FINANCIAL RESULTS

IN 2023

(unaudited)

Zagreb, 27 February 2024

# COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO


Commenting on the financial results for 2023, **Emil Tedeschi**, CEO of Atlantic Grupa, pointed out:

“In a still unstable and challenging environment, Atlantic Grupa achieved strong sales growth in all segments and on all major markets. The Strategic Business Unit Snacks and the Strategic Business Unit Beverages stand out in particular, which, in addition to the strong value growth, also record a significant sales volume growth. Excellent sales results, despite the still high costs of raw materials and packaging materials, logistics and other services, as well as a significant investment in employees, enabled the profitability growth.

In accordance with our strategy of strengthening key categories, we signed the Sales and purchase agreement for Strauss Adriatic, known for strong coffee brands on the Serbian market. We also continued with further investments in business development, including product portfolio innovations, among which the launch of Cedevita vitamin water stands out, as well as investments in the modernization of production capacities and the green and digital transformation of Atlantic Grupa.

I am especially grateful to our employees for their commitment and desire to make our business stronger together every day. I would also like to thank our customers and partners for their long-term support.

Although we expect the geopolitical and macroeconomic environment will continue to be challenging, we remain confident that we will continue with further successful and sustainable growth.”

## STRONG SALES GROWTH IN ALL BUSINESS SEGMENTS AND ALL SIGNIFICANT MARKETS COUPLED WITH PROFITABILITY GROWTH

**SALES** AT EUR 973.9 MILLION
+15.1% compared to 2022

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA***) AT EUR 86.6 MILLION
+13.3% compared to 2022 (+8.9% if one-off items excluded*)

EARNINGS BEFORE INTEREST AND TAXES (**EBIT***) AT EUR 44.7 MILLION
+22.2% compared to 2022 (+12.9% if one-off items excluded*)

**NET PROFIT*** AT EUR 31.2 MILLION
+20.0% compared to 2022 (+9.2% if one-off items excluded*)

## FINANCIAL SUMMARY OF 2023

| Key figures | 2023 | 2022** | 2023/2022 |
|---|---|---|---|
| **Sales** (in EUR million) | **973.9** | 846.2 | 15.1% |
| **Turnover** (in EUR million) | **987.1** | 858.3 | 15.0% |
| **Normalized EBITDA margin*** | **8.5%** | 8.9% | -48 bp |
| **Normalised net income*** (in EUR million) | **27.0** | 24.7 | 9.2% |
| **Gearing ratio*** | **25.2%** | 17.0% | -821 bp |

The comparative period has been adjusted to the reporting for 2023.

* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter "Definition and reconciliation of Alternative Performance Measures (APM)".
** Balance sheet items in comparative periods are converted at the conversion rate, while comparative periods of profit and loss account items are converted at average monthly exchange rate.

## 1. NEW CHAIRMAN OF THE SUPERVISORY BOARD

At the meeting of the Supervisory Board of Atlantic Grupa d.d., held on 22 March 2023, the former Chairman of the Supervisory Board, Zdenko Adrović, handed over the leading position in this body to Zoran Vučinić, a former member of the board. As one of the leading experts in the Croatian financial industry, Zdenko Adrović has successfully led Atlantic's Supervisory Board since its establishment in 2006, and continues to participate in its work as a member.
Zoran Vučinić joined the Supervisory Board of Atlantic Grupa at the beginning of 2022. He is a proven global business leader with more than three decades of international career in the field of consumer goods, primarily in the global operations of The Coca-Cola Company.

## 2. PODRAVKA AND ATLANTIC JOINED FORCES IN STRENGTHENING THE EXPORT OF OWN BRANDS

Two prominent Croatian companies, Atlantic Grupa and the Podravka Group, have agreed to cooperate on foreign markets, specifically in the United States of America and Austria. The two companies introduced a unique practice of mutual export support, which implies that Atlantic's distribution company in Austria will provide support for the placement of Podravka's products on the Austrian market, and at the same time, Podravka will market Atlantic's products on the US market through its company in the USA. The goal of this cooperation is to maximize mutual synergies by strengthening the product placement of both companies and raising the recognizability of their brands, using the developed business network and market positions that Atlantic and Podravka hold in these markets.

## 3. ATLANTIC GRUPA SIGNED A SALES AND PURCHASE AGREEMENT FOR STRAUSS ADRIATIC COMPANY

In October 2023, Atlantic Grupa signed a Sales and purchase agreement with the Strauss Group for the purchase of Strauss Adriatic, headquartered in Šimanovci, Serbia. The conclusion of the transaction is subject to the prior approval of the Commission for the Protection of Competition in the Republic of Serbia. The agreed value of the transaction (enterprise value) is EUR 40.5 million, without debt and cash, and assuming the regular level of normalized net working capital on the day of the transaction. Strauss is known for its strong coffee brands on the Serbian market – Doncafe and C kafa, which would join the regional leaders Grand kafa and Barcaffe through the acquisition. In addition to well-known brands, Atlantic would take over a modern production facility in the Šimanovci industrial zone near Belgrade and 220 employees.

## 4. NEW CORPORATE STRATEGY ADOPTED

We are facing numerous changes in the industry and geopolitical environment that have an impact on our business; inflation, decline in purchasing power, lack of labour force, uncertainty in supply chain, changing attitudes and expectations of employees regarding the way of work, digitization of operational processes, new legal restrictions, etc. All these changes require us to adjust our strategic goals, therefore a new corporate strategy cycle has been presented for the next five years.

While the vision and values of Atlantic Grupa defined in the previous cycle of the corporate strategy remain the same, as part of the new corporate strategy, new strategic goals and priorities have been defined.

New strategic goals and priorities will enable the company to generate growth and increase profit margins, and the level of competitiveness and value of the company as a whole. We have a leadership portfolio with which we want to ensure long-term growth, we continue with an even greater focus on productivity because that is the only way we will be able to support long-term growth ambitions, and we continue to take care of the organization because people and brands are what makes the difference for Atlantic.
Accordingly, this cycle of corporate strategy has the theme of Profitable growth, which is the main task of the company in the next 5 years. We will achieve profitable growth through three corporate strategic goals:

- By creating growth based on our strengths,
- By increasing productivity by investing in technology, knowledge and standardization of processes, and
- By a strengthened organization that we build through care and responsible behaviour.

## 5. CEDEVITA VITAMIN WATER LAUNCHED

When we say Cedevita, we think of vitamins. For 50 years. Experience has taught us to boldly step outside our comfort zone and listen to our consumers. Therefore, Cedevita decided to try its hand at something new – vitamin waters! By entering this growing category, we will unlock new potentials and remain relevant to existing and new consumers in the long term and satisfy needs that the brand has not yet addressed.

We paid special attention to flavours and thus created three unique combinations: Lemon & Pineapple “Energising”, Orange & Papaya “Feel Good” and Lemon & Pomegranate “Relaxing”. Cedevita vitamin water is made with natural citrus aromas, without sweeteners, with few calories and carefully selected vitamins.

## 6. ATLANTIC GRUPA'S GREEN TRANSFORMATION AND SUSTAINABILITY INDEX

At Atlantic Grupa, we regularly carry out activities and projects for the company to act in accordance with the priority of sustainable business and with the goal of building a greener future. One of the projects of this kind is the construction of a solar photovoltaic power plant on the roof of the Zagreb distribution centre, which reduces carbon dioxide emissions by 3,250 tonnes, which is equivalent to planting 98 hectares of trees. In addition to the positive effects on the environment, we also expect significant savings due to lower dependence on the market trends of energy prices during the expected useful lives of the panels, i.e. 25 years.

Also, on the occasion of Donat’s 115$^{th}$ anniversary, on the roof of the bottling plant in Rogaška Slatina, the second, so far largest solar power plant of Atlantic Grupa was built. It is one of the largest private investments in recent years in this area in Slovenia, with which Donat builds on existing activities related to ensuring sustainability. The bottling plant in Rogaška Slatina has been using green energy until now as well. However, the new solar power plant with a nominal installed power of 974 kWp will produce 1.01 GWh per year, which is enough to supply about 350 households or one small settlement. This investment will cover 31% of the location's needs in full operation, thereby reducing dependence on external energy sources, optimizing costs and contributing to environmental protection.

Atlantic Grupa's sustainability index, which represents an internally defined measure for assessing and reporting on the achievement of sustainable business and social responsibility goals, exceeded the target value in 2023. The Atlantic Grupa sustainability index consists of five key priorities: reduction of greenhouse gas emissions, responsible management of water resources, employee care, use of recycled and recyclable materials and specific sustainable innovations in products.

## 7. ATLANTIC GRUPA'S DIGITAL TRANSFORMATION

One of Atlantic Grupa's priorities is digital transformation, which is based on the implementation of advanced digital business solutions for support to Business Process Redesign, building a reliable, stable and secure IT infrastructure with simultaneous education and ensuring IT literacy among Atlantic Grupa employees.
After last year's successful implementation of the S/4Hana ERP (Enterprise resource planning) and MES (Manufacturing execution system) projects in Atlantic Grand Serbia, we have successfully implemented both advanced systems in our company Atlantic Cedevita as well. We have also successfully digitalized our procurement processes by implementing the SAP Ariba system in companies in Slovenia and Croatia. We have strengthened the basis for further digitization by implementing a new process and tool for master data management (MDM). The process of digital transformation continues with the implementation of all these systems in other members of Atlantic Grupa and with the application of new technologies with the aim of optimizing and adding value to the business.

## 8. SUCCESSFUL TRANSITION TO THE EURO IN CROATIAN COMPANIES OF THE GROUP

In 2022, Atlantic Grupa started the project of the adjustment of Croatian companies to the replacement of the Croatian kuna with the euro. The project included the adjustment of 33 IT systems (ERP systems, business applications and analytical solutions) used by the Group in operations and business management, and more than 120 Group employees participated intensively in it. All adjustment activities were completed within the planned deadlines, from dual reporting of prices to the transition to operational business in euro.

## 9. NEW LDC IN SKOPJE OPENED

Atlantic Grupa officially opened a new, modernly equipped distribution centre in Skopje, which provides adequate logistics support for the long-term development of the distribution business. The investment in the construction and equipment worth about EUR 12 million was realized in cooperation with the partner, company Vičiški, within 18 months. What makes the project particularly interesting are its ambitions in the area of digitization of warehouse operations, so the new logistics and distribution centre is a true testing ground for new technologies that have already been installed or are in the process of being implemented.

Following continuous exceptional results and commitment, as well as significant ambitions for further business growth, the former distribution unit was declared the Strategic Distribution Unit North Macedonia.

## 10. NEW PRINCIPAL IN SLOVENIA

Our distribution team in Slovenia has made significant progress in portfolio expansion and business development. In May 2023, the SDU Slovenia signed a distribution agreement with the new principal Haleon on the distribution of the well-known brands Sensodyne, Corega, Parodontax, Centrum and Aquafresh. According to data from the market research and public opinion polling agency AC Nielsen, these brands account for almost 50% of the market share in the category of oral hygiene products on the Slovenian market, and the expected turnover in the first 12 months is estimated at more than five million euros.

## 11. DIVIDEND DISTRIBUTION

According to the decision of the General Assembly held on 29 June 2023, the dividend distribution in the amount of EUR 1 per share, or a total of EUR 13,309 thousand, was approved. The dividend was paid on 14 July 2023.

## 12. ATLANTIC GRUPA WON THE FIRST PRIZE FOR INVESTOR RELATIONS AND CORPORATE GOVERNANCE AWARD

Atlantic Grupa won the first prize for investor relations, awarded for the 14$^{th}$ consecutive year in cooperation of Poslovni dnevnik and the Zagreb Stock Exchange, which represents a recognition by the investor community to companies that have fair and transparent investor relations. The competition includes companies from the CROBEX index and companies listed in the Prime and Official Markets of the Zagreb Stock Exchange, and the winners are selected based on statistical criteria related to obeying the Stock Exchange Rules by the issuer and based on a survey conducted among the capital market participants. This is the fourth year in a row that Atlantic Grupa won the first prize; it won the first prize seven times in total, and six more times it was among the top three companies.
For the third year in a row, Atlantic Grupa has won the prestigious award for the best compliance with the Corporate Governance Code in the Prime Market category of the Zagreb Stock Exchange, awarded by the Croatian Financial Services Supervisory Agency (HANFA).

## 13. ATLANTIC GRUPA BOUGHT EUROCENTER

Atlantic Grupa bought Eurocenter d.o.o., which owns the Eurocenter office building at Miramarska 23, from S IMMO AG, a renowned European real estate management agency.
At this address is the long-standing headquarters of Atlantic Grupa, where the company is registered. By taking possession of the building, where it currently occupies several floors, Atlantic will consolidate office space in the Zagreb area in its own office building, which will thus become the representative headquarters of one of the leading companies in Croatia and the region. The value of the transaction is EUR 26.5 million, excluding debt and cash.

## 14. ATLANTIC ŠTARK AND DEG AGREED FUNDING IN SERBIA

Atlantic Štark d.o.o., a member of Atlantic Grupa, and the German development financial institution DEG (Deutsche Entwicklungs Gesellschaft), signed a loan agreement in the amount of EUR 20 million, with the aim of securing funds for financing investments in Štark's development, which are part of a strong investment cycle of Atlantic Grupa in the territory of the Republic of Serbia. The specific financial package refers primarily to the modernization and increase in production and logistics capacities in the Strategic Business Unit Snacks.

Atlantic Grupa plans to invest over EUR 100 million in the Serbian market over the next three years. This investment cycle has already started and over EUR 15 million of investments have been realized so far. The largest part of the investment, almost EUR 53 million, relates to production and logistics capacities in the Strategic Business Unit Snacks, primarily the new Smoki factory, which represents the largest single investment of Atlantic Grupa. In addition to the above, significant investments in other business segments of Atlantic Grupa in Serbia are planned in the amount of around EUR 50 million. This primarily relates to investments in the distribution of consumer goods, where Atlantic is one of the leading market players, and investments in the production and sale of coffee.

## 15. ATLANTIC AND ARGETA WIN EFFIE AWARDS

At this year's Effie Slovenia competition, we won numerous awards for advertising effectiveness. The award for the most effective advertiser went to Atlantic Grupa, while Argeta was declared the most effective brand. Individual projects also received awards.
At the same time, Argeta won the bronze Euro Effie award in Brussels for the exceptionally successful marketing campaign “Ode to Bakers”. This award is also the third Euro Effie for Argeta.

## SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

| (EUR million) | 2023 | 2022 | 2023/2022 |
|---|---|---|---|
| **SBU Coffee** | **199.9** | 184.5 | 8.3% |
| **SBU Savoury Spreads** | **137.7** | 129.3 | 6.5% |
| **SBU Snacks** | **123.9** | 98.2 | 26.3% |
| **SBU Beverages** | **101.0** | 85.1 | 18.6% |
| **SBU Pharma** | **87.6** | 78.0 | 12.2% |
| **BU Donat** | **36.4** | 32.4 | 12.5% |
| **SDU Croatia** | **245.5** | 206.3 | 19.0% |
| **SDU Serbia** | **237.9** | 204.7 | 16.2% |
| **SDU Slovenia** | **160.9** | 145.4 | 10.7% |
| **SDU North Macedonia** | **57.4** | 48.1 | 19.3% |
| **Other segments*** | **80.0** | 73.9 | 8.2% |
| **Reconciliation**** | **(494.3)** | (439.7) | n/a |
| **Sales** | **973.9** | **846.2** | **15.1%** |

The comparative period has been adjusted to the reporting for 2023.

In 2023, Atlantic Grupa recorded sales of EUR 973.9 million, which is a significant 15.1% growth compared to the previous year. The revenue growth is recorded in all business and distribution units following excellent sales results of all own and principal brands. The highest percentage growth was recorded by the Strategic business units Snacks and Beverages. Part of the increase in revenue is the result of an increase in our selling prices caused by the increase in the price of all key raw materials, packaging materials, energy and services.

Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units and Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit (SBU) or Business Unit (BU), or through a Strategic Distribution Unit (SDU), Distribution Unit (DU) or Global Distribution Account Management (GDAM)), while sales of Strategic Distribution Units, Distribution Units and Global Distribution Account Management include both sales of external principals' products and sales of own products.

* Other segments include BU New Growth, DU Austria, DU Russia and GDAM.

** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and BU and in SDUs, DUs and GDAM through which the products were distributed.

The STRATEGIC BUSINESS UNIT COFFEE recorded a significant sales growth rate in almost all regional markets, with the highest growth recorded in the markets of Croatia, Serbia, and Bosnia and Herzegovina. Analysed by categories, growth was recorded by all categories, with the most significant growth recorded by roast and ground coffee under the Barcaffè, Grand kafa and Bonito brands. Espresso coffee, mainly under the Barcaffè brand, records significant double-digit growth rates primarily as a consequence of successful strategic partnerships in the past years, launching new products, strengthening brand perception and winning new customers in the HoReCa and On the Go channels. Also, the instant coffee category continues to significantly grow and strengthen its position. In addition to the double-digit value growth, espresso and instant coffee categories also record a significant double-digit volume growth, while the roast and ground coffee category records almost the same volume levels as in the previous year.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded a sales growth in all regional markets, with the highest growth recorded in the markets of Croatia, Bosnia and Herzegovina, and Serbia. Also, the key European markets of Germany, Austria and Sweden record growth. Growth was recorded both in meat and fish savoury spreads segments, and it is primarily generated by higher selling prices as a result of significant increases in the prices of key raw materials and packaging materials. Also, jams and *ajvar* under the Granny's Secret brand record a sales growth.

A double-digit sales growth is recorded by the STRATEGIC BUSINESS UNIT SNACKS in all regional markets, with the most significant growth recorded by the markets of Serbia, Bosnia and Herzegovina, and Montenegro. Also, double-digit growth rates were recorded in all key European markets. Analysed by categories, the growth is recorded by all categories, led by chocolate under the Najlepše želje brand, Bananica, Smoki, and Prima sticks, which record double-digit both value and volume growth. The strong revenue growth in this unit is the result of the range optimization, intensified marketing activities and successful launch of new products in all categories. It is also important to note that this segment enters a significant investment cycle.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a significant sales growth in all regional markets, with the most significant growth recorded by the markets of Croatia, Slovenia and Serbia. Also, significant growth rates are recorded by the markets of Germany and Austria. A significant sales growth is recorded by Cockta and Cedevita brands in the HoReCa and retail channels, which in addition to strong double-digit value growth, also record a single-digit volume growth. Launching vitamin water under the Cedevita brand, which records excellent results in all markets where it was launched, contributed to the significant sales growth in this segment.

The STRATEGIC BUSINESS UNIT PHARMACY BUSINESS records a significant sales growth of the pharmacy chain Farmacia due to the increase in sales of the cosmetics range, the excellent tourist season and the increase in prices of services related to the dispensing of medicines. Also, the sales growth is a consequence of the additional turnover of new pharmacies compared to the previous year. Farmacia ends 2023 with 102 units, including 56 pharmacies, 45 specialized stores and the web shop.

# SALES TRENDS IN 2023

The BUSINESS UNIT DONAT recorded a significant sales growth due to the double-digit growth in the markets of Croatia, Slovenia and Austria. It should be noted that Donat also records a mild volume growth.

The STRATEGIC DISTRIBUTION UNIT CROATIA recorded a strong sales growth as a consequence of growth of all own brands, led by roast and ground coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, Cedevita and Cockta brands in the retail channel, and functional water Donat. Among principal brands, Ferrero, Mars, Magdis, and Hipp recorded the most significant growth. A double-digit growth was also recorded by the HoReCa channel, primarily due to the Cedevita and Cockta brands in the beverages segment and espresso coffee under the Barcaffè brand. The growth in sales in this segment was impacted by the increase in selling prices under the impact of price pressure on the input prices of trade goods.

A double-digit sales growth is recorded by the STRATEGIC DISTRIBUTION UNIT SERBIA as a result of the increase in sales of all own brands, led by roast and ground coffee under the Grand kafa and Bonito brands, Argeta in the savoury spreads segment, chocolate under the Najlepše želje brand, Smoki and Bananica, and Cedevita and Cockta in the HoReCa and retail channels. Among principal brands, Saponia, Intersnack, and Red Bull stand out. Also, the growth in this unit was impacted by the increase in sales of the HoReCa channel and the increase in selling prices under the impact of price pressure on the input prices of trade goods.

The STRATEGIC DISTRIBUTION UNIT SLOVENIA recorded a significant sales growth due to the increase in sales of own and principal brands. Among own brands, the following stand out: instant and espresso coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, Cedevita and Cockta in the retail and HoReCa channels, and functional water Donat. Principal brands recorded strong growth due to the new principal Haleon and the growth of Unilever and Ferrero. As in other markets, the increase in sales in the Slovenian market was impacted by the increase in selling prices under the impact of price pressure on the input prices of trade goods.

Double-digit sales growth rates were recorded by the STRATEGIC DISTRIBUTION UNIT NORTH MACEDONIA due to the increase in sales of roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, chocolate under the Najlepše želje brand, and Cedevita in the retail and HoReCa channels. Among principal brands, Ferrero, Hipp, and Red Bull especially stand out.

OTHER SEGMENTS record a significant increase in sales due to the increase in sales in the distribution units Austria, Global Distribution Account Management and New Growth, which fully cancelled out a decrease in sales of the distribution unit Russia.

A double-digit sales growth is recorded by the DISTRIBUTION UNIT AUSTRIA, mainly due to the increase in sales of roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, Smoki and Prima sticks in the snacks segment, and functional water Donat. The new principal Podravka contributed to the growth of this unit.

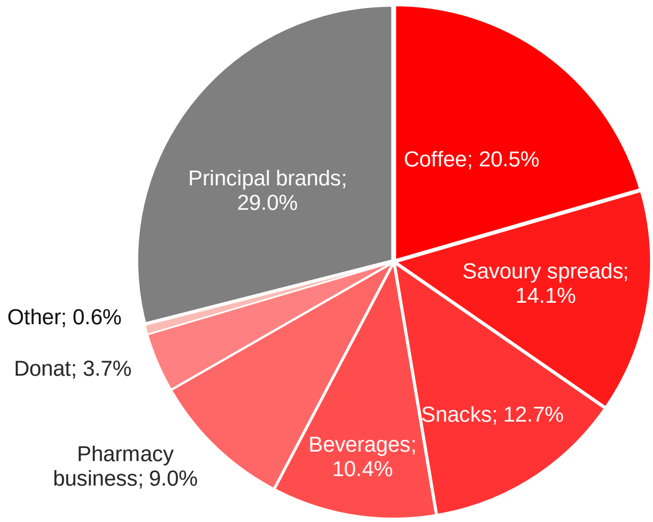
The GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT records an increase in sales following the increase on the markets of Germany, Sweden, the Netherlands and Spain. Analysed by categories, roast and ground coffee under the Grand kafa brand, and Smoki and Prima sticks in the snacks segment contribute to the growth.

The DISTRIBUTION UNIT RUSSIA records a decrease in sales as a consequence of the decrease in sales of Argeta in the savoury spreads segment.

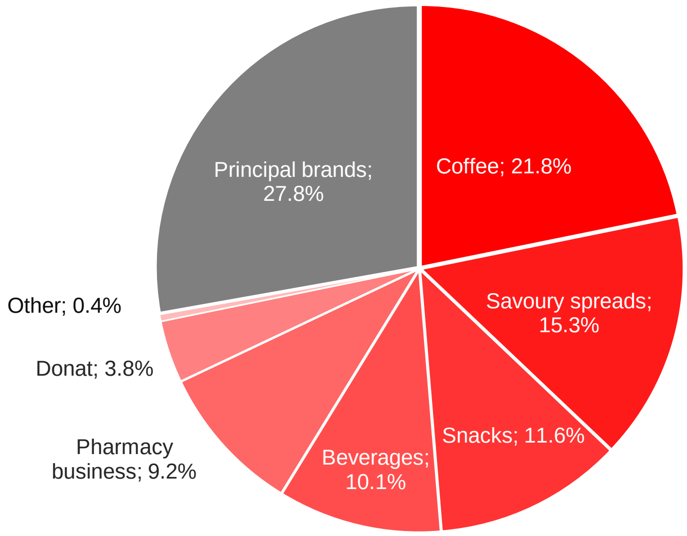
The NEW GROWTH achieves high double-digit sales growth due to the increase in sales on regional markets and launching Boom Box on the market of Austria. Analysed by categories, cereals and plant-based drinks under the Boom Box brand contribute most to the growth.

## SALES PROFILE BY SEGMENTS

**2023**




**2022**



## SALES PROFILE BY MARKETS

| (in EUR millions) | 2023 | % of sales | 2022 | % of sales | 2023/2022 |
|---|---|---|---|---|---|
| **Croatia** | **338.0** | 34.7% | **285.6** | 33.8% | 18.3% |
| **Serbia** | **241.0** | 24.7% | **207.4** | 24.5% | 16.2% |
| **Slovenia** | **161.3** | 16.6% | **146.2** | 17.3% | 10.3% |
| **Bosnia and Herzegovina** | **72.0** | 7.4% | **63.5** | 7.5% | 13.5% |
| **Other regional markets*** | **83.8** | 8.6% | **71.0** | 8.4% | 18.1% |
| **Key European markets**** | **48.6** | 5.0% | **43.3** | 5.1% | 12.2% |
| **Russia and CIS** | **13.9** | 1.4% | **14.1** | 1.7% | (1.5%) |
| **Other markets** | **15.3** | 1.6% | **15.1** | 1.8% | 1.5% |
| **Total sales** | **973.9** | 100.0% | 846.2 | 100.0% | 15.1% |

*Other regional markets: North Macedonia, Montenegro, Kosovo
**Key European markets: Germany, Switzerland, Austria, Sweden
The comparative period has been adjusted to the reporting for 2023.

The MARKET OF CROATIA recorded a double-digit sales growth due to the increase in sales of: (i) all own brands, with the most significant growth recorded by espresso coffee under the Barcaffè brand in the HoReCa channel, roast and ground coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, Cedevita and Cockta brands in the retail and HoReCa channels, and functional water Donat, (ii) the pharmacy chain Farmacia, and (iii) external principals, among which the biggest growth was recorded by Ferrero, Mars, Hipp and Magdis.

The MARKET OF SERBIA records a significant sales growth due to the strong increase in sales of all own brands, of which the following stand out: (i) roast and ground coffee under the Grand kafa and Bonito brands, (ii) Argeta in the savoury spreads segment, (iii) Najlepše želje, Bananica, Smoki and Prima sticks in the snacks segment, (iv) Cockta and Cedevita brands in the beverages segment, and (v) oat-based Boom Box products. Among principal brands, Intersnack, Saponia and Red Bull stand out.

The MARKET OF SLOVENIA records a significant sales growth due to the increase in sales of: (i) instant and espresso coffee under the Barcaffè brand, (ii) Argeta in the savoury spreads segment, (iii) Cockta and Cedevita and in the beverages segment, (iv) Smoki in the snacks segment, and (v) functional water Donat. Among principal brands, the most significant growth was recorded by Unilever, Ferrero and the new principal Haleon.

A significant growth is recorded in the MARKET OF BOSNIA AND HERZEGOVINA due to the increase in sales of: (i) roast and ground coffee and instant coffee under the Grand kafa brand, (ii) espresso coffee under the Barcaffè brand, (iii) Argeta in the savoury spreads segment, (iv) Najlepše želje, Bananica and Smoki in the snacks segment, and (v) Cedevita and Cockta in the beverages segment.

A double-digit sales growth is recorded by OTHER REGIONAL MARKETS, due to the increase on all other regional markets. The biggest contribution to the growth was made by the increase in sales of roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, Najlepše želje and Smoki in the snacks segment, and Cedevita and Cockta in the beverages segment.

KEY EUROPEAN MARKETS recorded a sales growth following the significant increase on all key European markets as a result of the increase in sales of roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, and Smoki and Prima sticks in the snacks segment.

The MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES recorded a mild sales decrease as a result of the decrease in sales of Argeta in the savoury spreads segment, which was partly cancelled out by the increase in sales of Najlepše želje in the snacks segment.

OTHER MARKETS record a mild increase in sales due to the increase in sales in the markets of the Netherlands, France and Spain which partly compensated for the decrease in sales in the markets of Australia and Italy. The increase in sales of Argeta in the savoury spreads segment contributes most to the growth.

## PROFITABILITY TRENDS

| (in EUR millions) | 2023 | 2022 | 2023/2022 |
|---|---|---|---|
| **Sales** | **973.9** | 846.2 | 15.1% |
| **EBITDA*** | **86.6** | 76.4 | 13.3% |
| **Normalised EBITDA*** | **82.4** | 75.7 | 8.9% |
| **EBIT*** | **44.7** | 36.6 | 22.2% |
| **Normalised EBIT*** | **40.4** | 35.8 | 12.9% |
| **Net profit*** | **31.2** | 26.0 | 20.0% |
| **Normalised Net profit*** | **27.0** | 24.7 | 9.2% |
| ***Profitability margins*** | | | |
| **EBITDA margin*** | **8.9%** | 9.0% | -14 bp |
| **Normalised EBITDA margin*** | **8.5%** | 8.9% | -48 bp |
| **EBIT margin*** | **4.6%** | 4.3% | +27 bp |
| **Normalised EBIT margin*** | **4.2%** | 4.2% | -8 bp |
| **Net profit margin*** | **3.2%** | 3.1% | +13 bp |
| **Normalised Net profit margin*** | **2.8%** | 2.9% | -15 bp |

In 2023, EBITDA amounts to EUR 86.6 million, which is a significant 13.3% growth compared to the previous year, or an 8.9% growth if the effect of one-off items is excluded. The growth in profitability of business units Snacks, Beverages, Pharmacy business, Donat and distribution units Croatia, Serbia and North Macedonia contributed to the growth of normalized EBITDA. The growth in normalized EBITDA was primarily achieved due to strong sales growth, despite significantly higher costs of almost all raw materials and packaging materials, energy, transportation and logistics costs, and significant increase in salaries of our employees.

In addition to the above, normalized net profit records a 9.2% increase despite the higher depreciation of own non-current assets (as a consequence of higher capital expenditure) and right-of-use assets, and higher interest expense.

* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter “Definition and reconciliation of Alternative Performance Measures (APM)”.

## OPERATING EXPENSES STRUCTURE

| (in EUR millions) | 2023 | % of sales | 2022 | % of sales | 2023/2022 |
|---|---|---|---|---|---|
| Cost of goods sold | 303.8 | 31.2% | 254.3 | 30.1% | 19.4% |
| Change in inventory | 3.7 | 0.4% | (3.2) | (0.4%) | n/a |
| Production materials | 292.8 | 30.1% | 270.4 | 31.9% | 8.3% |
| Energy | 16.8 | 1.7% | 15.3 | 1.8% | 10.4% |
| Services | 59.2 | 6.1% | 50.7 | 6.0% | 16.9% |
| Staff costs | 149.2 | 15.3% | 130.6 | 15.4% | 14.2% |
| Marketing and selling expenses | 43.6 | 4.5% | 39.1 | 4.6% | 11.4% |
| Other operating expenses | 33.3 | 3.4% | 29.0 | 3.4% | 14.7% |
| Other (gains)/losses, net | (1.9) | (0.2%) | (4.3) | (0.5%) | n/a |
| Depreciation and amortisation | 41.9 | 4.3% | 39.9 | 4.7% | 5.2% |
| Total operating expenses* | 942.4 | 96.8% | 821.7 | 97.1% | 14.7% |

The cost of goods sold records an increase due to higher sales of principal brands, but also higher purchase prices.

Costs of production materials record an increase due to higher sales of own products and higher purchase prices of the majority of production materials, especially raw coffee, sugar, cocoa, poultry, and dairy products.

Energy costs are higher due to higher energy prices compared to the previous year and higher production of own products.

Costs of services record a significant increase due to higher sales, higher maintenance costs and significantly higher prices of transport and logistics services, as a consequence of higher fuel prices and salaries increase compared to the comparative period.

Significantly higher staff costs are primarily a consequence of the increase in basic salaries and higher variable payments as a result of higher sales. As at 31 December 2023, Atlantic Grupa had 5,430 employees, or 43 employees more compared to the previous year.

Marketing expenses are higher due to higher marketing investments in the segments of Coffee, Beverages, Snacks and Donat.

Other operating expenses record an increase, primarily as a consequence of higher travel-related costs, and entertainment costs.

Other (gains)/losses – net: Gain was realized, primarily related to one-off gain on sale of non-current assets, in the amount of EUR 2.9 million, which was partially cancelled out by the loss on derivative financial instruments.

* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter “Definition and reconciliation of Alternative Performance Measures (APM)”.

## OPERATING RESULT OF STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

| (EUR million) | 2023 | 2022 | 2023/2022 |
|---|---|---|---|
| SBU Coffee | 20.6 | 24.9 | (17.3%) |
| SBU Savoury Spreads | 17.4 | 19.7 | (11.4%) |
| SBU Snacks | 11.3 | 3.2 | 256.8% |
| SBU Beverages | 14.7 | 13.2 | 11.1% |
| SBU Pharmacy business | 10.3 | 9.2 | 11.9% |
| BU Donat | 16.4 | 14.5 | 13.4% |
| SDU Croatia | 14.7 | 11.3 | 30.7% |
| SDU Serbia | 10.4 | 9.5 | 9.9% |
| SDU Slovenia | 7.1 | 8.3 | (14.4%) |
| SDU North Macedonia | 2.9 | 2.3 | 26.0% |
| Other segments* | (39.3) | (39.6) | 0.8% |
| Group EBITDA** | 86.6 | 76.4 | 13.3% |

**STRATEGIC BUSINESS UNITS AND BUSINESS UNIT:** All strategic business units (except Pharmacy business) record significant increases in the costs of production materials, transport and logistics costs, and staff costs, where the impact of increased prices of raw materials and packaging material was particularly significant in the Strategic Business Units Coffee and Savoury Spreads. The SBU Snacks achieved a strong increase in profitability due to significantly higher sales, optimization of the product range, investments in marketing activities and significant capital investments in the past few years. The SBU Beverages recorded an increase in profitability primarily as a result of excellent sales results. The SBU Pharmacy business achieved significantly higher profitability due to higher sales of the pharmacy chain Farmacia, despite significantly higher staff costs. The BU Donat records an increase in profitability due to higher sales.

**STRATEGIC DISTRIBUTION UNITS:** The SDU Croatia, SDU Serbia and SDU North Macedonia recorded an increase in profitability due to strong sales growth, despite higher transportation and logistics costs and investment in employees. The SDU Slovenia records a decrease in profitability following higher transport, logistics and staff costs, despite higher sales.

**OTHER SEGMENTS:** If we exclude one-off items, Other segments record a decrease in profitability as a consequence of higher costs of central functions and the decrease in profitability of the DU Russia and GDAM.

The comparative period has been adjusted to the reporting for 2023.

* Other segments include BU New Growth, DU Austria, DU Russia, GDAM and business activities not allocated to business and distribution units (headquarters and support functions in Croatia, Serbia, Slovenia, Bosnia and Herzegovina and North Macedonia) which are excluded from the reportable operating segments.

** Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter “Definition and reconciliation of Alternative Performance Measures (APM)”.

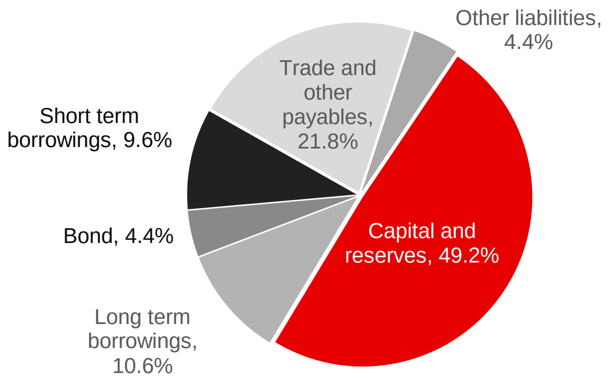
## FINANCIAL INDICATORS

| (in EUR millions) | 12/31/2023 | 12/31/2022 |
|---|---|---|
| **Net debt*** | **150.7** | 87.3 |
| **Total assets** | **907.7** | 779.0 |
| **Total Equity** | **446.3** | 425.2 |
| **Current ratio*** | **1.4** | 1.5 |
| **Gearing ratio*** | **25.2%** | 17.0% |
| **Net debt/EBITDA*** | **1.8** | 1.2 |
| **Interest coverage ratio*** | **13.6** | 30.5 |
| **Capital expenditure*** | **39.6** | 35.0 |
| **Free cash flow*** | **20.3** | 10.5 |
| **Cash flow from operating activities** | **60.0** | 45.5 |

Among key determinants of the Atlantic Grupa's financial position in 2023, the following should be pointed out:

- The gearing ratio increased by 821 basis points due to the EUR 63.4 million increase in net debt compared to the end of 2022. The increase in net debt was impacted, among other things, by the purchase of Eurocenter in the amount of EUR 26.5 million and the payment of EUR 8 million as a deposit related to the potential takeover of Strauss Adriatic.
- The indebtedness measured as the net debt to normalized EBITDA ratio increased from 1.2 at the end of 2022 to 1.8 at the end of 2023.
- Free cash flow records an increase due to higher cash flow from operating activities, despite higher capital expenditure.

## THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 31 DECEMBER 2023




* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter "Definition and reconciliation of Alternative Performance Measures (APM)".

## OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash flow from operating activities records an increase as a result of an increase in net profit, movements in the working capital, primarily lower increase in inventories compared to the previous year and an increase in trade payables, lower tax paid, despite higher financing costs.

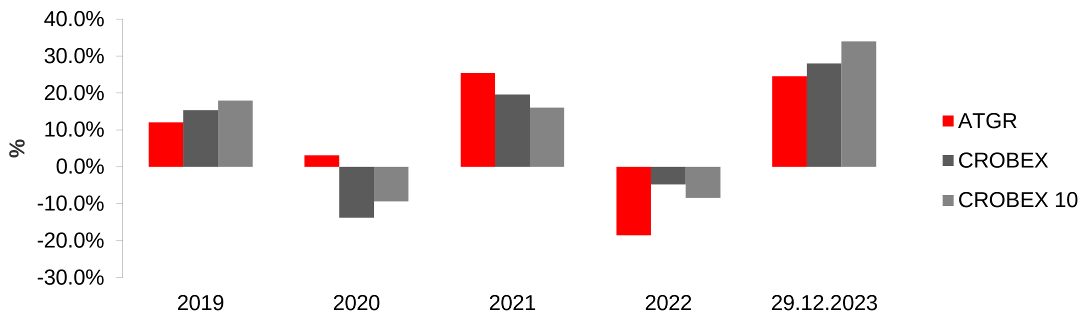
Capital expenditure in 2023 is marked by the implementation of projects in line with the Atlantic Grupa's Strategic Guidelines for 2023 and initiating projects that will be physically implemented in 2024 in 2025, in accordance with the long-term investment plan.

Significant investment projects in 2023:

- SDU Croatia:
  - an investment project to expand the warehouse capacity of LDC Zagreb and implement fully automated warehouse operations
- SBU Savoury Spreads:
  - investment projects of new packaging machines at the Hadžići and Izola locations
- SBU Coffee:
  - an investment project to expand the capacity for the production and packaging of instant coffee at the Belgrade location
  - an investment project of advanced technology for cleaning raw coffee
- SBU Beverages:
  - an investment project to replace the granulator and a new system for receiving and distributing sugar
  - an investment project of automated packaging of the candy category
  - an investment project of the photovoltaic power plant in Apatovec
- SBU Snacks:
  - an investment project of robotic line for packing chocolate bars
  - an investment project of robotic line for packing wafers
  - an investment project of a new line for the production and packing of salty snacks
- BU Donat:
  - an investment project of the photovoltaic power plant in Rogaška Slatina
- IT:
  - the implementation of the S/4 Hana ERP and MES systems in the SBU Beverages

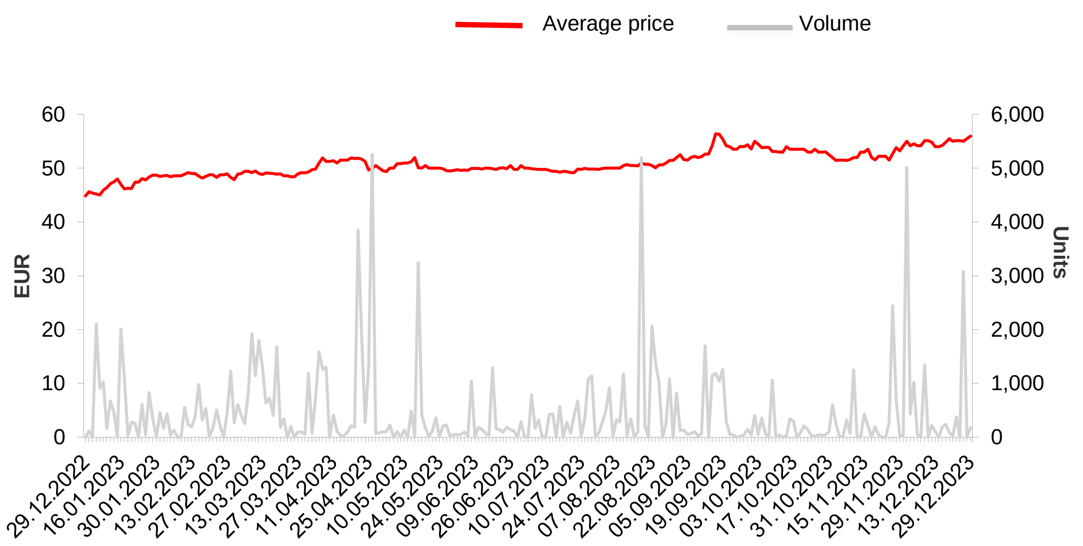
## STOCK MARKET PERFORMANCE

If we were to look at the year 2023 through the prism of one event that marked the domestic economy and the capital market, it would certainly be the introduction of the euro. January was mostly marked as the first month of trading in the new currency, and the year began with restrained trade statistics. In the rest of the year, the market revived somewhat, so the final result is very satisfactory, which is reflected in the growth of the turnover of shares by 17.5% and the growth of the turnover of bonds by as much as 136%. At the same time, CROBEX10 and CROBEX achieved significant growth of 33.9% and 28.0%, respectively, while the Atlantic Grupa's share grew 24.5%.

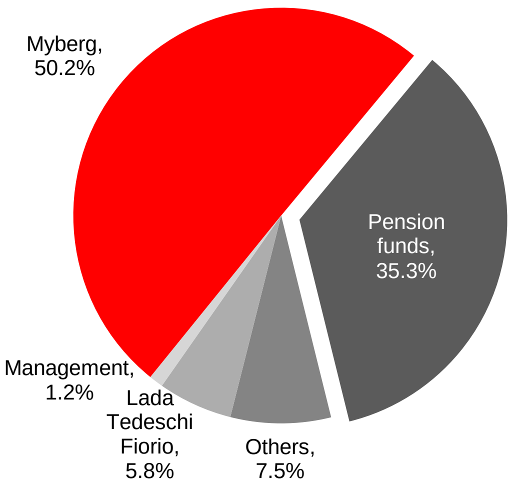


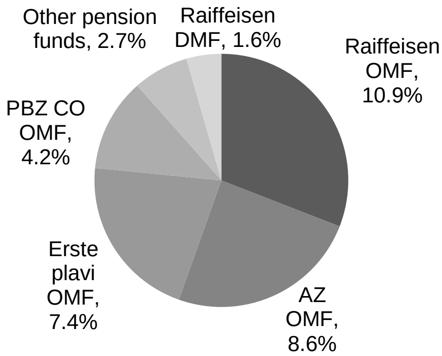

Market capitalization followed the vibrancy of the market with a +27% increase when it comes to shares. Among the components of CROBEX10, with the market capitalisation of EUR 753.6 million, Atlantic Grupa d.d. holds the third place. According to the total turnover in 2023, the share of Atlantic Grupa d.d. ranks twelfth among all shares listed on the Zagreb Stock Exchange with a turnover of EUR 5.8 million.

## MOVEMENTS IN THE AVERAGE PRICE AND VOLUME OF THE ATLANTIC GRUPA'S SHARE IN 2023



## OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2023




Atlantic Grupa d.d. has a stable ownership structure: 50.2% of the shares is owned by Myberg d.o.o. (100% owned by Emil Tedeschi) and 5.8% is owned by Lada Tedeschi Fiorio, while pension funds hold 35.3% of Atlantic Grupa d.d. shares. In the Management category, members of the Management Board hold 157,884 shares (Neven Vranković 88,351, Srećko Nakić 30,203, Zoran Stanković 25,766, Enzo Smrekar 8,672, and Mate Štetić 4,892). In the Others category, a member of the Supervisory Board Siniša Petrović holds 704 shares. Also, a member of the Management Board Neven Vranković holds 150 bonds of Atlantic Grupa d.d.

| Valuation | 2023 | 2022 |
|---|---|---|
| **Last price in reporting period** | 56.5 | 45.4 |
| **Market capitalization* (in EUR millions)** | 753.6 | 605.4 |
| **Average daily turnover (in EUR thousands)** | 26.7 | 40.6 |
| **EV (in EUR millions)*** | 905.3 | 693.7 |
| **Adjusted EV/EBITDA*** | 11.0 | 9.2 |
| **Adjusted EV/EBIT*** | 22.4 | 19.4 |
| **EV/sales*** | 0.9 | 0.8 |
| **Adjusted EPS (in EUR)*** | 2.0 | 1.9 |
| **Adjusted P/E*** | 27.8 | 24.4 |

* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter “Definition and reconciliation of Alternative Performance Measures (APM)“.

## ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2024

The year 2023 was marked by Croatia's entry into the Eurozone and the Schengen area, which had a positive effect on the Croatian economy. However, 2023 was also marked by geopolitical turmoil, the escalation of war conflicts between Israel and Palestine in addition to the already protracted war in Ukraine, which had negative consequences for the entire global economy. After subdued growth last year, the European Union's economy entered 2024 weaker than originally expected. In 2024, inflation is expected to slow down with weak economic growth. In relation to the EU, the countries of the region expect higher economic growth, which is supported by the strengthening of private and public consumption due to continuous good results on the labour market and increasing wages.
This forecast is surrounded by uncertainty amid lingering geopolitical tensions and the risk of further spread of conflict in the Middle East. It is expected that the increase in transport costs following the disruption of shipping in the Red Sea will have only a marginal impact on inflation. However, further disruptions could put renewed stress on supply chains, disrupting production and increasing price pressures.

Surrounded by uncertainty, with clearly defined strategic goals and priorities, in 2024 we expect to exceed one billion euros in sales for the first time.

In this year, we expect a slight decrease in the prices of raw materials and packaging materials compared to 2023 (with the exception of raw coffee and cocoa, which, especially cocoa, experience significant price increases), while pressure on profitability comes from further increases in salaries and services and therefore, we expect mid-single-digit growth in normalized operating earnings before interest, taxes, depreciation and amortization (EBITDA), with slight growth in the normalized EBITDA margin. It is important to note that these projections do not include the effects of the potential takeover of Strauss Adriatic, which depends on the approval of the Commission for the Protection of Competition of the Republic of Serbia.

This year, we continue with intensive capital investments and expect capital investments in the amount of approximately EUR 50 million. Almost half of this amount refers to investments at the Štark production location (SBU Snacks), specifically to investments in logistics facilities and logistics equipment, as well as to investments in new production lines and automation of production/packaging equipment.

In 2024, management will focus on (i) strengthening leadership positions, (ii) selective investment in new opportunities to expand the product portfolio and markets, (iii) increasing productivity through improving operational excellence, and (iv) further strengthening the organization through care and responsible business.

## ATLANTIC GRUPA d.d.

DEFINITION AND RECONCILIATION OF

## ALTERNATIVE PERFORMANCE MEASURES (APM)

The Annual report, half-year report, quarterly report and other communication to investors contain certain financial performance measures, which are not defined by International financial reporting standards (IFRS). We believe these measures, along with comparable IFRS measurements, are useful to investors because they provide a basis for measuring our operating and financial performance.
The main APMs used by Atlantic Grupa are defined and/or reconciled with our IFRS measures in this document.

**EBITDA and NORMALIZED EBITDA, EBITDA margin and NORMALIZED EBITDA margin**

EBITDA (Earnings before interest, tax, depreciation and amortization) equals to operating profit in the financial statements (see Note 2 – Summary of significant accounting policies in the latest published audited Consolidated Financial statements) increased for depreciation, amortisation and impairment (see Notes 13, 14, 15 in the latest published audited Consolidated Financial statements).

The Group also presents Normalized EBITDA which is calculated as EBITDA excluding the impact of one-off items. One-off items represent gain/loss on sale of subsidiaries (see Note 28 Business combinations and sale of subsidiaries in the latest published audited Consolidated Financial statements) and all one-off expenses/income arising from these transactions, and other one-off income and expenses. The Group's Management Board monitors normalized EBITDA to evaluate business performance of the Group and to allocate resources accordingly. Additionally, Group's management believes that normalized EBITDA provides information that enables investors to better compare Group's performance across periods.

The Group also presents EBITDA margin and Normalized EBITDA margin, which are defined as EBITDA/Normalized EBITDA as percentage of sales.

| (in EUR millions) | 2023 | 2022 | 2023/2022 |
|---|---|---|---|
| Operating profit | 44.7 | 36.6 | 22.2% |
| Depreciation, amortisation and impairment | 41.9 | 39.9 | 5.2% |
| EBITDA | 86.6 | 76.4 | 13.3% |
| Divestment costs/(gains), net | (2.9) | (0.0) | |
| Other one off (income)/costs, net | (1.4) | (0.7) | |
| Normalized EBITDA | 82.4 | 75.7 | 8.9% |
| Sales | 973.9 | 846.2 | |
| EBITDA margin | 8.9% | 9.0% | |
| Normalized EBITDA margin | 8.5% | 8.9% | |

### EBIT and NORMALIZED EBIT, EBIT margin and NORMALIZED EBIT margin

EBIT (Earnings before interest and tax) equals operating profit in the financial statements (see Note 2 Summary of significant accounting policies in the latest published audited Consolidated Financial statements).
The Group also presents Normalized EBIT which is calculated as EBIT excluding the impact of one-off items.

| (in EUR millions) | 2023 | 2022 | 2023/2022 |
|---|---|---|---|
| Operating profit | 44.7 | 36.6 | 22.2% |
| EBIT | 44.7 | 36.6 | 22.2% |
| Divestment costs/(gains), net | (2.9) | 0.0 | |
| Other one off (income)/costs, net | (1.4) | (0.7) | |
| Normalized EBIT | 40.4 | 35.8 | 12.9% |
| Sales | 973.9 | 846.2 | |
| EBIT margin | 4.6% | 4.3% | |
| Normalized EBIT margin | 4.2% | 4.2% | |

### NET PROFIT and NORMALIZED NET PROFIT

Net profit is a subtotal which is reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 31 December 2023.
The Group also presents Normalized Net profit which is calculated as Net profit excluding the impact of one-off items.
Additionally, the Group also presents Net profit margin and Normalized Net profit margin, which are defined as Net profit/Normalized Net profit as percentage of sales.

| (in EUR millions) | 2023 | 2022 | 2023/2022 |
|---|---|---|---|
| Net profit | 31.2 | 26.0 | 20.0% |
| Divestment costs/(gains), net | (2.9) | 0.0 | |
| Other one off (income)/costs, net | (1.3) | (1.3) | |
| Normalized Net profit | 27.0 | 24.7 | 9.2% |
| Sales | 973.9 | 846.2 | |
| Net profit margin | 3.2% | 3.1% | |
| Normalized Net profit margin | 2.8% | 2.9% | |

### TOTAL OPERATING EXPENSES

Total operating expenses are a subtotal of the following items which are reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 31 December 2023: cost of trade goods sold, change in inventories of finished goods and work in progress, material and energy costs, staff costs, marketing and promotion expenses, other operating expenses, other gains/losses-net and depreciation, amortization and impairment.

### CAPITAL EXPENDITURE (CAPEX)

Capital expenditure includes payments made to acquire property, plant and equipment and intangible assets, as reported in the Consolidated Cash flow statement in the attached Condensed consolidated financial statements for the period ended 31 December 2023. The Group uses capital expenditure as APM to ensure that the cash spending is in line with overall strategy of the Group.

### NET DEBT and NET DEBT to EBITDA

Net debt is used by management to evaluate the Group's financial capacity. Net debt is defined as sum of current and non-current borrowings, current and non-current lease liabilities and derivative financial instruments decreased for cash and cash equivalents which are reported in the Consolidated Balance sheet in the attached Condensed consolidated financial statements for the period ended 31 December 2023, as shown below:

| (in EUR millions) | 31-Dec-23 | 31-Dec-22 |
|---|---|---|
| Non current borrowing | 86.3 | 54.5 |
| Non current lease liabilities | 49.4 | 34.0 |
| Current borrowings | 73.4 | 43.7 |
| Current lease liabilities | 13.5 | 12.2 |
| Derivative financial instruments, net | 0.6 | 1.9 |
| Cash and cash equivalents | (72.6) | (59.0) |
| **Net debt** | **150.7** | **87.3** |
| Normalized EBITDA* | 82.4 | 75.7 |
| **Net debt/Normalized EBITDA** | **1.8** | **1.2** |

The Group also uses the net debt to EBITDA ratio, which is net debt divided by EBITDA, to access its level of net debt in comparison with underlying earnings generated by the Group. This measure reflects the Group's ability to service and repay its financial liabilities.

### CURRENT RATIO

The current ratio compares all Group's current assets to its current liabilities which are reported in the Consolidated Balance sheet in the attached Condensed consolidated financial statements for the period ended 31 December 2023. The current ratio is a liquidity ratio that measures the Group's ability to cover its short-term debt with its current assets.

| in EUR million | 31-Dec-23 | 31-Dec-22 |
|---|---|---|
| Current assets | 421.9 | 351.3 |
| Current liabilities | 297.6 | 238.6 |
| **Current ratio** | **1.4** | **1.5** |

### GEARING RATIO

The gearing ratio compares net debt to total equity increased for net debt. Gearing ratio is a measurement of the Group's financial leverage that demonstrates the degree to which a firm's operations are funded by equity capital versus debt financing.

| in EUR million | 31-Dec-23 | 31-Dec-22 |
|---|---|---|
| Net debt | 150.7 | 87.3 |
| Total equity | 446.3 | 425.2 |
| **Gearing ratio** | **25.2%** | **17.0%** |

### INTEREST COVERAGE RATIO

The interest coverage ratio is calculated by dividing Group's normalized EBITDA by total interest expense (see Note 9 – Finance cost-net in the attached Condensed consolidated financial statements for the period ended 31 December 2023), as shown below. Interest coverage ratio is used to determine how easily the Group can pay interest on its outstanding debt.

| in EUR million | 2023 | 2022 |
|---|---|---|
| Normalized EBITDA | 82.4 | 75.7 |
| Total interest expense | 6.1 | 2.5 |
| **Adjusted interest coverage ratio** | **13.6** | **30.5** |

### FREE CASH FLOW

Free cash flow shows the ability of the Group to generate cash to repay financial liabilities, finance possible acquisitions, pay dividends, etc. Free cash flow equals net cash flow from operating activities less capital expenditure, items included in the Consolidated Cash Flow Statement in the attached Condensed consolidated financial statements for the period ended 31 December 2023.

| in EUR million | 2023 | 2022 |
|---|---|---|
| Net cash flow from operating activities | 60.0 | 45.5 |
| Capex | 39.6 | 35.0 |
| **Free cash flow** | **20.3** | **10.5** |

### MARKET CAPITALIZATION

Market capitalization is the aggregate market value of the Group. It is calculated based on the last market price in the reporting period and the total number of outstanding shares, as shown below.

| | 2023 | 2022 |
|---|---|---|
| Last price in reporting period (in EUR) | 56.5 | 45.4 |
| Number of shares | 13,337,200 | 13,337,200 |
| **Market capitalization (in EUR millions)** | **753.6** | **605.4** |

**ENTERPRISE VALUE (EV), Normalized EV/EBITDA, Normalized EV/EBIT, EV/SALES**

Enterprise value (EV) is a measure of the Group's total value, used as a more comprehensive alternative to market capitalization. EV is the sum of market capitalization, net debt and non-controlling interest, as shown below.
The Normalized EV/EBITDA ratio is used as a valuation tool to compare the value of the Group to the underlying earnings generated by the Group. It is useful for analysts and investors looking to compare companies within the same industry.
The Normalized EV/EBIT ratio is similar to EV/EBITDA ratio but it incorporates depreciation and amortization. It is used as valuation metric to compare the relative value of different businesses.
EV/sales is a valuation measure that compares the enterprise value of the Group to its annual sales.

| in EUR million | 2023 | 2022 |
|---|---|---|
| Market capitalization | 753.6 | 605.4 |
| Net debt | 150.7 | 87.3 |
| Non controlling interest | 1.0 | 1.0 |
| **Enterprise value (EV)** | **905.3** | **693.7** |
| Normalized EBITDA* | 82.4 | 75.7 |
| **Normalized EV/EBITDA** | **11.0** | **9.2** |
| Normalized EBIT | 40.4 | 35.8 |
| **Normalized EV/EBIT** | **22.4** | **19.4** |
| Sales | 973.9 | 846.2 |
| **EV/sales** | **0.9** | **0.8** |

**Normalized EARNINGS PER SHARE (EPS)**

Earnings per share is calculated by dividing the net profit attributable to shareholders of the company by weighted average number of shares as defined in Note 5 – Earnings per share in the attached Condensed consolidated financial statements for the period ended 31 December 2023. EPS reflects the underlying earnings from trading operations for each share. Normalized EPS takes into calculation normalized net profit attributable to shareholders of the company which equals to net profit attributable to shareholders of the company excluding the impact of one-off items as shown below.

| | 2023 | 2022 |
|---|---|---|
| **Profit for the year attributable to equity holders** | **31.2** | **26.0** |
| Divestment costs/(gains), net | (2.9) | 0.0 |
| Other one off (income)/costs, net | (1.3) | (1.3) |
| **Adjusted profit for the year attributable to the equity holders** | **27.0** | **24.7** |
| Weighted average number of shares | 13,299,910 | 13,292,694 |
| **Adjusted EPS** | **2.0** | **1.9** |

### PRICE TO EARNINGS RATIO (P/E)

The price-to-earnings ratio (P/E) is the ratio for valuing a company that measures its last market price in the reporting period relative to its Normalized EPS as shown below.

| | 2023 | 2022 |
|---|---|---|
| Last price in reporting period (in EUR) | 56.5 | 45.4 |
| Adjusted EPS | 2.0 | 1.9 |
| **Adjusted P/E** | **27.8** | **24.4** |

**ATLANTIC GRUPA d.d.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2023 (UNAUDITED)**

# ATLANTIC GRUPA d.d.

# CONSOLIDATED INCOME STATEMENT

| in thousands of EUR, unaudited | Jan - Dec 2023 | Jan - Dec 2022 | Index | Oct - Dec 2023 | Oct - Dec 2022 | Index |
|---|---|---|---|---|---|---|
| **Revenues** | **987,082** | **858,306** | **115.0** | **257,876** | **224,626** | **114.8** |
| Sales revenues | 973,914 | 846,227 | 115.1 | 252,269 | 221,179 | 114.1 |
| Other income | 13,168 | 12,079 | 109.0 | 5,607 | 3,447 | 162.7 |
| **Operating expenses** | **(942,402)** | **(821,747)** | **114.7** | **(257,055)** | **(232,270)** | **110.7** |
| Cost of trade goods sold | (303,759) | (254,302) | 119.4 | (86,842) | (73,140) | 118.7 |
| Change in inventories of finished goods and work in progress | (3,662) | 3,164 | n/a | 1,939 | 7,134 | 27.2 |
| Material and energy costs | (309,645) | (285,616) | 108.4 | (74,499) | (83,610) | 89.1 |
| Staff costs | (149,212) | (130,648) | 114.2 | (42,893) | (36,560) | 117.3 |
| Marketing and promotion expenses | (43,587) | (39,118) | 111.4 | (14,413) | (11,564) | 124.6 |
| Depreciation, amortization, and impairment | (41,943) | (39,873) | 105.2 | (12,674) | (13,392) | 94.6 |
| Other operating costs | (92,481) | (79,683) | 116.1 | (28,097) | (22,781) | 123.3 |
| Other gains/(losses) - net | 1,887 | 4,329 | 43.6 | 424 | 1,643 | 25.8 |
| **Operating profit** | **44,680** | **36,559** | **122.2** | **821** | **(7,644)** | **(10.7)** |
| Finance costs - net | (6,025) | (2,628) | 229.3 | (2,307) | (973) | 237.1 |
| **Profit before tax** | **38,655** | **33,931** | **113.9** | **(1,486)** | **(8,617)** | **17.2** |
| Income tax | (7,435) | (7,816) | 95.1 | (3,917) | (1,305) | 300.2 |
| **Net profit for the period** | **31,220** | **26,115** | **119.5** | **(5,403)** | **(9,922)** | **54.5** |
| **Attributable to:** | | | | | | |
| Owners of the parent | 31,209 | 26,017 | 120.0 | (5,305) | (9,903) | 53.6 |
| Non-controlling interests | 11 | 98 | 11.2 | (98) | (19) | 515.8 |
| **Earnings per share for profit attributable to the equity holders of the Company during the period (in EUR)** | | | | | | |
| - basic | 2.35 | 1.96 | | (0.40) | (0.74) | |
| - diluted | 2.35 | 1.96 | | (0.40) | (0.74) | |

# ATLANTIC GRUPA d.d.

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| in thousands of EUR, unaudited | Jan-Dec 2023 | Jan-Dec 2022 | Index | Oct-Dec 2023 | Oct-Dec 2022 | Index |
|---|---|---|---|---|---|---|
| **Net profit for the period** | **31,220** | **26,115** | **119.5** | **(5,403)** | **(9,922)** | **54.5** |
| **Other comprehensive income/(loss):** | | | | | | |
| ***Items that will not be reclassified to profit or loss*** | | | | | | |
| Actuarial (losses)/gains from defined benefit plan, net of tax | (268) | 896 | n/a | (268) | 896 | n/a |
| ***Items that may be subsequently reclassified to profit or loss*** | | | | | | |
| Currency translation differences, net of tax | (840) | (980) | 85.7 | 216 | (2,850) | n/a |
| Cash flow hedges, net of tax | 1,199 | (2,234) | n/a | (1,294) | (3,750) | 34.5 |
| **Total other comprehensive income/(loss) for the period, net of tax** | **91** | **(2,318)** | **n/a** | **(1,346)** | **(5,704)** | **23.6** |
| **Total comprehensive income/(loss) for the period** | **31,311** | **23,797** | **131.6** | **(6,749)** | **(15,626)** | **43.2** |
| **Attributable to:** | | | | | | |
| Equity holders of the Company | 31,304 | 23,696 | 132.1 | (6,648) | (15,607) | 42.6 |
| Non-controlling interests | 7 | 101 | 6.9 | (101) | (19) | 531.6 |
| Total comprehensive income/(loss) for the period | 31,311 | 23,797 | 131.6 | (6,749) | (15,626) | 43.2 |

# ATLANTIC GRUPA d.d.

## CONSOLIDATED BALANCE SHEET

| in thousands of EUR, unaudited | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant, and equipment | 174,963 | 158,764 |
| Right-of-use assets | 59,724 | 43,453 |
| Investment property | 15,796 | 63 |
| Intangible assets | 214,394 | 215,513 |
| Deferred tax assets | 5,527 | 5,143 |
| Financial assets at fair value through other comprehensive income | 161 | 169 |
| Trade and other receivables | 15,299 | 4,608 |
| | 485,864 | 427,713 |
| | | |
| **Current assets** | | |
| Inventories | 102,023 | 102,084 |
| Trade and other receivables | 237,553 | 187,303 |
| Prepaid income tax | 1,958 | 2,369 |
| Derivative financial instruments | 384 | 585 |
| Cash and cash equivalents | 72,553 | 58,987 |
| | 414,471 | 351,328 |
| Non-current assets held for sale | 7,392 | - |
| **Total current assets** | 421,863 | 351,328 |
| | | |
| **TOTAL ASSETS** | **907,727** | **779,041** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves attributable to owners of the Company** | | |
| Share capital | 106,698 | 17,702 |
| Share premium | 28,760 | 117,663 |
| Treasury shares | (2,510) | (2,410) |
| Reserves | (712) | (4,459) |
| Retained earnings | 312,987 | 295,641 |
| | 445,223 | 424,137 |
| | | |
| Non-controlling interests | 1,035 | 1,028 |
| **Total equity** | **446,258** | **425,165** |
| | | |
| **Non-current liabilities** | | |
| Borrowings | 86,338 | 54,547 |
| Lease liabilities | 49,368 | 34,023 |
| Deferred tax liabilities | 20,091 | 19,470 |
| Other non-current liabilities | 52 | 121 |
| Provisions | 8,070 | 7,153 |
| | 163,919 | 115,314 |
| | | |
| **Current liabilities** | | |
| Trade and other payables | 198,206 | 170,627 |
| Borrowings | 73,435 | 43,669 |
| Lease liabilities | 13,508 | 12,168 |
| Derivative financial instruments | 988 | 2,478 |
| Current income tax liabilities | 2,949 | 1,552 |
| Provisions | 8,464 | 8,068 |
| | 297,550 | 238,562 |
| | | |
| **Total liabilities** | **461,469** | **353,876** |
| | | |
| **TOTAL EQUTIY AND LIABILITIES** | **907,727** | **779,041** |

## ATLANTIC GRUPA d.d.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| in thousands of EUR, unaudited | Share capital, Share premium and Treasury shares | Reserves | Retained earnings | Total | Non-controlling interests | Total |
| Balance at 1 January 2022 | 132,072 | (5,720) | 292,096 | 418,448 | 929 | 419,377 |
| Effect of currency conversion from HRK to EUR | - | (290) | (711) | (1,001) | (2) | (1,003) |
| **Comprehensive income:** | | | | | | |
| Net profit for the period | - | - | 26,017 | 26,017 | 98 | 26,115 |
| Other comprehensive income/(loss) | - | (3,214) | 893 | (2,321) | 3 | (2,318) |
| Total comprehensive income/(loss) | - | (3,214) | 26,910 | 23,696 | 101 | 23,797 |
| **Transactions with owners:** | | | | | | |
| Share based payment | 3,855 | - | - | 3,855 | - | 3,855 |
| Purchase of treasury shares | (2,972) | - | - | (2,972) | - | (2,972) |
| Shares granted | - | 4,186 | - | 4,186 | - | 4,186 |
| Transfer | - | 579 | (579) | - | - | - |
| Dividends | - | - | (22,075) | (22,075) | - | (22,075) |
| **Balance at 31 December 2022** | **132,955** | **(4,459)** | **295,641** | **424,137** | **1,028** | **425,165** |
| Balance at 1 January 2023 | 132,955 | (4,459) | 295,641 | 424,137 | 1,028 | 425,165 |
| **Comprehensive income:** | | | | | | |
| Net profit for the period | - | - | 31,209 | 31,209 | 11 | 31,220 |
| Other comprehensive income/(loss) | - | 360 | (265) | 95 | (4) | 91 |
| Total comprehensive income | - | 360 | 30,944 | 31,304 | 7 | 31,311 |
| **Transactions with owners:** | | | | | | |
| Share based payment | 2,602 | - | - | 2,602 | - | 2,602 |
| Purchase of treasury shares | (2,609) | - | - | (2,609) | - | (2,609) |
| Shares granted | - | 3,098 | - | 3,098 | - | 3,098 |
| Transfer | - | 289 | (289) | - | - | - |
| Dividends | - | - | (13,309) | (13,309) | - | (13,309) |
| **Balance at 31 December 2023** | **132,948** | **(712)** | **312,987** | **445,223** | **1,035** | **446,258** |

## ATLANTIC GRUPA d.d.

## CONSOLIDATED CASH FLOW STATEMENT

| in thousands of EUR, unaudited | January - December 2023 | January - December 2022 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Net profit for the period** | **31,220** | **26,115** |
| Income tax | 7,435 | 7,816 |
| Depreciation, amortization, and impairment | 41,943 | 39,873 |
| Gains on sale of property, plant and equipment, intangible assets and non-current assets held for sale | (3,000) | (315) |
| Loss on sale of subsidiaries - net of transaction expenses | - | 48 |
| Provision for current assets | 3,936 | 4,297 |
| Foreign exchange differences - net | (35) | 146 |
| Increase/(decrease) in provisions for risks and charges | 3,874 | (1,513) |
| Fair value (gains)/losses on financial assets | (45) | 145 |
| Share based payment | 2,602 | 3,855 |
| Interest income | (699) | (1,117) |
| Interest expense | 6,060 | 2,482 |
| Other non-cash items – net | 159 | 243 |
| **Changes in working capital:** | | |
| Increase in inventories | (2,834) | (20,560) |
| Increase in current receivables | (47,481) | (19,230) |
| Increase in trade and other payables | 27,256 | 15,363 |
| **Cash generated from operations** | **70,391** | **57,648** |
| Interest paid | (4,494) | (2,073) |
| Income tax paid | (5,942) | (10,087) |
| | **59,955** | **45,488** |
| **Cash flow used in investing activities** | | |
| Purchase of property, plant and equipment and intangible assets | (39,621) | (34,963) |
| Proceeds from sale of property, plant and equipment, intangible assets and non-current assets held for sale | 2,826 | 479 |
| Acquisition of subsidiaries and proceeds/(repayments) from sale of subsidiaries - net of cash acquired/disposed | (27,079) | 1,464 |
| Proceeds from sale of financial assets through other comprehensive income | 8 | - |
| Loans granted and deposits placed | (13,948) | (817) |
| Repayments of loan and deposits placed | 1,562 | 1,452 |
| Interest received | 660 | 1,092 |
| | **(75,592)** | **(31,293)** |
| **Cash flow from/(used in) financing activities** | | |
| Purchase of treasury shares | (2,609) | (2,972) |
| Proceeds from borrowings, net of fees paid | 114,819 | 41,049 |
| Repayment of borrowings | (54,583) | (3,982) |
| Principal elements of lease payments | (14,401) | (13,459) |
| Dividends paid to Company shareholders | (13,309) | (22,075) |
| | **29,917** | **(1,439)** |
| **Net increase in cash and cash equivalents** | **14,280** | **12,756** |
| Exchange (losses)/gains on cash and cash equivalents | (714) | 119 |
| Cash and cash equivalents at beginning of period | 58,987 | 46,112 |
| Cash and cash equivalents at end of period | 72,553 | 58,987 |

## NOTE 1 – GENERAL INFORMATION

Operating as a vertically integrated multinational company, Atlantic Grupa d.d. (“the Company”) and its subsidiaries (“the Group”) have business activities that incorporate R&D, production, and distribution of fast-moving consumer goods in Southeast Europe, the European markets and Russia and CIS (Commonwealth of Independent States). With its modern production network, the Group stands out as one of the leading foods & beverage producers in Southeast Europe with prominent coffee brands Grand Kafa and Barcaffe, beverage brands Cockta and Cedevita, a portfolio of sweet and salted snacks brands Smoki, Najlepše želje and Bananica, a savoury spread brand Argeta and natural mineral water Donat. Additionally, the Group owns the leading pharmacy chain in Croatia under the Farmacia brand. With its own distribution network in Croatia, Slovenia, Serbia, Austria, North Macedonia and Russia, the Group also distributes a range of products from external partners. The Group has manufacturing plants in Croatia, Slovenia, Serbia, Bosnia and Herzegovina and North Macedonia with companies and representative offices in 11 countries. The Group exports its products to more than 40 markets worldwide.

The Company is domiciled in Zagreb, Miramarska 23, Croatia.

The Company’s shares are listed on the Prime market of the Zagreb Stock Exchange.

The condensed consolidated financial statements of the Group for the period ended 31 December 2023 were approved by the Management Board of the Company in Zagreb on 26 February 2024.

The condensed consolidated financial statements have not been audited.

## NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1. BASIS OF PREPARATION

The condensed consolidated financial statements for the period ended 31 December 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as endorsed by the European Union (EU).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as of 31 December 2022. The Group’s annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by EU.

### 2.2. GOING CONCERN

The Company's management believes that the Group has sufficient resources to continue operating in the foreseeable future and has not identified significant uncertainties related to business events and conditions that may cast doubt on the indefinite duration of the Group's operations. Accordingly, the condensed consolidated financial statements for the period ended 31 December 2023 have been prepared on a going concern basis.

## NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

### 2.3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the period ended 31 December 2023 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

### 2.4. SEASONALITY

The Group is not exposed to significant seasonal or cyclical changes in its operations.

### 2.5. IMPACT OF THE WAR IN UKRAINE

At the date of approval of condensed consolidated financial statements for the period ended 31 December 2023, Atlantic Grupa's business operations are running smoothly. By selling the baby food business in 2021, Atlantic Grupa has significantly reduced its exposure in Russia and CIS markets. Consequently, war events do not have a direct material impact on Atlantic Grupa's operations, while indirect consequences, primarily in the form of additional supply chains issues and inflationary pressures, are closely monitored by Atlantic Grupa's management which undertakes all available measures to reduce risks in the given circumstances.

### 2.6. INTRODUCTION OF THE EURO AS THE OFFICIAL CURRENCY

In accordance with the Law on the Introduction of the Euro (EUR) as the official currency in the Republic of Croatia, effective 1 January 2023, the EUR became the official currency and legal tender in the Republic of Croatia. The fixed rate of conversion is HRK 7.5345 for 1 EUR.

Balance sheet items in comparative period are converted at the conversion rate while comparative period of profit and loss account items are converted at average monthly exchange rates.

## NOTE 3 – CRITICAL ACCOUNTING ESTIMATES

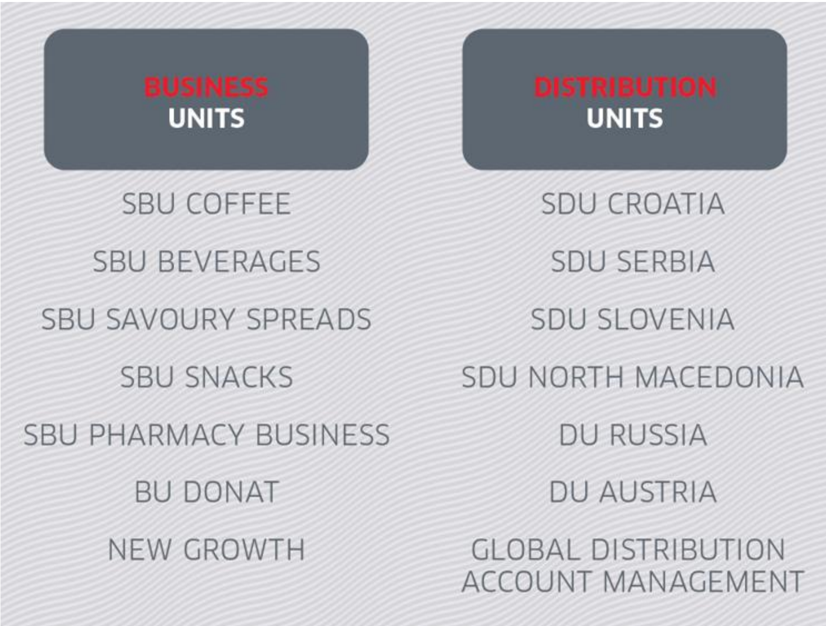
There were no changes in critical accounting estimates used for preparation of condensed consolidated financial statements for the period ended 31 December 2023 comparing to those used for the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

The Group has made assessment whether there are indications of impairment of intangible and tangible assets, including changes in discount rates that reflect the current risk premiums on certain markets, and for the period ended 31 December 2023 is recognised impairment of intangible assets in the amount of EUR 978 thousand (2022: EUR 3,465 thousand) and of tangible assets in the amount of EUR 1,515 thousand (2022: EUR 769 thousand).

## NOTE 4 – SEGMENT INFORMATION

The business model of the Group is organized through five strategic business units and one business unit. In addition to business units, separate department – New Growth is established, which is focused on the development of new brands of Atlantic Grupa.

The distribution business is organized to cover six largest markets – Croatia, Serbia, Slovenia, North Macedonia, Russia and Austria and department of Global Distribution Account Management covering the markets dominantly managed by distribution partners.




SBU – Strategic business unit
SDU – Strategic distribution unit
BU – Business unit
DU – Distribution unit

For more efficient management of individual business and distribution units, the organization unites similar business activities or products, shared markets, or channels, together.

## NOTE 4 – SEGMENT INFORMATION (continued)

Since DU Russia, DU Austria, Global distribution network management and New Growth do not meet quantitative thresholds, required by IFRS 8 for reportable segments, they are reported within “Other segments”. “Other segments” category comprises also of non-allocable business activities (headquarters and support functions in all markets of Atlantic Grupa) which are excluded from the reportable operating segments.

Segment performance is evaluated based on operating profit or loss. Group financing and income taxes are managed on Group basis and are not allocated to operating segments.

Sales of individual business units represent in market sales made to third parties (either directly through business units or through distribution units). Distribution units’ sales includes sales of own products also reported as business units’ sales. This double counting of own product sales is eliminated in the “Reconciliation” line. For segmental profit calculation, sales between operating segments are carried out at arm's length.

| **Sales revenues*** <br> *(in thousands of EUR)* | **Jan - Dec 2023** | **Jan - Dec 2022** |
|---|---|---|
| SBU Coffee | 199,908 | 184,550 |
| SBU Savoury Spreads | 137,722 | 129,292 |
| SBU Snacks | 123,946 | 98,172 |
| SBU Beverages | 100,953 | 85,095 |
| SBU Pharmacy business | 87,557 | 78,003 |
| BU Donat | 36,425 | 32,375 |
| SDU Croatia | 245,467 | 206,293 |
| SDU Serbia | 237,914 | 204,728 |
| SDU Slovenia | 160,879 | 145,360 |
| SDU North Macedonia | 57,429 | 48,119 |
| Other segments | 79,986 | 73,902 |
| Reconciliation | (494,272) | (439,662) |
| **Total** | **973,914** | **846,227** |

* Comparative period has been adjusted to reflect current period reporting

## NOTE 4 – SEGMENT INFORMATION (continued)

| **Business results** | **EBITDA*** | |
|---|---|---|
| *(in thousands of EUR)* | **Jan - Dec 2023** | **Jan - Dec 2022** |
| SBU Coffee | 20,622 | 24,927 |
| SBU Savoury Spreads | 17,418 | 19,669 |
| SBU Snacks | 11,306 | 3,169 |
| SBU Beverages | 14,654 | 13,191 |
| SBU Pharmacy business | 10,286 | 9,189 |
| BU Donat | 16,444 | 14,505 |
| SDU Croatia | 14,736 | 11,278 |
| SDU Serbia | 10,446 | 9,502 |
| SDU Slovenia | 7,125 | 8,326 |
| SDU North Macedonia | 2,902 | 2,303 |
| Other segments | (39,316) | (39,627) |
| **Total** | **86,623** | **76,432** |

* Comparative period has been adjusted to reflect current period reporting

## NOTE 5 – EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share is calculated by dividing the net profit of the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

In accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the individual nominal value of the share was converted from HRK 10.00 to EUR 1.33.

During 2023, the Company's share capital was increased from the share premium funds from the amount of EUR 17,701,506.40 by an amount of EUR 88,996,093.60, resulting in total amount of EUR 106,697,600.00.

After the increase, the Company's share capital amounts to EUR 106,697,600.00 and is divided into 13,337,200 ordinary shares with a nominal value of EUR 8.00.

| | **2023** | **2022** |
|---|---:|---:|
| Net profit attributable to shareholders of the Company (*in thousands of EUR*) | 31,209 | 26,017 |
| Weighted average number of ordinary shares in issue | 13,299,910 | 13,292,694 |
| Basic earnings per share *(in EUR)* | 2.35 | 1.96 |

### Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no convertible dilutive potential ordinary shares.

## NOTE 6 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the period ended 31 December 2023, Group invested EUR 40,010 thousand in purchase of property, plant and equipment and intangible assets (2022: EUR 34,732 thousand).

## NOTE 7 - INVENTORIES

During the period ended 31 December 2023, the Group wrote down inventories in the amount of EUR 2,882 thousand due to damage and short expiry dates (2022: EUR 3,351 thousand). The amount is recognized in the income statement within position “Other operating costs”.

## NOTE 8 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 29 June 2023, distribution of dividend in the amount of EUR 1.00 per share, or EUR 13,309 thousand in total was approved (2022: EUR 1.66 per share, or EUR 22,075 thousand in total). Dividend was paid out in July 2023.

## NOTE 9 – FINANCE COSTS – NET

| *(in thousands of EUR)* | **Jan - Dec 2023** | **Jan - Dec 2022** |
|---|---|---|
| **Finance income** | | |
| Foreign exchange gains on borrowings and lease liabilities | 56 | 391 |
| | 56 | 391 |
| **Finance costs** | | |
| Interest expense on bank borrowings | 3,522 | 502 |
| Interest expense on lease liabilities | 1,744 | 1,111 |
| Interest expense on bonds | 373 | 381 |
| Interest expense on provisions for employee benefits | 268 | 325 |
| Other interest expense | 153 | 163 |
| Total interest expense | 6,060 | 2,482 |
| Foreign exchange loss on borrowings and lease liabilities | 21 | 537 |
| | 6,081 | 3,019 |
| **Finance costs - net** | **6,025** | **2,628** |

## NOTE 10 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 31 December 2023 and 31 December 2022 and transactions recognized in the Income statement for the period ended 31 December are as follows:

| *(in thousands of EUR)* | **31 December 2023** | **31 December 2022** |
|---|---|---|
| **RECEIVABLES** | | |
| **Non-current trade and other receivables** | | |
| Other entities | 534 | - |
| **Current trade and other receivables** | | |
| Other entities | 13,355 | 12,682 |
| **LIABILITIES** | | |
| **Trade and other payables** | | |
| Other entities | 308 | 386 |

| | **Jan - Dec 2023** | **Jan - Dec 2022** |
|---|---|---|
| **REVENUES** | | |
| **Sales revenues** | | |
| Other entities | 87,064 | 74,623 |
| **Other income** | | |
| Other entities | 12 | 28 |
| **EXPENSES** | | |
| **Marketing and promotion costs** | | |
| Other entities | 1,867 | 1,045 |
| **Other operating costs** | | |
| Other entities | 316 | 314 |

## NOTE 11 – ACQUISITION OF SUBSIDIARY

In 2023, Atlantic Grupa acquired 100% ownership in Eurocenter d.o.o., Zagreb, which owns the Eurocenter office building at the address Miramarska 23, Zagreb. This address is home to the long-standing headquarters of Atlantic Grupa. The value of the transaction is EUR 26.5 million, and the difference between the consideration paid and the carrying value of the net assets acquired is allocated to investment property, land and buildings.

**STATEMENT OF PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS**

In accordance with provisions of Law on Capital Market, Zoran Stanković, Group Vice President for Finance, Procurement and Investment and Tatjana Ilinčić, Director of Corporate Reporting and Consolidation, person responsible for corporate accounting, reporting and consolidation, together as persons responsible for the preparation of condensed consolidated financial statements of the company Atlantic Grupa d.d. Zagreb, Miramarska 23, OIB 71149912416 (hereinafter: “the Company”), hereby make the following

**STATEMENT:**

According to our best knowledge the condensed consolidated financial statements for the period ended 31 December 2023 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and its subsidiaries (together – “the Group”).

Report of the Company’s Management board for the period from 1 January to 31 December 2023 contains the true presentation of development, results, and position of the Group, with description of significant risks and uncertainties which the Group is exposed.

Condensed consolidated unaudited financial statements of the Group for the period ended 31 December 2023 were approved by the Management Board of the company Atlantic Grupa d.d. on 26 February 2024.

Zoran Stanković
Group Vice President for Finance, Procurement, and Investment

Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

**Contact:**

Atlantic Grupa d.d.
Miramarska 23
10 000 Zagreb
Croatia

Tel: +385 1 2413 322
E-mail: ir@atlanticgrupa.com

ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
Miramarska 23, 10000 Zagreb, Croatia
tel: +385 (1) 24 13 900
fax: +385 (1) 24 13 901

The Company is registered with the Commercial Court of Zagreb
MBS: 080245039
MB: 1671910
PIN: 71149912416
Bank account: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
The number of shares and their nominal value: 13,337,200 shares, each in the nominal value of 8,00 EUR
Share capital: 106.697.600,00 EUR, paid in full.

Management Board: Emil Tedeschi, Neven Vranković, Zoran Stanković, Lada Tedeschi Fiorio, Srećko Nakić, Enzo Smrekar, Mate Štetić
President of the Supervisory Board: Zoran Vučinić