ATLANTIC GRUPA d.d.

ANNUAL REPORT
31 DECEMBER 2024

MANAGEMENT REPORT………………………………………………………………	3
CORPORATE AND SUSTAINABILITY GOVERNANCE OF ATLANTIC GRUPA ..	5
RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH PROVISIONS OF LAW ON CAPITAL MARKET ………	10
RESPONSIBILITY FOR THE FINANCIAL STATEMENTS …………………………	11
INDEPENDENT AUDITORS' REPORT ………………………………………………	12
INCOME STATEMENT …………………………………………………………………	18
STATEMENT OF OTHER COMPREHENSIVE INCOME……………………………	19
BALANCE SHEET ………………………………………………………………………	20
STATEMENT OF CHANGES IN EQUITY ……………………………………………	21
STATEMENT OF CASH FLOWS ………………………………………………………..	22
NOTES TO THE SEPARATE FINANCIAL STATEMENTS…………………………..	23

Atlantic Grupa d.d. (the Company) was incorporated in the Republic of Croatia in 2002. The Company performs business activities such as planning entrepreneurial functions, organisation of principal activities, gathering and utilising financial assets, defining the strategy and development of business activities of the Atlantic Grupa, which is comprised of the Company and its subsidiaries (as set out in the Note 14 to the financial statements), as well as all other companies over which the Company has control through its subsidiaries.

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 shareholder structure is disclosed in Note 18. Users of these financial statements should read them together with the Group's consolidated financial statements as at (and for the year ended) 31 December 2024 and together with the Group's Annual report for the year ended 31 December 2024 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. These reports are published on the Company's website (www.atlanticgrupa.com).

Atlantic Grupa's Management strategic guidance for 2025

The development of the European Union economy in 2025 remains uncertain. Only mild economic growth is expected due to increased consumption and investment, with inflation slowing. Compared to the EU, the countries of the region expect higher economic growth, supported by significant inflows from EU funds (Croatia), direct foreign investments from the EU (Serbia), and strengthening private and public spending thanks to continued good results on the labour market and increasing wages.

Geopolitical risks and uncertainty increased further in 2024 and pose a challenge in the coming 2025. In addition to the risks associated with the wars in Ukraine and the Middle East, there is also a risk of further increase in protectionist measures by the European Union's trading partners.

Aside from continued uncertainty in 2025, with clearly defined strategic goals and priorities, we expect consolidated sales to further grow to EUR 1.2 billion.

Further strong pressure on profitability due to the continued drastic increase in the prices of raw coffee and cocoa is expected in 2025 as well. We currently estimate that the cost of raw coffee for Atlantic Grupa will be as much as EUR 90 million higher, while the cost of cocoa will be more than EUR 7 million higher compared to 2024 for the planned quantities. We also expect additional pressure due to increases in wages and service prices. Despite such uncertain and unfavorable circumstances, we believe that we will be able to achieve normalized consolidated operating profit before interest, taxes, depreciation and amortization (EBITDA) at the same level as it was in 2024.

In 2025, we continue with intensive capital investments, the value of which on consolidated level will exceed EUR 55 million, with half of the investments relating to investments in the SBUs Coffee and Snacks. In the SBU Snacks, we have started the construction of a production facility for Smoki, a new central warehouse space, and a new line for the production and packaging of salty snacks. In addition, in the SBU Coffee, we have started moving equipment for the production and packaging of coffee to the location in Šimanovci, which will form a central location for the production and packaging of coffee in Serbia.

In 2025, management will focus on (i) strengthening leadership positions and maintaining profitability despite significant inflationary pressures, (ii) selective investment in new opportunities to expand the product portfolio and markets, (iii) increasing productivity through improving operational excellence, significant capital investments and continued digital transformation and (iv) further strengthening the organization through care and responsible business.

Research and development activities

Atlantic Grupa operates in the consumer goods industry segment that includes food products with added value and, accordingly, it uses activities like investing in research and development, investing in technology and close monitoring of market trends and consumer preferences to maintain high market shares in the listed segment. The portfolio of Atlantic Grupa includes a wide range of brands with leading market positions in the region in the segments of coffee, savoury spreads, snacks and beverages. Considering that some of these segments are exposed to strong competitive pressures by local and multinational companies, Atlantic Grupa in 2024 continued to actively manage its own brands. Atlantic Grupa operates as a vertically integrated multinational company, and in addition to products from its own portfolio, it also has a very significant business activity in the distribution of consumer goods throughout Southeast Europe.

Purchase of treasury shares
During 2024, the Company has purchased 93,732 treasury shares (2023: 51,070 shares) for the total value of EUR 5,250 thousand (2023: EUR 2,609 thousand) - Note 18 to the Company's financial statements.

Subsidiaries
The Company owns shares in following companies:

- Atlantic Trade d.o.o., Zagreb, Croatia
- Atlantic Cedevita d.o.o., Zagreb, Croatia
- Hopen Investments B.V., Amsterdam, Netherlands
- Montana Plus d.o.o., Zagreb, Croatia
- Atlantic Point d.o.o., Zagreb, Croatia
- Farmacia Holding d.o.o., Zagreb, Croatia
- Atlantic Brands GmbH, Vienna, Austria.

More details of investment in subsidiaries are provided in Note 14 to the financial statements of the Company.
The Company has no branches.

Financial instruments
Details of the exposure to financial risks are set out in the Note 3 of the financial statements of the Company.

Considering that the shares of Atlantic Grupa d.d. are quoted on the Zagreb Stock Exchange, Atlantic Grupa applies the valid Code of Corporate Governance of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA), available on websites of the Zagreb Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr).

In accordance with relevant regulations, Atlantic Grupa in 2024 signed a Statement of Application of the Code of Corporate Governance, thereby confirming its actions and development in accordance with the good corporate governance practice in all business segments. The Statement of Application of the Code of Corporate Governance has been published on the Company's website (www.atlanticgrupa.com) as well as on the website of the Zagreb Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr), whereas the following corporate governance practices differ from the ones stipulated in the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA:

The company's articles of association and/or internal acts prescribe that major decisions affecting the company's strategy, expenditure, risk exposure and reputation require the supervisory board's prior approval.	No	Responsibilities of the Supervisory Board are set within the framework of the valid Companies Act.
The remuneration policy should include provisions specifying the circumstances in which part of a management board member's remuneration would be withheld or recovered.	No	The remuneration policy does not contain such provisions.
All persons listed in Article 81 of the Code attended the General Assembly in the last 12 months.	Partially	The maximum possible attendance of the listed persons was achieved.

Atlantic Grupa is developing and acting in accordance with good practice of corporate governance and endeavours, through its business strategy, business policy and key internal acts, to contribute to transparent and efficient business operations and quality relationships with the business environment in which it operates, following global and European trends. In order to efficiently and effectively follow ESG standards and European regulations, Atlantic Grupa has established a clear management model and structure in this area. Achieving productivity and profitability is supported by a clear organisational structure, corporate culture and values that connect employees and contribute to the achievement of business goals, as well as sustainable development goals.

The internal control and risk management system is an integral and important component of our business operations. Its elements, as specified below, along with the description of the functioning and method of exercising voting rights at the General Assembly, composition and functioning of the Management Board and Supervisory Board and their committees, and information on the Company's shareholders, form an integral part of this Corporate Governance Statement.

In addition to the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA, Atlantic Grupa also applies its own Code of Corporate Governance, thus improving the standards of business transparency and fully aligning them with European Union directives.

The Code defines the procedures for the functioning of the Supervisory Board, Management Board and other bodies and structures responsible for decision-making, their relations and remuneration policies while integrating ESG factors into management processes. Moreover, it clearly defines social responsibility, covering all environmental and social aspects of sustainable development, thus ensuring the avoidance of conflicts of interest, efficient internal control and an effective responsibility system.

The Code of Corporate Governance of Atlantic Grupa is accessible to all individuals and always available to all our stakeholders, as it is published on the company's website (www.atlanticgrupa.com) and on the internal portal, a digital platform available to all employees.

Organisation of corporate management

Atlantic Grupa's corporate governance structure is based on a dual principle, which implies the Company's Supervisory Board and Management Board. Together with the General Assembly, they represent the three principal bodies of the Company under the Articles of Association and the Companies Act. Within its corporate governance structure, in order to efficiently and effectively follow ESG standards and European regulations, Atlantic Grupa established a clear management model and structure in this area. Achieving productivity and profitability is supported by a clear organizational structure, corporate culture and values that connect employees and contribute to the achievement of business goals, as well as sustainable development goals.

General assembly

The General Assembly is a body in which shareholders accomplish their rights in Company matters. The method of functioning of the General Assembly, its powers, the rights of shareholders and the method of their exercise are defined in the Company's Articles of Association, which are publicly available on the Company's website (www.atlanticgrupa.com).

All decisions from the meetings held by the General Assembly were made in line with legal regulations and are available on web pages of Atlantic Grupa and the Zagreb Stock Exchange (www.zse.hr).

Supervisory Board

The members of the Supervisory Board are:

- Zoran Vučinić, Chairman
- Monika Elisabeth Schulze, Vice-chairwoman
- Zdenko Adrović, Member
- Lars Peter Elam Håkansson, Member
- Franz-Josef Flosbach, Member
- Vesna Nevistić, Member
- Aleksandar Pekeč, Member
- Siniša Petrović, Member
- Anja Svetina Nabergoj, Member

Supervisory Board committees

Three Committees function within the Supervisory Board with the purpose of assisting the operation and functioning of the Supervisory Board:

- Audit Committee,
- Leadership Development and Remuneration Committee and
- Public Responsibility and Corporate Governance Committee.

In line with the Company's Code of Corporate Governance, each Committee has at least three members.

The Public Responsibility and Corporate Governance Committee defines a system of mechanisms for ensuring a balance between the rights of shareholders and the needs of management to direct and manage the Company's operations. The Committee participates in developing a framework for corporate governance within the Company and monitors the Company's annual reporting to ensure compliance with applicable corporate and sustainability reporting standards. The Committee is chaired by Siniša Petrović, Monika Elisabeth Schulze and Anja Svetina Nabergoj were appointed as members from the ranks of the Supervisory Board, and Nina Tepeš, Professor at the Faculty of Law, University of Zagreb, as a member from the ranks of external experts. The Committee held five sessions during 2024 and the attendance rate of its members was 100%.

The Leadership Development and Remuneration Committee proposes candidates for the Management Board, Supervisory Board and senior management personnel, as well as contents of contracts with the members of the Management Board, structure of their compensation and compensation of the Supervisory Board's members. Also, the Committee oversees the Company's human capital management and remuneration to be received by the Management Board members based on an assessment of the Company's results, their individual performance during the year, and the realisation of the Company's Sustainability Index. The Committee is chaired by Aleksandar Pekeč, Zoran Vučinić and Vesna Nevistić, were appointed as members from the ranks of the Supervisory Board, and Zoran Sušanj, Associate Professor at the Faculty of Economics, University of Rijeka, as a member from the ranks of external experts. The Committee held three sessions during 2024, whereby the attendance percentage of its members was 100%.

The Audit Committee analyses in detail the financial reports, provides support to the Company's accounting and establishes good and quality internal control within the Company. It monitors the integrity of financial information of the Company, particularly the accuracy and consistency of accounting methods used by the Company and the Group to which it belongs, including the criteria for consolidation of financial reports of the companies that belong to the Group. The Audit Committee oversees certain processes related to external sustainability disclosures. At least once a year, the Committee assesses the quality of the internal control and risk management system with the aim of properly identifying, publicly disclosing and managing major risks to which the Company is exposed, as well as the effectiveness of procedures for reporting misconduct and procedures for approving and disclosing related party transactions. The Committee is chaired by Franz-Josef Flosbach, while Zdenko Adrović and Lars Peter Elam Håkansson were appointed as members from the ranks of the Supervisory Board. The Committee held two sessions during 2024, and the attendance rate of its members was 83.33% considering that Peter Håkansson was justifiably prevented from participating in one session.

Management Board of Atlantic Grupa

Atlantic Grupa's Management Board has seven members – President of the Management Board; Group Vice President for Corporate Activities; Group Vice President for Finance, Procurement and Investment; Group Vice President for Corporate Strategy and Development; Group Vice President for Distribution, Group Vice President for Savoury Spreads, Donat and International Expansion, and Group Vice President for Coffee and Snacks.

The Management Board of Atlantic Grupa operates in the following composition:

- Emil Tedeschi, President of the Management Board
- Srećko Nakić, Group Vice President for Distribution
- Enzo Smrekar, Group Vice President for Savoury Spreads, Donat and International Expansion
- Zoran Stanković, Group Vice President for Finance, Procurement and Investment
- Mate Štetić, Group Vice President for Coffee and Snacks
- Lada Tedeschi Fiorio, Group Vice President for Corporative Strategy and Development
- Neven Vranković, Group Vice President for Corporate Activities

The Management Board of Atlantic Grupa is in charge of developing and implementing the Company's strategy and business plans which include aspects that relate to or may affect sustainability matters. When discussing the Company's strategy and business plan, the Management Board and the Supervisory Board jointly and regularly consider the impact of proposed measures on stakeholders, the environment and society, as well as on the Company's reputation and thereby ensure that the Company's strategy takes into account the potential impact of its activities on the environment and society and that the Company policies, culture and values promote ethical behaviour, respect for human rights, and a sound and stimulating work environment.
The Management Board, in due time and in its entirety, reports to the Supervisory Board on all facts and circumstances which can influence the Company's or its daughter companies' business operations, including sustainability matters, financial position and status of assets. This Board-level commitment and alignment drives top-down accountability toward our ESG goals and helps support a positive company culture.

Strategic Management Council

Since its establishment in early 2012, the Strategic Management Council operates as a multifunctional body that discusses vital strategic and operational corporate issues, business analysis, priority definition, supervision of strategic plans, coordination between organisational units and key decision making. The Council includes members of the Management Board, Managing Directors of Strategic Business Units, Managing Directors of Strategic Distribution Units, Senior Executive Directors of Distribution Business Development and Private Labels, Corporate Legal Affairs, Quality Management and Asset Management, Transformation and Information Technology, Central Purchasing, Central Finance and Corporate Controlling, People and Culture, Corporate Key Accounts Management, Secretary General, Executive Directors of the Business Unit Donat, Distribution Unit Austria, Corporate Strategy and New Growth, Corporate Development, Corporate Communications, and Corporate Services, as well as the Sales Director of Global Distribution Account Management.

Risk management

Atlantic Grupa is exposed to a myriad of external and internal risks. To prevent and mitigate the impact of unwanted risks on its operations, Atlantic Grupa organised three levels of "defence".

The first level involves business process owners, i.e. managers of specific functions or appointed teams, who manage individual risks within their areas of responsibility. These responsible departments, teams or employees regularly monitor, supervise and actively manage risks under their responsibility on a daily/weekly/monthly basis.

At the second level, Atlantic Grupa implements an integrated risk management process – Enterprise Risk Management (ERM). This process involves identifying and quantifying risks, analysing their inter-relationships, and comparing their impacts. Identification, analysis, and assessment of potential risks are conducted annually through detailed discussions coordinated by the Risk Management Director (Corporate Risk Manager). At this level, risks are monitored year after year with the goal of understanding trends and connections between risks. During the year, periodic monitoring and evaluation of emerging and escalating risks are conducted.

Finally, the third level of defence at Atlantic Grupa is performed by Internal Audit, which verifies the effectiveness of risk management through its programme of annual and ad hoc audits.

In its operations, Atlantic Grupa is exposed to risks from the group of business environment, industry and competition risks, and the group of operational and financial risks. In addition to the above risk groups that may impact Atlantic Grupa, it’s also worth noting climate risks that may affect our assets and supply chain.

Internal audit

Internal audit is a corporate function of Atlantic Grupa that performs independent audits and controls and informs the management through comprehensive audit reports. The most important part of these reports are their findings and proposed improvements. The realisation of proposed improvements is monitored through a digital tool.

Internal audit is responsible for estimating the level of risk management in business processes, reviewing the efficiency of the internal control systems with the purpose of advancing risk management and compliance with procedures, testing and analyses of compliance of the existing business systems with adopted policies, plans, procedures, laws and regulations that can have a significant influence on business reports. It is also responsible for recommending preventive measures in the area of financial reporting, compliance, business, and control in order to eliminate risks and eventual deficiencies that could lead to inefficient processes or fraud.

Internal audit informs the Audit Committee on its activities and audit plans, while its findings and recommendations help the management to improve processes, preventively eliminate potential risks or reduce risks to an acceptable level.

In 2024, eighteen audits were carried out. These audits resulted in a total of 114 recommendations for improving operations and reducing specific risks to an acceptable level.

Responsibility for the annual 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 Department of Corporate Reporting and Consolidation, person responsible for corporate accounting, reporting and consolidation, together as persons responsible for the preparation of annual reports of the company Atlantic Grupa d.d. Zagreb, Miramarska 23, OIB 71149912416 (hereinafter: Company), hereby make the following

STATEMENT

According to our best knowledge the annual separate financial statements for 2024 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.

Report of the Company's Management board for the period from 1 January to 31 December 2024 contains the true presentation of development, results and position of the Company, with description of significant risks and uncertainties to which the Company is exposed.

The Company applies the exemption from the obligation to prepare non-financial statements in its separate annual report in accordance with the Accounting Act, Article 61, paragraph (7), given that the Company data are included in the consolidated non-financial statements.

In Zagreb, 31 March 2025

Zoran Stanković
Group Vice President for Finance,
Procurement and Investment

Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

Responsibility for the financial statements

Pursuant to the Croatian Accounting Act, the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union ("EU") give a true and fair view of the financial position and results of Atlantic Grupa d.d. (the "Company") for that period.

The Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing these financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed; and
- the financial statements are prepared on the going concern basis.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and must also ensure that the financial statements comply with the Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accompanying financial statements were approved for issuance by the Management Board on 31 March 2025.

Emil Tedeschi
President and Chief Executive Officer

Zoran Stanković
Group Vice President for Finance, Procurement and Investment

Srećko Nakić
Group Vice President for Distribution

Mate Štetić
Group Vice President for Coffee and Snacks

Enzo Smrekar
Group Vice President for Savoury spreads, Donat and International Expansion

Lada Tedeschi Fiorio
Group Vice President for Corporate Strategy and Growth

Neven Vranković
Group Vice President for Corporate Activities

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Atlantic Grupa d.d.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Atlantic Grupa d.d. (the Company), which comprise the balance sheet as at 31 December 2024, income statement and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

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Key audit matters (continued)

Key Audit Matter	How we addressed Key Audit Matter
Assessment of impairment of investments in subsidiaries *See Note 4 Critical accounting estimates and Note 14 Investments in subsidiaries of the financial statements.* The Company has investments in subsidiaries with carrying amount totalling EUR 174,311 thousand as at 31 December 2024. The carrying amount of the investments in subsidiaries represents 63% of total assets and the assessment of the impairment indicators represents significant area of management's judgment, regarding but not limited to, market values, future plans, changes in the economic environment and interest rate changes. Due to the range of judgements and assumptions used in the models and impairment assessments, as well as the significant carrying amount of the investments in subsidiaries, this is an area considered to be a key audit matter.	Audit procedures included understanding of the investment impairment assessment process. We examined the methodology used by management to assess the carrying value of respective investment in subsidiaries to determine its compliance with IFRS as adopted by the EU and consistency of application. We evaluated management assessment of indicators of potential impairments and where indicators exist, we performed the procedures listed below. We evaluated the subsidiaries' future cash flow forecasts and the process by which they were prepared. We also compared the budget inputs in the models to the approved budgets and forecast inputs in the models to management plans. We compared the current year (2024) actual results with the figures included in the prior year (2023) forecasts to evaluate assumptions used. We also compared management's key assumptions for long-term growth rate by comparing it to historical growth results and market data. We performed audit procedures on the mathematical integrity of the impairment models, sensitivity analysis and tested the appropriateness of discount rates used in the calculation with the assistance of the valuation specialists. We also assessed adequacy of the disclosures in the separate financial statements and if these are in line with the requirements of IFRS as adopted by the EU.

Other information

Management is responsible for the other information. Other information comprises information included in the Annual Report, but does not include financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other information (continued)

With respect to the Management Report and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of Article 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Article 25 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management Report and Corporate Governance Report is consistent, in all material respects, with the enclosed financial statements;

2. the enclosed Management Report is prepared in accordance with requirements of Article 24 of the Accounting Act; and

3. the enclosed Corporate Governance Report includes the information specified in Article 25 of the Accounting Act.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit of financial statements, we are also required to report if we have identified material misstatements in the other information. We have nothing to report in this respect.

Responsibilities of management and Audit Committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

Appointment of Auditor and Period of Engagement

Ernst & Young d.o.o. was initially appointed as auditors of the Company on 29 June 2017. Our appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 27 June 2024, representing a total period of uninterrupted engagement appointment of eight years.

Kulić & Sperk d.o.o. was initially appointed as auditors of the Company on 18 June 2020, and this appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 27 June 2024, representing a total period of uninterrupted engagement appointment of five years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 March 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company and its controlled undertakings within the European Union. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements.

Report on Regulatory requirements

Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting

Independent report on the compliance of financial statements prepared pursuant to Article 462 (5) of the Capital Market Act (Official Gazette 65/18, 17/20,83/21 and 151/22) applying the requirements of the Delegated Regulation (EU) 2018 / 815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

We have conducted a reasonable assurance engagement on whether the financial statements, as contained in the attached electronic file *AG separate FS 2024 ENG*, are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the management and Audit Committee

Management is responsible for the preparation of the financial statements in accordance with ESEF Regulation.

Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

Management is also responsible for:

- the public disclosure of financial statements included in the annual report, in XHTML format and
- selecting and using XBLR codes in accordance with ESEF regulation

Audit Committee is responsible for overseeing the preparation of the financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities

Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for Assurance Engagements ISAE 3000 (revised)- Assurance engagements other than audits or reviews of historical financial information.

Work performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, however it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with ESEF regulation.

In respect of the subject matter, we have performed the following procedures:

- we read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- Based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
    - the XBRL markup language was used,
    - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
    - the labeled elements comply with the common labeling rules under the ESEF Regulation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed and evidence gathered, the financial statements presented in ESEF format for the year ended on 31 December 2024, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.

Further to this conclusion, as well as the opinion contained in this independent auditor’s report related to accompanying financial statements and annual report for the year ended 31 December 2024, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partners in charge of the audit resulting in this independent auditor’s report are Ivana Krajinović for Ernst & Young d.o.o. and Janja Kulić for Kulić & Sperk d.o.o.

Ivana Krajinović

Ivana Krajinović,
Member of the Management Board and Certified auditor

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb
Republic of Croatia
31 March 2025

Kulić

Janja Kulić,
Director and Certified auditor

Kulić & Sperk d.o.o.
Radnička cesta 52
10000 Zagreb
Republic of Croatia
31 March 2025

(all amounts expressed in thousands of EUR)	**Note**	**2024**	**2023**
Sales revenue	24	30,406	27,715
Other income	5	16,218	1,463
Staff costs	6	(17,211)	(15,328)
Marketing and promotion costs	7	(863)	(775)
Depreciation, amortisation and impairment	12, 12a, 12c, 13	(5,711)	(5,119)
Other operating costs	8	(10,790)	(8,199)
Other losses – net	9	(442)	(7)
Operating profit / (loss)		**11,607**	**(250)**
Finance costs	10	(1,205)	(541)
Finance costs – net	10	(1,205)	(541)
Profit / (loss) before tax		**10,402**	**(791)**
Income tax expense	11	(252)	(42)
Profit / (loss) for the year		**10,150**	**(833)**

(all amounts expressed in thousands of EUR)	**2024**	**2023**
Profit / (loss) for the year	**10,150**	**(833)**
Other comprehensive income / (loss):		
Items that will not be reclassified to profit or loss		
Actuarial gain / (loss) from defined benefit plans, net of tax	2	(2)
	2	(2)
Other comprehensive income / (loss) for the year, net of tax	**2**	**(2)**
Total comprehensive income / (loss) for the year	**10,152**	**(835)**

(all amounts are expressed in thousands of EUR)	**Note**	**31 December 2024**	**31 December 2023**
ASSETS			
Non-current assets			
Property, plant and equipment	12	12,546	1,719
Right-of-use assets	12a	2,818	4,313
Investment property	12c	14,390	-
Intangible assets	13	8,052	7,311
Investments in subsidiaries	14	174,311	201,509
Deferred tax assets	21	1,162	1,031
Trade and other receivables	16	157	312
		213,436	**216,195**
Current assets			
Trade and other receivables	16	50,792	25,536
Prepaid income tax		337	-
Cash and cash equivalents	17	7,550	11,497
		58,679	37,033
Assets held for sale	12b	5,931	5,931
		64,610	**42,964**
Total assets		**278,046**	**259,159**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	106,698	106,698
Share premium	18	28,979	28,760
Treasury shares	18	(4,347)	(2,510)
Other reserves	18	4,429	3,947
Retained earnings		54,322	59,975
Total equity		**190,081**	**196,870**
Non-current liabilities			
Borrowings	20	5,000	39,752
Lease liabilities	12a	2,024	3,139
Provisions	22	291	233
		7,315	**43,124**
Current liabilities			
Trade and other payables	19	7,835	5,924
Borrowings	20	69,863	10,011
Lease liabilities	12a	838	1,283
Current income tax liabilities		377	402
Provisions	22	1,737	1,545
		80,650	19,165
Total liabilities		**87,965**	**62,289**
Total equity and liabilities		**278,046**	**259,159**

(all amounts are expressed in thousands of EUR)	**Share capital, Share premium and Treasury shares**	**Other reserves**	**Retained earnings**	**Total**
Balance at 1 January 2023	132,955	2,192	74,119	209,266
Comprehensive income:				
Loss for the year	-	-	(833)	(833)
Other comprehensive loss	-	-	(2)	(2)
Total comprehensive loss for the year	-	-	(835)	(835)
Transaction with owners				
Purchase of treasury shares (Note 18)	(2,609)	-	-	(2,609)
Share based payment (Note 18)	2,602	-	-	2,602
Shares granted (Note 18)	-	1,755	-	1,755
Dividends (Note 18)	-	-	(13,309)	(13,309)
At 31 December 2023	**132,948**	**3,947**	**59,975**	**196,870**
Balance at 1 January 2024	132,948	3,947	59,975	196,870
Comprehensive income:				
Profit for the year	-	-	10,150	10,150
Other comprehensive income	-	-	2	2
Total comprehensive income for the year	-	-	10,152	10,152
Transaction with owners				
Purchase of treasury shares (Note 18)	(5,250)	-	-	(5,250)
Merger of subsidiary (Note 14)	-	-	111	111
Share based payment (Note 18)	3,632	(3,632)	-	-
Shares granted (Note 18)	-	4,114	-	4,114
Dividends (Note 18)	-	-	(15,916)	(15,916)
At 31 December 2024	**131,330**	**4,429**	**54,322**	**190,081**

(all amounts expressed in thousands of EUR)	Note	2024	2023
Profit / (loss) for the year		**10,150**	**(833)**
Income tax expense	11	252	42
Depreciation, amortisation and impairment	12,12a, 12c,13	5,711	5,119
Impairment of current assets		149	-
Impairment of investment in subsidiaries	9, 14	632	50
Gain on sale of property, plant and equipment	9	(1)	(13)
Increase in provisions	22	731	2,023
Share based payment	18	3,632	2,602
Interest income	5	(443)	(954)
Interest expense	10	1,205	541
Dividend income	5	(14,000)	-
Other non-cash items		(205)	(4)
		7,813	8,573
Changes in working capital:			
Increase in trade and other receivables		(10,599)	(4,815)
Increase in trade and other payables		1,709	1,035
Cash (used in) / generated from operations		**(1,077)**	**4,793**
Income tax paid		(737)	(12)
Interest paid		(1,102)	(513)
Cash flows (used in) / from operating activities		**(2,916)**	**4,268**
Cash flows (used in) / from investing activities			
Purchases of property, plant and equipment and intangible assets	12, 13	(4,574)	(4,004)
Proceeds from sale of property, plant and equipment	9	1	13
Deposits placed and loans granted		(16,192)	(348)
Proceeds from loans and deposits granted		1,671	43,953
Investments in subsidiaries	14	(185)	(26,566)
Merger of subsidiary	14	1,056	-
Dividends received	5	14,000	-
Interest received		419	1,418
		(3,804)	14,466
Cash flows from / (used in) financing activities			
Proceeds from borrowings	20	37,700	5,000
Repayments of borrowings	20	(12,700)	-
Principal elements of lease payments	12a	(1,061)	(1,512)
Purchase of treasury shares	18	(5,250)	(2,609)
Dividends paid	18	(15,916)	(13,309)
		2,773	(12,430)
Net (decrease) / increase in cash and cash equivalents		**(3,947)**	**6,304**
Cash and cash equivalents at beginning of year		11,497	5,193
Cash and cash equivalents at end of year	17	**7,550**	**11,497**

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) was incorporated in the Republic of Croatia in 2002. The Company performs business activities such as planning entrepreneurial functions, organisation of principal activities, gathering and utilising financial assets, defining the strategy and development of business activities of the Atlantic Grupa (the Company and its subsidiaries, Note 14).

The Company is domiciled in Zagreb, Miramarska 23, Croatia. Company's court registration number is 080245039, and the personal identification number is 71149912416.

The Company's shares are listed on the Prime market of the Zagreb Stock Exchange. The shareholder structure is disclosed in Note 18.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which were endorsed by the European Union (EU) under the historical cost convention.

The preparation of financial statements in conformity with IFRS which were endorsed by EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Company has issued these separate financial statements in accordance with Croatian regulations. The Company has also prepared consolidated financial statements as at 31 December 2024 and for the year then ended in accordance with IFRS which were endorsed by the EU for the Company and its subsidiaries (the Group), which were approved by the Management Board on 31 March 2025. Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2024 in order to obtain full information on the financial position, results of operations and changes in financial position of the Group as a whole. Consolidated financial statements are published on the Company's website (www.atlanticgrupa.com).

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the amendments listed below which are the result of amendments to International Financial Reporting Standards (IFRS) adopted by the Company as of 1 January 2024 and which did not have material impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued by the International Financial Standards Board („Board") but are not yet effective.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.1 Basis of preparation (continued)

(a) Standards and Interpretations effective in the current period

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee and adopted by the EU are effective for the current period:

- **Amendments to IAS 7** *Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures:* Supplier Finance Arrangements, issued on 25 May 2023 (effective date for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 1** *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants, issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively (effective date for annual periods beginning on or after 1 January 2024).
- **Amendments to IFRS 16** ***Leases***: Lease Liability in a Sale and Leaseback, issued on 22 September 2022 (effective date for annual periods beginning on or after 1 January 2024).

The adoption of these Standards and Interpretations had no significant impact on the financial statements of the Company.

(b) Standards and Interpretations issued by IASB and endorsed by the EU but not yet effective

- **Amendments to IAS 21** *The Effects of Changes in Foreign Exchange Rates:* Lack of Exchangeability, issued on 15 August 2023 (effective date for annual periods beginning on or after 1 January 2025).

(c) Standards and Interpretations issued by IASB but not yet adopted by the EU

At the date of authorization of these financial statements the following standards, revisions and interpretations were in issue by the International Accounting Standards Board but not yet adopted by the EU:

- **IFRS 18** *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024).
- **IFRS 19** *Subsidiaries without Public Accountability: Disclosures* (issued on 9 May 2024).
- **Amendments to IFRS 9 and IFRS 7 -** *Contracts Referencing Nature-dependent Electricity* (issued on 18 December 2024).
- **Amendments to IFRS 9 and IFRS 7 -** *Classification and Measurement of Financial Instruments* (issued on 30 May 2024).
- **Annual Improvements to IFRS Accounting Standards – Volume 11** (issued on 18 July 2024).

The Company does not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the financial statements of the Company.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment where the entity operates (‘the functional currency’).

The financial statements are presented in EUR, which is the currency of the primary economic environment in which the Company operates from 1 January 2023, when the euro conversion was implemented and are rounded to the nearest thousand.

From 1 January 2023, EUR is also the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses related to borrowings and lease liabilities are presented in the income statement within 'finance costs - net'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

2.3 Investments in subsidiaries

(a) Subsidiaries

Investments in subsidiaries in which the Company has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations are recorded at cost less impairment losses, if any. Impairment is tested annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Investments in subsidiaries for which an impairment loss has been previously recognized are tested at each reporting date for a potential reversal of impairment.

Dividend income is recognised when the right to receive payment is established.

(b) Mergers

The predecessor method of accounting is used to account for the merger of companies under common control. The carrying value of assets and liabilities of the predecessor entity and values recognised in the consolidated financial statements are transferred as balances in the merged entity.
On the date of the merger, inter-company transactions, balances and unrealised gains and losses on transactions between the two entities merging are eliminated, recognizing the carrying value of net assets merged within equity.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.4 Property, plant and equipment

Motor vehicles, equipment, land, buildings and assets not yet in use are included in the balance sheet at historical cost less accumulated depreciation and provision for impairment, if required.

Land and assets not yet in use are not depreciated. Depreciation of motor vehicles, equipment and buildings is calculated using the straight-line method to allocate their cost to residual values over their estimated useful lives, as follows:

Motor vehicles	4 to 5 years
Buildings	25 years
Equipment	2 to 10 years

The residual value of an asset is an estimated amount that the Company would currently obtain from disposal of the asset less estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

2.5 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives (2 to 10 years).

2.6 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.7 Financial assets

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income (OCI) and financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and revalue this designation at each reporting date.

Financial assets at amortised costs

The Company measures financial assets at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost include trade receivables and loans and deposits given.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.8 Leases

i) The Company's leasing activities and accounting policy

The Company leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options as described in (iii) below.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In that sense, incremental borrowing rate of 3.19%, representing unsecured risk of the Company was used for new and modified leases whose maturity is above 5 years (2023: 4%), and incremental borrowing rate of 2.83%, representing the secured risk of the Company was used for new and modified leases with maturity of 5 years and less (2023: 2.2%).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of software licences and low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets (below EUR 5 thousand) comprise IT equipment and small items of office furniture.

ii) Variable lease payments

The Company may be exposed to variable payment terms linked to an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Variable lease payments which depend on the sales realization, if contracted, are recognized in the income statement within 'other operating costs'.

iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less the allowance for expected credit losses (ECLs), as described in Note 2.7.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less (excluding bills of exchange). Bank overdrafts are included within current liabilities on the balance sheet.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of the consideration received over the par value of the shares issued is presented in the notes as a share premium.

When the Company purchases its equity share capital (treasury shares), the consideration paid, including all directly attributable incremental transaction costs, is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

2.13 Current and deferred tax

The current tax charge is calculated on the basis of the tax law enacted at the balance sheet date in Croatia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and consider establishing provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Employee benefits

(a) Pension obligations and post-employment benefits

The Company makes payments to mandatory pension funds on behalf of its employees in the ordinary course of business through salary deductions, as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Company has no other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Company is not obliged to provide any other post-employment benefits except for the one-off retirement payment as prescribed by internal rulebook.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the ordinary retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits or when retyring regularly or early. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy or early retirement. The liability recognised in the balance sheet in respect of one-off retirement payment is the present value of the defined benefit obligation at the end of the reporting period. This obligation is calculated annually by independent actuaries. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Interest costs/income arising from actuarial calculation are charged/credited to income statement within ‘interest expenses’. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Long-term employee benefits

The Company recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability includes assumptions regarding the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged immediately or credited to the income statement within ‘staff costs’. Interest costs/income arising from actuarial calculation are charged/credited to income statement within ‘interest expenses’.

(d) Share-based compensations

Management and employees of the Company are entitled through ESOP program to receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(e) Short-term employee benefits

The Company recognises a provision for bonuses and accumulating unused vacation entitlement days if contractually obliged or if there is a past practice that has created a constructive obligation.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.15 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.16 Revenue recognition

Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expect to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework.
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is presented net of value-added tax. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

(a) Revenue from services

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Income from corporate governance services is recognised in the accounting period in which the services are rendered and invoiced.

(b) Interest income

Interest income arising from fixed-term bank deposits, granted loans and interest from customers is recognised on a time-proportion basis using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income is generally recognised in the period in which the services are provided using a straight-line basis over the terms of contracts with lessees and presented in income statement within "Other income".

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.17 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Company's financial statements in the period in which dividends are approved by the Company’s General Assembly.

2.18 Value added tax

The Tax Authorities require the settlement of VAT on a net basis. VAT related to sales and purchases is recognised and disclosed in the balance sheet on a net basis. Where a provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

2.19 Assets held for sale

Assets are classified as assets held for sale when their carrying value is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and no depreciation is charged to profit and loss statement.

2.20 Investment property

Investment property is carried at historical cost less accumulated depreciation and provision for impairment (useful life of 25 years). Investment property is derecognized when it either has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Transfers are made to or from investment property only when there is a change in use. The carrying amount approximates fair value. Investment property is held for long term rental yields and is not occupied by the Company.

2.21 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the regular operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Operating segments reporting

The Company does not report information about its operating segments in separate financial statements, as its activities are of corporate nature. Operating segments reporting is relevant from Group perspective, and is presented in consolidated financial statements of the Group which are published on the Company’s website (www.atlanticgrupa.com).

2.23 Events after the reporting period

Events that occur after the reporting period and provide necessary information about the Company's position on the reporting date (adjusting events) are reflected in the financial statements. Events that occur after the reporting period and are not adjusting events are disclosed in the notes when they are significant.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. Management closely monitors the risk profile of the Company's operations, including the establishment of authorisation and accountability levels.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The majority of items on the Company's balance sheet are denominated in euros.
The Company holds an insignificant amount of trade and other payables, as well as cash and cash equivalents denominated in foreign currencies.

(ii) Cash flow and fair value interest rate risk

As the Company does not have significant interest-bearing assets, the Company's income and operating cash flows are not substantially dependent of changes in market interest rates.

The Company's interest rate risk arises from borrowings and bonds issued. Debt issued at variable rates expose the Company to cash flow interest rate risk. Debt issued at fixed rates expose the Company to fair value interest rate risk.

The Company analyses its interest rate changes on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift.

At 31 December 2024, if the effective interest rate on borrowings had been 100 basis points higher/lower on an annual level, the loss for the reporting period would have been EUR 144 thousand higher/lower (2023: EUR 21 thousand higher/lower).

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Company's assets, potentially subjecting the Company to concentrations of credit risk, primarily include cash and trade and other receivables. The Company does not have significant concentrations of credit risk, since loans and receivables mainly relate to transactions within the Group. The Company has policies that limit the amount of credit exposure to any financial institution.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations. The Company aims to maintain flexibility in funding by keeping committed credit lines available. Trade and other payables as well as short-term borrowings are due within 12 months after the balance sheet date, while the maturity of long-term borrowings is disclosed in Note 20.

Cash flow forecasting is performed by Company finance. Company finance monitors the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities when needed. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Surplus cash held over and above the balance required for working capital management is invested in interest bearing gyro accounts, time deposits and cash funds, i.e. instruments with appropriate maturities or sufficient liquidity. At the balance sheet date the Company held cash and cash equivalents in the amount of EUR 7,550 thousand (2023: EUR 11,497 thousand) that are expected to readily generate cash inflows for managing liquidity risk.

The next table analyses financial liabilities of the Company according to contracted maturities. The amounts stated below represent undiscounted cash flows.

(in thousands of EUR)	**Less than 1 year**	**Between 1-5 years**	**Over 5 years**	**Total**
31 December 2024				
Trade and other payables	6,884	-	-	6,884
Borrowings	70,846	5,132	-	75,978
Lease liabilities	910	1,929	207	3,046

(in thousands of EUR)	**Less than 1 year**	**Between 1-5 years**	**Over 5 years**	**Total**
31 December 2023				
Trade and other payables	5,079	-	-	5,079
Borrowings	10,486	40,165	-	50,651
Lease liabilities	1,363	3,234	-	4,597

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.2 Changes in liabilities arising from financial activities

(in thousands of EUR)	Bonds Non-current	Bonds Current	Bank borrowings Non-current	Bank borrowings current	Leases Non-Current	Leases Current	Total
1 January 2024	39,752	11	-	10,000	3,139	1,283	54,185
Cash flow	-	-	5,000	20,000	-	(1,061)	23,939
Additions, modifications and leases expirations	-	-	-	-	(56)	(443)	(499)
Prepaid fee amortized	33	-	-	-	-	-	33
Current portion	(39,785)	39,785	-	-	(1,059)	1,059	-
Other	-	-	-	67	-	-	67
31 December 2024	**-**	**39,796**	**5,000**	**30,067**	**2,024**	**838**	**77,725**

The "Other" column includes change in interest payable liability as the Company classifies interest paid as cash flows from operating activities.

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital and net debt. Net debt is calculated as total borrowings (including long-term and short-term borrowings, as shown in the balance sheet) plus lease liabilities, derivative financial liabilities less cash and cash equivalents. Total capital and net debt is calculated as equity, as shown in the balance sheet, plus net debt.

The gearing ratios were as follows:

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Total borrowings (Note 20)	74,863	49,763
Lease liabilities (Note 12a)	2,862	4,422
Less: Cash and cash equivalents (Note 17)	(7,550)	(11,497)
Net debt	70,175	42,688
Total equity	190,081	196,870
Total capital and net debt	**260,256**	**239,558**
Gearing ratio	**27%**	**18%**

In order to maintain or adjust the capital structure, the General Assembly, in accordance with the Decision on dividend policies, may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or the Company may sell assets to reduce debt.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.4 Fair value estimation

All financial instruments that are recognized and measured at fair value in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

NOTE 4 – KEY ACCOUNTING ESTIMATES

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Impairment of Investments in subsidiaries

The Company performs analysis on an annual basis to conclude whether there are any indicators that investment in subsidiaries suffers any impairment, in accordance with the accounting policy disclosed in Note 2.3. If any indicator of impairment exists, the Company performs impairment tests. These tests require the use of estimates such as expected growth rate, discount rate etc., that are mainly based on market conditions existing at the time when the tests are performed.

NOTE 5 – OTHER INCOME

	2024	2023
	(in thousands of EUR)	
Dividend income – related parties (Note 24)	14,000	-
Rental income – third parties	487	-
Rental income – related parties (Note 24)	163	-
Interest income - third parties	327	173
Interest income – related parties (Note 24)	116	781
Other income – related parties (Note 24)	-	12
Other	1,125	497
	16,218	**1,463**

NOTE 6 – STAFF COSTS

	2024	2023
	(in thousands of EUR)	
Gross salaries /i/	10,946	9,994
Education	551	415
Public transport	83	79
Other staff costs /ii/	5,631	4,840
	17,211	**15,328**

In 2024, the average employees number was 188 (2023: 177).

/i/ Pension contributions to mandatory pension funds for the year ended 31 December 2024 amounted to EUR 1,751 thousand (2023: EUR 1,534 thousand).

/ii/ Other staff costs comprise of bonuses, accruals for unused vacation days and jubilee awards.

NOTE 7 – MARKETING AND PROMOTION COSTS

	2024	2023
	(in thousands of EUR)	
Sponsorships and donations	728	444
Sponsorships and donations – related parties (Note 24)	40	32
Market research expenses	95	107
Marketing and promotion costs	-	192
	863	**775**

NOTE 8 – OTHER OPERATING COSTS

	2024	2023
	(in thousands of EUR)	
Rentals	2,218	1,945
Maintenance and security	2,194	2,113
Intellectual services	1,492	837
Entertainment	783	415
Telecommunication services	640	688
Transportation services	592	331
Services from related parties (Note 24)	575	305
Travel expense and daily allowances	435	259
Supervisory Board compensation	264	267
Subscriptions and membership fees	253	221
Insurance premiums	213	152
Fuel	186	169
Taxes and contributions irrespective of operating results	82	54
Office supplies	75	48
Bank charges	24	17
Other	764	378
	10,790	**8,199**

NOTE 9 – OTHER LOSSES – NET

	2024	2023
	(in thousands of EUR)	
Gain on sale of property, plant and equipment	1	13
Foreign exchange (losses) / gains – net	(17)	28
Impairment of investment in subsidiaries	(632)	(50)
Other gains	206	2
	(442)	**(7)**

NOTE 10 – FINANCE COSTS – NET

	2024	2023
	(in thousands of EUR)	
Finance costs:		
Interest expense - bonds	(382)	(373)
Interest expense - banks	(698)	(113)
Interest expense - leases	(86)	(50)
Interest expense – related parties (Note 24)	(36)	-
Interest expense – other	(3)	(5)
	(1,205)	**(541)**

NOTE 11 – INCOME TAX EXPENSE

	2024	2023
	(in thousands of EUR)	
Current income tax	383	414
Deferred tax (Note 21)	(131)	(372)
Income tax	**252**	**42**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 18% (2023: 18%) applicable to the Company's profit as follows:

	2024	2023
	(in thousands of EUR)	
Profit / (loss) before tax	10,402	(791)
Income tax at 18%	1,872	(142)
Effect of expenses not deductible for tax purposes	500	340
Effect of income not subject to tax	(2,520)	-
Pillar 2 top-up tax	377	-
Effect of utilized tax losses	-	(156)
Utilisation of previously unrecognized tax losses	23	-
Income tax	**252**	**42**
Effective tax rate	2.42%	-

In accordance with positive legal regulations, the Tax Authority may carry out a tax audit within three years from the year in which the income tax liability for a certain financial period was established. The statute of limitations applicable on the right to assess tax liabilities and interest commences upon expiry of the year in which a tax liability became payable and the moment when the tax liability becomes payable is prescribed by special tax laws governing various types of direct and indirect taxes.

NOTE 11 – INCOME TAX EXPENSE (continued)

In December 2021, the OECD released model rules to introduce a global minimum corporate income tax rate of 15% applicable to multinational enterprise groups with global revenue over EUR 750 million ("Pillar Two"). The formal adoption of Directive (EU) 2022/2523 in December 2022 aims to achieve a coordinated implementation of Pillar Two in the EU Member States.

Atlantic Grupa d.d. is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Republic of Croatia, the jurisdiction in which the Company is incorporated, and has come into effect from 1 January 2024. The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.
Under the legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Company has estimated, based on Country-by-country report that the effective tax rates exceed 15% in all jurisdictions in which the Group operates, except for jurisdiction of Bosnia and Herzegovina where two of its subsidiaries operate. The group's assessment indicates for jurisdiction of Bosnia and Herzegovina that the weighted average effective tax rate based on accounting profit is 12% for the annual financial year ended 31 December 2024.
Considering the impact of specific adjustments in the Pillar Two legislation, the Company recognised a current income tax expense of EUR 377 thousand for the year.

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

(in thousands of EUR)	**Land**	**Buildings**	**Equipment**	**Assets not yet in use**	**Total**
At 31 December 2022					
Cost	5,931	622	3,367	415	10,335
Accumulated depreciation and impairment charge	-	(521)	(2,284)	-	(2,805)
Net book amount	**5,931**	**101**	**1,083**	**415**	**7,530**
At 1 January 2023					
Opening net book amount	5,931	101	1,083	415	7,530
Additions	-	-	-	701	701
Transfer	-	7	954	(961)	-
Transfer to assets held for sale	(5,931)	-	-	-	(5,931)
Depreciation	-	(20)	(561)	-	(581)
Closing net book amount	**-**	**88**	**1,476**	**155**	**1,719**
At 31 December 2023					
Cost	-	580	4,211	155	4,946
Accumulated depreciation	-	(492)	(2,735)	-	(3,227)
Net book amount	**-**	**88**	**1,476**	**155**	**1,719**
At 1 January 2024					
Opening net book amount	-	88	1,476	155	1,719
Additions	-	-	-	721	721
Transfer	-	243	371	(614)	-
Decrease	-	-	-	(1)	(1)
Merger of subsidiary	4,452	9,908	22	22	14,404
Transfer to investment property	(1,034)	(2,383)	-	-	(3,417)
Depreciation	-	(285)	(595)	-	(880)
Closing net book amount	**3,418**	**7,571**	**1,274**	**283**	**12,546**
At 31 December 2024					
Cost	3,418	13,083	4,629	283	21,413
Accumulated depreciation	-	(5,512)	(3,355)	-	(8,867)
Net book amount	**3,418**	**7,571**	**1,274**	**283**	**12,546**

NOTE 12a – LEASES

This note provides information for leases where the Company is lessee.

(i) *Amounts recognized in the balance sheet*

(in thousands of EUR)	**Buildings**	**Vehicles**	**Other**	**Total**
Right-of-use assets				
At 1 January 2023	**749**	**1,003**	**-**	**1,752**
Additions	-	857	-	857
Lease modification	3,185	181	-	3,366
Termination of lease	-	(141)	-	(141)
Depreciation	(881)	(640)	-	(1,521)
At 31 December 2023	**3,053**	**1,260**	**-**	**4,313**
Additions	-	1,421	242	1,663
Lease modification	721	138	191	1,050
Termination of lease	(2,719)	(288)	-	(3,007)
Depreciation	(470)	(687)	(44)	(1,201)
At 31 December 2024	**585**	**1,844**	**389**	**2,818**

(in thousands of EUR)	**31 December 2024**	**31 December 2023**
Lease liabilities		
Current	838	1,283
Non-current	2,024	3,139
	2,862	4,422

(ii) *Amounts recognized in the income statement*

(in thousands of EUR)	**2024**	**2023**
Depreciation charge of right-of-use assets	1,201	1,521
Interest expense (included in “Finance costs”)	86	50
Expense related to short-term leases, leases of software licences and low value assets (included in “Other operating costs”)	2,218	1,945

The total cash outflow for leases in 2024 was EUR 1,061 thousand (2023: EUR 1,512 thousand).

NOTE 12b – ASSETS HELD FOR SALE

(in thousands of EUR)	31 December 2024	31 December 2023
At 1 January	5,931	-
Transfer from property, plant and equipment	-	5,931
At 31 December	**5,931**	**5,931**

The amount of assets held for sale as at 31 December 2024 relates to the construction land in Zagreb, owned by the Company. Activities to implement the planned sale are underway and expected to be finalized during 2025.

NOTE 12c – INVESTMENT PROPERTY

(in thousands of EUR)	
At 31 December 2023	
Cost	-
Accumulated depreciation	-
Net book amount	**-**
At 1 January 2024	
Opening net book amount	-
Merger of subsidiary	11,490
Transfer from property, plant and equipment	3,417
Depreciation	(517)
Closing net book amount	**14,390**
At 31 December 2024	
Cost	21,178
Accumulated depreciation	(6,788)
Net book amount	**14,390**

The fair value of the investment property was determined based on the assessment of an independent, recognized and authorized appraiser and at 31 December 2024, amounted to EUR 15,143 thousand.

NOTE 13 – INTANGIBLE ASSETS

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Opening net carrying amount	7,311	7,025
Additions	3,853	3,303
Merger of subsidiary	1	-
Amortisation	(3,113)	(3,017)
Closing net carrying amount	8,052	7,311
Cost	25,927	22,073
Accumulated amortisation	(17,875)	(14,762)
Closing net carrying amount	**8,052**	**7,311**

The entire amount of intangible assets relates to software.

NOTE 14 – INVESTMENTS IN SUBSIDIARIES

	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	Holding in %	**Holding in %**	*(in thousands of EUR)*	
Atlantic Trade d.o.o., Zagreb, Croatia	100%	100%	98,022	98,022
Atlantic Cedevita d.o.o., Zagreb, Croatia	100%	100%	17,617	17,617
Atlantic Eurocenter d.o.o., Zagreb, Croatia /i/	-	100%	-	26,566
Hopen Investments B.V., Amsterdam, Netherlands /ii/	100%	100%	2,923	2,923
Montana Plus d.o.o., Zagreb, Croatia /ii/	100%	100%	-	632
Atlantic Brands GmbH, Vienna, Austria	100%	100%	1,456	1,456
Atlantic Point d.o.o., Zagreb, Croatia	100%	100%	3	3
Farmacia Holding d.o.o., Zagreb, Croatia	100%	100%	54,290	54,290
			174,311	**201,509**

/i/ On 30 November 2023, the Company acquired 100% ownership in the company Atlantic Eurocenter d.o.o. Upon finalization of the purchase price calculation, the Company paid an additional EUR 185 thousand in 2024. The company Atlantic Eurocenter d.o.o. was merged with the Company in June 2024. The acquired net assets through this merger comprise mainly of property, plant and equipment in the amount of EUR 14,404 thousand, investment property in the amount of EUR 11,490 thousand and cash and cash equivalents in the amount of EUR 1,056 thousand.

/ii/ Impairment of EUR 632 thousand was made in 2024 to reduce the carrying value of investment to the carrying value of net assets of the subsidiary (2023: EUR 50 thousand) - (Note 9).

NOTE 15 – FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Financial assets at amortised cost		
Trade receivables	32,699	21,455
Loans and deposits given	16,408	2,013
Other financial assets at amortized cost	541	799
Cash and cash equivalents	7,550	11,497
	57,198	**35,764**
Total current	57,041	35,452
Total non-current	157	312
Financial liabilities at amortised cost		
Borrowings	74,863	49,763
Trade and other payables	6,884	5,079
Lease liabilities	2,862	4,422
	84,609	**59,264**
Total current	77,585	16,373
Total non-current	7,024	42,891

NOTE 16 – TRADE AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Non-current receivables		
Deposits	62	149
Loans given	95	163
	157	**312**
Current receivables		
Trade receivables – related parties (Note 24)	32,166	21,033
Trade receivables	533	422
Short-term loans given – related parties (Note 24)	16,000	-
Short-term loans given	112	1,586
Accrued interest receivable – related parties (Note 24)	116	-
Accrued interest receivable	23	115
Other receivables – related parties /i/ (Note 24)	51	51
Other receivables /i/	1,791	2,329
	50,792	**25,536**
Total trade and other receivables	**50,949**	**25,848**

/i/ Other receivables mostly relates to prepaid expenses.

Financial assets by category are as follows (Note 15):

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Category: Trade and other receivables		
Deposits	62	149
Long-term loans given	95	163
Trade receivables – related parties (Note 24)	32,166	21,033
Trade receivables	533	422
Short-term loans receivables – related parties (Note 24)	16,000	-
Short-term loans receivables	112	1,586
Accrued interest receivable – related parties (Note 24)	116	-
Accrued interest receivable	23	115
Other receivables	541	799
	49,648	**24,267**

The carrying amounts of the Company’s trade and other receivables are denominated in EUR.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security other than bills of exchange and promissory notes.

NOTE 16 – TRADE AND OTHER RECEIVABLES (continued)

All non-current receivables fall due within two years after the balance sheet date.

The fair value of non-current receivables approximates the carrying amounts, since the contracted interest rates reflect market rates.

As at 31 December 2024, trade and other receivables past due amounted to EUR 25,434 thousand (2023: EUR 15,974 thousand). Almost all receivables past due relate to receivables from related parties and they were not provided for as collection is not questionable.

The ageing analysis of past due but not provided for trade and other receivables by maturity periods is as follows:

	31 December 2024	**31 December 2023**
	(in thousands of EUR)	
Less than 3 months	7,420	4,951
3 to 6 months	6,930	4,028
Over 6 months	11,084	6,995
	25,434	**15,974**

NOTE 17 – CASH AND CASH EQUIVALENTS

	31 December 2024	**31 December 2023**
	(in thousands of EUR)	
Gyro account and cash on hand	7,526	11,428
Foreign currency account	24	69
	7,550	**11,497**

NOTE 18 – SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Number of shares	Share capital	Share premium	Treasury shares	Total
			(in thousands of EUR)		
1 January 2023	**13,289,068**	**17,702**	**117,663**	**(2,410)**	**132,955**
Purchase of treasury shares	(51,070)	-	-	(2,609)	(2,609)
Share based payments	50,227	-	87	2,515	2,602
Alignment /i/	-	88,996	(88,990)	(6)	-
31 December 2023	**13,288,225**	**106,698**	**28,760**	**(2,510)**	**132,948**
Purchase of treasury shares	(93,732)	-	-	(5,250)	(5,250)
Share based payments	64,242	-	219	3,413	3,632
31 December 2024	**13,258,735**	**106,698**	**28,979**	**(4,347)**	**131,330**

/i/ In accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the Company's share capital was converted from the amount of HRK 133,372,000.00 to the amount of EUR 17,701,506.40.

The individual nominal amount of the ordinary share was converted from the amount of HRK 10.00 to the amount of EUR 1.33.

In 2023 the Company's share capital was increased from the share premium funds from the amount of EUR 17,701,506.40 for the amount of EUR 88,996,093.60 to the amount of EUR 106,697,600.

After the implementation, the Company's share capital amounts to EUR 106,697,600.00 and is divided into 13,337,200 ordinary shares code ATGR-R-A with a nominal amount of EUR 8.00.

All shares issued are ordinary shares, including all relevant rights, with an exception of treasury shares. These rights include the right to vote at the Company's General Assembly, as well as the right to dividend payment.

The ownership structure of the Company is as follows:

	31 December 2024		31 December 2023	
	Number of shares	%	Number of shares	%
MYBERG d.o.o.	6,695,276	50.20	6,695,276	50.20
Raiffeisen Obligatory pension fund	1,447,396	10.85	1,447,396	10.85
AZ Obligatory pension fund	1,147,784	8.61	1,147,784	8.61
Erste Plavi Obligatory pension fund	988,464	7.41	988,464	7.41
Lada Tedeschi Fiorio	772,624	5.79	772,624	5.79
Other Management board members	163,165	1.22	157,884	1.18
Other shareholders	2,044,026	15.33	2,078,797	15.59
Treasury shares	78,465	0,59	48,975	0.37
Total	**13,337,200**	**100.00**	**13,337,200**	**100.00**

The founder and majority owner of the company MYBERG d.o.o., Zagreb is Mr. Emil Tedeschi.

The annual consolidated financial statements of the largest group of companies, in which the Company is a controlled member, are prepared by MYBERG d.o.o., Zagreb. These statements will be available within the legal deadline in the Register of Annual Financial Reports at the Financial Agency - FINA.

NOTE 18 – SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

Share based payments

According to the Company's ESOP program, employees can opt to receive bonus in Company's shares and this right is granted to the Management as well as to other employees defined by ESOP resolution (equity- settled transactions).

In addition to the right to pay bonuses in shares, employees, if decide to keep the shares for a period of at least two or three subsequent years of employment (vesting period), acquire the right to additional shares, while the other part is available without restrictions.

Members of senior management are eligible to participate in the Executive Longevity Premium program, which was created as a result of Atlantic Grupa's desire to recognize the critical contribution of senior management positions in creating and implementing a long-term strategy. Through this program, the Company grants a package of shares to members of senior management for their long-term contribution to the Company in a senior executive position, whereby the right to a third of the shares from the package is acquired upon completion of six years in an executive position, while the right to the remaining two thirds is acquired upon retirement.

Additionally, employees who, according to the internal performance management evaluation process have made an extraordinary contribution in the previous business year are awarded with an additional package of shares, 20% of which are vested in the current year, while the remaining 80% are vested after the expiration of an additional three and five years of employment.

In addition to the previous mentioned programs, there is also a Special award of the Chief Executive Officer who awards the best employees for their contribution in the previous financial year in shares. The right to acquire these shares is fully exercised in the current year.

As of 31 December 2024, a total of 65,970 shares were granted (2023: 55,405 shares). The fair value of the shares granted is determined as of the grant date, at the estimated market price of the share of EUR 50.50 (2023: EUR 55.00).

In 2024, members of the Management Board and employees received a total of 42,137 non-conditional shares granted in 2023, 15,884 conditional shares granted in 2020, 6,126 conditional shares granted in 2021 and 95 conditional shares granted in 2022.

In 2023, the members of the Management Board and employees received a total of 25,775 non-conditional shares granted in 2022, as well as 17,988 conditional shares granted in 2019 and 5,931 conditional shares granted in 2020 and 533 conditional shares granted in 2021.

Dividend distribution

According to the decision of the Company's General Assembly from 27 June 2024, the distribution of dividend in the amount of EUR 1.20 per share, or EUR 15,916 thousand in total was approved. Dividend was paid in July 2024.

In 2023 the distribution of dividend in the amount of EUR 1.00 per share, or EUR 13,309 thousand in total was approved. Dividend was paid in July 2023.

NOTE 19 – TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Trade payables	3,048	3,262
Trade payables – related parties (Note 24)	1,889	865
Other payables /i/	2,898	1,797
	7,835	**5,924**

/i/ Other payables are as follows:

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Accrued expenses	1,034	799
Gross salaries payable	951	845
Advances received	850	-
Other	63	153
	2,898	**1,797**

Financial liabilities i.e. trade and other payables excluding gross salaries payable are denominated in the following currencies:

	31 December 2024	31 December 2023
	(in thousands of EUR)	
EUR	6,862	4,988
Other currencies	22	91
	6,884	**5,079**

NOTE 20 – BORROWINGS

	31 December 2024	31 December 2023
	(in thousands of EUR)	
Long-term borrowings:		
Financial institutions /i/	5,000	-
Bonds /ii/	-	39,752
	5,000	**39,752**
Short-term borrowings:		
Financial institutions /i/	30,067	10,000
Bonds /ii/	39,796	11
	69,863	**10,011**
Total borrowings	**74,863**	**49,763**

/i/ As at 31 December 2024, long-term bank borrowings include one loan secured by the Company's promissory note maturing on October 29, 2026 and six short-term loans also secured by promissory notes. As at 31 December 2023, short-term bank borrowings include two loans secured by the Company's promissory note.

/ii/ In December 2020 the Company issued corporate bonds in amount of EUR 39,817 thousand at the price of 99.985% with a coupon of 0.875% per annum with semi-annual payment of interest and final redemption on 11 December 2025. The purpose of these bonds is financing working capital and refinance of bonds whose maturity was on 17 June 2022.

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet date are as follows:

	31 December 2024	31 December 2023
(u thousands of EUR)		
Fixed interest rate	44,863	44,763
Variable interest rate - up to 3 months	30,000	5,000
	74,863	**49,763**

The average effective annual interest rate related to borrowings from financial institutions at the balance sheet date was 3.37% (2023: 4.96%). The effective annual interest rate relating to bonds at the balance sheet date was 0.96% (2023 0.94%).
The carrying amounts and fair value of long-term borrowings were as follows:

	Carrying amounts		**Fair value**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
	(in thousands of EUR)		*(in thousands of EUR)*	
Long-term borrowings				
Financial institutions	5,000	-	4,614	-
Bonds	-	39,752	-	37,627
	5,000	**39,752**	**4,614**	**37,627**

The carrying amount of short-term borrowings approximates their fair value.
The carrying amounts of the Company's borrowings are denominated in EUR.

NOTE 21 – DEFERRED TAX ASSETS

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the amounts recognised will be realised through future taxable profits of the Company. Temporary differences primarily relate to accrued bonuses, severance payments and jubilee awards.
In 2024 the Company did not recognise deferred income tax assets of EUR 23 thousand in respect of tax losses that can be carried forward against future taxable income (2023: there were no tax losses). Deferred tax assets have not been recognised in respect of these losses as it was not certain that future taxable profit will be available for utilisation of temporary differences.

Deferred tax assets

(in thousands of EUR)	**Bonuses**	**Other**	**Total**
At 1 January 2023	**652**	**7**	**659**
Tax credited to the income statement (Note 11)	816	16	832
Tax charged to the income statement (Note 11)	(460)	-	(460)
At 31 December 2023	**1,008**	**23**	**1,031**
Tax credited to the income statement (Note 11)	935	4	939
Tax charged to the income statement (Note 11)	(808)	-	(808)
At 31 December 2024	**1,135**	**27**	**1,162**

NOTE 22 – PROVISIONS

(in thousands of EUR)	**Jubilee awards and termination benefits**	**Bonuses**	**Total**
At 31 December 2023	**126**	**1,652**	**1,778**
Analysis of total provisions:			
Non-current	108	125	233
Current	18	1,527	1,545
At 1 January 2024	**126**	**1,652**	**1,778**
Additions charged to the income statement	24	5,199	5,223
Deductions charged to the other comprehensive income	(2)	-	(2)
Used during the year	-	(4,185)	(4,185)
Transfer to other reserves in capital	-	(482)	(482)
Reversed during the year	-	(304)	(304)
	148	**1,880**	**2,028**
Analysis of total provisions:			
Non-current	130	161	291
Current	18	1,719	1,737
At 31 December 2024	**148**	**1,880**	**2,028**

NOTE 23 – COMMITMENTS

Capital expenditure contracted at 31 December 2024 but not yet incurred amounted to EUR 72 thousand (2023: EUR 64 thousand), of which EUR 4 thousand related to property, plant and equipment (2023.:-) and EUR 68 thousand to intangible assets (2023: EUR 64 thousand).

The Company is co-debtor and guarantor to its subsidiaries and other members of the Group in their borrowings with total principal balance of EUR 94,592 thousand (2023: EUR 110,010 thousand). The financial liability related to these guarantees is not material and provision has not been recognized as the Management believes that the possibility of any outflow of economic resource is remote.

NOTE 24 – RELATED PARTY TRANSACTIONS

The Company enters into transactions with the related parties as presented in Note 14 and other entities owned or controlled by the Company and ultimate controlling party.
Related party transactions that relate to balances as at 31 December 2024 and as at 31 December 2023 and transactions recognized for years then ended are as follows:

(all amounts expressed in thousands of EUR)	**Note**	**2024**	**2023**
RECEIVABLES			
Short-term loans			
Subsidiaries	16	16,000	-
Interest receivable			
Subsidiaries	16	116	-
Trade receivables			
Subsidiaries	16	32,166	21,033
Other receivables			
Subsidiaries	16	51	51
LIABILITIES			
Trade and other payables			
Subsidiaries	19	1,889	864
Other entities		-	1
REVENUES			
Sales revenues			
Subsidiaries		30,406	27,715
Dividend income			
Subsidiaries	5	14,000	-
Interest income			
Subsidiaries	5	116	781
Rental income			
Subsidiaries	5	163	-
Other income			
Subsidiaries	5	-	12
EXPENSES			
Marketing and promotion costs			
Other entities	7	40	32
Other operating costs			
Subsidiaries	8	566	295
Other entities		9	10
Net financing expenses			
Subsidiaries	10	36	-

Management board compensation
In 2024 members of the Management Board received a total gross amount of EUR 3,765 thousand relating to salaries, bonuses and other receipts in kind (2023: EUR 2,796 thousand).

NOTE 25 – AUDITORS' FEES

Statutory audit services fees to the auditors of the separate and consolidated financial statements amounted to EUR 212 thousand (2023: EUR 208 thousand), while fees related to other services amounted to EUR 81 thousand (2023: EUR 38 thousand). Other services relate to ESG report and Report on remuneration of the Management Board and the Supervisory Board.

NOTE 26 - EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period that would have a significant impact on the Company's financial statements as at 31 December 2024 or for the year then ended or that are of such significance to the Company's operations that they would require disclosure in the notes to the financial statements.