



# ČAKOVEČKI MLINOVI

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ČAKOVEČKI MLINOVI INC.

CONSOLIDATED FINANCIAL REPORT  
FOR 9M 2024



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**ČAKOVEČKI MLINOVI INC.**

**CONSOLIDATED INTERIM MANAGEMENT REPORT  
FOR 9M 2024**

## 1. BUSINESS RESULTS FOR THE FIRST NINE MONTHS OF 2024

### **ABOUT THE GROUP ČAKOVEČKI MLINOVI**

Čakovečki mlinovi Inc. (hereinafter: "Čakovec mlinovi Inc." or "Company"), founded in 1893 in Čakovec, are one of the oldest Croatian food and trading companies. The company manages a vertically integrated business model that includes the production of high-quality mill, bakery and oil products on the one hand and the retail of mixed goods on the other. Although food production is the tradition and heritage of the Company, through a series of successful acquisitions and integrations of retail chains, the Company has grown into a business system that today generates most of its revenue from retail activities.

Čakovečki mlinovi Inc. have three subsidiaries: Trgovina Krk Inc. Malinska, Trgočentar Inc. Virovitica and Radnik Opatija Inc. Lovran (hereinafter collectively: "Čakovečki mlinovi Group" or "Group") and one affiliated company: Narodni Trgovački Lanac Ltd. Soblinec. Čakovečki mlinovi Inc. in addition to the non-consolidated reports of the Companies, also prepares the consolidated reports of the Group separately.

In the first nine months of 2024, the Čakovečki mlinovi Group achieved EUR 162.4 million in consolidated total revenues based on consolidated total assets in the amount of EUR 120.9 million and employed 2,076 employees on average based on working hours. According to the Accounting Act, the Čakovečki mlinovi Group belongs to a large group of entrepreneurs.

Shares of Čakovečki mlinovi Inc. are listed on the Official Market of the Zagreb Stock Exchange under the symbol CKML. As at September 30, 2024, the Company had issued and listed 10,290,000 shares with a market capitalization of EUR 108 million.

On September 26, 2024, the company Čakovečki mlinovi d.d. paid a dividend in the amount of 1,029,000 euros (0.10 euros per share).

### **BUSINESS SEGMENTS AND OPERATIONS**

Čakovečki mlinovi Group is organized into two strategic business segments:

- Trade, which includes retail and wholesale trade of food and non-food assortment, and
- Food, which includes the production of flour, bakery products and oils.

Čakovečki mlinovi Inc. manages these segments from a strategic level and acts as the Group's corporate center. The Trade segment is operatingly managed by Trgovina Krk Inc. The food segment is operatingly managed by Čakovečki mlinovi Inc. and Radnik Opatija Inc.

Below presented are the Group's business segments and their key operating indicators.

#### **Trade**

<b>KEY OPERATING INDICATORS</b>	<b>30.9.2024</b>	<b>30.9.2023</b>
Number of trade stores	428	436
Store sales area (in m2 net)	55,511	55,216
Average area per store (in m2 net)	130	127
Area of distribution warehouses (in m2 gross)	11,343	11,343
Average number of employees	1,802	1,844

Trade is the largest segment of the Čakovečki mlinovi Group, which generated 88% of the Group's sales revenue in the first nine months of 2024.

The Trade segment is organized in two business areas:

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

Retail sales account for 97% of the sales revenue of the Trade segment.

As at September 30, 2024, Trade managed 428 retail stores located in northwestern Croatia, Kvarner and the island of Krk. The total net sales area was 55,511 m<sup>2</sup>, of which about 64% is owned by the Group. The main factors of the offer of the Stores segment 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 400 m<sup>2</sup>. This type of store format in Croatia is defined as a market or convenience store, and internationally it is better known as a proximity format due to its characteristic proximity to customers.

Trgovina Krk Inc. holds 25% of the ownership share in the company Narodni trgovački lanac Ltd. (hereinafter: "NTL"), the largest procurement association for food products in Croatia, through which it realizes about 80% of the procurement of goods. In addition to providing commercial services to its members, developing the NTL brand, and purchasing and distributing fruit and vegetables, NTL manages its own retail network of 340 stores and 6 wholesale logistics and distribution centers. In the first nine months of 2024, NTL generated EUR 174.3 million in total revenue (9M 2023: EUR 131.6 million) and EUR 4.3 million in net profit (9M 2023: EUR 4.6 million). Trgovina Krk Inc. also holds a 10% ownership share in the company Grandal grupa Ltd., the largest purchasing association for construction materials in Croatia.

### **Food**

<b>KEY OPERATING INDICATORS</b>	<b>30.9.2024</b>	<b>30.9.2023</b>
Grain processed (in tons)	45,078	37,418
Production of bakery products (in tons)	5,962	5,853
Average number of employees	274	272

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

- milling - production of flour and other milling products and to a lesser extent porridge and feed flour,
- bakery - production of mainly bread, pastries and cakes and to a lesser extent dough, and
- oil production - service production of olive oil.

As at September 30, 2024, the food segment managed two mills (Čakovec, Donji Kraljevec) with a total production capacity of 80,000 tons per year, four bakeries (Čakovec, Oroslavje, Lovran, Malinska) with a total production capacity of 11,533 tons per year and oil mill in Punat.

## **KEY EVENTS IN 2024**

### ***1. Continued growth of revenue, decrease in EBITDA and increasing net profit in a challenging economic environment***

- Sales revenue in amount of EUR 156.1 million (+4.3% compared to 9M 2023);
- Normalized profit before interest, taxes, depreciation, and amortization (EBITDA) in the amount of EUR 12.6 million ((4.5%) compared to 9M 2023), with a reduction in normalized EBITDA margin from 8.8% to 8.1%;
- Net profit in the amount of EUR 7.2 million (+5.9% to 9M 2023), with the growth of the net profit margin from 4.5% to 4.6%.

### ***2. Payment of dividend***

In accordance with the decision of the General Assembly of the Company held on August 28, 2024, the payment of the dividend was approved in the amount of 0.10 euros per share, or a total of 1,029,000.00 euros, of which the amount of 856,423.59 euros refers to the total net profit of the Company realized in 2023 and the amount of 172,576.41 euros from the part of the retained profit realized in 2022.

The dividend was paid on September 26, 2024.

### ***3. Agency for the Protection of Market Competition, Notice on Permissibility of Concentration***

On July 22, 2024, the Agency for the Protection of Market Competition announced on its website that the Council for the Protection of Market Competition considered the notification of the intention to implement the concentration of entrepreneurs resulting from the acquisition of joint control on a permanent basis of the entrepreneur Mlin i pekare Ltd., Sisak, Ulica kralja Zvonimir 24, Plodinec Ltd., Stari Čiče, Velika Gorica, Ulica Seljine brigade 43, Allianz ZB Ltd. for the management of mandatory and voluntary pension funds, Zagreb, Vjekoslav Heinzl 70, in his own name, and for the account of the funds under management AZ mandatory pension fund - category A and AZ mandatory pension fund - category B and PBZ Croatia osiguranje Inc. for the management of mandatory pension funds, Zagreb, Radnička cesta 44, in its own name, and for the account of funds managed by PBZ Croatia osiguranje mandatory pension fund - category B, over the entrepreneur Čakovečki mlinovi Inc. and assessed that it can be reasonably assumed that the specific case is not a prohibited concentration in the sense of Article 16 of the Law on the Protection of Market Competition (OG 79/09, 80/13, 41/21, 153/23; LPMC), and that the notification of the concentration in accordance with Article 22 paragraph 1 of the LPMC is considered permitted at the 1st level.

### ***4. Croatian Agency for the Supervision of Financial Services, Decision approving the publication of the offer for the takeover of the company Čakovečki mlinovi Inc.***

The Croatian Agency for the Supervision of Financial Services issued a Decision to the companies MLIN and PEKARE Ltd., Sisak, Ulica kralja Zvonimir 24, at the meeting of the Administrative Council held on August 26, 2024.

PLODINEC Ltd., Staro Čiče, Ulica Seljine brigade 43, Allianz ZB Ltd. company for managing mandatory and voluntary pension funds, Zagreb, AZ mandatory pension fund category A, AZ mandatory pension fund category B, AZ Profit voluntary pension fund, AZ Benefit open voluntary pension fund, AZ Treći Horizont closed voluntary pension fund, AZ A1 closed voluntary pension fund, AZ Dalekovod closed voluntary pension fund, AZ HKZP closed voluntary pension fund, AZ Zagreb closed voluntary pension fund, Auto Hrvatska closed voluntary pension fund and AZ ZABA closed voluntary pension fund and PBZ CROATIA OSIGURANJE d.d. for the management of mandatory pension funds, Zagreb, approving the publication of the offer to take over the company ČAKOVEČKI MLINOVI Inc., Čakovec, Mlinska ulica 1.

## KEY FINANCIAL INDICATORS OF THE GROUP

INCOME STATEMENT (millions of euros)	1.-9. 2024	1.-9. 2023	1.-9. 2024/ 1.-9. 2023
<b>Sales revenue</b>	<b>156.1</b>	<b>149.7</b>	<b>4.3%</b>
Operating expenses, net <sup>1</sup>	144.1	137.1	5.1%
EBITDA <sup>2</sup>	12.0	12.6	(4.8%)
<b>Normalized EBITDA<sup>3</sup></b>	<b>12.6</b>	<b>13.2</b>	<b>(4.5%)</b>
Depreciation, amortization	5.5	5.8	(5.2%)
EBIT <sup>4</sup>	6.6	6.8	(2.9%)
Net financial result <sup>5</sup>	1.8	1.3	38.5%
<b>Net profit (loss)</b>	<b>7.2</b>	<b>6.8</b>	<b>5.9%</b>

<b>Profit margins<sup>6</sup></b>			
EBITDA margin	7.7%	8.4%	(0.7 pb)
<b>Normalized EBITDA margin</b>	<b>8.1%</b>	<b>8.8%</b>	<b>(0.7 pb)</b>
EBIT margin	4.2%	4.5%	(0.3 pb)
<b>Net profit margin</b>	<b>4.6%</b>	<b>4.5%</b>	<b>0.1 pb</b>

Balance sheet (millions of euros)	30.9.2024	31.12.2023	30.9.2024/ 31.12.2023
Net debt (cash) <sup>7</sup>	(23.9)	(15.7)	52.2%
Capital and reserves	87.7	81.7	7.3%
Net working capital <sup>8</sup>	19.9	23.0	(13.5%)

CASH FLOWS (millions of euros)	1.-9. 2024	1.-9. 2023	1.-9. 2024/ 1.-9. 2023
Net cash flows from operating activities	13.7	15.8	(13.3%)
Capital expenditures (CapEx) <sup>9</sup>	4.2	3.8	10.5%
Dividends paid	1.0	0.0	-

1 Operating expenses, net include operating expenses less depreciation, other business income and income based on the use of own products, goods and services; a detailed calculation is presented under Operating expenses in this part of the report.

2 EBITDA (earnings before interest, taxes, depreciation and amortization) represents operating profit before amortization; calculated as business income - operating expenses + depreciation and amortization.

3 Normalization implies adjustment for one-time items; the detailed calculation is presented under Normalization of EBITDA in this part of the report.

4 EBIT (earnings before interest and taxes) represents operating profit; calculated as business income - operating expenses.

5 The net financial result is calculated as financial income + share in the profit of the associated company (NTL) - financial expenses.

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

7 Net debt (money) includes long-term and short-term financial liabilities less money in the bank and treasury and deposits with banks. Deposits with banks are included in net debt regardless of the maturity date because they are available on call.

8 Net working capital includes inventories plus short-term trade receivables and less short-term trade payables and advances.

9 CapEx (capital expenditures) represents payments for purchasing of non-current assets.

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

## ***SUMMARY OF GROUP RESULTS***

In the first nine months of 2024, the Čakovečki mlinovi Group achieved EUR 156.1 million in sales revenue, EUR 12.6 million of normalized EBITDA and EUR 7.2 million in net profit.

The Group's operations were marked by an increase in sales revenue of 4.3% or 6.4 million euros compared to the same period of the previous year, as a result of an increase in the revenue of the Trade segment of 5.1% and a stagnation of the revenue of the Food segment by (1.1%).

The Trade business segment, as the largest segment of the Group, achieved EUR 137.1 million or 87.8% of the Group's sales revenue and EUR 9.8 million of normalized EBITDA or 77.8% of the Group's normalized EBITDA.

Revenues from the sale of Retail, as the Group's largest business area, grew by 5.5% or 6.9 million euros, or by 5.5% or 6.6 million euros on a comparative (hereinafter: "LFL") basis.

The increase in revenue from the sale of Retail is the result of inflation-adjusted sales prices in accordance with increases in the respective purchase prices of goods and a higher volume of revenue due to the implementation of an active pricing policy.

The Food business segment generated EUR 19.0 million or 12.2% of the Group's sales revenue and EUR 2.8 million of normalized EBITDA or 22.2% of the Group's normalized EBITDA. Sales revenues are lower by 1.0% or 0.2 million euros compared to the same period of the previous year.

In the Food segment, in the field of milling, continuing the decline in the prices of raw materials in 2023, during 2024 the trend of falling prices of raw materials continues, which also determines the lower level of sales prices, which, despite the significantly higher volume of quantitative production and sales, results in a lower overall level of realized sales revenue by 0.5 million euros compared to the comparative period. The mentioned decrease in income was partially compensated in the business area of bakery, which recorded an increase in income in the amount of EUR 0.3 million compared to the comparative period.

The Group's net operating costs increased by 5.1% or EUR 7.0 million, mainly as a result of the increase in net costs of goods sold (by EUR 4.7 million) and personnel costs (by EUR 3.3 million). The net cost of goods sold increased due to the above mentioned increase in the income of the Trade segment, while the staff costs grew due to the increase in the minimum wage and the spillover of this impact on the rest of the wages and labor shortage.

In the first nine months of 2024, the normalized EBITDA of the Group is lower by (0.6) million euros, and the net profit increased by 0.4 million euros compared to 9M 2023. The Group achieved a drop in the normalized EBITDA margin to 8.1% (9M 2023: 8.8%), the net profit margin is 4.6% (9M 2023: 4.5%). The Group's profit margins were pressured by government price control measures and rising personnel costs.

The net financial result of the Group amounted to EUR 1.8 million and is higher by EUR 0.5 million compared to the same period of the previous year, which is the result of optimal management of the position of cash equivalents.

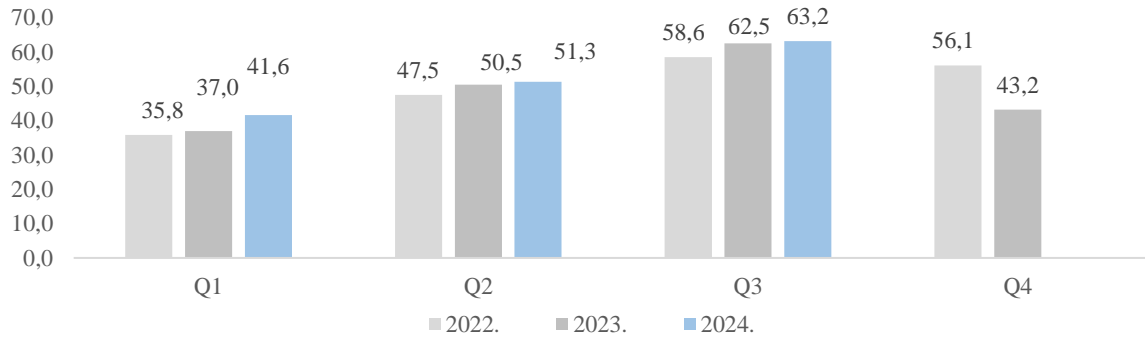
As at September 30, 2024, the Group had a net cash position of EUR 23.9 million.



## QUARTERLY PERFORMANCE OVERVIEW OF THE GROUP

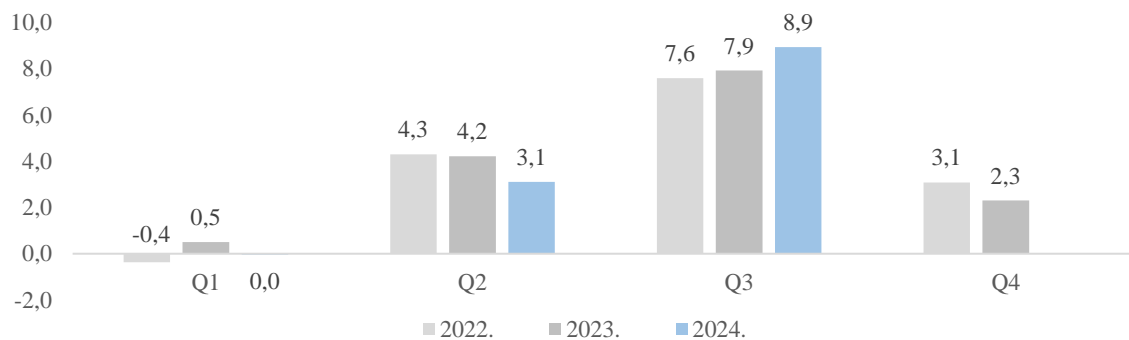
### Group sales revenue

(in mil. euros)



### Group EBITDA

(in mil. euros)



Note: Data for the fourth quarter were calculated on the basis of audited annual financial statements and unaudited quarterly financial statements for the first, second and third quarters.

Given its coastal operations in Trade as well as significant sales in the Food segment to customers who also have coastal operations, the Čakovečki mlinovi Group exhibits a characteristic seasonality in its business dependent on the conditions in Croatian tourism. Considering the successful tourist season in 2024, the Group achieved the highest quarterly revenues in the third quarter of 2024 in the amount of EUR 63.2 million, as well as a record quarterly EBITDA in the amount of EUR 8.9 million.

## SALES REVENUE

SALES REVENUE BY SEGMENT					
(in millions of euros)	1.-9. 2024	% of sales revenue	1.-9. 2023	% of sales revenue	1.-9. 2024/ 1.-9. 2023
Trade	137.1	87.8%	130.5	87.2%	5.1%
Food	19.0	12.2%	19.2	12.8%	(1.0%)
<b>Consolidated Sales revenue</b>	<b>156.1</b>	<b>100.0%</b>	<b>149.7</b>	<b>100.0%</b>	<b>4.3%</b>

Note: Data are presented on a consolidated basis.

LFL <sup>1</sup> RETAIL GROWTH			
(in millions of euros)	1.-9. 2024	1.-9. 2023	1.-9. 2024/ 1.-9. 2023
Revenue from the sale of goods – Trade	136.6	130.3	4.8%
Revenue from the sale of goods - Retail	132.2	125.3	5.5%
<b>Revenue from the sale of goods - Retail - LFL<sup>1</sup></b>	<b>125.6</b>	<b>119.0</b>	<b>5.5%</b>

<sup>1</sup> Revenue on a comparative basis (like-for-like, LFL) refer to stores that operated throughout both comparative periods.

Note: Data refers to pre-elimination sales revenue.

In the first nine months of 2024, the Group achieved sales revenues in the amount of EUR 156.1 million, which is 4.3% or EUR 6.4 million more compared to the same period of the previous year, as a result of the increase in sales of the Trade segment from 5.1%, while revenues from the sale of the Food segment decreased by 1.0%.

Sales of the Trade segment amounted to EUR 137.1 million or 87.8% of the Group's sales and increased by 5.1% or EUR 6.6 million compared to the same period of the previous year. The stated increase in sales from the sale of Trgovina is the result of inflation-adjusted sales prices, positive effects of active pricing policy, and partially negative effects of the weaker tourist pre-season in the area of Istria and Kvarner compared to the comparative period. Revenues from the sale of goods in Retail increased by 5.5% or 6.9 million euros, i.e. by 5.5% or 6.6 million euros on an LFL basis.

Revenues from sales of the Food segment amounted to EUR 19.0 million or 12.2% of sales revenue and are lower by 1.0% or EUR 0.2 million compared to the same period of the previous year.

In the Food segment, in the field of milling, continuing the decline in the prices of raw materials in 2023, during 2024 the trend of falling prices of raw materials continues, which also determines the lower level of sales prices, which, despite the significantly higher volume of quantitative production and sales, results in a lower overall level of realized sales revenue by EUR 0.5 million compared to the comparative period, which was partially compensated in the Food segment, in the business area of bakery, which recorded an increase in revenue in the amount of EUR 0.3 million compared to the comparative period. The growth of the EBITDA margin in the Food segment is the result of an active purchasing and selling price policy, optimization of the product range and sales channels, and optimal employment of production capacities.

## OPERATING EXPENSES

(in millions of euros)	1.-9. 2024	% of sales revenue	1.-9. 2023	% of sales revenue	1.-9. 2024/ 1.-9. 2023
Cost of raw materials and changes in value of stock	17.5	11.2%	19.3	12.9%	(9.3%)
Cost of goods sold, net <sup>1</sup>	90.3	57.8%	85.6	57.2%	5.5%
Other external expenses	5.6	3.6%	4.9	3.3%	14.3%
Personnel costs <sup>2</sup>	28.1	18.0%	24.8	16.6%	13.3%
Other expenses	2.0	1.3%	2.1	1.4%	(4.8%)
Other business expenses (income) <sup>3</sup>	0.6	0.4%	0.4	0.3%	50.0%
<b>Operating expenses, net</b>	<b>144.1</b>	<b>92.3%</b>	<b>137.1</b>	<b>91.6%</b>	<b>5.1%</b>

1 Costs of goods sold minus revenue from subsequently approved rebates and marketing services.

2 Staff costs include net wages, taxes and wage contributions, contributions to wages and non-taxable employee remuneration paid.

3 Other operating income less: non-taxable employee remuneration paid, other business income excluding income from subsequently approved rebates and marketing services, and income based on the use of their own products, goods and services.

In the first nine months of 2024, the Group recorded an increase in net operating expenses by 5.1% or 7.0 million euros compared to the same period of the previous year. The costs of raw materials and materials are lower due to the procurement of raw materials at lower prices in the Food segment, while the net costs of goods sold grew faster than the growth of income from the sale of goods in a relative amount.

Personnel expenses together with paid non-taxable receipts amounted to EUR 28.1 million and increased by 13.3% or EUR 3.3 million. Personnel costs grew under the influence of the increase in the minimum wage and the spillover of this impact on the rest of wages. On September 30, 2024, the Group employed 2,263 employees (9M 2023: 2,273), that is, in the first nine months of 2024, an average of 2,076 employees based on working hours (9M 2023: 2,116).

## EBITDA

EBITDA BY SEGMENTS (in millions of euros)	1.-9. 2024			1.-9. 2023		
	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
<b>Consolidated Sales revenue</b>	<b>156.1</b>	<b>137.1</b>	<b>19.0</b>	<b>149.7</b>	<b>130.5</b>	<b>19.2</b>
EBITDA	12.0	9.4	2.6	12.6	10.3	2.3
EBITDA margin	7.7%	6.9%	13.7%	8.4%	7.9%	12.0%
<b>Normalized EBITDA<sup>1</sup></b>	<b>12.6</b>	<b>9.8</b>	<b>2.8</b>	<b>13.2</b>	<b>10.6</b>	<b>2.6</b>
<b>Normalized EBITDA margin</b>	<b>8.1%</b>	<b>7.1%</b>	<b>14.7%</b>	<b>8.8%</b>	<b>8.1%</b>	<b>13.5%</b>

1 Normalization implies an adjustment for material one-time items; the detailed calculation is presented under Normalization of EBITDA in this part of the report.

Note: Data are presented on a consolidated basis.

In the first nine months of 2024, the Group achieved normalized EBITDA in the amount of EUR 12.6 million, which is EUR 0.6 million less compared to the same period of the previous year. Reported EBITDA was EUR 12.0 million (9M 2023: EUR 12.6 million).

Normalized EBITDA of the Trade segment amounted to EUR 9.8 million and is EUR 0.8 million less than in the same period of the previous year. The normalized EBITDA margin of the Trade segment was 7.1% (9M 2023: 8.1%).

The normalized EBITDA of the Food segment was 2.8 million and is 0.2 million euros higher than in the same period of the previous year. The normalized EBITDA margin of the Food segment was 14.7% (9M 2023: 13.5%).

### *Normalized EBITDA*

Normalized EBITDA (in millions of euros)	1.-9. 2024			1.-9. 2023		
	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
<b>EBITDA</b>	<b>12.0</b>	<b>9.4</b>	<b>2.6</b>	<b>12.6</b>	<b>10.3</b>	<b>2.3</b>
Costs of intellectual services	0.2	0.0	0.2	0.2	0.1	0.1
Bonuses under contractual arrangements	0.4	0.4	0.0	0.6	0.3	0.3
Severance payments	0.1	0.0	0.1	0.0	0.0	0.0
Other one-time expenses/(income), net	(0.1)	0.0	(0.1)	(0.2)	(0.1)	(0.1)
<b>Normalized EBITDA</b>	<b>12.6</b>	<b>9.8</b>	<b>2.8</b>	<b>13.2</b>	<b>10.6</b>	<b>2.6</b>

Note: The label 'net' implies that an individual item of income is netted by a comparable item of expenditure.

In addition to reporting on alternative (non-IFRS) performance measures such as EBITDA, the Group discloses the impact of one-time items to achieve a higher level of transparency in its regular business activities. One-time items are considered those that do not occur regularly and have a material impact on the result. In the first nine months of 2024, the Group recorded EUR 0.2 million in one-time costs of intellectual services (9M 2023: EUR 0.2 million), EUR 0.4 million in contractual bonuses (9M 2023: EUR 0.6 million), EUR 0.1 million in severance payments (9M 2023: EUR 0.0 million), and EUR (0.1) million in net other one-time expenses/(income) (9M 2023: EUR (0.2) million).

### *NET PROFIT*

In the first nine months of 2024, the Group achieved a net profit of EUR 7.2 million, which is EUR 0.4 million higher than in the same period of the previous year.

### *NET DEBT*

(in millions of euros)	30.9.2024	31.12.2023	30.9.2024/ 31.12.2023
Long-term lease liabilities	3.8	3.0	26.7%
Short-term loans liabilities	4.2	4.2	0.0%
Short-term lease liabilities	0.3	1.4	(78.6%)
Given deposits and the similar	(0.1)	(0.6)	(83.3%)
Cash and cash equivalents	(32.1)	(23.8)	34.9%
<b>Net debt (cash)</b>	<b>(23.9)</b>	<b>(15.8)</b>	<b>51.3%</b>

As of September 30, 2024, the Group reported a net cash position of EUR 23.9 million (December 31, 2023: EUR 15.8 million), of which EUR 4.2 million (December 31, 2023: EUR 4.2 million) related to short-term loans liabilities, EUR 4.1 million (December 31, 2023: EUR 4.4 million) to lease obligations, and EUR 32.2 million (December 31, 2023: EUR 24.4 million) to cash and cash equivalents plus current deposits. Short-term loans liabilities relate to the associated company Trgočentar Inc., in which the Group holds 52.03% of the voting rights and consolidates it entirely.

## CASH FLOWS

In the first nine months of 2024, the Čakovečki mlinovi Group achieved EUR 13.7 million in net cash flows from operating activities, which is higher than the EBITDA achieved, primarily due to a reduction in net working capital.

<b>NET WORKING CAPITAL</b>			
<b>(in millions of euros)</b>	<b>30.9.2024</b>	<b>31.12.2023</b>	<b>30.9.2024/ 31.12.2023</b>
Inventories	26.2	26.4	(0.8%)
Short-term receivables from customers	12.0	9.0	33.3%
Short-term liabilities to suppliers	(18.3)	(12.4)	47.6%
<b>Net working capital</b>	<b>19.9</b>	<b>23.0</b>	<b>(13.5%)</b>

The Group's net working capital decreased by 13.5% or EUR 3.1 million, while inventories decreased by 0.5% or EUR 0.2 million. Receivables from customers increased by 33.3% or 3.0 million euros due to the increase in income, while short-term liabilities to suppliers increased by 47.6% or 5.9 million euros.

The Group's capital investments in the first nine months of 2024 amounted to EUR 4.2 million and are higher than in the same period of the previous year (9M 2023: EUR 3.8 million). In the Retail segment, EUR 3.8 million was invested in opening new and renovating existing stores. Capital investments in the Food segment amounted to EUR 0.4 million and relate to the purchase of vehicles for the transport of bakery products and to plants and equipment in mill and bakery production.

## VALUATION OF THE ČAKOVEČKI MLINOVI GROUP

<b>KEY INDICATORS OF CKML SHARE VALUATION</b>			
<b>(in millions of euros)</b>	<b>30.9.2024</b>	<b>31.12.2023</b>	<b>30.9.2024/ 31.12.2023</b>
Price per share (PPS, in euro) <sup>1</sup>	10.5	10.4	1.0%
Market Capitalization <sup>2</sup>	108.0	107.0	1.0%
EV <sup>3</sup>	80.2	87.4	(8.2%)
EV / Sales Revenue <sup>4</sup>	0.42x	0.48x	(0.06x)
<b>EV / Normalized EBITDA<sup>4</sup></b>	<b>6.4x</b>	<b>6.6x</b>	<b>(0.2x)</b>

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

2 Market capitalization represents the market value of share capital on the stock exchange; calculated as the product of the number of shares (10,290,000) and the price per share.

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

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

## 2. EXPECTED BUSINESS DEVELOPMENT IN 2024

In 2024, the Group's management will continue to focus on business management in the still unpredictable macroeconomic conditions and on the further implementation of strategic guidelines.

The Group's operations in 2024 are subject to the macroeconomic environment, economic opportunities and trends in economic activity.

As of the date of issue of this report, the Group has a cash position sufficient for the unhindered settlement of due Liabilities, and therefore prepares financial statements under the assumption of continuity of operations.

### *General economic environment*

According to data from the Croatian National Bank, core inflation in Croatia is expected to slow down to 4.8% in 2024, from 8.8% recorded in the previous year. This is largely due to the fading base effect of inflation. The slowdown in inflation is also expected to be supported by further easing of energy and food prices, following their continuous decline throughout most of 2023.

Real GDP in Croatia was 3,1% in 2023, and Croatian National Bank expects this trend to continue and grow by 3,6% in 2024 year. Growth in real GDP is expected on the basis of a strong tourist season and growth in personal consumption in 2024. The risks to the realization of the above estimates are the present geopolitical tensions.

### *The impact of the war in Ukraine and in Israel*

The prolonged duration of the wars in Ukraine and Israel represent negative risks for global trends and economic growth in the Eurozone, which ultimately affects the Croatian economy.

As of the date of issuing this report, the Group does not have any relationship with, nor is it exposed to, companies from Russia, Belarus or Ukraine. The group maintains all business operations in Croatia, where it generates 99% of its revenue. The Group's foreign revenues refer to Slovenia, Bosnia and Herzegovina and Hungary. Also, the parent company Čakovečki mlinovi Inc. does not have any shareholders from Russia or Belarus nor does it directly or indirectly hold ownership interests in entities in those countries.

Although there is no direct exposure to the mentioned countries. Management continuously considers all risks associated with external geopolitical movements and assesses that these risks do not threaten the stability of the Group's operations.

### *State price control measures and non-working Sundays*

In the Trade segment, state measures aimed at controlling the prices of certain food products have a negative impact on the volume and profitability of the Group's business since its introduction in early September 2022 (9 products) and its expansion in mid-September 2023 (to 30 products). Measures aimed at limiting the highest retail prices of petroleum products since their introduction in October 2021 have a similar impact. Also, the ban on working on Sundays for traders has a negative impact on income, as it turned out that the spillover of traffic to other working days is very slight. The management manages the mentioned negative effects through an active pricing policy on the entire assortment and through the adjustment of store operations on Sundays.

In the Food segment, state price control measures have limited the prices of small packages of smooth and sharp flour from the beginning of September 2022, which makes it impossible for them to have an active pricing policy and indexation of costs that affect the price of the final product. In addition, from the second half of 2022, a significant and uncontrolled import of flour and corn grits from Ukraine has been noticed in Croatia, which limits the active pricing policy on the entire mill program, and this trend continues during 2024.

### *Outlook for the Trade segment in 2024*

With an increased focus on the recovery of the number of issued invoices in 2024, a positive trend of growth in the number of issued invoices was achieved at the end of May, thereby halting the previous negative trend. Despite this, the goal of the management will be further recovery of issued invoices, while maintaining other key business indicators.

#### *Strategic guidelines*

The management has defined the following key strategic guidelines for 2024 in the Trade segment:

- recovery of the number of invoices issued,
- management of operational costs,
- maintaining the growth of LFL revenue from sales,
- opening of new and renovation of existing stores,
- targeting acquisitions that strategically correspond to the existing model of the Trade segment.

#### *Key business factors*

Pricing: It is expected to continue to offer customers a quality assortment at prices and promotions that follow local competition with the aim of maintaining market share, along with quality management of the difference in price margin of the Trade segment.

Relationship with suppliers: The management expects a continuation of quality cooperation with NTL, which accounts for about 75% of the purchases of the Trade segment, as well as quality management of suppliers in the form of income from services and quantity discounts.

Personnel costs: In the beginning of the 2024, the company continuously invested in increasing wages and improving working conditions due to the existing level of inflation and labor shortages.

Capital expenditures (CapEx): Six new retail stores are planned to open in 2024.

### ***Outlook for the Food segment in 2024***

The pricing policy and revenue realization of the Food segment are significantly influenced by the procurement prices of raw materials, particularly grains and energy sources, which, as commodities, are affected by geopolitical developments. Following the decline in raw material prices in 2023, this downward trend continues into the first half of 2024, determining the selling price levels of the Food segment, i.e., lower overall levels of realized sales revenue and raw material expenses. In Milling a slight increase in the prices of higher wheat grades is possible for the rest of the year due to the lower quality of the 2024 harvest and a slight increase in demand for key product groups (wheat flour in large packages of 25 kg and 50 kg, bulk, and small packages of 1 kg and 5 kg) due to the proactive sales and promotional policy implemented by the company's management. The sale of bakery products is mostly achieved internally through the Trade segment, so the final result of the Bakery will depend on the result of the Trade segment.

#### *Strategic guidelines*

For 2024, management has defined the following key strategic guidelines in the Food segment:

- strengthening the position of the brand Čakovečki mlinovi in Croatia,
- expansion of the sales channel of mill products.

#### *Key business factors*

Pricing: The management will continue to lead an active pricing and promotional policy in the mill and bakery program. Active price policy on small packages of soft and hard flour is disabled from the beginning of September 2022 due to government price control measures.

Purchase prices and sources of raw materials: The prices of grain and energy products (electricity) represent key inputs in the Food segment. Most of the necessary quantities of grains are procured during the harvest in July (wheat and rye) and October (corn), when the price is usually the lowest. The group operates with strategically dispersed and stable suppliers, realizes more than 75% of grain procurement in Croatia and is dedicated to the development of domestic suppliers. Also, mostly first-class grains are procured, which encourages high-quality production.

Personnel costs: In the beginning of the 2024, the company continuously invested in increasing wages and improving working conditions due to the existing level of inflation and labor shortages.

Capital expenditures (CapEx): In the beginning of the 2024, capital investments in equipment in mill and bakery production are planned, the largest part of which relates to a new 1 kg flour packaging line and a palletizing line for 25 kg.



**ČAKOVEČKI MLINOVI INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR 9M 2024**

**STATEMENT OF PERSONS RESPONSIBLE FOR COMPILING FINANCIAL STATEMENTS  
OF THE ISSUER ČAKOVEČKI MLINOVI INC. FOR THE FIRST NINE MONTHS OF 2024**

Based on the provisions of Article 468 of the Capital Market Act, the Deputy President of the Company's Management Board, Krešimir Kvaternik, and the member of the Company's Management Board, Marijan Sršen, make a statement:

To the best of our knowledge:

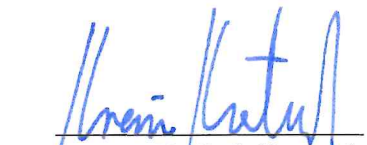
- Consolidated financial statements for the third quarter of 2024, or for the first nine months of 2024 were complied with the application of appropriate financial reporting standards and provide a true and objective presentation of the issuer's assets and liabilities, financial position, profit or loss and the companies included in the consolidation as a whole.

- The consolidated interim management report for the third quarter of 2024, or for the first nine months of 2024 contains a true presentation of the development and results of operations and the position of the issuer and the companies included in the consolidation as a whole, along with a description of the most significant risks and uncertainties to which are exposed.

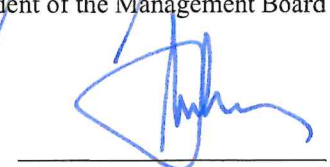
The consolidated financial statements for the third quarter of 2024, or for the first nine months of 2024 have not been audited.

In Čakovec, 29 October, 2024

For Čakovečki mlinovi Inc.:



Krešimir Kvaternik  
Deputy President of the Management Board



Marijan Sršen  
Member of the Management Board

	<b>1.-9. 2024</b>	<b>1.-9. 2023</b>	<b>7.-9. 2024</b>	<b>7.-9. 2023</b>
	<b>in '000 EUR</b>	<b>in '000 EUR</b>	<b>in '000 EUR</b>	<b>in '000 EUR</b>
Sales revenue	156,123	149,722	63,218	62,420
Other income	4,299	4,298	2,296	2,045
<b>Operating revenue</b>	<b>160,422</b>	<b>154,020</b>	<b>65,514</b>	<b>64,465</b>
Changes in inventories	(37)	(101)	12	(104)
Costs of raw material, energy	(17,456)	(19,203)	(6,073)	(6,660)
Cost of goods sold	(94,427)	(89,399)	(37,423)	(37,914)
Other external costs	(5,524)	(4,869)	(2,071)	(2,016)
Personnel costs	(25,009)	(21,951)	(8,631)	(7,414)
Depreciation, amortization	(5,479)	(5,799)	(1,896)	(1,895)
Other costs	(5,112)	(4,990)	(2,079)	(1,973)
Other expenses	(808)	(887)	(328)	(469)
<b>Operating expenses</b>	<b>(153,852)</b>	<b>(147,199)</b>	<b>(58,489)</b>	<b>(58,445)</b>
<b>Operating profit</b>	<b>6,570</b>	<b>6,821</b>	<b>7,025</b>	<b>6,020</b>
Financial income	832	197	277	92
Financial expenses	(85)	(109)	(35)	(34)
<b>Net financial result</b>	<b>747</b>	<b>88</b>	<b>242</b>	<b>58</b>
<b>Share of net profit of associates accounted for using equity method</b>	<b>1.103</b>	<b>1,170</b>	<b>518</b>	<b>659</b>
Profit before tax	8,420	8,079	7,785	6,737
Income tax expense	(1,268)	(1,252)	(1,085)	(1,101)
<b>Net profit/(loss)</b>	<b>7,152</b>	<b>6,827</b>	<b>6,700</b>	<b>5,636</b>
Attributable to:				
Owners	7,145	6,846	6,695	5,637
Non-controlling interests	7	(19)	5	(1)
<b>Earnings per share (in euros)</b>				
- basic	0.69	0.67	0.65	0.55
- diluted	0.69	0.67	0.65	0.55

	<b>1.-9. 2024</b>	<b>1.-9. 2023</b>	<b>7.-9. 2024</b>	<b>7.-9. 2023</b>
	<b>in '000</b>	<b>in '000</b>	<b>in '000</b>	<b>in '000</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
<b>Net profit for the period</b>	<b>7,152</b>	<b>6,827</b>	<b>6,700</b>	<b>5,636</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>7,152</b>	<b>6,827</b>	<b>6,700</b>	<b>5,636</b>
Attributable to:				
Owners	7,145	6,846	6,695	5,637
Non-controlling interests	7	(19)	5	(1)

	<b>30.9.2024</b>	<b>31.12.2023</b>
	<b>in '000 EUR</b>	<b>in '000 EUR</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	53	33
Tangible assets	38,105	38,283
Investment property	375	481
Investments in subsidiaries	8,894	8,604
Financial assets	1,655	1,665
Receivables and other receivables	0	2
Deferred tax assets	308	308
	<u>49,390</u>	<u>49,376</u>
<b>Current assets</b>		
Inventories	26,239	26,382
Receivables and other receivables	13,211	9,709
Financial assets	104	625
Cash and cash equivalents	32,108	23,754
	<u>71,662</u>	<u>60,470</u>
<b>TOTAL ASSETS</b>	<b>121,052</b>	<b>109,846</b>
<b>Capital and reserves</b>		
Share capital	13,657	13,657
Reserves	3,246	3,246
Fair value reserves	2,869	2,869
Retained earnings	71,882	65,766
	<u>91,654</u>	<u>85,538</u>
To owners of non-controlling interests	(3,858)	(3,865)
Total equity	<u>87,796</u>	<u>81,673</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Provisions	861	861
Lease liabilities	3,799	2,974
Deferred tax liability	630	630
	<u>5,290</u>	<u>4,465</u>
<b>Current liabilities</b>		
Lease liabilities	4,494	5,615
Borrowings	2	10
Advances received	44	43
Trade payables	18,297	12,391
Employee benefits payables	2,053	1,838
Taxes, contributions and other duties payable	2,505	2,949
Liability from equity share in profit	28	33
Other short-term liabilities	412	698
Provisions	131	131
	<u>27,966</u>	<u>23,708</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>121,052</b>	<b>109,846</b>

	<b>1.-9. 2024</b>	<b>1.-9. 2023</b>
	<b>in '000 EUR</b>	<b>in '000 EUR</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	8,420	8,079
<b>Adjustments:</b>		
Depreciation, amortization	5,479	5,799
Impairment losses and (gains)/losses on disposal of assets assets	132	-
Share in the profit of the associated company	(1,103)	(1,170)
Income from interests and dividends	(688)	(195)
Interest expenses	60	103
Exchange differences	-	5
Other non-cash items	-	(797)
Increase in cash flows before changes in working capital	<b>12,300</b>	<b>11,824</b>
Changes in working capital	<b>2,373</b>	<b>4,540</b>
Increase/(decrease) in liabilities	5,560	4,837
(Increase)/decrease in receivables	(3,330)	(2,257)
Decrease in inventories	143	1,960
Cash generated from operations	<b>14,673</b>	<b>16,364</b>
Interest paid	(140)	(102)
Income taxes paid	(844)	(468)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>13,689</b>	<b>15,794</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Cash proceeds from the sale of non - current assets	688	58
Cash proceeds from interest	33	72
Cash proceeds from dividends	125	908
Cash proceeds from loans and deposits	530	-
Payments for non - current assets	(4,211)	(3,768)
Payment for savings deposits and loans	-	(6,057)
Other payments from investments activities	-	(1,118)
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>(2,835)</b>	<b>(9,905)</b>
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
Proceeds from credit and loans principals and other borrowings and debt financial instruments	(7)	(1,145)
Repayment of lease liability principal amounts	(1,464)	-
Payment of dividends	(1,029)	-
<b>NET CASH FLOWS FROM FINANCIAL ACTIVITIES</b>	<b>(2,500)</b>	<b>(1,145)</b>
<b>TOTAL NET CASH FLOW</b>	<b>8,354</b>	<b>4,744</b>
Cash and cash equivalents at the beginning of the period	23,754	6,369
<b>Cash and cash equivalents at the end of the period</b>	<b>32,108</b>	<b>11,113</b>

	Share capital	Legal reserves	Other reserves	Fair value reserves	Retained earnings	Total	Non-controlling interests	Total
	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR
<b>Balance on 1.1.2023</b>	<b>13,657</b>	<b>683</b>	<b>2,449</b>	<b>2,756</b>	<b>58,664</b>	<b>78,209</b>	<b>(2,877)</b>	<b>75,332</b>
Profit/(loss) of the business year	-	-	-	-	7,248	7,248	7	7,255
Other comprehensive income	-	-	-	113	-	113	-	113
Total comprehensive income/(loss)	-	-	-	113	7,248	7,361	7	7,368
Other changes in equity	-	-	114	-	(24)	90	-	90
Squeezing out minority shareholders	-	-	-	-	(122)	(122)	(995)	(1,117)
<b>Balance on 31.12.2023</b>	<b>13,657</b>	<b>683</b>	<b>2,563</b>	<b>2,869</b>	<b>65,766</b>	<b>85,538</b>	<b>(3,865)</b>	<b>81,673</b>
<b>Balance on 1.1.2024</b>	<b>13,657</b>	<b>683</b>	<b>2,563</b>	<b>2,869</b>	<b>65,766</b>	<b>85,538</b>	<b>(3,865)</b>	<b>81,673</b>
Profit/(loss) of the business year	-	-	-	-	7,145	7,145	7	7,152
Total comprehensive income/(loss)	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(1,029)	(1,029)	-	(1,029)
<b>Balance on 30.9.2024</b>	<b>13,657</b>	<b>683</b>	<b>2,563</b>	<b>2,869</b>	<b>71,882</b>	<b>91,654</b>	<b>(3,858)</b>	<b>87,796</b>

## NOTE 1 – GENERAL INFORMATION

The Company Čakovečki mlinovi Inc. Čakovec, Mlinska ulica 1 (hereinafter: the Company) harmonized the general acts with the Companies Act and on the basis of them the Commercial Court in Varaždin, by decision Tt-95/482-2 on 4 December 1995, entered the Company in the court register. Country of establishment of the company: Croatia, MB of the company: 03108414, OIB of the company: 20262622069.

The share capital of the Company on the date of issuance of this report is EUR 13,657,177.00 and is divided into 10,290,000 shares without nominal amount. Shares of Čakovečki mlinovi Inc. are listed on the Official Market of the Zagreb Stock Exchange under the symbol CKML.

Čakovečki mlinovi Inc. (hereinafter referred to as "Čakovečki mlinovi Group" or "Group") has three dependent companies (subsidiaries: Trgovina Krk Inc. Malinska, Trgočentar Inc. Virovitica, and Radnik Opatija Inc. Lovran, and one associated company: Narodni trgovački lanac Ltd. Soblinec. In addition to the separate financial statements of the Company, Čakovečki mlinovi Inc. prepares consolidated financial statements for the Group.

The annual consolidated financial statements of the Čakovečki mlinovi Group are available on the Company's website: [www.cak-mlinovi.hr](http://www.cak-mlinovi.hr).

The business accounts of the Company are opened with:

- Privredna banka Inc. Zagreb IBAN: HR2623400091116005907,
- Erste & Steiermarkische bank Inc. Zagreb IBAN: HR4924020061100031817, and
- Zagrebačka banka Inc. Zagreb IBAN: HR9223600001102561339.

## PRINCIPAL ACTIVITIES

The Group generates a predominant part of its income by performing the activities of production and trade of food products (flour, bread, pastries, biscuits, waffles, pasta, porridge, edible oils).

## CORPORATE GOVERNANCE

The composition of the Bodies of the Company as at September 30, 2024 is as follows.

### Management Board

- Krešimir Kvaternik, Deputy President of the Management Board
- Marijan Sršen, Member of the Management Board

### Supervisory Board

- Krešimir Kvaternik, President of the Supervisory Board (independent member) – by the decision of the Supervisory Board dated March 6, 2024, his term in the Supervisory Board is suspended starting from March 7, 2024
- Damir Metelko, Deputy President of the Supervisory Board, independent member
- Igor Komorski, independent member of the Supervisory Board
- Vanja Kutnjak, member of the Supervisory Board, workers' representative
- Josip Plodinec, member of the Supervisory Board
- Franjo Plodinec, member of the Supervisory Board
- prof. dr. sc. Mislav Ante Omazić, independent member of the Supervisory Board



**NOTE 1 – GENERAL INFORMATION (CONTINUED)**

**Audit Committee**

- Damir Metelko, President of the Audit Committee, independent member
- Krešimir Kvaternik, independent member, status in suspension since March 7, 2024
- Igor Komorski, independent member of the Audit Committee
- Vanja Kutnjak, member of the Audit Committee

**Nomination Committee**

- Igor Komorski, President of the Nomination Committee, independent member
- Damir Metelko, Deputy President of the Nomination Committee, independent member
- Krešimir Kvaternik, independent member of the Nomination Committee, status in suspension since March 7, 2024
- Vanja Kutnjak, member of the Nomination Committee

**Remuneration Committee**

- Igor Komorski, President of the Remuneration Committee, independent member
- Damir Metelko, Deputy President of the Remuneration Committee, independent member
- Krešimir Kvaternik, independent member of the Remuneration Committee, status in suspension since March 7, 2024
- Vanja Kutnjak, member of the Remuneration Committee

**SUBSIDIARIES**

Name	Headquarters	Principal activity	Accounting method	Direct ownership /voting rights	Direct ownership /voting rights
				30.9.2024	31.12.2023
Trgovina Krk Inc.	Malinska, Croatia	Retail trade	Consolidated	100,00%	100%
Radnik Opatija Inc.	Lovran, Croatia	Bakery	Consolidated	100%	100%
Trgocentar Inc.	Virovitica, Croatia	Real estate lease	Consolidated	49,55% / 52,03 %	49,55% / 52,03 %
Narodni trgovački lanac Ltd.	Soblinec, Croatia	Retail / Wholesale	Equity method	25%	25%

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of these financial statements are the International Financial Reporting Standards and the Accounting Policies of Čakovečki mlinovi Inc., and have been consistently applied to all periods presented, unless otherwise stated.

The accounting policies that were applied when compiling the audited consolidated annual financial statements for 2023 were not changed and were also applied when compiling these consolidated financial statements. The aforementioned accounting policies can be found in the audited consolidated annual financial statements for 2023, published on the website of the Zagreb Stock Exchange ([www.zse.hr](http://www.zse.hr)).



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