./ AZ BENEFIT OTVORENI DOBROVOLJNI MIROVINSKI FOND (1/1)	60,858	0.38
9.	INTERKAPITAL VRIJEDNOSNI PAPIRI D.O.O./ZBIRNI SKRBNIČKI RAČUN ZA DF	50,306	0.31
10.	FIMA-VRIJEDNOSNICE D.O.O./ NEKIĆ DANKA (1/1)	46,500	0.29

The Company is aware of the establishment of acting in concert on the basis of the Agreement on the Regulation of Mutual Relations concluded on 25 September 2023 between the companies: Mlin i pekare d.o.o., Sisak, PIN: 22260862756, Plodinec d.o.o., Staro Čiče, PIN: 93116812695, Allianz ZB d.o.o. društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, Zagreb, PIN: 58384724129, in its own name but for the account of certain pension funds under its management, and PBZ CROATIA OSIGURANJE d.d. za upravljanje obveznim mirovinskim fondovima, Zagreb, PIN: 20455535575, in its own name but for the account of certain pension funds under its management. The Company intends, in accordance with the provision of Article 293a of the Companies Act and in connection with the transitional and final provisions of the Act on Amendments to and Supplements to the Companies Act (Official Gazette No. 136/2024), Article 37 paragraph 4, to submit within the prescribed period an application for registration in the court register of the data on the existence of the Agreement on the Regulation of Mutual Relations of 25 September 2023, stating the purpose of that agreement and the manner of achieving that purpose.

The voting right of the Company's shareholders under the Company's Articles of Association of 30 August 2023, which was in force during 2024, is not limited to a certain percentage or number of votes, nor are there any time limits for exercising the voting right. Each ordinary share entitles its holder to one vote at the General Meeting. The Company is authorised to issue registered ordinary shares as well as to issue other types and classes of shares in accordance with the applicable regulations of the Republic of Croatia and the Company's Articles of Association. The decision on the issue of shares, in accordance with Article 172 of the Companies Act, is adopted by the General Meeting in accordance with the Company's Articles of Association. The rights and obligations of the Company arising from the acquisition of its own shares are exercised in accordance with the provisions of the Companies Act and pursuant to the resolution of the

Company's General Meeting of 30 August 2021 granting authority to the Company's Management Board to acquire and dispose of own shares for a period of five years from the date of the resolution.

Amendments to and supplements of the Company's Articles of Association are adopted in the manner laid down by the Companies Act. During 2025, the Company's General Meeting on 15 January 2025 adopted a decision on amendments to or supplements of the Company's Articles of Association. of 30 August 2023. The Company's General Meeting operates and has powers, and the shareholders exercise their rights, in accordance with the provisions of the Companies Act and other applicable regulations.

5. The Company's Management Board consists of three members. As at 31 December 2025, the office of President of the Company's Management Board is held by Mr Mario Sedlaček, and the offices of members of the Company's Management Board are held by Mr Franjo Plodinec and Mr Krešimir Kvaternik. During 2025, the members of the Management Board conduct the Company's business on their own responsibility and represent the Company in such a manner that the President of the Management Board represents the Company together with one member of the Management Board, while the other members of the Management Board represent together with the President of the Management Board or another member of the Management Board. Certain tasks, exhaustively specified in Article 18 of the Company's Articles of Association of 15. January 2025, and in other cases where this is prescribed by law, the Company's Articles of Association or a resolution of the Supervisory Board, they are authorised to undertake only with prior consent of 6 members of the Supervisory Board. The Management Board is appointed and dismissed by the Supervisory Board for a term of up to five years.

The Company's Supervisory Board consists of 7 members.

Composition of the Company's Supervisory Board as at 31 December 2025:

- Damir Metelko, Chairman of the Supervisory Board,
- Vesna Butorac, Deputy Chairwoman of the Supervisory Board,
- Dragica Plodinec, Member of the Supervisory Board,
- Josip Plodinec Sr., member of the Supervisory Board,
- Ema Marušić, member of the Supervisory Board
- Mislav Ante Omazić Prof. PhD, member of the Supervisory Board and
- Vanja Kutnjak, member of the Supervisory Board, employees' representative.

Changes in the composition of the Management Board during 2025.

- by resolution of the Company's Supervisory Board of 10. April 2025, the number of members of the Management Board was increased to four members and, in addition to Mr Mario Sedlaček, Mr Krešimir Kvaternik and Mr Marijan Sršen was appointed Mr Franjo Plodinec.
- by resolution of the Company's Supervisory Board of 1 October 2025, the mandate of Marijan Sršen was not extended in the office of a member of the Management Board and he will not be reappointed to the said office.
- by resolution of the Supervisory Board of 1 October 2025 until the appointment of a new Management Board member – Chief Financial Officer, the competences and duties of the Management Board member – Chief Financial Officer are temporarily, for a period of three months (from 2 October 2025 to 3 January 2026), assumed by the Management Board member Mr Krešimir Kvaternik.

by resolution of the Company's Supervisory Board of 22 December 2025, the mandate of the Management Board member Mr Krešimir Kvaternik is extended for a further six months (from 4 January 2026 to 4 July 2026) in the position of Management Board member – Chief Financial Officer

Changes in the composition of the Supervisory Board during 2025.

- By decision of the Supervisory Board of 18 February 2025 Mr Franjo Plodinec resigned from the function of Deputy Chairman of the Supervisory Board and in the subcommittees of the Company, Mr Josip Plodinec Jr. resigned from the function of member of the Supervisory Board and in the subcommittees of the Company, and Mr Igor Komorski resigned from the function of member of the Supervisory Board and in the subcommittees of the Company.

- By decision of the General Meeting of 9 April 2025. the following are elected as members of the Supervisory Board Ms. Dragica Plodinec, Mr. Josip Plodinec, Ms. Ema Marušić and Ms. Vesna Butorac;
- By decision of the Supervisory Board as of 10 April 2025 to the composition of the Audit Committee, there are appointed in place of Mr Franjo Plodinec, Mr Igor Komorski and Mr Josip Plodinec Jr., Ms. Vesna Butorac, Ms. Ema Marušić, Dragica Plodinec and Mr Josip Plodinec, while as members of the Nomination Committee and of the Remuneration Committee there are appointed Ms Ema Marušić and Ms. Vesna Butorac

On the basis of the provisions of the Company's Articles of Association of 15. January 2025. the General Meeting elects and recalls six members of the Supervisory Board, while one member of the Supervisory Board is appointed and recalled by the Company's employees in the manner prescribed by law. The Supervisory Board acts as a collegial body at meetings which are held at least once every quarter, at which it discusses and decides on all matters within its competence as prescribed by the Companies Act (ZTD) and the Company's Articles of Association. Decisions of the Supervisory Board are adopted by a majority of votes cast, except in cases where the Company's Articles of Association provide otherwise for the adoption of a decision.

All members of the Supervisory Board are at the same time also members of the Audit Committee.

Members of the Supervisory Board have been appointed to the Nomination Committee, as well as to the Remuneration Committee.

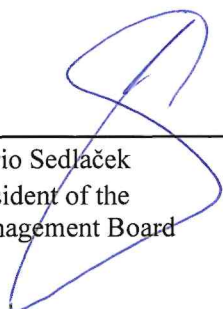
In the executive, managerial and supervisory bodies, as well as at all other levels of the Company, there are no restrictions with regard to gender, age, education, profession or other similar restrictions.

At the General Meeting of the Company held on 15 January 2025 a Decision on the Amendment of the Articles of Association of the Company was adopted, on the basis of which the provisions of the Articles on the operation, i.e. on the duties, powers and limitations in the operation of the Management Board, the powers of the Supervisory Board and of the General Meeting of the Company have been significantly amended.


6. In accordance with the provisions of Article 250a, paragraph 4, and Article 272p of the Companies Act (ZTD), this Statement is a separate section and an integral part of the annual report on the state of the Company for the 2025 financial year.

In Čakovec, 28 May 2026

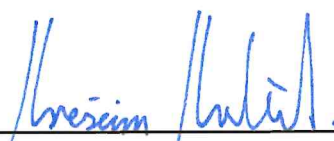
For Čakovečki mlinovi d.d.:



Mario Sedlaček
President of the
Management Board



Franjo Plodinec
Member of the Management Board



Krešimir Kvaternik
Member of the Management
Board

ČAKOVEČKI MLINOVI D.D.

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR 2025. YEAR**

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

The Management Board of the Company Čakovečki mlinovi d.d. as the management board of the Group's parent Company ("Management Board") is obliged to prepare consolidated financial statements for each financial year, which give a true and fair view of the financial position of the Group and the results of its operations and cash flows, in accordance with applicable accounting standards, and is responsible for keeping appropriate accounting records which at any time enable the preparation of financial statements.

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

The Management Board reasonably expects that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern principle in preparing the consolidated financial statements.

The responsibilities of the Management Board in the preparation of the consolidated financial statements include the following:

- selection and consistent application of appropriate accounting policies;
- making reasonable and prudent judgements and estimates;
- acting in accordance with applicable accounting standards, and
- preparing the financial statements on a going concern basis.

In accordance with the Accounting Act, the Management Board is required to prepare the Annual Report, which contains the annual financial statements, the management report and the corporate governance statement. The management report and the corporate governance statement have been prepared in accordance with the requirements of Articles 22, 24 and 25 of the Accounting Act. Furthermore, the Management Board is responsible for preparing the Sustainability Report, in accordance with Articles 32 and 36 of the Accounting Act implementing Article 29(a) of Directive (EU) 2013/34/EU. The Management Board has general responsibility for taking such steps as are reasonably available to it to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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


The consolidated financial statements, which have been prepared in accordance with the International Financial Reporting Standards as adopted in the European Union and which are presented on the following pages, have been approved by the Management Board on 28 May 2026 and submitted to the Supervisory Board for acceptance.

In Čakovec, 28 May 2026


For Čakovečke mlinove d.d.:



Mario Sedlaček
President of the Management Board



Franjo Plodinec
Member of the Management Board



Krešimir Kvaternik
Management Board Member

**STATEMENT BY PERSONS RESPONSIBLE
FOR PREPARING THE FINANCIAL STATEMENTS**

Pursuant to the provisions of Article 462 of the Capital Market Act (Official Gazette nos. 65/18, 17/20, 83/21, 151/22, 85/24, 126/25, 45/26) the President of the Company's Management Board Mario Sedlaček, and members of the Company's Management Board Franjo Plodinec and Krešimir Kvaternik give the following statement:

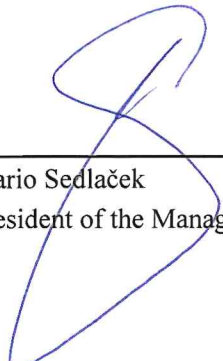
To the best of our knowledge:

- Consolidated financial statements for the year 2025 have been prepared in accordance with IFRS and give a true and fair view of the assets and liabilities, financial position and profit or loss of the issuer and of the companies included in the consolidation as a whole.

- Consolidated management report for the year 2025 contains a true and fair view of the development and performance of the business and the position of the issuer and of the companies included in the consolidation as a whole, together with a description of the principal risks and uncertainties to which they are exposed.

In Čakovec, 28 May 2026

For Čakovečki mlinovi d.d.:



Mario Sedlaček
President of the Management Board



Franjo Plodinec
Management Board Member



Krešimir Kvaternik
Management Board Member

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Čakovečki mlinovi d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Čakovečki mlinovi d.d. and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for Opinion

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

Key Audit Matters

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

The company was registered at Zagreb Commercial Court: MBS 030022053; paid-in initial capital: EUR 5,930.00; Company Directors: Katarina Kadunc, Goran Končar and Helena Schmidt, Bank: Privredna banka Zagreb d.d., Radnička cesta 80, 10 000 Zagreb, bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2X IBAN: HR3823400091110098294.

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INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Recognition of sales revenue	
For the accounting framework see Note 2 "Significant information on accounting policies", section 2.18. „Revenue recognition“. For additional information related to the identified key audit matter, see note 4 to the consolidated financial statements.	
Description of the Key audit matter	How we addressed Key audit matter
<p>As of 31 December 2025, sales revenue amounted to EUR 398,470 thousand (2024: EUR 200,450 thousand).</p> <p>In accordance with International Financial Reporting Standard 15 - <i>Revenue from Contracts with Customers</i> ("IFRS 15"), the Company recognizes sales revenue when control of the products and goods is transferred to the customer, or when the obligation is fulfilled, in an amount that represents the consideration to which the Company expects to be entitled in exchange for the agreed products and goods.</p> <p>Revenue is measured on a net basis, net of rebates and other trade allowances to customers. Management includes various judgments when estimating rebates due to the complex nature of trade agreements and customer relationships.</p> <p>The timing of revenue recognition is affected by different shipping terms agreed with different customers, and the risk of recognizing sales revenue in the wrong period is higher at year-end.</p> <p>Sales revenue is one of the key performance indicators of the Company and the Management Board, and as such is exposed to the risk of Management's override to encourage the recognition of revenue before the conditions are created and before the transfer of control over products and goods to the customer.</p> <p>We consider this area to be a key audit matter during our audit of the separate financial statements for the year ended 31 December 2025 due to the possible significant effects on the financial statements if revenue is not properly calculated and recognized in a timely manner.</p>	<p>In order to respond to the risks associated with sales revenue, identified as a key audit matter, we designed audit procedures that enabled us to obtain sufficient appropriate audit evidence to form our conclusion on this matter.</p> <p>We performed the following audit procedures with respect to the area of sales revenue:</p> <ul style="list-style-type: none"> • Reviewed and inspected accounting policies applied for revenue recognition, and comparing them with the requirements of IFRS 15 – <i>Revenue from Contracts with Customers</i>; • Obtained an understanding of the control environment and internal controls established by the Management Board in the process of recognizing sales revenue, including the information technology applications and tools used; • Verified the adequacy of the design and effectiveness of the implementation of the identified internal controls relevant to the revenue recognition process; • Determined the scope and type of substantive testing to verify the correctness of the calculation and recognition of sales revenue; • Substantive testing of the recognition and measurement of sales revenue on a selected sample, with which we verified the accuracy and timeliness of revenue recognition; • Review and vitrification of the sufficiency of disclosures in accordance with the requirements of IFRS 15 - Revenue from contracts with customers.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Business Combinations	
For the accounting framework, refer to Note 2 " <i>Significant information on accounting policies</i> ", section 2.2 " <i>Basis of consolidation</i> ". For further information related to the identified key audit matter, refer to Note 36 to the consolidated financial statements.	
Description of the key audit matter	How we addressed Key audit matter
<p>During the reporting period, the Group completed significant acquisitions of new subsidiaries and subsequent changes in its ownership structure, including transactions with owners in their capacity as shareholders.</p> <p>Business combinations involving the acquisition of new entities represent complex business events and accounting transactions that management and reporting entities encounter in the course of their operations. Such transactions are typically accounted for in accordance with the requirements of IFRS 3 – <i>Business Combinations</i>.</p> <p>The accounting for business combinations involving acquisitions includes the identification of the acquirer and the acquisition date, the measurement of the fair value of the acquired identifiable net assets, including assets and liabilities that did not meet the recognition criteria in the separate financial statements of the acquirees in accordance with IFRS, and the determination of goodwill or a gain from a bargain purchase as the difference between the consideration transferred and the fair value of the acquired net assets at the acquisition date. In cases involving non-controlling interests, the process further includes the measurement and subsequent tracking of non-controlling interests, while subsequent changes in ownership interests or within the Group structure are accounted for as transactions with owners directly in equity, without impact on profit or loss.</p> <p>Due to the material effects of these transactions and events to the consolidated financial statements, the high degree of estimation uncertainty and management judgment involved in determining the fair value of acquired assets and liabilities, the complexity of accounting across multiple transactions, and the inherent risk of misstatement in accounting for business combinations, we have identified this area as a key audit matter.</p>	<p>In response to the risks associated with business combinations, identified as a key audit matter, we designed and performed audit procedures to obtain sufficient and appropriate audit evidence to support our conclusions.</p> <p>We performed the following audit procedures with respect to the area of business combinations:</p> <ul style="list-style-type: none"> • Reviewing and assessing the appropriateness of the accounting policies applied for the accounting of business combinations against the requirements of IFRS 3 - <i>Business Combinations</i>; • Obtaining an understanding of the accounting process for business combinations, including identifying key steps in the consolidation process of acquired entities; • Testing the accuracy of the determination of consideration transferred for acquisitions and the calculation of non-controlling interests; • Reviewing supporting documentation related to the fair value measurement of net assets at the acquisition date and reports prepared by independent valuation experts engaged by management, including evaluating the valuation methodologies applied and key assumptions used, with the involvement of internal valuation specialists within the audit team; • Testing the accuracy of the calculation of goodwill or gain from a bargain purchase; • Testing the accuracy of consolidation adjustments related to the business combinations performed, including the effects of subsequent changes in ownership interests or within the Group structure.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

- 1) Information included in the other information is, in all material respects, consistent with the attached consolidated financial statements.
- 2) Management Report has been prepared, in all material respects, in accordance with the Articles 22 and 24 of the Accounting Act, which is included as part of the other information and constitutes a separate part of the Management Report, we performed a limited assurance engagement, the results of which were presented in a separate limited assurance report with an unmodified conclusion.
- 3) Corporate Governance Report has been prepared, in all material aspects, in accordance with the Articles 22 and 25 of the Accounting Act,

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

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

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

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on the Audit of the Financial Statements (continued)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements

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

Auditor's reasonable assurance report on the compliance of consolidated financial statements (financial statements), prepared based on the provision of Article 462 (5) of the Capital Market Act by applying the requirements of the Delegated Regulation (EU) 2018/815 specifying for the issuers a single electronic reporting format ("ESEF Regulation"). We conducted a reasonable assurance engagement on whether the financial statements of the Čakovečki mlinovi d.d. Group for the financial year ended 31 December 2025 prepared to be made public pursuant to Article 462 (5) of the Capital Market Act, contained in the electronic file [cakoveckimlinovi-2025-12-31-2-eng.zip], have been prepared in all material aspects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the Management and Those Charged with Governance

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

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

Furthermore, Management is responsible for the following:

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

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

Auditor's Responsibilities

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

Quality management

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

Procedures performed

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

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

Our procedures focused on assessing whether:

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

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

Conclusion

We believe that, based on the procedures performed and evidence obtained, the financial statements of the Group presented in the ESEF format, contained in the aforementioned electronic file, and based on the provision of Article 462 (5) of the Capital Market Act, have been prepared to be published for public, in all material aspects in accordance with the requirements of articles 3, 4 and 6 of the ESEF Regulation for the year ended 31 December 2025.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Other Legal and Regulatory Requirements (continued)

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

We were appointed as the statutory auditor of the Group by the shareholders on General Shareholders' Meeting held on 18 August 2025 to perform audit of accompanying consolidated financial statements. Our total uninterrupted engagement has lasted 2 years and covers period 1 January 2024 to 31 December 2025.

We confirm that:

- our audit opinion on the accompanying consolidated financial statements is consistent with the additional report issued to the Audit Committee of the Group on 28 May 2026 in accordance with the Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council;
- no prohibited non-audit services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided.

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

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

Goran Končar
Director and Certified auditor

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

Deloitte d.o.o.

28 May 2026
Radnička cesta 80,
10 000 Zagreb,
Croatia

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

	Note	2025	2024
Sales revenue	4	398,470	200,450
Other income	4	7,219	6,673
Operating income		405,689	207,123
Change in value of work in progress and finished goods inventories	5	319	163
Cost of raw materials and supplies	6	(40,982)	(23,149)
Cost of goods sold		(223,677)	(120,026)
Other external costs	7	(19,751)	(7,970)
Staff costs	8	(79,099)	(33,345)
Depreciation	16	(17,640)	(7,254)
Other expenses	9	(16,423)	(7,600)
Value adjustments	10	(68)	(154)
Provisions	11	(1,233)	(119)
Other operating expenses	12	(3,587)	(1,672)
Operating expenses		(402,141)	(201,126)
Operating profit		3,548	5,997
Gain on bargain purchase	36	1,834	-
Finance income	13	1,192	1,066
Finance costs	13	(764)	(137)
Net financial result		428	929
Share of profit of associate	19	600	1,287
Profit before tax		6,410	8,213
Income tax	14	(737)	(1,407)
Net profit		5,673	6,806
Attributable:			
Shareholders of the Company		5,441	6,764
Owners of non-controlling interests		232	42
Earnings per share for profit attributable to shareholders of the Company during the year (in euros)			
- basic	15	0.35	0.66
- diluted	15	0.35	0.66

	Note	2025	2024
Net profit		5,673	6,806
Other comprehensive income:			
<i>Items that will not be reclassified to the statement of profit or loss</i>			
Fair valuation of shares		293	121
Total other comprehensive income for the year, net of tax		293	121
Total comprehensive income for the year		5,966	6,927
Attributable:			
Shareholders of the Company		5,734	6,885
Owners of non-controlling interests		232	42

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

	Note	31 December 2025.	31 December 2024.
Assets			
Non-current assets			
Goodwill	16A	11,407	-
Intangible assets	16A	7,695	69
Property, plant and equipment	16B	82,921	33,388
Right-of-use assets	17	16,528	4,073
Investment property	18	1,830	809
Investments in associates	19	8,656	9,079
Financial assets	20	2,205	1,799
Deferred tax assets	21	885	320
		132,127	49,537
Current assets			
Inventories	22A	43,681	25,602
Non-current assets held for sale	22B	13,807	184
Trade and other receivables	23	20,749	8,995
Financial assets	24	7,939	80
Cash and cash equivalents	25	8,756	28,833
		94,932	63,693
TOTAL ASSETS		227,059	113,231

	Note	31/12/2025	31/12/2024
Equity and reserves			
Share capital	26	21,262	13,657
Share premium	26	54,909	-
Legal reserves	26	683	683
Other reserves	26	(8,930)	2,449
Fair value reserves	26	3,283	2,990
Retained earnings	26	64,004	71,615
		135,211	91,394
Owners of non-controlling interests	26	3,972	(3,823)
		139,183	87,571
Liabilities			
Non-current liabilities			
Provisions	27	2,329	787
Liabilities for leases	28	14,279	2,699
Liabilities to banks	30	4,764	-
Deferred tax liability	29	5,852	656
		27,224	4,142
Short-term liabilities			
Provisions	27	1,763	634
Liabilities for leases	28	3,909	1,433
Liabilities for loans from entities with participating interest	30	4,177	4,177
Liabilities to banks	30	14,044	-
Liabilities to suppliers	31	24,018	10,164
Liabilities to employees	31	5,182	2,078
Liabilities for taxes, contributions and similar charges	31	5,633	2,409
Liabilities for advances	31	42	64
Liabilities based on share in result	31	28	29
Other short-term liabilities	31	1,856	530
		60,652	21,518
TOTAL EQUITY AND LIABILITIES		227,059	113,231

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

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		6,410	8,213
Adjustments:			
Depreciation and amortisation	16	17,640	7,254
Impairment and (gain)/loss on disposal of assets		-	(47)
Impairment of trade receivables and inventories	10	68	154
Share of profit of an associate	19	(600)	(1,287)
Interest and dividend income	13	(1,192)	(940)
Interest expense	13	764	135
Gain on bargain purchase		(1,834)	-
Provisions	11,27	1,233	119
Increase in cash flows before changes in working capital		22,489	13,601
Changes in working capital		(1,877)	952
Decrease in current liabilities		(3,855)	(450)
Decrease in receivables		3,647	681
Decrease in inventories	22	(1,669)	721
Cash from operations		20,612	14,553
Cash outflows for interest		(764)	(132)
Income tax paid		(3,546)	(1,595)
NET CASH FLOWS FROM OPERATING ACTIVITIES		16,302	12,826
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from sale of non-current assets		273	66
Cash receipts from interest		645	940
Cash receipts from dividends		547	124
Cash receipts from repayment of loans granted and savings deposits		-	15
Cash outflows for loans granted and savings deposits for the period		(6,568)	-
Acquisition of subsidiaries, net of cash acquired		3,747	-
Cash outflows for purchase of additional non-controlling interest		(9,550)	-
Cash outflows for purchase of non-current assets		(22,657)	(5,410)
Other cash outflows from investing activities		-	(145)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(33,563)	(4,410)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from principal of loans and borrowings	30	18,468	-
Cash outflows for repayment of principal of loans and borrowings	30	(3,949)	(10)
Cash outflows for repayment of leases	28	(4,283)	(2,298)
Cash outflows for payment of dividends	26	(13,052)	(1,029)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(2,816)	(3,337)
TOTAL NET CASH FLOW		(20,077)	5,079
Cash and cash equivalents at the beginning of the period		28,833	23,754
Cash and cash equivalents at the end of the period	25	8,756	28,833

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

	Attributable to owners of the capital of the parent company									
	Share capital	Share premium on issued shares	Legal reserves	Other reserves	Fair value reserves	Retained earnings	Total	Non-controlling interests	Total	
Balance as at 1/1/2024	13,657	-	683	2,563	2,869	65,766	85,538	(3,865)	81,673	
Profit/(loss) for the year	-	-	-	-	-	6,764	6,764	42	6,806	
Transfer to retained earnings	-	-	-	(114)	-	114	-	-	-	
Other comprehensive income	-	-	-	-	121	-	121	-	121	
Total comprehensive income	-	-	-	-	121	6,764	6,885	42	6,927	
Dividend	-	-	-	-	-	(1,029)	(1,029)	-	(1,029)	
Balance as at 31/12/2024	13,657	-	683	2,449	2,990	71,615	91,394	(3,823)	87,571	
Balance as at 1/1/2025	13,657	-	683	2,449	2,990	71,615	91,394	(3,823)	87,571	
Profit/(loss) for the financial year	-	-	-	-	-	5,441	5,441	232	5,673	
Other comprehensive income	-	-	-	-	293	-	293	-	293	
Total comprehensive income	-	-	-	-	293	5,441	5,734	232	5,966	
Increase in share capital	7,605	54,909	-	-	-	-	62,514	-	62,514	
Decrease in non-controlling interest	-	-	-	(11,193)	-	-	(11,193)	-	(11,193)	
Dividend	-	-	-	-	-	(13,052)	(13,052)	-	(13,052)	
Other non-owner changes in equity	-	-	-	(186)	-	-	(186)	7,563	7,377	
Balance as at 31/12/2025	21,262	54,909	683	(8,930)	3,283	64,004	135,211	3,972	139,183	

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

NOTE 1 – GENERAL INFORMATION

The company Čakovečki mlinovi d.d. Čakovec, 1 Mlinska Street (hereinafter: the Company) aligned its general acts with the Companies Act, and on that basis the Commercial Court in Varaždin, by Decision Tt-95/482-2 dated 4 December 1995, entered the Company in the court register. Country of incorporation of the Company: Croatia, registration number of the Company: 03108414, personal identification number (OIB) of the Company: 20262622069.

The share capital of the Company as at the date of issuance of this report amounts to 21,262,193.93 euros and is divided into 16,020,000 ordinary dematerialised shares registered without nominal value. As at 31 December 2025 the Company has 54,909,283 euros of share premium on issued shares, which arose in a transaction of contribution in kind during 2025. The shares of Čakovečki mlinovi d.d. are listed on the Official Market of the Zagreb Stock Exchange under the ticker CKML.

Čakovečki mlinovi d.d. as at 31 December 2025. year have five dependent companies: Trgovina Krk d.d. Malinska, Trgocentar d.d. Virovitica, Radnik Opatija d.d. Lovran, Zagrebačke pekarnice Klara d.d., Zagreb and NewMiP d.o.o. (together hereinafter: “Čakovečki mlinovi Group” or the “Group”) and one associate: Narodni trgovački lanac d.o.o. Soblinec.

The Company's business accounts are held with:

- Privredne banke d.d. Zagreb IBAN: HR2623400091116005907,
- Erste & Steiermarkische bank d.d. Zagreb IBAN: HR4924020061100031817
- Zagrebačke banke d.d. Zagreb IBAN: HR9223600001102561339,
- OTP banke d.d. Split IBAN: HR5924070001100748686

ACTIVITIES OF THE GROUP

The Group generates the predominant part of its revenue by performing retail trade activities, wholesale trade, and by producing and selling food products (flour, bread, pastries, biscuits, wafers, pasta, groats, edible oils).

BODIES OF THE COMPANY

The composition of the bodies of the Company as at 31 December 2025. is as follows.

Management Board

- Mario Sedlacek, President of the Management Board
- Kresimir Kvaternik, Member of the Management Board
- Franjo Plodinec, Management Board member

Supervisory Board

- Damir Metelko, Chairman of the Supervisory Board,
- Vesna Butorac, Deputy Chairwoman of the Supervisory Board
- Dragica Plodinec, member of the Supervisory Board
- Josip Plodinec, member of the Supervisory Board,
- Ema Marušić, member of the Supervisory Board,
- Prof. Dr. Sc. Mislav Ante Omazić, member of the Supervisory Board and
- Vanja Kutnjak, member of the Supervisory Board, employees' representative

Audit Committee

- Damir Metelko, Chairman of the Supervisory Board,
- Vesna Butorac, Deputy Chairwoman of the Supervisory Board
- Dragica Plodinec, member of the Supervisory Board
- Josip Plodinec, member of the Supervisory Board,
- Ema Marušić, member of the Supervisory Board,
- Prof. Dr. Sc. Mislav Ante Omazić, member of the Supervisory Board and
- Vanja Kutnjak, member of the Supervisory Board, employees' representative

NOTE 1 – GENERAL INFORMATION (CONTINUED)

Nomination Committee

- Ema Marušić, Chairwoman of the Nomination Committee, independent member
- Damir Metelko, Deputy Chairman of the Nomination Committee, independent member
- Vanja Kutnjak, member of the Nomination Committee
- Vesna Butorac, member of the Nomination Committee
- Mislav Ante Omazić, member of the Nomination Committee, independent member

Remuneration Committee

- Mislav Ante Omazić, Chairman of the Remuneration Committee, independent member
- Vanja Kutnjak, Deputy Chairman of the Remuneration Committee,
- Damir Metelko, member of the Remuneration Committee (independent member)
- Vesna Butorac, member of the Remuneration Committee
- Ema Marušić, member of the Remuneration Committee (independent member)

SUBSIDIARIES AND ASSOCIATED COMPANIES

Company name	Registered office	Principal activity	Type of relationship	Share of direct parent in capital / Voting rights 31/12/2025	Share of direct parent in capital / Voting rights 31/12/2024
Trgovina Krk d.d.	Malinska, Croatia	Retail trade	Direct	87.61%	100%
NewMip d.o.o.	Sisak, Croatia	Production, wholesale and retail trade	Direct	100%	0%
Zagrebačke Pekarne Klara d.d.	Zagreb, Croatia	Retail trade; Bakery	Direct	94.27%	0%
Trgocentar d.d.	Virovitica, Croatia	Rental of real estate	Indirect	49.55% / 52.03 %	49.55% / 52.03 %
Narodni trgovački lanac d.o.o.	Soblinec, Croatia	Wholesale and retail trade	Indirect	25%	25%
Radnik Opatija d.d.	Lovran, Croatia	Bakery	Direct	100%	100%

NOTE 1A – BASIS OF PREPARATION

Statement of compliance

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

Basis of measurement

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

Going concern assumption

These consolidated financial statements are prepared on a going concern basis, which assumes the continuity of operations and the realization of assets and settlement of liabilities in the ordinary course of business.

Use of estimates and judgments

In preparing the financial statements in accordance with IFRSs, the Management Board of the Parent Company makes estimates, judgments and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and the disclosure of assumed and potential liabilities as at the statement of financial position date, as well as the amounts of income and expenses in the reporting period.

The estimates and the related assumptions are based on experience in prior periods and other relevant factors that are considered reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

Estimates and the related assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimate is revised, if the change affects only that period, or in the period of the revision and future periods if the change affects both current and future periods.

Judgments of the Management Board of the Parent Company relating to the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are described in Note 3. *Key accounting estimates and judgments.*

NOTE 1A – BASIS OF PREPARATION (CONTINUED)

Changes in the classification of financial statement items

In the financial statements for the year ended 31 December 2025, the Group has made changes in the classification of financial statement items of the comparative period. The changes relate to the classification of Property, plant and equipment and Investment property.

A portion of the buildings has in the revised presentation been disclosed within the line Investment property whereas in the previous year it was disclosed within property, plant and equipment.

The above changes in the classification of the financial statements have no impact on profit for the period, retained earnings and net assets of the Company for the years ended 31 December 2025 and 31 December 2024, nor on the covenants, and accordingly the Management Board of the Company considers that these restatements do not affect the decisions of the users of the financial statements. These restatements of the comparative period were carried out in accordance with the accounting policies of the Company and considering the provisions of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The new presentation provides better comparability of the Company and a more appropriate presentation taking into account the characteristics of the items covered by the restatement.

The effect of the change in classifications on the Statement of Financial Position is as follows:

	31 December 2024 (before restatement)	Restatement	31 December 2024 (restated)
Statement of Financial Position			
Non-current assets			
Property, plant and equipment – buildings (note 16B)	33,716	(328)	33,388
Investment property – buildings (note 18)	481	328	809
Total	34,197	-	34,197

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES

2.1. ADOPTION OF NEW AND REVISED STANDARDS

Changes in accounting policies and disclosures

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

In the current year the Group has applied the amendments to IAS 21 “Lack of Exchangeability” issued by the International Accounting Standards Board (IASB) and adopted by the European Union, whose mandatory application is for periods beginning on or after 1 January 2025.

The adoption of the above standards and interpretations did not have an impact on the Company’s financial statements. Their adoption did not have any significant impact on the disclosures or on the amounts presented in these financial statements.

b) Standards and amendments to existing standards issued by the IASB and adopted in the European Union, but not yet effective

As at the date of approval of these financial statements, the Group has not applied the following revised IFRS accounting standards that have been adopted by the EU but are not yet effective.

Standard	Title	Effective date
Amendments to IFRS 9 and IFRS 7	Amendments in the classification and measurement of financial instruments (IASB date of entry into force: 1 January 2026.)	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual improvements to IFRS accounting standards – 11th Edition (IASB date of entry into force: 1 January 2026.)	1 January 2026
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7,	Annual improvements to IFRS accounting standards – 11th Edition (IASB date of entry into force 1 January 2026.)	1 January 2027
IFRS 18	Presentation and disclosures in financial statements (IASB date of entry into force: 1 January 2027.)	1 January 2027

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements in future periods, except potentially for the amendments to IFRS 18, which cannot be specified at this time.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

2.1. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

c) New standards and amendments to standards issued by the IASB, but not yet adopted in the European Union

IFRSs currently adopted in the European Union do not differ significantly from the regulations issued by the International Accounting Standards Board (IASB), except for the following standards and amendments to existing standards, on whose adoption the European Union had not yet taken a decision as at the date of publication of the financial statements:

Standard	Title	Adoption status in the EU
IFRS 19	Subsidiaries without public accountability: Disclosures (IASB date of entry into force: 1 January 2027.)	Not yet adopted by the EU
Amendments to IAS 21	Translation into a presentation currency in hyperinflation (IASB date of entry into force: 1 January 2027.)	Not yet adopted by the EU
IFRS 14	Regulatory deferral accounts (IASB date of entry into force: 1 January 2016.)	The European Commission has decided not to initiate the endorsement process for this interim standard and to wait for the final standard.
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between the investor and its associate company or joint venture and subsequent amendments	The approval process has been postponed indefinitely until completion of the research project on the equity method.

The Group believes that adoption of the aforementioned standards will not result in significant changes in the financial statements in future periods.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.2. BASIS OF CONSOLIDATION**

The consolidated financial statements of the Group include the financial statements of Čakovečki mlinovi d.d. (the "Company") and the entities over which Čakovečki mlinovi d.d. has control (subsidiaries) as at and for the year ended 31 December 2025., together "Group". An investor controls an investee if it is able to control, or has rights to shares in the profit of another entity and can influence the amount of the distributed profit by using its power over that entity.

Investment in subsidiaries

Subsidiaries are all entities over which the Group has control if, on the basis of its involvement in it, it is exposed to variable returns, i.e. has rights to them, and the ability to affect those returns through its power over that entity. The existence and effect of potential voting rights that are currently exercisable or convertible are taken into consideration when assessing whether the Group controls another entity. Investments in subsidiaries are stated at cost less impairment losses. The Group holds an interest in an associate (25% ownership).

Investment in a joint venture

The Group holds an interest in a joint venture that is a jointly controlled entity, and the investors have an agreement that establishes joint control over the economic activities of the entity. The Group recognises its interest in the joint venture using the cost method less impairment losses on assets. The valuation of the Group investment in the joint venture is performed when there is an indication that this value is impaired or that impairment losses recognised in previous periods no longer exist.

Business combinations

Acquisition, that is the acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration, i.e. the consideration in a business combination, is measured at fair value, which is the total fair value, at the date of exchange, of the assets transferred by the Company and the liabilities assumed by the Company to the former owners of the acquiree and of the interests or shares issued by the Company in exchange for control over the acquiree. Costs related to the acquisition are recognised in profit or loss as incurred. On the acquisition date, identifiable acquired assets and identifiable assumed liabilities are recognised at their fair value on the acquisition date, except for:

- deferred tax assets and deferred tax liabilities and liabilities and assets relating to employee benefit arrangements, which are recognised and measured in accordance with IAS 12 and IAS 19, respectively;
- liabilities or equity instruments relating to the acquirees or the Company's share-based payment arrangements entered into to replace the acquiree's share-based payment arrangements, which are measured on the acquisition date in accordance with IFRS 2 (see below); and
- assets (or disposal groups) classified as held for sale in accordance with IFRS 5, which are measured in accordance with that standard.

Goodwill is measured as the positive difference between the sum of the consideration transferred for the acquisition, the amount of the non-controlling interest, if any, and the fair value of the acquirer's previously held equity interest in the entity, on the one hand, and the net amount on the acquisition date of the identifiable acquired assets and identifiable assumed liabilities, on the other hand. If a reassessment shows that the Company's share in the fair value of the identifiable net assets of the acquiree is higher than the sum of the consideration transferred, the amount of the non-controlling interest, if any, and the fair value of the acquirer's previously held equity interest in the entity, the excess is recognised immediately in profit or loss as a bargain purchase gain.

If the initial accounting for a business combination is not completed by the end of the reporting period in which the combination occurred, the Company discloses provisional amounts for the items that have not been finally accounted for. The provisional amounts are adjusted during the measurement period (see above), or additional assets or additional liabilities are recognised in accordance with new information about facts and circumstances that existed at the acquisition date and that, had they been known, would have affected the amounts recognised on that date.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.2. BASIS OF CONSOLIDATION (CONTINUED)**

Goodwill is not amortised, but is reviewed for impairment at least once a year. For impairment testing, goodwill is allocated to each cash-generating unit of the Company (or groups of such units) from which the benefits of the synergies arising from the combination are expected. The cash-generating unit to which goodwill has been allocated is tested for impairment once a year, or more frequently if there is an indication of a possible impairment of its value. If the recoverable amount of a cash-generating unit is lower than its carrying amount, the impairment loss is allocated first so as to reduce the carrying amount of goodwill allocated to the cash-generating unit and then proportionately to the other assets of the cash-generating unit, based on the carrying amount of each asset in the cash-generating unit. An impairment loss on goodwill recognised once is not reversed in a subsequent period. On disposal of a cash-generating unit, the related amount of goodwill is included in the determination of the gain or loss on disposal.

Business combinations under common control

Business combinations under common control are transactions in which all participating entities (the acquirer and the acquiree) before and after the transaction are under the common ultimate control of the same owner or the same group of owners, and such common control is not temporary.

The IFRS framework currently does not prescribe specific provisions/requirements relating to business combinations under common control. In the absence of specific provisions, and taking into account an analysis of the economic substance of the individual transaction, the Company has chosen an appropriate accounting policy using the hierarchy described in paragraphs 10 to 12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The Company applies the predecessor values method in business combinations under common control (Eng. predecessor values' method). This method is based on the predecessor values (carrying amounts) approach, under which the values taken over from the existing financial statements are used as the basis for the accounting for business combinations under common control.

By applying the predecessor values method:

- the identified assets and assumed liabilities of the acquiree are recognised at their existing carrying amounts, with the Company using as a basis the carrying amounts that are disclosed as at the transaction date in the consolidated financial statements of the Group (the so-called “consolidated values”, including previously recognised fair value adjustments arising from prior acquisitions);
- no new goodwill or bargain purchase is determined and recognised in connection with business combinations under common control;
- the difference between the carrying amount of the consideration transferred (including any changes in share capital) and the carrying amount of the net assets of the acquiree is recognised directly in equity, with no impact on profit or loss for the period.

In this way, the accounting effect of the merger reflects the fact that it is a reorganization within the same Group under common control rather than an acquisition of new economic value from third parties and ensures the neutrality of accounting amounts from the owners' perspective.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

2.2. BASIS OF CONSOLIDATION (CONTINUED)

Equity method

Under the equity method, investments are initially recognised at cost and subsequently adjusted so as to recognise the Group's share in the profit or loss of the investee after the acquisition in profit or loss, and the Group's share in the movements in the investee's other comprehensive income. Dividends received from associates are recognised as a reduction of the carrying amount of the investment. If the Group's share of losses in an equity investment equals or exceeds its interest in the investee, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

Loss of control over subsidiary companies

When the Group loses control over a subsidiary, the assets and liabilities of the subsidiary and any related non-controlling interests and other equity items cease to be recognised. Gains or losses are recognised in the statement of profit or loss. The retained interest in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Balances and transactions between Group entities, as well as all unrealised gains arising from transactions between Group entities, are eliminated on consolidation of the financial statements.

2.3. REPORTING ON OPERATING SEGMENTS

A business segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision-maker in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group operates in the trade segment as its predominant business segment, and in the food segment (milling and baking), which are not as predominant in the Group's overall operations. The companies within the Group are each allocated to their own segment, with the exception of the parent company, which has one unit that belongs to the trade segment. An overview of the Group companies is provided in note 1 General information and in the Management report. An overview of segment financial indicators is provided in the Management report, and revenue by segments in note 4.

2.4. FOREIGN CURRENCIES

a) Functional and presentation currency

Items included in the financial statements of the Group are stated in the currency of the primary economic environment in which the Group operates (the functional currency). The functional and presentation currency is the euro.

b) Transactions and balances in foreign currencies

Transactions in foreign currencies are translated into the functional currency by converting the amounts in foreign currencies at the exchange rate prevailing on the date of the transaction. Exchange gains or losses arising on settlement of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Balances of assets and liabilities in foreign currencies are translated at the balance sheet date at the middle exchange rate of the Croatian National Bank.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

2.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated in the balance sheet at historical cost less accumulated depreciation and impairment of value. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure is included in the carrying amount of the asset or, when appropriate, recognised as a separate asset only when the Group will obtain future economic benefits from the asset and the cost of the asset can be measured reliably. All other costs of maintenance and repairs are charged to expenses in the period in which they are incurred.

Land and assets under construction are not depreciated. Depreciation of other assets is calculated using the straight-line method so as to allocate the cost of such assets over their estimated useful lives. Depreciation is charged on each asset until the asset is fully depreciated or down to its residual value, where this is significant.

The estimated useful life and the annual depreciation rate have been determined as follows and did not change in the year 2025 compared to 2024 year:

Buildings	10 – 40 years	2.5% - 10%
Plant and equipment	2 – 10 years	10% - 50%
Tools, operating inventory and transport assets	4 – 5 years	20% - 25%

If the carrying amount of an asset exceeds its estimated recoverable amount, the difference is written down to the recoverable amount. Gains and losses arising on disposal are determined by comparing the proceeds with the carrying amount of the asset and are included in other gains – net in the statement of profit or loss.

2.6. INVESTMENT PROPERTY

Investment property relates mainly to commercial buildings and land that are held for the long-term earning of rental income or for capital appreciation, and the Group does not use them. Investment in property are treated as long-term investments, except when they are intended for sale in the next year and a buyer has been identified, in which case they are classified as current assets.

Investment property is carried at historical cost less accumulated depreciation and provisions for impairment, where required. Depreciation of buildings is calculated using the straight-line method so as to allocate the cost over their useful lives (10 to 40 years).

Subsequent expenditure is capitalised only when it is probable that the Group will obtain future economic benefits from it and when the cost can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss as incurred.

2.7. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as being held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is considered to be met only when the sale is highly probable, and the assets are available for immediate sale in their present condition. Management must be committed to a sale that is expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group commits itself to a plan to sell that involves loss of control over a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria are met, regardless of whether the Group retains a minority interest in its former subsidiary after the disposal.

When the Group commits itself to a plan to sell that involves the disposal of an investment in an associate or part of an investment in an associate, the investment or part of the investment in the associate to be disposed of is classified as held for sale when the above criteria are met. The Group then ceases to apply the equity method for the portion that is classified as held for sale. Any retained portion of an investment in an associate that is not classified as held for sale continues to be accounted for using the equity method.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.8. FINANCIAL ASSETS**

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss and financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired and on the characteristics of the cash flows of the assets. Management determines the classification of financial assets at initial recognition and reviews that decision at each reporting date.

Classification of financial assets

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

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

The assessment of whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount is performed only at the time of initial recognition of the financial asset.

If the contractual terms of a financial asset change significantly or if a partial or full write-off of the contractual cash flows is implemented, the financial asset is derecognised, a new financial asset is initially recognised and is subject to a new test.

The significance of a change in contractual terms is calculated by applying the original effective interest rate to the cash flows resulting from the change in contractual terms. Any difference between the original contractual cash flows and those so calculated is recognised in the statement of comprehensive income if it is insignificant, whereas in the case of a significant difference a derecognition is carried out as described above. The Group defines the significance of a change in contractual terms at both a qualitative and quantitative level at each change of terms on an individual contract.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVOCI):

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

All other financial assets are by default subsequently measured at fair value through profit or loss.

At initial recognition of financial assets, the Group uses the option of irrevocably designating the following:

- the Group may irrevocably decide to recognise subsequent changes in the fair value of equity investments in other comprehensive income if certain criteria are met (see (ii) below); and
- The Group may irrevocably designate a debt instrument that meets the criterion for measurement at amortised cost or the criterion for measurement at FVOCI to be measured at fair value through profit or loss if this eliminates or significantly reduces an accounting mismatch (see (iii) below).

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

2.8. FINANCIAL ASSETS (continued)

Items of assets are classified and measured as set out below:

Description	Classification and measurement
Assets	
Cash and cash equivalents (deposits, commercial paper)	Amortised cost
Trade receivables and other receivables	Amortised cost
Other financial assets	Amortised cost
Loans granted and other receivables	Amortised cost
Equity instruments	Fair value through profit or loss except when using the irrevocable option of fair value through other comprehensive income / Other models

(i) Amortised cost and the effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

For financial assets, other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired at initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, the credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument at initial measurement.

The amortised cost of a financial asset is the amount at which the financial instrument is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation, using the effective interest rate method, of any difference between that initial amount and the amount at maturity, adjusted for any loss.

The gross carrying amount of a financial asset is the amortised cost of the financial asset before adjusting for any loss.

Interest income is recognised using the effective interest rate method for debt instruments that are subsequently measured at amortised cost and at FVOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that have subsequently become credit-impaired.

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

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.8. FINANCIAL ASSETS (continued)***(i) Amortised cost and the effective interest rate method (continued)*

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit risk-adjusted effective interest rate to the amortised cost of the financial asset at initial recognition. The calculation is not reverted to a gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the statement of profit or loss and is included in note 13.

(ii) Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with all fair value gains or losses recognised in the statement of comprehensive income. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the line item other gains and losses (note 13). Fair value is determined in the manner described in note 33.

Impairment of financial assets

The Group at each reporting date measures loss allowances for impairment for a financial instrument in an amount equal to lifetime expected credit losses if the credit risk for that financial instrument has increased significantly since initial recognition.

The measurement of expected credit losses is measured and recognised based on an assessment of the probability and facts of default and loss arising from relationships with business partners, which is based on historical data and current facts adjusted for forward-looking information such as repayment plans agreed with customers, the amount of payment security instruments, etc.

The Group applies the simplified model of IFRS 9 *Financial Instruments* and classifies its financial assets, with regard to the valuation method, into the category financial assets at amortised cost. This classification is performed at initial recognition and depends on the business model for managing financial assets and the characteristics of the cash flows adopted by the Group.

The assessment of future expected credit losses, i.e. the write-down of the value of financial instruments as a result thereof, is carried out on the basis of the average write-off rate in previous years and its application to the unimpaired financial assets measured at amortised cost at the reporting date.

After legal action has been initiated and objective evidence of impairment exists, based on an event or events that indicate to the Management Board that the contractual cash flows will not be collectible, an adjustment of the value of the said financial asset is made.

A financial asset is derecognised at the moment when the rights to receive cash flows from the financial asset have expired or the rights have been transferred together with the other rights and obligations.

Expected future developments

The Group will take into account forward-looking information when assessing whether the credit risk of an instrument has increased significantly since initial recognition and when calculating the expected credit loss.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

2.8. FINANCIAL ASSETS (continued)

(ii) *Financial assets measured at fair value through profit or loss (continued)*

Derecognition of financial assets

The Group derecognises a financial asset when:

- (a) the contractual rights to the cash flows from the financial asset expire; or
- (b) it transfers the financial asset and the transfer qualifies for derecognition

Transfer of financial assets

An entity transfers a financial asset when it:

- (a) transfers the contractual rights to receive the cash flows from the financial asset; or
- (b) retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

2.9. LEASES

a) The Group is a lessor

Assets leased out under operating leases are depreciated over their expected useful lives in the same manner as other similar assets.

Leases in which the Group is the lessor are classified as operating leases. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership of the related asset. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. In classifying the sublease, the intermediate lessor classifies the sublease as a finance or operating lease, as follows:

- (a) if the head lease is a short-term lease, the sublease is classified as an operating lease;
- (b) otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease and not by reference to the underlying asset (for example, the property, plant or equipment that is the subject of the lease).

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Receivables arising from finance leases are recognised as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract to each component.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.9. LEASES (continued)****b) The Group is a lessee**

Right-of-use assets are included in the same line item in which the corresponding underlying assets would be presented if they were owned, and lease liabilities are presented within long-term and short-term liabilities to suppliers.

The Group assesses whether a contract is, or contains, a lease at the inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability for all leases in which it is the lessee, except for all short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, office furniture and telephones with an amount of up to 500 euros). For such leases, the Group recognises lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of consumption of the economic benefits from the leased assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee generally uses its incremental borrowing rate. The lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed lease payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date of the lease;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects that the lessee will exercise an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes the corresponding adjustments to the related right-of-use asset) when:

- the lease term changes or there is a significant event or significant change in circumstances that results in a change in the assessment of exercising a purchase option; in that case, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate,
- the lease payments change due to changes in an index or a rate or changes in expected payments under a residual value guarantee; in that case, the lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate (unless the change in lease payments is due to a change in variable interest rates, in which case a revised discount rate is used).
- lease contracts are modified and the lease modification is not accounted for as a separate lease; in that case, the lease liability is remeasured based on the term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group has not made such reconciliations during the periods presented. Right-of-use assets comprise the initial measurement of the related lease liability, lease payments on or before the commencement date of the lease, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.9. LEASES (continued)****b) The Group is a lessee (continued)**

When the Group incurs costs of dismantling and removing leased assets, restoring the site on which the asset is located or restoring the underlying asset to the condition required under the lease terms, a provision is recognised and measured in accordance with IAS 37. If the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless these costs arise in the production of inventories.

Right-of-use assets are depreciated over the lease term or the useful life, whichever is shorter. If the lease transfers ownership of the underlying asset or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts on the commencement date of the lease.

The Group applies IAS 36 in order to determine whether the value of right-of-use assets is impaired, that is, whether any impairment losses have been recognised for them, as described in the policy “Property, plant and equipment”.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in “Other external costs” in profit or loss (see Note 7).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and to account for lease and non-lease components as a single component. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional non-lease components, the Group is required to allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of that component and the aggregate stand-alone price of the non-lease components.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.10. INVENTORIES**

Inventories of raw materials, supplies, merchandise, spare parts, small tools, packaging and car tyres are recognised in the accounting records at acquisition cost, which includes the purchase price, import duties and freight-forwarding costs, non-refundable taxes and other costs that can be attributed to the acquisition until the goods are brought into the warehouse. The value of inventory is further reduced by discounts and rebates when these can be allocated to specific products.

Inventories of merchandise in shops are recognised at selling prices including the margin and value added tax (the so-called retail method).

When these inventories are sold, the cost of inventories is determined by deducting value added tax and the included margin from the selling price. The cost of inventories is recognised as an expense in the period in which the related income is recognized. Goods that are damaged during handling and warehousing, as well as goods that have lost their utility, are identified through stocktaking procedures or special committees and with the approval of the responsible person, and in the amount of write-offs permitted as prescribed by the Croatian Chamber of Economy and approved by the Tax Administration are written off to regular operating expenses. The selling price of merchandise is determined on the basis of sales calculations and price lists that are in line with the commercial policy of the Group.

Inventories are measured at the lower of acquisition cost and net realisable value, after recognising provisions for obsolete items. Acquisition cost includes all costs related to acquisition and is calculated on the basis of weighted average purchase prices. Where necessary, the value of damaged inventories and inventories whose use-by date has expired is written down.

Small tools, packaging and car tyres in use may be included in expenses when their individual value is less than 500 euros and their useful life is shorter than one year, using the one-off write-off method.

2.11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, current accounts and deposits with banks with original contractual maturities of up to three months. Cash equivalents are short-term, highly liquid investments that can be readily converted into a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

2.12. EQUITY

Ordinary shares are presented as equity. Shares in own ownership are presented as treasury shares and are excluded from equity.

Basic earnings per share are calculated by dividing the net profit of the Group by the weighted average number of ordinary shares.

2.13. BORROWINGS AND LOANS

Loans or borrowings are initially recognised at fair value less transaction costs. In subsequent periods, loans or borrowings are carried at amortised cost, and any differences between the proceeds (net of transaction costs) and the redemption value are recognised in profit or loss over the term of the loans or borrowings. Borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Loans or borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.14. DEFERRED AND CURRENT INCOME TAX**

The Group calculates the tax liability in accordance with Croatian laws and regulations. The tax expense recognised in the result for the year consists of current tax and deferred tax. Current tax represents the expected tax liability calculated on the taxable profit for the financial year, using the tax rate in force at the reporting date and any adjustments to tax liabilities from previous periods.

The amount of deferred tax is calculated using the balance sheet liability method, on temporary differences between the tax base of assets and liabilities and their carrying amount in the financial statements. However, deferred tax is not recognized if it arises from the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, does not affect accounting profit or taxable profit (tax loss).

2.15. EMPLOYEE BENEFITS**a) Liabilities for pensions and other post-retirement obligations**

In the course of regular operations, when paying salaries, the Group makes regular payments of contributions on behalf of its employees who are members of mandatory pension funds in accordance with the law. Mandatory pension contributions to the funds are recognized as part of staff costs when incurred. The Group's obligation ceases at the moment the contributions are settled. The Group does not have an additional pension plan and therefore has no other obligations in respect of employee pensions. Furthermore, the Group has no obligation to provide any other employee benefits after their retirement.

For mortality, the 2010-2013 Mortality Tables of the Republic of Croatia issued by the Croatian Bureau of Statistics of the Republic of Croatia are used, with a correction factor of 75%. The retirement age is determined for each employee individually, taking into account his or her current age and total length of service, as well as the statutory retirement requirements. The annual staff turnover rate is calculated separately for each company. For employees over 50 years of age, the turnover rate is set at 0%. An overview of actuarial assumptions is given in Note 27.

Defined benefits are linked to the rights determined by the internal rules in each company separately and range, for retirement severance payments, from the minimum obligation that the employer, upon retirement, pays to the employee a severance amount of 1,400 euros to the maximum obligation that the employer, upon retirement, pays to the employee a severance amount of three average net salaries in the last three months before retirement at the level of the Republic of Croatia. For the calculation of provisions for jubilee awards, the rights range from 199 euros for 10 years of service to 1.6 average net salaries in the Republic of Croatia in the last three months for 40 years of service.

b) Termination benefits

Liabilities for termination benefits are recognized when the Group terminates the employment of an employee before the normal retirement date or when the employee decides to voluntarily accept termination of employment in exchange for compensation. The Group recognizes liabilities for termination benefits when it is demonstrably committed to terminating the employment of current employees. In calculating provisions for termination benefits, the projected unit credit method is used.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)**2.15. EMPLOYEE BENEFITS (CONTINUED)****c) Short-term employee benefits**

The Group recognizes a provision for bonuses when there is a contractual obligation or a past practice that has created a constructive obligation. A provision is also recognized for unused annual leave in the amount for which it is expected to be paid as a short-term liability if the Group has a present legal or constructive obligation to pay that amount as a result of services rendered in the past by employees and if the obligation can be measured reliably.

d) Other employee benefits

Liabilities for other long-term employee benefits, such as jubilee awards and statutory severance payments, are presented at the net amount of the present value of the defined benefit obligation at the reporting date. The projected unit credit method is used to calculate the present value of the obligation. Corresponding losses or gains from remeasurement are recognized immediately in the statement of profit or loss, except for actuarial gains and losses on the remeasurement of defined benefit obligations for employees, which are recognized in the statement of other comprehensive income as items that will not be reclassified to profit or loss in subsequent periods.

2.16. PROVISIONS

Provisions for warranty costs and legal disputes are recognized if the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation, and if the amount of the obligation can be reliably estimated.

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

2.17. GOVERNMENT GRANTS

Government grants are not recognized until fulfillment of the conditions for obtaining the government grant and receipt of the grant become reasonably certain. Government grants are recognized in profit or loss on a systematic basis over the period in which the Group recognizes as an expense the costs that the grants are intended to compensate. Government grants for which the primary condition is that the Group acquires, constructs or otherwise obtains non-current assets are recognized in the consolidated statement of financial position as deferred income and are transferred to profit or loss on a systematic and rational basis over the useful life of the related assets. Receivables arising from government grants for reimbursement of costs or losses already incurred or for the purpose of providing immediate financial support to the Group without future related costs are recognized in profit or loss in the period in which the receivable arises.

NOTE 2 - SIGNIFICANT INFORMATION ON ACCOUNTING POLICIES (CONTINUED)

2.18. REVENUE RECOGNITION

Revenue is recognized as the amount of the transaction price, whereby the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to the customer.

Revenue consists of the fair value of consideration received or receivable for products, goods or services sold in the ordinary course of the Group's business. Revenue is presented net of value added tax, rebates and discounts that are an integral part of contracts with customers. The Group recognizes revenue when the amount of revenue can be measured reliably, when it is probable that the Group will obtain future economic benefits and when specific criteria have been met for all of the Group's activities, which are described below. Revenue is recognized as follows:

a) Revenue from sale of products and goods

Revenue is recognised when the performance obligations have been satisfied by transferring control of the promised goods or services to the customer. Control of the goods is transferred when the goods are delivered to the customer, the customer has full discretion over the goods and there is no outstanding obligation that could affect the customer's acceptance of the goods. Delivery is completed when the goods have been dispatched to a specified location and the risks of obsolescence and loss have been transferred to the customer. Control of the goods is usually transferred at a point in time.

Revenue from sale of products and goods largely comprises revenue from sale of flour, bread, pastries, biscuits, wafers, pasta, porridges and edible oils. Revenue from retail sales of goods is recognised at the time the goods are sold

to the customer. Retail revenue is generally realized in cash or by credit cards. The reported revenue includes credit card fees, which are presented within other operating expenses. The Group has set payment terms at 30–60 days.

b) Revenue from services

The services provided by the Group largely comprise transport services. Service revenue is recognised in the period in which the services are rendered. If performance of a service extends over more than one period, the input method (based on costs incurred) and the output method (based on units/jobs delivered) are used to measure progress towards completion. The Group has set payment terms at 30–60 days.

2.19. FINANCIAL INCOME

a) Interest income

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

b) Dividend income

Dividend income is recognised when the right to receive the dividend is established.

2.20. DIVIDEND DISTRIBUTION

Distribution of dividends to the shareholders of the Group is recognised as a liability in the financial statements in the period in which it is approved by the General Assembly of shareholders of the Group.

NOTE 3 - KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continuously evaluated and are based on experience and other factors, including expectations of future events that are deemed reasonable under the prevailing circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that may cause a significant risk of adjustments to the carrying amounts of assets and liabilities in the next financial year are set out below.

a) Impairment of non-financial assets

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

The recoverable amount and fair value are usually determined using the discounted cash flow method, which incorporates reasonable market assumptions.

Impairment is based on many factors such as changes in market conditions, increases in the cost of capital, changes in future financing opportunities, technological obsolescence, replacement costs, amounts paid in comparable transactions and other changes in circumstances indicating that an impairment may exist.

An impairment loss is recognised as the difference between the carrying amount of an asset and its recoverable amount. For the purposes of impairment testing, assets are grouped at the lowest level that generates cash flows (Eng. cash generating unit).

Non-financial assets, except for goodwill-, for which an impairment loss has been recognised, are reviewed at each reporting date for a possible reversal of the impairment.

Determining the impairment (write-down) of assets involves the use of estimates that include, but are not limited to, the causes, timing and amount of the impairment. Identifying indicators of impairment, as well as estimating future cash flows and determining the fair value of assets (or groups of assets), requires the Management Board to make significant judgements in identifying and assessing impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values.

Goodwill is not amortised but is tested for impairment at least once a year. For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of such units) that is expected to benefit from the synergies arising from the business combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently if there is an indication of possible impairment of its value. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset in the cash-generating unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. When a cash-generating unit is disposed of, the associated amount of goodwill is included in the determination of the gain or loss on disposal.

b) Useful lives of assets

Determination of the useful lives of assets is based on historical experience with similar assets, as well as expected technological developments and changes in broader economic and industry factors. The adequacy of the estimated useful lives is assessed once a year, or whenever there is an indication of significant changes in assumptions. We believe that this is an important accounting estimate, since it includes assumptions about technological development and significantly depends on the investment plans of the Group.

NOTE 3 - KEY ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**c) Expected loss model**

The assessment of future expected credit losses, i.e. the impairment of financial instruments arising therefrom, is carried out on the basis of the average write-off rate in previous years and its application to unimpaired financial assets measured at amortised cost at the reporting date. The Group applies a simplified approach for the allocation of receivables to Stage 2 and Stage 3 in accordance with the requirements of IFRS 9. For loans granted, the Group applies the general approach. Receivables overdue by more than 365 days are allocated to Stage 3.

Unless collected earlier, all receivables are litigated within one year from the due date. An analysis of receivables and the related impairment showed significant collection of receivables in the first year from the due date and in the following two years through court actions. Historically, these trends have been stable and there are no known facts or indications that the trend will change in future periods.

After the initiation of legal proceedings and the existence of objective evidence of impairment based on an event or several events that indicate to the Management Board that the contracted cash flows will not be collectible, the carrying amount of that financial asset is adjusted in an amount that reflects these parameters. The decision on the adjustment is made by the Management Board.

e) Provisions

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

For lawsuits

Provisions for warranty costs and lawsuits are recognized if the Group has a present legal or constructive obligation as a consequence of a past event, if it is probable that an outflow of resources will be required to settle the obligation, and if the amount of the obligation can be measured reliably.

For termination benefits and jubilee awards

Obligations for other long-term employee benefits, such as jubilee awards and statutory termination benefits, are presented at the net amount of the present value of the defined benefit obligation at the reporting date. The projected unit credit method is used to calculate the present value of the obligation. The related remeasurement losses or gains are recognized immediately in the statement of profit or loss, except for actuarial gains and losses on the remeasurement of defined benefit obligations for employees, which are recognized in other comprehensive income as items that will not be reclassified to profit or loss in subsequent periods.

For unused annual leave

A provision is also recognized for unused annual leave in the amount that is expected to be paid as a short-term liability if the Group has a present legal or constructive obligation to pay that amount as a result of past service rendered by employees and if the obligation can be measured reliably.

NOTE 3 - KEY ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

f) Corporate income tax and deferred tax

The Group is subject to corporate income tax in Croatia. The Group in the course of its ordinary business enters into transactions and prepares calculations under which the final amount of tax cannot be determined with certainty. The Group recognizes liabilities for expected possible tax issues during a tax audit, which are based on estimates as to whether additional tax liabilities will arise. If the final tax outcome of these tax matters differs from the initially calculated amounts, the differences arising will affect provisions for corporate income tax and deferred tax in the period in which the final tax assessment is made.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which they can be utilized. At each reporting date, the Group reassesses unrecognized potential deferred tax assets and the recoverability of the carrying amount of recognized deferred tax assets. For details see Note 14.

In accordance with the regulations of the Republic of Croatia, the Tax Administration may at any time review the books and records of the Group for a period of 3 years after the end of the year in which the tax liability was reported and may impose additional tax liabilities and penalties. The Management Board of the parent company is not aware of any circumstances that could lead to significant liabilities in this respect.

NOTE 4 – REVENUE

Revenue from sales by category

	2025	2024
Revenue from sale of goods	329,085	174,589
Revenue from sale of products	66,318	25,384
Rental income	1,037	328
Revenue from other services	1,943	98
Other sales revenue	87	51
Total sales revenue	398,470	200,450

	2025	2024
Sales revenue - retail	317,119	169,917
Sales revenue - wholesale	81,351	30,533
Total sales revenue	398,470	200,450

	2025	2024
Sales revenue on the domestic market	396,390	199,207
Sales revenue on the foreign market	2,080	1,243
Total sales revenue	398,470	200,450

Revenue from rental services on the domestic market

Within this revenue, income from the lease of properties, parts of properties, defined by lease agreements. Their annual inflow is given below:

	2025	2024
Up to one year	2,086	542
Between one and two years	2,146	442
Between two and three years	1,603	345
Between three and four years	1,277	276
Between four and five years	1,372	186
Over five years	1,475	90
Total gross	9,959	1,881

Lease amounts recognized through profit or loss

	2025	2024
Rental income	1,037	328
Total gross	1,037	328

NOTE 4 – REVENUE (continued)

Other operating income

	2025	2024
Fees for assortment, positioning and advertising of goods etc.	4,234	5,112
Government grants, donations, awards, subsidies and the like.	164	15
Income from surpluses	861	511
Income from collected written-off receivables and similar	50	19
Compensation for damages – insurance	184	72
Income from sale of assets and raw materials	222	65
Income from reversals of provisions and value adjustments	25	33
Other income	1,479	844
Total other operating income	7,219	6,673

Other income

The most significant part of other income is income from other services such as income from the olive processing service, cash discount for early payment and income from the purchase of receivables.

Basic information on operations by segments

For management purposes, the Group is organized into business units which essentially comprise two segments, Retail and Food. The reportable segments are an integral part of the internal financial statements. The internal financial statements are regularly reviewed by the Management Board of the Group, which is also the chief decision-maker, and which assesses business performance on their basis and makes business decisions.

Below is basic information on the Group's segments on a consolidated Group basis by reportable segments. The revenues from sales presented relate to revenues generated by total sales, while sales between reportable segments are eliminated on consolidation.

NOTE 4 – REVENUE (continued)

Segment overview

	2025			
	Retail	Food	Eliminations	Consolidated
Operating income	341,551	96,601	(32,463)	405,689
Segment operating profit before depreciation	15,369	16,094	(10,274)	21,188
Depreciation and amortization	(13,240)	(5,213)	(813)	(17,640)
Finance income*				3,026
Finance costs				(764)
Share of profit of associate				600
Profit before tax				6,410
Income tax				(737)
Profit for the year				5,673

*Includes gain on a bargain purchase.

	2024			
	Retail	Food	Eliminations	Consolidated
Operating income	183,567	33,916	(10,360)	207,123
Segment operating profit before depreciation	10,760	3,253	(761)	13,252
Depreciation	7,030	911	(686)	7,254
Finance income				1,066
Finance costs				(137)
Share in profit of associate				1,287
Profit before tax				8,213
Income tax				(1,407)
Profit for the year				6,806

	2025			2024		
	Trade	Food	Other	Trade	Food	Other
Assets	82,375	143,879	806	78,282	31,558	3,392
Liabilities	63,221	23,932	723	17,988	3,462	4,211

NOTE 5 – CHANGE IN VALUE OF INVENTORIES OF PRODUCTION IN PROGRESS AND FINISHED PRODUCTS

Changes in the value of inventories of work in progress and finished products as at 31 December 2025 Compared with 1 January 2025, they affect expenses in such a way that, to the extent of the increase in the value of inventories, part of the current year's expenses is retained in inventories, while a decrease in the value of inventories increases the expenses of the period. These inventories in 2025 decreased by 319,292 euros (in 2024 they decreased by 162,811 euros).

NOTE 6 – COST OF RAW MATERIALS, MATERIALS, ENERGY AND CONSUMABLES

	2025	2024
Raw materials, material and consumables	28.221	16.721
Energy	10.653	5.654
Spare parts and small inventory	2.108	774
Total cost of raw materials and supplies	40.982	23.149

NOTE 7 – OTHER EXTERNAL COSTS

	2025	2024
Maintenance and servicing services	5.360	1.868
Transport services	4.952	1.708
Intellectual services	1.754	1.157
Utility services	1.349	867
Lease and rental charges	1.199	338
Services of student employment agencies	990	431
Advertising services	848	739
Property protection services	531	401
Telephone and Internet services	413	-
Other services	2.355	460
Total other external costs	19.751	7.970

Intellectual services

Within the cost of intellectual services, fees for the statutory audit of the financial statements of the Group and its subsidiaries are presented, contracted in a total amount of 175 thousand euros (2024: 107 thousand euros).

Other costs relate to the cost of maintaining the IT system, intellectual services related to potential acquisition projects, legal services and various business advisory services.

Other services

Within other services are also included the costs of contract packaging of goods and products, current occupational safety services, health services, costs of analyses, costs of protective clothing, mediation in purchases, the cost of seconded employees and other similar services.

NOTE 8 – STAFF COSTS

	2025	2024
Net salaries	50,651	21,901
Contributions and taxes from salaries	17,811	6,833
Contributions on salaries	10,637	4,611
Total staff costs	79,099	33,345

As at 31 December 2025 the Group had 4,853 employees (2024: 2,249).

NOTE 9 – OTHER COSTS

	2025	2024
Reimbursement of expenses to employees, gifts and aid	11,163	5,160
Contributions, membership fees and taxes that do not depend on the operating result	531	291
Insurance expense	681	275
Remuneration to members of the Supervisory Board and other income paid	389	132
Daily travel allowances and travel expenses	1,069	79
Representation and promotion expenses	203	79
Other non-material expenses	825	586
Total other costs	16,423	7,600

Other intangible costs

Within other intangible operating costs, expenses are mostly incurred for health monitoring and product inspections, environmental protection costs and similar charges, and other similar costs.

NOTE 10 – VALUE ADJUSTMENTS

	2025	2024
Value adjustment of current assets	68	154
Total value adjustment	68	154

Costs of value adjustment of current assets consist of value adjustments of trade receivables in the amount of 63 thousand euros and adjustment of merchandise (inventories) in the amount of 5 thousand euros (2024: total value adjustment of current assets amounted to 154 thousand euros).

NOTE 11 – PROVISIONS

	2025	2024
Provisions for jubilee awards and severance payments	979	114
Provisions for unused annual leave	237	5
Provisions for lawsuits	17	-
Total provisions	1,233	119

NOTE 12 – OTHER OPERATING EXPENSES

	2025	2024
Shortages, wastage, spillage, spoilage and breakage and write-offs	2,266	1,152
Intermediation	445	416
Expenses from sale of assets, raw materials and materials etc.	30	5
Other operating expenses	846	99
Total other operating expenses	3,587	1,672

The commission expense is the cost of the franchise model that the Group has established with several shops. Other operating expenses primarily relate to donations and fines for offences.

NOTE 13 – NET FINANCIAL RESULT

Financial income

	2025	2024
Other income from interest	645	940
Foreign exchange differences and other financial income	-	2
Other financial income	547	124
Total financial income	1,192	1,066

Other financial income mainly relates to income from interest on deposits and to dividend income from interests in non-related companies.

Financial expenses

	2025	2024
Expenses from interest and similar expenses	764	135
Foreign exchange differences and other expenses	-	2
Total financial expenses	764	137
Net financial income	428	929

NOTE 14 – INCOME TAX

	2025	2024
Current tax	2,058	1,393
Deferred tax	(1,321)	14
Total corporate income tax expense	737	1,407

	2025	2024
Profit before tax	6,410	8,213
Tax at rate of 18%	1,154	1,478
Non-deductible expense for tax purposes	-	221
Non-taxable income	(417)	(292)
Corporate income tax	737	1,407
Effective tax rate	11.5%	17.1%

In accordance with local regulations, the tax authorities may review the Group's books and records at any time and may impose additional tax liabilities and penalties.

NOTE 15 – BASIC EARNINGS PER SHARE

	2025	2024
Net profit	5,673	6,806
Weighted average number of shares	16,020	10,290
Basic and diluted earnings per share	0.35	0.66

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of ordinary shares.

NOTE 16A – INTANGIBLE ASSETS

COST	Software	Customer relationships	Brand	Concessions, patents, licences	Other assets	Investments in third-party assets	Goodwill	Total
Balance as at 1/1/2025	212	-	-	231	122	1,200	1,613	3,378
Increases	90	-	-	89	-	103	-	282
Acquisition in business combinations	146	1,175	8,658	-	-	1,664	11,407	23,050
Write-offs and sales	(95)	-	-	-	-	(1,251)	-	(1,346)
Balance as at 31/12/2025	353	1,175	8,658	320	122	1,716	13,020	25,364
ACCUMULATED AMORTISATION	Software	Customer relationships	Brand	Concessions, patents, licences	Other assets	Investments in third-party assets	Goodwill	Total
Balance as at 1/1/2025	198	-	-	222	122	1,155	1,613	3,310
Amortisation expense for the period	120	196	2,334	19	-	399	-	3,068
Write-offs / transfer	(94)	-	-	-	-	(22)	-	(116)
Balance as at 31/12/2025	224	196	2,334	241	122	1,532	1,613	6,262
Carrying amount as at 1/1/2025	14	-	-	9	-	46	-	69
Carrying amount as at 31/12/2025	129	979	6,324	79	-	184	11,407	19,102

NOTE 16B – PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant, equipment, tools, operating inventory and transport assets	Assets under construction	Other property, plant and equipment	Total
Cost						
As at 1/1/2024	11,662	83,374	42,551	2,360	2,536	142,483
Additions	27	-	264	5,093	267	5,651
Transfers	-	2,951	1,948	(4,117)	(1,180)	(398)
Reclassification to investment property	-	(15,644)	-	-	-	(15,644)
Disposals and write-offs	-	-	(649)	-	-	(649)
As at 31/12/2024	11,689	70,681	44,114	3,334	1,623	131,441
Accumulated depreciation						
As at 1/1/2024	-	69,124	38,540	-	830	108,494
Transfer	-	-	-	-	-	-
Sale and disposal	-	-	(639)	-	-	(639)
Reclassification to investment property	-	(15,316)	-	-	-	(15,316)
Depreciation for the current year	-	2,918	2,598	-	-	5,516
As at 31/12/2024	-	56,726	40,499	-	830	98,055
Net carrying amount as at 31/12/2024	11,689	13,955	3,615	3,334	793	33,388

NOTE 16B – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Cost value	Land	Buildings	Plant, equipment, tools, operating inventory and transport assets	Assets under construction	Other tangible assets	Total
As at 1/1/2025	11,689	70,681	44,114	3,334	1,623	131,441
Additions	61	343	4,708	7,445	-	12,557
Acquisitions in business combinations	10,317	19,930	15,105	1,843	29	47,224
Transfer into use	8	4,333	5,308	(9,649)	-	-
Sale and write-off	-	(140)	(3,716)	(235)	-	(4,091)
As at 31/12/2025	22,075	95,117	65,519	2,738	1,652	187,101

Accumulated depreciation	Land	Buildings	Plant, equipment, tools, operating inventory and transport assets	Assets under construction	Other tangible assets	Total
As at 1/1/2025	-	56,726	40,499	-	830	98,055
Depreciation for the current year	-	4,606	5,373	-	6	9,985
Sale and write-off	-	(106)	(3,754)	-	-	(3,860)
As at 31/12/2025	-	61,226	42,118	-	836	104,180
Net carrying amount as at 31/12/2025	22,075	33,891	23,401	2,738	816	82,921

The Group's capital expenditure in the year 2025 amounted to 22 million euros and higher than in the same period of the previous year (2024:5.4 million euros).

NOTE 16B – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation and amortisation

	2025	2024
Amortisation of intangible assets	3,068	42
Depreciation of property, plant and equipment	9,985	5,515
Depreciation of right-of-use assets	4,501	1,697
Depreciation of investment property	86	-
Total depreciation and amortisation	17,640	7,254

As at the balance sheet date, the Group has no third-party liens over real estate.

NOTE 17 – RIGHT-OF-USE ASSETS

	Buildings	Tools, operating equipment and transport assets	Total
Cost			
As at 1 January 2024	9,680	208	9,888
Additions	3,696	63	3,759
Disposals and write-offs	(5,410)	(45)	(5,455)
As at 31 December 2024	7,966	226	8,192
Accumulated depreciation			
As at 1 January 2024	5,415	179	5,594
Disposals and write-offs	(3,127)	(45)	(3,172)
Depreciation charge for the year	1,673	24	1,697
As at 31 December 2024	3,961	158	4,119
Net carrying amount as at 31 December 2024	4,005	68	4,073

	Buildings	Tools, plant inventory and transport assets	Total
Cost			
As at 1 January 2025	7,966	226	8,192
Additions	10,867	268	11,135
Acquisition in business combinations	8,845	-	8,845
Sales and disposals	(6,694)	-	(6,694)
As at 31 December 2025	20,984	494	21,478
Accumulated depreciation			
As at 1 January 2025	3,960	158	4,118
Depreciation for the year	4,340	161	4,501
Sales and disposals	(3,669)	-	(3,669)
As at 31 December 2025	4,631	319	4,950
Net carrying amount as at 31 December 2025	16,353	175	16,528

NOTE 18 – INVESTMENT PROPERTY

	Buildings	Land	Total
Cost			
As at 1 January 2025	15,646	481	16,127
Increase due to acquisition (note 36)	1,107	-	1,107
As at 31 December 2025	16,753	481	17,234
Accumulated depreciation and impairment			
As at 1 January 2025	15,318	-	15,318
Depreciation for the current year	86	-	86
As at 31 December 2025	15,404	-	15,404
Net carrying amount as at 1 January 2025	328	481	809
Net carrying amount as at 31 December 2025	1,349	481	1,830

The fair value of investment property as at 31 December 2025 is approximately equal to its carrying amount. The Group estimates the fair value of investment property using Level 3 inputs, in accordance with IFRS 13: Fair Value Measurement. The Group applies the income approach in measuring the fair value of investment property which was prepared by an independent consultant in 2025.

NOTE 19 – INVESTMENTS IN ASSOCIATES

Name	Group's share in ownership and voting rights	Group's share in ownership and voting rights
	31/12/2025	31/12/2024
Narodni trgovački lanac d.o.o.	25%	25%

Investments in shares relate to the investment in the business share of Narodni trgovački lanac d.o.o.

During 2025 the Group recognised in the statement of comprehensive income its share of the profit of the associate in the amount of 600 thousand euros (2024: 1.287 thousand euros), which represents 25% of the profit after tax of the company Narodni trgovački lanac d.o.o.

During 2025 the company Narodni trgovački lanac d.o.o. did not declare a dividend to the Group (2024.: 812 thousand euros).

A summary of movements in the carrying amount of the investment in the company Narodni trgovački lanac d.o.o. is given in the following table:

	2025	2024
Investment at the beginning of the period	9,079	8,604
Dividend approved (settled during the year)	-	(812)
Share in profit of the associate*	600	1,287
Profit adjustment for 2024*	(1,023)	-
Investment at the end of the period	8,656	9,079

**The Group has recognized the share in the profit of the associate for 2024 and 2025 based on the estimate of the profit of the company in which it has a participating interest and based on unaudited data available at the time of issuance of these consolidated financial statements. After the profit of the said company had been determined and the audited financial statements for 2024 had been issued, an adjustment of the share in profit was made.

An overview of summarized financial information relating to the associates follows. The summarized financial information below represents the amounts presented in the financial statements of the associate prepared in accordance with the International Financial Reporting Standards, which at the time

NOTE 19 – INVESTMENTS IN ASSOCIATES (CONTINUED)

	Narodni trgovački lanac d.o.o.	
	31/12/2025	31/12/2024
	<i>Unaudited</i>	<i>Unaudited</i>
Current assets	43,483	38,607
Non-current assets	50,015	57,011
Current liabilities	(28,021)	(29,241)
Non-current liabilities	(33,310)	(37,638)
Share of the Group in the Company's equity	8,042	7,185
Share of other owners in the Company's equity	24,125	21,554
Revenue	254,529	238,195
Profit for the year	4,012	5,016
Other comprehensive income attributable to owners of the Company	-	-
Total comprehensive income	4,012	5,016
Dividends during the year	-	812

NOTE 20 – NON-CURRENT FINANCIAL ASSETS

	31/12/2025	31/12/2024
Equity instruments	2,075	1,709
Loans granted, deposits and similar	130	90
Total non-current financial assets	2,205	1,799

Equity instruments

It mainly relates to investments in equity instruments that are not quoted on a stock exchange. The fair value of these instruments is disclosed in Note 33.

NOTE 21 – DEFERRED TAX ASSETS

In this line item, the effects of temporary tax differences for expenses that were not tax-deductible and increased the tax base are presented. It consists of 885 thousand euros (2024: 320 thousand euros) on the basis of unrealized loss from fair valuation of shares and value adjustments, provisions for pensions and termination benefits, value adjustment of trade receivables, and tax non-deductible depreciation.

NOTE 22A – INVENTORIES

	<u>31/12/2025</u>	<u>31/12/2024</u>
Merchandise	33,008	20,878
Raw materials and supplies	8,893	3,943
Finished products	1,770	763
Advances for inventories	10	18
Total inventories	<u>43,681</u>	<u>25,602</u>

Inventories are stated at cost or net realizable value, whichever is lower. At each balance sheet date, a review of damaged and non-conforming inventories is carried out. During 2025 the Group wrote down inventories in the amount of 5 thousand euros.

NOTE 22B – NON-CURRENT ASSETS HELD FOR SALE

	<u>31/12/2025</u>	<u>31/12/2024</u>
Non-current assets held for sale	13,807	184
Total non-current assets held for sale	<u>13,807</u>	<u>184</u>

Pursuant to the decision of the Management Board of Čakovečkih mlinova, the automatic plant for dough mixing, with a total value of 184,390 euros, during 2024 was reclassified from non-current assets under construction to assets held for sale, and in 2025, upon the spin-off of the bakery business unit, it was transferred to Zagrebačke pekarne Klara.

The Group has two buildings intended for sale, as well as certain items of property, plant and equipment.

The Group has prepared estimates indicating that the market value of the properties is higher than their current carrying amounts.

NOTE 23 – RECEIVABLES FROM CUSTOMERS AND OTHER RECEIVABLES

	31/12/2025	31/12/2024
Non-current receivables	-	-
Current receivables	20,749	8,995
Total receivables	20,749	8,995

	31/12/2025	31/12/2024
Receivables from customers	17,495	8,083
Receivables from the state and other institutions	1,708	490
Receivables from employees and members of the undertaking	219	122
Other receivables	1,327	300
Total receivables	20,749	8,995

Receivables from customers

	31/12/2025	31/12/2024
Receivables from domestic customers	18,419	9,315
Receivables from foreign customers	289	86
Impairment of receivables from customers	(1,213)	(1,318)
Total receivables from customers	17,495	8,083

Receivables from customers are stated at the amount of the net invoiced value, adjusted for value adjustment of overdue and risky receivables. In the statement of financial position for 2025 year, an allowance for impairment of receivables from customers in the amount of 1,213 thousand euros (2024: 1,318 thousand euros).

Ageing structure of receivables from customers in the country and abroad at the balance sheet date:

	31/12/2025	31/12/2024
Not yet due	13,032	5,946
Past due up to 30 days	3,017	967
Past due from 31-90 days	1,158	783
Past due over 90 days	1,501	1,705
Total	18,708	9,401

Movement in impairment in the year:

	2025	2024
Balance as at 1 January	(1,318)	(1,285)
Impairment loss expense (note 10)	(63)	(94)
Write-off	118	42
Collection of doubtful receivables (note 4)	50	19
Balance as at 31 December	(1,213)	(1,318)

NOTE 23 – RECEIVABLES FROM CUSTOMERS AND OTHER RECEIVABLES (CONTINUED)

Receivables from the state and other institutions

It primarily relates to receivables from HZZO for sickness benefits and receivables from Fonda za zaštitu okoliša for the return fee.

Receivables from employees and members of the undertaking

Within these receivables, the largest part of the recognised receivables relates to receivables from subsidiaries arising from shortages for which the persons responsible in the stores are charged.

Other receivables

	31/12/2025	31/12/2024
Accrued income not yet due for collection	357	232
Receivables for advances	878	18
Other receivables	92	50
Total other receivables	1,327	300

NOTE 24 – CURRENT FINANCIAL ASSETS

	31/12/2025	31/12/2024
Loans granted, deposits and similar	7,901	42
Investments in securities	38	38
Total current financial assets	7,939	80

Investments in securities

The investments in securities position relates to investments in shares intended for trading that are measured at fair value through profit and loss. During 2025 there was no change in the fair value of these investments.

Loans granted and deposits

In 2024, deposits with maturities of less than three months were contracted and presented under note 25 item cash in bank and in hand. The same applies for 2025. The remaining amount, in both years, relates to receivables on security deposits provided.

The Group did not recognize impairment of current financial assets for expected credit losses as at 31 December 2025 or 31 December 2024, as such losses are insignificant.

NOTE 25 – CASH AND CASH EQUIVALENTS

	31/12/2025	31/12/2024
Cash in bank and in hand	3,240	2,856
Deposits with maturities of up to three months	5,516	25,977
Total cash and cash equivalents	8,756	28,833

The companies within the Group have not recognized impairment of cash in bank and in hand for expected credit losses as at 31 December 2025 or 31 December 2024, as such losses are insignificant.

All cash in bank and in hand of the companies within the Group may be used without additional restrictions.

NOTE 26 – EQUITY AND RESERVES

	31/12/2025	31/12/2024
Share capital /i/	21,262	13,657
Capital reserves /i/	54,909	-
Reserves from profit /ii/	(8,247)	3,132
Fair value reserves /iii/	3,283	2,990
Retained earnings /iv/	64,004	71,615
Attributable to owners of non-controlling interests /v/	3,972	(3,823)
Total capital and reserves	139,183	87,571

/i/Share capital and capital reserves

Share capital as at 31 December 2025. amounts to 21,262,194 euros (31 December 2024.: 13,657,177 euros), and is divided into 16,020,000 shares (31 December 2024.: 10,290,000 shares) without nominal value. The company Čakovečki mlinovi d.d., on 1 February 2025, by contribution in rights and increase of share capital as described in note 36, increased the share capital by 7,605,017 euros and recognized share premium on issued shares in the amount of 54,909,283 euros, as described below.

The General Meeting of Čakovečkih mlinova d.d., on 15 January 2025, adopted the Decision on the increase of the Company's share capital by issuing ordinary shares by contributions in rights. By this Decision, the share capital of the company Čakovečki mlinovi d.d. increased from the amount of 13,657,177 euros, by the amount of 7,605,017 euros, to the amount of 21,262,194 euros and is divided into 16,020,000 ordinary dematerialised shares. The increase of share capital was carried out by contributions in rights as follows:

- by contribution in rights – equity interests which were the company MLIN I PEKARE d.o.o. held in the commercial company NewMip d.o.o. namely one equity interest with a nominal value of 2,500.00 euros paid in full in cash, entered in the register of equity interests under serial number 1, one equity interest with a nominal value of 11,135,000.00 euros contributed in kind and rights, entered in the register of equity interests under serial number 2, and such equity interests represented 100.00% of the share capital of the company NewMip d.o.o., by issuing 3,804,979 new ordinary dematerialised shares of the Company).
- by contribution in rights – ordinary dematerialised registered shares which the company MLIN I PEKARE d.o.o. held in the commercial company Zagrebačke pekarnje Klara d.d., namely 117,199 ordinary dematerialised registered shares, each with a nominal value of 53.00 euros, i.e. a total nominal value of 6,211,547.00 euros, and such shares represented 41.30% of the share capital of the company Zagrebačke pekarnje Klara d.d, by issuing 1,291,688 new ordinary dematerialised shares of the Company.
- by contribution in rights – ordinary dematerialised registered shares which the company PLODINEC d.o.o. held in the commercial company Zagrebačke pekarnje Klara d.d, namely 57,474 ordinary dematerialised registered shares, each with a nominal value of 53.00 euros, i.e. a total nominal value of 3,046,122.00 euros, and such shares represented 20.25% of the share capital of the company Zagrebačke pekarnje Klara d.d, by issuing 633,333 new ordinary dematerialised shares of the Company.

The share capital of Čakovečki mlinovi d.d. was increased by issuing a total of 5,730,000 new ordinary dematerialized shares of the Company. The amount for which the new shares were issued was determined at 10.91 euros for one New Share. The value of the rights representing the surplus over the amount of share capital attributable to each already issued share of the Company was contributed to the equity of Čakovečki mlinovi d.d. through share premium.

NOTE 26 – EQUITY AND RESERVES (CONTINUED)

/ii/ Reserves from profit

	31/12/2025	31/12/2024
Legal reserves	683	683
Other reserves	(8,930)	2,449
Total reserves from profit	(8,247)	3,132

The legal reserve is formed in accordance with Croatian regulations under which the Company is required to allocate one twentieth (5%) of the profit for the current year to the legal reserve, until such reserves together with capital gains reach five percent (5%) of share capital. This reserve is not distributable. In 2025 the share capital of the Company was increased, and, pursuant to the Decision on the distribution of profit for 2025, a portion of net profit for 2025 will be allocated to legal reserves.

Other reserves decreased by 11,379 thousand euros compared to 31 December 2024. The decrease in other reserves mainly relates to the acquisition of a non-controlling interest. Namely, during 2025 the Group acquired a non-controlling interest through four transactions for the acquisition of shares of Klara d.d. from minority shareholders. The difference between the acquired non-controlling interest in Klara d.d. and the consideration for the acquisition amounts to (11,193) thousand euros and this difference has been recognised in other reserves.

/iii/ Fair value reserves

Fair value reserves as at 31 December 2025 amount to 3,283,365 euros (31 December 2024: 2,990,339 euros) and relate to gains from the measurement of investments in shares of unrelated entities and to gains from the measurement of the investment in NTL upon acquisition of an additional interest and the change in classification to an investment in an associate.

	2025	2024
Fair value reserve from the measurement of investments in shares of unrelated entities	914	621
Cumulative gains/losses from the investment in NTL	2,369	2,369
Total equity and reserves	3,283	2,990

NOTE 26 – EQUITY AND RESERVES (CONTINUED)

/iv/ Retained earnings

Profit for the year amounts to 5,673 thousand euros (2024: 6,806 thousand euros) and is presented under retained earnings.

On the basis of the decision of the General Assembly of the Company dated 15 January 2025, from retained earnings generated in 2018, 2019 and 2020, a dividend in the amount of 5,042,100 euros was paid to the shareholders of the Company. Furthermore, on the basis of the decision of the General Assembly of the Company held on 18 August 2025, the Company's net profit of 8,617,075 euros was allocated for the payment of dividends in the amount of 8,010,000 euros, while an amount of 607,075 euros was allocated to retained earnings. Consequently, in 2025 dividends in a total amount of 13,052,100 euros were paid, whereas in 2024 dividends of 1,029,000 euros were paid.

/v/ Non-controlling interests

Non-controlling interests relate to:

	31/12/2025	31/12/2024
Trgocentar d.d.	47.97%	47.97%
Zagrebačke pekarnе Klara	5.73%	-
Trgovina Krk	0.88%	-

The movement in non-controlling interests for the year ended 31 December 2025 is presented below.

	2025	2024
Balance as at 1 January	(3,823)	(3,865)
Acquisition of the company Zagrebačke pekarnе Klara d.d.	15,009	-
Effect of subsequent repurchases of non-controlling interests in the company Zagrebačke pekarnе Klara d.d.	(11,193)	-
Share of non-controlling interests in profit	232	42
Other changes	3,747	-
Total non-controlling interests	3,972	(3,823)

Acquisition and subsequent repurchase transactions of non-controlling interests are described in more detail in Note 36.

Subsequent acquisitions of non-controlling interests in Zagrebačke pekarnе Klara d.d. were carried out in several stages (31 March, 31 May and 30 September 2025) whereby the interest from the initial 38.45% increased to 94.27% as at 31 December 2025. The difference between the consideration paid and the decrease in the non-controlling interest in the amount of 11,193 thousand euros was recognised directly in other reserves of the Group.

Additionally, on 30 September 2025 Prehrana trgovina d.d. merged into Trgovina Krk d.d. After the merger, the Group holds 99% ownership of Trgovina Krk d.d.

NOTE 27 – PROVISIONS

Provisions for severance payments, jubilee awards and unused annual leave

	<u>31/12/2025</u>	<u>31/12/2024</u>
Long-term portion	2,329	787
Short-term portion	1,763	634
As at 31 December 2025	4,092	1,421

The table below shows the movement in provisions:

	Provisions for jubilee awards and severance payments	Provisions for unused annual leave	Provisions for legal disputes	Provisions
As at 1 January 2024	992	310	-	1,302
Expense from increase in provisions	36	157	-	193
Income from reversal of provisions	(67)	(7)	-	(74)
Balance as at 31 December 2024	961	460	-	1,421
Brought in on acquisition (note 36)	363	1,500	237	2,100
Expense from increase in provisions	979	237	17	1,233
Income from reversal of provisions	(25)	(461)	(176)	(662)
As at 31 December 2025	2,278	1,736	78	4,092

This provision relates to the estimated employee benefits in respect of severance payments, jubilee awards and unused annual leaves, as defined by the Collective Agreement. The long-term amount of the provision relates to the estimated vested rights to severance payments and jubilee awards that will be paid after 31 December 2025.

The actuarial estimates have been made on the basis of the following main assumptions:

	<u>31/12/2025</u>	<u>31/12/2024</u>
Discount rate	3.16%	3.09%
Turnover rate	17.7%-22.74%	9.47% - 18.4%

NOTE 28 – LEASE LIABILITIES

Lease liabilities under lease contracts

	31/12/2025	31/12/2024
Non-current portion	14,279	2,699
Current portion	3,909	1,433
	18,188	4,132

Maturity of the long-term portion:

	31/12/2025	31/12/2024
Analysis by maturity		
1-2 years	3,027	1,110
2-5 years	5,075	1,522
>5 years	6,177	67
Total lease liabilities as at 31/12/2025	14,279	2,699

Changes in lease liabilities during the year were as follows:

	Lease liabilities
As at 1 January 2024	4,412
<i>Cash transactions</i>	
Repayment of loans	-
Repayment of leases	(2,298)
Total cash transactions	(2,298)
<i>Non-cash transactions</i>	
Unwinding of discount	122
New lease contracts	4,371
Termination of lease contracts	(2,475)
Total non-cash transactions	2,018
As at 31 December 2024	4,132
	Lease liabilities
As at 1 January 2025	4,132
<i>Cash transactions</i>	
Repayment of leases	(4,283)
Total cash transactions	(4,283)
<i>Non-cash transactions</i>	
Unwinding of discount	764
Merger	4,862
Increases	15,738
Decreases	(3,025)
Total non-cash transactions	18,339
As at 31 December 2025	18,188

The total cash outflow on the basis of leases of right-of-use assets to which the Group applies IFRS 16 amounted to 4,283 thousand euros (2024: 2,298 euros).

NOTE 29 – DEFERRED TAX LIABILITY

This item presents the effects of tax differences arising from the fair valuation of assets through other comprehensive income in the total amount of 656 thousand euros.

The movement in deferred tax liability during 2025 was as follows:

	Deferred tax liability
As at 1 January 2024	630
Increases due to revaluation of financial assets at FV through OCI	26
As at 31 December 2024	656
As at 1 January 2025	656
Increases due to revaluation of financial assets at FV through OCI	64
Increases due to the acquisition of the company NewMip d.o.o. and the Zagrebačke pekarnе Klara d.d. Group (note 36)	5.973
Current movement	(755)
As at 31 December 2025	5.852

The increase as at 1 February 2025 relates to increases due to the acquisition of control over the companies Zagrebačke pekarnе Klara d.d. and NewMip d.o.o.

NOTE 30 – BORROWINGS LIABILITIES

Liabilities for loans and borrowings

	31/12/2025	31/12/2024
Non-current portion	4,764	-
Current portion	18,221	4,177
TOTAL	22,985	4,177

Current liabilities in the amount of 18,221 thousand euros (2024: 4,177 thousand euros) relate to revolving loans and loans with a maturity of less than one year to banks and also include liabilities for loans received by the company Trgocentar d.d. Virovitica, from third parties that are not part of the Čakovečki mlinovi Group.

The table below shows the movement of loan liabilities during the year 2025. During 2024, there was no movement.

	Loan liabilities
As at 1 January 2025	4,177
<i>Cash transactions</i>	
Repayment of loans	(3,949)
Proceeds from loans	18,468
Total cash transactions	14,519
<i>Non-cash transactions</i>	
Acquisition of subsidiaries	4,289
Total non-cash transactions	4,289
As at 31 December 2025	22,985

NOTE 31– TRADE AND OTHER PAYABLES

	31/12/2025	31/12/2024
Trade payables	24,018	10,164
Liabilities for taxes, contributions and similar charges	5,633	2,409
Liabilities to employees	5,182	2,078
Liabilities for advances received	42	64
Liabilities on the basis of share in profit	28	29
Other current liabilities	1,856	530
Total trade and other payables	36,759	15,274

Trade payables

	31/12/2025	31/12/2024
Domestic trade payables	23,550	9,554
Foreign trade payables	177	397
Liability for unbilled goods	291	213
Total trade payables	24,018	10,164

Trade payables mostly relate to liabilities to suppliers on account of delivered and invoiced goods, services and property, plant and equipment.

Liabilities for unbilled goods mostly relate to deposits and purchases of grains in the amount of 163 thousand euros (2024: 186 thousand euros).

Liabilities to employees

	31/12/2025	31/12/2024
Liabilities for net salaries to employees	2,325	1,816
Other liabilities to employees	2,857	262
Total liabilities to employees	5,182	2,078

Within liabilities to employees, liabilities for net salaries of employees for December 2025 have been recognised, as well as liabilities for employee benefits for December 2025, which were accrued in the reporting period and were paid in 2026.

Liabilities for taxes, contributions and similar charges

	31/12/2025	31/12/2024
Liability for VAT	2,484	1,102
Liability for corporate income tax	666	350
Liabilities for other taxes and contributions	2,483	957
Total liabilities for taxes, contributions and similar charges	5,633	2,409

Other short-term liabilities

Within the item of other short-term liabilities, which in total amount to 1,856 thousand euros (2024: 530 thousand euros), accrued liabilities are recognised for accrued costs of services rendered, rebates, fees and other costs that charge the current period.

NOTE 32 – RELATIONS WITH RELATED PARTIES

Transactions between the Group and its subsidiaries, which are its related parties, have been eliminated on consolidation and are not disclosed in this note. As part of its core activities, the Group also carries out transactions with an associate, which include purchases of goods and services and dividend income.

Key transactions with an associate

2025

Company	Receivables	Liabilities	Income	Expenses
Narodni trgovački lanac d.o.o.	100	1,072	332	12,047

2024

Company	Receivables	Liabilities	Income	Expenses
Narodni trgovački lanac d.o.o.	345	1,580	2,951	12,385

Transactions with related companies that are not consolidated

2025

Company	Receivables	Liabilities	Income	Expenses
Plodinec d.o.o.	14,945	161,417	110,261	2,059,406
Papuk Našice d.o.o.	13,040	97,928	103,097	1,763,352
Coolway d.o.o.	135,563	35,991	197,265	812,041
PLO-RENT d.o.o.	8,750	-	11,355	56,239
Anagalis d.o.o.	-	-	19,020	1,318
Darna d.o.o.	-	-	3,100	-
Total	172,298	295,336	444,098	4,692,356

2024

Company	Receivables	Liabilities	Income	Expenses
Plodinec d.o.o.	20,110	200,956	204,657	1,991,792
Papuk Našice d.o.o.	9,016	232,760	73,457	2,886,119
Coolway d.o.o.	528	61,795	31,030	747,329
Agro-Čepin d.o.o.	674	-	1,300	332,386
Anagalis d.o.o.	-	-	19,317	1,208
Darna d.o.o.	-	-	2,550	-
PLO-RENT d.o.o.	-	349	3,779	46,042
Mlinopek d.o.o.	-	-	280	-
Total	30,328	495,860	336,370	6,004,876

Transactions with key Group personnel and members of the Supervisory Board

The entity's key management personnel consist of the Management Board of the Company and the Supervisory Board. The Management Board consists of two Management Board members and the President of the Management Board. The Supervisory Board has seven members, one of whom is employed by the Company. Salaries and fees of the Management Board members are presented within staff costs, and the fees of the Supervisory Board are presented within other costs. In 2025 a total of 618,346 euros (in 2024: 337,754 euros) was paid to the members of the Management Board and the Supervisory Board in respect of salary costs with related contributions and allowances.

NOTE 33 – RISK EXPOSURE AND RISK MANAGEMENT

The term risk covers all risks to which the Group is exposed or might be exposed in its operations. Risk management comprises identification, measurement or assessment and monitoring of risks, including reporting on the risks to which the Group is exposed or might be exposed in the course of its operations. The Group implements regular risk management measures having regard to the scope and type of activities that the Group performs.

33.1 Financial risk management

The activities that the Group carries out expose it to various financial risks: credit risk, liquidity risk, interest rate risk.

	31/12/2025	31/12/2024
Granted long-term loans, deposits and similar	130	90
Receivables	20,749	8,995
Short-term financial assets	7,901	42
Cash and cash equivalents	8,756	28,833
<i>Financial assets at amortised cost</i>	<u>37,536</u>	<u>37,960</u>
Investments in securities	38	38
<i>Financial assets at fair value through profit or loss</i>	<u>38</u>	<u>38</u>
Equity instruments	2,075	1,709
<i>Financial assets at fair value through other comprehensive income - equity instruments</i>	<u>2,075</u>	<u>1,709</u>
Total financial assets	<u>39,649</u>	<u>39,707</u>

	31/12/2025	31/12/2024
Lease liabilities	18,188	4,132
Liabilities for loans to companies related by participating interest	4,177	4,177
Liabilities to banks	18,808	-
Liabilities to suppliers	24,018	10,164
Liabilities to employees	5,182	2,078
Liabilities for taxes, contributions and similar charges	5,633	2,409
Liabilities for advances	42	64
Liabilities arising from share in profit	28	29
Other short-term liabilities	1,856	530
<i>Financial liabilities at amortised cost</i>	<u>77,932</u>	<u>23,583</u>
Total financial liabilities	<u>77,932</u>	<u>23,583</u>

NOTE 33 – RISK EXPOSURE AND RISK MANAGEMENT (CONTINUED)

33.1 Management of financial risk (continued)

Financial instruments

a) Capital risk management

The primary objective of capital management of the Group is to provide support to operations and maximise value for shareholders.

The capital structure of the Group refers to equity, which consists of subscribed capital, reserves and retained earnings, and as at 31 December 2025, amounts to 139,183 thousand euros (31 December 2024: 87,571 thousand euros).

The Group manages capital and makes adjustments in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust dividend payments to investors, return capital to investors or increase capital in the context of savings through tax reliefs. The Group manages capital risk by monitoring leverage indicators through the debt-to-equity ratio and by monitoring indicators of return on equity.

Indebtedness indicator

	<u>31/12/2025</u>	<u>31/12/2024</u>
Liabilities under loans, borrowings and leases	(41,173)	(8,309)
Cash, cash equivalents, loans granted and deposits – short-term	16,657	28,875
Net debt (cash)	<u>24,516</u>	<u>(20,566)</u>
Equity and reserves	139,183	87,571
Net debt-to-equity ratio	<u>17.6%</u>	<u>-23.5%</u>

There were no changes in the objectives, policies and processes during the years ended 31 December 2025 and 31 December 2024. The Group as at 31 Dec 2024 has a net cash position.

b) Credit risk

The Group's current assets that may give rise to credit risk consist mainly of cash, trade receivables and other receivables. The Group does not have a significant concentration of credit risk. The Group's sales policies ensure that sales are made to customers with an appropriate credit history. The remaining portion of trade receivables is not material. Part of the receivables is secured by promissory notes. In order to minimise this risk, the Group's sales policy ensures sales to vetted customers with whom there are long-standing relationships and a secure collection history. Strict collection measures are applied to new customers. The Group believes that its maximum exposure is reflected in the amount of receivables reduced by impairment losses recognised as at the statement of financial position date.

Furthermore, the Group is exposed to credit risk through cash deposits with banks. Risk management is focused on doing business with the most reputable domestic banks, with regular monitoring of the banks' available statistical reports and of capital adequacy at the Croatian National Bank.

NOTE 33 – EXPOSURE TO RISKS AND RISK MANAGEMENT (CONTINUED)

33.1 Financial risk management (continued)

Financial instruments (continued)

c) Credit risk (continued)

	31/12/2025	31/12/2024
Trade receivables	17,495	8,083
Loans granted and deposits – short-term	7,901	42
Cash and cash equivalents	8,756	28,833
Total financial assets	34,152	36,958

	31/12/2025	31/12/2024
Receivables from customers in the country	18,419	9,315
Receivables from customers abroad	289	86
Total receivables from customers (gross)	18,708	9,401

Impairment losses and maturity

	31/12/2025	31/12/2024
Receivables from customers in the country	18,419	9,315
Receivables from customers abroad	289	86
Impairment of receivables from customers	(1,213)	(1,318)
Total receivables from customers	17,495	8,083

	Gross amount 31/12/2025	Impairment 31/12/2025	Gross amount 31/12/2024	Impairment 31/12/2024
Not yet due	13,032	(1)	5,946	(6)
Due up to 30 days	3,017	(1)	967	(2)
Due from 31-90 days	1,158	(1)	783	(4)
Due over 90 days	1,501	(1,210)	1,705	(1,306)
	18,708	(1,213)	9,401	(1,318)

Movements in impairment of trade receivables during the year were as follows:

	2025	2024
Balance as at 1 January 2025	(1,318)	(1,285)
Impairment expense	(63)	(89)
Written off	118	43
Collected doubtful receivables	50	13
Balance as at 31 December 2025	(1,213)	(1,318)

NOTE 33 – EXPOSURE TO RISKS AND RISK MANAGEMENT (CONTINUED)

33.1 Financial risk management (continued)

Financial instruments (continued)

d) Liquidity risk

Liquidity risk management involves maintaining a sufficient amount of cash, ensuring the availability of financial resources through an adequate amount of committed credit lines and the ability to settle all liabilities. The Group's objective is to maintain financing flexibility in such a way that committed credit lines are available. The finance department regularly monitors the level of available sources of cash. Exposure to liquidity risk is reduced by maintaining a sufficient amount of the Group's own cash resources required to settle all liabilities and by securing appropriate credit lines in the event of a shortage of own cash resources, through planning known and potential cash outflows and inflows with regard to the normal course of business, regular monitoring and management of liquidity, determining appropriate measures to prevent or eliminate the causes of illiquidity and identifying other possibilities.

Liquidity risk analysis

The tables below present the contractual maturities of the Group's financial liabilities and financial assets reported in the statement of financial position at the end of each reporting period.

The liquidity risk analysis set out below does not indicate any potential short-term liquidity shortages of the Group.

Overview of liabilities and receivables as at the balance sheet date by expected maturity:

Undiscounted value of contractual cash flows as at 31 December 2025:

	Interest rate.	up to 1 year	1-5 years	> 5 years	Total
Trade receivables		17,495	-	-	17,495
Receivables from employees and members of the undertaking		219	-	-	219
Receivables from the state and other institutions		1,708	-	-	1,708
Other receivables		1,327	-	-	1,327
Loans granted, deposits and similar	0.01% - 2.86%	7,939	-	-	7,939
Cash and cash equivalents		8,756	-	-	8,756
Total financial assets		37,444	-	-	37,444

	interest rate.	up to 1 year	1-5 years	> 5 years	Total
Lease liabilities	2,50%	3,909	8,102	6,177	18,188
Loan liabilities	2,4%-2,68%	18,221	4,764	-	22,985
Liabilities to suppliers		24,018	-	-	24,018
Liabilities for taxes, contributions and similar charges		5,633	-	-	5,633
Liabilities to employees		5,182	-	-	5,182
Liabilities for advances		42	-	-	42
Liabilities arising from share in profit		28	-	-	28
Other short-term liabilities		1,856	-	-	1,856
Total financial liabilities		58,889	12,866	6,177	77,932

NOTE 33 – EXPOSURE TO RISKS AND RISK MANAGEMENT (CONTINUED)

33.1 Financial risk management (continued)

Undiscounted value of contracted cash flows as at 31 Dec 2024.:

	interest rate.	up to 1 year	1-5 years	> 5 years	Total
Receivables from customers		8,083	-	-	8,083
Receivables from employees and members of the undertaking		122	-	-	122
Receivables from the state and other institutions		490	-	-	490
Other receivables		300	-	-	300
Loans granted, deposits and similar	0.01%-2.86%	80	-	-	80
Cash and cash equivalents		28,833	-	-	28,833
Total financial assets		37,908			37,908

	interest rate.	up to 1 year	1-5 years	> 5 years	Total
Lease liabilities	2.50%	1,433	2,632	67	4,132
Loan liabilities	2.4%-2.68%	4,177	-	-	4,177
Liabilities to suppliers		10,164			10,164
Liabilities for taxes, contributions and similar charges		2,409			2,409
Liabilities to employees		2,078	-	-	2,078
Liabilities for advances		64			64
Liabilities arising from share in profit		29	-	-	29
Other current liabilities		530	-	-	530
Total financial liabilities		20,884	2,632	67	23,583

e) Interest rate risk

The Group has significant assets in deposits, so changes in the interest rate are directly linked to the interest income earned; the Group's income and cash flow from operating activities may to a significant extent depend on changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to loans granted, cash and cash equivalents and the Group's cash deposits, as well as to liabilities under borrowings and loans.

Deposits are subject to changes in the interest rate, by decision of the Bank.

Sensitivity analysis to changes in the value of the interest rate

In the following table, the Group's sensitivity to a change in the interest rate of 0.5 percentage points (p.p.). A sensitivity rate of 0.5 p.p. is the rate that represents management's estimate of realistically possible changes in the interest rate on loans and deposits contracted at a variable interest rate. A decrease in the interest rate would result in the same amounts but with the opposite sign.

	31/12/2025		31/12/2024	
	Carrying amount	Increase in interest rate of 0.5 p.p.	Carrying amount	Increase interest rate by 0.5 p.p.
Loan liabilities	(22,985)	(115)	(4,177)	(21)
Lease liabilities	(18,188)	(91)	(4,132)	(21)
Loans granted and deposits	13,455	67	26,057	130
Net amount	(27,718)	(139)	17,748	88

NOTE 33 – EXPOSURE TO RISKS AND RISK MANAGEMENT (CONTINUED)**33.2 Risks of regular operations****Market risk**

Market risk is related to the placing and sale of products on the market. In order to successfully cope with competition, the Group reduces the risk through high-quality preparation and careful selection of an appropriate market strategy, which is the result of an analysis of the market, customers and competition. The Group is fully committed to the requirements and needs of customers and constantly explores new customers and distribution channels.

Demand for food products is relatively inelastic to the price of products. Factors affecting demand for food products are: demographic (increase-decrease in the number of inhabitants), economic (increase in the number of tourists and consumption of food in hospitality; growth of production in the confectionery and bakery industry), social (changes in the standard of living and eating habits of the population), political (membership in the EU which enables unhindered exports to the countries of the European Union, but also increased competition on the domestic market with the arrival of producers from other member states).

Operational risk

Operational risk is the risk of loss due to errors, interruptions or damage caused by inadequate internal processes, people, systems or external events, including the risk of changes in legal regulations. Business activities are planned on the basis of plans set out in the procedures for the application of the HACCP system. Activity planning also includes the HACCP plan, which arises as the result of the HACCP study. Hazard analysis and the determination of critical control points is part of quality planning. This includes improvements and the encouragement of actions that prevent the occurrence of inappropriate work activities during the performance of regular business activities.

Flour production could be negatively affected by extraordinary events such as an earthquake, fire, explosion, failure and breakage of production equipment, prolonged or extraordinary maintenance. The Group uses insurance to cover damage to these facilities and equipment, as well as insurance and contracted compensation for damage in the event of downtime. Such insurance will be subject to limitations in the form of a maximum amount of compensation and a guarantee period of 6 months, and may not be sufficient to cover all costs. Furthermore, the Group may be subject to costs that are not covered by insurance.

The Group relies on IT systems that enable it to efficiently manage the Group, communicate with customers and suppliers, and collect all necessary information on which the Management Board could rely when making decisions. The operations of the Group are becoming increasingly dependent on the use of such systems, and any disruptions in the operation of IT systems due to computer viruses, hacker attacks, disruptions in the operation of IT equipment and programs or some other reasons could have a significant impact on the operations and financial position of the Group. The Group actively implements a policy of protecting its systems from these risks through the IT department in the company, and through external support.

Industry risk

One of the risks that occur in the food industry is the fact that the eating habits of consumers and their awareness of the impact of food on health have changed significantly over the past 20 or so years. Such trends impose an imperative on producers in terms of increasing the existing range of products and further improving the quality of existing products.

NOTE 33 – EXPOSURE TO RISKS AND RISK MANAGEMENT (CONTINUED)

33.2 Risks of regular operations (continued)

Risk of procurement of raw materials and delivery of products

Wheat production and movements in the price of wheat on the domestic and world markets, as the most important raw material for flour production, significantly affect the production and the movement of the flour price.

An important domestic source of raw materials is local wheat producers with whom a long-term business relationship has been established.

The risk of procurement of raw materials, as well as the price of the raw material, is directly linked to the quality of the raw material. It is possible that, due to climatic influences, raw material does not have satisfactory, that is, required quality.

The risk of procuring raw material is reduced by the fact that the Group can, on international commodity markets, for now at any time, obtain a sufficient quantity of wheat at the current market price. Upon access to the European Union, all administrative obstacles to the procurement of raw material from the European Union disappeared.

Risk of non-delivery of products is present due to the possibility of production stoppage as a result of a failure at the milling plant. The risk of production interruption is mitigated by the fact that the Group employs staff at the mill site who are adequately trained to remedy breakdowns within a reasonable period. The risk of non-delivery of products due to termination of the contract with the flour carrier is mitigated by the fact that the Group has a large pool of carriers and, in terms of the volume of use of carrier services, is not dependent on any single one of them.

Competition risk

The Group sells its products and goods predominantly on the domestic market. With Croatia's accession to membership of the European Union, the administrative burden for entering other Member States' markets has been eased, but the arrival of foreign competition on the domestic market has also been facilitated.

The flour market tends towards increasing concentration, that is, a reduction in the total number of flour producers (through consolidation or closure of small mills) in order, through economies of scale, to achieve the lowest possible production costs per unit of product and thereby strengthen the competitive position in the market.

With Croatia's accession to membership of the European Union, the Group no longer faces only domestic competition, which makes the need to strengthen competitiveness even more pronounced.

**NOTE 33– EXPOSURE TO RISKS AND RISK MANAGEMENT RISK MANAGEMENT
(CONTINUED)****33.2 Risks of regular operations (continued)****Risk of fluctuations in the prices of basic raw materials**

Business results are influenced by the price of wheat, as the most important raw material in the Parent Company's production, which is a commodity traded on the exchange. The volatility of wheat prices may be a consequence of poor weather conditions, disease, political instability and other external factors. General economic conditions, unforeseen demand, problems in production and distribution, diseases, weather conditions during crop growth and harvest may have a negative impact on wheat prices.

Regardless of the fact that the Parent Company can meet all its wheat requirements on the domestic market, price movements on the domestic market are influenced by movements in wheat prices on the world's commodity exchanges. Based on the Parent Company's historical operations, it can be established that movements in the purchase price of wheat have been positively correlated with movements in flour prices. However, it should be pointed out that a certain period is needed for flour prices to adjust to changes in wheat prices, which over certain shorter periods has a negative impact on the Parent Company's margin in the event of a rise in wheat prices. Regardless of historical indicators that point to correlation between flour and wheat prices, the Parent Company cannot guarantee that in the future any increase in wheat prices will be able to be fully compensated by increasing flour prices in such a way as to maintain historical margins.

The Parent Company has attempted to reduce the risk of changes in wheat prices by accessing the futures markets, but has not been able to find an adequate financial product that could ensure satisfactory quality at maturity.

The Parent Company additionally reduces the risk of price fluctuations by purchasing larger quantities of raw material at the harvest price, depending on the price itself.

Risk of legal proceedings being brought against the Group

Like any economic entity, the Group is exposed to the risk of proceedings before courts, regulatory or other competent authorities in the course of its regular operations. Such disputes primarily relate to disputes with debtors or suppliers. In the future, the risk of potential lawsuits by customers and other stakeholders against the Group due to damage arising from consumption of products cannot be excluded. The Group cannot provide any guarantee that the results of future legal and regulatory disputes or measures will not significantly affect the Group's operations and financial condition. The Group reduces part of this risk through liability insurance policies concluded.

Risk of liabilities or losses not covered by insurance

The Group has undertaken activities, through the engagement of insurance specialists, to identify key risks and threats to the operations of the Group's companies. Through the insurance policies concluded and the risks they cover, in addition to the usual risks for the industries in which the Group operates, risks arising from earthquakes and business interruption due to earthquakes, fire, explosion are also covered. However, it is not possible to insure against all potential liabilities and losses and therefore the Group cannot provide any guarantee that it will not be exposed to situations that will not be covered by insurance and that such situations will not have a significant impact on the Group's operations and financial condition.

NOTE 33 – EXPOSURE TO RISKS AND RISK MANAGEMENT (continued)**33.3. General risks****Business environment risk**

Business environment risk includes political, legal and macroeconomic risks of the environment in which the Group operates, which primarily relates to the Croatian market, where the Group generates most of its total revenue, and, for the remaining part, to Bosnia and Herzegovina and Slovenia. The governments to date have implemented economic reforms with the aim of developing and stabilizing a free market economy. Although Croatia has made significant efforts towards establishing a market economy, it will take several more years and a number of additional investments to reach the level of infrastructure of Western European countries. The Group cannot provide any guarantee that Croatia will achieve the intended reforms or that the political environment will be conducive to implementing the reforms. The Group is not able to give any guarantee that the Government will not introduce new regulations, fiscal or monetary policy, including regulations or policies on taxation, environmental protection, public procurement or exchange-rate policy. The legal framework of the Republic of Croatia is still developing, which may cause certain legal uncertainties. The Group could find itself in a situation where it is unable successfully to exercise or protect some of its rights.

The Group's operations are subject to the macroeconomic environment, economic circumstances and trends in economic activity. In periods of unfavorable economic conditions, the Group could have difficulties in expanding its operations. The continuation of the current economic situation could make it more difficult for the Group, as well as for its customers and suppliers, to access the capital market, which could affect the existing level of revenue and profitability.

The Group is also affected by international developments, given that wheat, which is the basic raw material for production in the Parent Company, is a commodity traded on the exchange and may therefore be subject to the impact of possible political instabilities in countries that are significant producers of this cereal (China, Russia, USA). Nevertheless, as indicated above, the Group can fully meet its raw material requirements from domestic sources.

Risk of changes in the legal framework

As a producer of food products, the Group is subject to strict regulation relating to human nutrition, product safety, safety and working conditions of employees, environmental safety and protection (including those related to waste water, air cleanliness, noise, waste disposal, environmental clean-up, etc.), product composition, packaging, labelling, advertising and competition. Food production results in the creation of waste, the emission of harmful substances into the atmosphere and water, and the Group is therefore obliged to obtain various permits and comply with various regulations.

Regulation relating to health, safety and environmental protection in Europe and other developed regions is becoming increasingly strict, and enforcement increasingly pronounced. The Group endeavors to monitor and anticipate all such changes, but any failures of this kind could result in various penalties. The Group believes that it is currently in compliance with existing rules and regulations and with the deadlines prescribed by various regulators.

The Group cannot give any assurance that it will not be faced with significant costs to adapt to changes in existing regulations, which could materially affect the Group's operations and financial position. It is also possible that additional regulations will be introduced in the future and that the current legislation (or its interpretation) will change, which could affect the Group's operations and products. The Group cannot give any assurances that in the future the cost of complying with such initiatives will not have a material impact on the Group's operations and financial position.

NOTE 34 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities under standard conditions and traded on active liquid markets is determined by reference to quoted market prices
- the fair value of other financial assets and other financial liabilities is determined in accordance with pricing models, based on an analysis of discounted cash flows using prices from known market transactions and prices quoted for similar instruments

As at 31 December 2025 and 31 December 2024, the reported amounts of cash, short-term deposits, receivables, short-term liabilities, accrued expenses, short-term borrowings and other financial instruments correspond to their market value due to the short-term nature of these assets and liabilities.

The carrying amounts of financial instruments that are not measured at fair value are approximately equal to their fair values.

Fair value indicators recognised in the statement of financial position

In the following table, the financial instruments that after initial recognition are carried at fair value are analysed and classified into three groups depending on the availability of fair value indicators:

- Level 1 indicators – fair value indicators are derived from (unadjusted) prices quoted on active markets for identical assets and identical liabilities
- Level 2 indicators – fair value indicators are derived from other data about assets or liabilities that are not quoted prices from Level 1, either directly (i.e. as prices) or indirectly (i.e. derived from their prices)
- Level 3 indicators – indicators derived by applying valuation methods which use as input data about assets or liabilities that are not based on available market data.

In 2025, there were no transfers between levels.

The Group adjusts the value of the instrument in accordance with the SKDD confirmation of the market value as at the balance sheet date.

31 December 2025	Level 1	Level 2	Level 3	Total
Investments in shares	120	1,937	38	2,095
Total	120	1,937	38	2,095
31 December 2024	Level 1	Level 2	Level 3	Total
Investments in shares	102	1,597	38	1,737
Total	102	1,597	38	1,737

NOTE 35 – ASSUMED AND CONTINGENT LIABILITIES

Assumed liabilities

As at the balance sheet date the Group has no contingent or assumed liability that should be recognised in the financial statements.

Contingent liabilities and court disputes

Litigation

The Group is conducting several proceedings for the collection of receivables that are the result of insolvency or other circumstances on the part of the Group's debtors. The Group is undertaking all necessary legal actions in order to protect its receivables and ensure timely collection.

As at the balance sheet date the Parent Company of the Group in the capacity of defendant is participating in litigation initiated during 2021 by the claimant Allianz Hrvatska d.d., for payment. The proceedings relate to a fire at a facility owned by the Company located at I. Novaka 42, Čakovec. The value of the subject-matter of the dispute amounts to 716,703 euros. Given the status of the case and the evidence, the probability of success of the claimant in the dispute has been assessed as low. For the above reasons no provision has been recognised for the described case.

NOTE 36 – BUSINESS COMBINATIONS

In 2025, the Company carried out two business combinations by means of a share exchange, thereby obtaining control over the companies NewMip d.o.o. and the Zagrebačke pekarnje Klara d.d. Group (which consists of the company Zagrebačke pekarnje Klara and its subsidiary Prehrana Trgovina d.d). Both transactions were completed on 1 February 2025 and were accounted for using the acquisition method in accordance with IFRS 3 — Business Combinations. Since the consideration was paid by exchange of shares, there was no cash outflow on account of the acquisitions.

Acquisition of NewMip d.o.o.

Čakovečki mlinovi d.d. acquired a 100% ownership interest in NewMip d.o.o., which comprises 3 business segments: milling, bakery and retail operations.

Consideration — exchange of shares of Čakovečki mlinovi d.d. for equity interests in the company NewMip d.o.o.	41,512
Acquired cash and cash equivalents	2,446

Allocation of purchase price — fair values of the identified assets and assumed liabilities (1 February 2025):

	Fair value of acquired assets and liabilities
ACQUIRED ASSETS	
Intangible assets	1,164
Property, plant and equipment	20,916
Right-of-use assets (IFRS 16)	5,801
Non-current financial assets	32
Deferred tax assets	756
Inventories	10,460
Trade receivables	2,214
Other receivables	4,911
Cash and cash equivalents	2,446
Total acquired assets	48,700
ASSUMED LIABILITIES	
Provisions	(650)
Lease liabilities (IFRS 16)	(425)
Liabilities to banks and financial institutions	(498)
Trade payables	(8,285)
Liabilities to employees	(2,324)
Liabilities for taxes and contributions	(455)
Liabilities for income tax	(737)
Liabilities for advances	(12)
Other current liabilities	(2,782)
Deferred tax liability	(2,427)
Total assumed liabilities	(18,595)
FAIR VALUE OF NET ASSETS	30,105
Goodwill	11,407
Total consideration	41,512

NOTE 36 – BUSINESS COMBINATIONS (CONTINUED)

Allocation of goodwill to cash-generating units (CGU)

Cash-generating unit (CGU)	Amount
Milling	1,166
Bakery	3,623
Retail	6,618
Total	11,407

Impairment testing of goodwill was performed at the reporting date and Management concluded that there is no need to impair the recognized goodwill.

Acquisition of the Zagrebačke pekarnе Klara d.d. Group.

Čakovečki mlinovi d.d. acquired a 61.55%-share interest in the company Zagrebačke pekarnе Klara d.d., which as of the acquisition date held a 92.90%-share interest in the company Prehrana Trgovina d.d. In this way Čakovečki mlinovi d.d. indirectly also acquired the company Prehrana Trgovina d.d. as part of the same business combination. The company Zagrebačke pekarnе Klara d.d. is engaged in bakery operations, while Prehrana Trgovina carries out retail operations. Fair values are presented at the consolidated level of the Zagrebačke pekarnе Klara Group with elimination of the interest in the company Prehrana Trgovina d.d.

Allocation of the purchase price — fair values of the identifiable assets and liabilities assumed (1 February 2025):

Consideration — exchange of shares of Čakovečki mlinovi d.d. for shares of the company Zagrebačke pekarnе Klara d.d.	21,002
Non-controlling interests — Zagrebačke pekarnе Klara d.d. (38.45%)	14,265
Non-controlling interests — Prehrana Trgovina d.d. (7.10%)	744
Cash and cash equivalents assumed	1,213

NOTE 36 – BUSINESS COMBINATIONS (CONTINUED)

Allocation of the purchase price — fair values of the identifiable assets and liabilities assumed (1 February 2025):

ASSETS ACQUIRED	Amount
Intangible assets (brands, customer relationships)	10,477
Property, plant and equipment	26,309
Right-of-use assets (IFRS 16)	3,044
Investments in property	1,107
Non-current financial assets	36
Assets held for sale	3,499
Inventories	5,909
Trade receivables	5,760
Other receivables	366
Current financial assets	1,627
Cash and cash equivalents	1,302
Total assets acquired	59,436
LIABILITIES ASSUMED	
Provisions	(1,451)
Lease liabilities (IFRS 16)	(4,437)
Liabilities to banks and financial institutions	(3,792)
Trade payables	(5,840)
Liabilities to employees	(1,082)
Liabilities for taxes and contributions	(666)
Liability for income tax	(96)
Other current liabilities	(680)
Deferred tax liability	(3,546)
Total liabilities assumed	(21,590)
FAIR VALUE OF NET ASSETS	37,845
Gain on a bargain purchase	(1,834)
TOTAL CONSIDERATION	36,012

Non-controlling interests are measured as the proportionate share of the fair value of net assets (proportionate fair value method).

NOTE 37 – EVENTS AFTER THE BALANCE SHEET DATE

In 2026, the Group continues to operate in a challenging economic environment characterized by inflation and geopolitical risks arising from the war in Ukraine and Iran. The Management Boards of the Group have considered the potential effects of the current geopolitical tensions involving Iran and the wider Middle East region. However, given the changing circumstances and the associated uncertainty, it is currently not possible to reliably assess the potential impact on certain assumptions, estimates and the carrying amounts of assets and liabilities.

During 2026 the Group continued with the reorganisation of related companies, and on 27 January 2026 between the related companies NewMip d.o.o. and Trgovina Krk d.d., an Agreement on Merger was concluded providing for the transfer of all assets, rights and obligations of NewMip as the merged company to Trgovina Krk d.d. as the acquiring company. As at the date of issuance of these financial statements, the merger has not yet been carried out, and the legal proceedings that precede it are still in progress.

Other than the above, between the balance sheet date and the date of issuance of these financial statements there have been no business events or transactions that would have a significant impact on the operations of the Company or the disclosures in these financial statements.


NOTE 38 – APPROVAL OF THE FINANCIAL STATEMENTS

Consolidated annual report of the company Čakovečki mlinovi d.d. was approved for issuance by the Management Board of the Company on 28 May 2026.

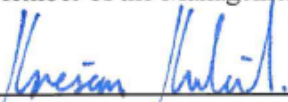
For Čakovečki mlinovi d.d.:



Mario Sedlaček
President of the Management Board



Franjo Plodinec
Member of the Management Board



Krešimir Kvaternik
Member of the Management Board



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