ČAKOVEČKI MLINOVI GROUP

MANAGEMENT REPORT

for the period from 1 January 2026 to 30 June 2026

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

CONTENT

1. General Information on the Issuer and the Group

Issuer name	Čakovečki mlinovi Inc.
Consolidated Group	Čakovečki mlinovi Group
Financial reporting period	1 January 2026 – 30 June 2026
Reporting currency	EUR
Scope	Consolidated financial statements of the Company and its subsidiaries

2. Management Report

2.1. Overview of the Group

The Čakovečki mlinovi Group operates through two key business segments: Trade and Food. The Trade segment comprises retail and wholesale of food and non-food assortments, while the Food segment includes the production of milling and bakery products and related production activities. The Group 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%
Zagrebacke Pekarne Klara Inc.	Zagreb, Croatia	94.27%
Trgocentar Inc.	Virovitica, Croatia	49.55% / 52.03%
Narodni trgovacki 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 Group's financial position, operating results, cash flows, key risks and expected development for the reporting period.

2. Summary of Key Financial Indicators of the Group

KPI (EUR 000)	YTD 2026	YTD 2025 / 31.12.	Change	Comment
Sales revenue	196.725	181.763	8,2%	Increase in sales in the Trade segment
EBITDA	7.252	8.062	-10,0%	Decrease due to lower selling prices and reduced margins
Operating profit	1.144	1.437	-20,4%	Decrease due to reduced margins, higher operating expenses and depreciation
Net profit	-1.918	1.749	-209,7%	Net loss resulting from reduced margins, higher operating expenses and depreciation
Total assets	242.769	227.060	6,9%	Increase due to the recognition of fair value adjustments
Equity and reserves	137.265	139.184	-1,4%	Decrease due to the loss for the period
Net debt	18.948	24.516	-22,7%	Reduction in financial debt and increase in cash and cash equivalents

2.3. Significant Events and Transactions During the Period

During first two quarters 2026. significant events were:

Event	Description	Amount (EUR 000)	Effect
Investment in production equipment, transport vehicles and retail store equipment	Modernization of production capacities in the milling and transport segments	3,278	Increase in property, plant and equipment
Expansion of warehousing capacity	Relocation from a leased warehouse with limited capacity to a larger company-owned warehouse	n/a	Reduction in handling and lease costs
Relocation of the Zagreb office	Consolidation of selected Group functions and employees at a single location	233	Cost optimization
Continued integration of the Group's retail network	Transfer of the assets, rights and liabilities of NewMip Ltd. to Trgovina Krk Inc.	n/a	Integration of the same business activity into a single company
Acquisition of business premises in Koprivnica	Business premises acquired by Zagrebačke pekarne Klara Inc. from Trgovina Krk Inc.	10,189	Increase in production capacity

2.4. Summary of Operating Results

During the reporting period, the Group recorded an increase in sales revenue compared with the corresponding period of the previous year. However, due to higher operating expenses and lower margins, operating profit and EBITDA decreased.

Indicator	YTD 2026	YTD 2025 / 31.12.	Comment
Sales revenue	196,725	181,763	Increase in sales in the retail segment.
Normalized EBITDA	7,806	8,038	Decrease due to lower selling prices and reduced margins.
Net result	-1,918	1,749	Net loss resulting from reduced margins, higher operating expenses and depretiation.
Net debt	18,948	24,516	Reduction in financial debt and an increase in cash and cash equivalents.
Operating cash flow	16,936	2,002	A significant improvement in operating cash flow was recorded compared with the corresponding period of the previous year

The Management Board assesses that the reported results reflect the Group's performance in an environment of fluctuating demand, while maintaining a continued focus on operational efficiency, cost control, working capital management and liquidity preservation.

2.5. Graphical Presentation of Revenue and EBITDA

The charts present the quarterly trends in sales revenue and EBITDA for the comparative periods. The data is presented in thousands of euros and serves as a visual summary of the Group's operating performance trends.

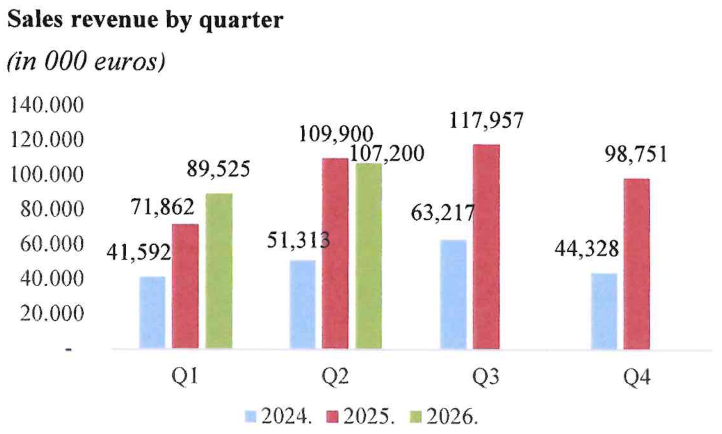

Chart 1: Sales revenue by quarter (EUR 000)

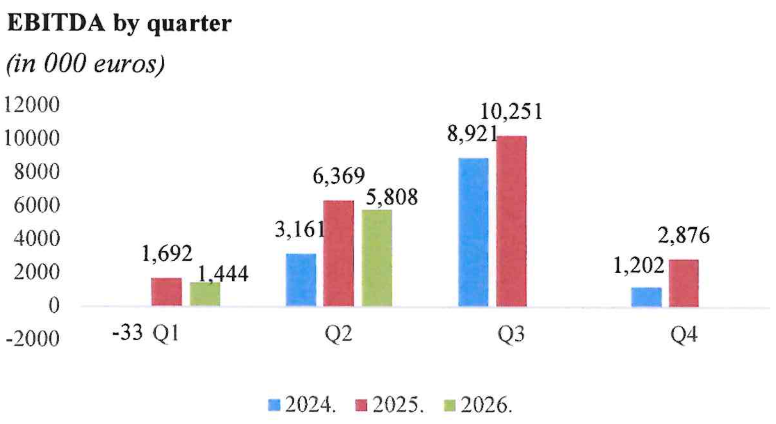

Chart 2: EBITDA by quarter (EUR 000)

2.6. Human Resources

During the reporting period, the Group 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	4,791	4,535	The number of employees increased compared with the corresponding period of the previous year, primarily as a result of business expansion and the integration of activities within the Group.
Average number of employees	4,878	4,513	The average number of employees increased compared with the previous year, following the increased scope of the Group's business activities.
Number of employees (FTE based on hours worked)	4,043	4,191	The number of FTE employees slightly decreased, indicating increased flexibility in work organization and changes in the employment structure.
Personnel expenses (EUR 000)	43,449	36,596	Employee costs increased due to a higher number of employees, as well as growth in salaries and other employee benefits.
Revenue per FTE (EUR 000)	49	43	Revenue per FTE employee increased compared with the corresponding period, indicating improved productivity and more efficient utilization of the workforce.

2.7. Commentary on the Group's Operations

In the first two quarters of 2026, the Group recorded an 8.2% increase in sales revenue compared with the corresponding period of the previous year. The increase was primarily driven by stable demand in the bakery segment and higher revenues generated through the retail channel. EBITDA and net profit decreased, primarily due to lower selling prices and reduced margins.

2.8. Segment Analysis

Segment (EUR 000)	Revenue YTD 2026	Revenue YTD 2025	Change	EBITDA YTD 2026	EBITDA YTD 2025	Change	Comment
Food	43.867	39.607	10.8%	3,084	3,206	-3.8%	The increase in revenue was driven by higher sales volumes and/or a more favorable sales mix. EBITDA was slightly lower compared with the corresponding period due to higher input costs and pressure on margins.
Trade	189.329	153.791	23.1%	4,553	5,281	-13.8%	The significant increase in revenue resulted from business expansion and the integration of new sales capacities. Despite revenue growth, EBITDA decreased due to higher labor costs, logistics costs and other operating expenses.
Eliminations	(31.481)	(8.522)	269.4%	(385)	(426)	-9.6%	Higher volume of intercompany transactions.
Total Group	**201.715**	**184.876**	**9.1%**	**7,252**	**8,061**	**-10.0%**	The Group recorded a 9.1% increase in operating revenue, while EBITDA decreased by 10.0%, impacted by lower profitability in the retail segment and higher operating expenses.

2.9. Financial Position

As at 30 June 2026, the Group's total assets amounted to EUR 242.8 million, representing an increase of 6.9% compared with 31 December 2025. The increase in assets was primarily driven by the growth in current assets, particularly cash and cash equivalents, as well as investments in non-current assets. Equity and reserves amounted to EUR 137.3 million and continued to represent the Group's main source of financing, while maintaining a stable capital structure.

2.10. Liquidity and Cash Flows

Operating cash flow for YTD 2026 amounted to EUR 2.9 million. The positive operating cash flow reflects the Group's ability to generate cash from its ordinary operations and effectively manage working capital. Investing cash flow was negative due to investments in production equipment, modernization of production capacities and other non-current assets. Financing cash flow primarily relates to repayments of borrowings and lease liabilities. During the reporting period, the Group maintained a satisfactory liquidity position and continued to settle its due obligations in a timely manner. As of 30 June 2026, the bank accounts of Trgocentar d.d. were blocked due to overdue and unpaid liabilities to creditors. During the period following the reporting date, the Company settled the outstanding obligations and, by the date of issuance of these financial statements, all bank accounts had been unblocked and were operating normally.

2.11. Net Debt and Capital Structure

The Group's net debt represents an important indicator of financial flexibility and includes financial liabilities reduced by cash and cash equivalents and, according to the selected methodology, deposits or other short-term financial assets available on demand.

As at 30 June 2026, the Group's net debt amounted to EUR 18.9 million, representing a decrease of 22.7% compared with 31 December 2025. The decrease in net debt was primarily driven by a significant increase in cash and cash equivalents and a reduction in short-term financial liabilities. This effect was partially offset by an increase in long-term financial liabilities and lease liabilities. The achieved reduction in net debt confirms the Group's stable financial position and further improvement in leverage ratios.

Net debt component (EUR 000)	30.06.2026	31.12.2025
Long-term financial liabilities	15,626	5,774
Short-term financial liabilities	17,226	18,732
Lease liabilities	17,764	16,667
Cash and cash equivalents	-25,716	-8,756
Deposits / current financial assets	-5,951	-7,901
Net debt	18,948	24,516

2.12. 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
Market and Competitive Risk	Intense competition in food retail, growth of discount retail chains, increasing imports of bakery and food products, as well as expansion of competitors' production capacities.	Medium/High	Pressure on selling prices, market share, margins, and overall profitability.	Development of private label products, assortment optimization, efficiency improvement initiatives, and investments in product quality.
Seasonality Risk	A portion of the retail segment's revenues depends on seasonal consumption patterns and tourism-related demand.	Medium	Fluctuations in revenue, profitability, and cash flows throughout the year.	Inventory planning, assortment adjustments, and continuous monitoring of sales trends.

2.13. Expected Business Development

In the remainder of the financial year, the Group will continue to monitor developments in the macroeconomic environment, including household consumption, inflationary pressures, raw material and energy prices, as well as labour availability. The Group's operations remain focused on supply stability, cost optimisation, inventory management and maintaining liquidity.

The Management Board expects that the key priorities for the remainder of the year will include further strengthening of the market position, integration of business processes, modernisation of production and sales capacities, and disciplined management of capital investments. The above assessments represent the Management Board's expectations as at the date of approval of the report and are subject to change depending on market conditions.

3. Condensed Consolidated Financial Statements

3.1. Condensed Consolidated Statement of Financial Position

Position (EUR 000)	30.06.2026	31.12.2025	Change	Change %
Intangible non-current assets	18,649	19,102	-453	-2.4%
Property, plant and equipment	111,352	101,280	10,072	9.9%
Inventories	46,292	57,488	-11,196	-19.5%
Trade receivables	18,690	17,495	1,195	6.8%
Other current assets	5,990	7,939	-1,949	-24.6%
Cash and cash equivalents	25,716	8,756	16,960	193.7%
Total assets	**242,769**	**227,060**	**15,709**	**6.9%**
Equity and reserves	137,265	139,184	-1,918	-1.4%
Long-term liabilities	38,247	24,895	13,352	53.6%
Short-term liabilities	64,179	57,249	6,930	12.1%
Total equity and liabilities	**242,769**	**227,060**	**15,709**	**6.9%**

3.2. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Position (EUR 000)	Q2 2026	Q2 2025	Change %	YTD 2026	YTD 2025	Change %
Sales revenue	107.200	109.901	-2,46%	196,725	181,763	8.23%
Other operating income	3159	1865	69,37%	4952	3076	60.99%
Total operating income	110.378	111.788	-1,26%	201,715	184,876	9.11%
Costs of raw materials, materials and goods	-75.562	-74.574	1,32%	-140,208	-133,281	5.20%
Personnel expenses	-21.872	-20.695	5,69%	-43,449	-36,596	18.73%
Depreciation and amortization	-4.664	-3.629	28,51%	-8,881	-6,625	34.05%
Other operating expenses	-6.924	-4.972	39,26%	-11,409	-7,748	47.26%
Total operating expenses	-109.234	-109.048	0,17%	-203,344	-183,440	10.85%
Operating profit	1.144	2.740	-58,25%	-1,629	1,437	-213.39%
Finance income	178	393	-54,64%	234	812	-71.22%
Finance expenses	-315	-124	154,03%	-628	-237	164.77%
Profit before tax	1.104	3.486	-68,35%	0	2,526	-100.00%
Income tax	-18	483	-103,76%	-122	-777	-84.36%
Net profit for the period	**1.122**	**3.004**	**-62,66%**	**-1,918**	**1,749**	**-209.68%**
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	**1.122**	**3.004**	**-62,66%**	**-1,918**	**1,749**	**-209.68%**

3.3. Condensed Consolidated Statement of Cash Flows

Position (EUR 000)	YTD 2026	YTD 2025	Change	Comment
Cash flow from operating activities	2,002	16,936	-14,935	Operating cash flow remained positive, but was lower compared with the corresponding period of the previous year, primarily due to less favorable working capital movements.
Cash flow from investing activities	-3,945	-19,379	15,434	Negative cash flow from investing activities reflects continued investments in non-current assets, with the level of investments being lower than in the corresponding period of the previous year.
Cash flow from financing activities	18,903	-7,130	26,033	Positive cash flow from financing activities resulted from increased use of financing sources and changes in the Group's financing structure.
Net increase / decrease in cash	16,960	-9,573	26,533	A significant increase in cash was achieved during the reporting period, driven by the positive impact of financing activities and positive operating cash flow.
Cash at the beginning of the period	8,756	28,833	-20,077	The opening cash position was lower compared with the corresponding period of the previous year.
Cash at the end of the period	25,716	19,260	6,456	Cash balance at the end of the period increased compared with the corresponding period of the previous year, indicating an improved liquidity position of the Group.

3.4. Condensed Consolidated Statement of Changes in Equity

Position (EUR 000)	Share capital	Reserves	Retained earnings	Result for the period	Fair value and non-controlling interest	Total
Balance as of 01.01.2026	21,262	46,662	58,563	5,441	7,255	139,184
Profit for the period	-	-	-	-1,921	2	-1,918
Other comprehensive income	-	-	-	-		0
Dividends	-	-	-	-		0
Other changes and eliminations	-		5,441	-5,441		0
Balance as of 30.06.2026	21,262	46,662	64,005	-1,921	7,257	137,265

4. Selected Notes to the Condensed Consolidated Financial Statements

4.1. Basis of Preparation

The condensed consolidated financial statements have been prepared for the period ended 30.06.2026 in accordance with IAS 34 - Interim Financial Reporting. The statements do not include all information and disclosures contained in annual financial statements and should be read together with the most recently published annual consolidated financial statements of the Group.

The financial statements have been prepared on a going concern basis and under the historical cost principle, except for items for which IFRS require a different measurement basis, and 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 group members Trgovina Krk Inc. and Čakovečki mlinovi Inc. applying straight-line depreciation rates, whereas in 2025 accelerated depreciation rates were applied. In addition, the Group's retail segment is significantly dependent on the performance of the tourist season and seasonal consumer spending patterns. A weaker-than-expected tourist season could have an adverse impact on the revenues, profitability, and cash flows of the retail segment and, consequently, on the Group's overall results.

4.3. Seasonality of Operations

The Group's operations may be affected by seasonal fluctuations in demand, particularly in the production and sale of food products segments. The Management Board assesses that the results presented for Q2 may not necessarily be indicative of the expected results for the full financial year on a linear basis.

4.4. Events After the Reporting Date

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

4.5. Alternative Performance Measures

EBITDA reconciliation (EUR 000)	YTD 2026
Profit before tax	-1,797
+ Finance expenses	628
- Finance income	-234
+ Depreciation and amortization	8,881
Share of profit, participating interests	-226
EBITDA	7,252

Indicator (EUR 000)	Value
Financial liabilities	102,426
- Cash and cash equivalents	-25,716
Net debt	18,948
Net debt / EBITDA	2,61

5. Statement of Responsible Persons

The Management Board of the Company declares that, to the best of its knowledge, the condensed consolidated 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 the Čakovecki mlinovi Group. 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 Group 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 SEDLACEK
Member of the Management Board	KRESIMIR KVATERNIK
Member of the Management Board	FRANJO PLODINEC