FINANCIAL RESULTS

IN THE FIRST NINE MONTHS OF 2023

(unaudited)

Zagreb, 24 October 2023

Commenting on the financial results for the first nine months of 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 Snacks and Beverages units stand out in particular, which, in addition to the value growth, also record a significant sales volume growth. It should be noted that the sales volumes of other business segments are also stable, which confirms our strategy and the quality of our brands. Excellent sales results, despite the still high costs of raw materials and packaging materials, logistics and other services and energy, as well as a significant increase in salaries, enabled the growth of profitability.

In accordance with our strategy of strengthening key categories, we submitted a binding offer for Strauss Adriatic, known for strong coffee brands on the Serbian market. In addition, I am very satisfied with the sales results of Cedevita vitamin water, launched at the beginning of the year, which continues to exceed our expectations. Also, in line with sustainability as one of the main determinants of the Atlantic Grupa's strategy, we have built two solar power plants so far.

I thank our employees, customers, suppliers and partners for their commitment and desire to make our business stronger together every day."

STRONG REVENUE GROWTH IN ALL BUSINESS SEGMENTS AND ALL SIGNIFICANT MARKETS

SALES AT EUR 721.6 MILLION
+15.5% compared to the first nine months of 2022

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA***) AT EUR 73.1 MILLION
+3.5% compared to the first nine months of 2022 (at the level of the first nine months of 2022 if one-off items excluded*)

EARNINGS BEFORE INTEREST AND TAXES (**EBIT***) AT EUR 43.9 MILLION
-0.8% compared to the first nine months of 2022 (-6.4% if one-off items excluded*)

NET PROFIT* AT EUR 36.5 MILLION
+1.7% compared to the first nine months of 2022 (-3.5% if one-off items excluded*)

FINANCIAL SUMMARY OF THE FIRST NINE MONTHS OF 2023

Key figures	9M 2023	9M 2022	9M 2023/ 9M 2022
Sales (in EUR million)	**721.6**	625.0	15.5%
Turnover (in EUR million)	**729.2**	633.7	15.1%
Normalized EBITDA margin*	**9.7%**	11.2%	-150 bp
Normalised net income* (in EUR million)	**33.4**	34.6	(3.5%)
	30 Sep 23	**31 Dec 2022**	
Gearing ratio*	**22.8%**	17.0%	-576 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 leading Croatian manufacturing 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 SUBMITTED A BINDING OFFER FOR STRAUSS ADRIATIC

In May 2023, Atlantic Grupa submitted a binding offer for the purchase of Strauss Adriatic, which the Strauss Group officially accepted. 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 binding offer is based on the total value of the transaction (enterprise value) in the amount of 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. 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.

5. ATLANTIC GRUPA'S GREEN TRANSFORMATION

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 Vukovina 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 115th 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.

6. ATLANTIC GRUPA'S DIGITAL TRANSFORMATION

One of Atlantic Grupa's priorities is digital transformation, which is based on the implementation of redesigned business processes in accordance with the best industrial practice, improvement of business solutions, improvement of advanced analytics and infrastructure, as well as operational activities and upgrades.
After last year's successful implementation of the S/4Hana ERP (Enterprise resource planning) project in Atlantic Grand Serbia, we successfully implemented S/4Hana and MES (Manufacturing execution system) 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 the Atlantic Grupa and with the application of new technologies with the aim of optimizing and adding value to the business.

7. 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.

8. NEW LDC IN SKOPLJE 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 construction and equipment worth about EUR 12 million was realized in cooperation with the partner, company Viciski, 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.

9. 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.

10. 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 13,308 thousand, was approved. The dividend was paid on 14 July 2023.

11. ATLANTIC GRUPA WON THE FIRST PRIZE FOR INVESTOR RELATIONS

Atlantic Grupa won the first prize for investor relations, awarded for the 14th consecutive year at the “Challenge of Change” conference, organised jointly by the Zagreb Stock Exchange and the Association of Pension Fund Management Companies and Pension Insurance Companies. This award is awarded in cooperation of Poslovni dnevnik and the Zagreb Stock Exchange and it 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.

ATLANTIC GRUPA

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(EUR million)	9M 2023	9M 2022	9M 2023/ 9M 2022
SBU Coffee	**145.4**	133.5	8.8%
SBU Savoury Spreads	**105.4**	100.2	5.2%
SBU Snacks	**87.3**	66.8	30.7%
SBU Beverages	**82.2**	68.9	19.4%
SBU Pharma	**64.3**	57.6	11.7%
BU Donat	**27.5**	24.5	12.1%
SDU Croatia	**187.6**	157.6	19.0%
SDU Serbia	**169.1**	145.1	16.5%
SDU Slovenia	**117.3**	106.0	10.7%
SDU North Macedonia	**41.8**	34.9	19.9%
Other segments*	**60.3**	55.8	8.2%
Reconciliation**	**(366.5)**	(325.7)	n/a
Sales	**721.6**	**625.0**	**15.5%**

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

In the first nine months of 2023, Atlantic Grupa recorded sales of EUR 721.6 million, which is a significant 15.5% growth compared to the same period of 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.

SALES TRENDS
IN THE FIRST NINE MONTHS OF 2023

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 Grand kafa and Bonito brands. Espresso coffee records a significant growth 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 category continues to significantly grow and strengthen its position. In addition to the double-digit value growth, espresso coffee and instant coffee categories also record a significant double-digit volume growth, while the roast and ground coffee category records a mild volume decrease.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded a sales growth in all regional markets and in the market of Germany. Growth was recorded both in meat and fish savoury spreads segments, and the growth 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 the following categories that record double-digit both value and volume growth: chocolate under the Najlepše želje brand, Bananica, Smoki, and Prima sticks. 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 value growth, also record 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 and food supplements. Also, the sales growth is a consequence of the additional turnover of new pharmacies compared to the comparative period of the previous year. Currently, Farmacia includes 56 pharmacies and 46 specialized stores.

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

SALES TRENDS
IN THE FIRST NINE MONTHS OF 2023

The STRATEGIC DISTRIBUTION UNIT CROATIA recorded a double-digit sales growth as a consequence of growth of all own and principal brands. Among own brands, the following especially stand out – 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 significant growth was 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 price increases under the impact of price pressure on the input prices of trade goods.

The STRATEGIC DISTRIBUTION UNIT SERBIA records a strong sales growth 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 price increases 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 coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, Cedevita and Cockta in the retail channel, and functional water Donat. Strong sales are also recorded by espresso coffee under the Barcaffè brand and Cedevita in the HoReCa channel. Among principal brands, the most significant growth was recorded by Unilever, Ferrero and the new principal Haleon. As in other markets, the increase in sales in the Slovenian market was impacted by the price increases 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, the most significant growth was recorded by Ferrero, Hipp, and Red Bull.

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 mild decrease in sales of the distribution unit Russia.

The DISTRIBUTION UNIT AUSTRIA records a significant sales growth, mainly due to the growth of own brands, primarily roast and ground coffee under the Grand kafa brand, Smoki and Prima sticks in the snacks segment, and functional water Donat. The new principal Podravka contributed to the growth of this unit.

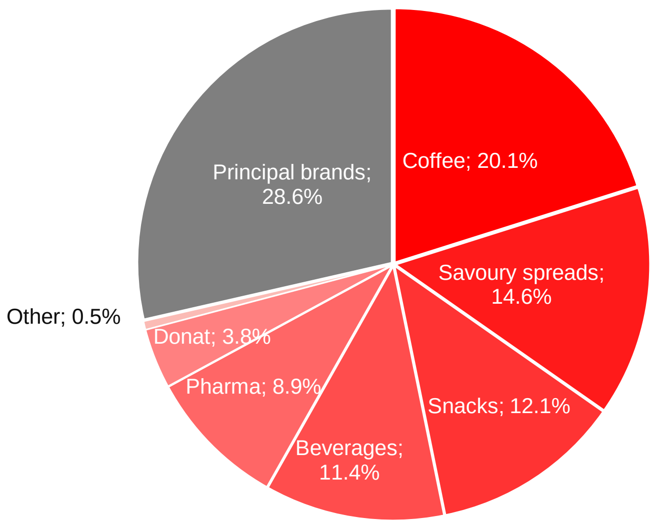
The GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT records an increase in sales following the increase on the markets of Germany, Switzerland, Sweden and Spain. Analysed by categories, the increase is recorded by roast and ground coffee under the Grand kafa brand and Smoki and Prima sticks in the snacks segment.

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

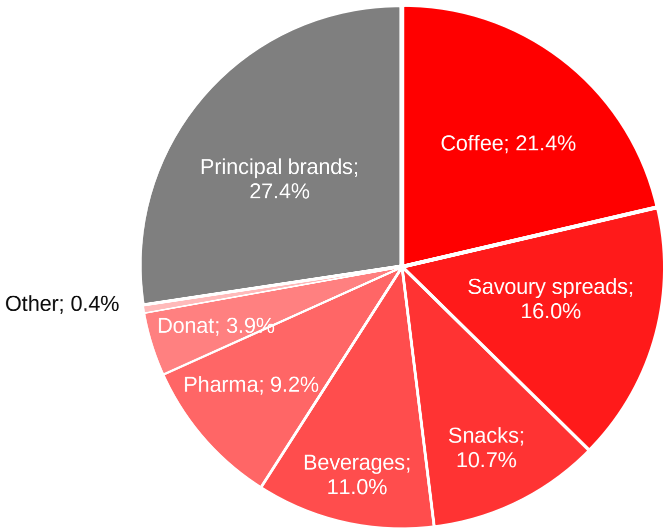
The NEW GROWTH achieves double-digit sales growth due to the increase in sales of cereals and plant-based drinks under the Boom Box brand, taking the number 2 position in the category of oatmeal, granola and plant-based drinks in most regional markets.

SALES PROFILE BY SEGMENTS

9M 2023



9M 2022



SALES PROFILE BY MARKETS

(in EUR millions)	9M 2023	% of sales	9M 2022	% of sales	9M 2023/ 9M 2022
Croatia	**255.6**	35.4%	**216.1**	34.6%	18.3%
Serbia	**171.0**	23.7%	**146.8**	23.5%	16.5%
Slovenia	**117.7**	16.3%	**106.8**	17.1%	10.2%
Bosnia and Herzegovina	**55.2**	7.6%	**47.3**	7.6%	16.6%
Other regional markets*	**63.2**	8.8%	**53.5**	8.6%	18.1%
Key European markets**	**36.3**	5.0%	**32.4**	5.2%	12.1%
Russia and CIS	**10.6**	1.5%	**9.6**	1.5%	9.6%
Other markets	**12.2**	1.7%	**12.5**	2.0%	(2.8%)
Total sales	**721.6**	100.0%	625.0	100.0%	15.5%

*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 strong 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 and Hipp.

The double-digit sales growth was recorded by the MARKET OF SERBIA 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 in the coffee segment, (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) Argeta in the savoury spreads segment, (iii) Najlepše želje, Bananica and Smoki in the snacks segment, and (iv) Cedevita and Cockta in the beverages segment.

A double-digit sales growth is recorded by OTHER REGIONAL MARKETS, with the increase on all 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 in 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 sales growth as a result of the increase in sales of Najlepše želje in the snacks segment.

OTHER MARKETS record a decrease in sales due to the decrease in sales in the markets of Australia and the United States of America which was partly compensated by the increase in sales in the market of Spain following the increase in sales of Argeta in the savoury spreads segment.

PROFITABILITY TRENDS

(in EUR millions)	9M 2023	9M 2022	9M 2023/ 9M 2022
Sales	**721.6**	625.0	15.5%
EBITDA*	**73.1**	70.7	3.5%
Normalised EBITDA*	**70.0**	70.0	0.0%
EBIT*	**43.9**	44.2	(0.8%)
Normalised EBIT*	**40.8**	43.5	(6.4%)
Net profit*	**36.5**	35.9	1.7%
Normalised Net profit*	**33.4**	34.6	(3.5%)
Profitability margins			
EBITDA margin*	**10.1%**	11.3%	-118 bp
Normalised EBITDA margin*	**9.7%**	11.2%	-150 bp
EBIT margin*	**6.1%**	7.1%	-99 bp
Normalised EBIT margin*	**5.6%**	7.0%	-132 bp
Net profit margin*	**5.1%**	5.7%	-69 bp
Normalised Net profit margin*	**4.6%**	5.5%	-91 bp

In the first nine months of 2023, EBITDA amounts to EUR 73.1 million, which is a 3.5% growth compared to the same period of the previous year; or, the same EBITDA level was recorded if we exclude the effect of one-off items. Despite significantly higher costs of almost all raw materials and packaging materials, energy, transportation and logistics costs, and significant investments in human resources, the strong increase in sales managed to cancel out the negative impact of higher expenses.

In addition to the above, normalized net profit records a 3.5% decrease as a result of 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)	9M 2023	% of sales	9M 2022	% of sales	9M 2023/ 9M 2022
Cost of goods sold	**216.9**	30.1%	**181.2**	29.0%	19.7%
Change in inventory	**5.6**	0.8%	**4.0**	0.6%	n/a
Production materials	**222.0**	30.8%	**191.4**	30.6%	16.0%
Energy	**13.2**	1.8%	**10.6**	1.7%	24.5%
Services	**44.7**	6.2%	**38.9**	6.2%	15.0%
Staff costs	**106.3**	14.7%	**94.1**	15.1%	13.0%
Marketing and selling expenses	**29.2**	4.0%	**27.6**	4.4%	5.9%
Other operating expenses	**19.6**	2.7%	**18.0**	2.9%	9.1%
Other (gains)/losses, net	**(1.5)**	(0.2%)	**(2.7)**	(0.4%)	n/a
Depreciation and amortisation	**29.3**	4.1%	**26.5**	4.2%	10.5%
Total operating expenses*	**685.3**	**95.0%**	**589.5**	**94.3%**	**16.3%**

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 a significant increase due to higher sales of own products and significantly higher purchase prices of almost all production materials, especially raw coffee, sugar, cocoa, poultry, and dairy products.

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

Costs of services record an 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 30 September 2023, Atlantic Grupa had 5,608 employees, or 131 employees more than in the same period of the previous year.

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

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

* 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)".

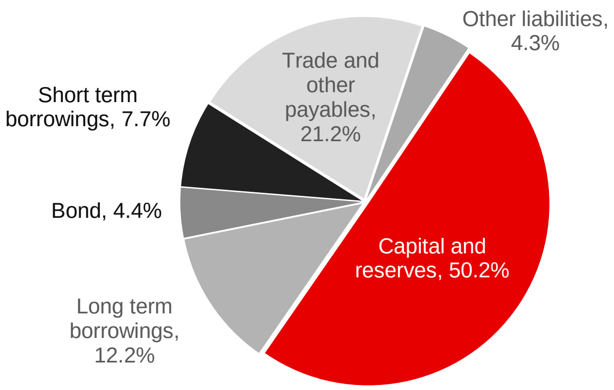
FINANCIAL INDICATORS

(in EUR millions)	9/30/2023	12/31/2022
Net debt*	**133.7**	87.3
Total assets	**901.8**	779.0
Total Equity	**453.0**	425.2
Current ratio*	**1.6**	1.5
Gearing ratio*	**22.8%**	17.0%
Net debt/EBITDA*	**1.8**	1.2
(in EUR millions)	**9M 2023**	**9M 2022**
Interest coverage ratio*	**18.7**	45.8
Capital expenditure*	**26.7**	23.2
Free cash flow*	**(6.6)**	9.7
Cash flow from operating activities	**20.1**	32.9

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

- The gearing ratio increased by 576 basis points due to the EUR 46 million increase in net debt compared to the end of 2022.
- 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 the first nine months of 2023.
- Free cash flow records a decrease due to lower cash flow from operating activities as a consequence of higher investments in the working capital, and higher capital expenditure.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 30 SEPTEMBER 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 a decrease, primarily as a result of movements in the working capital, mainly due to the increase in trade receivables following the significant increase in sales.

Capital expenditure in the first nine months of 2023 is marked by the beginning of implementation of projects in line with the Atlantic Grupa's Strategic Guidelines for 2023 and initiating the process of ordering industrial equipment that will be delivered in 2024 in 2025.

Significant investment projects in the first nine months of 2023:

- SDU Croatia:
  - investment project to expand the warehouse capacity of LDC Zagreb and implement fully automated warehouse operations launched

- SBU Savoury Spreads:
  - continued implementation of the investment project for the new packaging machine 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 launched
  - an investment project for additional packaging capacity for roast and ground coffee at the Belgrade location launched
  - an investment project of advanced technology for cleaning raw coffee launched

- SBU Beverages:
  - an investment project to replace the granulator and a new system for receiving and distributing sugar launched
  - an investment project of automated packaging of the candy category finalised

- SBU Snacks:
  - robotic line for packing chocolate bars ordered
  - additional line for the production and packing of salty snacks ordered

- BU Donat:
  - Investment in the photovoltaic power plant in Rogaška Slatina finalised

- IT:
  - the implementation of the S/4 Hana ERP system in the SBU Beverages finalised

ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2023

The year 2022 was marked by record prices of raw materials and packaging materials, strong inflationary pressures and geopolitical risks. In 2023, we expect a slight economic growth in the region and the Eurozone due to reduced disposable income, rising interest rates and significant inflationary pressures. The prices of raw materials, packaging materials and energy sources are mainly not at the record levels of 2022, but are still exceptionally high, and we expect significant volatility to be present in the coming period as well. Croatia's entry into the Eurozone and the Schengen area certainly mitigated some negative pressures, but the recent escalation of war conflicts between Israel and Palestine, along with the long-lasting war in Ukraine, threaten by new global challenges that will undoubtedly affect the regional economy as well.

Despite the above, we expect that by the end of the year we will continue with the current trends and achieve record sales in the amount of approximately EUR 950 million.

Regardless of the certain stabilization of purchase prices of raw materials and packaging materials that occurred at the end of 2022, they are still significantly higher compared to the average prices realised last year. Additional pressure on profitability comes as a result of an increase in salaries, energy, transport, logistics and other services. Double-digit sales growth will fully cancel out the mentioned negative impacts, and we will end the year with a slight increase in operating profit before interest, taxes, depreciation and amortisation (EBITDA), but with up to 100 basis points lower normalized EBITDA margin than it was in 2022. As we have already announced, we expect the beginning of the recovery of profit margins in 2024.

In 2022, there was a delay in the delivery of certain components due to problems in the supply chains, and we have transferred a certain part of the planned investments to 2023, in which we expect capital expenditure in the amount of over EUR 40 million.

In 2023, in addition to the focus on addressing the challenges of high inflation and supply chain problems, management will continue to focus on (i) strengthening the position of prominent regional brands, (ii) internationalisation of certain brands, primarily Argeta and Donat, (iii) increasing the distribution of new brands and their launching to new markets, (iv) development of distribution operations by strengthening the existing and acquiring new principals, and (v) possible mergers and acquisitions.

ATLANTIC GRUPA d.d.

DEFINITION AND RECONCILIATION OF

ALTERNATIVE PERFORMANCE MEASURES (APM)

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)	9M 2023	9M 2022	9M 2023/ 9M 2022
Operating profit	43.9	44.2	(0.8%)
Depreciation, amortisation and impairment	29.3	26.5	10.5%
EBITDA	73.1	70.7	3.5%
Divestment costs/(gains), net	(2.9)	(0.0)	
Other one off (income)/costs, net	(0.2)	(0.7)	
Normalized EBITDA	70.0	70.0	0.0%
Sales	721.6	625.0	
EBITDA margin	10.1%	11.3%	
Normalized EBITDA margin	9.7%	11.2%	

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)	9M 2023	9M 2022	9M 2023/ 9M 2022
Operating profit	43.9	44.2	(0.8%)
EBIT	43.9	44.2	(0.8%)
Divestment costs/(gains), net	(2.9)	0.0	
Other one off (income)/costs, net	(0.2)	(0.7)	
Normalized EBIT	40.8	43.5	(6.4%)
Sales	721.6	625.0	
EBIT margin	6.1%	7.1%	
Normalized EBIT margin	5.6%	7.0%	

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 30 September 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)	9M 2023	9M 2022	9M 2023/ 9M 2022
Net profit	36.5	35.9	1.7%
Divestment costs/(gains), net	(2.9)	0.0	
Other one off (income)/costs, net	(0.2)	(1.3)	
Normalized Net profit	33.4	34.6	(3.5%)
Sales	721.6	625.0	
Net profit margin	5.1%	5.7%	
Normalized Net profit margin	4.6%	5.5%	

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 30 September 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 30 September 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 30 September 2023, as shown below:

(in EUR millions)	30 Sep 23	31 Dec 2022
Non current borrowing	99.6	54.5
Non current lease liabilities	50.5	34.0
Current borrowings	56.1	43.7
Current lease liabilities	13.1	12.2
Derivative financial instruments, net	(1.0)	1.9
Cash and cash equivalents	(84.4)	(59.0)
Net debt	**133.7**	**87.3**
Normalized EBITDA*	75.9	75.9
Net debt/Normalized EBITDA	**1.8**	**1.2**

* Normalized EBITDA for last 12 months.

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 30 September 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	30 Sep 23	31 Dec 2022
Current assets	448.8	351.3
Current liabilities	272.8	238.6
Current ratio	**1.6**	**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	30 Sep 23	31 Dec 2022
Net debt	133.7	87.3
Total equity	453.0	425.2
Gearing ratio	**22.8%**	**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 30 September 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	9M 2023	9M 2022
Normalized EBITDA	70.0	70.0
Total interest expense	3.7	1.5
Adjusted interest coverage ratio	**18.7**	**45.8**

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 30 September 2023.

in EUR million	9M 2023	9M 2022
Net cash flow from operating activities	20.1	32.9
Capex	26.7	23.2
Free cash flow	**(6.6)**	**9.7**

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of EUR, unaudited	Jan - Sep 2023	Jan - Sep 2022	Index	Jul - Sep 2023	Jul - Sep 2022	Index
Revenues	**729,206**	**633,680**	**115.1**	**264,462**	**231,358**	**114.3**
Sales revenues	721,645	625,048	115.5	261,937	227,979	114.9
Other income	7,561	8,632	87.6	2,525	3,379	74.7
Operating expenses	**(685,347)**	**(589,477)**	**116.3**	**(245,678)**	**(214,166)**	**114.7**
Cost of trade goods sold	(216,917)	(181,162)	119.7	(85,933)	(68,136)	126.1
Change in inventories of finished goods and work in progress	(5,601)	(3,970)	141.1	(8,069)	(7,108)	113.5
Material and energy costs	(235,146)	(202,006)	116.4	(74,055)	(71,863)	103.1
Staff costs	(106,319)	(94,088)	113.0	(35,058)	(30,910)	113.4
Marketing and promotion expenses	(29,174)	(27,554)	105.9	(8,867)	(7,008)	126.5
Depreciation, amortization, and impairment	(29,269)	(26,481)	110.5	(9,957)	(9,084)	109.6
Other operating costs	(64,384)	(56,902)	113.1	(23,011)	(21,664)	106.2
Other gains/(losses) - net	1,463	2,686	54.5	(728)	1,607	n/a
Operating profit	**43,859**	**44,203**	**99.2**	**18,784**	**17,192**	**109.3**
Finance costs - net	(3,718)	(1,655)	224.7	(1,577)	(585)	269.6
Profit before tax	**40,141**	**42,548**	**94.3**	**17,207**	**16,607**	**103.6**
Income tax	(3,518)	(6,511)	54.0	(1,583)	(2,770)	57.1
Net profit for the period	**36,623**	**36,037**	**101.6**	**15,624**	**13,837**	**112.9**
Attributable to:						
Owners of the parent	36,514	35,920	101.7	15,583	13,778	113.1
Non-controlling interests	109	117	93.2	41	59	69.5
Earnings per share for profit attributable to the equity holders of the Company during the period (in EUR)						
- basic	2.75	2.70		1.18	1.03	
- diluted	2.75	2.70		1.18	1.03	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

in thousands of EUR, unaudited	Jan-Sep 2023	Jan-Sep 2022	Index	Jul-Sep 2023	Jul-Sep 2022	Index
Net profit for the period	**36,623**	**36,037**	**101.6**	**15,624**	**13,837**	**112.9**
Other comprehensive income/(loss):						
Items that may be subsequently reclassified to profit or loss						
Currency translation differences, net of tax	(1,056)	1,870	n/a	(250)	35	n/a
Cash flow hedges, net of tax	2,493	1,516	164.4	1,570	512	306.6
Total other comprehensive income for the period, net of tax	**1,437**	**3,386**	**42.4**	**1,320**	**547**	**241.3**
Total comprehensive income for the period	**38,060**	**39,423**	**96.5**	**16,944**	**14,384**	**117.8**
Attributable to:						
Equity holders of the Company	37,952	39,303	96.6	16,901	14,322	118.0
Non-controlling interests	108	120	90.0	43	62	69.4
Total comprehensive income for the period	38,060	39,423	96.5	16,944	14,384	117.8

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of EUR, unaudited	30 September 2023	31 December 2022
ASSETS		
Non-current assets		
Property, plant, and equipment	166,213	158,764
Right-of-use assets	60,584	43,453
Investment property	61	63
Intangible assets	213,898	215,513
Deferred tax assets	5,966	5,143
Financial assets at fair value through other comprehensive income	161	169
Trade and other receivables	6,192	4,608
	453,075	427,713
Current assets		
Inventories	117,711	102,084
Trade and other receivables	239,796	187,303
Prepaid income tax	5,122	2,369
Derivative financial instruments	1,094	585
Cash and cash equivalents	84,405	58,987
	448,128	351,328
Non-current assets held for sale	627	-
Total current assets	448,755	351,328
TOTAL ASSETS	**901,830**	**779,041**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	17,702	17,702
Share premium	117,750	117,663
Treasury shares	(1,428)	(2,410)
Reserves	(695)	(4,459)
Retained earnings	318,556	295,641
	451,885	424,137
Non-controlling interests	1,136	1,028
Total equity	**453,021**	**425,165**
Non-current liabilities		
Borrowings	99,572	54,547
Lease liabilities	50,474	34,023
Deferred tax liabilities	19,223	19,470
Other non-current liabilities	120	121
Provisions	6,644	7,153
	176,033	115,314
Current liabilities		
Trade and other payables	191,455	170,627
Borrowings	56,060	43,669
Lease liabilities	13,085	12,168
Derivative financial instruments	47	2,478
Current income tax liabilities	5,527	1,552
Provisions	6,602	8,068
	272,776	238,562
Total liabilities	**448,809**	**353,876**
TOTAL EQUITY AND LIABILITIES	**901,830**	**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	-	(165)	(404)	(569)	(1)	(570)
Comprehensive income:						
Net profit for the period	-	-	35,920	35,920	117	36,037
Other comprehensive income	-	3,383	-	3,383	3	3,386
Total comprehensive income	-	3,383	35,920	39,303	120	39,423
Transactions with owners:						
Share based payment	3,791	-	-	3,791	-	3,791
Purchase of treasury shares	(2,538)	-	-	(2,538)	-	(2,538)
Transfer	-	699	(699)	-	-	-
Dividends	-	-	(22,075)	(22,075)	-	(22,075)
Balance at 30 September 2022	**133,325**	**(1,803)**	**304,838**	**436,360**	**1,048**	**437,408**
Balance at 1 January 2023	132,955	(4,459)	295,641	424,137	1,028	425,165
Comprehensive income:						
Net profit for the period	-	-	36,514	36,514	109	36,623
Other comprehensive income/(loss)	-	1,438	-	1,438	(1)	1,437
Total comprehensive income	-	1,438	36,514	37,952	108	38,060
Transactions with owners:						
Share based payment	2,594	-	-	2,594	-	2,594
Purchase of treasury shares	(1,525)	-	-	(1,525)	-	(1,525)
Shares granted	-	2,035	-	2,035	-	2,035
Transfer	-	291	(291)	-	-	-
Dividends	-	-	(13,308)	(13,308)	-	(13,308)
Balance at 30 September 2023	**134,024**	**(695)**	**318,556**	**451,885**	**1,136**	**453,021**

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of EUR, unaudited	January - September 2023	January - September 2022
Cash flow from operating activities		
Net profit for the period	**36,623**	**36,037**
Income tax	3,518	6,511
Depreciation, amortization, and impairment	29,269	26,481
Gains on sale of property, plant and equipment, and intangible assets	(3,151)	(223)
Loss on sale of subsidiaries - net of transaction expenses	-	48
Provision for current assets	2,022	2,279
Foreign exchange differences - net	(21)	128
Increase/(decrease) in provisions for risks and charges	59	(3,678)
Fair value gains on financial assets	(143)	(129)
Share based payment	2,594	3,791
Interest income	(234)	(1,048)
Interest expense	3,739	1,527
Other non-cash items - net	(586)	1,086
Changes in working capital:		
Increase in inventories	(17,046)	(20,585)
Increase in current receivables	(51,814)	(29,294)
Increase in trade and other payables	22,692	18,707
Cash generated from operations	**27,521**	**41,638**
Interest paid	(3,150)	(1,390)
Income tax paid	(4,274)	(7,381)
	20,097	**32,867**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(26,705)	(23,219)
Proceeds from sale of property, plant and equipment and intangible assets	2,252	339
Proceeds from sale of financial assets through other comprehensive income	8	-
Acquisition of subsidiaries and proceeds from sale of subsidiary - net of cash acquired/disposed	(777)	1,486
Loans granted and deposits placed	(2,176)	(158)
Repayments of loan and deposits placed	1,216	1,229
Interest received	229	1,029
	(25,953)	**(19,294)**
Cash flow from/(used in) financing activities		
Purchase of treasury shares	(1,525)	(2,538)
Proceeds from borrowings, net of fees paid	76,000	26,001
Repayment of borrowings	(19,195)	(3,986)
Principal elements of lease payments	(10,698)	(10,056)
Dividends paid to Company shareholders	(13,308)	(22,075)
	31,274	**(12,654)**
Net increase in cash and cash equivalents	**25,418**	**919**
Cash and cash equivalents at beginning of period	58,987	46,112
Cash and cash equivalents at end of period	84,405	47,031

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 nine-month period ended 30 September 2023 were approved by the Management Board of the Company in Zagreb on 23 October 2023.

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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 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 periods are converted at the middle exchange rate on the balance sheet date, i.e., at the conversion rate for balance sheet items at 31 December 2022. Comparative periods 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 nine-month period ended 30 September 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 assets, including changes in discount rates that reflect the current risk premiums on certain markets and for the nine-month period ended 30 September 2023 no impairment was recognised.

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* *(in thousands of EUR)*	**Jan - Sep 2023**	**Jan - Sep 2022**
SBU Coffee	145,362	133,544
SBU Savoury Spreads	105,375	100,150
SBU Snacks	87,269	66,793
SBU Beverages	82,238	68,852
SBU Pharmacy business	64,286	57,572
BU Donat	27,476	24,515
SDU Croatia	187,591	157,619
SDU Serbia	169,099	145,112
SDU Slovenia	117,326	106,005
SDU North Macedonia	41,803	34,867
Other segments	60,317	55,762
Reconciliation	(366,497)	(325,743)
Total	**721,645**	**625,048**

* 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.

At the General Assembly held on 15 June 2022, the shareholders approved share split in a way that each of the Company's ordinary shares with a nominal value of HRK 40.00 per share was split into four shares with a nominal amount of HRK 10.00 per share. Following the share split, the number of ordinary shares increased from 3,334,300 to 13,337,200 shares.

	2023	**2022**
Net profit attributable to shareholders of the Company (*in thousands of EUR*)	36,514	35,920
Weighted average number of ordinary shares in issue	13,300,543	13,292,707
Basic earnings per share *(in EUR)*	2.75	2.70

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 nine-month period ended 30 September 2023, Group invested EUR 25,292 thousand in purchase of property, plant and equipment and intangible assets (2022: EUR 21,582 thousand).

NOTE 7 - INVENTORIES

During the nine-month period ended 30 September 2023, the Group wrote down inventories in the amount of EUR 1,405 thousand due to damage and short expiry dates (2022: EUR 1,926 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 13,308 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 - Sep 2023**	**Jan - Sep 2022**
Finance income		
Foreign exchange gains on borrowings and lease liabilities	42	300
	42	300
Finance costs		
Interest expense on bank borrowings	2,091	272
Interest expense on lease liabilities	1,252	840
Interest expense on bonds	279	279
Other interest expense	117	136
Total interest expense	3,739	1,527
Foreign exchange loss on borrowings and lease liabilities	21	428
	3,760	1,955
Finance costs - net	**3,718**	**1,655**

NOTE 10 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 30 September 2023 and 31 December 2022 and transactions recognized in the Income statement for the nine-month period ended 30 September are as follows:

(in thousands of EUR)	**30 September 2023**	**31 December 2022**
RECEIVABLES		
Non-current trade and other receivables		
Other entities	551	-
Current trade and other receivables		
Other entities	16,303	12,682
LIABILITIES		
Trade and other payables		
Other entities	374	386

	Jan - Sep 2023	**Jan - Sep 2022**
REVENUES		
Sales revenues		
Other entities	66,101	56,986
Other income		
Other entities	7	26
EXPENSES		
Marketing and promotion costs		
Other entities	1,025	874
Other operating costs		
Other entities	219	254

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 nine-month period ended 30 September 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 30 September 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 nine-month period ended 30 September 2023 were approved by the Management Board of the company Atlantic Grupa d.d. on 23 October 2023.

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

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Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

<u>Contact:</u>

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ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
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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