FINANCIAL RESULTS
IN THE FIRST QUARTER OF 2022
(unaudited)

Zagreb, 28 April 2022

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

Commenting on the financial results for the first quarter of 2022, **Emil Tedeschi**, CEO of Atlantic Grupa, pointed out:

“In the first quarter of 2022, Atlantic Grupa recorded a significant growth in revenue and profitability compared to the same period of the previous year, despite all the challenges we face. Revenue growth was achieved in all business units and almost all distribution units due to excellent sales results of own and principal brands, as a result of better epidemiological situation in all markets and easing of measures to prevent the pandemic, which were in force last year, especially in the HoReCa channel. Also, part of the increase in revenue relates to higher selling prices due to significant increases in the prices of key raw materials, packaging materials, energy and services.

The excellent results of the distribution portfolio achieved in the previous year enabled new distribution partnerships with renowned international companies in Serbia and North Macedonia, which shows the continuous focus of the development of the company’s distribution segment. Also, the continuation of the process of defining the corporate strategy and priorities in the further development of the company was confirmed by the strengthening of the Supervisory Board from the previous 7 to 9 members.

The beginning of 2022 was marked by the outbreak of war in Ukraine. By selling the baby food brand Bebi in 2021, Atlantic Grupa significantly reduced its exposure in Russia and the CIS markets, and the war events do not have a direct material impact on Atlantic Grupa’s operations.

In the current situation, one of Atlantic Grupa’s core values – care for each other and the company’s care for its employees – is gaining in importance. We are focused on maintaining full employment, further investing in our employees and promoting openness and mutual respect.

We continue to closely monitor the development of the situation and take all available measures to reduce the risk in the new circumstances. We expect that the continuation of 2022 will be challenging, but our main priorities remain the same – maintaining health of our employees, ensuring the smooth continuation of production and continuous supply of our customers and consumers, and social responsibility in the broadest sense.”

SIGNIFICANT REVENUE AND PROFITABILITY GROWTH

SALES AT HRK 1,391.2 MILLION
+11.3% compared to the first quarter of 2021
+12.7%* normalised for impacts of divested business

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA***) AT HRK 179.8 MILLION
+7.1% compared to the first quarter of 2021 (+5.3% if one-off items excluded*)

EARNINGS BEFORE INTEREST AND TAXES (**EBIT***) AT HRK 115.7 MILLION
+10.2% compared to the first quarter of 2021 (+7.4% if one-off items excluded*)

NET PROFIT* AT HRK 90.6 MILLION
+7.2% compared to the first quarter of 2021 (+3.8% if one-off items excluded*)

FINANCIAL SUMMARY OF THE FIRST QUARTER OF 2022

Key figures	1Q 2022	1Q 2021	1Q 2022/1Q 2021
Sales (in HRK million)	**1,391.2**	1,249.6	11.3%
Turnover (in HRK million)	**1,402.9**	1,258.7	11.5%
Normalized EBITDA margin*	**12.8%**	13.6%	-74bp
Normalised net income* (in HRK million)	**89.1**	85.8	3.8%
Gearing ratio*	**12.4%**	12.7%	-37bp

The comparative period has been adjusted to the reporting for 2022

* 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”.

1. SUPERVISORY BOARD REINFORCED, TWO NEW MEMBERS

At the session held on 7 December 2021, the Supervisory Board adopted a proposed decision for the election of 2 new members of the Company's Supervisory Board. With the adoption of this Decision by the General Assembly on 20 January 2022, the Supervisory Board was expanded from the previous 7 to 9 members. Vesna Nevistić, PhD, an experienced expert in the fields of management consulting, banking, corporate development and restructuring, and Zoran Vučinić, a proven global manager with an extremely successful international career in the field of consumer goods industry joined the Supervisory Board.

Strengthening the Supervisory Board with these new members is a logical continuation of the process of defining corporate strategy and priorities in the further development of the company.

2. NEW PRINCIPAL INTERSNACK IN SERBIA, RED BULL SOON ALSO IN NORTH MACEDONIA

The Strategic Business Unit (SBU) Serbia has expanded its distribution portfolio with a product range of a new principal – Intersnack. The Intersnack Group, the European leader in the production of savoury snacks, was founded in 1968 in Germany as a manufacturer of chips. It has built a wide portfolio, entering all snack categories across Europe. Among famous brands, the Chio brand stands out with a wide range of products such as chips of different flavours, tortilla chips, baked snacks and popcorn. The company mainly produces savoury snacks with the leading market share and today it generates more than EUR 3.5 billion in annual turnover. It employs over 9,000 people in a total of 33 factories. From 1 February this year, Intersnack, in partnership with SBU Serbia, is conquering the Serbian market. The presence in over 10,000 stores across the country is planned, and the vision is that in the next three years Intersnack will present itself as one of the main players in the chips category on the Serbian market.

The successful cooperation between SBU Serbia and Red Bull GmbH, based in Austria, began in 2017. At that time, Atlantic Grupa signed an agreement with Red Bull on the distribution of this well-known energy drink on the Serbian market. SBU Serbia has proven its title of the leading distributor of consumer goods to its strategic partner Red Bull GmbH with its quality work and achievement of the set business goals. That is why Red Bull, in addition to Serbia, decided to entrust us with the distribution in North Macedonia as well. An annual turnover of EUR 3 million is planned on the North Macedonia market, and the distribution is expected to begin in early May 2022.

3. ARGETA ENTERED THE UNIQUE WORLD OF DIGITAL TOKENS KNOWN AS NFTs

Argeta has entered the innovative and exciting world of non-fungible tokens, known as NFTs*. Argeta has thus joined a small number of world-famous brands with their own NFT collections, thus pushing another important frontier as it will become the first FMCG brand in our region with its own NFT collection.

Although Argeta is a brand with a tradition, it also manages in the rapidly changing world of modern technologies. At the beginning of March, Argeta transferred its famous pate packaging to the digital world of epic dimensions. By incorporating its brand into the new Web3.0 technology space, Argeta has joined a small number of global brands such as Facebook (Meta), Adidas, NBA and Pepsi Co. Argeta's NFT collection consists of 21 non-fungible tokens. The collector's series of Argeta's NFTs is inspired by the features of the brand, as well as new times in the still unexplored spaces of the future. All owners of various Argeta's NFTs have received a piece of brand identity, and as owners they can expect more surprises in the future.

4. CEDEVITA CANDIES: NEW PACKAGING

In line with the changes to the Cedevita brand, Cedevita candies come in an ever more convenient and modern look to the satisfaction of the entire Generation CE. Modelled on the new look of the Cedevita packaging, the Generation CE's favourite candies have also got a completely new visual identity. By introducing fruit motifs on smaller packaging, but also on XXL packaging of candies, their appearance has been refreshed and modernized, and it simply brings smiles to faces and invites to share joy, a fresh dose of positive energy and optimism. Cedevita candies have been around for half a century and appeared on the market back in 1971. They have been enjoyed by many generations for decades and we can proudly say that Cedevita candies are also an integral part of the taste of Generation CE.

5. TWO PRIZES FOR BOOM BOX AT DAYS OF COMMUNICATION

After a three-year break due to the pandemic, a new edition of the Days of Communication was held, a famous festival of national market communications. As part of the festival, IdejaX statues were awarded for the most creative communication achievements. Atlantic Grupa and the BBDO Zagreb agency were awarded a silver prize in the Best of Ad-Making group for the “The Best of Oats” project in the Film category. The project was also awarded in the Best Branding & Rebranding group, where Boom Box won the bronze award for Branding.

* NFTs are non-fungible units of data stored in a blockchain, which can provide owners with digital ownership through a blockchain network. In NFT, users can store digital assets such as music, artefacts, drawings and various art forms.

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	1Q 2022	1Q 2021	1Q 2022/ 1Q 2021
SBU Coffee	**285.8**	248.2	15.1%
SBU Savoury Spreads	**240.5**	221.5	8.6%
SBU Snacks	**159.1**	150.6	5.7%
SBU Beverages	**119.9**	97.7	22.7%
SBU Pharmacy business	**143.8**	133.8	7.5%
BU Donat	**61.4**	56.1	9.4%
SDU Croatia	**313.2**	281.3	11.3%
SDU Serbia	**296.9**	268.3	10.7%
SDU Slovenia	**260.1**	232.1	12.1%
Other segments*	**213.5**	211.8	0.8%
Reconciliation**	**(703.1)**	(651.9)	n/a
Sales	**1,391.2**	1,249.6	**11.3%**

The comparative period has been adjusted to the reporting for 2022

In the first quarter of 2022, Atlantic Grupa recorded sales of HRK 1.4 billion, which is an 11.3% growth compared to the same period of the previous year. The revenue growth is recorded in all business and almost all distribution units following excellent sales results of the majority of own and principal brands. The highest percentage growth was recorded by the Strategic business units Beverages and Coffee, and the pharmacy chain Farmacia. The sales growth was realised due to a better epidemiological situation on all markets, and the easing of restrictions in the operations of the HoReCa channel as well as other measures by local authorities to prevent the spread of COVID-19, compared to the same period of the previous year. It should also be noted that part of the increase in revenue is the result of higher selling prices due to significant increases in the prices of key raw materials, packaging materials, energy and services. If we exclude the effect of sales of the divested business, the baby food brand Bebi, which was fully divested in 2021, organic sales growth is 12.7%***.

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. Comparative period has been adjusted to reflect the reporting for 2022.

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

** 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.

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SALES TRENDS
IN THE FIRST QUARTER OF 2022

The STRATEGIC BUSINESS UNIT COFFEE recorded a double-digit sales growth rate primarily as a result of the increase in sales in almost all regional markets, with the highest growth recorded in the markets of Slovenia, Serbia and Bosnia and Herzegovina. Analysed by categories, growth was recorded by almost all categories, with the most significant growth recorded by roast and ground coffee under the Grand kafa, Bonito and Barcaffé brands. Espresso coffee records a significant growth primarily as a consequence of the increase in sales of espresso coffee under the Barcaffé brand following the easing of measures to prevent COVID-19 in the HoReCa channel. The growth of revenue from roast and ground coffee was generated primarily by the increase in selling prices due to a significant increase in the price of raw coffee and packaging materials, while in other coffee categories the volume growth was also achieved.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded a significant increase in sales as a consequence of the increase in sales in almost all regional markets, especially the markets of Kosovo, Serbia and Slovenia, which fully cancelled out the decrease in sales in the markets of Germany and Switzerland. Among markets outside the region, we should mention the contribution made by sales on the markets of Austria, Sweden, Poland and the Netherlands. Growth was recorded both in meat and fish savoury spreads segments. Also, jams and *ajvar* under the Granny's Secret brand record double-digit sales growth. Part of the revenue growth of this Strategic unit is generated by volume growth and also by higher selling prices as a result of significant increases in the prices of key raw materials and packaging materials.

The STRATEGIC BUSINESS UNIT SNACKS recorded an increase in sales in almost all regional markets, with the most significant growth recorded by the markets of Serbia, Bosnia and Herzegovina, and Montenegro. Analysed by categories, the growth is recorded by almost all categories, among which the double-digit growth of chocolate under the Najlepše želje brand and wafers under the Štark Napolitanke brand especially stand out. The increase in selling prices as a result of significant increases in the prices of key raw materials and packaging materials had a positive impact on the revenues of this Strategic unit.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a double-digit sales growth in almost all markets, with the most significant growth recorded by the markets of Croatia, Slovenia and Serbia. A significant sales growth is recorded by Cockta and Cedevita brands, where the sales growth in the HoReCa channel stands out due to the significant easing of measures in the HoReCa channel that were in force in the same period of the previous year.

The STRATEGIC BUSINESS UNIT PHARMACY BUSINESS records a double-digit sales growth of the pharmacy chain Farmacia primarily due to the increase in sales of the COVID-19 range (drugs, disinfectants, tests, protective equipment) as a result of the so-called fifth wave of the pandemic. Also, the sales growth is a consequence of the additional turnover of new pharmacies following the acquisition of health care institutions Sv. Kuzma i Damjan. If we exclude the effect of sales of the Bebi brand, which was fully divested in 2021, the sales of this unit record a significant growth of 21.1%*.

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SALES TRENDS
IN THE FIRST QUARTER OF 2022

Significant growth rates are recorded by the BUSINESS UNIT DONAT due to the increase in sales primarily in the markets of Bosnia and Herzegovina and Slovenia, and in the market of Croatia.

Double-digit growth rates are recorded by the STRATEGIC DISTRIBUTION UNIT CROATIA as a consequence of excellent results of own and principal brands. Own brands recorded growth in almost all categories, and the following especially stand out: chocolate under the Jimmy Fantastic brand and oat-based products under the Boom Box brand, Argeta in the savoury spreads segment, and functional water Donat. 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 Barcaffé brand. Among principal brands, the most significant growth was recorded by Ferrero, Mars and Hipp. The growth in sales in this segment was impacted by the easing of restrictive measures to prevent the pandemic, primarily in the HoReCa channel.

The STRATEGIC DISTRIBUTION UNIT SERBIA recorded a double-digit sales growth as a result of the increase in sales of roast and ground coffee under the Bonito brand, chocolate under the Najlepše želje and wafers under the Štark Napolitanke brands in the snacks segment, Argeta in the savoury spreads segment, Cedevita and Cockta in the HoReCa channel and Cockta in the retail channel. Among principal brands, Red Bull and the new principal Intersnack stand out. Also, the growth in this unit was impacted by the increase in sales of the HoReCa channel due to the easing of measures to prevent the pandemic.

The double-digit growth was recorded by the STRATEGIC DISTRIBUTION UNIT SLOVENIA due to the growth of own and principal brands. Among own brands, the brands that stand out are roast and ground coffee under the Barcaffé brand, Argeta in the savoury spreads segment and functional water Donat. Strong sales are also recorded by the HoReCa channel due to milder measures to prevent the spread of the pandemic, where the brands Cedevita and Cockta stand out, and espresso coffee under the Barcaffé brand. Among principal brands, Ferrero and Rauch stand out.

OTHER SEGMENTS record a mild sales growth due to the increase in sales in the distribution units Austria, Macedonia and the business unit New Growth, which fully cancelled out the decrease in sales recorded in the Global Distribution Account Management and the distribution unit Russia following the divested baby food brand Bebi in 2021. If we exclude the effect of absent sales of the Bebi brand, which was divested last year, Other segments record an 8.4%* growth.

The DISTRIBUTION UNIT MACEDONIA recorded a double-digit increase in sales due to the increase in sales of own and principal brands. Own brands are led by the sales growth of roast and ground coffee under the Grand kafa brand, chocolate under the Najlepše želje brand and wafers under the Štark Napolitanke brand in the snacks segment, and the Cedevita brand in the retail channel in the beverages segment. Among principals, Ferrero and Hipp stand out.

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The DISTRIBUTION UNIT AUSTRIA records double-digit sales growth rates, mainly due to the growth of own brands, primarily Argeta in the savoury spreads segment, functional water Donat, and roast and ground coffee under the Grand kafa brand.

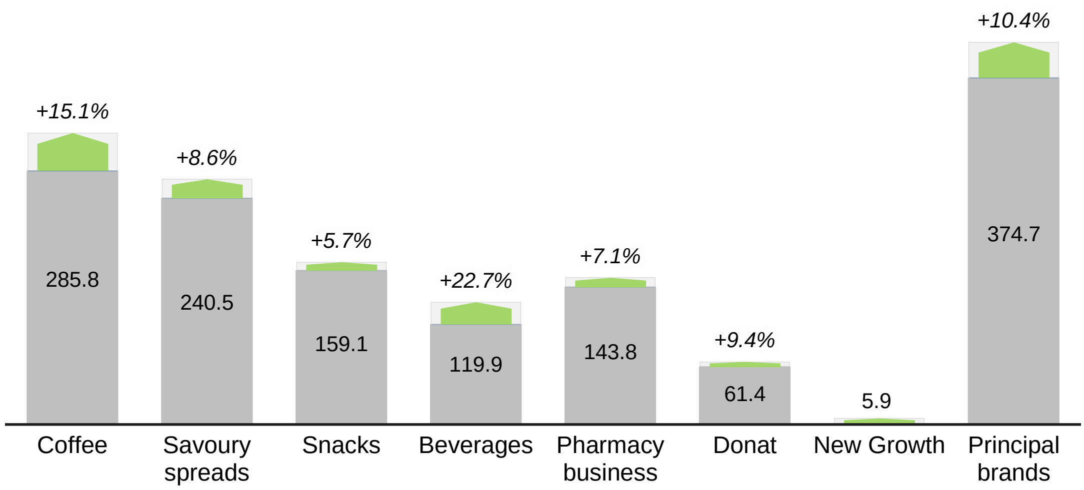
The GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT records a decrease in sales as a consequence of the decline in sales of Argeta in the savoury spreads segment and Cedevita in the retail channel in the beverages segment, primarily in the markets of Germany and Switzerland. The decline in the sales of Argeta in the savoury spreads segment is primarily a consequence of the higher prices due to increases in the prices of key raw materials and supplies, and different distribution dynamics. The decrease was partly cancelled out by the increase in sales of Argeta in the savoury spreads segment in the markets of Sweden, the Netherlands and Poland.

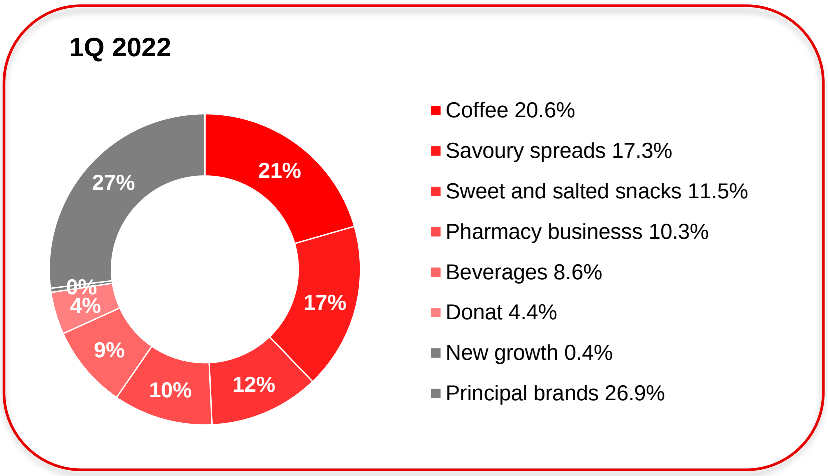
The DISTRIBUTION UNIT RUSSIA records a decrease in sales as a consequence of divesting baby food under the Bebi brand in 2021. The decrease in sales was partially cancelled out by the double-digit growth in sales of Argeta in the savoury spreads segment, and functional water Donat. If we exclude the effect of absent sales of the divested brand Bebi, the sales of this unit grew by 7.9%.

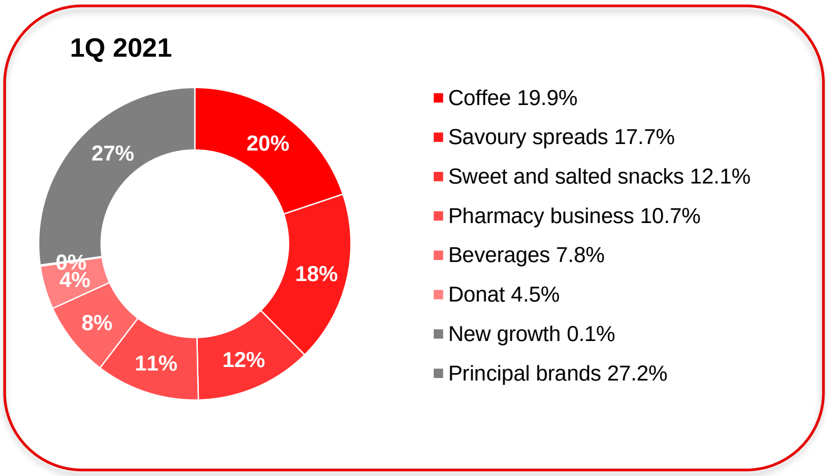
ATLANTIC GRUPA

SALES PROFILE BY SEGMENTS

Sales comparison to 1Q 2021 (in HRK million)







SALES PROFILE BY MARKETS

(in HRK millions)	1Q 2022	% of sales	1Q 2021	% of sales	1Q 2022/ 1Q 2021
Croatia	**454.3**	32.7%	401.4	32.1%	13.2%
Serbia	**301.6**	21.7%	272.4	21.8%	10.7%
Slovenia	**265.8**	19.1%	232.2	18.6%	14.4%
Bosnia and Herzegovina	**114.7**	8.2%	94.1	7.5%	21.9%
Other regional markets*	**120.3**	8.6%	104.5	8.4%	15.0%
Key European markets**	**78.2**	5.6%	81.5	6.5%	(4.1%)
Russia and CIS	**22.7**	1.6%	35.6	2.9%	(36.4%)
Other markets	**33.6**	2.5%	27.8	2.2%	20.9%
Total sales	**1,391.2**	100.0%	1,249.6	100.0%	11.3%

*Other regional markets: North Macedonia, Montenegro, Kosovo
**Key European markets: Germany, Switzerland, Austria, Sweden
The comparative period has been adjusted to the reporting for 2022

The MARKET OF CROATIA recorded a double-digit sales growth as a result of the easing of measures to prevent the pandemic, primarily in the HoReCa channel, compared to the previous year. Sales growth was recorded by: (i) most own brands, with the biggest growth recorded by chocolate under the Jimmy Fantastic brand and oat-based products under the Boom Box brand, brands Cedevita, Cockta and espresso coffee under the Barcaffé brand in the HoReCa channel, 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.

A double-digit sales growth is recorded in the MARKET OF SERBIA, primarily from the sales of own brands, of which the following stand out: (i) roast and ground coffee under the Bonito brand in the coffee segment, (ii) chocolate under the Najlepše želje brand and wafers under the Štark Napolitanke brand in the snacks segment, and (iii) Cockta and Cedevita brands in the beverages segment. Among principal brands, growth comes from Red Bull and the new principal Intersnack.

The double-digit sales growth in the MARKET OF SLOVENIA is based on the increase in sales of: (i) roast and ground coffee under the Barcaffé brand, (ii) Argeta in the savoury spreads segment, (iii) brands Cockta, Cedevita and espresso coffee under the Barcaffé brand in the HoReCa channel, (iv) functional water Donat, and (v) principal brands Ferrero and Rauch.

The MARKET OF BOSNIA AND HERZEGOVINA recorded a significant 21.9% sales growth which is based on the increase in sales of: (i) roast and ground coffee under the Grand kafa brand, (ii) Argeta in the savoury spreads segment, (iii) functional water Donat, and (iv) chocolate under the Najlepše želje brand in the snacks range.

OTHER REGIONAL MARKETS recorded a double-digit sales growth in all markets, where the biggest contribution to the growth was made by the increase in sales of Argeta in the savoury spreads segment, roast and ground coffee under the Grand kafa brand, and flips under the Smoki brand.

The decrease in sales on the KEY EUROPEAN MARKETS was primarily caused by the decline in the sales of Argeta in the savoury spreads segment in the markets of Germany and Switzerland, which was partly cancelled out by the increase in sales in the markets of Austria and Sweden. The decline in the sales of Argeta in the savoury spreads segment in the markets of Switzerland and Germany is primarily a consequence of higher prices due to increases in the prices of key raw materials and supplies, and different distribution dynamics.

The decrease in sales was recorded by the MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES following the divesting of the baby food range under the Bebi brand. This decrease was partly cancelled out by the increase in sales of savoury spreads under the Argeta brand and functional water Donat. If we exclude the effect of the divested business, i.e. the sales of the Bebi brand, this market records a 9.2%* growth.

A double-digit sales growth is recorded in OTHER MARKETS, primarily due to the increase in sales of savoury spreads under the Argeta brand in most Other markets, with the most significant growth recorded by the markets of the Netherlands and Poland.

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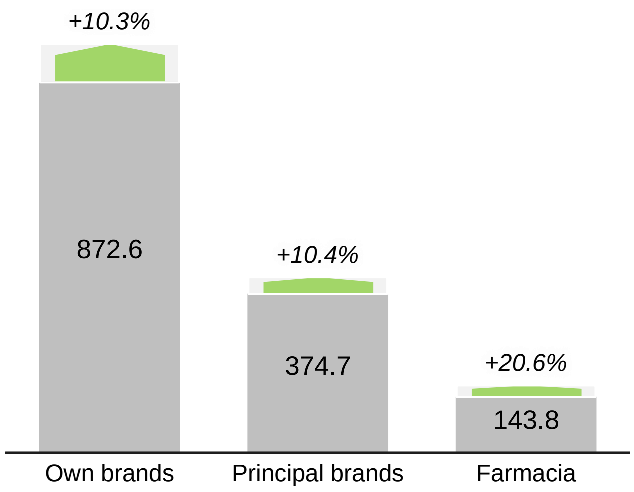
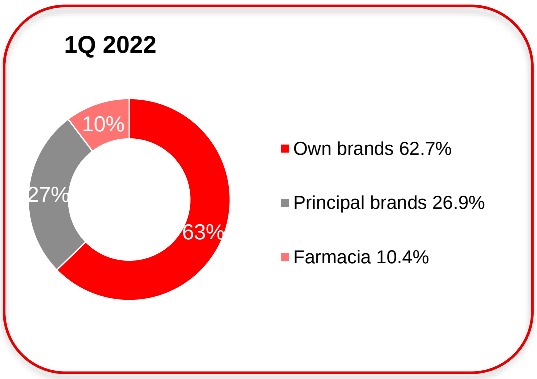
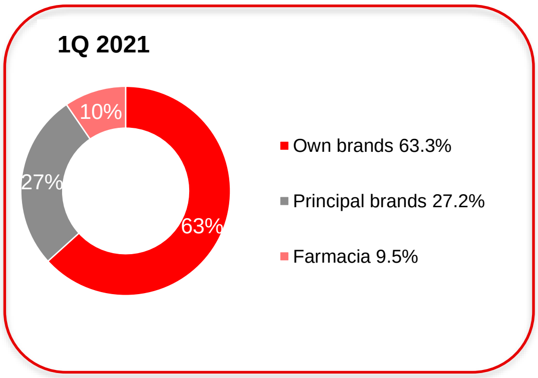
SALES PROFILE BY PRODUCT CATEGORY

Sales in comparison to 1Q 2021 (in HRK million)







The comparative period has been adjusted to the reporting for 2022

In the first quarter of 2022, OWN BRANDS recorded sales of HRK 872.6 million, which is a 10.3% growth, following the growth of almost all categories. The greatest contribution to the growth was made by: (i) Argeta in the savoury spreads segment, (ii) Grand kafa, Barcaffé and Bonito in the coffee segment, (iii) Cedevita and Cockta in the beverages segment, (iv) Najlepše želje and Štark Napolitanke in the snacks segment, and (v) functional water Donat. If we exclude the effect of the absent Bebi brand sales, own brands record an increase in sales of 12.5%*.

With sales of HRK 374.7 million, PRINCIPAL BRANDS record a significant growth of 10.4%. The growth is mainly based on the increase in sales of principals Ferrero, Hipp, Rauch, Mars and Red Bull.

A significant 20.6% growth was recorded by the pharmacy chain FARMACIA, with sales of HRK 143.8 million, due to the increase in sales of the existing Farmacia locations, the acquisition of new health institutions and higher sales following the increased demand for the COVID-19 product range. As at 31 March 2022, Farmacia consists of 99 pharmacies and specialised stores (including the webshop).

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PROFITABILITY TRENDS

(in HRK millions)	1Q 2022	1Q 2021	1Q 2022/1Q 2021
Sales	**1,391.2**	1,249.6	11.3%
EBITDA*	**179.8**	168.0	7.1%
Normalised EBITDA*	**178.3**	169.4	5.3%
EBIT*	**115.7**	104.9	10.2%
Normalised EBIT*	**114.1**	106.3	7.4%
Net profit*	**90.6**	84.6	7.2%
Normalised Net profit*	**89.1**	85.8	3.8%
Profitability margins			
EBITDA margin*	**12.9%**	13.4%	-52 bp
Normalised EBITDA margin*	**12.8%**	13.6%	-74 bp
EBIT margin*	**8.3%**	8.4%	-8 bp
Normalised EBIT margin*	**8.2%**	8.5%	-30 bp
Net profit margin*	**6.5%**	6.8%	-25 bp
Normalised Net profit margin*	**6.4%**	6.9%	-46 bp

In the first quarter of 2022, EBITDA amounts to HRK 179.8 million, which is a 7.1% increase compared to the same period of the previous year, or a 5.3% increase if we exclude the effect of one-off items. The increase in normalised EBITDA was mainly impacted by the increase in sales of all business units and almost all distribution units, with the most prominent increase in sales of the strategic business units Coffee, Savoury Spreads and Beverages, and the pharmacy chain Farmacia. This positive impacts fully cancelled out the negative impact of higher costs of raw materials and packaging materials, energy, transportation and logistics costs and investments in marketing and human resources. Better profitability is a combination of higher sales due to increased orders before the announced price increases and the partial effect of higher prices of raw materials and energy due to contractual conditions for the first quarter. It should be noted that in the rest of the year we expect an even more significant negative impact of these price increases.

In addition to the above, normalized net profit records a 3.8% increase due to somewhat lower interest expense and despite the negative effect of foreign exchange differences, primarily due to the mild depreciation of the Croatian kuna against the Euro.

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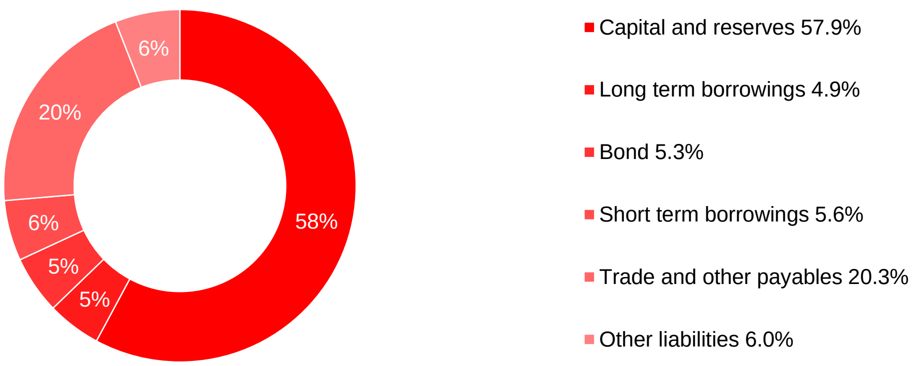
FINANCIAL INDICATORS

(in HRK millions)	31 March 2022	31 December 2021
Net debt*	**459.5**	459.9
Total assets	**5,629.0**	5,452.9
Total Equity	**3,256.8**	3,152.5
Current ratio*	**1.6**	1.5
Gearing ratio*	**12.4%**	12.7%
Net debt/EBITDA*	**0.6**	0.6
(in HRK millions)	**1Q 2022**	**1Q 2021**
Interest coverage ratio*	**51.5**	43.3
Capital expenditure*	**46.4**	54.3
Free cash flow*	**37.4**	129.4
Cash flow from operating activities	**83.8**	183.7

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2022, the following should be pointed out:

- The gearing ratio decreased by 37 basis points due to the HRK 0.4 million decrease in net debt compared to the end of 2021.
- The indebtedness measured as the net debt to normalised EBITDA ratio is at the same levels as it was at the end of 2021.
- Free cash flow records a decrease due to a significantly lower cash flow from operating activities despite somewhat lower capital expenditure.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 31 MARCH 2022



* 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".

OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash flow from operating activities records a decrease, as a result of movements in the working capital, primarily the increase in inventories, despite the improved profitability and lower cash outflows related to financing and taxes. It is important to note that the increase in inventories is a result of the prevention of possible problems in supply chains as well as of the contracting of more favourable purchase prices compared to those expected in the rest of the year.

Capital expenditure in the first quarter of 2022 is made in line with the Atlantic Grupa's Strategic Guidelines. Delays in the execution of individual projects are evident. Some of the planned projects were not launched according to plan due to the prolonged period of elaboration of technical details.

Given the current situation in Ukraine and economic disruptions, the beginning of the construction of the new Argeta factory and all activities related to this project are postponed for at least one year.

All of the above indicates that the execution of the Atlantic Grupa's Capex plan in 2022 will be at 85% of the execution compared to the planned.

Among significant investments, we should mention:

- SBU SNACKS: The production of the planned investment equipment by our suppliers is underway, where the focus is on testing the completed equipment components with suppliers. The equipment of a strategic investment project in the production of biscuits and wafers in Germany, Italy and Egypt is being tested. The global crisis in the field of supply of electronic components is evident, so the final assembly of the equipment at the supplier is delayed compared to the planned for 6-8 weeks. For these projects, the construction/expansion of the production plant at the location of Ljubovija is in progress. At the same time, at the Belgrade location, in connection with these projects, electrical installation works are underway and the construction of the air conditioning system required for the acceptance of new equipment.

- SBU SAVOURY SPREADS: The production of equipment for the needs of the production plants Izola and Hadžići is in progress. The transfer of equipment from the Hadžići plant to the Igroš plant is also underway, for the purpose of starting a new production program in Igroš.

A number of smaller investment projects are proceeding according to plan.

ATLANTIC GRUPA

ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2022

Following the lower, but still relatively optimistic forecasts of economic growth, more favourable epidemiological situation, significant marketing and capital investments in our brands, we expect that in 2022 we will exceed HRK 6 billion in sales revenue for the first time.

Already in 2021, there was a significant increase in the price of a large portion of our raw materials and packaging materials, logistics and other services and energy, but partly due to Atlantic Grupa's successful purchasing strategy and partly due to the dynamics of price increases, most of the negative effects will be realized only during 2022. This negative impact already in the first quarter exceeded HRK 80 million on raw materials, packaging materials and energy alone, and in the coming period it will be far more noticeable.

In the mentioned price increases, raw coffee particularly stands out. The raw coffee market in 2021 experienced a sharp increase in the price of raw coffee, due to the drought that hit Brazil during the coffee ripening period, and then the severe frost that hit coffee areas in Brazil in late July 2021. All these problems with the lack of raw coffee were followed by the situation with difficult logistics and delivery of raw coffee, which further raised the price of raw coffee. It is expected that the situation with logistics will not improve by the end of 2022. Accordingly, and combined with the unfavourable US dollar exchange rate, we expect that our cost of raw coffee, together with purchase incidentals, will increase by more than 60%.

Vegetable oils and fats and aluminum packaging also experienced significant price increase, while double-digit increase in prices also occurred in plastic and paper packaging, flour, sugar, citric acid, raw materials based on milk, and there is almost no raw material whose prices has not risen by at least 5 %.

Also, due to the outbreak of war in Ukraine, additional indirect negative consequences are possible in the form of further increases in the prices of certain raw materials, energy and services, whose financial impact at this time cannot be estimated.

We will annul part of these price increases by increasing our selling prices, but we consider it appropriate that in the conditions of high inflation and a significant impact on the living standards of our consumers we absorb much of it and, accordingly, we expect normalized EBITDA margin in 2022 to be approximately 320-400 basis points lower than it was in 2021.

We believe that the problems in supply chains and prices of energy, raw materials and packaging materials will stabilize in the foreseeable future and that profit margins will from 2023 return to the previous levels or at least get closer to them.

Due to the increased uncertainties caused by the war in Ukraine, we reexamined the initial capital expenditure plan and reduced it by approximately HRK 40 million to the still high HRK 280 to 330 million. The largest part of the reduction relates to the postponement of the construction of the new Argeta factory in Varaždin for at least one year.

In 2022, 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) creating new brands that will drive new growth, (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)

ATLANTIC GRUPA

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.

ORGANIC SALES GROWTH COMPARED TO 2021

Organic sales growth refers to the increase in sales for the period after removing the impact of acquisitions and divestitures, change of scope of activity and other major items affecting comparability of operating results. We believe this measure provides valuable additional information on the sales performance and provides comparability of operating result.

in HRK million	1Q 2022	1Q 2021	1Q 2022/ 1Q 2021
Sales	1,391.2	1,249.6	11.3%
Sale of divested business - brand Bebi	-	15.1	
Comparable sales	1,391.2	1,234.5	12.7%

in HRK million	SBU Pharmacy business	Other segments
Reported 1Q 2021	133.8	211.8
Sale of divested business - brand Bebi*	15.1	14.9
Comparable sales 1Q 2021	118.7	196.9
Reported 1Q 2022	143.8	213.5
Sale of divested business - brand Bebi*	-	-
Comparable sales 1Q 2022	143.8	213.5
1Q 2022/1Q 2021	21.1%	8.4%

in HRK million	Russia and CIS	Other markets
Reported 1Q 2021	35.6	27.8
Sale of divested business - brand Bebi	14.9	0.2
Comparable sales 1Q 2021	20.8	27.6
Reported 1Q 2022	22.7	33.6
Sale of divested business - brand Bebi	-	-
Comparable sales 1Q 2022	22.7	33.6
1Q 2022/1Q 2021	9.2%	21.9%

in HRK million	1Q 2022	1Q 2021	1Q 2022/ 1Q 2021
Sales of own brands	872.6	790.8	10.3%
Sale of divested business - brand Bebi	-	15.1	
Comparable sales of own brands	872.6	775.7	12.5%

* Relates to the sales of the Bebi brand which is included in the SBU Pharmacy business to which it belongs, but also in Other segments through which the products are distributed

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, COVID-19 expenses related to the donation for combating the spread of the pandemic and costs for the protective equipment and disinfectants, and other one-off items related to income as a result of the release of provisions. 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 HRK millions)	1Q 2022	1Q 2021	1Q 2022/ 1Q 2021
Operating profit	115.7	104.9	10.2%
Depreciation, amortisation and impairment	64.2	63.1	1.7%
EBITDA	179.8	168.0	7.1%
Divestment costs/(gains), net	(0.8)	-	
COVID-19 costs	0.3	1.4	
Other one off (income)/costs, net	(1.1)	-	
Normalized EBITDA	178.3	169.4	5.3%
Sales	1,391.2	1,249.6	
EBITDA margin	12.9%	13.4%	
Normalized EBITDA margin	12.8%	13.6%	

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 HRK millions)	1Q 2022	1Q 2021	1Q 2022/ 1Q 2021
Operating profit	115.7	104.9	10.2%
EBIT	115.7	104.9	10.2%
Divestment costs/(gains), net	(0.8)	-	
COVID-19 costs	0.3	1.4	
Other one off (income)/costs, net	(1.1)	-	
Normalized EBIT	114.1	106.3	7.4%
Sales	1,391.2	1,249.6	
EBIT margin	8.3%	8.4%	
Normalized EBIT margin	8.2%	8.5%	

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 March 2022.
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 HRK millions)	1Q 2022	1Q 2021	1Q 2022/ 1Q 2021
Net profit	**90.6**	**84.6**	**7.2%**
Divestment costs/(gains), net	(0.8)	-	
COVID-19 costs	0.3	1.2	
Other one off (income)/costs, net	(1.1)	-	
Normalized Net profit	**89.1**	**85.8**	**3.8%**
Sales	1,391.2	1,249.6	
Net profit margin	**6.5%**	**6.8%**	
Normalized Net profit margin	**6.4%**	**6.9%**	

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 March 2022. 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 March 2022, as shown below:

(in HRK millions)	31 March 2022	31 December 2021
Non current borrowing	299.7	299.7
Non current lease liabilities	277.2	263.1
Current borrowings	221.8	159.9
Current lease liabilities	90.6	86.8
Derivative financial instruments, net	(3.8)	(3.0)
Cash and cash equivalents	(426.0)	(346.6)
Net debt	**459.5**	**459.9**
Normalized EBITDA*	744.0	735.0
Net debt/Normalized EBITDA*	**0.6**	**0.6**

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 borrowings.

* Normalized EBITDA in the last 12 months

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 March 2022. The current ratio is a liquidity ratio that measures the Group's ability to cover its short-term debt with its current assets.

in HRK million	31 March 2022	31 December 2021
Current assets	2,460.6	2,287.5
Current liabilities	1,572.8	1,513.4
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 HRK million	31 March 2022	31 December 2021
Net debt	459.5	459.9
Total equity	3,256.8	3,152.5
Gearing ratio	**12.4%**	**12.7%**

INTEREST COVERAGE RATIO

The interest coverage ratio is calculated by dividing Group's normalized EBITDA by total interest expense (see Note 8 – Finance cost-net in the attached Condensed consolidated financial statements for the period ended 31 March 2022), as shown below. Interest coverage ratio is used to determine how easily the Group can pay interest on its outstanding debt.

in HRK million	1Q 2022	1Q 2021
Normalized EBITDA	178.3	169.4
Total interest expense	3.5	3.9
Adjusted interest coverage ratio	**51.5**	**43.3**

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 March 2022.

in HRK million	1Q 2022	1Q 2021
Net cash flow from operating activities	83.8	183.7
Capex	46.4	54.3
Free cash flow	**37.4**	**129.4**

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD 31 MARCH 2022 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan - Mar 2022	Jan - Mar 2021	Index
Revenues	**1,402,915**	**1,258,727**	**111.5**
Sales revenues	1,391,153	1,249,581	111.3
Other income	11,762	9,146	128.6
Operating expenses	**(1,287,253)**	**(1,153,817)**	**111.6**
Cost of trade goods sold	(405,664)	(362,716)	111.8
Change in inventories of finished goods and work in progress	23,057	(5,506)	n/a
Material and energy costs	(433,932)	(328,945)	131.9
Staff costs	(218,857)	(212,163)	103.2
Marketing and promotion expenses	(69,962)	(66,729)	104.8
Depreciation, amortisation and impairment	(64,161)	(63,065)	101.7
Other operating costs	(121,807)	(111,115)	109.6
Other gains/(losses) - net	4,073	(3,578)	n/a
Operating profit	**115,662**	**104,910**	**110.2**
Finance costs - net	(6,035)	(5,412)	111.5
Profit before tax	**109,627**	**99,498**	**110.2**
Income tax	(18,996)	(14,915)	127.4
Net profit for the period	**90,631**	**84,583**	**107.2**
Attributable to:			
Owners of the parent	90,515	84,696	106.9
Non-controlling interests	116	(113)	n/a
Earnings per share for profit attributable to the equity holders of the Company during the period (in HRK)			
- basic	27.27	25.46	
- diluted	27.27	25.46	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2022	Jan - Mar 2021	Index
Net profit for the period	**90,631**	**84,583**	**107.2**
Other comprehensive income:			
Items that may be subsequently reclassified to profit of loss			
Currency translation differences, net of tax	17,752	10,438	170.1
Cash flow hedges, net of tax	769	8,511	9.0
Other comprehensive income for the period, net of tax	**18,521**	**18,949**	**97.7**
Total comprehensive income for the period	**109,152**	**103,532**	**105.4**
Attributable to:			
Equity holders of the Company	108,991	103,615	105.2
Non-controlling interests	161	(83)	n/a
Total comprehensive income for the period	109,152	103,532	105.4

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2022	31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	1,098,430	1,108,725
Right-of-use assets	345,460	329,894
Investment property	805	807
Intangible assets	1,648,179	1,640,348
Deferred tax assets	41,318	41,469
Financial assets through other comprehensive income	1,394	1,384
Trade and other receivables	32,802	42,750
	3,168,388	3,165,377
Current assets		
Inventories	713,689	639,201
Trade and other receivables	1,296,369	1,287,982
Prepaid income tax	16,969	6,995
Derivative financial instruments	3,767	2,972
Cash and cash equivalents	426,046	346,635
	2,456,840	2,283,785
Non-current assets held for sale	3,778	3,759
Total current assets	2,460,618	2,287,544
TOTAL ASSETS	**5,629,006**	**5,452,921**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	884,090	883,852
Treasury shares	(27,248)	(22,131)
Reserves	(26,613)	(45,279)
Retained earnings	2,286,059	2,195,734
	3,249,660	3,145,548
Non-controlling interests	7,143	6,982
Total equity	**3,256,803**	**3,152,530**
Non-current liabilities		
Borrowings	299,728	299,657
Lease liabilities	277,154	263,065
Deferred tax liabilities	149,064	148,344
Other non-current liabilities	3,215	6,135
Provisions	70,289	69,807
	799,450	787,008
Current liabilities		
Trade and other payables	1,147,714	1,174,825
Borrowings	221,784	159,932
Lease liabilities	90,643	86,844
Current income tax liabilities	17,594	6,417
Provisions	95,018	85,365
	1,572,753	1,513,383
Total liabilities	**2,372,203**	**2,300,391**
TOTAL EQUTIY AND LIABILITIES	**5,629,006**	**5,452,921**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
in thousands of HRK, unaudited	Share capital, Share premium and Treasury shares	Reserves	Retained earnings	Total	Non-controlling interests	Total
Balance at 1 January 2021	1,007,576	(51,451)	1,985,908	2,942,033	5,952	2,947,985
Comprehensive income:						
Net profit for the period	-	-	84,696	84,696	(113)	84,583
Other comprehensive income	-	18,919	-	18,919	30	18,949
Total comprehensive income	-	18,919	84,696	103,615	(83)	103,532
Transaction with owners:						
Share based payment	42	-	-	42	-	42
Purchase of treasury shares	(2,013)	-	-	(2,013)	-	(2,013)
Transfer	-	206	(206)	-	-	-
Balance at 31 March 2021	**1,005,605**	**(32,326)**	**2,070,398**	**3,043,677**	**5,869**	**3,049,546**
Balance at 1 January 2022	995,093	(45,279)	2,195,734	3,145,548	6,982	3,152,530
Comprehensive income:						
Net profit for the period	-	-	90,515	90,515	116	90,631
Other comprehensive income	-	18,476	-	18,476	45	18,521
Total comprehensive income	-	18,476	90,515	108,991	161	109,152
Transaction with owners:						
Share based payment	3,128	-	-	3,128	-	3,128
Purchase of treasury shares	(8,007)	-	-	(8,007)	-	(8,007)
Transfer	-	190	(190)	-	-	-
Balance at 31 March 2022	**990,214**	**(26,613)**	**2,286,059**	**3,249,660**	**7,143**	**3,256,803**

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	January - March 2022	January - March 2021
Cash flow from operating activities		
Net profit for the period	**90,631**	**84,583**
Income tax	18,996	14,915
Depreciation, amortisation and impairment	64,161	63,065
Gain on sale of property, plant and equipment and intangible assets	(820)	(167)
Gain on sale of subsidiary - net of transaction expenses	(81)	-
Provision for current assets	4,119	4,276
Foreign exchange differences - net	2,570	1,502
Decrease in provisions for risks and charges	10,136	11,717
Fair value gain/(loss) on financial assets	(3,988)	2,612
Share based payment	3,128	42
Interest income	(251)	(370)
Interest expense	3,465	3,910
Other non-cash items - net	10,498	625
Changes in working capital:		
Increase in inventories	(76,816)	(28,341)
Increase in current receivables	(18,312)	(1,387)
(Decrease)/increase in current payables	(2,561)	50,542
Cash generated from operations	**104,875**	**207,524**
Interest paid	(2,717)	(3,160)
Income tax paid	(18,369)	(20,690)
	83,789	**183,674**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(46,408)	(54,276)
Proceeds from sale of property, plant and equipment and intangible assets	860	1,086
Acquisition of subsidiaries and proceeds from sale of subsidiary - net of cash acquired/disposed	11,193	-
Loans granted and deposits placed	(19)	(629)
Repayments of loan and deposits placed	1,965	550
Interest received	170	370
	(32,239)	**(52,899)**
Cash flow from/(used in) financing activities		
Purchase of treasury shares	(8,007)	(2,013)
Proceeds from borrowings, net of fees paid	60,276	-
Principal elements of lease payments	(24,408)	(22,787)
	27,861	**(24,800)**
Net increase in cash and cash equivalents	**79,411**	**105,975**
Cash and cash equivalents at beginning of period	346,635	426,513
Cash and cash equivalents at end of period	426,046	532,488

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, a range of beverage brands Cockta, Donat and Cedevita, a portfolio of sweet and salted snacks brands Smoki, Najlepše želje and Bananica and the savoury spread brand Argeta. 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 12 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 three-month period ended 31 March 2022 were approved by the Management Board of the Company in Zagreb on 27 April 2022.

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 three-month period ended 31 March 2022 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 2021. 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 three-month period ended 31 March 2022 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 three-month period ended 31 March 2022 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

2.4. SEASONALITY

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

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES

There were no changes in critical accounting estimates used for preparation of condensed consolidated financial statements for the three-month period ended 31 March 2022 comparing to those used for the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 three-month period ended 31 March 2022 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 unites, 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 Macedonia, 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 HRK)*	**Jan - Mar 2022**	**Jan - Mar 2021**
SBU Coffee	285,841	248,243
SBU Savoury spreads	240,460	221,474
SBU Snacks	159,114	150,589
SBU Pharmacy business	143,840	133,828
SBU Beverages	119,898	97,749
BU Donat	61,375	56,118
SDU Croatia	313,219	281,344
SDU Serbia	296,892	268,279
SDU Slovenia	260,099	232,096
Other segments	213,490	211,784
Reconciliation	(703,075)	(651,923)
Total	**1,391,153**	**1,249,581**

* 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.

	2022	2021
Net profit attributable to shareholders of the Company *(in thousands of HRK)*	90,515	84,696
Weighted average number of ordinary shares in issue	3,318,869	3,326,542
Basic earnings per share *(in HRK)*	27.27	25.46

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 three-month period ended 31 March 2022, Group invested HRK 18,130 thousand in purchase of property, plant and equipment and intangible assets (2021: HRK 41,749 thousand).

NOTE 7 - INVENTORIES

During the three-month period ended 31 March 2022, the Group wrote down inventories in the amount of HRK 3,215 thousand due to damage and short expiry dates (2021: HRK 2,702 thousand). The amount is recognized in the income statement within “Other operating costs”.

NOTE 8 – FINANCE COSTS – NET

(in thousands of HRK)	**Jan - Mar 2022**	**Jan - Mar 2021**
Finance income		
Foreign exchange gains on borrowings and lease liabilities	90	122
	90	122
Finance costs		
Interest expense on lease liabilities	(2,162)	(2,182)
Interest expense on bank borrowings	(388)	(897)
Interest expense on bonds	(718)	(718)
Other interest expense	(197)	(113)
Total interest expense	(3,465)	(3,910)
Foreign exchange loss on borrowings and lease liabilities	(2,660)	(1,624)
	(6,125)	(5,534)
Finance costs - net	**(6,035)**	**(5,412)**

NOTE 9 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 31 March 2022 and 31 December 2021 and transactions recognized in the Income statement for the three-month ended 31 March are as follows:

(in thousands of HRK)	**31 March 2022**	**31 December 2021**
RECEIVABLES		
Current receivables		
Other entities	104,831	84,174
LIABILITIES		
Trade and other payables		
Other entities	1,183	2,238

	Jan-Mar 2022	**Jan-Mar 2021**
REVENUES		
Sales revenues		
Other entities	128,839	111,792
Other income		
Other entities	66	178
EXPENSES		
Marketing and promotion costs		
Other entities	1,534	406
Other operating costs		
Other entities	549	536

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 three-month period ended 31 March 2022 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 March 2022 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 three-month period ended 31 March 2022 were approved by the Management Board of the company Atlantic Grupa d.d. on 27 April 2022.

Zoran Stanković
Group Vice President for Finance, Procurement and Investment

Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

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ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
Miramarska 23, 10000 Zagreb, Croatia
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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: 3,334,300 shares, each in the nominal value of HRK 40.00
Share capital: HRK 133,372,000.00, paid in full.

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