ČAKOVEČKI MLINOVI Inc.

MANAGEMENT REPORT
for the period from 1 January 2026 to 30 June 2026

Issuer	Čakovečki mlinovi Inc.
Registered office	Čakovec, Mlinska 1
Personal Identification Number (OIB)	20262622069
Regulated market	Official Market of the Zagreb Stock Exchange Inc. ISIN designation HRCKMLRA0008 LEI 7478000050QHZTAWQI34
Publication date	30 July 2026
Place of publication	SRPI (HANFA) / Zagreb Stock Exchange / Issuer's website
Report status	Unaudited

CONTENT

1. General Information on the Issuer

Issuer name	Čakovečki mlinovi Inc.
Reporting entity	Čakovečki mlinovi d.d. (stand-alone)
Financial reporting period	1 January 2026 – 30 June 2026
Reporting currency	EUR
Scope	Separate / stand-alone (unconsolidated) financial statements of Čakovečki mlinovi Inc.

2. Management Report

2.1. Overview of the Company

The Čakovečki mlinovi Inc. operates through business segment Food focused on the production of milling products. The Company operates as a vertically integrated business system with production, distribution and retail capacities in the Republic of Croatia.

Company name	Registered office	Direct parent ownership / voting rights
Radnik Opatija Inc.	Lovran, Croatia	100%
Trgovina Krk Inc.	Malinska, Croatia	87.61%
NewMip Ltd.	Sisak, Croatia	100%
Zagrebačke Pekarne Klara Inc.	Zagreb, Croatia	94.27%
Trgocentar Inc.	Virovitica, Croatia	49.55% / 52.03%
Narodni trgovački lanac Ltd.	Soblinec, Croatia	25%
Misal Ltd.	Jakšići 23A, Karlovac	100%

The shares of Čakovečki mlinovi Inc. are listed on the Official Market of the Zagreb Stock Exchange under the ticker symbol CKML. As of 30 June 2026, the Company had issued 16,020,000 shares with a market capitalization of EUR 163.4 million.

Governing body	Members
Management Board	Mario Sedlaček, President of the Management Board Krešimir Kvaternik, Member of the Management Board Franjo Plodinec, Member of the Management Board
Supervisory Board	Damir Metelko, Chairman of the Supervisory Board, independent member Vesna Butorac, Deputy Chairwoman of the Supervisory Board Vanja Kutnjak, Member of the Supervisory Board, employee representative Josip Plodinec, Member of the Supervisory Board Dragica Plodinec, Member of the Supervisory Board Prof. Dr. Sc. Mislav Ante Omazić, independent member of the Supervisory Board Ema Marušić, independent member of the Supervisory Board

The purpose of this report is to provide a regulatory-compliant, yet investor-friendly, overview of the Company's financial position, operating results, cash flows, key risks and expected development for the reporting period.

2.2. Summary of Key Financial Indicators of the Company

KPI (EUR 000)	Q2 2026	Q2 2025 / 31 Dec 2025	Change	Comment
Sales revenue	9,705	10,863	-10.7%	Decrease in sales due to increased competition from lower-priced imported products
EBITDA	1,049	1,254	-16.3%	Decrease due to lower sales volumes and lower selling prices
Operating profit	113	872	-87.0%	Decrease due to lower sales volumes and selling prices, as well as higher depreciation and amortization expense
Net profit	295	8,182	-96.4%	The largest difference relates to the dividend paid from retained earnings from Trgovina Krk Inc. in 2025.
Total assets	100,764	103,827	-2.9%	The difference arises from the merger of the milling business unit from NewMip Ltd. in Q3 2025 and the carve-out of the bakery business unit into Zagrebačke pekarne Klara Inc. in Q4 2025.
Equity and reserves	92,993	92,698	0.3%	No significant changes
Net debt	1,586	3,779	-58.0%	Improved financial structure due to a significant reduction in short-term liabilities, resulting in a decline in net debt compared to the end of the previous year

2.3. Significant Events and Transactions During the Period

During first two quarters 2026. significant events were:

Event	Description	Amount (EUR 000)	Effect
Investment mainly in production equipment and transport vehicles	Modernization of production capacities in the milling and transportation segments	81	Increase in property, plant and equipment
Expansion of warehouse capacity	Transition from a smaller leased warehouse to a larger owned warehouse	n/a	Reduction in handling and rental costs
Relocation of office premises in Zagreb	Consolidation of part of the Group's operations and employees at a single location	233	Cost optimization

2.4. Summary of Operating Results

In the reporting period, the Company recorded decrease in sales revenue compared with the corresponding period of the previous year due to a decline in sales volumes and selling prices, driven by increased competition from lower-priced imported raw materials and finished products originating from outside the EU. In 2025, the Company also included the Bakery business unit, which in 2026 forms part of the Group member Zagrebačke pekarne Klara Inc. The decline in profitability was also affected by the poor quality of corn raw material from the previous year's harvest, which resulted in a higher share of lower value-added products in the overall production mix.

Indicator	YTD 2026	YTD 2025 / 31.12.	Comment for publication
Sales revenue	9,705	10,863	Decline in sales due to increased competition from lower-priced imported products.
Normalized EBITDA	1,305	1,339	Normalization for one-off consulting services and severance payments.
Net result	295	8,182	Dividend received from Trgovina Krk Inc. in 2025.
Net debt	1,586	3,779	Improved financing structure through a significant reduction in short-term borrowings, resulting in a decrease in net debt compared to the end of the previous year.
Operating cash flow	-1,340	-6,636	A significant improvement in operating cash flow was recorded compared to the corresponding period.

Management assesses that the presented results reflect the Company's operations in conditions of changing demand, with continued focus on operational efficiency, cost control, working capital management and preservation of liquidity.

2.5. Graphical Presentation of Revenue and EBITDA

The charts show trends in sales revenue and EBITDA by quarter for comparative periods. Data are presented in EUR million and serve as a visual summary of the Company's business trend.

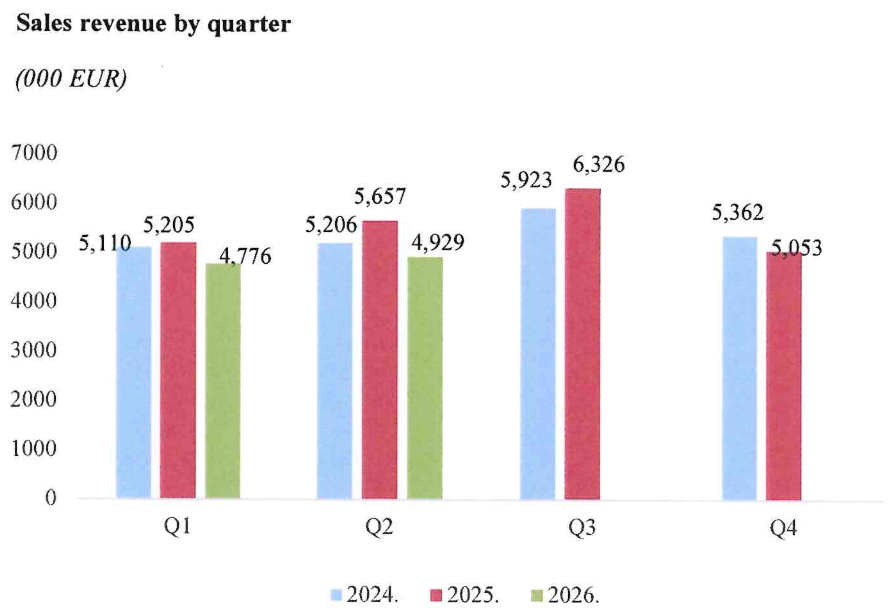

Chart 1: Sales revenue by quarter (EUR 000)

EBITDA by quarter

(000 EUR)

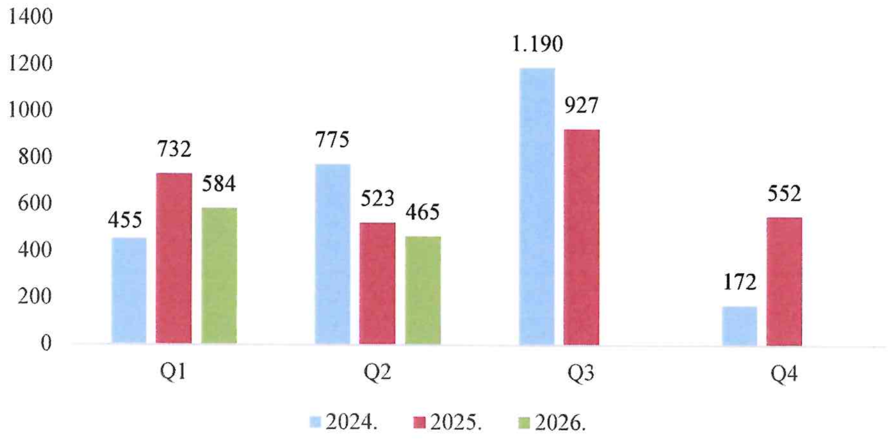

Chart 2: EBITDA by quarter (EUR 000)

2.6. Human Resources

During the reporting period, the Company continued to ensure the human resources required for uninterrupted business processes. Key employment and work engagement indicators are shown below, including the number of employees and full-time equivalent employees (FTE) based on actual hours worked.

Indicator	YTD 2026	YTD 2025	Change
Number of employees at period-end	126	218	The number of employees decreased primarily due to the transfer of the bakery business unit to Zagrebačke pekarne Klara d.d.
Average number of employees	125	214	The number of employees decreased primarily due to the transfer of the bakery business unit to Zagrebačke pekarne Klara d.d.
Number of employees (FTE based on hours worked)	81	167	The number of employees decreased primarily due to the transfer of the bakery business unit to Zagrebačke pekarne Klara d.d.
Personnel expenses (EUR 000)	1.979	2.670	The cost decreased primarily due to the transfer of the bakery business unit to Zagrebačke pekarne Klara d.d.
Revenue per FTE (EUR 000)	119	65	Revenue increased as a result of business optimization and operational efficiency measures.

2.7. Commentary on the Company's Operations

During 2026, the Company recorded a decline in sales revenue compared to the corresponding period of the previous year. During the year, the Company was significantly affected by imports of lower-priced milling products and raw materials from markets outside the EU, which resulted in lower sales volumes and selling prices. Consequently, this also led to a decline in operating profitability.

2.8. Financial Position

As of 30 June 2026, inventories of raw materials decreased, while inventories of finished goods increased. Trade receivables also increased, while cash balances declined. There was a slight decrease in non-current assets, accompanied by a reduction in both long-term and short-term liabilities. Changes in working capital, primarily the increase in receivables and changes in inventory structure, had a negative impact on operating cash flow, which remained negative, although it improved significantly compared to the end of the previous year.

2.9. Liquidity and Cash Flows

Operating cash flow was negative, primarily due to increased working capital requirements, namely higher receivables and changes in inventory structure. The negative impact of operating activities was partially offset by positive cash flows from investing activities. Nevertheless, the cash balance at the end of the period was lower than at the beginning of the year, indicating a reduced level of available liquidity. The Company's liquidity was under pressure due to negative operating cash flow and a lower cash balance at the end of the period. However, all due obligations were settled on time, while a significant reduction in financial indebtedness was achieved simultaneously.

2.10. Net Debt and Capital Structure

The reduction in net debt reflects the Company's deleveraging efforts through a decrease in both short-term and long-term financial liabilities, thereby improving the financing structure despite the lower cash balance at the end of the period.

Net debt component (EUR 000)	30.06.2026	31.12.2025
Long-term financial liabilities	1,371	1,600
Short-term financial liabilities	210	2.800
Lease liabilities	68	91
Cash and cash equivalents	-63	-709
Deposits / current financial assets	-1	-3
Net debt	1,586	3,779

2.11. Major Risks and Uncertainties

Risk	Description	Assessment	Possible effect	Management measure
Raw material price risk	High volatility of grain and energy prices	Medium	Impact on gross margin	Market monitoring, purchase contracting, inventory optimization
Credit risk	Risk of collection of receivables from customers	Low/Medium	Impact on working capital and cash flow	Customer limits, monitoring of maturity, collection security
Interest rate risk	Change in reference interest rates	Medium	Impact on financing costs	Monitoring of debt structure and refinancing options
Operational risk	Disruptions in production or logistics	Low/Medium	Impact on deliveries and revenue	Capacity planning, maintenance, safety stocks
Regulatory risk	Changes in regulations in the food industry and capital market	Medium	Compliance costs and reporting requirements	Monitoring of regulations and alignment of internal processes

2.12. Expected Business Development

In the remainder of the business year, the Company will continue to monitor developments in the macroeconomic environment, raw material and energy prices, demand for food products, financing conditions and the availability of labor. The Company's focus remains on supply stability, preservation of profitability, cost optimization and disciplined working capital management.

Management expects that the key priorities in the remaining part of the year will be further strengthening of market position, integration of business processes, modernization of production and sales capacities, and disciplined management of capital expenditures. These estimates represent Management's expectations as of the report approval date and are subject to change depending on market circumstances.

3. Condensed Stand-alone Financial Statements

3.1. Condensed Stand-alone Statement of Financial Position

Position (EUR 000)	30.06.2026	31.12.2025	Change	Change %
Intangible non-current assets	1,174	1,171	2	0.2%
Property, plant and equipment	8.879	9,992	-1,113	-11.1%
Inventories	6.771	8,230	-1,459	-17.7%
Trade receivables	3.507	3,193	315	9.9%
Other current assets	42,726	41,783	1	2.3%
Cash and cash equivalents	63	709	-646	-91.2%
Total assets	**100.764**	**103,827**	**-3,062**	**-2.9%**
Equity and reserves	92.993	92,698	295	0.3%
Long-term liabilities	1.890	1,957	-67	-3.4%
Short-term liabilities	5.696	8,986	-3,290	-36.6%
Total equity and liabilities	**100.764**	**103,827**	**-3,062**	**-2.9%**

3.2. Condensed Stand-alone Statement of Profit or Loss and Other Comprehensive Income

Position (EUR 000)	Q2 2026	Q2 2025	Change %	YTD 2026	YTD 2025	Change %
Sales revenue	4,929	5,658	-12,89%	9,705	10,863	-10.66%
Other operating income	104	97	7,23%	302	107	180.80%
Total operating income	6,660	7,671	-13,19%	13,322	14,504	-8.15%
Costs of raw materials, materials and goods	-4,944	-5,852	-15,50%	-9,909	-10,640	-6.87%
Personnel expenses	-910	-1,394	-34,74%	-1,979	-2,670	-25.86%
Depreciation and amortization	-352	-189	86,46%	-625	-382	63.75%
Other operating expenses	-259	-352	-26,38%	-471	-671	-29.88%
Total operating expenses	-6,547	-7,338	-10,78%	-12,898	-13,632	-5.38%
Operating profit	113	334	-66,06%	424	872	-51.38%
Finance income	12	7427	-99,84%	15	7493	-99.80%
Finance expenses	-49	-2	2,025,56%	-79	-4	1,909.95%
Profit before tax	76	7,758	-99,02%	360	8,361	-95.69%
Income tax	14	71	-80,57%	-65	-179	-63.82%
Net profit for the period	**63**	**7,687**	**-99,19%**	**295**	**8,182**	**-96.39%**

Position (EUR 000)	Q2 2026	Q2 2025	Change %	YTD 2026	YTD 2025	Change %
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	**63**	**7,687**	**-99,19%**	**295**	**8,182**	**-96.39%**

3.3. Condensed Stand-alone Statement of Cash Flows

Position (EUR 000)	YTD 2026	YTD 2025	Change	Comment
Cash flow from operating activities	-6,636	-1,340	-5,296	Higher cash outflow due to less favorable working capital movements,
Cash flow from investing activities	5,995	-1,980	7,975	Significant improvement driven by investing cash inflows and a lower level of capital expenditures,
Cash flow from financing activities	-6	-5,046	5,040	Stabilization of cash flows, supported by substantially lower financing cash outflows,
Net increase / decrease in cash	-646	-8365	7,719	The decrease in cash was significantly lower than in the comparable period of the previous year,
Cash at the beginning of the period	709	14,065	-13,357	Lower opening cash balance,
Cash at the end of the period	63	5,700	-5,638	Cash balances remained at approximately the same level throughout the period, despite negative operating cash flows,

3.4. Condensed Stand-alone Statement of Changes in Equity

Position (EUR 000)	Share capital	Reserves	Retained earnings	Result for the period	Total
Balance as of 01.01.2026	21,262	56,586	6,258	8,591	92,698
Profit for the period	-	-	-		
Other comprehensive income	-	-	-	-	-
Dividends	-	-	-	-	-
Other changes	-		8,591	-8,591	
Balance as of 30.06.2026	21,262	56,586	14,849	295	92,993

4. Selected Notes to the Condensed Stand-alone Financial Statements

4.1. Basis of Preparation

The condensed financial statements have been prepared for the period ended 30 June 2026 in accordance with IAS 34 – Interim Financial Reporting. These statements do not include all information and disclosures required in annual financial statements and should be read in conjunction with the Company's latest published annual separate financial statements.

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for items for which IFRS requires a different measurement basis, and are presented in EUR.

4.2. Accounting Policies and Judgements

The accounting policies applied in preparing these condensed separate financial statements are consistent with those used in the Company's latest annual financial statements, except with respect to the estimation of the useful lives of property, plant and equipment and intangible assets. Starting from 2026, the Company applies straight-line depreciation rates, whereas in 2025 accelerated depreciation rates were applied.

4.3. Seasonality of Operations

The Company's operations may be affected by seasonal fluctuations in demand, particularly within the production and sale of milling products, Management believes that the results presented for Q2 do not necessarily reflect, on a linear basis, the results expected for the full financial year.

4.4. Related Parties

Transactions with related parties during the reporting period were conducted in the ordinary course of business and under market terms.

Type of transaction	Transaction amount	Balance at reporting date	Note
Sales to related companies	3,313	829	Sale of milling products to the retail and bakery segments
Purchases from related companies	-37	40	Purchase of merchandise for resale
Receivables / liabilities	0	2,040	Loan received from Trgovina Krk d,d,

4.5. Events After the Reporting Date

After the reporting date and up to the date of approval of these condensed stand-alone financial statements for issue, no events have been identified that would require adjustment or additional disclosure in the financial statements.

4.6. Alternative Performance Measures

In investor communications, the Company may use measures that are not directly defined by IFRS, including EBITDA, EBIT, net debt and the net debt to EBITDA ratio. These measures represent supplementary information and should not be viewed as substitutes for measures defined by IFRS.

EBITDA reconciliation (EUR 000)	Q2 2026
Profit before tax	360
+ Finance expenses	79
- Finance income	-15
+ Depreciation and amortization	625
EBITDA	1,049

Indicator (EUR 000)	Value
Financial liabilities	7,586
- Cash and cash equivalents	-63
Net debt	1,586
Net debt / EBITDA	1,51

5. Statement of Responsible Persons

The Management Board of the Company declares that, to the best of its knowledge, the condensed stand-alone financial statements prepared for the period ended 30.06.2026 give a true and fair view of the assets, liabilities, financial position, operating results, cash flows and changes in equity of Čakovečki mlinovi d.d. The statements have been prepared on the basis of IAS 34 and other applicable IFRS requirements, to the extent relevant to interim financial reporting.

The Management Board also confirms that the management report contains a fair review of the development and performance of the business, the position of the Company and a description of the major risks and uncertainties for the remaining part of the business year.

	Signature
Place and date	Čakovec, [30.07.2026.]
President of the Management Board	MARIO SEDLAČEK
Member of the Management Board	KREŠIMIR KVATERNIK
Member of the Management Board	FRANJO PLODINEC