

ATLANTIC GRUPA d.d.
Miramarska 23
10 000 Zagreb

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- **regulated information**

Atlantic Grupa's strategy resilient to the crisis

The company achieved profitability growth (excluding one-off items) with comparable sales revenues at the last year's level

During the first nine months of 2020, Atlantic Grupa business has shown a high level of stability, despite economic disturbances caused by the COVID-19 pandemic. The Company generated HRK 3.89 billion of sales revenue, which represents a decrease by 3.1 percent in comparison to 2019, but after taking into account the divestment* in some business operations that occurred in the meantime, the revenue remained at the same level as during the first nine months of 2019. Earnings Before Interest Tax Depreciation and Amortization (EBITDA) amount to HRK 585.7 billion, representing a decrease by 7.7 percent; one-off items excluded, EBITDA grew by 2.4 percent. The net profit amounts to HRK 309.3 million, and one-off items excluded, it grew by 5.6 percent in comparison to the first nine months of 2019, while the nominal decrease is 12.7 percent.

"Atlantic Grupa has shown resilience in times of crisis, primarily thanks to its effective strategy, diversified portfolio of products and deep involvement of our entire system, which led to excellent economic results in the first nine months. Although the uncertainty related to further pandemic development and its consequences still remains high, I believe that the strength of our brands, our employees' qualities and commitment, stable financial position and an all time low indebtedness will enable us to continue in this direction. Our priorities stay the same - keeping our employees healthy, ensuring unhindered continuity of production and continuous supply to our buyers and consumers, and being socially responsible in the widest sense possible", said Emil Tedeschi, president and CEO of Atlantic Grupa.

Largest growth seen by Argeta, Farmacia and Donat Mg

The largest growth in sales in the first nine months was achieved by Savoury Spreads, with a 14.5 percent growth, followed by the pharmacy chain Farmacia, with a 3.7 percent growth and Donat Mg, with a 3.2 percent growth. With HRK 801.9 million in sales revenue, accounting for 20.6 percent of total revenue, Coffee stands out as the largest individual category; however, in the first nine months it recorded a slight decrease of 1.9 percent, primarily due to a significant decrease in consumption in the hospitality industry. Among markets, the most significant growth was realized by Western European markets, including Austria as the largest among them; market growth was also realized in Slovenia, Macedonia and Kosovo. Own brands accounted for 64.1 percent of total sales, whereas principals' brands in the distribution accounted for 27.0 percent. The pharmacy chain Farmacia accounts for 8.9 percent of total revenue.

It should be noted that from March onward, along with the direct influence of the pandemic on the Company's revenue, its results were burdened with HRK 38.6 million of one-off costs which are mostly related to donations to relevant authorities and institutions coordinating the infection prevention activities in the whole region (HRK 28 million), as well as to other operating costs in connection with pandemic containment. The stable financial position, optimisation of business processes and good strategic management enabled Atlantic Grupa to keep jobs safe, to actively participate in helping the community fight the coronavirus, increase the employees' satisfaction and engagement in newfound working conditions and to keep their results at the same level with minimal negative consequences.

Awards and research confirm the chosen direction

Although the Company ensured sufficient liquidity and adequate supplies, and its business is not jeopardised, it is clear that, in the next couple of quarters, one cannot expect that Atlantic will be able to repeat record results set in the last few quarters of last year, but also in the first quarter of this year. Despite the current circumstances, numerous independent market studies have validated the success of the overall company strategy; Atlantic Grupa holds second place on the Top 5 Employer Partners in 2020 list and is the fifth most desirable employer in Croatia (research conducted by MojPosao). At Financial Agency's 12th presentation of the awards, Atlantic Grupa received an award for the most successful long-standing entrepreneur, while at the 11th award ceremony organised by Poslovni dnevnik and Zagreb Stock Exchange the Company won the first award for best investor relations.

Atlantic Grupa d.d.

**Continuing with its strategy of divesting of non-core business operations, in 2019 Atlantic Grupa completely exited the Sports and Functional Food segment (Multipower), Food Supplements segment (Dietpharm and Multivita) and the segment of water distribution in gallons, and in 2020 it sold its baby food brand Bebi. The Company is directing its focus towards strengthening the main categories of consumer goods that include coffee, savoury spreads, salty snacks, chocolate and non-alcoholic beverages. The corporate strategy also covers the targeted internationalization with the brands that have proven international potential.*