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HOME MEMBER STATE: Croatia

REGULATED MARKET SEGMENT: Prime Market of the Zagreb Stock Exchange

Zagreb, 28 July 2022

- **regulated information**

Significant revenue growth in the first half

All business and distribution units are growing, and significant increases in the prices of raw materials, packaging materials, energy and services have had an expected impact on profitability

In the first six months of 2022, Atlantic Grupa recorded sales of HRK 2.99 billion, which is an 11 percent increase compared to the same period of the previous year. Under the influence of significant price increases in the overall spectrum of business activities, earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by 13.6 percent compared to the first half of 2021 and amount to HRK 334.8 million, while net profit decreased by 23.1 percent and amounts to HRK 167.4 million.

“In the first half of 2022, Atlantic Grupa continues to record a significant revenue growth, despite all the challenges we face. The growth was achieved in all business units and distribution units primarily due to excellent sales results of own and principal brands, and as a result of better epidemiological situation and the lifting of measures to prevent the pandemic, which positively affected the revenues in the HoReCa segment. Part of the increase in revenue is a result of higher selling prices that nevertheless only partially cancelled out the negative effects of significant increases in the prices of key raw materials, packaging materials, energy and services, which, as we announced, led to a decrease in profitability. Despite the complex economic situation, in the second half of 2022 we also expect the smooth continuation of production and continuous supply of our customers and consumers, but also the continuation of strong inflationary pressures”, Emil Tedeschi, CEO of Atlantic Grupa pointed out.

Beverages, Coffee and Farmacia leaders in growth, distribution expanding

The most significant growth of 23.1 percent was recorded by the Strategic Business Unit (SBU) Beverages, whose leading brand is Cedevita, followed by the SBU Coffee with Barcaffè and Grand kafa brands and the 15.3 percent growth. An excellent 15.1 percent growth was recorded by the pharmacy chain Farmacia, and the SBU Savoury Spreads with the leading brand Argeta also grows at double-digit rate of 10.6 percent. Markets are led by Bosnia and Herzegovina with a 16.2 percent growth, Serbia with a 14.9 percent growth, and Croatia with an 11.8 percent growth. Encouraged by the excellent distribution work, the distribution portfolio was also expanded, through cooperation with the new principal Intersnack (Chio) in Serbia, and the expansion of successful cooperation with Red Bull in Serbia to North Macedonia. Overall, sales of principal brands in the first half grew by 10 percent.

Record-high dividend, share split and expansion of the Supervisory Board

Among the important corporate events, it should be noted that the historically highest dividend in the amount of HRK 50 per share was paid, and the decision to split Atlantic Grupa's shares was adopted, in such a way that one existing share, with an individual nominal amount of HRK 40, was divided into four new ordinary shares with an individual nominal amount of HRK 10. In addition, the company's Supervisory Board was expanded to nine members, and this body was strengthened by Vesna Nevistić, PhD, an experienced expert in banking, restructuring processes and corporate development, and Zoran Vučinić, a proven global manager with an exceptionally successful international career in the field of consumer goods.

At the end of the first half, as part of the process of divesting minor and non-core activities, Atlantic Grupa signed a sales contract for the Palanački kiseljak production site in Smederevska Palanka with the company Vik Pro Univerzal d.o.o. The strategic buyer has many years of experience in the segment of water and soft drinks, as well as the ambition to develop Palanački kiseljak and its employees in the long term.

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