ANNUAL **REPORT**

for the business year 2025



KONZUM



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Introduction



Foreword by the President of the Management Board



The year 2025 was marked by significant challenges, but also by important milestones for Konzum. As Croatia's leading retail chain and a part of the Fortenova Group, our priority remained to be a reliable partner to our customers and the community at all times.

The beginning of the year was marked by a consumer boycott that affected purchasing patterns and required a swift adjustment of our operations. In addition, the tourist season was atypical, characterized by significant shifts in demand, while regulatory price limitation measures also remained in force. Despite these circumstances, thanks to the dedication and commitment of our colleagues, we ensured stable supply and high product availability across all stores. We implemented all Government measures in a timely manner and further strengthened our support to customers by investing in price stability through locking the prices of 250 domestic products. Our customers are the driving force behind our growth, and our responsibility is to continue investing in service quality in order to justify the trust they place in us every day.

From a financial perspective, we delivered strong and stable results. Retail revenue increased to EUR 1,811 million, confirming that our focus on the core retail business delivered the expected results. At the beginning of the year, Fortenova Group made a strategic decision to separate the wholesale business into the sister company Roto Dinamic d.o.o. in order to strengthen the focus on retail operations. Total normalised revenue amounted to EUR 1,896 million, reflecting the effect of this organisational separation. Normalised EBITDA increased to EUR 196.6 million, while the EBITDA margin improved to 10.6 percent, up 1.1 percentage points compared to 2024. The improvement was driven by a strong focus on profitability, optimisation of internal processes and responsible cost management. I would particularly highlight that, in 2025, we fully repaid all outstanding loans and closed the year without financial debt, while also increasing net profit, representing an important step in strengthening the Company's long term financial position.

We continued to invest in our retail network and customer experience. During the year, we opened five new stores, modernised forty seasonal locations and made significant progress in digitalisation. We expanded our in-house delivery service, increased the availability of the Konzum Express service, installed the first pickup lockers and further enhanced our loyalty programme. I am particularly proud of the innovative "Coupon Your Way" functionality, developed entirely within the Fortenova Group, which provides customers with personalised offers and tangible savings.

Our employees remain the foundation of our success. During 2025, we invested in salary increases on two occasions, first in January and again in May, amounting to a total annual investment of EUR 26 million. By signing a new Collective Agreement, we also secured an additional EUR 25 million in salary increases effective from the beginning of 2026. We continue to invest in training, skills development and employee wellbeing, recognising that sustainable growth is not possible without a strong and motivated team.

I would also like to proudly highlight the title of Croatia's Largest Food Donor, which we received for the eighth consecutive year, as well as projects that contribute to the community and the environment, including plastic reduction initiatives, receipt digitalisation, and campaigns such as Little Big Talents and others.

The year behind us was marked by numerous challenges, but it also demonstrated that unity, trust and commitment create a strong foundation for future growth. We are entering the next period strong and stable, with a clear ambition to continue building Konzum as a modern, responsible and sustainable retail chain that creates value for customers, employees and partners.

Zoran Mitreski

President of Management Board
of Konzum



Basis of Preparation

Pursuant to Articles 21 and 24 of the Accounting Act (Official Gazette "Narodne novine" No. 85/24, 145/24, 151/25) and Article 250.a of the Companies Act (Official Gazette "Narodne novine" No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23, 136/24), the Management Board of KONZUM plus d.o.o. (hereinafter: the Company or Konzum) has prepared this Management Report (hereinafter: the Report). The Report outlines the achievements and performance of the Company during 2025, using a range of financial and non-financial indicators. It provides a comprehensive overview of the Company's strategic direction, financial and operational results, and contribution to socially responsible and sustainable business practices.

Scope of the Report

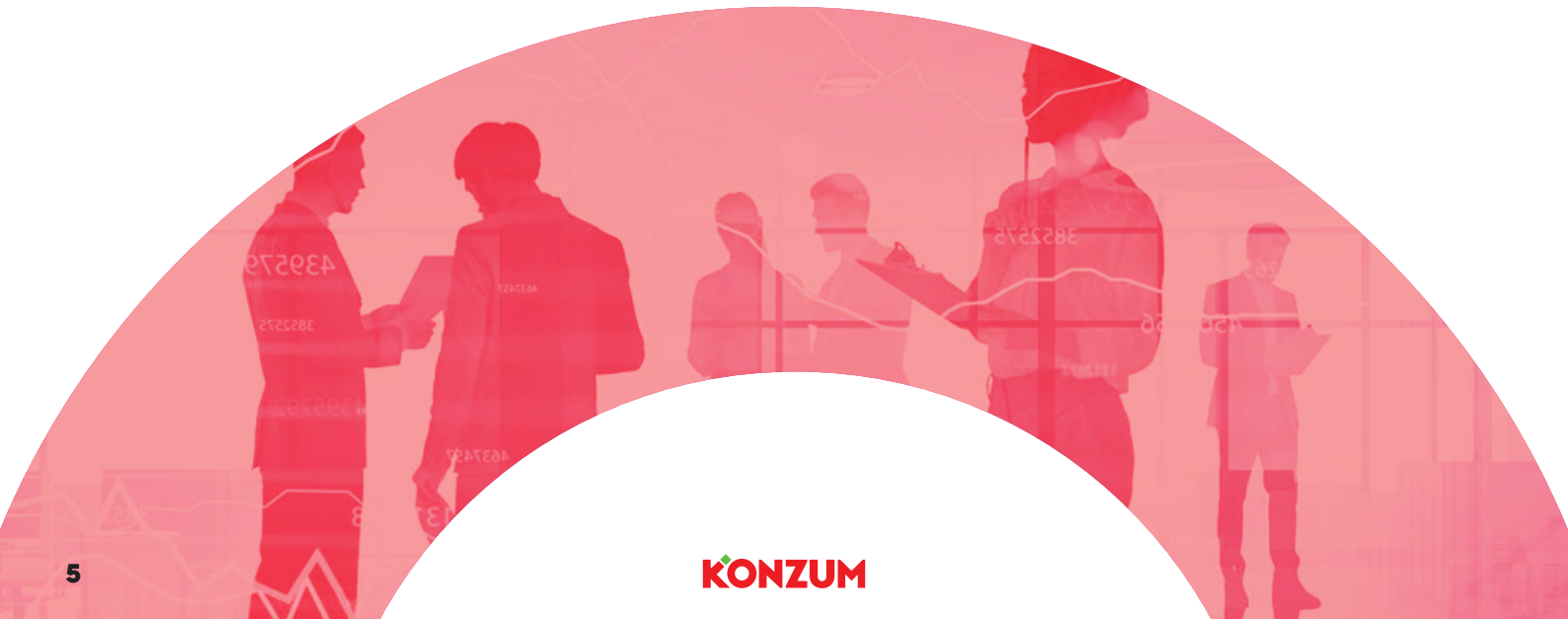
This report covers the period from 1 January to 31 December 2025, and addresses topics that comprehensively present Konzum as a company, including a summary of key financial and operational results and review of the most significant events during the year. The financial section offers a concise analysis of the financial statements, while the non-financial section highlights Konzum's achievements and efforts toward achieving sustainable development goals across environmental, social, and governance (ESG) areas.

Alternative Performance Measures

In the preparation of this Report, certain additional performance measures have been used which are not prescribed by the International Financial Reporting Standards (IFRS). These measures provide enhanced insights into the Company's operations and enable a clearer and more comprehensive interpretation of the presented information. An overview of the alternative measures used, along with the methods for their calculation and the rationale for their disclosure, is provided on pages 26-28 within the Business Report section

Management Board Authorisation

The Management Board and Supervisory Board of Konzum continuously monitor and analyse the Company's financial, operational, and sustainability performance. He Management Board authorised the issuance of this Annual report, as detailed in the *Responsibility of Annual Financial Statements* section.



Corporate Governance

Konzum plus d.o.o. is a limited liability company for trade incorporated under the relevant laws and regulations of the Republic of Croatia and the European Union. The sole incorporator of Konzum plus d.o.o. is Fortenova grupa d.d. The registered office of the Company is in Zagreb, Marijana Čavića 1a. As at 31 December 2025, the owner of the Company was Fortenova grupa d.d., Zagreb, Marijana Čavića 1, with a 100 percent share. Ultimate parent of the Company as at 31 December 2025 is Sustainable Solutions Holding AG, Switzerland, while the ultimate controlling party as at 31 December 2025 is Mr. Pavao Vujnovac.

The governing bodies of the Company are the **Management Board**, **the Supervisory Board**, **and the Assembly**. The Management Board and the Supervisory Board act independently and are accountable to the Company's Assembly.

The **Company Assembly** consists of the sole member, Fortenova grupa d.d. Since the Company has only one member, all Assembly decisions are replaced by written decisions of the sole Company member in accordance with the Companies Act. The Assembly decides on matters specified by the Company's Incorporation Statement. It is convened by the Management Board at least once per year.

Pursuant to the Konzum plus d.o.o. Incorporation Statement dated 5 September 2024, the **Supervisory Board** consists of three members with a four year mandate, appointed and dismissed by the Company Assembly.

The Supervisory Board supervises the management of the Company's operations, including reviewing the annual financial statements, proposing the appointment of the Company's auditor to the Assembly, submitting a written supervisory report to the Company Assembly and convening the Assembly if necessary. Each Supervisory Board or Management Board member may request that the Supervisory Board President convene a Supervisory Board meeting, stating the reasons and objectives. The Supervisory Board generally adopts decisions at meetings by a simple majority vote of the Supervisory Board members present.

SUPERVISORY BOARD MEMBERS IN 2025



As at 31 December 2025, the members of the Company's Supervisory Board were Fabris Peruško, President of the Supervisory Board, Damir Spudić, Deputy President of the Supervisory Board, and Hido Lajtman, Member of the Supervisory Board.

Management Board

In accordance with the Incorporation Statement, the Management Board consists of one to five members, with one appointed as the President. Members are appointed and dismissed by the Assembly, with a term of up to four years.

The Management Board manages the Company's operations independently and on its own responsibility, according to the privileges and restrictions defined by the applicable regulations of the Republic of Croatia, the Company Incorporation Statement, the decisions of the Supervisory Board and the Company Assembly and in accordance with the Management Board Rules of Procedure. Any act of the members of the Management Board in this capacity or when they are required to act in such capacity is considered as management of the Company's business operations.

Through managing the Company business activities, the Management Board represents the Company and undertakes other actions resulting from business activities and within the scope of regular Company management. If the Statement prescribes that the Management Board may make certain decisions only with prior consent of the Company Assembly, the Management Board is authorized to make such a decision or undertake such action after having obtained the consent.

Management Board as the Company's governing body usually makes decisions during formal sessions, in the manner defined by the Management Board Rules of Procedure. The Management Board has also, for the purpose of facilitating operations and increasing efficiency, delegated part of the authority for decision making and representation to lower organizational levels within the Company through an internal act. Board members are required to act with due care and diligence and undertake all necessary measures to mitigate risks related to the Company business.

The Company is represented by the Management Board in accordance with the Incorporation Statement. The Company is jointly represented by two members of the Management Board when acting as its legal representative.

MANAGEMENT BOARD MEMBERS IN 2025

Zoran Mitreski
Member since
11 January 2019.
President since
8 May 2020

Uroš Kalinić
Member since
11 January 2019
until 31 December 2025

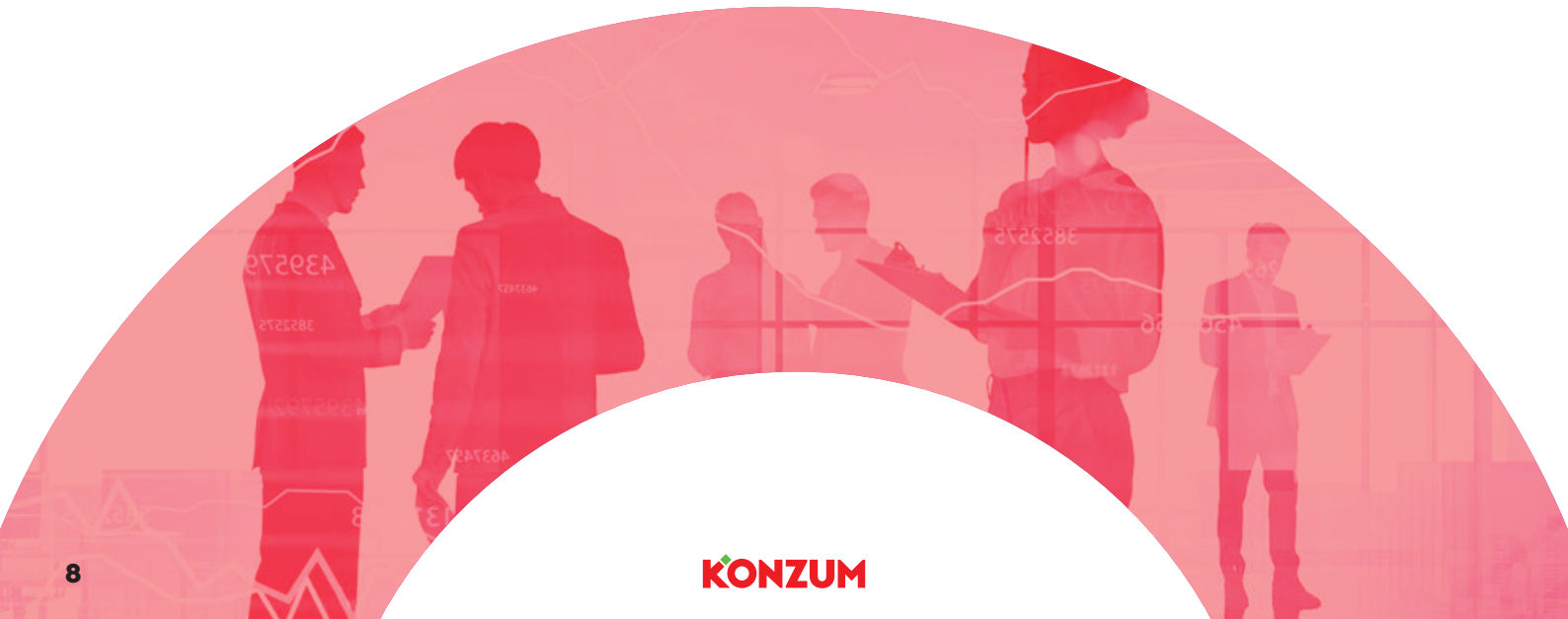
Business Compliance

The Company has established a dedicated Business Compliance Function, responsible for:

- Monitoring and implementing applicable laws and regulations in the Company's operations;
- Ensuring the Company's business practices are aligned with legal requirements and internal policies;
- Overseeing the implementation of additional standards relevant to the Company's business activities;
- Conducting risk assessments and proposing best practice solutions;
- Advising management and all employees on compliance obligations.

The Compliance Officer (CO) is a Company employee whose primary task is to ensure business compliance through their activities. To avoid potential conflicts of interest, the CO must maintain sufficient independence from operational activities in order to perform their duties objectively and appropriately and reports directly to the Company's management.

Konzum bases its business operations on responsibility and strict adherence to legal frameworks. The Compliance team ensures that operations are aligned with relevant laws, regulations, and internal policies, mitigating regulatory risks and strengthening operational security.



About Us



About Us



Our retail network and online store are recognized for customer satisfaction, supply chain reliability, service availability, and a wide range of domestic products. As Croatia's leading retail chain and a part of the Fortenova Group, Konzum has built a strong market presence and a tradition spanning more than 65 years. Throughout its development, the Company has established itself as a reliable partner to customers, suppliers and the community, continuously adapting to market changes and setting standards in the retail sector.

Today, Konzum operates through an extensive retail network with more than 600 stores across over 300 cities and towns throughout Croatia, on the mainland, coast and islands. Approximately half a million customers place their trust in the Company every day, confirming its important role in everyday life. Different store formats, ranging from neighbourhood stores to large supermarkets, enable us to meet the needs of all customer groups while continuously improving service quality and product availability.

We place particular emphasis on cooperation with domestic producers, actively contributing to the development of the Croatian economy and strengthening local communities. Our operations are built on responsibility across all business segments, taking into account economic, social and environmental impacts and creating long term value for all stakeholders.

As Croatia's leading retail chain, Konzum continuously introduces innovation and new industry trends. We were among the first on the market to launch online sales and have continued to develop digital channels and services in order to provide customers with a simpler and more accessible shopping experience. Today, our online store offers a wide assortment of products and flexible delivery and collection options, responding to the growing demand of modern consumers for convenience and speed.

MISSION
To help our customers improve their quality of life by offering a selection of food products

VISION
To be the undisputed market leader and the first choice for both employees and customers while promoting our corporate values.

As one of the largest companies in Croatia, we are aware of our impact and strive to direct it towards creating a sustainable and prosperous society. Investments in our employees, business development and the continuous improvement of customer experience, together with a strong commitment to social responsibility, remain the foundation of our future growth and long term competitiveness.

Overview of Selected Market Research Findings for 2025.

Monitoring changing market conditions through regular market research is an integral part of Konzum's operations. This approach provides valuable insights into market dynamics, as well as customer habits and attitudes, enabling continuous adaptation to the needs of the modern market and strengthening the Company's market position.

Customer satisfaction research conducted in 2025 confirms a very high level of satisfaction with Konzum stores.

The main drivers of customer satisfaction are the friendliness of employees, convenience of store locations and ease of navigation within stores. Spontaneous customer feedback shows that satisfaction is most often linked to store accessibility, employee friendliness and the breadth of the product offering.

Customers' willingness to recommend Konzum, measured through the Net Promoter Score (NPS), remains positive and high, showing a significant improvement compared to the previous measurement. These results contribute to a positive customer perception of the brand.

Our customers recognise the Konzum brand as approachable, warm and reliable, as "their own", friendly and well intentioned, with a strong focus on family and everyday needs. Customer perception remains stable and continues to strengthen over time, reflecting clear and consistent brand positioning.

In the eyes of customers, Konzum is perceived as an accessible and reliable partner in everyday shopping, providing a sense of security, understanding customer needs and always being ready to help. This emotional connection further supports loyalty and long term trust.

At the same time, key elements of customer perception remain unchanged: strong accessibility and convenient store locations, excellence in the offering of domestic products, a leading position in key fresh food categories such as fresh meat and domestic fruit and vegetables, and a positive perception of private label products. We have confirmed our strong position as a retail chain where customers can find everything they need in one place, while maintaining a high perception of quality.

When it comes to sustainability and social responsibility, customers recognise us as a retail chain distinguished by its care for the wider community and as a company that actively contributes to positive social change by encouraging the development of healthy and responsible habits, particularly among children, supporting charitable initiatives and enabling customers to contribute to positive impact through their own choices. This perception builds a deeper connection with the brand and confirms its relevance in customers' everyday lives.

Sources: Customer Satisfaction Survey, quantitative research, 2025; Retail Chain Perception Survey, quantitative research, 2025; Purchase Drivers and Retail Chain Image Survey, qualitative research, 2025.

Business Report



Key Achievements

Our experience, best practices, and commitment to excellence across all business processes have enabled us to successfully adapt and overcome challenges, as evidenced by our strong business results. We ended the year above expectations, with a **1.1 percent increase in retail sales revenue** compared to the previous year.

An absolute EBITDA growth of 4.5 percent compared to the previous year and the full repayment of all loans contributed to a reduction in the net debt-to-EBITDA ratio **from 2.6x to 1.4x**.

2024.

1,981 MIL EUR
Sales revenue

1,792 MIL EUR
Retail sales revenue

636
Maloprodajnih prodavaonica*

489,025 m²
Average Gross Sales area

311,129 m²
Average Net Sales area

5
Online stores

11
Newly opened stores

23 MIL EUR
Digital business Sales revenue

22.3 MIL EUR
Capital Expenditurre

526 MIL EUR
Financial liabilities

63.3 MIL EUR
Net profit before tax

9.5 %
EBITDA margin

188.2 MIL EUR
Normalised EBITDA

2.6 x
Net debt /EBITDA

324.3 MIL EUR
New Value Created

2025.

1,852 MIL EUR
Sales revenue
↓ 6.5% Compared to previous year

1,811 MIL EUR
Retail sales revenue
↑ 1.1% Compared to previous year

635
Maloprodajnih prodavaonica*

485,172 m²
Average Gross Sales area

309,280 m²
Average Net Sales area

5
Online stores

5
Newly opened stores

23.7 MIL EUR
Digital business Sales revenue
↑ 3.2% Compared to previous year

17.1 MIL EUR
Capital Expenditurre

308 MIL EUR
Financial liabilities
↓ -41.4% Compared to previous year

99.8 MIL EUR
Net profit before tax
↑ 57.6% Compared to previous year

10.6 %
EBITDA margin

196.6 MIL EUR
Normalised EBITDA
↑ 4.5% Compared to previous year

1.4 x
Net debt /EBITDA

360.2 MIL EUR
New Value Created
↑ 11.1% Compared to previous year

*Number of retail stores generating revenue in 2025 and 2024

Financial Overview

Financial Performance

Presented below are the operating results achieved for the period ending 31 December 2025, compared to the period ending 31 December 2024. Certain items from the presented income statement will be analyzed in more detail later in the following sections.

In 2025, Konzum achieved **normalised EBITDA of EUR 196.6 million**, representing a **growth** of EUR 8.4 million or 4.5 percent compared to 2024. The increase in EBITDA was primarily driven by **higher sales revenues** in the retail segment, resulting partly **from volume growth** and partly from **inflation**, coupled with **higher relative gross margins and effective cost control**.

EUR '000	2025	2024	Δ	% Δ
Operating income	1,895,513	2,025,717	(130,204)	(6.4)%
Sales Revenue	1,851,663	1,981,289	(129,626)	(6.5)%
Other income	43,849	44,428	(579)	(1.3)%
**Operating expenses	(1,698,945)	(1,837,553)	138,608	(7.5)%
Normalised EBITDA	196,568	188,164	8,404	4.5%
*EBITDA margin, %	10.6%	9.5%	N/P	1.1 p.p.
Net profit before tax	99,788	63,325	36,464	57.6%
*Net profit margin, %	5.4%	3.2%	N/P	2.2 p.p.

In 2025, Konzum achieved **EUR 99.8 million in net profit before tax**, a 57.6 percent improvement over 2024, driven by revenue growth and improved gross margins.

To provide readers with a deeper understanding of the Company's financial and operational performance, certain alternative performance measures are used. Definitions, relevance explanations, comparative data, and reconciliations with the annual financial statements are available in the *Alternative Performance Measures* section.

** Percentage margins are calculated relative to Sales Revenue.*

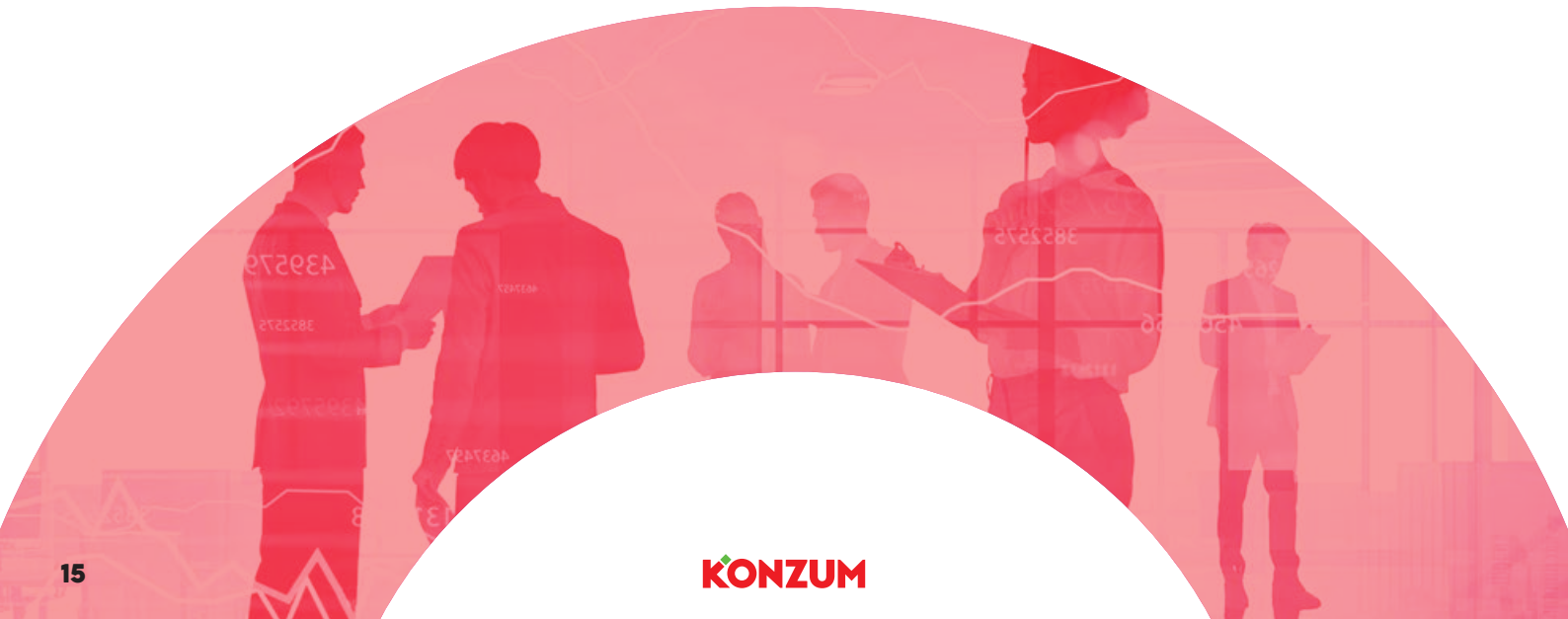
*** Operating income and expenses have been adjusted for one-off items, with a detailed breakdown provided in the Alternative Performance Measures section.*

Sales Revenue

In 2025, Konzum recorded a 6.5 percent decrease in **total sales revenue** compared to 2024, primarily as a result of the previously explained **separation of the wholesale segment** from the Company's scope of operations implemented during February 2025. Specifically, the wholesale segment recorded a 78.7 percent decrease in revenue compared to 2024. Despite this, **operations in the retail segment continued their upward trend**, confirming the resilience of the core business model and clearly demonstrating that by focusing on its primary activity, the Company is achieving the full potential and maximum efficiency of its core business segment. Daily efforts to ensure the best product selection for customers, innovative and socially responsible marketing campaigns, leadership in the online segment and loyalty programme, and outstanding in-store operations throughout the year all **contributed to an EUR 18.1 million or 1.1 percent increase in retail revenues compared to 2024**. Positive contributions also came from five new stores opened during 2025 and strong performance by existing stores throughout the year.

Digital business revenues increased by 3.2 percent compared to the previous year, primarily due to continued investment, the introduction of new digital channels, and labour market stabilization.

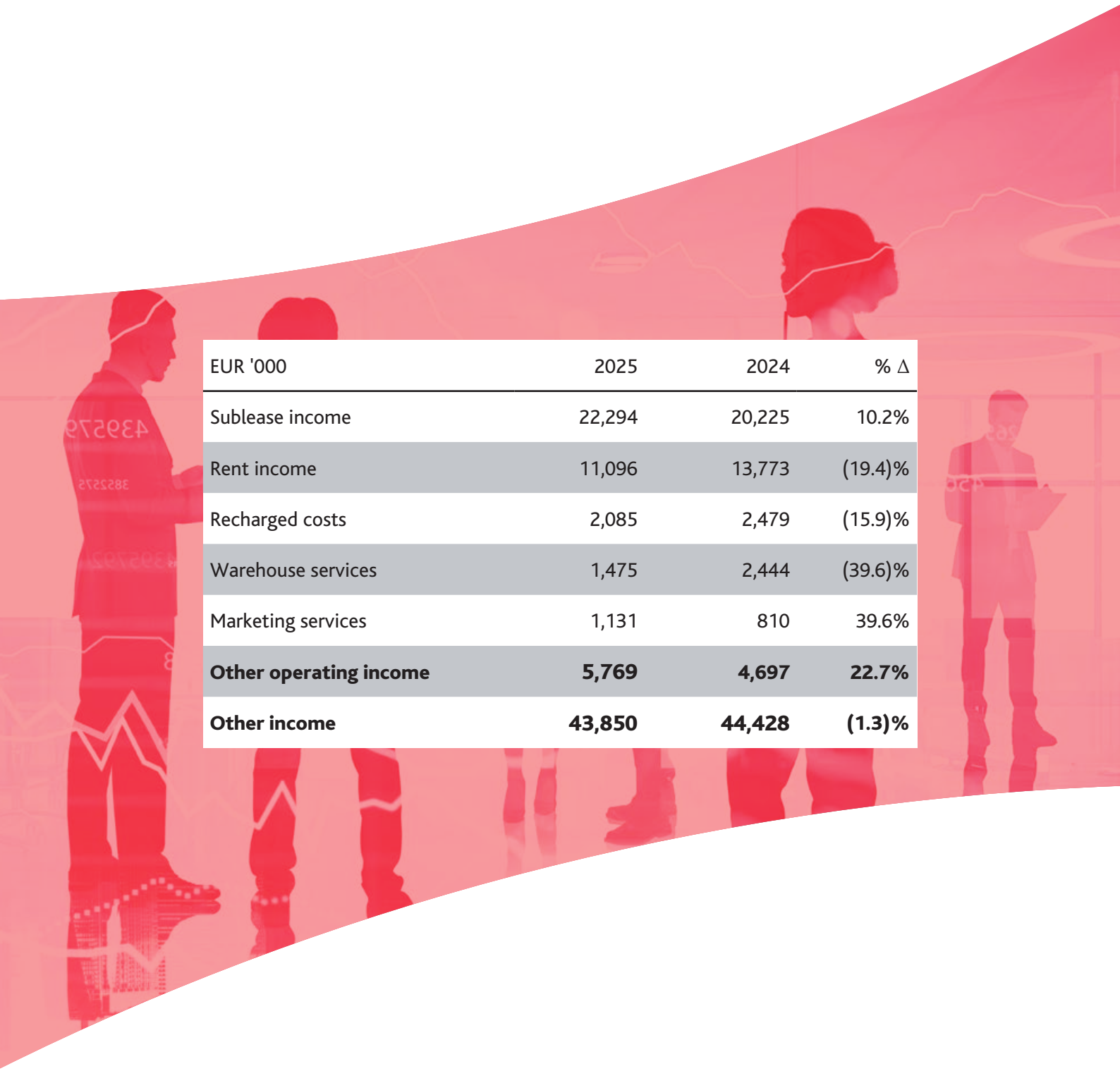
EUR '000	2025	2024	% Δ
Retail revenue	1,787,649	1,769,081	1.1%
Digital business revenue	23,706	22,971	3.2%
Wholesale revenue	40,308	189,237	(78.7)%
Sales revenue	**1,851,663**	**1,981,289**	**(6.5)%**



Other Operating Income

Konzum also generates significant income from services, most notably rental and sublease services. These items within other operating income **recorded a significant decrease** compared to the previous year, primarily as a result of **the separation of the real estate segment** into the sister company FNG Property HR d.o.o., implemented at the beginning of the last quarter of 2025. This organisational change is the result of Fortenova Group's strategic focus on more efficient asset management and clearer positioning of individual companies around their core activities, with the objective of achieving an optimal and sustainable long term business model across the Group.

The remaining items of other operating income in 2025 were predominantly generated from one off real estate sale transactions, mainly resulting from the accounting treatment of IFRS 16 lease agreements, while other income related to Konzum's business activities remained consistent with 2024 levels.



EUR '000	2025	2024	% Δ
Sublease income	22,294	20,225	10.2%
Rent income	11,096	13,773	(19.4)%
Recharged costs	2,085	2,479	(15.9)%
Warehouse services	1,475	2,444	(39.6)%
Marketing services	1,131	810	39.6%
Other operating income	**5,769**	**4,697**	**22.7%**
Other income	**43,850**	**44,428**	**(1.3)%**

Operating Expenses Adjusted for One-off items

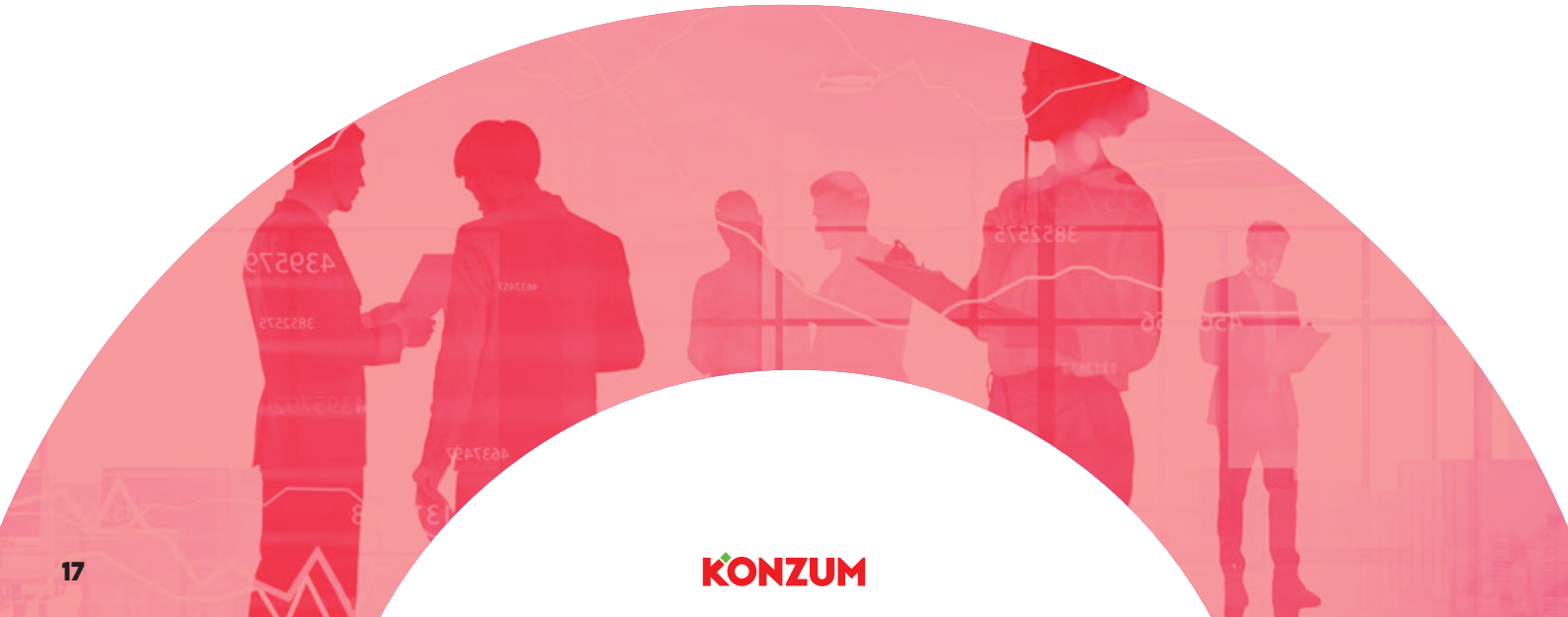
In 2025, operating expenses decreased by EUR 138.6 million or 7.5 percent compared to 2024. The separation of the wholesale segment and the resulting decrease in the Company's total revenue is also reflected in an 8.2 percent reduction in total cost of goods sold.

In 2025, more than EUR 214 million was invested in total employee compensation. Despite the decrease in the number of employees, resulting from the previously described separation of the wholesale and real estate segments from the Company, staff costs increased, clearly reflecting the Company's continued investment in salary increases and overall employee compensation. As in previous years, Konzum continues to increase employee salaries and award bonuses and incentives for achieved work results.

Through the implementation of planned measures in line with the principles of sustainability and efficiency, savings were achieved in service and energy costs, improving overall cost efficiency. Service costs decreased by EUR 9.2 million or 7.6 percent compared to the previous year. As in previous years, students and agency workers have been hired to meet the increased demand for labor caused by higher revenue.

Other costs primarily relate to transaction costs, donations and sponsorships, employee accommodation expenses, and property insurance premiums.

EUR '000	2025	2024	% Δ
Costs of goods sold	(1,301,235)	(1,417,023)	(8.2)%
Staff costs	(214,176)	(210,901)	1.6%
Service costs	(111,318)	(120,500)	(7.6)%
Material and energy costs	(56,811)	(68,147)	(16.6)%
Other costs	(17,365)	(20,193)	(14.0)%
Impairment value and adjustments	1,960	(789)	(348.5)%
Operating expenses	**(1,698,945)**	**(1,837,553)**	**(7.5)%**
% of sales revenue	**91.8%**	**92.7%**	**(0.9) p.p.**



Normalised EBITDA

In 2025, **Konzum achieved a 4.5 percent increase in earnings before interest, tax, depreciation, and amortization (EBITDA) compared to the previous year**. This growth was driven by significant revenue growth, stable margins despite significant price and margin constraints throughout the year, and control and monitoring of all cost lines.

EUR '000	2025	2024	% Δ
Operating income	1,895,513	2,025,717	(6.4)%
Operating expenses	(1,698,945)	(1,837,553)	(7.5)%
Normalised EBITDA	**196,568**	**188,164**	**4.5%**
EBITDA margin, %	**10.6%**	**9.5%**	**1.1 p.p.**
Depreciation and amortisation	(90,444)	(92,946)	(2.7)%
Sale of assets, net	437	174	151.1%
One-off items	22,809	4,654	390.1%
Financial income	2,782	1,645	69.2%
Financial costs	(32,364)	(38,366)	(15.6)%
Profit before tax	**99,788**	**63,325**	**57.6%**
Net profit margin, %	**5.4%**	**3.2%**	**2.2 p.p.**

One-off Items

In 2025, one-off items had a positive effect of EUR 22.8 million. This was primarily the result of the sale of non-core properties, income from reversals of provisions, as well as the effects of changes in inventory impairment methodology and corrections of prior period misstatements.

Financial Position

In 2025, non-current assets decreased by EUR 372.8 million, primarily as a result of the separation of the wholesale and real estate segments into sister companies and the sale of non-core assets.

In 2025, liabilities decreased by 20.0 percent or EUR 166.5 million compared to the previous year, reflecting efficient liquidity management and the repayment of all loans amounting to EUR 67.5 million during 2025, as well as the reduced scope of activities resulting from the previously described separation of the wholesale and real estate segments into affiliated companies.

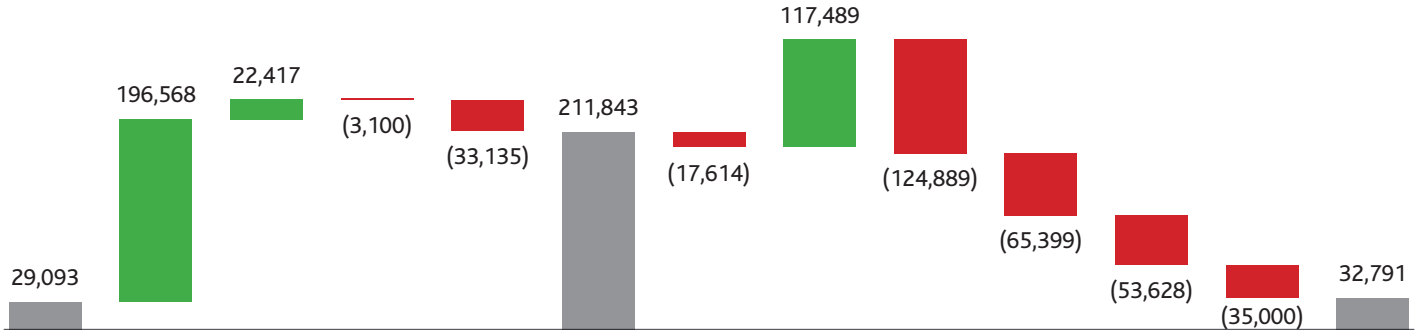
On the other hand, current assets increased by EUR 131.9 million, primarily driven by Group liquidity requirements in the form of loans granted amounting to EUR 126.9 million.

Regarding other current assets, inventories and trade receivables increased, driven by revenue and business growth. Cash and cash equivalents increased by EUR 3.7 million year-over-year.

The repayment of financial liabilities and the reduction of borrowings, combined with EBITDA growth, enabled a significant **reduction of the net debt-to-EBITDA ratio from 2.6x to 1.4x**.

EUR '000	31 Dec 2025	31 Dec 2024	Δ
Non-current assets	425,165	797,940	(372,775)
Current assets	338,721	206,811	131,910
TOTAL ASSETS	**763,886**	**1,004,751**	**(240,865)**
Capital and reserves	96,584	170,949	(74,365)
Non-current liabilities	258,558	446,250	(187,692)
Current liabilities	408,744	387,552	21,192
TOTAL EQUITY AND LIABILITIES	**763,886**	**1,004,751**	**(240,865)**
Total financial debt	**-**	**67,490**	**(67,490)**
Short-term borrowings	**-**	**53,371**	**(53,371)**
Long-term borrowings	**-**	**14,119**	**(14,119)**
Lease liabilities	**308,024**	**458,024**	**(150,000)**
Cash and cash equivalents	**32,791**	**29,093**	**3,698**
Net financial debt	**275,233**	**496,421**	**(221,188)**
Normalised EBITDA	**196,568**	**188,164**	**8,404**
Net debt / EBITDA	**1.4x**	**2.6x**	

Cash Flows

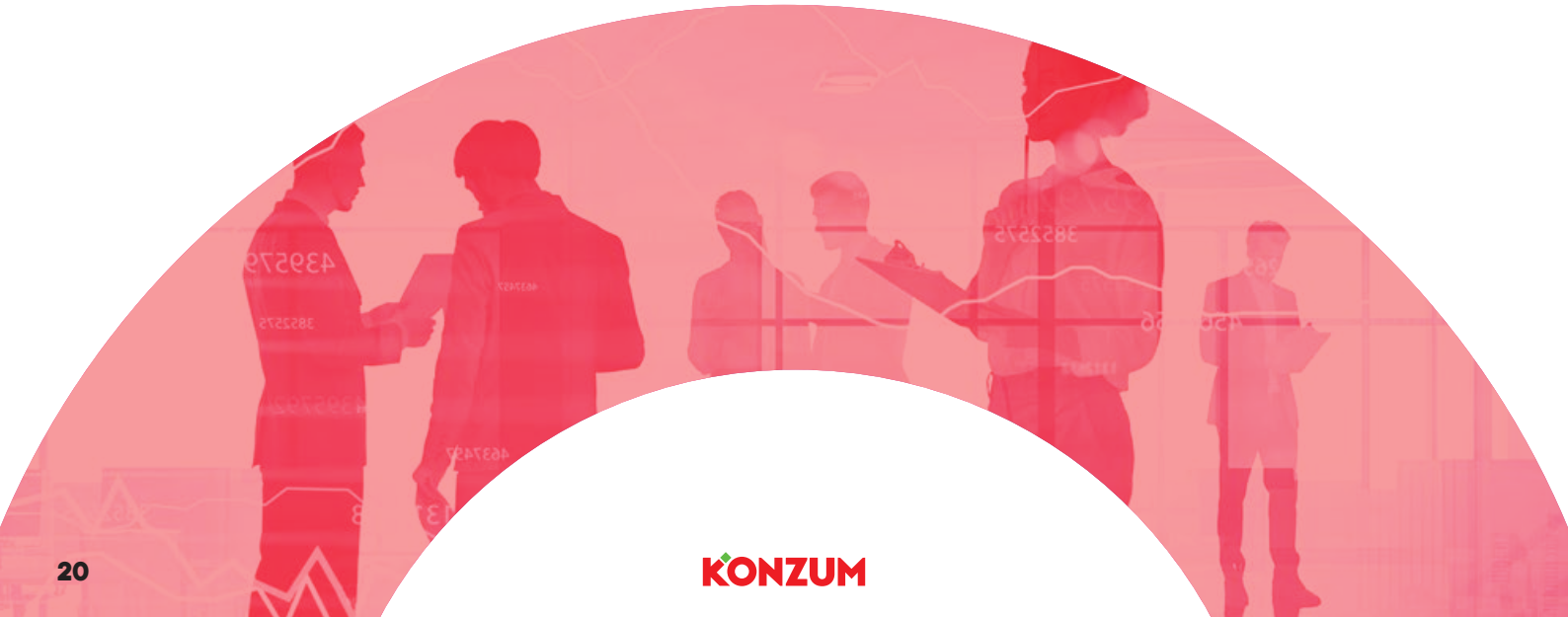


Δ 2024	+8,404	+92,787	(3,100)	+1,946	+60,006	+4,651	+105,919	(140,262)	+7,325	+1,060	(35,000)	+3,699

Cash and cash equivalents increased by EUR 3.7 million compared to the previous year. The largest cash inflows were generated from operating activities in the amount of EUR 196.6 million, while the biggest negative effects came from investment activities, primarily loans granted and received in the amount of EUR 124.8 million, and from financing activities, namely loan principal repayments amounting to EUR 65.3 million, lease principal repayments amounting to EUR 53.6 million and dividend payments amounting to EUR 35 million.

Changes in working capital reflect the growth in retail revenue and business activity, resulting in higher inventories and trade receivables. At the same time, the positive effect on working capital was primarily driven by the distribution of days throughout the year and supplier payment dynamics.

Investment activities, in addition to the significant effect of loans granted and received, also benefited from a positive effect of EUR 117.5 million from proceeds from the sale of assets.



Risk Management

Fair Value of Financial Assets and Liabilities

Fair value represents the amount at which an asset could be exchanged, or a liability settled on an arm's length basis. As it is not possible to reach the reference market prices of a significant part of the Company's assets and liabilities, fair values are based on Management estimates with respect to the assets and liabilities. Management believes that the fair values of financial assets and liabilities (unless otherwise stated in this note) are not significantly different from their carrying values and are categorised in Level 2 and Level 3 fair value hierarchy.

The Company used the following methods and assumptions in estimating the fair value of financial instruments:

Trade Receivables, Trade payables, Deposits and Other Financial Assets and Liabilities
For assets that mature within 3 months, the carrying value approximates their fair value due to the short maturities of these instruments. For longer-term assets, the contracted interest rates do not deviate significantly from current market rates and, consequently, the fair value approximates the carrying value.

Loans and Lease Deposits Given
Since almost all loans are due within the next two years, the Management Board is of the opinion that their fair value is not materially different from their carrying value. As for lease deposits, the discounted value of deposits is calculated, and the Management Board has concluded that fair value is not materially different from their carrying value.

Loans and Borrowings
Since most of the borrowings are current and are provided by the owner with a fixed interest rate which changes every year according to the statutory interest rate approved by the Ministry of Finance, the Management Board is of the opinion that their fair value is not materially different from their carrying value.

Non-financial Assets

The valuation techniques used for fair value valuation of investment property and assets held for sale are predominantly the market method and income method.

Objectives and Risk Management Policies

The main risks arising from the Company's financial instruments are credit risk, and interest rate risk. Management reviews and agrees policies for managing each of these risks which are listed below. The Company is exposed to international markets. As a result, the Company may be affected by changes in foreign exchange rates. The Company also extends credit terms to its customers and is exposed to risk of default. The significant risks, together with the methods used to manage these risks, are described below. The Company does not use derivative instruments either to manage risk or for speculative purposes.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company is applicable to share capital comprising subscribed capital, reserves and retained earnings. At present there are no externally imposed capital requirements.

Credit Risk

Credit risk is the risk that one of the parties to a contract may default on its duties under such contract and that consequently a financial loss may be inflicted on the counterparty. The Company has adopted a policy of doing business only with creditworthy and guarantee-secured companies, which reduces the possibility of financial losses occurring as a result of default. The Company uses information and opinions obtained from specialized credit rating agencies and from the Chamber of Economy, as well as publicly available information on the financial position of companies. It also uses its in-house database in order to appropriately rank the most significant customers. The impact of credit risk on the Company as well as changes in credit ratings of its partners are constantly monitored and measured, with the total value of concluded contracts being appropriately distributed among creditworthy partners. The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The estimation of credit risk for asset portfolios includes assessing the probability of default, the associated loss ratios and default correlations between different counterparties.

A significant portion of credit risk arises from the Company's operations (primarily trade receivables) and from its financial activities, including deposits and loans.

The Company has the following types of financial assets subject to the expected credit loss model (ECL model):

• Trade Receivables Arising from the Sale of Goods and Services

The Company applies a simplified approach to measuring expected credit loss, which is based on lifetime expected credit losses for all trade receivables.

In order to measure the expected credit loss, trade receivables are grouped based on days past due.

The expected credit loss rates are based on the past payment profiles, as well as the corresponding historical credit losses experienced within this period.

The Company has considered the impact of future macroeconomic factors affecting the customers' ability to settle their liabilities and it has concluded that they do not significantly affect the expected credit loss rates.

Trade receivables are written off directly if there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation that trade receivables will be recovered include, among others, the inability to enforce contractual payments for a period longer than one year.

• Debt Instruments at Amortised Costs

Other financial assets at amortised cost include deposits and guarantees, investments in securities, loans to related and unrelated parties and other receivables. The most significant part of financial assets comprises deposits relating to lease contracts which could be offset with the lease liability and hence do not represent a significant credit risk.

Credit Risk (continued)

The expected credit loss has been calculated according to the European Banking Authority default rate for Croatia and with probability of default for financial and non-financial institutions.

Although cash and cash equivalents are also the subject of impairment based on the requirements of IFRS 9, the identified value impairment in this context is insignificant and thus was not recorded.

The Company has no derivative financial instruments or any financial instruments that could potentially subject the Company to concentrations of credit risk. The Company does not expect to be exposed to material credit losses on financial instruments.

In order to manage credit risk more efficiently, the Credit Risk Management Policy came into force on 9 November 2022, and on 24 September 2024, the Policy was replaced by the Customer Credit Risk Management Policy and Principles for Managing Credit Risk of Contractual Partners, the implementation of which is currently underway.

The Policy prescribes the fundamental principles and rules for managing credit risk to provide a flexible framework that enables the achievement of sales targets while minimizing the risk of receivables collection. It defines the activities, responsibilities, authorities, and timelines related to credit risk management and the collection of receivables arising from the sale of goods and services to customers under deferred payment terms. It also prescribes the measures for managing customer credit risk, monitoring customer operations, the collection measures to be undertaken for overdue receivables, and the criteria and conditions for impairment and/or write-off of overdue and uncollected receivables arising from the sale of goods, provision of services, and/or other legal grounds.

The goal of credit risk management is the continuous monitoring and minimization of collection risks and providing expert financial support to the sales and receivables collection processes for goods and services.

The purpose of this Policy is to establish a framework for credit risk management and to define the receivables collection process from customers, including:

- **defining the key steps of business processes before establishing a business relationship with a customer**
    - setting credit limits;
    - defining financial performance indicators for customers and receivables collection performance;
    - defining acceptable payment security instruments
- **defining continuous customer business monitoring**
    - through analysis of the customer's financial operations;
    - through the customer's historical payment behavior
- **defining key steps in the receivables collection process**
    - through the dunning process;
    - suspension of deliveries;
    - the possibility of negotiating installment payments for overdue receivables;
    - and through forced collection by activating payment security instruments and initiating legal enforcement proceedings against the debtor's assets
- **defining key steps in cases of pre-bankruptcy or bankruptcy proceedings against the debtor**
- **establishing inter-organizational activities, cooperation, competences, and responsibilities of individual organizational units involved in all of the aforementioned business processes,**

all with the aim of increasing the Company's liquidity by ensuring the collection of receivables as much as possible in accordance with their due dates.

Interest Rate Risk

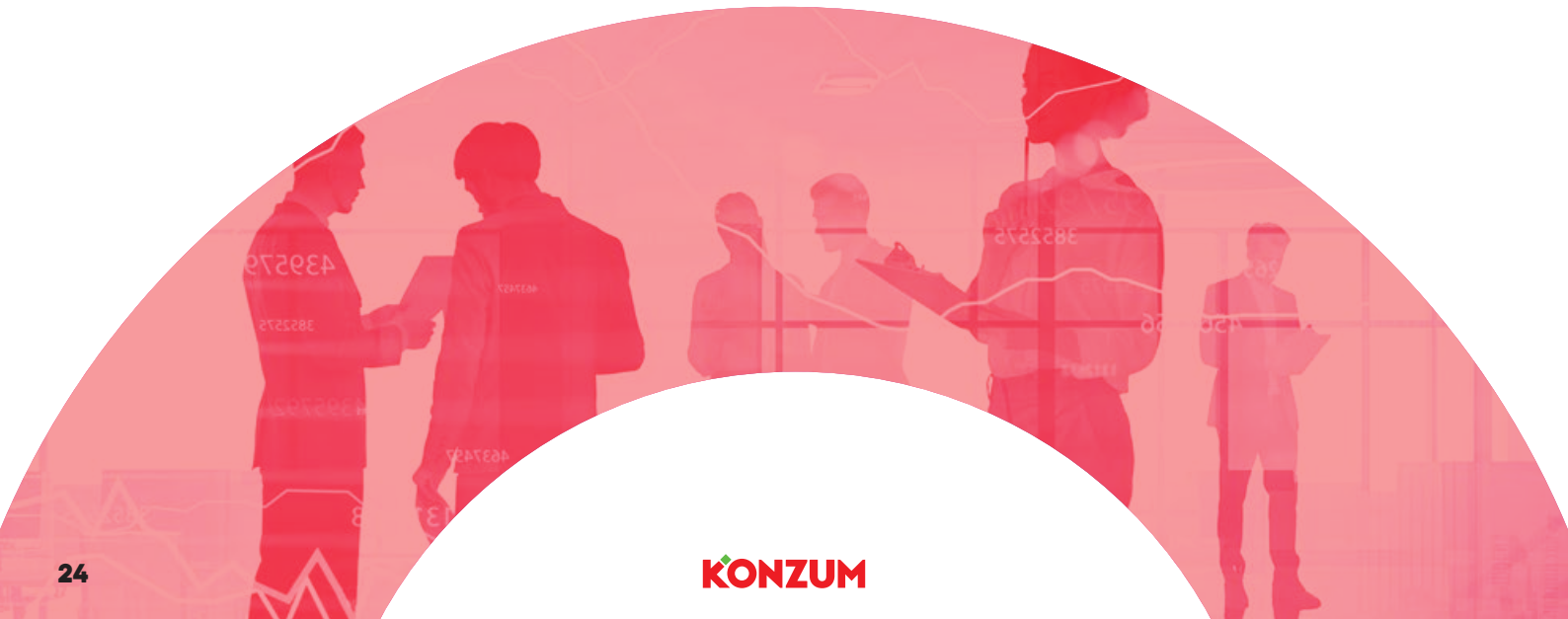
Most of the interest-bearing assets and liabilities of the Company represent loans and borrowings. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rates which apply to the financial instrument. Interest rate risk related to cash flow is the risk that the financial instrument interest expense will fluctuate over time. The Company currently has no loans and borrowings and therefore is not exposed to interest rate risk.

Foreign Currency Risk

Most of the Company's assets are denominated in EUR. Considering the adoption of EUR in Croatia as of 1 January 2023, the Company does not consider this risk to be significant. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities in other currencies are not material.

Liquidity Risk

Certain alternative performance measures have been used to analyse the financial data presented in this report. These measures provide more detailed and accurate insights into operations and allow for clearer and more comprehensive interpretation of the presented information. Although not prescribed by International Financial Reporting Standards (IFRS), they are useful indicators for measuring and evaluating actual performance based on specific criteria and methodologies relevant to the Company's industry. Below is an overview of the alternative performance measures used, along with an explanation of their calculation based on data published in the audited financial statements.



Alternative Performance Measures

Certain alternative performance measures have been used to analyse the financial data presented in this report. These measures **provide more detailed and accurate insights into operations** and allow for clearer and more comprehensive interpretation of the presented information. Although not prescribed by International Financial Reporting Standards (IFRS), they are useful **indicators for measuring and evaluating actual performance** based on specific criteria and methodologies relevant to the Company's industry. Below is an overview of the alternative performance measures used, along with an explanation of their calculation based on data published in the audited financial statements.

Normalised EBITDA

Earnings before interest, tax, depreciation, and amortization, excluding the effects of one-off business events. One-off items are excluded to provide a more accurate view of regular operations. EBITDA serves as a **measure of operational performance** and is a close **approximation of cash flow** from operating activities.

EUR '000	2025	2024
Operating profit	129,370	100,045
Depreciation and amortisation	90,444	92,947
Sale of assets, net	(437)	(174)
One-off items	(22,809)	(4,654)
Normalised EBITDA	196,568	188,164

EBITDA Margin

Calculated as the ratio of normalised EBITDA to sales revenue. This indicator provides a realistic profitability measure and facilitates comparison with competitors and across industries. Improvements indicate greater profitability of the Company.

EUR '000	2025	2024
Normalised EBITDA	196,568	188.164
Sales revenue	1,851,663	1,981,289
EBITDA margin, %	10.6%	9.5%

EBIT

Earnings before interest and taxes, presented in financial reports as operating profit before financial income, financial expenses, and income taxes.

„Like-for-like"

Represents stores that operated for the same number of days in both the current and previous year. This metric excludes the effects of closed stores, new openings, and stores with different operating periods, offering a clearer view of organic Company growth.

%	2025/2024
Like-for-like revenue growth in retail sales	2.36%

One-off Items

Transactions resulting from the operations of the former company Konzum d.d. prior to the transfer of the business unit to Konzum plus d.o.o., along with other extraordinary restructuring costs, non-recurring value adjustments, out-of-court settlements, merger effects, and compliance projects.

By excluding these items, a more accurate comparison of regular operations over the years is enabled, disregarding one-off effects that will not recur in future periods.

EUR '000	2025	2024
Net effects of assets disposals and lease terminations	16,776	4,318
Income from release of provisions	-	2,063
Guarantee provisions	2,330	1,653
Impairments, write-offs of liabilities, and collection of receivables	(970)	366
Prior period expenses	-	(995)
Severance pay and other restructuring costs	(1,617)	(709)
Effect of changes in inventory impairment methodology	-	(2,042)
Effect of changes in the methodology for provisions for severance payments, long service awards, and hardship assistance	6,290	-
One-off items	**22,809**	**4,654**

Net (Financial) Debt

Long-term and short-term borrowings and lease liabilities, less cash and cash equivalents.

This indicator measures the Company's indebtedness and its ability to meet financial obligations if immediately due.

Net (Financial) Debt/ Normalised EBITDA

The ratio of net financial debt to annual normalised EBITDA.

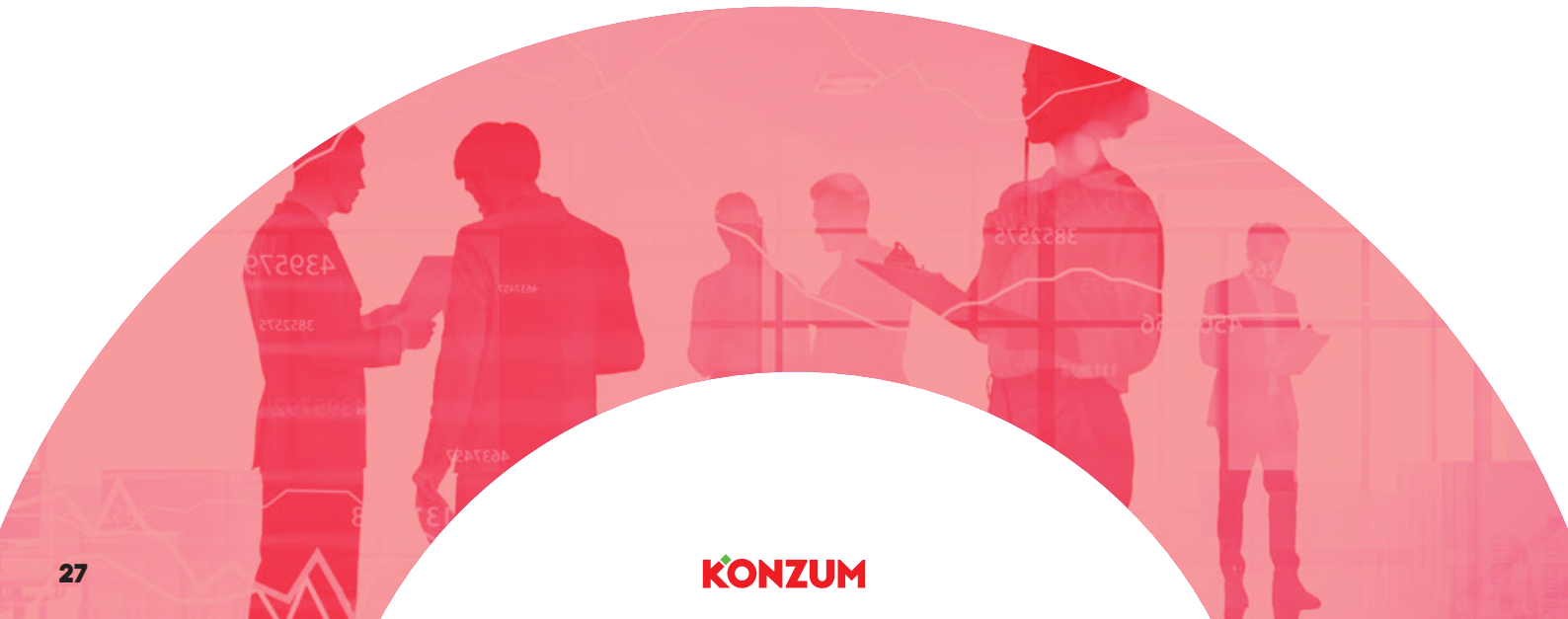
It measures the ability to repay financial debt from existing liquidity sources and operating cash flows, showing the number of years needed to repay total financial obligations.

The calculation of net (financial) debt and the debt-to-EBITDA ratio was presented as part of the financial position analysis.

New Value Created

Methodology for calculating this indicator is provided in the following section.

EUR '000	2025
Net profit for the current year	85,374
Income tax	14,414
Staff costs	214,174
One-off employee expenses	1,617
Other investments in employees	12,250
Interest expenses	32,364
New Value Created	**360,193**





Non-financial report

Business in 2025

In 2025, Konzum's operations took place in an environment of increased market volatility during certain periods of the year and under a number of regulatory requirements that required rapid adaptation. The beginning of the year was marked by a boycott of retail chains in the Croatian market, which affected consumption patterns, ordering dynamics, inventory planning, and reduced the burden on logistics capacities during the affected period. These circumstances required enhanced operational monitoring of sales trends, rapid adjustments to supply plans, intensive coordination between business functions within the Company, and active management of operational resources.

The 2025 tourist season was atypical, with pronounced fluctuations in demand in the second part of the season, from mid-August onwards. The changing consumption dynamics required a high level of flexibility in the distribution system, adjustments to delivery frequencies, and dynamic inventory management in tourist destinations. Despite these challenges, stability of supply and a high level of availability of key assortment categories were maintained.

Particular emphasis should be placed on the operational cooperation between the two main logistics and distribution centres, Zagreb and Dugopolje, which maximised the use of available resources during peak seasonal periods. Through timely capacity reallocation and mutual support in handling increased volumes, uninterrupted supply to the retail network was ensured without significant disruptions, confirming the resilience and operational maturity of the logistics system.

In addition to the tourist season, other key seasonal periods were also successfully managed operationally, including Easter, All Saints' Day, and Christmas. Timely planning, optimisation of warehouse and transport capacities, and enhanced cross-functional coordination enabled smooth execution of seasonal activities while maintaining controlled inventory levels across key product categories.

Organisational and Structural Changes

The year was further marked by the separation of the wholesale business segment into Roto Dinamic d.o.o., representing a significant organisational and operational transformation. The separation process required comprehensive adjustments across the entire Company.

Several important internal restructuring initiatives were also implemented with the aim of strengthening focus on the core retail business. The real estate segment was separated into the newly established affiliated company FNG Property HR d.o.o., as well as the IT function, with the objective of enabling faster and higher quality decision-making and maintaining a clear focus on the areas in which Konzum is a market leader.

Anti-Inflation Measures

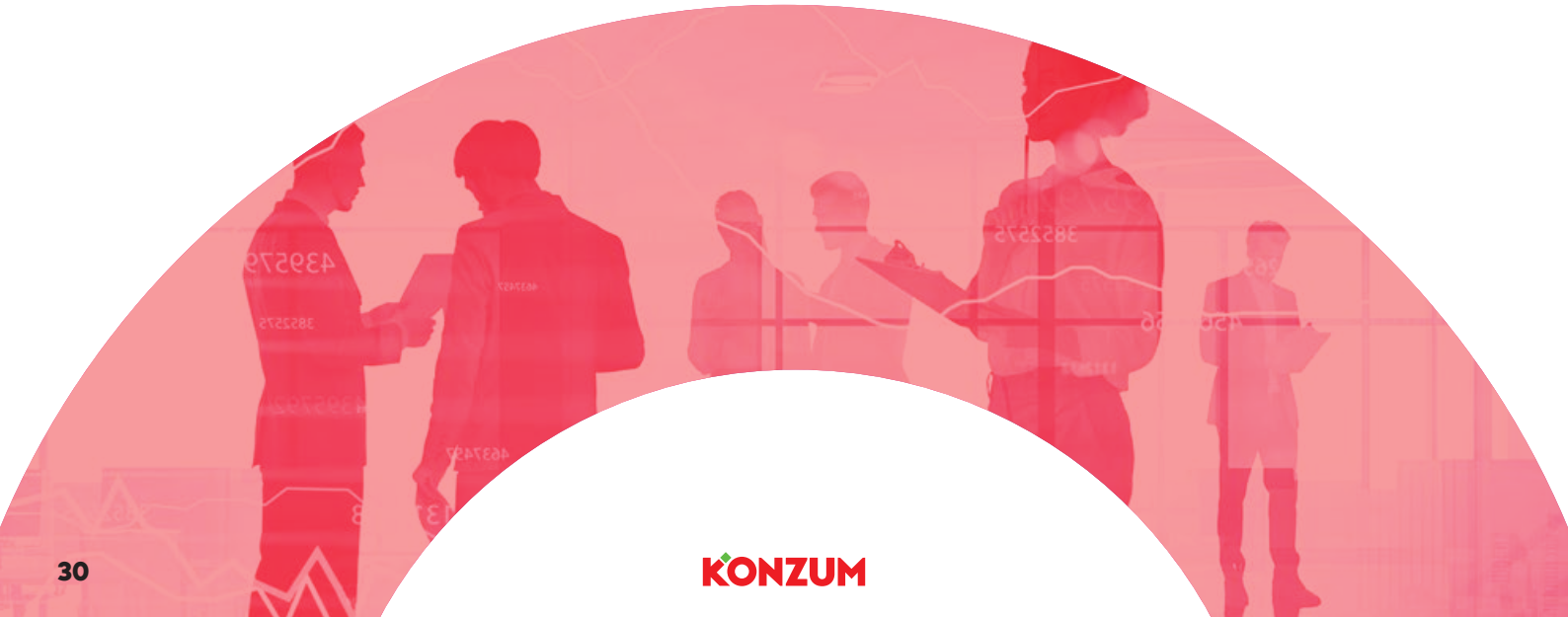
As one of the measures aimed at curbing inflation, the expanded package of measures introduced by the Government of the Republic of Croatia in 2025 continued to set maximum retail prices for selected products. Products covered by the decision were marked on shelves with a dedicated label to improve visibility for customers. The scope of the measures was expanded on 7 February, introducing an additional 40 product categories, and again on 1 December, introducing further 30 product categories. In mid-May, the Decision on the Publication of Price Lists and the Display of an Additional Price was also adopted as a direct price control measure.

Following the decisions of the Government of the Republic of Croatia, Konzum implemented all prescribed measures in a timely manner and in full, ensuring not only compliance with regulatory requirements but also their consistent operational execution in day-to-day business activities. This included adjustments to procurement and inventory management processes, enhanced monitoring of the availability of price-capped products, and continuous reporting and coordination across different functions within the Company.

The measures were intended to improve affordability for consumers across a broad range of products through price caps, while also requiring their continuous availability and compliance with specific in-store display requirements in larger store formats. Under these conditions, Konzum actively managed its supply chain to ensure stable availability of the defined assortment despite regulatory constraints and changing market conditions.

In addition, in cooperation with Croatian suppliers, Konzum launched its own initiative aimed at providing further relief to household budgets. Investments were made to reduce and lock prices for 250 domestic products not covered by the Government's decision. Prices were reduced and fixed from 1 February to 1 June 2025, with an average reduction of approximately 10 percent and reductions exceeding 30 percent on selected products. A total of EUR 1 million was invested in this initiative, further reinforcing Konzum's active role in protecting consumers' purchasing power and maintaining product accessibility.





Retail Network

At the end of 2025, the retail network comprised a total of 613 stores across the Super, Maxi, and Small store formats. During the year, five new stores were opened: Super Konzum in Jankomir, stores in Baška Voda, Brezovica, and Koprivnica, and Maxi Konzum in Petrinja, marking Konzum's first presence in that city.

In addition to new openings, 40 seasonal stores were refurbished, further enhancing store appearance, functionality, and the overall shopping experience.

Among the most significant projects was the opening of Maxi Konzum in Petrinja, located within Retail Park Pigik, with a total area of 1,423 m², of which 1,000 m² is dedicated sales space, creating 30 new jobs. The store is equipped with modern technology, including self-checkout systems, and offers customers access to all key departments.

In August, a new store was opened in Brezovica, Zagreb, covering 600 m², with a focus on modern equipment and energy efficiency. In November, Super Konzum opened in the western part of Zagreb (FT Park), covering 2,355 m², featuring electronic shelf labels and a broad product assortment.





Konzum Jankomir (FT Park)

Digitalisation and Operational Processes

A key milestone in digitalisation and the enhancement of day-to-day store operations during 2025 was the introduction of the StoreMaster system. This digital tool enables employees to organise daily tasks more effectively, improve visibility of responsibilities, and facilitate communication within stores. Following a successful pilot phase, the system was rolled out across the network, increasing operational efficiency and standardising process execution.

During the year, the implementation of the ESL (electronic shelf label) system continued, enabling automatic and immediate price updates from the central system. This significantly saves employees' time, reduces the possibility of errors, and ensures accurate and up-to-date prices for customers.

Online Operations

For many years, we have continuously enhanced our own home delivery service, supported by a fleet of 50 specialised vehicles, with the aim of further improving the customer experience. The service is available in Zagreb, Split, Rijeka, Osijek, and Zadar, with orders delivered within as little as 10 hours from confirmation. The Konzum Express delivery option is also available in ten cities, enabling delivery within one hour.

Customers can also choose order collection at Super Konzum stores as well as the drive-in service in Zagreb. In addition, delivery via the Wolt platform was introduced.

In 2025, four parcel lockers were installed in the Zagreb area, marking the beginning of a new phase in the development of online operations, with service launch planned for 2026 and further expansion of the network expected across Zagreb and other parts of Croatia.





Konzum Private Label

Throughout 2025, the development of Konzum's private label portfolio continued through the enhancement of existing product lines and the introduction of new products.

The focus was placed on the Active Zone, Minute, and Special Moments ranges, with assortment expansion and the development of new products, including beverages, oat bars, and ready meal solutions. The Special Moments range was expanded by 35 new products.

New ranges were also introduced, including Finesse Winter, Sweet Beat, and Garden Good. Further enhancements were made to the Gelatissimo ice cream range, the Dax range was redesigned, and the Buddy & Kitty pet product assortment was expanded.



New Developments in the MultiPlusCard Loyalty Programme

As part of the MultiPlusCard programme, the largest loyalty programme in Croatia with more than one million active users annually, several new functionalities were introduced during 2025.

In June, we introduced monthly challenges, enabling customers to earn up to EUR 25 in additional BONUS euros by spending across five selected product categories that change from month to month. This gamification model proved effective in directing purchasing behaviour towards strategic categories and motivating customers to increase spending through defined thresholds and rewards.

In September, customers were introduced to a new functionality called "Coupon Your Way". This is a highly personalised coupon system based on actual customer purchasing behaviour. Each customer receives a unique combination of eight coupons on a weekly basis, generated in real time and tailored to individual preferences.

The development of this functionality represents a significant innovation due to its level of complexity and the fact that the entire system was developed within Fortenova Group, from personalisation algorithms and loyalty mechanisms to CRM tools. The system processes large volumes of data and enables highly targeted offers for hundreds of thousands of users.

The objective of the development was to create a solution that delivers value to all stakeholders involved: customers through relevant offers and additional savings, Konzum through increased purchase frequency and basket value, and suppliers through an additional channel for promotion and sales growth.



Awards and Recognition

In 2025, Konzum plus d.o.o. further strengthened its position as one of the most desirable employers in Croatia, ranking 6th in the industry according to the "Employer of First Choice" survey. This achievement confirms the Company's continued investment in working conditions and the strengthening of its market position.

We are proud holders of certifications that reflect our commitment to employees:

- Employer Partner (recertified status confirming high standards in HR processes);
- Future Resilience (recognition of readiness to adapt to future labour market challenges).

In 2025, we also received a number of awards and recognitions for our products and services, as well as for other initiatives:

- "Chosen by Moms" Award (Bakery Department and Lumpi diapers);
- Best Buy Award (Fish and Butchery Departments, Domestic and Local Product Assortment);;
- QUDAL Certificate (Retail Chain);
- Effie Index for 2024 - Most effective brand;
- Top Donor;
- Golden Effie in the Retail and E-commerce category for the "Little Big Talents 2" campaign.

Sustainability

Sustainable business refers to managing an organisation in a way that, in addition to achieving financial results, takes into account the impact of business activities on the environment, society, and the economy. Such an approach is based on the responsible use of natural resources, reducing negative environmental impacts, promoting socially responsible behaviour, and creating long-term value for all stakeholders including employees, customers, business partners, and the wider community. In practice, this includes activities such as improving energy efficiency, reducing greenhouse gas emissions, responsible waste management, enhancing working conditions, and developing sustainable products and services.

Konzum has for many years systematically integrated sustainable development principles into its operations through various initiatives, projects, and continuous improvements of business processes in line with sustainable practices. As in previous years, the success of our sustainability efforts has also been confirmed through independent assessments. Based on a detailed questionnaire, the Croatian Chamber of Economy once again awarded Konzum **a very high ESG rating**, confirming a high level of responsibility in managing environmental, social, and governance aspects of the business.

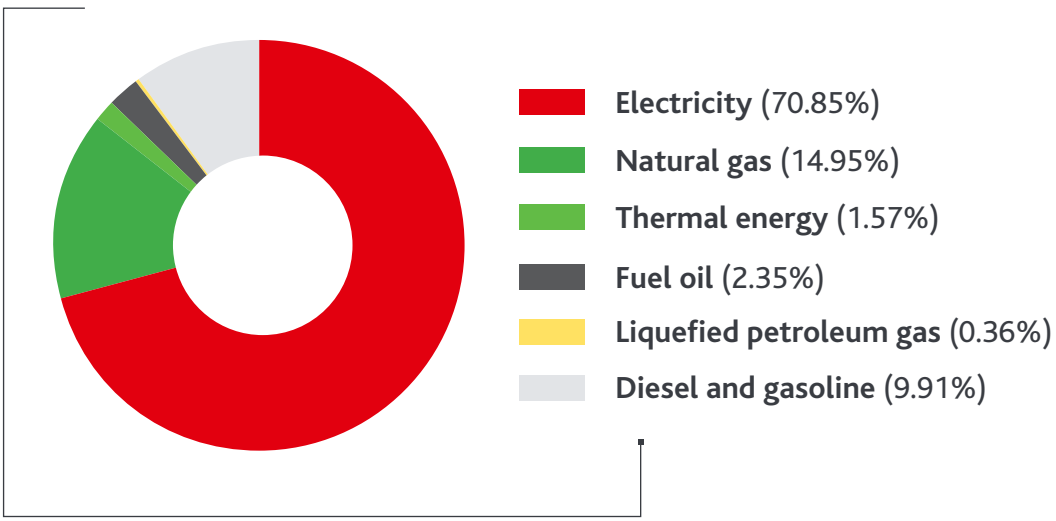
Additionally, according to the Croatian Business Council for Sustainable Development and its Croatian Sustainability Index (HRIO) competition for 2025, Konzum achieved **more than 85 percent of the maximum available points** in the large companies category, confirming a high level of alignment with sustainable development principles.

We continuously monitor and align our operations with evolving regulatory requirements. In line with current regulatory developments and the requirements of the Corporate Sustainability Reporting Directive (CSRD), Konzum is not yet required to report independently under the Directive. However, at the Fortenova Group level, a consolidated sustainability report is prepared annually in accordance with GRI and ESRS standards, including data from Konzum alongside all affiliated companies. Published reports are available on the official Fortenova Group website and at: "https://fortenova.hr/odrzivost/arhiva-izvjesca/" .

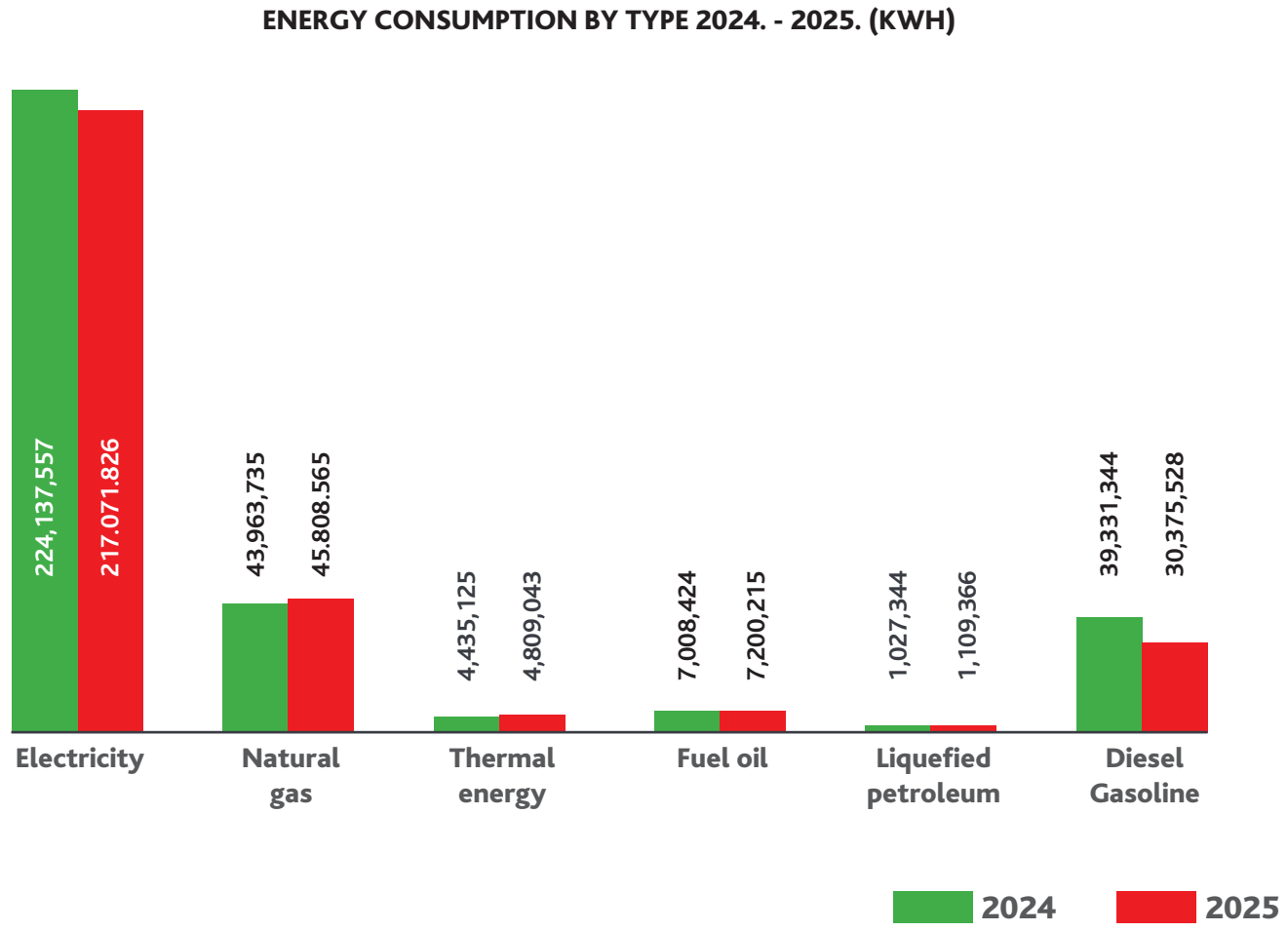
Environmental Management (E)

Konzum uses various energy sources across its operations, with electricity representing the largest share of total energy consumption. Electricity is used across the majority of operational processes, including refrigeration systems, lighting, retail operations, and other business activities.

SHARE OF ENERGY CONSUMPTION IN 2025 BY TYPE



Environmental Management (continued)



* Data for December consumption of electricity, natural gas, thermal energy, and fuel oil represent estimates based on the average consumption recorded over the previous two years.

In 2025, we recorded a decrease in electricity consumption, primarily due to cooler summer weather compared to 2024, reflected in lower consumption during July and August. In addition, the closure of Velpro centres from February onwards contributed to the reduction in total electricity consumption. At the same time, increased consumption of heating energy sources was associated with colder winter conditions at the end of 2025 compared to 2024.

Overall, **we recorded an average reduction in total energy consumption across all energy sources of 4.23 percent compared to 2024**.

According to data published by the Croatian Meteorological and Hydrological Service (DHMZ), 2025 in Croatia was classified as a very warm year. Deviations in average air temperatures compared to the climate normal for the 1991-2020 period varied across regions. The beginning of the year was characterised by a mild winter, while summer temperatures were slightly lower compared to 2024. Lower temperatures were recorded towards the end of the year, resulting in increased heating demand, which is also reflected in higher energy consumption during the winter months.

As part of the energy efficiency improvement programme, **doors were installed on refrigerated display cabinets** in 25 small-format stores and 66 supermarkets. An analysis of energy consumption, comparing the two-year period before installation with the two-year period after installation in supermarkets, showed an **average electricity saving of 7 percent and a 15 percent reduction in natural gas consumption**. Average monthly electricity consumption in supermarkets decreased from 210,000 kWh to 189,000 kWh. In small-format stores, a comparison of the two-year period before installation and the three-year period after installation showed an average electricity saving of 9 percent and a 20 percent reduction in natural gas consumption.

Environmental Management (continued)



In 2025, water consumption decreased by 8.5 percent compared to 2024. The reduction was driven by the separation of the wholesale business segment, as well as by regular maintenance of installations and the use of floor cleaning machines that utilise water more efficiently.

Waste Management and Materials Used in Fresh Product Categories

Waste is continuously sorted across all Company facilities by separating recyclable waste streams and transferring them to authorised companies for further recycling and/or recovery processes. Appropriate equipment has been installed at locations to enable the most efficient sorting and storage of waste at the point of generation. Through continuous employee training, the level of waste separation is continuously improved with the aim of achieving more effective segregation of recyclable waste fractions.

WASTE CATEGORY	2024 (t)	2024 (%)	2025 (t)	2025 (%)
Cardboard packaging	12,232.81	62.95%	12,207.50	62.78%
Plastic packaging	980.00	5.04%	969.00	4.98%
Biodegradable waste	2,350.21	12.09%	2,856.03	14.69%
Animal tissue waste	2,989.92	15.39%	2,660.90	13.68%
Edible waste oils	108.50	0.56%	162.04	0.83%
Fats and oils from separator	173.26	0.89%	99.43	0.51%
Other non-hazardous waste	581.86	2.99%	475.39	2.44%
Batteries and accumulators	5.84	0.03%	12.56	0.06%
Electrical and electronic waste	9.45	0.05%	2.64	0.01%
TOTAL	**19,432.00**	**100.00%**	**19,445.49**	**100.00%**

In 2025, through the implementation of waste management initiatives, we achieved a 1.12 percent reduction in plastic packaging waste compared to 2024. The reduction was driven by the use of reusable packaging in the transport and display of fruit and vegetables, eggs, and meat and meat products, as well as by the use of roll containers with textile doors, reducing the need for stretch film.

At the same time, a significant increase was recorded in the volume of collected batteries and accumulators, which are classified as hazardous waste. This indicates increased customer participation in waste return systems and growing awareness of environmental protection.

Packaging Used in Online Operations



For the distribution of products from our online store, we primarily use paper and cardboard based packaging. This includes our recognisable cardboard boxes, paper bags used to separate food and non-food products, and paper bags for fruit and vegetables. By using materials that are easier to recycle and more environmentally friendly, we aim to contribute to reducing plastic waste and protecting soil and natural resources. This approach forms part of our strategy focused on responsible business practices and reducing environmental impact. Currently, a smaller portion of packaging is still not paper or cardboard based. Aware of the challenges plastic packaging presents in terms of environmental pollution and long-term waste burden, we continuously evaluate more sustainable alternatives. A gradual transition towards alternative, more environmentally friendly materials is planned wherever operationally and hygienically feasible. Through these efforts, we aim to further reduce the share of plastic packaging and contribute in the long term to environmental preservation and more responsible resource management.

Fleet Modernisation

In 2025, we continued our systematic approach to modernising the vehicle fleet and material handling equipment, alongside changes related to the separation of the wholesale business.

Eight new commercial vehicles were acquired, including one trailer, all equipped with engines compliant with the EURO 6 standard. This supports the ongoing gradual renewal of the fleet with the objective of reducing emissions and increasing operational reliability.

At the end of 2025, the total number of commercial vehicles within Logistics amounted to 156, representing a reduction of 14 vehicles compared to the previous year. At the Company level, the decrease in fleet size was even more pronounced, primarily as a result of the separation of the wholesale business segment into affiliated company Roto DInamic d.o.o. and the organisational separation of the related transport capacities. The average vehicle age currently stands at 9 years, with continuous monitoring of technical performance and energy efficiency.

In the area of warehouse equipment, 26 electric pallet trucks were acquired, further improving workplace safety and employee ergonomics. The average age of forklifts is 9 years.



GHG Emissions

As part of managing environmental impact, Konzum systematically monitors and analyses greenhouse gas emissions in accordance with the GHG methodology. The largest share of emissions results from energy consumption in stores and logistics and distribution centres, transportation of goods, and other operational activities. To reduce its carbon footprint, the Company continuously implements measures aimed at improving energy efficiency, optimising logistics processes, and modernising infrastructure, including the use of more energy-efficient equipment and more sustainable business solutions. This approach contributes to emission reduction, environmental protection, and the long-term sustainable development of the business.

In 2025, emissions decreased across all three scopes. Scope 1 emissions decreased to 64,053 tCO_2e (2024: 68,395 tCO_2e), while Scope 2 emissions decreased to 29,111 tCO_2e (2024: 33,271 tCO_2e). Scope 3 emissions also recorded a significant reduction, amounting to 1,420,071 tCO_2e in 2025 (2024: 1,852,070 tCO_2e).

The reduction in emissions was driven by organisational changes within the Company, specifically the separation of the wholesale business segment into an affiliated company, as well as by the continuous implementation of energy efficiency measures, the effects of which are clearly visible during the reporting period. In addition, improvements in energy consumption management, optimisation of logistics and transport processes, and the gradual implementation of more efficient technologies contributed to the achieved results.

The downward trend in emissions confirms the effectiveness of the measures implemented and provides a foundation for further systematic reduction of environmental impact and continued improvement of business sustainability in the coming period.

Scope 1 (tCO_2e)

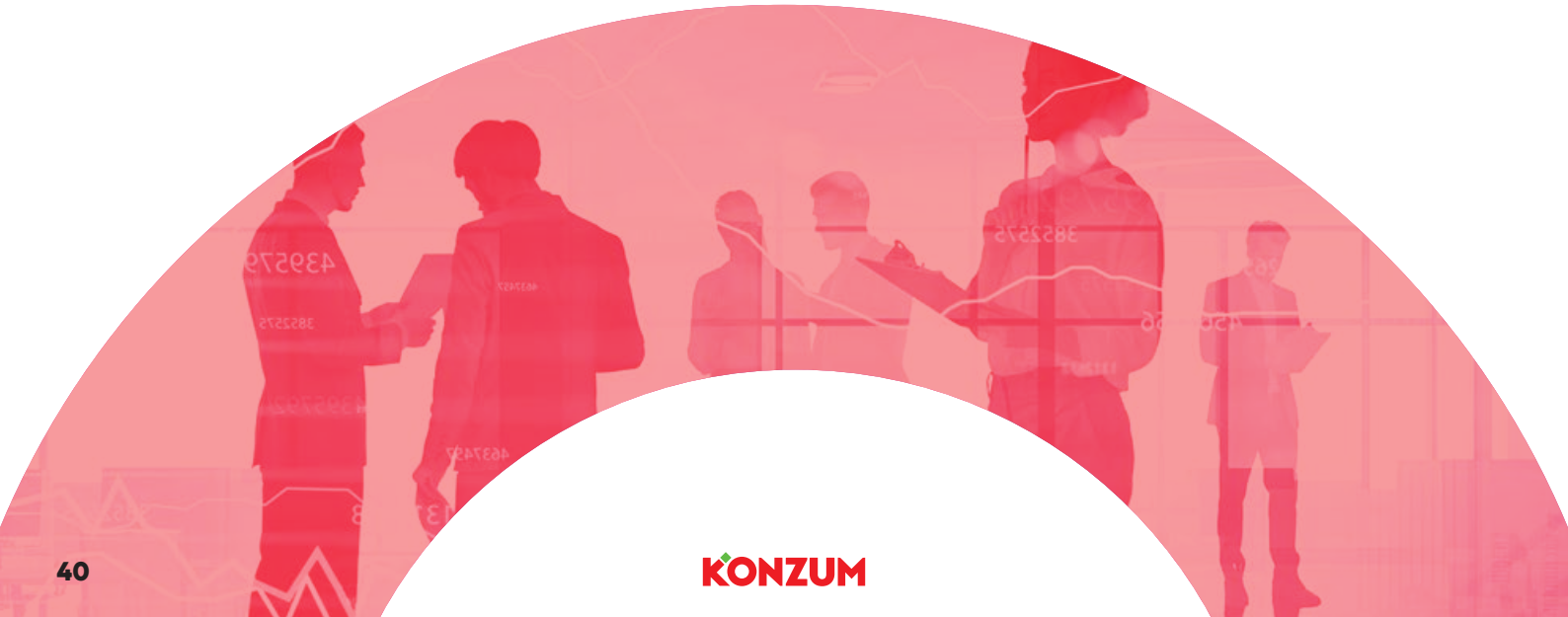


Scope 2 (tCO_2e)



Scope 3 (tCO_2e)





Konzum Named Croatia's Largest Food Donor for the Eighth Consecutive Year

In October 2025, the eighth annual Najdonator awards ceremony was held. The award is presented by Member of the European Parliament Biljana Borzan, and for the eighth consecutive year Konzum received the award in the category of large companies reporting the highest total sales value of donated food excluding VAT. On behalf of Konzum, the award was accepted by Zoran Mitreski, President of the Management Board, who stated on the occasion:

"Food that we donate has double value. Not only does it avoid becoming waste, which is one of the major issues facing society today, but it also helps someone for whom that support may be truly essential. We are proud to be recognised as a company that not only performs well but also does good, and we remain committed to continuing this approach in the future."

The title of Najdonator confirms Konzum's long-standing commitment to socially responsible business practices. In practical terms, this means:

- in 2024, Konzum donated 505 tones of food, the highest amount to date;
- food is collected almost daily from 53 locations across Croatia by 17 intermediary organisations;
- the most frequently donated categories include fresh fruit and vegetables, milk and dairy products, bakery products, meat and meat products, and fish;
- Konzum has systematically donated food since 2016 and has donated more than 2,600 tonnes of food to date, with a total value exceeding EUR 7.76 million;
- Konzum is the only company to have received the Najdonator award in all eight years since its establishment.

The objective of this initiative, launched by Biljana Borzan in 2017, is to encourage responsible and sustainable business practices while recognising companies that actively contribute to reducing food waste and addressing poverty.



One less / Recyclopedia

The One Less campaign, which we have been running since 2021, encourages customers to use reusable bags and reduce the use of single-use plastics. Members of the MultiPlusCard loyalty programme who use the Nature Loves Me reusable bag receive an additional EUR 0.20 in BONUS rewards for each purchase made during the campaign period. In 2025, reusable bags were used 27 percent more compared to the previous year, while the number of campaign participants increased by 23 percent. Through this initiative, approximately EUR 37,500 in BONUS rewards was returned to customers, encouraging tangible changes in everyday habits.



Paperless

After Konzum introduced digital receipts for all members of the MultiPlusCard loyalty programme in 2023 and offered them the option to receive only a digital receipt without a printed one, a total of 34,687 additional members opted for the "paperless" option during 2025. As a result, the year ended with a total of 129,844 members choosing this option. This approach reduces checkout waiting times, makes shopping simpler, and at the same time contributes to environmental protection by reducing the amount of paper used - paper that most people usually discard immediately after shopping. It also makes it easier to keep track of purchases, with receipts easily accessible and storable on mobile devices or computers. It is worth recalling that, according to some estimates, about 275,000 kilometres of receipts are printed annually in food and beverage stores in Croatia. By opting for digital receipts, we are all making a small but meaningful contribution toward reducing that amount.



Social Governance (S)

The social dimension of sustainable business (the S in ESG) relates to the impact an organisation has on employees, customers, business partners, and the wider community, and includes commitment to working conditions, equal opportunities, and a responsible approach to society. Konzum is built by its people. Through their work, dedication, and expertise, we create a positive working environment that contributes to the Company's success. Each team member contributes to the development of the organisation through their experience and ideas, while continuous investment in employees' personal and professional development supports their motivation and drives long-term business growth.



DETERMINATION



We are proactive, we take initiative. We are focused on finding solutions and making decisions. We deliver beyond our promises. We learn from our mistakes and understand responsibilities at all levels.

INTEGRITY



We act credibly, with honesty and loyalty. We treat our customers, colleagues, and business partners with great respect and consideration. Our actions and communication are transparent. We are consistent in managing people and processes. We believe that "doing good" is the right way, both in business and in the community.

PROFESSIONALISM



We continuously seek new ways to improve, create value, and achieve better results. We emphasize finding the simplest solutions using innovative methods. We are dynamic, confident, and free to do our best. We do not hesitate to ask for help or offer it when needed. We aim for professional development and eagerly pursue new knowledge and experiences

TEAMWORK



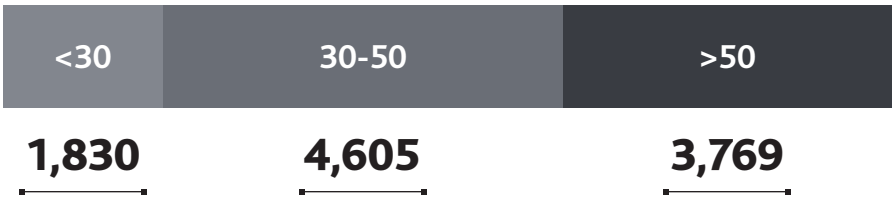
We care about our work and enjoy doing it. We trust and support each other. We act as true ambassadors of our company and treat one another like family. We measure success by customer satisfaction and celebrate it together.

Social Governance (continued)

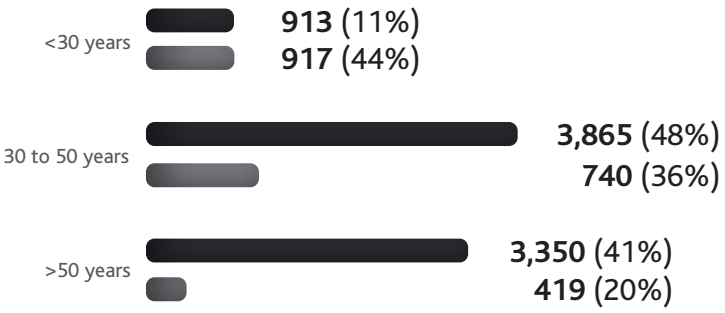




Employee structure by age



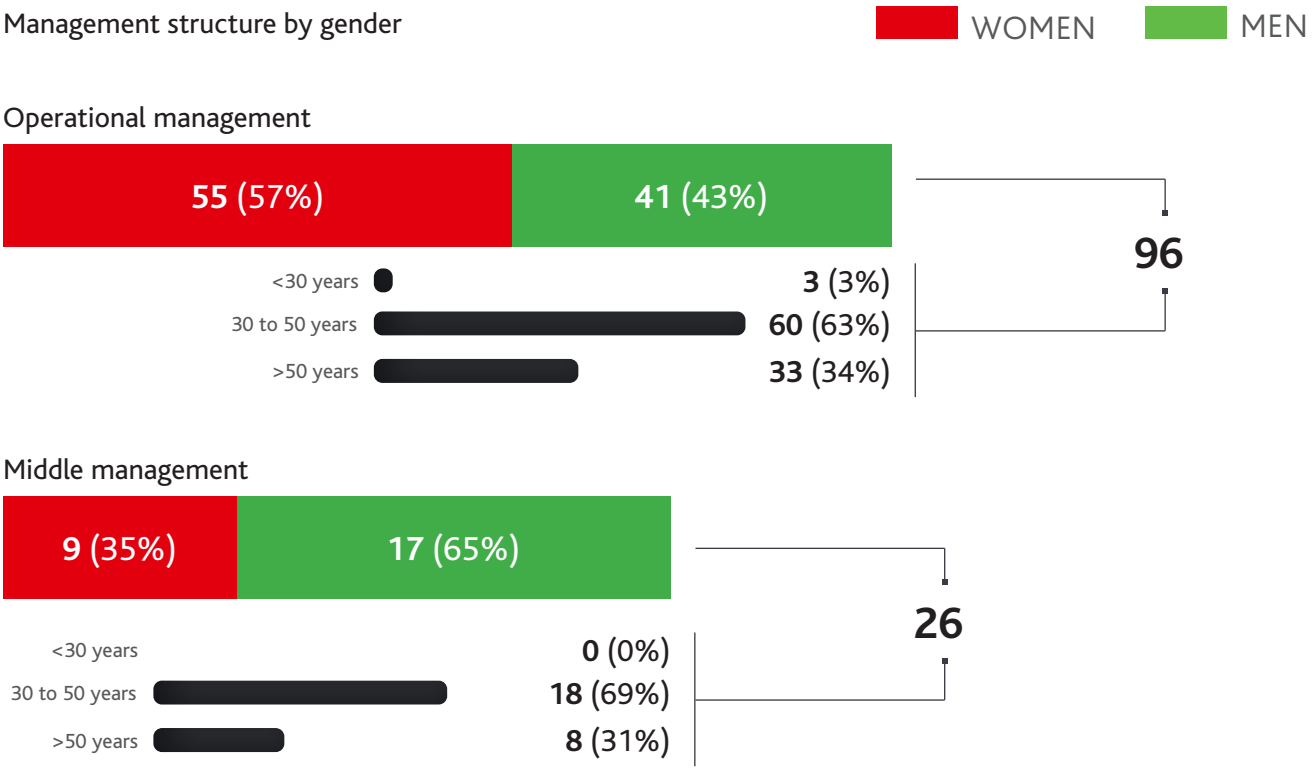
Age structure by contract type - fixed-term / indefinite

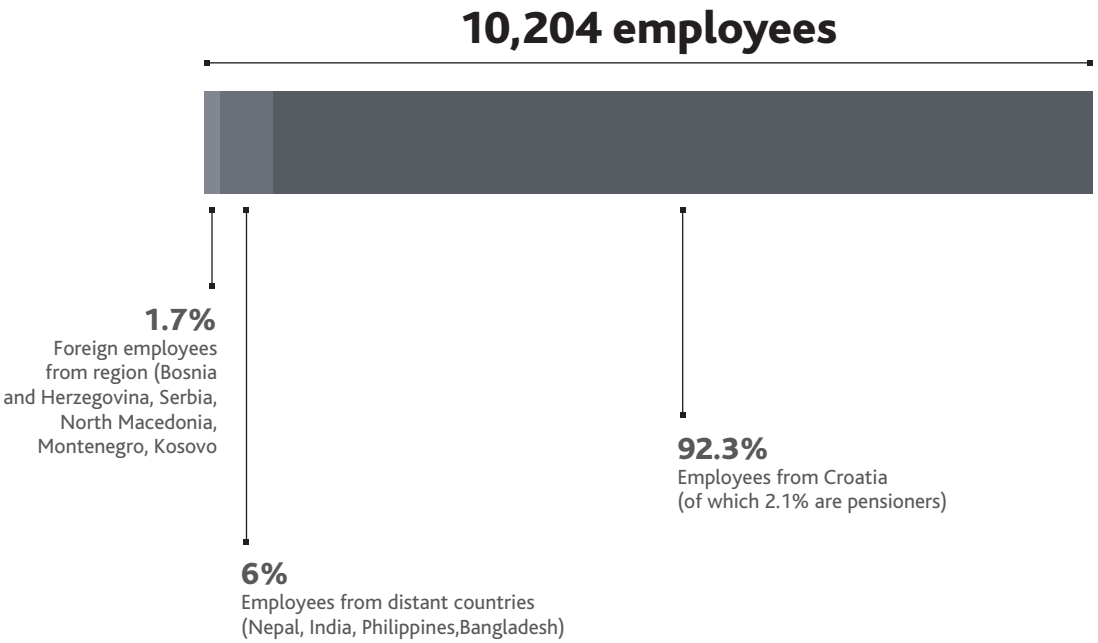




Social Governance (continued)

Management structure by gender





Compensation Policy

As of 31 December 2025, Konzum employes over 10,200 people. As one of the leading employers in the retail sector, we continuously invest in building a stable, inclusive, and motivating work environment based on mutual respect, collaboration, and a positive organisational culture at all levels. Employees are the foundation of the Company's sustainability and business success, and we remain committed to systematically recognising, valuing, and rewarding their contribution.

In 2025, total employee costs increased by EUR 4.2 million compared to the previous year, while gross salary expenses increased by EUR 7.5 million, representing growth of 4.3 percent. These indicators confirm our continued focus on improving employees' material conditions and maintaining competitive compensation in a demanding and rapidly changing market environment.

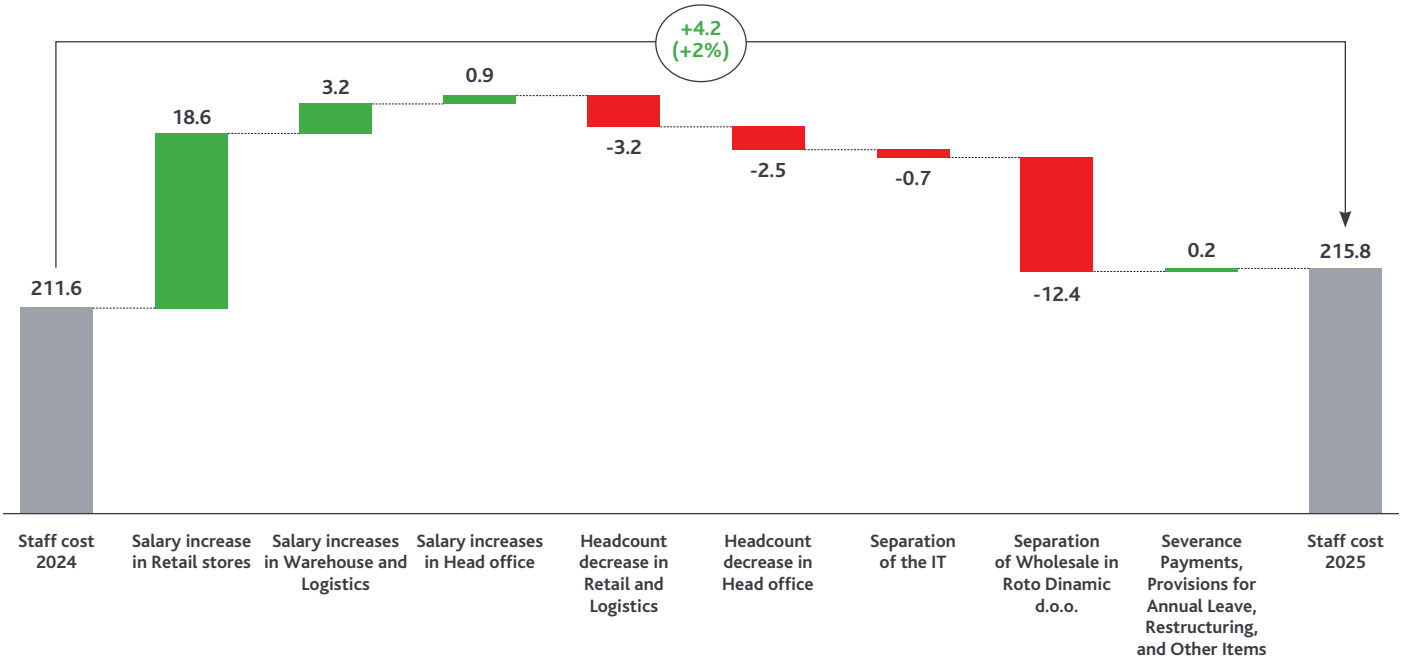
In 2025, Konzum continued initiatives aimed at improving employees' material rights through an additional annual investment of EUR 26 million in salary increases. The investment covered employees working in retail, logistics, and online operations and was implemented in two phases through gross salary increases in January and again in May, resulting in an average increase of 20 percent, equivalent to approximately EUR 200 to EUR 240 per employee. In May, salary increases were also implemented for administrative employees.

In December 2025, Konzum and the Trade Union of Croatia signed a new Collective Agreement, effective from 1 January 2026. The agreement provides for a new salary increase, an increase in the Christmas bonus from EUR 230 to EUR 360 already applicable for 2025, and a more transparent salary calculation model for employees in retail, logistics, and online operations. The total value of this package amounts to EUR 25 million and builds on a similar level of investment made in employee compensation increases during the previous year, confirming the continuity of investment in Konzum employees.

Konzum employees continue to benefit from additional financial benefits, including an Easter bonus of EUR 120, a holiday allowance of EUR 230, a child benefit of EUR 120, a monthly meal allowance of EUR 100, jubilee awards, and hardship assistance and support.

We also regularly provide jubilee awards and newborn allowances, while additional benefits include employee discounts and a day off for parents of first-grade students on their child's first day of school. We place particular emphasis on professional development through the continuous implementation of internal training and development programmes aimed at strengthening competencies and supporting long-term career growth.

Staff costs development (MIL EUR)



In addition to salary adjustments, we continuously invest in other forms of material and non-material rights and benefits for our employees.

Benefits and recognition

Cash benefits and rewards

- Meal allowance;
- Transportation allowance;
- Christmas Bonus;
- Easter bonus;
- Vacation allowance;
- Gifts for children;
- Jubilee awards;
- Employee discounts in our stores;
- One-time newborn or adoption help;
- Monetary help (in the event of death, severe illness of emyploees and/or close family member, scholarships for children of deceased emoloyees;
- Incentive programs beyond standard bonus and variable pay schemes;
- Redudancy payments (in the event of dismissal on business or personal grounds above prescribed minimum;
- Severance paymnents for retirement above prescribed minimum.

Non-cash rewards representing indirect financial benefit for employee

- Gifts for employees children (holiday gifts, first grader package;
- Extra paid leave for special occasions beyond the legal minimum;
- Preferential bank loan rates;
- Partner services discounts.

Employee Reward System

In 2025, we continued to strengthen our employee reward system, ensuring fairness, transparency, and alignment with the Company's strategic and business objectives. 95 percent of employees participated in the reward system, with the variable component of compensation directly reflecting the achievement of defined goals and individual contributions.

Performance evaluations are based on clearly defined and standardised criteria tailored to different types of jobs and organisational areas and aligned with the Company's business strategy. When setting goals for management and key positions, we apply a combined top-down and bottom-up approach, with regular monitoring and the possibility of adjusting goals twice a year. For operational roles, goals are set at individual and/or team level, depending on the nature of the position.

To ensure a fair and balanced distribution of rewards, the system includes clearly defined reward ranges and calibration mechanisms. Reward policies are structured according to different business segments, including retail, logistics, online operations, and management, ensuring transparency, consistency, and fairness in performance evaluation across the organisation.

Development Opportunities

Strategic development is primarily implemented through the Konzum Academy and partly through external institutions, focusing on key positions and shortage occupations. During 2025, a number of programmes were implemented:

- Future Store Manager School: 41 employees completed training through three cohorts. Upon completion, all participants were prepared to take on more responsible positions (department manager, deputy manager, or store manager), of which 46 percent (19 employees) advanced within the same year.
- Specialised Training: Training programmes were conducted for meat sales employees and future store managers with internal mentors through on-the-job learning, as well as leadership skills training for store managers.
- Leadership Programmes: The fourth generation of participants successfully completed the Accelerate and Discover programmes within the DRIVE BEYOND EXCELLENCE programme at Fortenova Group level
- Digital Learning: Through the eAkademija platform, educational materials were made available to all employees to support understanding of work standards and further development of existing knowledge and personal growth. Materials are available bilingually to facilitate learning for colleagues outside the Croatian-speaking area.
- Onboarding and Operational Readiness: Onboarding and operational readiness of new retail employees were supported through 79 regional training centres and 190 mentors. During the year, additional mentors were trained, further strengthening and refreshing the existing mentor base. The mentoring system included 872 participants supported by 1,062 mentors. The quality of the programme is confirmed by satisfaction levels exceeding 90 percent among onboarding participants.

Insight Day

We organised the seventh edition of our internal conference, Insight Day, under the theme "Journey to 2030". This year's event was dedicated to exploring the year 2030, what awaits us, how we will live and work, and which values will shape our everyday lives.

Around 200 colleagues participated in a programme that combined education, motivation, and engaging experiences, leaving participants with practical ideas and inspiration for their future work at Konzum.



Development Opportunities (continued)

Education in Numbers

- **More than 175.952 hours** of training and education;
- **More than 74.168** training participants;
- **More than 80** educational topics;
- **98 %** of managers were involved in knowledge transfer and employee development (through internal education, mentoring and coaching.



Collaboration with the Academic Community

Konzum actively builds relationships with future employees:

- Professional Practice: 395 students completed 69,508 hours of practical training, while 200 secondary school students visited the Konzum Academy. These visits were designed to prepare students for work-based learning (practical training) and provide an opportunity to apply classroom knowledge in a real working environment. Through Academy visits, we organise thematic workshops including product shelf arrangement according to defined planograms in the training store, simulation of work at touch-screen checkouts through product scanning and payment processing, and familiarisation with private label products through sensory evaluation activities, including product tasting.
- We actively participated in career fairs and organised guest lectures delivered by our experts at universities. Participation in career fairs and presenting Konzum to students, our future potential employees, remains highly important to us. Through these activities, we not only strengthen our position as an employer of choice but also actively contribute to the professional development of young talent by creating opportunities for their future success. During 2025, our experts delivered a series of guest lectures for graduate students enrolled in the "Trade and International Business" and "Retail Management and Marketing" programmes at the Faculty of Economics and Business in Zagreb. By sharing practical insights into the operation of the retail business model, we actively contribute to developing the competencies of future labour market participants.

WorldSkills Croatia

Through cooperation with the Agency for Vocational Education and Training and Adult Education, Konzum continued its role as an event partner in 2025 by equipping competition areas and providing awards for students competing in the disciplines of sales skills, driving, and entrepreneurship. The event attracted more than 10,000 visitors, to whom we presented the benefits of joining our team.

worldskills Croatia

Organizational Climate and Culture Survey

To ensure that all employees have the opportunity to express their views and perceptions of the organisation, in November 2025 we conducted the Konzum organisational climate and job satisfaction survey for the seventh consecutive year. This year, more than 4,500 employees participated in the survey, and we collected more than 4,000 comments, recognitions, and suggestions that help us better understand the current situation and define the direction of the Company's further development.

Compared to previous years, employee participation was somewhat lower. This was partly the result of the separation of certain organisational units from the Company, but may also partially reflect lower levels of satisfaction and engagement among some employees in the context of ongoing organisational changes.

Compared to 2024, when the average satisfaction score amounted to 3.47, in 2025 we recorded a decrease to 3.34. This result should be viewed in the context of several interconnected factors. During 2025, the survey questionnaire was partially revised and expanded with new dimensions that had not previously been included, while certain questions were also adjusted, which may have influenced the overall result. In addition, significant business process changes resulting from the Company's ongoing reorganisation affected employees' day-to-day work and experience and consequently influenced the survey outcomes.

Despite this, the collected results and employee feedback provide a valuable foundation for further improvements to the organisational environment and strengthening of organisational culture. In the coming period, the focus will be on strengthening internal communication, leadership development, improving change management practices, and implementing targeted activities aimed at increasing employee engagement and satisfaction.

The employee experience was further strengthened through employee wellbeing initiatives:

- **Health:** Through organised health-focused initiatives including the Health Polygon programme, the MultiSport Health Day, the introduction of PassSport membership, the organisation of voluntary blood donation activities, and reimbursement of preventive medical examinations, we continued to support employee wellbeing and promote healthy lifestyle habits.
- **Family Support:** Through our family support programme, 247 parents of first-grade students were included, and traditional back-to-school gift packages were provided for their 254 children, while parents were granted a day off. Ahead of the start of the school year, we also organised the "Kids Day" Academy as part of the new season of the Little Big Talents 3 campaign. Children of our colleagues, aged 7 to 13, had the opportunity to participate in a variety of activities including dance, sports, arts, science, and technology and discover the areas they enjoy most. As part of our holiday programmes, more than 3,200 gifts were distributed to children under the age of 15 covered by employee health insurance, and an interactive holiday performance with accompanying workshops and activities was organised for employees' children.
- **Internal Solidarity:** During the summer season, 128 employees from continental Croatia provided operational support to colleagues working in coastal stores. At the same time, colleagues from support functions participated in the **"Helping a Colleague"** initiative by supporting store operations through one- or two-week assignments working directly in stores.
- **Culture of Togetherness:** Special attention is given to creating a positive working environment and recognising important moments throughout the year. During the holiday season, festive gatherings were organised for **9,642 colleagues working in operations**. In celebration of International Women's Day, approximately **7,800 female colleagues** across Croatia, including students participating in practical training and university students, received roses and personalised cards with messages. Through these initiatives, we aim to strengthen the sense of belonging and appreciation for every member of our team.

Process Digitalisation

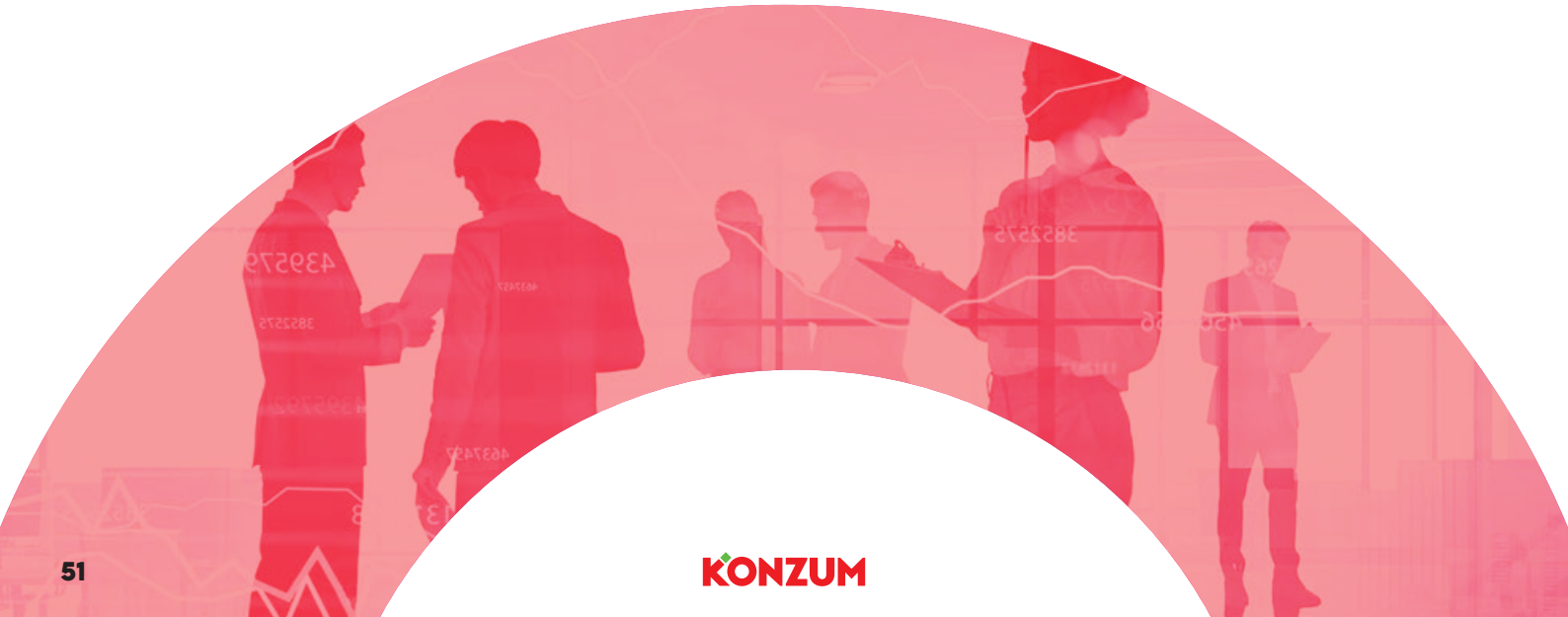
Contact

In 2025, the "Kontakt" core work competencies assessment system underwent a full digital transformation through the HRnet application. A record 21,014 assessments were conducted across retail operations, and the system was successfully expanded to include deputy positions, with 1,014 employees in these roles assessed within a single evaluation cycle.

I Have an Idea

In 2025, the "I Have an Idea" programme was fully digitalised. Through this channel, more than 90 proposals were collected from our colleagues. During the year, ten ideas focused on improving work processes were implemented, while the remaining proposals were aimed at product development and innovative solutions, with two ideas receiving special recognition. Through this system, we ensure that the voice of our employees is heard and that their creativity directly contributes to operational excellence.





Occupational Health and Safety

We consider continuous employee training in safe working practices an essential part of preventing workplace injuries and protecting employee health. In addition to mandatory training in occupational health and safety and fire protection, we also conduct specialised professional development programmes. In cooperation with external partners and authorised adult education institutions, we organise training for forklift operators, first aid responders, working at heights, and other specialised areas.

In 2025, a total of 9,600 employees completed occupational health and safety and fire protection training, 36 employees were certified as forklift operators, and 128 employees completed first aid training.

The selection of personal protective equipment is based on the risks, exposures, and hazards identified through risk assessments for each specific workplace, taking into account the level and frequency of risk exposure, workplace characteristics, and operating conditions. When selecting protective equipment, we ensure that it provides a high level of protection, allows normal performance of work activities, complies with prescribed standards and, equally importantly, ensures employee comfort. Before making a final decision, equipment is tested by a selected group of employees over a defined period, and their feedback and suggestions are carefully considered. As a result, in 2025, the rollout of new protective footwear continued, with employees expressing a high level of satisfaction.

The Occupational Health and Safety and Fire Protection Department regularly conducts internal supervision, checking the condition of facilities, work equipment, and installations, and engaging with employees about occupational safety challenges at their respective locations. Authorised external companies also regularly perform examinations of the work environment, electrical installations, and work equipment. In 2025, we conducted 105 internal inspections, identifying more than 1,400 opportunities for improvement in occupational health and safety and fire protection.

In 2025, as part of our ongoing efforts to prevent and reduce workplace injuries:

- The distribution of vertical ergonomic mice continued, aiming to reduce the risk of repetitive strain injuries caused by prolonged repetitive movements;
- Additional live training sessions for Authorised Representatives were organised in several regions to emphasise the importance of occupational health and safety and fire protection;
- New and updated occupational health and safety and fire protection training courses continued to be uploaded to the online learning platform;
- On the initiative of employees from the Occupational Health and Safety and Fire Protection Department, the first voluntary blood donation campaign was organised in the Relax Corner;
- In cooperation with the Croatian Institute of Public Health and the Living Healthy project, a Health Polygon event was organised to mark World Day for Safety and Health at Work and National Occupational Safety Day, where employees could learn about the harmful effects of smoking, measure exhaled CO levels, blood pressure and blood sugar, receive advice on physical activity and nutrition, learn about mental health, and speak with a psychologist;
- In cooperation with the healthcare institution Vaš pregled, ongoing training sessions delivered by occupational medicine specialists were organised under the topics Personal Health Protection for Employees Performing Frequent Bending/Squatting/Kneeling Activities and Personal Health Protection in Physically Demanding Work (Manual Handling and Lifting);
- Additional awareness-raising activities were carried out regarding:
    - the use of personal protective equipment;
    - timely reporting of workplace injuries.



Konzum Concludes the Third Season of Little Big Talents - Total Investment of EUR 2.3 Million in School Equipment and Talent Development

At the end of the third season of Konzum's corporate social responsibility initiative, Little Big Talents, a three-year project cycle was completed, delivering even stronger results and establishing the initiative as one of the most extensive programmes supporting educational institutions in Croatia. Through all three seasons of the project, schools received equipment with a total value of approximately EUR 2.3 million, with schools independently selecting equipment according to their actual needs.

In the third edition of Little Big Talents, more than two thirds of all primary and secondary schools in Croatia participated, representing nearly 1,800 schools. Konzum customers donated almost 12 million coupons, which schools redeemed to order 11,406 pieces of equipment, primarily in the categories of sports, science, technology, and arts. When combining the results of all three editions of the project, schools ordered more than 38 thousand pieces of equipment through Little Big Talents, leaving a lasting impact in classrooms, sports halls, and specialised learning spaces across the country.

An important feature of the third season was once again the Coupon Bank, where nearly 200 thousand coupons were collected and intended for small schools in smaller communities with specific needs. Through a dedicated competition, five schools were selected to receive additional coupons collected through donations from customers who did not have the opportunity or preference to independently select a school to support. In this way, schools received targeted and meaningful support where it was needed most.

Fifth Year of Konzum's "Celebrate Christmas Your Way" Initiative - More than EUR 123 Thousand Raised to Support the Most Vulnerable



In the fifth anniversary year of the traditional holiday initiative Celebrate Christmas Your Way, Konzum and MultiPlusCard, together with partners Zagrebačka banka and Mastercard, once again demonstrated the strength of solidarity and collective action. During December, **more than EUR 123 thousand** was raised to support associations and institutions across Croatia that provide daily care and support to children, young people, women, older persons, and abandoned animals.

The total donation amount consists of contributions provided by Konzum, Zagrebačka banka, and Mastercard, as well as donations from MultiPlusCard loyalty programme members who allocated their BONUS euros to associations of their own choice. This once again confirmed that individual contributions, when combined, can create significant and meaningful impact.

Funds collected through the initiative were distributed among **ten organisations**, which will use them to improve working conditions, implement therapeutic, educational, and rehabilitation programmes, and provide direct support to their beneficiaries. The donations will contribute to better care for children with developmental difficulties, support for women and children who are victims of violence, assistance to young people without adequate parental care, improved quality of life for older persons, and care for abandoned animals.

Recipients and donation amounts:

- **MURID Early Childhood Intervention Centre** provides support to children with developmental risks from birth until school enrolment: EUR 11,847.95
- **Iris Association** provides shelter, protection, and psychosocial support for women and children who are victims of domestic violence: EUR 16,376.12
- **Tić Centre** provides psychosocial support to children and young people, including victims of sexual violence: EUR 12,256.47
- **Breza Association** supports children and young people without adequate parental care through social and therapeutic community programmes: EUR 10,997.85
- **Noina arka Association** provides care for abandoned dogs and cats: EUR 14,595.87
- **Prava šapa Association** rescues and provides care for abandoned cats, including veterinary support and temporary accommodation: EUR 12,709.03
- **Slava Raškaj Centre** delivers rehabilitation and educational programmes for children, young people, and adults with hearing impairments, communication difficulties, and multiple disabilities: EUR 11,389.46
- **Brački pupoljci Association** provides social services for children with developmental difficulties and support to their families: EUR 15,106.86
- **StarKA Association** promotes quality of life for older persons and raises awareness of age discrimination: EUR 9,299.1
- **Vladimir Nazor Centre** provides care and support to children without adequate parental care: EUR 9,033.06

The Best from Croatia

The *Best from Croatia* project represents a long-term Konzum initiative aimed at systematically supporting family farms (OPGs) and local producers while promoting domestic production.

Through this project, Konzum collaborates with 60 local producers, whose assortment of approximately 300 products is available in more than 100 stores. In this way, we provide family farms with a stable distribution channel and broader market access, while enabling customers to enjoy high-quality, fresh, and locally produced products.

The project continues to be actively promoted and further developed through the *Best from Croatia* campaign, which throughout the year highlights the richness of domestic production and the diversity of regional flavours. During the reporting period, the campaign was implemented through two themed catalogues, in May and October, focusing on product authenticity, quality, and regional identity. Throughout the year, domestic meat sourced from Croatian farms was additionally promoted through regular catalogue activities.

The themed catalogues featured the following categories:

- Flavours of Dalmatian Tradition;
- Specialties of Istria and Kvarner;
- Richness of Flavours from the Heart of Golden Slavonia;
- Domestic Flavours and Premium Wines from Central Croatia.

Through these activities, we further strengthened cooperation with domestic suppliers, increased the visibility of Croatian products, and encouraged customers to choose products of local origin.

The *Best from Croatia* project confirms Konzum's strategic focus on supporting local economic development, building long-term partnerships, and promoting sustainable agriculture and responsible consumption.



Corporate Governance (G)

Governance factors of sustainable business relate to the way an organisation is managed, business transparency, and the establishment of effective oversight and accountability systems. They include areas such as ethical business conduct, risk management, regulatory compliance, data protection, and responsible decision-making. Through the application of good governance practices, organisations strengthen stakeholder trust, ensure business stability, and create the foundations for long-term sustainable development

At Konzum, the principles of responsible governance are implemented through the Code of Ethics and a range of internal policies that promote a business culture based on responsibility, transparency, and integrity. Konzum's Code of Ethics provides behavioural and decision-making guidelines for employees and business partners and is publicly available to all stakeholders. New employees receive the Code as part of their onboarding materials, while it is also accessible via internal web platforms and notice boards.

The fundamental principles of the Code of Ethics are:

- protection of dignity and respect for human rights;
- freedom of employment and prohibition of child labour and forced labour;
- professional and personal development of employees;
- protection of health, the environment, and safety.

Each business function within the Company is responsible for monitoring compliance with the Code.

In addition to the Code of Ethics, the Company has implemented the Fortenova Group Supplier Code of Conduct, which forms an integral part of contractual clauses. Through this Code, Fortenova Group and Konzum confirm their commitment to corporate social responsibility and establish the continued development of sustainable and profitable business operations as a key objective, while simultaneously increasing the value of the entire Group through governance aligned with social, governance, and environmental principles. The Group's overall objective is to continuously improve standards relating to human rights, employee rights, environmental protection, and ethical business conduct, both within the Group itself and across all participants in the supply chain.

In addition to the codes, the Company implements numerous policies that ensure compliance with applicable regulations and business best practices. Key policies include:

- Anti-Bribery and Anti-Corruption Policy - Gifts and Benefits;
- Conflict of Interest Policy;
- Corporate Giving Policy;
- Internal Whistleblowing Policy;
- Tax Policy;
- Competition Policy;
- Fairness, Diversity and Inclusion Policy;
- Fortenova Group Corporate Communications Policy;
- Information Security Policy;
- Food Safety Policy;
- Environmental Protection, Energy Efficiency and Sustainable Business Policy;
- Treasury Policy;
- Credit Risk Management Policy.

Corporate Governance (continued)

In today's business environment, there is an increasing emphasis on responsible and systematic management of business processes. For many years, Konzum has demonstrated its structured approach to management systems through the implementation and continuous certification of the following standards:

- ISO 14001 - Environmental Management System;
- ISO 50001- Energy Management System;
- ISO 22000 - Food Safety Management System;
- ISO 27001 - Information Security Management System;
- ECO standard.







In 2025, in accordance with the implemented and certified management systems, 670 internal audits were conducted across our stores and warehouses. Internal audits play a key role in systematically monitoring process compliance, identifying potential deviations in a timely manner, and promoting continuous improvement of management systems. In addition to internal audits, seven audits were conducted by certification bodies. In May 2025, the recertification process under the ISO 14001 standard was successfully completed, resulting in a new certificate covering all locations, while in December 2025 a new certificate was also obtained in accordance with the ISO 27001 standard.

Holding these certifications not only confirms compliance with international standards but also supports further enhancement of management systems and adaptation to evolving market requirements in the areas of energy efficiency, environmental protection, and information security. At the same time, it contributes to strengthening competitiveness, increasing customer and business partner confidence, and supporting the long-term sustainability of the business.



Financial report

This is an English translation of the Independent Auditor's Report on the financial statements originally issued in Croatian. In the event of any differences, the Croatian original prevails. This report should be read in conjunction with the complete set of financial statements issued in Croatian to which it relates. The accompanying English financial statements are a convenience translation and are not the audited financial statements.

Independent Auditor's Report

To the owners of Konzum plus d.o.o.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Konzum plus d.o.o. ("the Company"), which comprise:

- the statement of financial position as at 31 December 2025;

and, for the year from 1 January 2025 to 31 December 2025:

- the statement of profit or loss;
- the statement of other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;

and

- notes, comprising material accounting policies and other explanatory information

("the financial statements").

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") and Regulation (EU) No. 537/2014 of the European Parliament and of the Council. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying amount of goodwill and intangible assets with indefinite useful lives

As at 31 December 2025, intangible assets of the Company included goodwill with a carrying amount of EUR 18,430 thousand *(2024: EUR 18,430 thousand)* and intangible assets with indefinite useful lives, i.e. brands with a carrying amount of EUR 55,671 thousand *(2024: EUR 55,671 thousand)*. During 2025 and 2024, the Company did not recognize any impairment losses with respect to goodwill and intangible assets with indefinite useful lives.

Refer to Note *Intangible assets* within Note 4 *Material accounting policy information*, Note *Impairment of intangible assets with indefinite useful lives* within Note 5 *Critical accounting estimates and judgements a*nd Note 16 *Intangible assets* in the financial statements.

The key audit matter	How the matter was addressed in our audit
The Company's goodwill and brands with indefinite useful lives are material to the financial statements. Under IAS 36, these assets are tested for impairment at least annually, irrespective of whether impairment indicators exist. Goodwill is tested by reference to the recoverable amount of the cash-generating units, or groups of cash-generating units, to which it has been allocated. The recoverable amount of brands is determined using a relief-from-royalty valuation technique. The impairment assessment involves significant judgement, particularly in determining the relevant cash-generating units, allocating goodwill and brands to those units, forecasting future revenue and cash flows, and selecting discount rates, long-term growth rates and royalty rates. The valuation is sensitive to changes in these assumptions, and small changes could significantly affect the available headroom. Because of the materiality of the balances and the judgement involved in estimating recoverable amounts, we considered this to be a key audit matter.	Our procedures, performed where appropriate with the support of our valuation specialists, included: **CGU allocation and model basis:** assessing whether goodwill and brands were allocated to cash-generating units, or groups of cash-generating units, consistently with IAS 36 and with our understanding of how the Company monitors the related businesses. **Forecast cash flows:** comparing forecast revenue, margins and cash flows used in the impairment models to Board-approved budgets, historical performance and other evidence obtained during the audit; and assessing the accuracy of previous forecasts by comparing them with actual outcomes. **Valuation assumptions:** challenging discount rates, long-term growth rates and royalty rates by comparing them with external market data, industry benchmarks and, for royalty rates, available brand royalty evidence relevant to comparable products and markets. **Model mechanics and sensitivities:** testing the mathematical accuracy of the impairment models, reconciling key inputs to underlying accounting records and performing sensitivity analyses on assumptions that had the greatest effect on headroom. **Disclosures:** assessing whether the disclosures appropriately describe the impairment testing approach, key assumptions and sensitivities for goodwill and brands with indefinite useful lives.

Supplier rebates and other supplier arrangements

The Company enters into a significant number of various supplier arrangements which include discounts, rebates, promotional funding and other commercial allowances. These arrangements are an important component of the Company's purchasing model and affect the measurement of inventories, cost of goods sold and gross margin.

Refer to Note *Inventories* within Note 4 *Material accounting policy information*, Note 5 *Critical accounting estimates and judgements*, Note 21 *Inventories* and Note 24 *Other current assets*.

The key audit matter	How the matter was addressed in our audit
The accounting for supplier arrangements requires judgement in determining whether the substance of an arrangement is a reduction of inventory purchase cost, revenue from a service provided to a supplier, or a reimbursement or offset of specific costs. Judgement is also involved in estimating amounts earned at the reporting date, particularly where entitlement depends on purchase volume thresholds, promotional activity, supplier correspondence or supplier settlement after the reporting date. Because of the volume and variety of supplier terms, and the judgement involved in classification, timing and measurement, we considered this to be a key audit matter.	Our procedures included: **Accounting classification:** inspecting a sample of supplier arrangements and assessing whether the consideration represented a reduction of inventory purchase cost, revenue from a distinct service, or a reimbursement or offset of specific costs, based on the contractual terms and substance of the arrangement**.** **Entitlement and measurement:** for selected arrangements, agreeing rebate rates, fixed contributions, thresholds and eligible purchase or sales volumes to contracts, correspondence and underlying purchase or sales data; and recalculating the amounts recognised. **Year-end estimates, supplier confirmations and subsequent settlement:** for selected suppliers, requesting confirmation of amounts outstanding as at reporting date and comparing responses with Company accounting records; we also compared selected year-end accruals and receivables with invoices, credit notes, cash receipts and supplier settlements after the reporting date, and followed up significant differences. **Allocation between inventory and cost of goods sold:** testing the allocation of supplier consideration between inventories held at year end and cost of goods sold by agreeing the calculation to inventory records, purchase data and the Company's accounting policy. **Correct reporting period:** testing selected supplier amounts recognised shortly before and after year end to assess whether they were recognised in the appropriate period, based on supplier agreements, purchase data, promotional evidence and post-year-end settlements. **Disclosures**: assessing whether the related disclosures appropriately describe the Company's accounting policy and key judgement.

Other Matter - Comparative Information

The financial statements of the Company as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 April 2025.

Other Information

Management is responsible for the other information. The other information comprises the Management Report included in the Annual Report of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With regard to the Management Report, we also performed procedures prescribed by applicable legal requirements and we report that:

- the information given in the Management Report for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- the Management Report has been prepared, in all material respects, in accordance with applicable legal requirements.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Information Required by Regulation (EU) No. 537/2014 of the European Parliament and the Council

Appointment of Auditor and Period of Engagement

We have been appointed to audit the annual financial statements of the Company by resolution of those charged with governance dated 30 September 2025. Our period of total uninterrupted engagement is 1 year, covering the year ended 31 December 2025.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion is consistent with the additional report to the Audit Committee.

Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 of the European Parliament of the Council and Article 44 of the Audit Act were provided and that we remained independent in conducting the audit.

1 June 2026

KPMG Croatia d.o.o. za reviziju
Croatian Certified Auditors
Eurotower, Ivana Lučića 2a
10000 Zagreb

RESPONSIBILITY FOR THE ANNUAL REPORT

Pursuant to the Croatian Accounting Act, the Management Board is responsible for ensuring that the financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS®) as adopted in the EU, which give a true and fair view of the position and results of Konzum plus d.o.o., Zagreb ("the Company"), as well as its operating results for that period.

After making enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. Therefore, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing these financial statements, the responsibilities of the Management Board include ensuring that:

1. suitable accounting policies are selected and then applied consistently
2. judgements and estimates are reasonable and prudent
3. applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements and
4. the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and must also ensure that the financial statements comply with the Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Moreover, in accordance with the Accounting Act, the Management Board is obliged to prepare an Annual Report comprising the financial statements and the Management Report. The Management Report was prepared in line with the requirements of Article 24 of the Accounting Act.

The Annual Report has been approved for issue by the Management Board on 29 May 2026.

Zoran Mitreski

President of the Management Board

KONZUM plus d.o.o. I Zagreb 1/1

Tadija Dalić

Member of the Management Board

Konzum plus d.o.o.

Marijana Čavića 1a
10000 Zagreb
Republic of Croatia

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



Annual Financial Statements for 2025

	Notes	2025 EUR '000	2024 EUR '000
Revenue	*6*	1,851,663	1,981,289
Other income	*7*	54,798	44,197
Total operating income		**1,906,461**	**2,025,486**
Cost of goods sold		(1,301,836)	(1,417,023)
Material and energy costs	*8*	(56,811)	(68,147)
Service costs	*9*	(123,831)	(120,502)
Staff costs	*10*	(215,791)	(211,608)
Impairment of financial assets	*11*	(68)	1,111
Other impairments	*11*	(770)	(1,900)
Other costs	*12*	(19,094)	(18,917)
Gain on sale of property, plant and equipment, net		28,453	4,493
Depreciation and amortisation	*16,17,18,19*	(89,674)	(92,947)
Total operating expenses		**(1,779,422)**	**(1,925,440)**
Operating profit		**127,039**	**100,046**
Finance income	*13*	5,113	1,645
Finance costs	*14*	(32,364)	(38,366)
Net finance costs		**(27,251)**	**(36,721)**
Profit before tax		**99,788**	**63,325**
Income tax expense	*15*	(14,414)	(12,211)
Profit for the year		**85,374**	**51,114**
Other comprehensive loss			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial (loss)/gain of defined benefit liability, net of tax		(884)	(469)
Other comprehensive income/(loss)		-	6
Other comprehensive loss for the year, net of tax		**(884)**	**(463)**
Total comprehensive income for the year		**84,490**	**50,651**

The accompanying notes are an integral part of these financial statements.

	Notes	31 December 2025 EUR '000	31 December 2024 EUR '000
Non-current assets			
Intangible assets	*16*	77,370	78,326
Property, plant and equipment	*17*	43,640	184,433
Right of use assets	*18*	297,587	341,613
Investment property	*19*	665	174,723
Loans, deposits and other financial assets	*20*	901	6,577
Deferred tax assets	*15*	4,968	12,197
Other non-current assets		34	71
Total non-current assets		**425,165**	**797,940**
Current assets			
Inventories	*21*	139,201	126,326
Loans, deposits and other financial assets	*20*	127,223	942
Trade receivables	*23*	28,967	34,161
Other current assets	*24*	10,539	8,994
Cash and cash equivalents	*25*	32,791	29,093
		338,721	**199,516**
Assets held for sale	*22*	-	7,295
Total current assets		**338,721**	**206,811**
TOTAL ASSETS		**763,886**	**1,004,751**
Capital and reserves	*26*		
Share capital		3	3
Capital reserves		85,908	85,908
Other reserves		(77,977)	47,526
Fair value reserves		6	6
Retained earnings / (Accumulated loss)		88,644	37,506
Total capital and reserves		**96,584**	**170,949**
Non-current liabilities			
Provisions	*27*	11,498	19,767
Loans and borrowings	*28*	-	14,119
Lease liabilities	*29*	247,060	412,350
Other non-current liabilities		-	14
Total non-current liabilities		**258,558**	**446,250**
Current liabilities			
Trade payables	*30*	249,706	218,454
Loans and borrowings	*28*	-	53,371
Lease liabilities	*29*	60,964	45,674
Current income tax payable	*15*	19,318	1,957
Other current liabilities	*31*	78,756	68,096
Total current liabilities		**408,744**	**387,552**
TOTAL EQUITY AND LIABILITIES		**763,886**	**1,004,751**

The accompanying notes are an integral part of these financial statements.

	Notes	Share capital	Capital reserves	Other reserve	Fair value reserves	Retained earnings/ (Accumulated loss)	Total
		EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance as at 1 January 2024		**3**	**85,908**	**58,919**	**-**	**(10,809)**	**134,021**
Profit for the year		-	-	-	-	51,114	51,114
Other comprehensive loss		-	-	-	6	(469)	(463)
Total comprehensive income for the year		-	-	-	6	50,645	50,651
Transactions with owners in their capacity as owners:							
Business combinations under common control	*2*	-	-	(11,393)	-	-	(11,393)
Provisions for guarantees	*27*	-	-	-	-	(2,330)	(2,330)
Balance as at 31 December 2024		**3**	**85,908**	**47,526**	**6**	**37,506**	**170,949**
Balance as at 1 January 2025		**3**	**85,908**	**47,526**	**6**	**37,506**	**170,949**
Profit for the year		-	-	-	-	85,374	85,374
Other comprehensive loss		-	-	-	-	(884)	(884)
Total comprehensive income for the year		-	-	-	-	84,490	84,490
Transactions with owners in their capacity as owners:							
Demerger under common control	*2*	-	-	(125,503)	-	1,648	(123,855)
Dividends paid		-	-	-	-	(35,000)	(35,000)
Balance as at 31 December 2025		**3**	**85,908**	**(77,977)**	**6**	**88,644**	**96,584**

The accompanying notes are an integral part of these financial statements.

	Notes	2025 EUR '000	2024 EUR '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**99,788**	**63,325**
Depreciation and amortisation of property, plant, equipment and intangible assets	*16, 17, 19*	32,727	42,553
Depreciation of right of use assets	*18*	56,947	50,394
Impairment of right of use assets	*11*	770	-
Finance income	*13*	(5,113)	(1,645)
Finance costs	*14*	32,364	38,366
(Gain)/loss from impairment of financial assets	*11*	68	(1,111)
(Gain)/loss on sale of non-current fixed assets		(28,453)	(4,493)
Change in provisions for liabilities and charges	*10, 12*	(5,890)	(2,088)
Non-current assets shortages, net	*12*	168	271
(Gain)/loss on impairment of inventory		(2,029)	1,900
Other non-cash transactions		-	809
Cash flow before adjustments for changes in working capital		**181,347**	**188,279**
Changes in inventories		(18,625)	(8,255)
Changes in receivables and other current assets		(6,672)	(11,428)
Changes in trade payables and other current liabilities		62,936	(50,687)
CASH FLOWS FROM OPERATING ACTIVITIES		**218,986**	**117,909**
Income tax paid		(3,100)	-
Interest paid	*33*	(33,137)	(39,446)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**182,749**	**78,463**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current fixed assets		117,489	11,570
Receipts from repayment of given loans and deposits		71,721	15,267
Proceeds from interest on loans and deposits		1,565	1,553
Loans and deposits paid		(197,735)	(1,480)
Purchases of property, plant and equipment and intangible assets	*16, 17*	(17,614)	(22,265)
Cash acquired in business combinations under common control	*2*	-	23
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(25,024)**	**4,668**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings and loans	*33*	18,000	42,759
Dividends paid		(35,000)	-
Repayment of borrowings and loans	*33*	(83,399)	(115,483)
Repayment of principal element of lease liabilities	*33*	(53,628)	(54,688)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(154,027)**	**(127,412)**
TOTAL NET CASH FLOWS		**3,698**	**(44,281)**
Cash and cash equivalents at beginning of period		29,093	73,374
Cash and cash equivalents at end of period	*25*	32,791	29,093

The accompanying notes are an integral part of these financial statement.

1. GENERAL INFORMATION

Konzum plus d.o.o. (the Company), Zagreb was registered as a limited liability company at the Commercial Court of Zagreb on 14 June 2018 in accordance with resolution no. Tt-18/23666-2 based on the Statement of incorporation from 12 June 2018. The Company is registered at the Commercial Court of Zagreb under the register number 081180016 and Personal Identification Number 62226620908.

The owner of the Company is Fortenova grupa d.d. (the Group), Zagreb, Marijana Čavića 1, with a 100% share. Ultimate parent of the Company at 31 December 2025 is Sustainable Solutions Holding AG, Switzerland, while the ultimate controlling party at 31 December 2025 is Mr. Pavao Vujnovac.

The Company's registered office is in Zagreb, Marijana Čavića 1/a.

The Company's principal activity is retail and wholesale of food and non-food products, the provision of catering services, preparation and service activities of drinks and beverages and the production and processing of meat and meat products.

During 2025, the Company had an average of 10,263 employees, compared to 11,146 employees in 2024.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS ®) as adopted by the European Union.

The financial statements have been prepared under the accrual basis according to which liabilities and assets are recognised when they meet the definitions in the framework underlying IFRS. In preparing the financial statements, the basic accounting assumption of going concern was applied.

Basis of preparation

The financial statements are prepared on the historical cost basis except where otherwise stated. The accounting policies have been consistently applied by the Company and are consistent with those of the previous year. These financial statements aim disclosing only information that management considers is material for the primary users. Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes and in Note 4.

The Company's functional currency is the euro (EUR), which represents the currency of the primary economic environment in which the Company operates. The financial statements are presented in euro (EUR), which is also the Company's presentation currency. Amounts disclosed in the financial statements are stated in euro and rounded to the nearest thousand (or another appropriate unit), unless otherwise stated.

In the comparative information as of 31 December 2024 presented in the Company's Statement of Financial Position, Trade rebate receivables from suppliers were reclassified from Trade Receivables to Trade Payables in the amount of EUR 34,274 thousand to provide a more appropriate presentation of such balances in the aforementioned financial statement. The reclassification also resulted in corresponding changes to the related notes providing additional explanation of the respective line items in the financial statements.

Going concern

The financial statements have been prepared on a going concern basis.

Management has assessed the Company's ability to continue as a going concern and is satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, management considered the Company's profitability, cash flow projections, and available funding.

Accordingly, no material uncertainties exist that would cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION (continued)

Demerger during the reporting period

On 14 February 2025, the wholesale segment was demerged from the Company and transferred to, and absorbed by, Roto Dinamic d.o.o., which, through such acquisition, expanded its wholesale operations from the beverage segment to include the food segment as well. No purchase consideration was paid for the demerger transaction, as the transaction was carried out between entities under common control.

The effects of a demerger of an entity under common control are shown in the following table:

	Roto Dinamic d.o.o. **2025** **'000 EUR**
Property, plant and equipment	(2,605)
Loans, deposits and other financial assets	(484)
Inventories	(8,410)
Other current assets	(173)
Trade receivables	(8,310)
Cash and cash equivalents	(3)
TOTAL ASSETS	**(19,985)**
Provisions	(565)
Trade payables	(15,873)
Other current liabilities	(718)
TOTAL LIABILITIES	**(17,156)**
OTHER RESERVES	**(2,829)**

In 2024, the demerged operating segment generated revenue of EUR 201,237 thousand and profit amounting to EUR 5,811 thousand, while in 2025, for the period from the beginning of the year until the demerger date, it generated revenue of EUR 15,279 thousand and incurred a loss of EUR 26 thousand.

2. BASIS OF PREPARATION (continued)

Demerger during the reporting period (continued)

On 1 October 2025, the real estate segment was demerged from the Company and transferred to, and absorbed by, the newly established company FNG Property HR d.o.o. No purchase consideration was paid for the demerger transaction, as the transaction was carried out between entities under common control.

The effects of a demerger of an entity under common control are shown in the following table:

	FNG Property HR d.o.o. 2025 '000 EUR
Property, plant and equipment	(65,830)
Right of use assets	(334,763)
Investment property	(153,685)
Loans, deposits and other financial assets	(6,021)
Trade receivables	(1,079)
Other current assets	(3,131)
Deferred tax assets	(13,437)
TOTAL ASSETS	**(577,946)**
Other non-current liabilities	(6)
Lease liabilities	(449,302)
Trade payables	(3,851)
Other current liabilities	(3,761)
TOTAL LIABILITIES	**(456,920)**
REVALUATION SURPLUS	**(876)**
OTHER RESERVES	**(120,150)**

The Company identified the need to implement the changes in order to optimise its operations and to limit its business decisions and transactions to those falling within the responsibilities of the retail segment and retail processes.

2. BASIS OF PREPARATION (continued)

Business combinations in 2024

On 3 October 2024, the Company merged A007 plus d.o.o. No purchase consideration was paid due to the fact that it was a merger of companies under common control.

The effects of a merger of an entity under common control are shown in the following table:

	A007 plus d.o.o. **2024** **EUR '000**
Intangible assets	27
Other current assets	16
Cash and cash equivalents	23
TOTAL ASSETS	**66**
Loans and borrowings	10,911
Trade and other payables	57
Other current liabilities	491
TOTAL LIABILITIES	**11,459**
OTHER RESERVES	**(11,393)**

The merger was carried out at fair values, which were equal to the net carrying amounts recorded in the accounting records of the absorbed entity.

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

a) New and amended standards adopted by the Company:

The following amended standard is effective from January 1, 2025:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates": Lack of Exchangeability, endorsed in the European Union on 12 November 2024 (effective for annual periods beginning on or after 1 January 2025).

The Company has consistently applied their accounting policies to all periods presented in the financial statements. The adoption of the above amendments to the existing standard did not result in any material changes to the financial statements.

b) New standards and interpretations not yet adopted:

The following amended standards and interpretations have been published and are mandatory for reporting periods beginning on or after 1 January 2025, and which have not been early adopted by the Company:

- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Classification and Measurement of Financial Instruments**, endorsed in the European Union on 27 May 2025 (effective for annual periods beginning on or after 1 January 2026). The Company has decided not to early adopt these amendments to existing standards. The Company expects that the application of these amendments will not have a significant impact on the Company's financial statements in the period of initial application.
- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Contracts Related to Electricity Dependent on Natural Conditions**, endorsed in the European Union on 30 June 2025 (effective for annual periods beginning on or after 1 January 2026). The Company has decided not to early adopt these amendments to existing standards. The Company expects that the application of these amendments will not have a significant impact on the Company's financial statements in the period of initial application.
- **Annual Improvements to IFRS – Volume 11**, endorsed in the European Union on 9 July 2025 (effective for annual periods beginning on or after 1 January 2026). The Company has decided not to early adopt these amendments to existing standards. The Company expects that the application of these amendments will not have a significant impact on the Company's financial statements in the period of initial application.
- **IFRS 18 "Presentation and Disclosure in Financial Statements"**: this standard replaces IFRS 1 "Presentation of Financial Statements" and introduces significant changes to the presentation of financial performance, with particular emphasis on the statement of profit or loss. The objective of IFRS 18 is to enhance comparability and transparency of financial reporting between entities. It was endorsed in the European Union on 13 February 2026 (effective for annual periods beginning on or after 1 January 2027). The application of this standard will affect the structure of the primary financial statements (the statement of comprehensive income and the statement of cash flows), as well as the disclosures presented in the Company's financial statements. The Company has decided not to early adopt this standard. The Company is currently assessing the impact of these changes.

3. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

c) New standards and interpretations issued by the International Accounting Standards Board but not yet adopted in the European Union

At the date of approval of the financial statements, the following standards, amendments, and interpretations had been issued but had not yet been endorsed in the European Union:

- **IFRS 19 "Subsidiaries without Public Accountability: Disclosures"**: this standard permit eligible subsidiaries without public accountability to apply IFRS with reduced disclosure requirements. The objective is to reduce the reporting burden for such subsidiaries while ensuring that the financial statements provide useful information to users (effective for annual periods beginning on or after 1 January 2027).
- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Translation into a Hyperinflationary Presentation Currency** (effective for annual periods beginning on or after 1 January 2027). The Company is currently assessing the impact of new standards and amendments to existing standards on its financial statements. The Company expects that the adoption of the above-mentioned new accounting standards and amendments will not have a significant impact on its financial statements in the period of their initial application.

Unless otherwise stated above, the new standards and interpretations are not expected to have a significant impact on the Company's financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Revenue recognition

The Company recognises revenue in order to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is determined and recognised through a five-step model as follows:

- identification of the contract with a customer;
- identification of all performance obligations;
- determination of the transaction price;
- allocation of the transaction price to the identified performance obligations;
- recognition of revenue as performance obligations are satisfied.

A performance obligation is defined as a promise to transfer goods or services to a customer under a contract, whereby certain goods or services may not be explicitly stated in the contract. Conversely, activities undertaken by the Company to fulfil a contract do not constitute performance obligations unless they transfer goods or services.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The allocation of the transaction price to each performance obligation identified in the contract is based on relative standalone selling prices. The Company recognises revenue when a performance obligation is satisfied. Satisfaction may occur at a point in time or over time, in which case revenue is recognised based on the measurement of progress towards complete satisfaction of the performance obligation.

For contracts containing volume-based discount arrangements extending into subsequent reporting periods, the Company estimates, at the reporting date, the amount of discount attributable to services already rendered. The estimate is based on historical data.

The Company assesses its contractual arrangements against specific criteria to determine whether it acts as a principal or as an agent. The Company has concluded that it acts as a principal in all of its contractual arrangements. Revenue is presented net of value added tax, returns, rebates and discounts, product listing fees, product placement fees, and costs of marketing activities that form an integral part of customer contracts, in accordance with IFRS 15.

Sales of goods

The Company operates in the retail and wholesale business.

Retail

Goods are sold through stores operated by the Company. The revenue recognised by the Company meets the definition of revenue from contracts with customers as per IFRS 15. The Company recognises revenue when control of goods and services is transferred to the customer, generally for retail customers it occurs in the stores at the point of sale, while for internet customers it occurs upon delivery of goods. Payment of the transaction price is due immediately when the customer purchases goods.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

The Company has a loyalty points program, which allows customers to accumulate points that can be redeemed for discounts on products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. Loyalty points awarded to customers are recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of points by the customer.

Wholesale

The revenue recognised by the Company meets the definition of revenue from contracts with customers as per IFRS 15. The Company recognises revenue when control of goods is transferred to the customer, which occurs in the stores at the point of sale or upon delivery of the goods. The transaction price is fixed and there is only one performance obligation. Payment of the transaction price is due as per contract with customers, typically within a period of 60 days.

The Company does not expect to have any contracts where the period between the transfer of the promised goods and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

Supplier rebates and discounts

Rebates and discounts received from suppliers are recognised as a reduction of inventory costs when the Company meets the conditions entitling it to such rebates/discounts. When a rebate/discount relates to inventories still on hand at the reporting date, it is allocated to the carrying amount of those inventories and recognised as a reduction of cost of goods sold upon the sale of the related inventories. If the inventories to which the rebate/discount relates have already been sold, the rebate/discount is recognised immediately as a reduction of cost of goods sold. If the Company has earned the right to a rebate/discount but has not yet received payment, a receivable is recognised. During the year, the Company recognises a proportionate part of rebates/discounts as a reduction of inventory cost based on estimates of future purchases and the final fulfilment of conditions for recognition of rebates/discounts at the reporting date. At the reporting date, an updated assessment is performed to reflect the recognition of rebates/discounts for which the Company has met the conditions for recognition.

Other income

Other income comprises income that does not arise from the Company's ordinary activities within the scope of IFRS 15, including rental income, penalties and fees charged, income from the derecognition of liabilities, gains from the disposal of non-current assets, government grants, and other similar income. Other income is recognised when it is probable that the economic benefits will flow to the Company and when the amount of income can be reliably measured.

Rental income is recognised on a straight-line basis over the lease term. Income from penalties and fees is recognised at the point in time when the right to receive payment arises. Gains on the disposal of non-current assets are recognised as the difference between the net selling price and the carrying amount of the asset at the date of derecognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Other income (continued)

Government grants are recognised in accordance with IAS 20, i.e. when there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Grants related to income are recognised on a systematic basis over the periods in which the related costs, which the grants are intended to compensate, are recognised. Other income is presented net of value added tax and other similar taxes.

Financial assets

Initial recognition and subsequent measurement

Financial assets are initially recognised at fair value, plus transaction costs that are directly attributable to the acquisition of the financial asset, except in the case of financial assets measured at fair value through profit or loss. At initial recognition, financial assets are classified based on the business model for managing financial assets and the characteristics of the contractual cash flows.

Financial assets are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (SPPI test).

Other financial assets are measured at fair value through profit or loss or at fair value through other comprehensive income, depending on the business model and the characteristics of the cash flows.

After initial recognition, financial assets measured at amortised cost are accounted for using the effective interest method, net of impairment losses.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets measured at amortized cost include trade receivables, loans given, deposits, cash and cash equivalents.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets recognised by the Company. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Company: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate. EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. PD is an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period.

ECLs are recognised in two steps. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

In order to determine whether there has been a significant increase in credit risk, the Company compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. Financial assets are considered to have experienced a significant increase in credit risk when a combination of qualitative and quantitative indicators indicates a material deterioration in credit quality, including, but not limited to, an increase in the probability of default (PD) of 50%.The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period. The Company considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioural aspects of particular customer portfolios. The Company identifies behavioural indicators of increases in credit risk prior to delinquency and incorporates appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level. Loans and deposits are assessed on an individual basis and receivables can be assessed by both criteria. The Company considers days past due and total amount of debt and receivables that a particular customer has for the assessment. The primary indicator of significant increase in credit risk is when a debtor is 30 days past due on its contractual payments. Additionally, past payment patterns, seasonality and customer client relationship and annual turnover are particularly considered in the assessment. For loans an deposits days past due are the primary criteria, but also past payment patterns and customer client relationship are considered for the assessment of credit risk.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

For purposes of measuring PD the Company defines default as a situation when the exposure meets one or more of the following criteria:

- the debtor is 90 days past due on its contractual payments;
- the debtor meets the unlikeliness-to-pay criteria listed below:
    - the debtor is deceased;
    - the debtor is insolvent;
    - the debtor is blocked for payment;
    - it is becoming likely that the debtor will enter bankruptcy;
    - the debtor is in pre bankruptcy procedure;
    - the debtor was deleted from the court registry.

Default is presumed if any of the above mentioned events takes place and in that case receivables are impaired 100%.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience in the past four years, adjusted for forward-looking factors specific to the debtors and the economic environment (if available without undue cost or effort). The Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Trade receivables are directly written off if there is no reasonable expectation of recovery. The indicators that there are no reasonable expectations of recovery include, amongst others, the failure to make contractual payments for a period greater than one year.

Other current assets

Other current assets comprise receivables from the government and other institutions, advances paid, short-term receivables from employees, and other receivables not classified as trade receivables.

Items of other current assets that meet the definition of financial instruments are initially recognised at fair value, plus transaction costs. Subsequently, they are measured at amortised cost using the effective interest method, net of any impairment losses, in accordance with IFRS 9 *Financial Instruments*.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets

Intangible assets with finite useful lives are amortised over their useful lives and any impairment of the assets is assessed whenever there is an indication that the value of such assets may be impaired. Intangible assets with a finite useful life are amortised using the straight-line amortisation method.

Estimated useful lives were as follows:

Computer software	5 years
Loyalty card programme	6 years
Other rights	10 years

Goodwill and brands have an indefinite useful life and are not subject to amortisation. Based on an analysis of all the relevant factors at the reporting date, there is no foreseeable limit to the period of time over which the identified rights are expected to generate net cash inflows, and hence, it was assumed that those brands have an indefinite useful economic life.

In determining the useful economic life of brands, the Company considered the following factors which might impact the useful life of a brand:

- history of brand stability;
- legal, regulatory and contractual factors such as concession rights and its limitations, trademark registration and similar;
- economic factors such as demand, product obsolescence and competition and;
- any other limitations specific to the group of Company's assets to which the useful lives of relevant brand relate (e.g. production facility or equipment limitations).

Property, plant and equipment

Land

Land is measured at historical cost and the existence of impairment is assessed.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Buildings, plant and equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis for each fixed asset and is recognised as an expense for the period.

The useful life, the depreciation method and the estimated residual value are reviewed at the end of each reporting period and, if necessary, adjusted as changes in accounting estimates.

Estimated useful lives were as follows:

Buildings	20 years
Plant and equipment	4 – 15 years
Leasehold improvements	5 – 15 years

In the case of leasehold improvements, the estimated useful life is the lease period or the original useful life of the corresponding asset category, whichever is shorter.

Investment property

Investment property primarily comprises commercial properties and warehouses held to earn long-term rental income and/or for capital appreciation and is not occupied by the Company. Investment property is classified as non-current assets unless there is an intention to dispose of the property and the sale is highly probable within one year, in which case it is classified as current assets.

Investment property is measured at cost less accumulated depreciation. Depreciation of buildings is calculated using the straight-line method to allocate the cost over the estimated useful lives of the assets, ranging from 5 to 50 years.

When the Company begins to use an investment property, it is reclassified to property, plant and equipment, whereby it carrying amount at the date of reclassification becomes its deemed cost for subsequent depreciation.

Impairment of non-financial assets

The Company assesses at each balance sheet date whether there are any indicators of impairment of assets. If any such indication exists, or when an annual impairment test is required, the Company estimates the recoverable amount of assets. The recoverable amount of an asset is defined as the higher of its fair value less costs of disposal and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss. Goodwill and intangible assets with indefinite useful lives are tested for impairment at the group of CGUs level. Each store is a CGU, however, goodwill and intangible assets are not monitored by management at the level of each store but at the level of a group of CGUs that is not larger than the operating segment which is defined at the Company level.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Goodwill

For the purposes of impairment testing, goodwill is allocated to the group of cash-generating units that is expected to benefit from the synergies of the combination.

The recoverable amount of a group of cash-generating units is determined as its value in use, using projected cash flows based on financial plans for a five-year period and the terminal growth rate for cash flows after the projected five-year period.

Intangible assets

Intangible assets with indefinite useful lives are tested annually for impairment at the level of the group of cash-generating units, and when circumstances indicate that the present value may be impaired.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

Company as a lessee

During the ordinary course of business, the Company enters into lease agreements for properties, land, and various plants, machinery, vehicles and other equipment. Property leases generally have lease terms ranging from 5 to 30 years. For agreements concluded for an indefinite period, the assumed lease term is 5 years, except for certain contracts for which Management has assessed a longer or shorter useful life. Leases of motor vehicles generally have lease terms of up to 7 years. The Company has lease contracts that include extension options. These options are negotiated by Management to provide flexibility in managing the portfolio of leased assets and to align lease arrangements with the Company's business needs. Management applies significant judgement in determining whether it is reasonably certain that such extension options will be exercised. Certain lease agreements include variable lease payments for retail premises consisting of a minimum fixed lease payment and additional variable payments based on turnover, as well as leases of machinery for which lease payments depend on the number of operating hours. Certain property lease agreements also contain variable payment clauses linked to sales generated in the respective stores. For individual stores, lease payments are based on variable payment terms ranging from 2% to 11% of generated revenue. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing its obligation to make lease payments and right of use assets representing the right to use the underlying assets. There are two key aspects:

1. Right of use assets

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right of use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives and are presented below:

Right of use for the buildings	5 – 30 years
Right of use for the vehicles and equipment	4 – 7 years

Where a lease is comprised of land and building under the same contract, value of the lease for both is not separated and thus they are both included in the "Buildings" category in Note 18.

2. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

In calculating the present value of lease payments, the Company uses he interest rate implicit in the lease when it can be reliably determined, otherwise, the incremental borrowing rate is applied. To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Refer to the accounting policies Note 5 – Critical accounting estimates.

Short-term leases and leases of low-value assets

The Company applies the recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less). A lease that contains a purchase option cannot be classified as a short-term lease. The Company has no leased assets considered to be low value. Lease payments on short-term leases are recognised as expenses on a straight-line basis over the lease term. Below are examples of leases which, based on the Company's assessment, do not qualify for low value exemption:

- real estate leases,
- vehicle leases.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature Contingent rents are recognised as income in the period in which they are earned.

Sale and leaseback transactions

Sale and leaseback transactions are accounted for in accordance with IFRS 16 – Leases, with an assessment of whether the transfer of the asset qualifies as a sale under IFRS 15 – Revenue from Contracts with Customers. Where the transaction qualifies as a sale, the Company derecognises the carrying amount of the asset relating to the rights transferred, recognises a right-of-use asset and a corresponding lease liability, and recognises any gain or loss only to the extent of the rights transferred to the buyer-lessor. The lease liability is subsequently measured in a manner that does not result in the recognition of any additional gain or loss in relation to the rights retained by the Company, including variable lease payments. If the transfer does not qualify as a sale, the asset continues to be recognised, and the consideration received is recorded as a financial liability.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Inventories

Inventories are stated at the lower of cost or net realisable value.

Costs incurred in bringing inventories to their present location and condition are included in the cost of inventories. To measure expenditure on inventories sold, the Company uses the weighted average cost method.

Net realisable value is the estimated net selling price in the normal course of business decreased by estimated cost of completion and estimated costs needed to complete the sale.

Obsolete and slow-moving inventories are adjusted in value through impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortized cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Taxes

Corporate income tax comprises current and deferred tax and is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current tax is based on the estimated taxable profit for the reporting period in accordance with applicable tax regulations.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, to the extent that it is probable that they will be realised, and is measured using tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Uncertain tax treatments are accounted for in accordance with IFRIC 23. The Company assesses whether it is probable that a taxation authority will accept an uncertain tax treatment. At the reporting date, the Company has not identified any uncertain tax positions that would require recognition or disclosure under IFRIC 23.

The Company’s corporate income tax filings are subject to review by tax authorities. As the application of tax laws and regulations to transactions is subject to interpretation, amounts recognised in the financial statements may subsequently change following the final determination by tax authorities.

At each reporting date, the Company reassesses unrecognised deferred tax assets and the adequacy of the carrying amount of tax assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities

Financial liabilities are subsequently measured at amortized costs. Financial liabilities of the Company include trade payables, loans and borrowings, lease liabilities, financial guarantee provision. The Company has not designated any financial liability as at fair value through profit or loss. Other financial liabilities (including borrowings, trade and other payables) are measured initially at fair value and subsequently at amortised cost using the effective interest method.

Other current liabilities

Other current liabilities include accrued expenses, employee-related liabilities, tax and contribution liabilities, deferred income, and other liabilities not classified as trade payables. Items within other current liabilities that meet the definition of financial instruments are initially recognised at fair value, less transaction costs, and are subsequently measured at amortised cost using the effective interest method, in accordance with IFRS 9. Liabilities that do not meet the definition of financial instruments are recognised at the amount of the expected outflow of economic benefits required to settle the obligation, in accordance with applicable financial reporting standards.

Employee benefits

Short-term employee benefits

The Company, in the normal course of business, makes fixed contributions into the State mandatory pension funds on behalf of its employees.

Termination, post-employment benefits and other long-term employee benefits

The Company makes payments to employees that include one-off retirement and jubilee benefits. The obligation is measured at the present value of estimated future cash flows using a discount rate that is based on the interest rate on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Business combinations under common control

Business combinations under common control are outside of the scope of IFRS 3. The Company therefore had to apply an accounting policy that faithfully reflects the economic substance of the transaction and is free from bias. The Company therefore decided to use the predecessor accounting method which is a commonly used method of accounting for business combinations under common control.

Predecessor method accounting means that the assets and liabilities of the acquirees are acquired using their carrying values at the date of acquisition (i.e., assets and liabilities of subsidiaries are not measured to their fair values). The assets and liabilities from the highest consolidated entity are used. Using the predecessor accounting method means that no new goodwill is recognized as part of the acquisition. Instead, the difference between the consideration paid for acquisition and the acquired net assets is recognized in the statement of changes in equity in a separate column “other reserve” disclosed in item Business combinations under common control.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments in respect of carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The estimates were used for, but not limited to the calculation and period of depreciation/amortisation and residual values of property, plant and equipment and intangible assets, impairment estimates, impairment allowances for inventories and bad and doubtful debts and provisions for employee benefits and legal claims, leases as well as the estimate of contingent liabilities for guarantees and leases.

Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause an adjustment to the carrying amount of assets and liabilities within the next financial year are:

Leases

Lease term duration estimates

The Company has applied judgement to determine the lease term for all lease contracts that include renewal or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and leased assets recognised. In case when the contract does not explicitly define the lease term, based on the past experience and the Company's current assessment, the Company considers that the term of the contract is 5 years. This was elected as future business plans are made for the period of 5 years. A new assessment of contracts that do not explicitly define the lease term was performed one year before the expiration of the current 5-year period. Within its budgeting process the Company has reviewed the individual locations and decided that they will remain on the premises for another 5 years. A new assessment will be performed again a year before expiration of the renewed period. On 31 December 2025 the Company recognizes such right of use assets in the amount of EUR 91 thousand (2024: EUR 4,067 thousand). For more details refer to Note 34.

Estimates of incremental borrowing rate for lease contracts

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as when the Company does not enter into external financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Leases (continued)

Specific considerations and assessments by the Company relating to the discount rate for each lease contract are as follows:

- *Property (real estate and land) leases* - the discount rate is the incremental borrowing rate which, based on the Company's assessment, equals the interest rate of the currently possessed most relevant borrowing. Since the Company cannot obtain a loan on the active market, Group borrowing rates have been used.

- *Vehicles and equipment leases* – the incremental borrowing rate is determined by obtaining a quote from current lessors (where possible) about rates which would be granted to the Company.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered:

- the expected usage of the assets;
- the expected physical wear and tear, which depends on operational factors and maintenance programme;
- the technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management’s estimates, the impact on depreciation for the year ended 31 December 2025 would be a decrease of depreciation cost by EUR 1,746 thousand or increase by EUR 2,135 thousand (2024: decrease by EUR 2,193 thousand or increase by EUR 2,680 thousand).

Investment property

Investment property mostly relates to owned buildings and subleases of properties within stores. The Company leases its spaces for retail shops, cafes, restaurants and to other service providers. These buildings are partially owned by the Company and partially leased assets parts of which are then subleased and accounted for as per IFRS 16.

In circumstances when property is held partly for capital appreciation and/or rentals, and partly for the use in the normal course of business or for administrative purposes, the part of property which is held for rentals it is accounted for as investment property. The amount of property, plant and equipment that has been reclassified to investment property is calculated in accordance with the square footage of the sublet space, i.e. the value of the property, plant and equipment per square meter is multiplied by the number of sublease squares and amounts to EUR 0 (2024: EUR 51,887 thousand).

Besides properties owned by the Company, the Company also discloses part of the right of use assets as investment property. The reason for this is the fact that on a large number of leased properties the entire area of the leased space is not used for its own normal course of business, so the surplus is subleased.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Investment property (continued)

The amount of right of use assets that has been reclassified to investment property is calculated in accordance with the square footage of the sublet space, i.e. the value of the right of use asset per square meter is multiplied by the number of sublease squares. The value of reclassification using the proportionate share is EUR 0 (2024: EUR 65,724 thousand).

The Company's assessment of fair value of investment property as at 31 December 2025 approximates its net carrying value. For investment properties that the Company does not use in its normal course of business (for stores or administrative purposes), fair value has been determined based on recent valuations performed by an independent, professionally qualified valuer with relevant experience in the specific location and property type. For right-of-use investment properties and rented part of those which are used for normal course of business, fair value has been determined using the income approach.

Deferred income tax asset

The recognised deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilised. In 2025 deferred tax assets of the Company are comprised mostly from of impairment, depreciation and the effects of lease contracts whereas in 2024 it mainly related to carried-forward tax losses available for utilisation in future periods in the amount of EUR 11,216 thousand. The deferred tax asset now consists exclusively of temporary differences in the amount EUR 4,968 thousand (2024: EUR 12,230 thousand). The future taxable profits and the amount of tax benefits from tax losses carried forward that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances. Key assumptions in the business plan are disclosed within the goodwill impairment testing assumptions.

Impairment of intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment.

Brands

Intangible assets with an indefinite useful life are tested for impairment based on value in use and are allocated to cash-generating units, as described in the impairment testing of goodwill below. The same assumptions are used for testing the impairment of trademarks as for goodwill. Detailed assumptions are presented in the paragraph below. Based on the performed analyses, the recoverable amount of each trademark is determined using the relief-from-royalty method, which estimates the value of the trademark based on hypothetical royalty fees that the Company would have to pay to a third party if it did not own the trademark. Key assumptions used in the valuation include the royalty rate, projected revenues attributable to the trademark, the discount rate, and the terminal growth rate. The Company concluded that as at 31 December 2025, the total carrying amount of trademarks with an indefinite useful life is recoverable.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of intangible assets with indefinite useful lives (continued)

Goodwill impairment

The goodwill is attributable to the synergies, workforce and the possible future profitability of the acquired business. It will not be deductible for tax purposes. At the acquisition date, 1 April 2019, the Company recognised goodwill of EUR 18,430 thousand. Based on the analysis performed, the Company concluded that the total carrying amount of goodwill is recoverable at 31 December 2025.

The Company tests whether goodwill has suffered any impairment on an annual basis. For the year ended 31 December 2025 the recoverable amount of the group of cash-generating units (CGUs) was determined based on value-in-use calculations. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

The Company has a functional organization structure with a Management Board, consisting of two members, which oversees and is responsible for all departments within the Company. The Management Board is responsible and held accountable for all business decisions in accordance with the Statement of incorporation. As a result of this, business decisions are made taking into consideration the Company as a whole. This is also reflected through the fact that only company level planning/budgeting and KPI target setting and monitoring is considered in performance assessment from the owner's perspective. As a result of all of the above, we have identified only one company level group of CGUs.

The following table sets out the key assumptions:

	2025	2024
Net Sales Revenue (% annual growth rate)	3.1 %	3.5 %
Budgeted gross margin (%)	31.7 %	29.5 %
Long-term growth rate (%)	2.58 %	2.9%
WACC Discount rate before tax (%)	8.21 %	10.9 %

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Net Sales Revenue	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The terminal growth rates used in the valuation represent the forecast country's annual GDP growth rate until 2050 unless an analysis of past growth and market trends would indicate that lower rates should be applied.
WACC Discount rate	Reflects specific risks relating to relevant segments in which the Company operates.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Impairment of intangible assets with indefinite useful lives (continued)

The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the group of CGUs to which goodwill is allocated. The sensitivity analysis indicates that goodwill allocated to the aforementioned groups of cash-generating units would not be impaired in the event of a reasonably possible change in any of the key assumptions (long-term growth rate, weighted average cost of capital, or EBITDA), if all other assumptions remain unchanged.

A reasonably possible change in key assumptions, as defined by Management, represents an adverse change in assumptions, comprising:

- an increase in the WACC by 1 percentage point,
- a 10% reduction in EBITDA in each projected period, and
- a 0.5 percentage point decrease in the terminal growth rate.

ECL measurement

Measurement of ECLs is a significant estimate that involves determination of methodology, models, and data inputs. Details of the ECL measurement methodology are disclosed in Note 35 Financial instruments and risk management. The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Supplier rebates and supplier agreements

The Company enters into various commercial agreements with suppliers, which mainly consist of:

- volume-based rebates, which depend on the level of purchases achieved during the reporting period,
- fixed annual contributions and listing fees related to the placement of suppliers' products within the sales network, and
- marketing and promotional contributions related to specific joint activities with suppliers.

Judgement is applied in determining the substance of each agreement and its appropriate accounting classification. In particular, an assessment is made as to whether the amounts received represent a reduction in the cost of inventory, revenue from services provided to suppliers, or reimbursement or offset of specific incurred costs. Management has assessed that amounts received from suppliers do not relate to separately identifiable goods or services that can be reliably measured, but rather represent a reduction in the cost of inventories and are therefore recognised as such, rather than as service revenue. Judgement is also applied in measuring amounts earned but not yet settled at the reporting date, where entitlement may depend on cumulative volume thresholds, performed promotional activities, communication with suppliers, or subsequent post-period reconciliations with suppliers relating to the current period. Management estimates the amounts to which the Company is entitled based on purchasing patterns, historical settlement experience, and supplier communications available at the reporting date. Amounts remaining recognised as a reduction of inventory cost at the reporting date are estimated based on inventory turnover and reflect unsold quantities for which rebates have been earned.

6. REVENUE

	2025 EUR '000	2024 EUR '000
Retail revenue	1,811,355	1,792,052
Wholesale revenue	40,308	189,237
	1,851,663	**1,981,289**

Revenue structure by country is as follows:

	2025 EUR '000	2024 EUR '000
Croatia	1,848,571	1,975,595
Montenegro	1,042	590
Bosnia and Herzegovina	950	489
Germany	355	2,703
Belgium	295	90
Slovenia	241	995
Serbia	72	68
Sweden	21	281
Ireland	20	86
Austria	13	155
Other countries	83	237
	1,851,663	**1,981,289**

All of the revenue is recognised at a point of time, which is when the goods are sold and control over the goods is transferred to the buyer. For wholesale terms of sale are defined by contracts. For more details please see Note 4.

7. OTHER INCOME

	2025 EUR '000	2024 EUR '000
Sublease income	22,294	20,225
Rental income	11,096	13,773
Release of provisions	8,319	-
Recharged costs	4,258	2,479
Income from cancellation of IFRS 16 contracts	1,721	1,598
Warehousing income	1,475	2,444
Marketing services	1,131	810
Income from fees for packaging waste	771	769
Income from liabilities written off	191	366
Other income	3,542	1,733
	54,798	**44,197**

Rental income relates to regular operating leases of owned assets, and sublease income is the income from lease of right of use assets. All subleases are classified as operating leases as substantially all risks and rewards from the leases are not transferred from the sublessor to the sublessee.

Of the total rental and sublease income EUR 3,393 thousand relates to the lease and sublease to owner's subsidiaries (2024: EUR 1,263 thousand) and EUR 5,320 thousand relates to lease and sublease to subsidiaries of the entity with significant influence over the Company (2024: EUR 1,251 thousand).

Other income consists of the release of deferred income (gift cards), logistics income, and other miscellaneous income, such as income from the sale of packaging materials.

8. MATERIAL AND ENERGY COSTS

	2025 EUR '000	2024 EUR '000
Energy consumed	47,694	57,278
Raw materials and supplies consumed	7,873	9,229
Spare parts, tires and small inventory used	1,244	1,640
	56,811	**68,147**

9. SERVICE COSTS

	2025 EUR '000	2024 EUR '000
Maintenance services	28,516	23,982
Short-term leases and variable lease costs	19,174	8,836
Utilities and waste disposal services	16,229	15,451
Marketing and promotion	14,255	20,797
Student service costs	11,675	9,735
IT services	9,451	10,523
Transport services	8,734	9,922
Security services	4,882	6,687
Management fee (Group)	2,777	4,447
Facility cleaning services	2,768	3,265
Postage and telephones	936	992
Intellectual services	635	739
Costs of agency workers	352	1,044
Market research	175	210
Costs of temporary service contracts and authors' fees	168	245
Other services	3,104	3,627
	123,831	**120,502**

Audit services for 2025 amount to EUR 165 thousand (2024: EUR 370 thousand).

Lease expenses relate to expenses from short-term leases and variable lease payments expenses. For a detailed breakdown please see Note 29. Other service costs include sample testing services, product analysis, quality control, logistic services, printing, and other services.

10. STAFF COSTS

	2025 EUR '000	2024 EUR '000
Wages and salaries	117,039	112,130
Employee compensations, benefits, awards	32,990	35,961
Pension insurance contributions	30,067	29,039
Healthcare and social security contributions	23,613	22,440
Personal income tax and surtax	10,647	10,153
Provisions for unused vacation	1,166	892
Contributions from salaries for accelerated retirement	269	299
Provisions for termination benefits	-	694
	215,791	**211,608**

Healthcare and social security contributions as well as pension insurance contributions and contributions from salaries for accelerated retirement are defined contribution plans required by law; these are not voluntary plans. The total amount of pension insurance contributions and healthcare and social security contributions paid during the year was EUR 53,948 thousand (2024: EUR 51,778 thousand).

11. IMPAIRMENT OF ASSETS

	2025 EUR '000	2024 EUR '000
Loans deposits and other financial assets	-	(903)
Other receivables	14	19
Trade receivables - unrelated parties	54	(204)
Trade receivables - related parties	-	(23)
Non-current assets	770	-
Inventory	-	1,900
	838	**789**

Impairment of trade receivables and other financial assets is related to expected credit losses calculated under IFRS 9 requirements. Details on the impairment are given in Note 35.

The trade receivables impairment comprises of impairment charge of trade receivables in the amount of EUR 383 thousand (2024: EUR 1,444 thousand), collected impaired trade receivables in the amount of EUR 315 thousand (2024: EUR 1,526 thousand) and collected receivables impaired before the business combination in 2019 in the amount above the estimated fair value EUR 0 (2024: EUR 145 thousand).

12. OTHER COSTS

	2025 EUR '000	2024 EUR '000
Bank charges and payment transaction services	6,420	7,006
Employee accommodation expenses	3,107	2,800
Insurance costs	2,630	3,707
Donation and sponsorship	977	1,542
Contributions, membership fees, charges and taxes irrespective of result	969	1,000
Road fees and technical inspection of vehicles	739	918
Daily allowances	614	709
Write off of non-current assets	462	551
Entertainment	228	569
Expenses for primary healthcare	226	367
Non-current assets shortages	168	271
Other business travel expenses	166	303
Provisions for legal disputes, net	62	(2,021)
Provisions for guarantees	-	(1,653)
Other costs	2,326	2,848
	19,094	**18,917**

Other costs include sanitary and veterinarian costs, health and safety costs, seminars, consulting, fines, and other costs.

13. FINANCE INCOME

	2025 EUR '000	2024 EUR '000
Interest income	2,781	1,633
Bond provision release	2,330	-
Foreign exchange gains	1	9
Income from dividends	1	3
	5,113	**1,645**

Structure of interest income is given below:

	2025 EUR '000	2024 EUR '000
Interest income on deposits	315	917
Other interest income	2,466	716
	2,781	**1,633**

14. FINANCE COSTS

	2025 EUR '000	2024 EUR '000
Interest expense	32,358	38,351
Foreign exchange losses	6	15
	32,364	**38,366**

The structure of interest expense is given below:

	2025 EUR '000	2024 EUR '000
Interest expense on lease liabilities	32,028	35,081
Interest expense from reinstated debt	153	598
Interest expense on loans	135	2,616
Penalty interest	42	56
	32,358	**38,351**

Total interest expense on loans in the amount of EUR 135 thousand (2024: EUR 2,616 thousand) is from loans obtained from the Company's owner.

15. INCOME TAX

a) Components of income tax expense

Income tax expense recorded in the statement of comprehensive income comprises the following:

	2025 EUR '000	2024 EUR '000
Current tax	20,623	1,957
Deferred tax	(6,209)	10,254
Income tax expense for the year	**14,414**	**12,211**

15. INCOME TAX (continued)

b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

Income tax is calculated at the rate of 18% (2024: 18%) on the Company's taxable income. The reconciliation between tax expense and accounting profit is presented as follows:

	2025 EUR '000	2024 EUR '000
Profit before tax	99,788	63,325
Theoretical tax credit at statutory rate of 18%:	17,962	11,399
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-deductible inventory shortages	653	655
- Other non-deductible expenses	773	296
- Impairment losses not deductible for tax purposes	1.526	349
- Amortisation and depreciation	2.257	1.313
- Provisions for costs not deductible for tax purposes	1.820	1.044
Other non-taxable income	(4.368)	(1.883)
Tax losses for which a deferred tax asset has been recognised	-	(11.216)
Recognition (derecognition) of previously unrecognised (recognised) deductible temporary differences	(6,209)	10.254
Income tax expense for the year	**14,414**	**12,211**

The Croatian Income Tax Act is subject to varying interpretations and changes in respect of expenses which decrease the tax base. The Management Board's interpretation of such legislation as applied to the transactions and activities of the Company may be challenged by the relevant authorities. The Tax Administration may take a different position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. The Tax Administration may start performing an inspection within three years following the year in which the tax liability is reported for a specific financial period.

The Company has assessed its tax positions in accordance with IFRIC 23 – Uncertainty over Income Tax Treatments and concluded that it is probable that all material tax positions will be accepted by the relevant tax authorities. No uncertain tax treatments were identified and, accordingly, no provision has been recognised. Management believes that the outcome of any current or future tax audits will not result in a significant additional tax liability for the Company.

As at 31 December 2025, there were no additional tax losses carried forward for which deferred tax assets had not been recognised.

The recognition and utilisation of deferred tax assets were recognised in profit or loss for the period.

15. INCOME TAX (continued)

The movement of deferred tax assets is given below:

	1 January 2025	Recognition through profit or loss	Use through profit or loss	Recognised through other comprehensive income	Utilisation through a demerger	31 December 2025
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Deferred tax assets						
Impairments	1,302	1,663	(1,876)	-	-	1,089
Depreciation	433	55	(88)	-	(304)	96
Lease contracts – IFRS 16	82,444	60,541	-	-	(87,541)	55,444
Provisions	1,888	1,820	(1,291)	-	(252)	2,165
Tax losses carried forward	-	-	-	-	-	-
Total deferred tax assets	**86,067**	**64,079**	**(3,255)**	**-**	**(88,097)**	**58,794**
Deferred tax liabilities						
Depreciation	(548)	-	548	-	-	-
Lease contracts – IFRS 16	(73,321)	(55,164)	-	-	74,660	(53,825)
Unrealized gains	(1)	-	-	-	-	(1)
Total deferred tax liabilities	**(73,870)**	**(55,164)**	**548**	**-**	**74,660**	**(53,826)**
Net deferred tax assets	**12,197**	**8,915**	**(2,707)**	**-**	**(13,437)**	**4,968**

15. INCOME TAX (continued)

	1 January 2024	Recognition through profit or loss	Use through profit or loss	Recognition through other operating income	31 December 2024
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Deferred tax assets					
Impairments	1,074	342	(114)	-	1,302
Depreciation	499	85	(151)	-	433
Lease contracts – IFRS 16	75,835	6,609	-	-	82,444
Provisions	2,094	1,044	(1,250)	-	1,888
Tax losses carried forward	11,216	-	(11,216)	-	(0)
Total deferred tax assets	**90,718**	**8,080**	**(12,731)**	**-**	**86,067**
Deferred tax liabilities					
Depreciation	(548)	-	-	-	(548)
Lease contracts – IFRS 16	(67,718)	(5,603)	-	-	(73,321)
Unrealized gains	-	-	-	(1)	(1)
Total deferred tax liabilities	**(68,266)**	**(5,603)**	**-**	**(1)**	**(73,870)**
Net total deferred tax assets	**22,452**	**2,477**	**(12,731)**	**(1)**	**12,197**

16. INTANGIBLE ASSETS

Balances and movements in intangible assets during 2024 and 2025 are shown below:

	Software and other rights	Brand	Loyalty	Goodwill	Assets under construction	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Cost						
As at 1 January 2024	10,967	58,239	22,628	18,430	-	110,264
Acquired in business combinations under common control	-	62	-	-	27	89
Direct additions	-	-	-	-	1,236	1,236
Transfer	983	-	-	-	(983)	-
As at 31 December 2024	**11,950**	**58,301**	**22,628**	**18,430**	**280**	**111,589**
Direct additions	-	-	-	-	985	985
Transfer	985	-	-	-	(985)	-
As at 31 December 2025	**12,935**	**58,301**	**22,628**	**18,430**	**280**	**112,574**
Accumulated amortisation and impairment						
As at 1 January 2024	7,756	2,568	17,917	-	-	28,241
Acquired in business combinations under common control	-	62	-	-	-	62
Amortisation charge for the period	1,187	-	3,773	-	-	4,960
As at 31 December 2024	**8,943**	**2,630**	**21,690**	**-**	**-**	**33,263**
Amortisation charge for the period	1,003	-	938		-	1,941
As at 31 December 2025	**9,946**	**2,630**	**22,628**	**-**	**-**	**35,204**
Net book amount						
As at 31 December 2024	3,007	55,671	938	18,430	280	78,326
As at 31 December 2025	**2,989**	**55,671**	**-**	**18,430**	**280**	**77,370**

The carrying amount of pledged brand at 31 December 2025 amounted to EUR 55,671 thousand (2024: EUR 55,671 thousand).

17. PROPERTY, PLANT AND EQUIPMENT

Balances and movements in property, plant and equipment during 2024 and 2025 are shown below:

	Land	Buildings	Plant and equipment	Leasehold improve-ments	Assets under construction	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Cost						
As at 1 January 2024	19,581	126,114	108,262	57,001	8,693	319,651
Direct additions	-	-	-	-	21,029	21,029
Transfer	1,249	1,547	15,532	5,866	(24,194)	-
Disposal	(70)	-	(325)	(21)	(64)	(480)
Write-off	-	-	(1,262)	(1,663)	-	(2,925)
Transfer to assets held for sale	(1,023)	(72)	-	-	-	(1,095)
Transfer from / (to) investment property	(9,313)	4,155	-	-	(36)	(5,194)
Other	12,578	(14,217)	(480)	(116)	28	(2,207)
As at 31 December 2024	**23,002**	**117,527**	**121,727**	**61,067**	**5,456**	**328,779**
Direct additions	-	-	-	-	16,158	16,158
Transfer	-	892	8,848	1,339	(11,079)	-
Disposal	(21,022)	(66,006)	(1,110)	(7)	(94)	(88,239)
Write-off	-	-	(812)	-	-	(812)
Demerger to FNG Property HR d.o.o.	(1,939)	(51,741)	(14,789)	(50,784)	(7,655)	(126,909)
Demerger to Roto Dinamic d.o.o.	-	-	(5,113)	(1)	-	(5,114)
Other	(41)	-	(619)	-	282	(378)
As at 31 December 2025	**-**	**672**	**108,132**	**11,614**	**3,068**	**123,486**

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Buildings	Plant and equipment	Leasehold improve-ments	Assets under construction	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Accumulated depreciation and impairment						
As at 1 January 2024	-	30,708	62,962	32,333	882	126,885
Depreciation charge for the period	-	8,289	11,230	4,600	-	24,119
Disposals	-	-	(163)	(19)	-	(182)
Write-off	-	-	(977)	(1,392)	-	(2,369)
Transfer to assets held for sale	-	(20)	-	-	-	(20)
Transfer from / (to) investment property and other transfers	-	(2,060)	-	-	-	(2,060)
Other	-	(1,633)	(370)	(24)	-	(2,027)
As at 31 December 2024	**-**	**35,284**	**72,682**	**35,498**	**882**	**144,346**
Depreciation charge for the period	-	4,797	10,454	3,935	-	19,186
Disposals	-	(18,191)	(885)	(7)	-	(19,083)
Write-off	-	-	(777)	-	-	(777)
Demerger to FNG Property HR d.o.o.	-	(21,652)	(8,512)	(29,704)	(1,210)	(61,078)
Demerger to Roto Dinamic d.o.o.	-	-	(2,489)	-	-	(2,489)
Other	-	-	(587)	-	328	(259)
As at 31 December 2025	**-**	**238**	**69,886**	**9,722**	**-**	**79,846**
Net book amount						
As at 31 December 2024	23,002	82,243	49,045	25,569	4,574	184,433
As at 31 December 2025	**-**	**434**	**38,246**	**1,892**	**3,068**	**43,640**

The carrying amount of pledged land and buildings at 31 December 2025 amounted to EUR 0 (2024: EUR 73,409 thousand).

At 31 December 2025, the Company's land and buildings include property for which no ownership title has been recorded in the land register. This is due to unresolved issues with Croatian property registers. This is a common issue in Croatia and its resolution is in progress and is expected in future years. The Company is considered the owner as it is in control of the land and the control brings economic benefits to the Company. As a result, the properties should be included in the Company's property, plant and equipment. The carrying amount of these properties totals EUR 0 (2024: EUR 2,767 thousand).

18. RIGHT OF USE ASSETS

The recognised right of use assets relate to the following types of assets and movements during the period:

	Buildings	Vehicles and equipment	Land	Total
	EUR '000	EUR '000	EUR '000	EUR '000
As at 1 January 2024	**320,115**	**8,689**	**17**	**328,821**
Additions – new contracts	59,291	3,547	49	62,887
Depreciation expense for the period	(47,592)	(2,802)	-	(50,394)
Modification of right of use assets	37,459	(896)	13	36,576
Contract termination (disposal)	(6,756)	(22)	(9)	(6,787)
Transfer to investment property	(29,490)	-	-	(29,490)
As at 31 December 2024	**333,027**	**8,516**	**70**	**341,613**
Additions – new contracts	300,300	89	2	300,391
Depreciation expense for the period	(54,935)	(2,004)	(8)	(56,947)
Modification of right of use assets	22,932	(14)	-	22,918
Contract termination (disposal)	(966)	(1,746)	(49)	(2,761)
Demerger to FNG Property HR d.o.o.	(334,747)	-	(13)	(334,760)
Sale and leaseback transactions	27,849	-	-	27,849
Other	(716)	-	-	(716)
As at 31 December 2025	**292,744**	**4,841**	**2**	**297,587**

Where a lease contract comprises both land and buildings, the lease value relating to land and buildings has not been separated, and both are included within the "Buildings" category in the table.

The Company leases various properties (retail stores, office building), delivery vans, cars and other equipment. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (incl. termination and renewal rights) described in Note 5, Critical accounting judgements and estimates.

Modifications of right of use assets relate to changes in price of the lease or duration of the lease term.

Transfer to investment property relates to reclassification of a portion of right of use assets that the Company subleases to other companies. The amount of reclassification depends on the ratio of the subleased area to the total leased amount, which may vary depending on the sublease contracts. The net book value of subleased assets is reclassified from right of use assets to investment property.

In the sale and leaseback transaction, the Company realised a gain of EUR 15,590 thousand.

19. INVESTMENT PROPERTY

Balances and movements in investment property during 2024 and 2025 are shown below:

	2025 EUR '000	2024 EUR '000
As at 1 January		
Cost	215,142	209,134
Accumulated depreciation	(40,419)	(41,315)
Net book amount	**174,723**	**167,819**
Depreciation charge for the period	(11,599)	(13,474)
Disposals	(8,404)	(6,492)
Write-off	(454)	-
Transfer from/(to) assets held for sale	-	(5,753)
Transfer from/(to) tangible assets	84	3,134
Transfer from/(to) right of use assets	-	29,490
Demerger to FNG Property HR d.o.o.	(153,685)	-
Other	-	(1)
Net book amount	**665**	**174,723**
As at 31 December		
Cost	14,940	215,142
Accumulated depreciation	(14,275)	(40,419)
Net book amount	**665**	**174,723**

Investment property mostly relates to buildings, subleases of properties within stores. The Company leases its spaces for retail shops, cafes, restaurants and to other service providers. These buildings are partly owned by the Company and partly represent leased assets parts of which are then subleased and accounted for as per IFRS 16. As at 31 December 2025, the total carrying value of investment property owned by the Company amounts to EUR 665 thousand (2024: EUR 108,998 thousand) and investment property recognized as right of use assets under IFRS 16 amounts to EUR 0 (2024: EUR 65,725 thousand). Out of total investment property EUR 0 (2024: EUR 22,954 thousand) is not in use. Investment property is depreciated as disclosed in significant accounting policies. The carrying amount of pledged investment property at 31 December 2025 amounted to EUR 0 (2024: EUR 65,311 thousand). Total rental income from investment property owned by the Company amounts to EUR 11,096 thousand (2024: EUR 13,773 thousand) and sublease income is EUR 22,294 thousand (2024: EUR 20,225 thousand). Due to the fact that sublease agreement terms are often subject to change and difficult to predict, we have not disclosed minimum lease payments. The reliability of this estimate would be questionable and may be misleading. At 31 December 2025, the Company's land and buildings include property for which no ownership title has been recorded in the land register. This is due to unresolved issues with Croatian property registers. This is a common issue in Croatia and its resolution is in progress and is expected in future years. The Company is considered the owner as it is in control of the land and the control brings economic benefits to the Company. As a result, the properties should be included in the Company's investment property. The carrying amount of these properties totals EUR 0 (2024: EUR 3,005 thousand).

20. LOANS, DEPOSITS AND OTHER NON-CURRENT FINANCIAL ASSETS

	2025 EUR '000	2024 EUR '000
Non-current assets		
Financial assets at amortised cost		
Lease deposits	689	6,643
Allowance for expected credit losses of deposits	(2)	(313)
Receivables for reinstated debt	-	33
Investments in securities	238	238
Impairment of investments in securities	(24)	(24)
	901	**6,577**
Current assets		
Financial assets at amortised cost		
Loans granted	127,458	108
Allowance for expected credit losses of loans	(554)	(97)
Deposits	320	935
Allowance for expected credit losses of deposits	(1)	(4)
	127,223	**942**
Total loans, deposits and other non-current financial assets	**128,124**	**7,519**

Deposits mostly relate to security deposits for lease contracts for buildings and equipment.

Movements in the impairment of loans and deposits (ECL) are as follows:

	2025 EUR '000	2024 EUR '000
At 1 January	**(438)**	**(1,347)**
Newly recognised financial assets	-	(5)
Changes in estimates and assumptions	(457)	(43)
Derecognition of financial assets	314	951
Charge in profit or loss for the period, net	**(143)**	**903**
Acquired in business combinations under common control	-	-
Changes in value through other comprehensive income	-	6
Write-off	-	-
At 31 December	**(581)**	**(438)**

Due to the short-term nature of loans and deposits, their carrying amount is approximately equal to their fair value. For further details on expected credit loss calculations please see Note 35.

20. LOANS, DEPOSITS AND OTHER NON-CURRENT FINANCIAL ASSETS (continued)

The Company does not apply the expected credit loss model to other financial receivables, as such receivables are not material and/or the related credit risk has been assessed as low, consequently, the potential impact of impairment is not significant to the financial statements. Accordingly, no impairment loss has been recognised in respect of these receivables.

21. INVENTORIES

	2025 EUR '000	2024 EUR '000
Trade goods	135,092	121,385
Raw materials and supplies	4,109	4,941
	139,201	**126,326**

The Company's inventories are pledged as at 31 December 2025 in the amount of EUR 52,209 thousand (2024: EUR 42,606 thousand).

22. ASSETS HELD FOR SALE

	2025 EUR '000	2024 EUR '000
Assets held for sale	-	7,295
	-	**7,295**

Non-current assets held for sale consisted mostly of non-core land and buildings which the Company had the intention of selling in the shortest possible period. The Company's assessment of fair value of assets held for sale as at 31 December 2024 approximates its net carrying value. The Company obtained recent appraisals for a portion of its real estate holdings. It was found that there were no significant deviations in fair value compared to the recorded net book values. Furthermore, the Company sold some of its real estate at fair values that approximate their recorded net book values, indicating no substantial change in property values.

Movements of assets held for sale are as follows:

	2025 EUR '000	2024 EUR '000
Opening balance at 1 January	**7,295**	**713**
Transfer from tangible assets	-	1,075
Transfer (to)/from investment property	-	5,753
Sale	(7,295)	(246)
Closing balance at 31 December	**-**	**7,295**

23. TRADE RECEIVABLES

The overview of receivables is as follows:

	2025 EUR '000	2024 EUR '000
Financial assets at amortised cost		
Domestic trade receivables	30,988	36,295
Foreign trade receivables	781	522
Allowance for expected credit losses	(2,802)	(2,656)
	28,967	**34,161**

Both domestic and foreign trade receivables are recorded in euros (EUR).

The following table explains the changes in the credit loss allowance for trade receivables under simplified ECL model between the beginning and the end of the annual period:

	2025 EUR '000	2024 EUR '000
At 1 January	**(2,656)**	**(2,781)**
Newly recognised financial assets	-	-
Changes in estimates and assumptions	(383)	(1,444)
Derecognised financial assets	315	1,526
Effect on profit or loss for the period, net	**(68)**	**82**
Write-off	-	96
Other	(78)	(53)
At 31 December	**(2,802)**	**(2,656)**

Due to the short-term nature of the receivables, their carrying amount approximates their fair value. For further details on the calculation of expected credit losses on trade receivables please see Note 35.

24. OTHER CURRENT ASSETS

The structure of other current assets is given below:

	2025 EUR '000	2024 EUR '000
Non-financial assets		
Prepaid expenses and accrued income	4,186	3,913
Receivables from the state	3,703	2,668
Advances given	206	451
Other receivables	2,444	1,962
	10,539	**8,994**

25. CASH AND CASH EQUIVALENTS

	2025 EUR '000	2024 EUR '000
Bank accounts – EUR	31,835	28,074
Bank accounts – foreign currency	-	68
Cash on hand	956	951
	32,791	**29,093**

As at 31 December 2025, cash held in bank accounts denominated in foreign currencies includes USD in the amount of EUR 0 (2024: EUR 36 thousand) and GBP in the amount of EUR 0 (2024: EUR 31 thousand).

As at 31 December 2025, the Company had no pledged bank accounts (2024: EUR 29,093 thousand).

The Company has used S&P's credit rating to value its cash credit rating and quality. Cash by credit rating is as follows:

	2025 EUR '000	2024 EUR '000
A-	19,811	-
A+	4,951	16,002
BBB	1,754	9,234
BBB-	-	186
BBB+	1,265	2,682
Other	5,010	989
	32,791	**29,093**

26. CAPITAL AND RESERVES

Share capital in the court registry amounts to EUR 2,650. The share capital has been fully paid and it consists of one share which is in Fortenova Group's ownership.

	2025 EUR '000	2024 EUR '000
Share capital	3	3
Capital reserves	85,908	85,908
Other reserves	(77,977)	47,526
Revaluation and fair value reserves	6	6
Retained earnings / (Accumulated loss)	3,270	(13,608)
Profit / (loss) for the year	85,374	51,114
	96,584	**170,949**

Capital reserves are reserves created out of additional funding provided by the owner.

Changes in other reserves during 2025 and 2024 are a result of business combinations and disposals under common control. For details please see Note 2.

The ownership structure at 31 December is as follows:

	Share % 31 December 2025	Share % 31 December 2024
Fortenova Group	100%	100%

27. PROVISIONS

	2025 EUR '000	2024 EUR '000
Provisions for retirement and jubilee benefits (ii)	10,416	16,404
Provisions for legal disputes (iii)	1,082	1,033
Provision for financial guarantee contracts (i)	-	2,330
	11,498	**19,767**

(i) Provision for financial guarantee contracts

The provision for guarantees relates to a financial guarantee given to Fortenova Group loan notes. The transaction was recorded through the statement of comprehensive income. The nature of the guarantee is described in Note 34.

Movements in the provision for financial guarantee is as follows:

	2025 EUR '000	2024 EUR '000
Liability at the beginning of the year	2,330	1,653
Recognition of guarantee	-	2,330
Derecognition of guarantee	(2,330)	(1,653)
Liability at the end of the year	**-**	**2,330**

(ii) Provisions for retirement and jubilee benefits

All employees are covered by the state defined contribution pension fund. In addition, provisions for retirement and jubilee benefits are established for benefits paid on retirement and jubilee awards (length of service). The amount of these retirement benefits depends on whether the employee has met the required conditions for retirement, and the amount of the jubilee award depends on the number of years of service at the Company. The amount of compensation is determined on the basis of the employee's monthly remuneration.

27. PROVISIONS (continued)

Movements in the provisions for retirement and jubilee benefits in 2025 are as follows:

	Jubilee and other provisions	Retirement provisions	Total
	EUR '000	EUR '000	EUR '000
Liability at the beginning of the year	9,646	6,758	16,404
Current service cost	446	1,360	1,806
Interest cost	83	170	253
Payments during the year	(314)	(1,015)	(1,329)
Past service cost	(226)	(394)	(620)
Actuarial remeasurements recognised through other comprehensive income	-	884	884
Actuarial remeasurements recognised through profit or loss	(94)	511	417
Net changes through profit or loss	(6,268)	-	(6,268)
Demerger effect	(620)	(511)	(1,131)
Liability at the end of the year	**2,653**	**7,763**	**10,416**

Movements in the provisions for retirement and jubilee benefits in 2024 are as follows:

	Jubilee and other provisions	Retirement provisions	Total
	EUR '000	EUR '000	EUR '000
Liability at the beginning of the year	9,090	6,151	15,241
Current service cost	863	551	1,414
Interest cost	807	363	1,170
Payments during the year	(1,339)	(776)	(2,115)
Actuarial remeasurements recognised through other comprehensive income	-	469	469
Actuarial remeasurements recognised through profit or loss	225	-	225
Liability at the end of the year	**9,646**	**6,758**	**16,404**

The principal actuarial assumptions used to determine liabilities as at 31 December are as follows:

	2025	2024
Discount rate (annual)	3.5%	3.4%
Wage and salary increases (annual)	2.0%	2.1%
Assumed annual staff turnover	6.4%	7.4%

27. PROVISIONS (continued)

(iii) Provisions for legal disputes

The Company recognises provisions for all legal disputes where there is reasonable doubt of an unfavourable outcome and where reimbursement of related costs is considered probable. In such cases, the full amount of the expected reimbursement is provided for, even though the timing of these outflows is not certain. The disputes are related to real estate, labour, and contractual matters, and are expected to be resolved over the next several years.

Movements in provisions for legal disputes are as follows:

	2025 EUR '000	2024 EUR '000
Liability at the beginning of the year	1,033	2,721
Additional provisions for legal disputes	135	405
Reversal of legal disputes provision	(73)	(2,084)
Payment of legal disputes provision	(13)	(9)
Liability at the end of the year	**1,082**	**1,033**

An additional provision is recognised in the event of an increase in the amount of principal repayment, interest, or legal fees, as well as in the case of a new legal dispute. A reversal of the provision related to a legal dispute is made if there is a change in the assessment indicating a favourable outcome of the proceedings, or if the dispute has been resolved in favour of the entity and no further payments are expected.

28. LOANS AND BORROWINGS

	2025 EUR '000	2024 EUR '000
Financial liabilities at amortised cost		
Non-current liabilities		
Liabilities for reinstated debt (ii)	-	14,119
Current liabilities		
Loans from related parties (i)	-	50,094
Liabilities for reinstated debt (ii)	-	3,277
	-	**67,490**

29. LEASE LIABILITIES

The Company has recognised lease liabilities for buildings, vehicles and equipment as shown below:

	2025 EUR '000	2024 EUR '000
Non-current lease liabilities	247,060	412,350
Current lease liabilities	60,964	45,674
	308,024	**458,024**

The Company had cash outflows for IFRS 16 contracts of EUR 85,655 thousand in 2025 (2024: EUR 89,769 thousand). Cash outflows relating to short-term leases and variable lease payments were EUR 19,174 thousand (2024: EUR: 8,836 thousand).

29. LEASE LIABILITIES (continued)

Movement of lease liabilities is given below:

	2025 EUR '000	2024 EUR '000
Opening balance at 1 January	458,024	421,306
New contracts in the period	300,391	62,887
Interest expense in period	32,028	35,081
Payment during the period	(85,655)	(89,769)
Modification of lease liabilities	22,919	36,575
Termination of contract	(2,998)	(8,056)
Sale and leaseback transaction	32,617	-
Demerger to FNG Property HR d.o.o.	(449,302)	-
Closing balance at 31 December	**308,024**	**458,024**

Movement in the corresponding amount of right of use assets is provided in Note 18.

Amounts recognised in the statement of comprehensive income during the year are the following:

	2025 EUR '000	2024 EUR '000
Depreciation of right -of-use assets	56,947	50,394
Interest expense on lease liabilities	32,028	35,081
Expense relating to short-term leases	2,459	2,059
Expense relating to low value leases	952	-
Variable lease payments	15,763	6,777
Income from cancellation of IFRS 16 contracts	(1,721)	(1,598)
Total amount recognised in the statement of comprehensive income	**106,428**	**92,713**

For future potential lease payments over lease extension period please see Note 34.

30. TRADE PAYABLES

The structure of trade payables is:

	2025 EUR '000	2024 EUR '000
Financial liabilities at amortised cost		
Domestic trade payables	235,357	209,156
Foreign trade payables	14,349	9,298
	249,706	**218,454**

Foreign trade payables by currency are given below:

	2025 EUR '000	2024 EUR '000
EUR	14,349	9,266
USD	-	6
GBP	-	26
	14,349	**9,298**

As at 31 December, the age structure of trade payables is shown below:

	Not past due EUR '000	0 – 90 days past due EUR '000	90 – 180 days past due EUR '000	180 – 270 days past due EUR '000	Over 270 days past due EUR '000	Total EUR '000
2025	224,493	23,499	319	221	1,174	**249,706**
2024	208,305	8,137	(158)	805	1,365	**218,454**

31. OTHER CURRENT LIABILITIES

	2025 EUR '000	2024 EUR '000
Financial liabilities		
Accrued expenses	32,415	25,363
Non-financial liabilities		
Taxes and contributions (other than income tax)	19,435	16,056
Payroll liabilities	12,066	12,326
Accrued vacations	8,792	8,032
Deferred income	5,903	5,655
Deposits	78	323
Advances received	11	149
Other current liabilities	56	192
	78,756	**68,096**

As at 31 December 2025, accrued expenses refer to the expenses incurred for which the invoices were not yet received and deferred income refer to Konzum gift cards.

32. RELATED PARTY TRANSACTIONS

The Company has transactions with the following related parties: owner, owner's subsidiaries, related parties under common control and the Company's key management. Key management comprises of the Management Board and key executive directors. Following the change in ownership structure during 2024, companies owned by Mr. Pavao Vujnovac that were not part of the Group are referred to as 'subsidiaries of an entity with significant influence over the Company' for the period in 2023 and early 2024, prior to Mr. Vujnovac becoming the ultimate controlling party. For the remainder of 2024, these companies are classified as 'related parties under common control'.

Key management compensations are set out below:

	2025 EUR '000	2024 EUR '000
Short-term employee benefits		
Wages and salaries	874	1,062
Personal income tax	262	379
Health insurance contributions	239	287
Long-term employee benefits		
Pension insurance contributions	227	284
	1,602	**2,012**

In 2025, compensations of Supervisory Board Members amounted to EUR 0 (2024: EUR 18 thousand).

32. RELATED PARTY TRANSACTIONS (continued)

Loans and borrowings given to related parties are as follows:

	2025 EUR '000	2024 EUR '000
Owner	126,893	-
	126,893	**-**

Loans and borrowings received from related parties are as follows:

	2025 EUR '000	2024 EUR '000
Owner	-	50,094
	-	**50,094**

For further details on the nature and terms of the loans obtained from related party please see Note 28 and for interest expense see Note 14.

Trade receivables from related parties for goods and services are:

	2025 EUR '000	2024 EUR '000
Owner	49	65
Owner's subsidiaries	16,136	9,414
Related parties under common control	10	2,832
	16,195	**12,311**

Trade receivables from related parties are related to sale of goods and services. Transactions are made under market terms; they are the same as for unrelated parties. Services provided to related parties are warehousing and logistics but also short-term lease and sublease services. There is no ECL of receivables from related parties in 2025 or 2024.

Trade payables to related parties for goods and services are:

	2025 EUR '000	2024 EUR '000
Owner	1,020	449
Owner's subsidiaries	62,482	49,086
Related parties under common control	8,514	20,603
	72,016	**70,138**

Trade payables to related parties are related to the purchase of goods and services. Transactions are made under market terms; they are the same as for unrelated parties.

32. RELATED PARTY TRANSACTIONS (continued)

Lease liabilities to related parties are as follows:

	2025 EUR '000	2024 EUR '000
Owner's subsidiaries	284,442	1,016
Related parties under common control	-	53,719
	284,442	**54,735**

In 2025 income and costs from related parties are as follows:

	Owner EUR '000	Owner's subsidiaries EUR '000	Subsidiaries of the entity with significant influence over the Company EUR '000	Related parties under common control EUR '000
Income from sale of goods	72	26,309	-	-
Finance income	2,407	-	-	-
Service costs	(2,783)	(22,918)	-	(9,044)
Finance costs	(135)	-	-	-
Material and energy costs	-	-	-	(9,165)
Other income	2,414	10,146	-	5,323
Other costs	(74)	(33)	-	(2)
	1,901	**13,504**	**-**	**(12,888)**

In 2024 income and costs from related parties are as follows:

	Owner EUR '000	Owner's subsidiaries EUR '000	Subsidiaries of the entity with significant influence over the Company EUR '000	Related parties under common control EUR '000
Income from sale of goods	106	13,129	33	27
Service costs	(4,454)	(11,484)	(1,983)	(781)
Finance costs	(2,616)	(166)	(917)	(888)
Material and energy costs	-	-	(3,499)	(1,553)
Other income	27	3,438	1,297	3,412
Other costs	(262)	(714)	-	-
	(7,199)	**4,203**	**(5,069)**	**217**

32. RELATED PARTY TRANSACTIONS (continued)

Income from related parties mostly relates to sale of goods. Transactions are made under market terms; they are the same as for unrelated parties. Services provided to related parties are warehousing and logistics but also lease and sublease services. Business combinations and disposals under common control during 2025 and 2024 are described in Note 2.

Service costs are mostly related to IT costs, maintenance, and management costs. Transactions are made under market terms; they are the same as the services from unrelated parties. Finance costs are related to interest expense for the loan received from the owner and lease liabilities. Purchases from related parties are as follows:

Purchases from related parties are as follows:

	2025 EUR '000	2024 EUR '000
Owner's subsidiaries	412,242	244,225
Subsidiaries of the entity with significant influence over the Company	-	97,353
Related parties under common control	-	99,165
	412,242	**440,743**

Purchases are related to the total amount of goods purchased during the year from related parties net of VAT.

As at 31 December 2025, the Company has provisions for loan note guarantee from owner in the amount of EUR 0 (2024: EUR 2,330 thousand) as described in Note 34.

33. CHANGES IN FINANCING ACTIVITIES

The Company realised the following changes in financing activities:

	Lease liabilities	Loans and borrowings	Total debt
	EUR '000	EUR '000	EUR '000
Balance at 1 January 2024	**(421,306)**	**(130,455)**	**(551,761)**
Cash flows out of which:			
Proceeds from loans	-	(42,759)	**(42,759)**
Repayment of principal	54,688	115,483	**170,171**
Payment of interest	35,081	4,365	**39,446**
Non-cash movements out of which:			
Acquired in business combinations under common control	-	(10,911)	**(10,911)**
New lease liabilities	(62,887)	-	**(62,887)**
Interest expense in period	(35,081)	(3,214)	**(38,295)**
Modification and termination of lease liabilities	(36,575)	-	**(36,575)**
Termination of contracts	8,056	-	**8,056**
Other non-cash movements	-	1	**1**
Balance at 31 December 2024	**(458,024)**	**(67,490)**	**(525,514)**
Cash flows out of which:			
Proceeds from loans	-	(18,000)	**(18,000)**
Repayment of principal	53,629	83,399	**137,028**
Payment of interest	32,028	1,109	**33,137**
Non-cash movements out of which:			
New lease liabilities	(300,393)	-	**(300,393)**
Interest expense in period	(32,028)	(280)	**(32,308)**
Modification of lease liabilities	(22,919)	-	**(22,919)**
Termination of contracts	2,998	-	**2,998**
Sale and leaseback transaction	(32,617)	-	**(32,617)**
Demerger to FNG Property HR d.o.o.	449,302	1,262	**450,564**
Balance at 31 December 2025	**(308,024)**	**-**	**(308,024)**

Other non-monetary movements on lease liabilities and loans and borrowings are related mostly to foreign exchange differences.

34. CONTINGENT LIABILITIES AND COMMITMENTS

Loan note guarantee

Co-debts, warranties and guarantees

On 4 September 2023, Fortenova Group entered into a binding agreement to refinance the total amount of short-term notes which matured in 2023 by issuing new notes with an aggregate principal amount (including the issuer discount) of EUR 1.2 billion and an agreed maturity until the end of November 2024.

On 4 November 2024, the Depository Receipt Holders' Assembly of Fortenova Group B.V. approved the refinancing of the existing loan note of Fortenova Group with its current majority creditor, the investment firm HPS Investment Partners. The refinancing approved for the amount of up to EUR 1.22 billion, extends until the end of the first quarter of 2026. This arrangement reduces the effective annual cost of financing, as well as the discount on loan note issuance.

In order for the new financing to be implemented, the Fortenova Group companies have acted as guarantors with a portion of their assets. The Company has assumed the guarantee on that basis, with the main reason being the fact that this refinancing ensures the Company's viability and enables further business continuity and development.

Total liabilities under which the Company acted as a guarantor amounts to EUR 1.2 billion. The guarantee relates to financing structured as a loan note in the amount of EUR 1.2 billion with an interest rate which is determined to be the aggregate of the applicable Margin and EURIBOR, with a 1% EURIBOR floor. The margin is fixed at the following levels: a) 7.00 per cent per annum during the period beginning on 11 November 2024 and ending on 29 March 2026, and b) 9.00 per cent per annum on and after 30 March 2026. The loan notes were issued by the parent company Fortenova Group.

As at 31 December 2025, the Company's total contingent liabilities arising from this guarantee amount to EUR 0. The loan note under which the Company was guarantor during 2023 was fully repaid in November 2024.

The provision for loan note guarantees as at 31 December 2025 amounts to EUR 0 (31 December 2024: EUR 2,330 thousand).

The provision for loan note guarantee represents the fair value determined using the discounted cash flow model, i.e. by using the discounted lifetime expected credit loss (LECL) as the basis for fair valuation of the guarantee from the perspective of each guarantor company within Fortenova Group acting as a guarantor.

Pledged assets

On 11 November 2024, Fortenova Group and its group companies including the Company on the one hand and Kroll Trustee Services Limited as Security Agent on the other hand, agreed on Transaction Security Documents relating to pledge over material bank accounts, material fixed assets (real estate and machinery), intellectual property, and a floating pledge over movables at certain key locations. The stated security documents were concluded for the purpose of establishing and perfecting security in favour of the Security Agent, for the purpose of securing current and future claims owed by each Debtor to the Secured Creditors based on a loan note issued by Fortenova Group on 11 November 2024.

The amount of pledged assets is disclosed in Notes 16, 17, 19, 21 and 25.

34. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Liquidity risk

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called:

2025	**EUR '000**
Maturity	**Loan note principal**
Liabilities due between 1-2 year	-
Total liabilities at 31 December 2025	**-**

2024	**EUR '000**
Maturity	**Loan note principal**
Liabilities due within 1 year	1,201,564
Total liabilities at 31 December 2024	**1,201,564**

Credit risk

The fair value measurement was determined using the discounted cash flow model, i.e. by determining the discounted lifetime expected credit losses (LECL).

Since all guarantors, including the Company, are jointly and severally liable, all companies bear shared risks and each entity will be able to contribute to this guarantee economically and effectively only to the extent that it is economically viable if called upon payment, i.e. in accordance with its share in the guarantor's capital.

As a basis for determining loss given default (LGD), the Company analysed discounts on capital market transactions in Croatia and used an LGD of 0.76% (2024: 2.5%).

Probability of default is determined implicitly by reference to the credit spread of traded bonds of a particular rating category. The weighted credit spread used was 37.66% (2024: 21.6%). These weights are then applied in calculating the probability of default based on Merril Lynch credit rating tables.

It is assumed that the fair value of the overall guarantee approximates the credit loss over the expected life of the loan note and that the fair value of the individual contribution of each individual entity approximates the corresponding share.

For financial guarantees issued the maximum exposure to credit risk is the amount of the commitment.

As at 31 December 2025, the fair value of the guarantee amounts to EUR 0 (2024: EUR 2,330 thousand).

34. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Potential future cash outflows under lease extension or termination options

The Company has applied judgement to determine the lease term for all lease contracts that include renewal extension or termination options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and leased assets recognised. Extension options are only included in the lease term if the lease is reasonably certain to be extended. As at 31 December 2025, potential future cash outflows of EUR 5,409 thousand (undiscounted) (2024: EUR 141,057 thousand) have not been included in the lease liability because it is not reasonably certain that the leases will be extended. Termination options are only included in the lease if the lease is reasonably certain to be terminated. There are no indications of terminations of contracts and thus no effects are presented.

Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100 % of lease payments are based on variable payment terms with percentages ranging from 0.9 % to 14.8% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Contingent liability for variable lease payments not included in lease liabilities in 2025 is EUR 134,581 thousand (undiscounted) (2024: EUR 43,809 thousand). This amount of variable lease payments is calculated as an agreed percentage of expected store revenue per year.

A 10% increase in sales in stores for 2025 with such variable lease contracts would increase total lease payments by approximately EUR 1,845 thousand (2024: EUR 1,163 thousand).

Other contingent liabilities and commitments

According to the Settlement Plan, Konzum d.d. has been classified as non-viable where assets were transferred to the newly established company, Konzum plus d.o.o. which is not the legal successor and is not exposed to contingent liabilities. Therefore, all contingencies not subject to the Settlement Plan (for example part of the court proceedings) have remained within Konzum d.d.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurement

The fair value measurement hierarchy for assets and liabilities as at 31 December 2025:

2025	Level 1	Level 2	Level 3	Total fair value	Total net book value
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Financial assets and liabilities					
Financial assets and liabilities at amortized cost					
Trade receivables	-	28.967	-	**28.967**	**28.967**
Loans, deposits and other financial assets	-	128.124	-	**128.124**	**128.124**
Cash and cash equivalents	32.791	-	-	**32.791**	**32.791**
Loans and borrowings	-	-	-	**-**	**-**
Trade payables	-	(249.706)	-	**(249.706)**	**(249.706)**
Provision for financial guarantee contracts	-	-	-	**-**	**-**
Accrued expenses	-	(32.415)	-	**(32.415)**	**(32.415)**
Non-financial assets					
Investment property (Note 19)	-	-	665	**665**	**665**
Assets held for sale (Note 22)	-	-	-	**-**	**-**

The fair value measurement hierarchy for assets and liabilities as at 31 December 2024:

2024	Level 1	Level 2	Level 3	Total fair value	Total net book value
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Financial assets and liabilities					
Financial assets and liabilities at amortized cost					
Trade receivables	-	34,161	-	**34,161**	**34,161**
Loans, deposits and other financial assets	-	7,519	-	**7,519**	**7,519**
Cash and cash equivalents	951	28,142	-	**29,093**	**29,093**
Loans and borrowings	-	(67,940)	-	**(67,940)**	**(67,940)**
Trade payables	-	(218,454)	-	**(218,454)**	**(218,454)**
Provision for financial guarantee contracts	-	(2,330)	-	**(2,330)**	**(2,330)**
Accrued expenses	-	(25,363)	-	**(25,363)**	**(25,363)**
Non-financial assets					
Investment property (Note 19)	-	-	174,723	**174,723**	**174,723**
Assets held for sale (Note 22)	-	-	7,295	**7,295**	**7,295**

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged, or a liability settled on an arm's length basis. As it is not possible to reach the reference market prices of a significant part of the Company's assets and liabilities, fair values are based on Management estimates with respect to the type of assets and liabilities. Management believes that the fair values of financial assets and liabilities (except if otherwise stated in this note) are not significantly different from their carrying values and are categorised in Level 2 and Level 3 fair value hierarchy.

The Company used the following methods and assumptions in estimating the fair value of financial instruments:

Trade receivables, trade payables, deposits and other financial assets and liabilities

For assets that mature and trade payables with a due date within 3 months, the carrying value approximates their fair value due to the short maturities of these instruments. For longer-term assets, the interest rate does not deviate significantly from the current market rates and, consequently, the fair value approximates the carrying value.

Loans and lease deposits given

Since almost all loans are due within the next 2 years, the Management Board is of the opinion that their fair value is not materially different from their carrying value. As for lease deposits, the discounted value of deposits is calculated, and the Management Board has concluded that fair value is not materially different from their carrying value.

Loans and borrowings

Since most of the borrowings are current and are provided by the owner with a fixed interest rate which changes every year according to the statutory interest rate approved by the Ministry of Finance, the Management Board is of the opinion that their fair value is not materially different from their carrying value.

For fair value disclosures on financial guarantee please see Note 34.

Non-financial assets

The valuation techniques used for fair value valuation of investment property and assets held for sale are mostly the market method and income method. Net book value of investment property appraised by these methods in 2025 is EUR 665 thousand (2024: EUR 77,371 thousand) and of assets held for sale EUR 0 (2024: EUR 5,890 thousand).

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Objectives and risk management policies

The main risks arising from the Company's financial instruments are credit risk, and interest rate risk. Management reviews and agrees policies for managing each of these risks which are listed below. The Company is exposed to international markets. As a result, the Company may be affected by changes in foreign exchange rates. The Company also extends credit terms to its customers and is exposed to risk of default. The significant risks, together with the methods used to manage these risks, are described below. The Company does not use derivative instruments either to manage risk or for speculative purposes.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company is applicable to share capital comprising subscribed capital, reserves and retained earnings. At present there are no externally imposed capital requirements. As at 31 December 2025 the Company has capital and reserves in the amount of EUR 96,584 thousand (31 December 2024: EUR 170,949 thousand).

Credit risk

Credit risk is the risk that one of the parties to a contract may default on its duties under such contract and that consequently a financial loss may be inflicted on the counterparty. The Company has adopted a policy of doing business only with creditworthy and guarantee-secured companies, which reduces the possibility of financial losses occurring as a result of default. The Company uses information and opinions obtained from specialized credit rating agencies and from the Chamber of Economy, as well as publicly available information on the financial position of companies. It also uses its in-house database in order to appropriately rank the most significant customers. The impact of credit risk on the Company as well as changes in credit ratings of its partners are constantly monitored and measured, with the total value of concluded contracts being appropriately distributed among creditworthy partners. The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time.

A significant portion of credit risk arises from the Company's operations (primarily trade receivables) and from its financial activities, including deposits and loans.

Credit risk grading system

For measuring credit risk and grading financial instruments by their level of credit risk, the Company applies an approach based on risk grades estimated by external international rating agencies (European Banking Authority default rate for Croatia).

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Each master scale credit risk grade is assigned a specific degree of creditworthiness.

Excellent	strong credit quality with low expected credit risk
Good	adequate credit quality with a moderate credit risk
Satisfactory	moderate credit quality with a satisfactory credit risk
Special monitoring	facilities that require closer monitoring and remedial management
Default	facilities in which a default has occurred

The rating models are regularly reviewed by the Finance Department, back tested on actual default data, and updated, if necessary. Despite the method used, the Company regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

Such ratings and the corresponding range of probabilities of default ("PD") are applied for the following financial instruments: loans, deposits, and other financial assets.

For credit risk regarding issued guarantees please see Note 34.

Maximum exposure to credit risk is as follows:

2025	**Simplified approach lifetime ECL**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Non-current assets					
Loans, deposits and other financial assets	-	-	927	-	927
Expected credit loss of financial assets	-	-	(26)	-	(26)
Total non-current assets	**-**	**-**	**901**	**-**	**901**
Current assets					
Loans, deposits and other financial assets	-	-	320	127,458	127,778
Expected credit loss of financial assets	-	-	(1)	(554)	(555)
Trade receivables	31,769	-	-	-	31,769
Expected credit loss of trade receivables	(2,802)	-	-	-	(2,802)
Total current assets	**28,967**	**-**	**319**	**126,904**	**156,190**

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

2024	Simplified approach lifetime ECL	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Non-current assets					
Loans, deposits and other financial assets	-	79	6,835	-	6,914
Expected credit loss of financial assets	-	(5)	(332)	-	(337)
Total non-current assets	**-**	**74**	**6,503**	**-**	**6,577**
Current assets					
Loans, deposits and other financial assets	-	-	935	108	1,043
Expected credit loss of financial assets	-	-	(4)	(97)	(101)
Trade receivables	36,817	-	-	-	36,817
Expected credit loss of trade receivables	(2,656)	-	-	-	(2,656)
Total current assets	**34,161**	**-**	**931**	**11**	**35,103**

Impairment of financial assets

The Company has the following types of financial assets that are subject to the application of the expected credit loss (ECL) model:

(a) Trade receivables arising from the sale of goods and services
(b) Debt instruments at amortised costs.

Although cash and cash equivalents are also the subject of impairment based on the requirements of IFRS 9, the identified value impairment in this context is insignificant and thus was not recorded.

(a) Trade receivables

The Company applies a simplified approach to measuring expected credit loss, which is based on lifetime expected credit losses for all trade receivables.

In order to measure the expected credit loss, trade receivables are grouped based on days past due.

The expected credit loss rates are based on the past payment profiles, as well as the corresponding historical credit losses experienced within this period. For further details please see Note 4.

The Company has considered the impact of future macroeconomic factors affecting the customers' ability to settle their liabilities and it has concluded that they do not significantly affect the expected credit loss rates.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Impairment losses as at 31 December 2025 on trade receivables are as follows:

	Total	Not past due	0 – 90 days	90 – 180 days	180 – 270 days	Over 270 days
31 December 2025	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Trade receivables	31,769	5,343	18,443	7,861	5	117
Expected credit loss	(2,802)	(2,682)	(3)	-	-	(117)
Default rate %	8.82%	50.20%	0.02%	0.00%	0.00%	100.00%
Trade receivables, net	**28,967**	**2,661**	**18,440**	**7,861**	**5**	**-**

Impairment losses as at 31 December 2024 on trade receivables are as follows:

	Total	Not past due	0 – 90 days	90 – 180 days	180 – 270 days	Over 270 days
31 December 2024	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Trade receivables	36,817	26,876	6,086	224	100	3,531
Expected credit loss	(2,656)	(26)	(5)	(3)	(41)	(2,581)
Default rate %	7.21%	0.10%	0.08%	1.34%	41.00%	73.10%
Trade receivables, net	**34,161**	**26,850**	**6,081**	**221**	**59**	**950**

Customers that are impaired on an individual basis are in bankruptcy or pre-bankruptcy proceedings, blocked for payment, deleted from the court registry, deceased or insolvent.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Debt and equity instruments at amortised costs (other financial assets)

Other financial assets at amortised cost include deposits and guarantees, investments in securities, loans to related and unrelated parties and other receivables. The most significant part of financial assets comprises of deposits relating to lease contracts which could be offset with the lease liability and hence do not represent a significant credit risk.

The expected credit loss has been calculated according to the European Banking Authority default rate for Croatia and with probability of default for financial and non-financial institutions. In 2025, the ECL for non-financial institutions is 0,45% (2023: 4.18%).

Impairment losses as at 31 December 2025 on other financial assets are as follows:

	Total	Deposits	Loans and borrowings	Investments in securities
31 December 2025	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Loans, deposits, other financial assets	128,705	1,009	127,458	238
Expected credit loss	(581)	(3)	(554)	(24)
Expected credit loss %	0.45%	0.30%	0.43%	10.08%
Loans, deposits and other financial assets, net	**128,124**	**1,006**	**126,904**	**214**

Impairment losses as at 31 December 2024 on other financial assets are as follows:

	Total	Deposits	Loans and borrowings	Investments in securities	Receivables for reinstated debt
31 December 2024	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Loans, deposits, other financial assets	7,957	7.578	108	238	33
Expected credit loss	(438)	(317)	(97)	(24)	-
Expected credit loss %	5.50%	4.18%	89.81%	10.08%	0.00%
Loans, deposits and other financial assets, net	**7,519**	**7,261**	**11**	**214**	**33**

The Company has no derivative financial instruments or any financial instruments that could potentially subject the Company to concentrations of credit risk. The Company does not expect to be exposed to material credit losses on financial instruments.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

Most of the interest-bearing assets and liabilities of the Company represent loans and borrowings. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates relative to the interest rates which apply to the financial instrument. Interest rate risk related to cash flow is the risk that the financial instrument interest expense will fluctuate over time.

As at 31 December 2025, the Company had no borrowings or loans outstanding and therefore considers interest rate risk to be insignificant.

Foreign currency risk

Most of the Company's assets are denominated in EUR. Considering the adoption of EUR in Croatia as of 1 January 2023, the Company does not consider this risk to be significant. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities in other currencies are not material.

Liquidity risk

The Company is exposed to liquidity risk since most of the liabilities are current. Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close market positions. Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows and balance sheet liquidity ratios against internal regulatory requirements and maintaining debt financing plans.

Maturity table of financial liabilities is provided below:

	Total	**Past due**	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
31 December 2025	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**	**EUR '000**
Trade payables	**249,706**	25,213	224,493	-	-	-
Loans and borrowings	**-**	-	-	-	-	-
Lease liabilities	**308,024**	-	60,964	60,602	131,604	54,854
Accrued expenses	**32,415**	-	32,415	-	-	-
Total	**590,145**	**25,213**	**317,872**	**60,602**	**131,604**	**54,854**
31 December 2024						
Trade payables	**218,454**	10,149	208,305	-	-	-
Loans and borrowings	**71,118**	-	56,025	4,706	8,267	2,120
Lease liabilities	**674,712**	-	45,674	111,178	199,000	318,860
Accrued expenses	**25,363**	-	25,363	-	-	-
Total	**989,647**	**10,149**	**370,191**	**81,060**	**207,267**	**320,980**

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Loans and borrowings and lease liabilities are presented by contractual and not expected maturity. Amounts disclosed are contractual cash flows based on the earliest possible date of payment and the amounts also include future interest. For liquidity risk and fair value regarding issued guarantees please see Note 34.

36. SUBSEQUENT EVENTS

At the beginning of 2026, a change occurred in the Company's key management. Management Board member Uroš Kalinić was dismissed from his position and replaced by Tadija Dalić. The aforementioned change represents a non-adjusting event and, accordingly, has no impact on the financial statements for the year ended 31 December 2025. The disclosure has been made in order to provide relevant information to users of the financial statements.

These Annual Financial Statements were approved by the Management Board on 29 May 2025.

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