



ČAKOVEČKI MLINOVI

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ČAKOVEČKI MLINOVI INC.

ANNUAL CONSOLIDATED REPORT
FOR 2024
(unaudited)



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ČAKOVEČKI MLINOVI INC.

**CONSOLIDATED INTERIM MANAGEMENT REPORT
FOR 2024**

1. BUSINESS RESULTS FOR 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 2024, the Čakovečki mlinovi Group achieved EUR 209.6 million in consolidated total revenues based on consolidated total assets in the amount of EUR 114.9 million and employed 2,072 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 of December 31, 2024, the Company had issued and listed 10,290,000 shares with a market capitalization of EUR 109,1 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 centre. The Trade segment is operating managed by Trgovina Krk Inc. The food segment is operating managed by Čakovečki mlinovi Inc. and Radnik Opatija Inc.

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

Trade

KEY OPERATING INDICATORS	31.12.2024	31.12.2023
Number of trade stores	421	434
Store sales area (in m ² net)	54.867	55.104
Average area per store (in m ² net)	130	127
Area of distribution warehouses (in m ² gross)	11.343	11.343
Average number of employees	1.794	1.831

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 of December 31, 2024, Trade managed 421 retail stores located in northwestern Croatia, Kvarner and the island of Krk. The total net sales area was 54,867 m², of which about 67,4% 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 130 m². 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 75% 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 346 stores and 9 wholesale logistics and distribution centres. In the 2024, NTL generated EUR 238.1 million in total revenue (2023: EUR 178.3 million) and EUR 5.2 million in net profit (2023: EUR 4.8 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

KEY OPERATING INDICATORS	31.12.2024	31.12.2023
Grain processed (in tons)	59.591	51.738
Production of bakery products (in tons)	7.762	7.685
Oil production (in tons)	89	33
Average number of employees	278	281

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 of December 31, 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 decreasing net profit in a challenging economic environment

- Sales revenue in amount of EUR 200.5 million (+3.8% compared to 2023).
- Normalized profit before interest, taxes, depreciation, and amortization (EBITDA) in the amount of EUR 14.9 million ((4.1%) compared to 2023), with a reduction in normalized EBITDA margin from 8.0% to 7.4%.
- Net profit in the amount of EUR 6.9 million (decreasing for (5.4%) to 2023), with the reduction of the net profit margin from 3.8% to 3.4%.

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 Heinzel 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)	2024	2023	2024/ 2023
Sales revenue	200.5	193.1	3.8%
Operating expenses, net ¹	187.2	178.2	5.1%
EBITDA ²	13.3	14.9	(11.1%)
Normalized EBITDA³	14.9	15.5	(4.1%)
Depreciation, amortization	7.3	7.7	(5.9%)
EBIT ⁴	6.0	7.2	(16.7%)
Net financial result ⁵	2.3	1.6	42.6%
Net profit (loss)	6.9	7.3	(5.4%)

Profit margins ⁶			
EBITDA margin	6.6%	7.7%	(1.1 pb)
Normalized EBITDA margin	7.4%	8.0%	(0.6 pb)
EBIT margin	3.0%	3.7%	(0.7 pb)
Net profit margin	3.4%	3.8%	(0.4 pb)

Balance sheet (millions of euros)	31.12.2024.	31.12.2023.	31.12.2024./ 31.12.2023.
Net debt (cash) ⁷	(20.6)	(15.7)	30.6%
Capital and reserves	87.6	81.7	7.3%
Net working capital ⁸	23.7	23.0	3.3%

CASH FLOWS (millions of euros)	2024.	2023.	2024./ 2023.
Net cash flows from operating activities	12.8	17.2	(25.3%)
Capital expenditures (CapEx) ⁹	5.4	6.3	(13.9%)
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 2024, the Čakovečki mlinovi Group generated EUR 200.5 million in sales revenue, EUR 14.9 million in normalized EBITDA and EUR 6.9 million in net profit.

The Group's operations were marked by a growth in sales revenue of 3.8% or EUR 7.4 million compared to the same period of the previous year because of a 4.3% growth in the Trade segment's revenue with a slight increase in the Food segment's revenue by (0.8%).

The Trade business segment, as the largest segment of the Group, generated EUR 175.4 million or 87.5% of the Group's sales revenue and EUR 11.3 million in normalized EBITDA or 76.0% of the Group's normalized EBITDA.

Sales revenue of the Retail sub-segment, as the largest business area of the Group, grew by 4.8% or EUR 7.7 million, or by 5.2% or EUR 7.9 million on a comparable (hereinafter: "LFL") basis.

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

The Food business segment generated EUR 25.1 million or 12.5% of the Group's sales revenue and EUR 3.6 million of normalized EBITDA or 24.0% of the Group's normalized EBITDA. Sales revenue is up by 0.8% or EUR 0.2 million compared to the same period of the previous year.

In the Food segment, in the field of milling, following the drop in raw material prices in 2023, the trend of falling raw material prices continues during 2024, which also determines the lower level of sales prices, which, due to significantly higher volumes of quantitative production and sales, results in a total lower level of realized sales revenue by 0.1 million euros compared to the comparative period. The decrease in income was mainly compensated by 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 expenses increased by 5.1% or EUR 9.1 million, mainly because of an increase in personnel costs (by EUR 5.0 million) and net cost of goods sold (by EUR 4.5 million). Personnel costs of the overall trend of salary growth in the environment in which the segment operates and labour shortage, while the net costs of goods sold grew above the stated growth of the Trade segment's income.

In 2024, the Group's normalized EBITDA decreased by EUR (0.6) million, and net profit decreased by EUR (0.4) million compared to the previous year. The Group recorded a decrease in the normalized EBITDA margin to 7.4% (2023: 8.0%) and a decrease in the net profit margin of 3.4% (2023: 3.8%). The Group's profit margins were pressured by government price control measures and rising personnel costs.

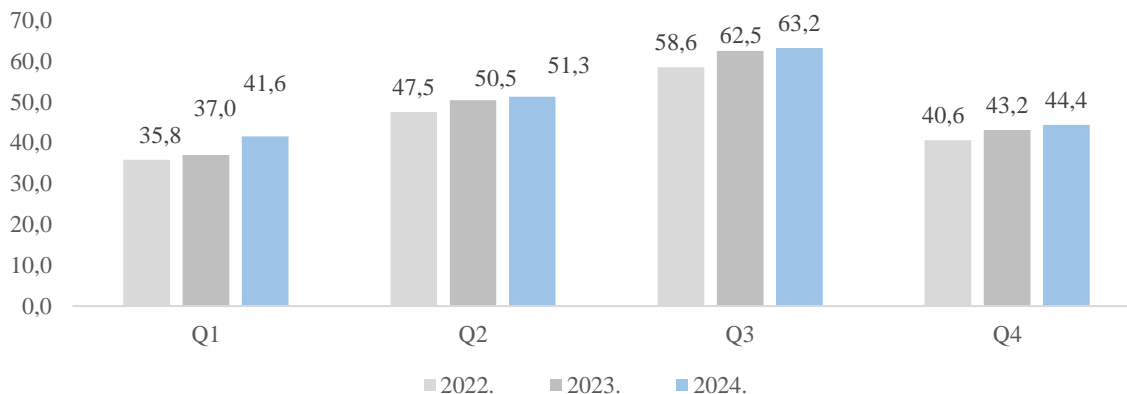
The Group's net financial result amounted to EUR 2.3 million, an increase of EUR 0.7 million compared to the same period of the previous year, which is the result of optimal management of the cash equivalent position.

As of 31 December 2024, the Group held a net cash position of EUR 20.6 million.

QUARTERLY PERFORMANCE OVERVIEW OF THE GROUP

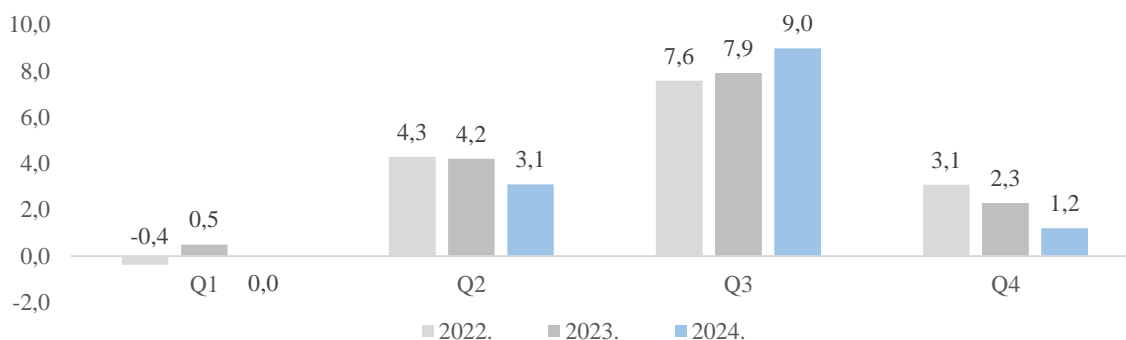
Group sales revenue

(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 has a characteristic seasonality of business depending on the situation in Croatian tourism. Given the successful tourist season in 2024, which is evident through seasonal quarters and high sales revenues in them, the Group achieved exceptionally good EBITDA in 2024.

SALES REVENUE

SALES REVENUE BY SEGMENT					
(in millions of euros)	2024	% of sales revenue	2023	% of sales revenue	2024/2023
Trade	175.4	87.5%	168.9	87.1%	4.3%
Food	25.1	12.5%	24.9	12.9%	0.8%
Consolidated Sales revenue	200.5	100.0%	193.1	100.0%	3.8%

Note: Data are presented on a consolidated basis.

LFL ¹ RETAIL GROWTH			
(in millions of euros)	2024	2023	2024/2023
Revenue from the sale of goods – Trade	174.8	167.2	4.6%
Revenue from the sale of goods - Retail	169.6	161.9	4.8%
Revenue from the sale of goods - Retail - LFL¹	160.8	152.9	5.2%

¹ Like-for-like (LFL) revenues refer to stores that operated throughout both comparable periods.

Note: Data is presented on a consolidated basis.

In 2024, the Group generated sales revenue of EUR 200.5 million, which is 3.8% or EUR 7.4 million more than in the same period of the previous year because of a 4.3% increase in sales revenue in the Trade segment, while sales revenue in the Food segment increased by 0.8%.

Sales revenue in the Trade segment amounted to EUR 175.4 million or 87.5% of the Group's sales revenue and increased by 4.3% or EUR 7.2 million compared to the same period of the previous year. The stated growth in sales revenue in Trade is the result of inflation-adjusted sales prices, positive effects of the active pricing policy, and a good tourist season in the Istria and Kvarner regions compared to the comparative period. Sales revenue in Retail increased by 4.8% or EUR 7.7 million, or by 5.2% or EUR 7.9 million on an LFL basis.

Sales revenue of the Food segment amounted to EUR 25.1 million or 12.5% of sales revenue and is 0.8% or EUR 0.2 million higher than in the same period of the previous year.

In the Food segment, in the area of milling, following the decline in raw material prices in 2023, the price trend typical for seasonal oscillations specific to milling cereals for human consumption between two harvests stabilizes in 2024, and this determines the difference in the cost of milling raw materials between the more stable 2024 and 2023, which was very specific due to the dominant influence of the war events in Ukraine on the grain market in the part of the region in which the segment operates. The level of sales prices during 2024 follows the seasonal oscillations in the price of milling raw materials, which in the second half of 2024 take on a trend of significant growth due to the lack of higher-quality milling wheat on the market. Due to the higher realized production and sales volume, in accordance with the previously mentioned influences, everything results in a total higher level of realized sales revenue of EUR 0.2 million compared to the comparative period, which mostly stems from the Food segment, in the bakery business area, which recorded a revenue growth 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 policy of purchase and sales prices, optimization of the product range and sales channels, and optimal use of production capacities.

OPERATING EXPENSES

(in millions of euros)	2024	% of sales revenue	2023	% of sales revenue	2024/ 2023
Raw materials and changes in value of stock	23.0	11.5%	25.2	13.0%	(8.8%)
Cost of goods sold, net ¹	114.0	56.8%	109.5	56.7%	4.1%
Other external expenses	8.0	4.0%	6.7	3.4%	20.1%
Employee salaries and non-taxable remuneration	38.3	19.1%	33.3	17.3%	14.9%
Other expenses	2.6	1.3%	2.6	1.3%	1.0%
Value adjustments and provisions	0.3	0.2%	0.3	0.2%	3.3%
Other business expenses (income) ³	1.1	0.54%	0.6	0.3%	70.8%
Operating expenses, net	187.3	93.4%	178.2	92.3%	5.1%

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

2 Employee salaries and non-taxable remuneration 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 2024, the Group recorded an increase in net operating expenses by 5.1% or EUR 9.1 million compared to the same period of the previous year. Raw materials and supplies costs were lower due to the purchase of raw materials at lower prices in the Food segment, while net costs of goods sold grew faster than the growth in revenue from sales of goods in relative terms.

The Group invested EUR 5.0 million in increasing salaries and non-taxable benefits during 2024. Total salaries and non-taxable benefits at the Group level amounted to EUR 38.3 million and increased by 14.9% compared to 2023. As of 31 December 2024, the Group employed 2,292 employees (2023: 2,249), or an average of 2,072 employees in 2024 based on working hours (2023: 2,112).

EBITDA

EBITDA BY SEGMENTS (in millions of euros)	2024			2023		
	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
Consolidated Sales revenue	200.5	175.4	25.1	193.1	168.2	24.9
EBITDA	13.3	10.1	3.2	14.9	12.3	2.6
EBITDA margin	6.6%	5.7%	12.6%	7.7%	7.4%	10.2%
Normalized EBITDA¹	14.9	11.3	3.6	15.5	12.6	2.9
Normalized EBITDA margin	7.4%	6.4%	14.2%	8.0%	7.5%	11.7%

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 2024, the Group achieved normalized EBITDA of EUR 14.9 million, down EUR 0.6 million compared to the same period of the previous year. Reported EBITDA was EUR 13.3 million (2023: EUR 14.9 million).

Normalized EBITDA of the Trade segment was EUR 11.3 million, down EUR 1.3 million compared to the same period of the previous year. Normalized EBITDA margin of the Trade segment was 6.4% (2023: 7.5%). Normalized EBITDA of the Food segment was EUR 3.6 million, up EUR 0.7 million compared to the same period of the previous year. Normalized EBITDA margin of the Food segment was 14.2% (2023: 11.7%).

Normalized EBITDA

Normalized EBITDA (in millions of euros)	2024			2023		
	GROUP	TRADE	FOOD	GROUP	TRADE	FOOD
EBITDA	13.3	10.1	3.2	14.9	12.3	2.6
Intellectual services	0.5	0.3	0.2	0.3	0.1	0.2
Bonuses under contractual arrangements	0.6	0.4	0.2	0.5	0.3	0.2
Other one-time expenses/(income), net	0.5	0.5	0.0	(0.2)	(0.1)	(0.1)
Normalized EBITDA	14.9	11.3	3.6	15.5	12.6	2.9

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 2024, the Group recorded EUR 0.5 million in one-time Intellectual services (2023: EUR 0.3 million), EUR 0.6 million in contractual bonuses (2023: EUR 0.5 million), and EUR 0.5 million in net other one-time expenses/income (2023: EUR (0.2) million).

NET PROFIT

In 2024, the Group achieved a net profit of EUR 6.9 million, which is EUR 0.4 million less than in the same period of the previous year.

NET DEBT

(in millions of euros)	31.12.2024	31.12.2023	31.12.2024/ 31.12.2023
Long-term lease liabilities	2.7	3.0	(9.2%)
Short-term loans liabilities	4.2	4.2	(0.2%)
Short-term lease liabilities	1.4	1.4	(0.1%)
Given deposits and the similar	0.0	(0.6)	(92.8%)
Cash and cash equivalents	(28.8)	(23.8)	21.4%
Net debt (cash)	(20.6)	(15.8)	51.3%

As of 31 December 2024, the Group recorded a net cash item of EUR 20.6 million (31.12.2023: EUR 15.8 million), of which EUR 4.2 million (31.12.2023: EUR 4.2 million) relates to loan liabilities, EUR 4.1 million (31.12.2023: EUR 4.4 million) to lease liabilities, and EUR 28.8 million (31.12.2023: EUR 24.4 million) to cash and cash equivalents and deposits. The loan liabilities relate to the associated company Trgocentar Inc. in which the Group holds 52.03% of the voting rights and consolidates the company in full.

CASH FLOWS

In 2024, the Čakovečki mlinovi Group generated EUR 12.8 million in net cash flows from operating activities, which is EUR 0.5 million lower than the realized EBITDA, primarily as a result of an increase in cash flows before changes in working capital of EUR 13.9 million.

NET WORKING CAPITAL			
(in millions of euros)	31.12.2024	31.12.2023	31.12.2024/ 31.12.2023
Inventories	25.8	26.4	(2.3%)
Short-term receivables from customers	9.7	9.0	8.4%
Short-term liabilities to suppliers	(11.8)	(12.4)	(4.8%)
Net working capital	23.7	23.0	3.3%

The Group's net working capital increased by 3.3% or EUR 0.7 million, while inventories decreased by 2.3% or EUR 0.6 million. Trade receivables increased by 8.4% or EUR 0.8 million due to revenue growth, while short-term trade payables decreased by 4.8% or EUR 0.6 million.

The Group's capital expenditures in 2024 amounted to EUR 5.4 million, which is lower than in the same period of the previous year (2023: EUR 6.3 million). In the Trade segment, EUR 4.9 million was invested in opening new stores and renovating existing stores. Capital expenditures in the Food segment amounted to EUR 0.5 million and relate to the purchase of vehicles for transporting bakery products and to plants and equipment in milling and bakery production.

VALUATION OF THE ČAKOVEČKI MLINOVI GROUP

KEY INDICATORS OF CKML SHARE VALUATION			
(in millions of euros)	31.12.2024.	31.12.2023.	31.12.2024./ 31.12.2023.
Price per share (PPS, in euro) ¹	10.6	10.4	1.9%
Market Capitalization ²	109.1	107.0	1.9%
EV ³	84.7	87.4	(3.1%)
EV / Sales Revenue ⁴	0.45x	0.48x	(0.03x)
EV / Normalized EBITDA⁴	6.7x	6.6x	0.1x
Earnings per share (EPS, in euros) ⁵	0.7	0.7	(5.9%)
Dividend per share (DPS, in euros) ⁶	0.10	0.00	-
Dividend yield ⁷	0.9%	0.0%	-

1 The price per share (eng. 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 (105,000) and the price per share.

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

4 Valuation indicators were 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 (EPS) represents net profit per share calculated on the basis of net profit attributed to the owners of the capital of the parent company.

6 Dividends per share (DPS) is calculated as the ratio of cash expenses for the payment of dividends and the number of shares.

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

2. EXPECTED BUSINESS DEVELOPMENT IN 2025

The forecast for 2025 has a positive macroeconomic picture with a challenging combination of opportunities and risks for entrepreneurs. The Company's management will continue to actively work on further business development as well as the implementation of planned strategic guidelines, i.e. increasing retail business, diversifying products, investing in modernization and automation of production processes with responsible behaviour towards the environment. In this part, during 2025, the management of the Company will carry out all the necessary activities announced in the Offer for the takeover of the company Čakovečki mlinovi d.d.d., from August 28, 2024, of the bidders MLIN I PEKARE Ltd., PLODINEC Ltd., ALLIANZ ZB Ltd. and PBZ CROATIA OSIGURANJE Inc., all with the aim of consolidating the operations of the MIP Group and the Čakovečki mlinovi Group with the purpose of increasing competitiveness and expanding operations on the relevant market, optimizing costs and increasing the client base with the planned modernization of operations.

The Company's operations in 2025 are subject to macroeconomic and economic developments in the world and Europe, and the Company will continue with a focused approach to finding opportunities in a dynamic environment.

As of the date of issuance of this report, the Group has a cash position sufficient to smoothly settle its due liabilities and therefore prepares financial statements on a going concern basis.

General economic environment

According to the HNB, core inflation in Croatia is expected to slow to 3.5% in 2025, down from 4.0% so far. The slowdown in inflation in the first 8 months of 2024 is reflected in the weakening of current inflationary pressures, primarily core inflation and food price inflation. The risks of higher inflation are mainly related to geopolitical tensions that could result in higher prices for energy and other raw materials.

For 2025, global and regional GDP is expected to continue to grow, although perhaps at a slower pace than during the recovery from the pandemic. Depending on the region, economies could experience stabilization, while markets in developed countries should record moderate growth. In Croatia and Europe, the return to economic growth will also depend on favourable circumstances in the international market, interest rate policy and the stability of political and trade relations. Thus, in Croatia, we have a slowdown in growth to 3.3% (in 2024 3.7%).

Further GDP growth is expected through a greater contribution from the export of goods and services, assuming a recovery in external demand, but also through a continued decline in interest rates and more favourable financing costs. The slowdown in growth results from slower investment growth and weakening consumer confidence.

The impact of the war in Ukraine and in Israel

The prolonged duration of the wars in Ukraine and Israel represents 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 99,4% of its revenue. The Group's foreign revenues refer to Slovenia, Bosnia and Herzegovina, Germany and Lithuania. 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, in 2025, new state measures aimed at controlling the prices of certain food products will follow, with possible negative consequences for the volume and profitability of the Group's business. Since January 2025, a price control measure has been in effect for 70 products in retail trade. Management is managing the 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 flour type T-550 smooth and T-400 sharp, wheat bread, instant polenta, Kaiser rolls, barley porridge from 31.1.2025, which prevents an active pricing policy and indexation of costs that affect the price of the final product.

ČAKOVEČKI MLINOVI INC.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR 2024**

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

Based on the provisions of Article 468 of the Capital Market Act, the President of the Company's Management Board, Mario Sedlaček, member of the Company's Management Board, Marijan Sršen, and the member of the Company's Management Board Krešimir Kvačernik, make the following statement:

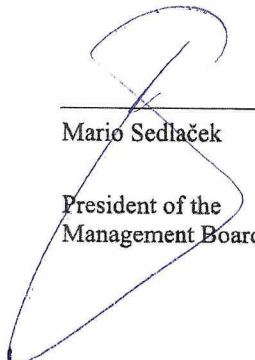
To the best of our knowledge:

- Consolidated financial statements for the fourth quarter of 2024, and for 2024 were compiled 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.
- The consolidated interim management report for the fourth quarter of 2024, or for 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, along with a description of the most significant risks and uncertainties to which are exposed.

The consolidated financial statements for the fourth quarter of 2024, or for 2024 have not been audited.

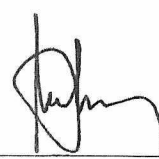
In Čakovec, 28 February 2025

For Čakovečki mlinovi Inc.:




Mario Sedlaček

President of the
Management Board



Marijan Sršen

Member of the
Management Board



Krešimir Kvačernik

Member of the
Management Board

	1.-12. 2024	1.-12. 2023	10.-12. 2024	10.-12. 2023
	in '000 EUR	in '000 EUR	in '000 EUR	in '000 EUR
Sales revenue	200,540	193,148	44,417	43,425
Other income	6,623	6,470	2,324	2,173
Operating revenue	207,163	199,618	46,741	45,598
Changes in inventories	163	(99)	200	2
Costs of raw material, energy	(23,135)	(25,101)	(5,679)	(5,900)
Cost of goods sold	(120,020)	(115,102)	(25,594)	(25,703)
Other external costs	(7,990)	(6,655)	(2,466)	(1,785)
Staff costs	(33,345)	(28,889)	(8,336)	(6,938)
Depreciation, amortization	(7,254)	(7,707)	(1,776)	(1,907)
Value adjustments	(7,600)	(7,056)	(2,487)	(2,066)
Reservations	(146)	(191)	(146)	(191)
Other costs	(155)	(101)	(155)	(101)
Operating expenses	(201,158)	(192,407)	(47,307)	(45,208)
Operating profit	6,005	7,211	(566)	390
Financial income	1,066	422	233	226
Financial expenses	(138)	(167)	(51)	(58)
Net financial result	928	255	182	168
Share of net profit of associates accounted for using equity method	1,341	1,336	238	166
Profit before tax	8,274	8,802	(146)	724
Income tax expense	(1,407)	(1,547)	(139)	(295)
Net profit/(loss)	6,867	7,255	(285)	429
Attributable to:				
Owners	6,821	7,248	(324)	403
Non-controlling interests	46	7	39	26
Earnings per share (in euros)				
- basic	0.66	0.70	(0.03)	0.04
- diluted	0.66	0.70	(0.03)	0.04

	1.-12. 2024	1.-12. 2023	10.-12. 2024	10.-12. 2023
	in '000	in '000	in '000	in '000
	EUR	EUR	EUR	EUR
Net profit for the period	6,867	7,255	(285)	429
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Changes in fair value of equity instruments at fair value through other comprehensive income				
Total comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income / (loss) for the period	6,867	7,255	(285)	429
Attributable to:				
Owners	6,821	7,248	(324)	403
Non-controlling interests	46	7	39	26

	31.12.2024	31.12.2023
	in '000 EUR	in '000 EUR
Assets		
Non-current assets		
Intangible assets	72	33
Tangible assets	37,786	38,283
Investment property	481	481
Investments in subsidiaries	9,132	8,604
Financial assets	1,799	1,665
Receivables and other receivables	0	2
Deferred tax assets	320	308
	49,590	49,376
Current assets		
Inventories	25,786	26,382
Receivables and other receivables	10,635	9,709
Financial assets	81	625
Cash and cash equivalents	28,833	23,754
	65,335	60,470
TOTAL ASSETS	114,925	109,846
Capital and reserves		
Share capital	13,657	13,657
Reserves	3,246	3,246
Fair value reserves	2,991	2,869
Retained earnings	71,558	65,766
	91,452	85,538
To owners of non-controlling interests	(3,820)	(3,865)
Total equity	87,632	81,673
Liabilities		
Non-current liabilities		
Provisions	817	861
Lease liabilities	2,699	2,974
Deferred tax liability	656	630
	4,172	4,465
Current liabilities		
Lease liabilities	5,614	5,615
Borrowings	0	10
Advances received	64	43
Trade payables	11,797	12,391
Employee benefits payables	2,107	1,838
Taxes, contributions and other duties payable	2,378	2,949
Liability from equity share in profit	29	33
Other short-term liabilities	987	698
Provisions	145	131
	23,121	23,708
TOTAL EQUITY AND LIABILITIES	114,925	109,846

	1.-12. 2024	1.-12. 2023
	in '000 EUR	in '000 EUR
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	8,274	8,802
Adjustments:		
Depreciation, amortization	7,254	7,707
Impairment losses and (gains)/losses on disposal of assets assets	(47)	7
Share in the profit of the associated company	(1,341)	(1,336)
Income from interests and dividends	(627)	(481)
Interest expenses	136	214
Provisions	129	13
Exchange differences	-	-
Other non-cash items	92	913
Increase in cash flows before changes in working capital	13,870	15,839
Changes in working capital	678	2,345
Increase/(decrease) in liabilities	157	(1,597)
(Increase)/decrease in receivables	(17)	184
Decrease in inventories	537	3,758
Cash generated from operations	14,547	18,183
Interest paid	(136)	(214)
Income taxes paid	(1,595)	(804)
NET CASH FLOWS FROM OPERATING ACTIVITIES	12,816	17,166
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash proceeds from the sale of non - current assets	66	71
Cash proceeds from interest	940	357
Cash proceeds from dividends	124	124
Cash proceeds from loans and deposits	15	3,705
Other cash proceeds from investment activities	-	27
Payments for non - current assets	(5,410)	(6,285)
Payment for savings deposits and loans	(145)	(98)
Other payments from investments activities	-	(1,176)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(4,411)	(3,275)
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Proceeds from credit and loans principals and other borrowings and debt financial instruments	-	(10)
Repayment of lease liability principal amounts	(2,298)	(1,867)
Payment of dividends	(1,029)	-
NET CASH FLOWS FROM FINANCIAL ACTIVITIES	(3,327)	(1,877)
TOTAL NET CASH FLOW	5,079	12,014
Cash and cash equivalents at the beginning of the period	23,754	11,740
Cash and cash equivalents at the end of the period	28,833	23,754

	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
Balance on 1.1.2023	13,657	683	2,449	2,756	58,664	78,209	(2,877)	75,332
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)
Balance on 31.12.2023	13,657	683	2,563	2,869	65,766	85,538	(3,865)	81,673
Balance on 1.1.2024	13,657	683	2,563	2,869	65,766	85,538	(3,865)	81,673
Profit/(loss) of the business year	-	-	-	-	6,821	6,821	46	6,867
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	6,821	6,821	46	6,867
Other changes in equity	-	-	-	121	-	121	-	121
Squeezing out minority shareholders	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	(1,029)	(1,029)	-	(1,029)
Balance on 31.12.2024	13,657	683	2,563	2,990	71,558	91,451	(3,819)	87,632

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 based on 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.

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 December 31, 2024 is as follows.

Management Board

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

Supervisory Board

- Damir Metelko, 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, Deputy President of the Supervisory Board
- Prof. Dr. Sc. Mislav Ante Omazić, Independent Member of the Supervisory Board

NOTE 1 – GENERAL INFORMATION (CONTINUED)

Audit Committee

- Franjo Plodinec, President of the Audit Committee
- Igor Komorski, Deputy President of the Audit Committee (Independent Member)
- Damir Metelko, Independent Member
- Vanja Kutnjak, Member of the Audit Committee
- Josip Plodinec, Member of the Audit Committee
- Prof. Dr. Sc. Mislav Ante Omazić, Independent 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
- Vanja Kutnjak, Member of the Nomination Committee
- Josip Plodinec, 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
- Vanja Kutnjak, Member of the Remuneration Committee
- Franjo Plodinec, 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 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).



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