FINANCIAL RESULTS

IN THE FIRST HALF OF 2023

(unaudited)

Zagreb, 25 July 2023

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

Commenting on the financial results for the first half of 2023, **Emil Tedeschi**, CEO of Atlantic Grupa, pointed out:

“In the first half of 2023, Atlantic Grupa recorded strong sales growth in all business and distribution units and in all significant markets. The prices of raw materials and packaging materials, logistics and other services and energy are still at high levels, which, as we announced, led to a drop in profitability. The drop in profitability was partially mitigated by optimizing internal resources and increasing the selling prices of our products.

In accordance with our strategy of strengthening key categories, we submitted a binding offer for Strauss Adriatic, known for strong coffee brands on the Serbian market – Doncafe and C kafa. Also, we continue to strengthen the distribution business by contracting a new principal Haleon in Slovenia. I am also proud of our entry into vitamin waters with the Cedevita brand, which was very well received by the market and exceeded our sales expectations. Business sustainability is one of the main determinants of the Atlantic Grupa's strategy and, acting in this direction, we built a solar power plant on the roof of the Zagreb distribution centre, the first in a series of sites that will be covered by the green transformation.

In the period ahead, we remain focused on creating value for all our stakeholders.“

KEY DEVELOPMENTS
IN THE FIRST HALF OF 2023

STRONG REVENUE GROWTH IN ALL BUSINESS SEGMENTS AND ALL SIGNIFICANT MARKETS

SALES AT EUR 459.7 MILLION
+15.8% compared to the first half of 2022

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA***) AT EUR 44.4 MILLION
- at the level of the first half of 2022 (-5.0% if one-off items excluded*)

EARNINGS BEFORE INTEREST AND TAXES (**EBIT***) AT EUR 25.1 MILLION
-7.2% compared to the first half of 2022 (-15.6% if one-off items excluded*)

NET PROFIT* AT EUR 20.9 MILLION
-5.5% compared to the first half of 2022 (-13.2% if one-off items excluded*)

FINANCIAL SUMMARY OF THE FIRST HALF OF 2023

Key figures	H1 2023	H1 2022	H1 2023/ H1 2022
Sales (in EUR million)	**459.7**	397.1	15.8%
Turnover (in EUR million)	**464.7**	402.3	15.5%
Normalized EBITDA margin*	**9.0%**	11.0%	-197bp
Normalised net income* (in EUR million)	**18.1**	20.8	(13.2%)
	30 Jun 2023	**31 Dec 2022**	
Gearing ratio*	**20.8%**	17.0%	-381bp

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

* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter “Definition and reconciliation of Alternative Performance Measures (APM)”.
** Balance sheet items in comparative periods are converted at the conversion rate, while comparative periods of profit and loss account items are converted at average monthly exchange rate.

1. NEW CHAIRMAN OF THE SUPERVISORY BOARD

At the meeting of the Supervisory Board of Atlantic Grupa d.d., held on 22 March 2023, the former Chairman of the Supervisory Board, Zdenko Adrović, handed over the leading position in this body to Zoran Vučinić, a former member of the board. As one of the leading experts in the Croatian financial industry, Zdenko Adrović has successfully led Atlantic's Supervisory Board since its establishment in 2006, and continues to participate in its work as a member.
Zoran Vučinić joined the Supervisory Board of Atlantic Grupa at the beginning of 2022. He is a proven global business leader with more than three decades of international career in the field of consumer goods, primarily in the global operations of The Coca-Cola Company.

2. PODRAVKA AND ATLANTIC JOINED FORCES IN STRENGTHENING THE EXPORT OF OWN BRANDS

Two leading Croatian manufacturing companies, Atlantic Grupa and the Podravka Group, have agreed to cooperate on foreign markets, specifically in the United States of America and Austria. The two companies introduced a unique practice of mutual export support, which implies that Atlantic's distribution company in Austria will provide support for the placement of Podravka's products on the Austrian market, and at the same time, Podravka will market Atlantic's products on the US market through its company in the USA. The goal of this cooperation is to maximize mutual synergies by strengthening the product placement of both companies and raising the recognizability of their brands, using the developed business network and market positions that Atlantic and Podravka hold in these markets.

3. ATLANTIC GRUPA SUBMITTED A BINDING OFFER FOR STRAUSS ADRIATIC

In May 2023, Atlantic Grupa submitted a binding offer for the purchase of Strauss Adriatic, which the Strauss Group officially accepted. The conclusion of the transaction is subject to the prior approval of the Commission for the Protection of Competition in the Republic of Serbia. The binding offer is based on the total value of the transaction (enterprise value) in the amount of EUR 40.5 million, without debt and cash, and assuming the regular level of normalized net working capital on the day of the transaction. Strauss is known for its strong coffee brands on the Serbian market – Doncafe and C kafa, which would join the regional leaders Grand kafa and Barcaffe through the acquisition. In addition to well-known brands, Atlantic would take over a modern production facility in the Šimanovci industrial zone near Belgrade and 220 employees.

4. JIMMY FANTASTIC MOVED TO SBU SNACKS

Jimmy Fantastic, one of Atlantic's youngest brands, was created and launched in 2021 within the New Growth and has since achieved excellent results on the Croatian, Slovenian and Austrian markets. The team has plans to launch it also into the markets in the eastern part of the region, so the integration within Atlantic's wider portfolio in the chocolate category is logical. The integration into the SBU Snacks thus represents the next step in the development of the Jimmy Fantastic brand, which we continue to monitor and manage within the broader strategy of Atlantic's confectionery business.

5. CEDEVITA VITAMIN WATER LAUNCHED

When we say Cedevita, we think of vitamins. For 50 years. Experience has taught us to boldly step outside our comfort zone and listen to our consumers. Therefore, Cedevita decided to try its hand at something new – vitamin waters! By entering this growing category, we will unlock new potentials and remain relevant to existing and new consumers in the long term and satisfy needs that the brand has not yet addressed.

We paid special attention to flavours and thus created three unique combinations: Lemon & Pineapple “Energising”, Orange & Papaya “Feel Good” and Lemon & Pomegranate “Relaxing”. Cedevita vitamin water is made with natural citrus aromas, without sweeteners, with few calories and carefully selected vitamins.

6. THE FIRST ATLANTIC GRUPA'S SOLAR POWER PLANT

At Atlantic Grupa, we regularly carry out activities and projects for the company to act in accordance with the priority of sustainable business and with the goal of building a greener future. The latest project of this kind is the construction of a solar photovoltaic power plant on the roof of the Vukovina distribution centre, which reduces carbon dioxide emissions by 3,250 tonnes, which is equivalent to planting 98 hectares of trees. In addition to the positive effects on the environment, we also expect significant savings due to lower dependence on the market trends of energy prices during the expected useful lives of the panels, i.e. 25 years.

7. SUCCESSFUL TRANSITION TO THE EURO IN CROATIAN COMPANIES OF THE GROUP

In 2022, Atlantic Grupa started the project of the adjustment of Croatian companies to the replacement of the Croatian kuna with the euro. The project included the adjustment of 33 IT systems (ERP systems, business applications and analytical solutions) used by the Group in operations and business management, and more than 120 Group employees participated intensively in it. All adjustment activities were completed within the planned deadlines, from dual reporting of prices to the transition to operational business in euro.

8. NEW LDC IN SKOPJE OPENED

Atlantic Grupa officially opened a new, modernly equipped distribution centre in Skopje, which provides adequate logistics support for the long-term development of the distribution business. The investment in construction and equipment worth about EUR 12 million was realized in cooperation with the partner, company Viciski, within 18 months. What makes the project particularly interesting are its ambitions in the area of digitization of warehouse operations, so the new logistics and distribution centre is a true testing ground for new technologies that have already been installed or are in the process of being implemented.

Following continuous exceptional results and commitment, as well as significant ambitions for further business growth, the former distribution unit was declared the Strategic Distribution Unit North Macedonia.

9. NEW PRINCIPAL IN SLOVENIA

Our distribution team in Slovenia has made significant progress in portfolio expansion and business development. In May 2023, the SDU Slovenia signed a distribution agreement with the new principal Haleon on the distribution of the well-known brands Sensodyne, Corega, Parodontax, Centrum and Aquafresh. According to data from the market research and public opinion polling agency AC Nielsen, these brands account for almost 50% of the market share in the category of oral hygiene products on the Slovenian market, and the expected turnover in the first 12 months is estimated at more than five million euros.

10. DIVIDEND DISTRIBUTION

According to the decision of the General Assembly held on 29 June 2023, the dividend distribution in the amount of EUR 1 per share, or a total of EUR 13,308 thousand, was approved. The dividend was paid on 14 July 2023.

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(EUR million)	H1 2023	H1 2022	H1 2023/ H1 2022
SBU Coffee	**93.9**	84.5	11.2%
SBU Savoury Spreads	**67.6**	65.7	2.9%
SBU Snacks	**58.6**	44.3	32.2%
SBU Beverages	**50.0**	41.7	20.0%
SBU Pharma	**42.1**	37.9	11.2%
BU Donat	**18.8**	16.2	15.7%
SDU Croatia	**113.1**	94.5	19.8%
SDU Serbia	**108.6**	91.3	19.1%
SDU Slovenia	**77.0**	68.6	12.2%
SDU North Macedonia	**25.9**	21.9	18.0%
Other segments*	**40.8**	37.6	8.6%
Reconciliation**	**(236.7)**	(207.0)	n/a
Sales	**459.7**	**397.1**	**15.8%**

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

In the first half of 2023, Atlantic Grupa recorded sales of EUR 459.7 million, which is a significant 15.8% growth compared to the same period of the previous year. The revenue growth is recorded in all business and distribution units following excellent sales results of all own and principal brands. The highest percentage growth was recorded by the Strategic business units Snacks, and Beverages. Part of the increase in revenue is the result of an increase in our selling prices caused by the increase in the price of all key raw materials, packaging materials, energy and services.

Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units and Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit (SBU) or Business Unit (BU), or through a Strategic Distribution Unit (SDU), Distribution Unit (DU) or Global Distribution Account Management (GDAM)), while sales of Strategic Distribution Units, Distribution Units and Global Distribution Account Management include both sales of external principals' products and sales of own products.

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

** Line item "Reconciliation" relates to the sale of own brands which is included in the appropriate SBU and BU and in SDUs, DUs and GDAM through which the products were distributed.

SALES TRENDS
IN THE FIRST HALF OF 2023

The STRATEGIC BUSINESS UNIT COFFEE recorded a significant sales growth rate in all regional markets, with the highest growth recorded in the markets of Croatia, Serbia, and Bosnia and Herzegovina. Analysed by categories, growth was recorded by all categories, with the most significant growth recorded by roast and ground coffee under the Grand kafa, Bonito and Barcaffè brands. Espresso coffee records a significant growth primarily as a consequence of successful strategic partnerships in the past years, strengthening brand perception and winning new customers in the HoReCa and On the Go channels. Also, the instant category continues to significantly grow and strengthen its position. All categories recorded volume growth, where the growth of revenue from roast and ground coffee was primarily generated by the increase in selling prices due to a significant increase in the price of raw coffee and packaging materials.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded a sales growth in almost all regional markets and in the market of Austria. Growth was recorded both in meat and fish savoury spreads segments, and the growth is primarily generated by higher selling prices as a result of significant increases in the prices of key raw materials and packaging materials. Also, jams and *ajvar* under the Granny's Secret brand record a sales growth.

A double-digit sales growth is recorded by the STRATEGIC BUSINESS UNIT SNACKS in almost all regional markets, with the most significant growth recorded by the markets of Serbia, Bosnia and Herzegovina, and Montenegro. Also, the markets of Austria, Germany and Sweden record significant growth rates. Analysed by categories, the growth is recorded by all categories, led by chocolate under the Najlepše želje brand, Bananica, Smoki, and Prima sticks. The strong revenue growth in this unit is the result of the range optimization, intensified marketing activities and successful launch of new products in all categories.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a significant sales growth in all regional markets, with the most significant growth recorded by the markets of Croatia, Slovenia and Serbia. Also, double-digit growth rates are recorded by the markets of Germany and Austria. A significant sales growth is recorded by Cockta and Cedevita brands in the HoReCa and retail channels. Launching vitamin water under the Cedevita brand, which was very well received by the market, contributed to the significant sales growth in this segment.

The STRATEGIC BUSINESS UNIT PHARMACY BUSINESS records a sales growth of the pharmacy chain Farmacia due to the increase in sales of the cosmetics range and food supplements. Also, the sales growth is a consequence of the additional turnover of new pharmacies compared to the comparative period of the previous year. At 30 June 2023, Farmacia includes 56 pharmacies and 44 specialized stores.

The BUSINESS UNIT DONAT recorded a significant sales growth due to the growth in the markets of Croatia, Slovenia and Russia.

The STRATEGIC DISTRIBUTION UNIT CROATIA recorded a double-digit revenue growth as a consequence of growth of almost all own and principal brands. Among own brands, the following especially stand out – roast and ground coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, Cedevita and Cockta brands in the retail channel, oat-based products under the Boom Box brand, and functional water Donat. Among principal brands, Ferrero, Mars, Hipp, Magdis, Rauch and Johnson&Johnson stand out. A significant growth was recorded by the HoReCa channel, primarily due to the Cedevita and Cockta brands in the beverages segment and espresso coffee under the Barcaffè brand. The growth in sales in this segment was impacted by the price increases under the impact of price pressure on the input prices of trade goods.

A double-digit sales growth is also recorded by the STRATEGIC DISTRIBUTION UNIT SERBIA as a result of the increase in sales of roast and ground coffee under the Grand kafa and Bonito brands, instant coffee Grand, chocolate under the Najlepše želje brand, Smoki and Bananica, oat-based Boom Box products, and Cedevita and Cockta in the HoReCa and retail channels. Among principal brands, the most significant growth was recorded by Red Bull, Rauch, Saponia and Intersnack. Also, the growth in this unit was impacted by the increase in sales of the HoReCa channel and the price increases under the impact of price pressure on the input prices of trade goods.

The STRATEGIC DISTRIBUTION UNIT SLOVENIA recorded a significant sales growth due to the increase in sales of own and principal brands. Among own brands, the following stand out: instant coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, Cedevita and Cockta in the retail channel, oat-based Boom Box products, and functional water Donat. Strong sales are also recorded by espresso coffee under the Barcaffè brand in the HoReCa channel. Among principal brands, Unilever, Ferrero and the new principal Haleon stand out. As in other markets, the increase in sales on the Slovenian market was impacted by the price increases under the impact of price pressure on the input prices of trade goods.

Double-digit sales growth rates were recorded by the STRATEGIC DISTRIBUTION UNIT NORTH MACEDONIA due to the increase in sales of roast and ground coffee under the Grand kafa brand, chocolate under the Najlepše želje brand, and Cedevita in the retail and HoReCa channels. Among principal brands, the most significant growth was recorded by Ferrero, Hipp, Beiersdorf and the new principal Red Bull.

OTHER SEGMENTS record a significant increase in sales due to the increase in sales in the distribution units Austria and Russia, which fully cancelled out a mild decrease in sales of the Global Distribution Account Management.

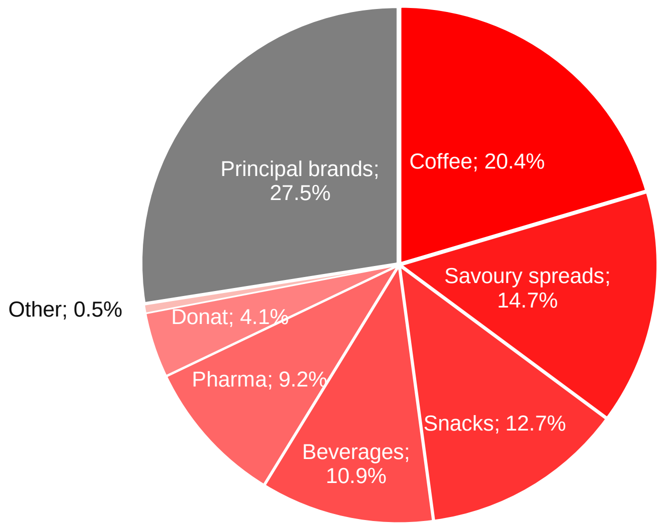
The DISTRIBUTION UNIT AUSTRIA records a significant sales growth, mainly due to the growth of own brands, primarily Argeta in the savoury spreads segment, Smoki and Prima sticks in the snacks segment, and functional water Donat. The new principal Podravka contributed to the growth of this unit.

The GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT records a mild decrease in sales, where the decrease on the markets of the Netherlands and the United States was almost fully cancelled out by the increase on the markets of Sweden and Spain. Analysed by categories, the increase is recorded by roast and ground coffee under the Grand kafa brand and Smoki in the snacks segment.

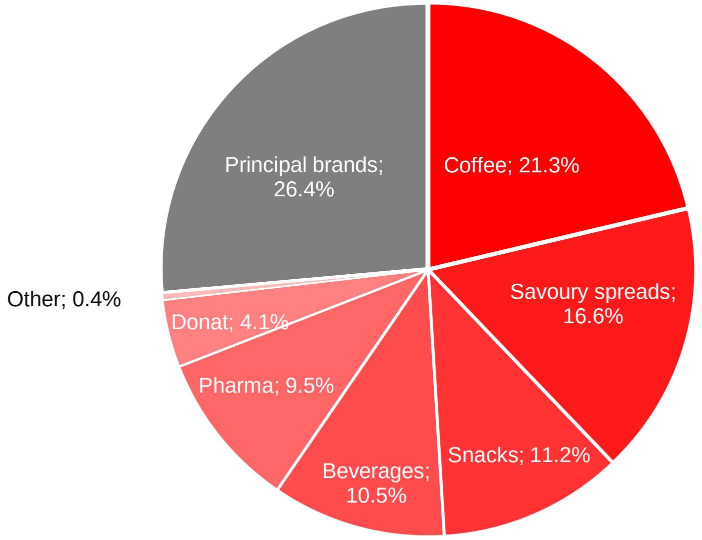
The DISTRIBUTION UNIT RUSSIA records an increase in sales as a consequence of the increase in sales of Argeta in the savoury spreads segment, and functional water Donat.

SALES PROFILE BY SEGMENTS

H1 2023



H1 2022



SALES PROFILE BY MARKETS

(in EUR millions)	H1 2023	% of sales	H1 2022	% of sales	H1 2023/ H1 2022
Croatia	**156.7**	34.1%	132.5	33.4%	18.2%
Serbia	**110.1**	23.9%	92.4	23.3%	19.1%
Slovenia	**77.3**	16.8%	69.4	17.5%	11.4%
Bosnia and Herzegovina	**35.8**	7.8%	31.0	7.8%	15.4%
Other regional markets*	**40.0**	8.7%	34.9	8.8%	14.9%
Key European markets**	**23.9**	5.2%	22.6	5.7%	5.9%
Russia and CIS	**7.3**	1.6%	5.4	1.4%	34.8%
Other markets	**8.6**	1.9%	8.9	2.2%	(3.1%)
Total sales	**459.7**	100.0%	397.1	100.0%	15.8%

*Other regional markets: North Macedonia, Montenegro, Kosovo
**Key European markets: Germany, Switzerland, Austria, Sweden
The comparative period has been adjusted to the reporting for 2023.

The MARKET OF CROATIA recorded a double-digit sales growth due to the increase in sales of: (i) all own brands, with the most significant growth recorded by espresso coffee under the Barcaffè brand in the HoReCa channel, roast and ground coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Jimmy chocolate and Smoki in the snacks segment, Cedevita and Cockta brands in the retail and HoReCa channels, and functional water Donat, (ii) the pharmacy chain Farmacia, and (iii) external principals, among which the biggest growth was recorded by Ferrero, Mars and Hipp.

The MARKET OF SERBIA recorded a strong sales growth due to the increase in sales of own brands, of which the following stand out: (i) roast and ground coffee under the Grand kafa and Bonito brands in the coffee segment, (ii) Najlepše želje, Bananica, Smoki and Prima sticks in the snacks segment, (iii) Cockta and Cedevita brands in the beverages segment, and (iv) oat-based Boom Box products. Among principal brands, Red Bull, Intersnack, Rauch and Saponia stand out.

The MARKET OF SLOVENIA records a sales growth due to the increase in sales of all own brands, of which the following stand out: (i) instant and espresso coffee under the Barcaffè brand, (ii) Argeta in the savoury spreads segment, (iii) Cockta and Cedevita and in the beverages segment, (iv) Smoki in the snacks segment, and (v) functional water Donat. Among principal brands, the most significant growth was recorded by Unilever, Ferrero and the new principal Haleon.

A significant growth is recorded in the MARKET OF BOSNIA AND HERZEGOVINA due to the increase in sales of: (i) roast and ground coffee and instant coffee under the Grand kafa brand, (ii) Argeta in the savoury spreads segment, (iii) Najlepše želje, Bananica, Štark wafers and Smoki in the snacks segment, (iv) Cedevita and Cockta in the beverages segment, and (v) oat-based Boom Box products.

A double-digit sales growth is recorded by OTHER REGIONAL MARKETS due to the increase in sales on the markets of North Macedonia and Montenegro, which fully cancelled out the decrease in sales on the market of Kosovo. The biggest contribution to the growth was made by the increase in sales of roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, Najlepše želje and Smoki in the snacks segment, and Cedevita and Cockta in the beverages segment.

KEY EUROPEAN MARKETS recorded a sales growth following the significant increase in the markets of Austria and Sweden as a result of the sales of Argeta in the savoury spreads segment, and Smoki and Prima sticks in the snacks segment.

The MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES recorded a sales growth as a result of the increase in sales of functional water Donat and savoury spreads under the Argeta brand.

OTHER MARKETS record a mild decrease in sales due to the decrease in sales in the markets of the Netherlands and the United States which was partly cancelled out by the increase in sales in the markets of Spain and France following the increase in sales of Argeta in the savoury spreads segment.

PROFITABILITY TRENDS

(in EUR millions)	H1 2023	H1 2022	H1 2023/ H1 2022
Sales	**459.7**	397.1	15.8%
EBITDA*	**44.4**	44.4	(0.0%)
Normalised EBITDA*	**41.5**	43.7	(5.0%)
EBIT*	**25.1**	27.0	(7.2%)
Normalised EBIT*	**22.2**	26.3	(15.6%)
Net profit*	**20.9**	22.1	(5.5%)
Normalised Net profit*	**18.1**	20.8	(13.2%)
Profitability margins			
EBITDA margin*	**9.7%**	11.2%	-153 bp
Normalised EBITDA margin*	**9.0%**	11.0%	-197 bp
EBIT margin*	**5.5%**	6.8%	-135 bp
Normalised EBIT margin*	**4.8%**	6.6%	-180 bp
Net profit margin*	**4.6%**	5.6%	-102 bp
Normalised Net profit margin*	**3.9%**	5.2%	-131 bp

In the first half of 2023, EBITDA amounts to EUR 44.4 million, which is at the same level as in the same period of the previous year; or a 5.0% decrease if we exclude the effect of one-off items. The decrease in normalized EBITDA was mainly impacted by exceptionally high costs of all raw materials and packaging materials (higher realized prices than in the first half last year due to procurement at more favourable prices than the then market prices), energy, transportation and logistics costs, other operating expenses (higher costs of business trips and fuel) and investments in human resources. This negative impact exceeded the significant increase in sales of all business and distribution units.

In addition to the above, normalized net profit records a 13.2% decrease as a result of the higher depreciation of own non-current assets (as a consequence of higher capital expenditure) and right-of-use assets, and higher interest expense.

* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter “Definition and reconciliation of Alternative Performance Measures (APM)”.

OPERATING EXPENSES STRUCTURE

(in EUR millions)	H1 2023	% of sales	H1 2022	% of sales	H1 2023/ H1 2022
Cost of goods sold	**131.0**	28.5%	**113.0**	28.5%	15.9%
Change in inventory	**(2.5)**	(0.5%)	**(3.1)**	(0.8%)	n/a
Production materials	**151.9**	33.1%	**123.9**	31.2%	22.7%
Energy	**9.1**	2.0%	**6.3**	1.6%	46.1%
Services	**28.7**	6.3%	**23.9**	6.0%	20.0%
Staff costs	**71.3**	15.5%	**63.2**	15.9%	12.8%
Marketing and selling expenses	**20.3**	4.4%	**20.5**	5.2%	(1.2%)
Other operating expenses	**12.6**	2.7%	**11.3**	2.8%	11.8%
Other (gains)/losses, net	**(2.2)**	(0.5%)	**(1.1)**	(0.3%)	n/a
Depreciation and amortisation	**19.3**	4.2%	**17.4**	4.4%	11.0%
Total operating expenses*	**439.7**	**95.6%**	**375.3**	**94.5%**	**17.1%**

The cost of goods sold records an increase due to higher sales of principal brands, but also higher purchase prices.

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

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

Costs of services record an increase due to higher sales and significantly higher costs of transport and logistics services, as a consequence of higher fuel prices and salaries increase compared to the comparative period.

Higher staff costs are primarily a consequence of the increase in basic salaries and higher variable payments as a result of higher sales. As at 30 June 2023, Atlantic Grupa had 5,592 employees, or 119 employees more than in the same period of the previous year.

Marketing expenses are somewhat lower, primarily due to marketing savings in the Savoury spreads and Snacks segments, despite higher investments in the Coffee and Beverages segments. It should be noted that marketing expenses are higher than in the comparative period if we take into account marketing activities that are presented as a decrease in sales.

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

Other (gains)/losses – net: Gain was realized, primarily related to one-off gain on sale of non-current assets, in the amount of EUR 2.9 million.

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OPERATING RESULT OF STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(EUR million)	H1 2023	H1 2022	H1 2023/ H1 2022
SBU Coffee	**7.1**	15.0	(52.5%)
SBU Savoury Spreads	**10.9**	12.8	(15.1%)
SBU Snacks	**7.5**	2.6	184.7%
SBU Beverages	**7.1**	6.8	3.8%
SBU Pharma	**5.1**	4.5	15.2%
BU Donat	**8.8**	7.4	19.0%
SDU Croatia	**6.3**	5.7	10.0%
SDU Serbia	**4.4**	3.6	21.4%
SDU Slovenia	**3.0**	3.1	(4.1%)
SDU North Macedonia	**1.5**	1.1	40.5%
Other segments*	**(17.3)**	(18.3)	5.1%
Group EBITDA**	**44.4**	**44.4**	**(0.0%)**

STRATEGIC BUSINESS UNITS AND BUSINESS UNIT: All Strategic business units (except the Pharmacy business) record a significant increase in costs of production materials, energy, transportation and logistics costs, and staff costs, whereby the impact of the increase in prices of raw materials and packaging material was especially significant for the Strategic Business Units Coffee and Savoury Spreads. The SBU Snacks records a significant profitability growth due to significantly higher sales and product range optimisation and significant capital expenditure in the last several years. The SBU Beverages records a profitability increase as a consequence of strong sales growth. The SBU Pharmacy business recorded a significantly higher profitability due to higher sales of the pharmacy chain Farmacia, despite higher staff and energy costs. The BU Donat records a profitability increase due to higher sales.

STRATEGIC DISTRIBUTION UNITS: The SDU Croatia, SDU Serbia and SDU North Macedonia recorded an increase in profitability due to significantly higher sales revenues, despite higher costs of transport, logistics and staff costs. The SDU Slovenia recorded a mild decrease in profitability due to higher costs of transport, logistics and staff costs, despite higher sales.

OTHER SEGMENTS: If we exclude one-off items, Other segments record a decrease in profitability as a result of higher costs of central functions, and the decrease in profitability of the DU Russia and the DU Austria.

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

* Other segments include BU New Growth, DU Austria, DU Russia, GDAM and business activities not allocated to business and distribution units (headquarters and support functions in Croatia, Serbia, Slovenia, Bosnia and Herzegovina and North Macedonia) which are excluded from the reportable operating segments.

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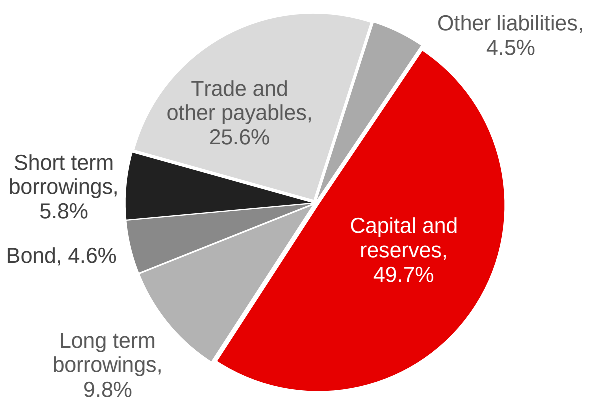
FINANCIAL INDICATORS

(in EUR millions)	6/30/2023	12/31/2022
Net debt*	**113.9**	87.3
Total assets	**870.7**	779.0
Total Equity	**432.5**	425.2
Current ratio*	**1.5**	1.5
Gearing ratio*	**20.8%**	17.0%
Net debt/EBITDA*	**1.5**	1.2
(in EUR millions)	**H1 2023**	H1 2022
Interest coverage ratio*	**19.2**	45.6
Capital expenditure*	**15.9**	15.3
Free cash flow*	**(5.4)**	8.0
Cash flow from operating activities	**10.5**	23.3

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

- The gearing ratio increased by 381 basis points due to the EUR 27 million increase in net debt compared to the end of 2022.
- The indebtedness measured as the net debt to normalized EBITDA ratio increased from 1.2 at the end of 2022 to 1.5 at the end of the first half of 2023.
- Free cash flow records a decrease due to lower cash flow from operating activities as a consequence of higher investments in the working capital, and higher capital expenditure.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 30 JUNE 2023



* Certain financial measures are not defined by International Financial Reporting Standards (IFRSs). For more details on the Alternative Performance Measures (APM) used, see chapter "Definition and reconciliation of Alternative Performance Measures (APM)".

OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash flow from operating activities records a decrease, as a result of lower profitability and movements in the working capital, primarily the increase in inventories and trade receivables. The increase in inventories is primarily caused by increases in the prices of raw materials and packaging materials and consequently by increased prices of finished products, but also by early preparation for the upcoming summer season. The increase in receivables is the direct consequence of a significant growth in sales revenue.

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

Significant investment projects in the first half of 2023.:

- SDU Croatia:
  - investment project to expand the warehouse capacity of LDC Zagreb and implement fully automated warehouse operations launched
- SBU Savoury Spreads:
  - continued implementation of the investment project for the new packaging machine at the Hadžići and Izola locations
- SBU Coffee:
  - an investment project to expand the capacity for the production and packaging of instant coffee at the Belgrade location launched
  - an investment project for additional packaging capacity for roast and ground coffee at the Belgrade location launched
- SBU Beverages:
  - an investment project to replace the granulator and a new system for receiving and distributing sugar launched
- SBU Snacks:
  - robotic line for packing chocolate bars ordered
  - additional line for the production and packing of salty snacks ordered

Also, in accordance with investment plans, significant investments in IT infrastructure and IT systems continue (introduction of the S/4 Hana ERP (Enterprise Resource Planning) system, launching the Master Data Management (MDM) project and the Integrated Business Planning (IBP) project).

ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2023

The year 2022 was marked by record prices of raw materials and packaging materials, strong inflationary pressures and geopolitical risks. In 2023, we expect a slight economic growth in the region and the Eurozone due to reduced disposable income, rising interest rates and significant inflationary pressures. We believe that the prices of raw materials, packaging materials and energy sources should not reach the record levels of 2022, but we also expect significant volatility to be present in the coming period. Croatia's entry into the Eurozone and the Schengen area should mitigate some negative pressures.

Despite the expected worse economic conditions, we expect record sales in the amount of over EUR 930 million.

Regardless of the certain stabilization of purchase prices that occurred at the end of 2022, they are still significantly higher compared to the pre-crisis period, and therefore in 2023 we expect 100 to 150 basis points lower normalized EBITDA margin than it was in 2022, and we expect the beginning of the recovery of profit margins in 2024.

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

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

ATLANTIC GRUPA d.d.

DEFINITION AND RECONCILIATION OF

ALTERNATIVE PERFORMANCE MEASURES (APM)

The Annual report, half-year report, quarterly report and other communication to investors contain certain financial performance measures, which are not defined by International financial reporting standards (IFRS). We believe these measures, along with comparable IFRS measurements, are useful to investors because they provide a basis for measuring our operating and financial performance.
The main APMs used by Atlantic Grupa are defined and/or reconciled with our IFRS measures in this document.

EBITDA and NORMALIZED EBITDA, EBITDA margin and NORMALIZED EBITDA margin

EBITDA (Earnings before interest, tax, depreciation and amortization) equals to operating profit in the financial statements (see Note 2 – Summary of significant accounting policies in the latest published audited Consolidated Financial statements) increased for depreciation, amortisation and impairment (see Notes 13, 14, 15 in the latest published audited Consolidated Financial statements).

The Group also presents Normalized EBITDA which is calculated as EBITDA excluding the impact of one-off items. One-off items represent gain/loss on sale of subsidiaries (see Note 28 Business combinations and sale of subsidiaries in the latest published audited Consolidated Financial statements) and all one-off expenses/income arising from these transactions, and other one-off income and expenses. The Group's Management Board monitors normalized EBITDA to evaluate business performance of the Group and to allocate resources accordingly. Additionally, Group's management believes that normalized EBITDA provides information that enables investors to better compare Group's performance across periods.

The Group also presents EBITDA margin and Normalized EBITDA margin, which are defined as EBITDA/Normalized EBITDA as percentage of sales.

(in EUR millions)	H1 2023	H1 2022	H1 2023/ H1 2022
Operating profit	25.1	27.0	(7.2%)
Depreciation, amortisation and impairment	19.3	17.4	11.0%
EBITDA	44.4	44.4	(0.0%)
Divestment costs/(gains), net	(2.9)	(0.0)	
Other one off (income)/costs, net	0.0	(0.7)	
Normalized EBITDA	41.5	43.7	(5.0%)
Sales	459.7	397.1	
EBITDA margin	9.7%	11.2%	
Normalized EBITDA margin	9.0%	11.0%	

EBIT and NORMALIZED EBIT, EBIT margin and NORMALIZED EBIT margin

EBIT (Earnings before interest and tax) equals operating profit in the financial statements (see Note 2 Summary of significant accounting policies in the latest published audited Consolidated Financial statements).
The Group also presents Normalized EBIT which is calculated as EBIT excluding the impact of one-off items.

(in EUR millions)	H1 2023	H1 2022	H1 2023/ H1 2022
Operating profit	25.1	27.0	(7.2%)
EBIT	25.1	27.0	(7.2%)
Divestment costs/(gains), net	(2.9)	0.0	
Other one off (income)/costs, net	0.0	(0.7)	
Normalized EBIT	22.2	26.3	(15.6%)
Sales	459.7	397.1	
EBIT margin	5.5%	6.8%	
Normalized EBIT margin	4.8%	6.6%	

NET PROFIT and NORMALIZED NET PROFIT

Net profit is a subtotal which is reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 30 June 2023.
The Group also presents Normalized Net profit which is calculated as Net profit excluding the impact of one-off items.
Additionally, the Group also presents Net profit margin and Normalized Net profit margin, which are defined as Net profit/Normalized Net profit as percentage of sales.

(in EUR millions)	H1 2023	H1 2022	H1 2023/ H1 2022
Net profit	20.9	22.1	(5.5%)
Divestment costs/(gains), net	(2.9)	0.0	
Other one off (income)/costs, net	0.0	(1.3)	
Normalized Net profit	18.1	20.8	(13.2%)
Sales	459.7	397.1	
Net profit margin	4.6%	5.6%	
Normalized Net profit margin	3.9%	5.2%	

TOTAL OPERATING EXPENSES

Total operating expenses are a subtotal of the following items which are reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 30 June 2023: cost of trade goods sold, change in inventories of finished goods and work in progress, material and energy costs, staff costs, marketing and promotion expenses, other operating expenses, other gains/losses-net and depreciation, amortization and impairment.

CAPITAL EXPENDITURE (CAPEX)

Capital expenditure includes payments made to acquire property, plant and equipment and intangible assets, as reported in the Consolidated Cash flow statement in the attached Condensed consolidated financial statements for the period ended 30 June 2023. The Group uses capital expenditure as APM to ensure that the cash spending is in line with overall strategy of the Group.

NET DEBT and NET DEBT to EBITDA

Net debt is used by management to evaluate the Group's financial capacity. Net debt is defined as sum of current and non-current borrowings, current and non-current lease liabilities and derivative financial instruments decreased for cash and cash equivalents which are reported in the Consolidated Balance sheet in the attached Condensed consolidated financial statements for the period ended 30 June 2023, as shown below:

(in EUR millions)	30-Jun-23	31-Dec-2022
Non current borrowing	78.6	54.5
Non current lease liabilities	46.7	34.0
Current borrowings	37.8	43.7
Current lease liabilities	12.5	12.2
Derivative financial instruments, net	0.9	1.9
Cash and cash equivalents	(62.5)	(59.0)
Net debt	**113.9**	**87.3**
Normalized EBITDA*	73.7	75.9
Net debt/Normalized EBITDA	**1.5**	**1.2**

The Group also uses the net debt to EBITDA ratio, which is net debt divided by EBITDA, to access its level of net debt in comparison with underlying earnings generated by the Group. This measure reflects the Group's ability to service and repay its financial liabilities.

CURRENT RATIO

The current ratio compares all Group's current assets to its current liabilities which are reported in the Consolidated Balance sheet in the attached Condensed consolidated financial statements for the period ended 30 June 2023. The current ratio is a liquidity ratio that measures the Group's ability to cover its short-term debt with its current assets.

in EUR million	30-Jun-23	31-Dec-2022
Current assets	429.1	351.3
Current liabilities	286.3	238.6
Current ratio	**1.5**	**1.5**

GEARING RATIO

The gearing ratio compares net debt to total equity increased for net debt. Gearing ratio is a measurement of the Group's financial leverage that demonstrates the degree to which a firm's operations are funded by equity capital versus debt financing.

in EUR million	30-Jun-23	31-Dec-2022
Net debt	113.9	87.3
Total equity	432.5	425.2
Gearing ratio	**20.8%**	**17.0%**

* Normalized EBITDA for last 12 months.

INTEREST COVERAGE RATIO

The interest coverage ratio is calculated by dividing Group's normalized EBITDA by total interest expense (see Note 9 – Finance cost-net in the attached Condensed consolidated financial statements for the period ended 30 June 2023), as shown below. Interest coverage ratio is used to determine how easily the Group can pay interest on its outstanding debt.

in EUR million	H1 2023	H1 2022
Normalized EBITDA	41.5	43.7
Total interest expense	2.2	1.0
Adjusted interest coverage ratio	**19.2**	**45.6**

FREE CASH FLOW

Free cash flow shows the ability of the Group to generate cash to repay financial liabilities, finance possible acquisitions, pay dividends, etc. Free cash flow equals net cash flow from operating activities less capital expenditure, items included in the Consolidated Cash Flow Statement in the attached Condensed consolidated financial statements for the period ended 30 June 2023.

in EUR million	H1 2023	H1 2022
Net cash flow from operating activities	10.5	23.3
Capex	15.9	15.3
Free cash flow	**(5.4)**	**8.0**

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of EUR, unaudited	Jan - Jun 2023	Jan - Jun 2022	Index	Apr - Jun 2023	Apr - Jun 2022	Index
Revenues	**464,744**	**402,322**	**115.5**	**247,540**	**216,257**	**114.5**
Sales revenues	459,708	397,069	115.8	244,129	212,563	114.9
Other income	5,036	5,253	95.9	3,411	3,694	92.3
Operating expenses	**(439,669)**	**(375,311)**	**117.1**	**(233,925)**	**(204,594)**	**114.3**
Cost of trade goods sold	(130,984)	(113,026)	115.9	(73,476)	(59,239)	124.0
Change in inventories of finished goods and work in progress	2,468	3,138	78.6	3,256	83	3.922.9
Material and energy costs	(161,091)	(130,143)	123.8	(82,960)	(72,586)	114.3
Staff costs	(71,261)	(63,178)	112.8	(39,159)	(34,147)	114.7
Marketing and promotion expenses	(20,307)	(20,546)	98.8	(11,412)	(11,271)	101.3
Depreciation, amortization, and impairment	(19,312)	(17,397)	111.0	(9,835)	(8,886)	110.7
Other operating costs	(41,373)	(35,238)	117.4	(22,638)	(19,086)	118.6
Other gains - net	2,191	1,079	203.1	2,299	538	427.3
Operating profit	**25,075**	**27,011**	**92.8**	**13,615**	**11,663**	**116.7**
Finance costs - net	(2,141)	(1,070)	200.1	(1,319)	(270)	488.5
Profit before tax	**22,934**	**25,941**	**88.4**	**12,296**	**11,393**	**107.9**
Income tax	(1,935)	(3,741)	51.7	(912)	(1,221)	74.7
Net profit for the period	**20,999**	**22,200**	**94.6**	**11,384**	**10,172**	**111.9**
Attributable to:						
Owners of the parent	20,931	22,142	94.5	11,374	10,129	112.3
Non-controlling interests	68	58	117.2	10	43	23.3
Earnings per share for profit attributable to the equity holders of the Company during the period (in EUR)						
- basic	1.57	1.67		0.85	0.77	
- diluted	1.57	1.67		0.85	0.77	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of EUR, unaudited	Jan-Jun 2023	Jan-Jun 2022	Index	Apr-Jun 2023	Apr-Jun 2022	Index
Net profit for the period	**20,999**	**22,200**	**94.6**	**11,384**	**10,172**	**111.9**
Other comprehensive income/(loss):						
Items that may be subsequently reclassified to profit or loss						
Currency translation differences, net of tax	(806)	1,835	n/a	(292)	(520)	56.2
Cash flow hedges, net of tax	923	1,004	91.9	666	902	73.8
Total other comprehensive income for the period, net of tax	**117**	**2,839**	**4.1**	**374**	**382**	**97.9**
Total comprehensive income for the period	**21,116**	**25,039**	**84.3**	**11,758**	**10,554**	**111.4**
Attributable to:						
Equity holders of the Company	21,051	24,981	84.3	11,747	10,517	111.7
Non-controlling interests	65	58	112.1	11	37	29.7
Total comprehensive income for the period	21,116	25,039	84.3	11,758	10,554	111.4

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of EUR, unaudited	30 June 2023	31 December 2022
ASSETS		
Non-current assets		
Property, plant, and equipment	159,431	158,764
Right-of-use assets	56,281	43,453
Investment property	61	63
Intangible assets	214,484	215,513
Deferred tax assets	6,127	5,143
Financial assets at fair value through other comprehensive income	161	169
Trade and other receivables	4,982	4,608
	441,527	427,713
Current assets		
Inventories	130,731	102,084
Trade and other receivables	231,031	187,303
Prepaid income tax	4,595	2,369
Derivative financial instruments	288	585
Cash and cash equivalents	62,489	58,987
	429,134	351,328
TOTAL ASSETS	**870,661**	**779,041**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	17,702	17,702
Share premium	117,750	117,663
Treasury shares	(1,428)	(2,410)
Reserves	(5,869)	(4,497)
Retained earnings	303,264	295,680
	431,419	424,138
Non-controlling interests	1,093	1,028
Total equity	**432,512**	**425,166**
Non-current liabilities		
Borrowings	78,572	54,547
Lease liabilities	46,653	34,023
Deferred tax liabilities	19,376	19,470
Other non-current liabilities	120	121
Provisions	7,159	7,153
	151,880	115,314
Current liabilities		
Trade and other payables	222,774	170,626
Borrowings	37,824	43,669
Lease liabilities	12,461	12,168
Derivative financial instruments	1,173	2,478
Current income tax liabilities	4,576	1,552
Provisions	7,461	8,068
	286,269	238,561
Total liabilities	**438,149**	**353,875**
TOTAL EQUTIY AND LIABILITIES	**870,661**	**779,041**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
in thousands of EUR, unaudited	Share capital, Share premium and Treasury shares	Reserves	Retained earnings	Total	Non-controlling interests	Total
Balance at 1 January 2022	132,072	(5,676)	292,052	418,448	929	419,377
Effect of currency conversion from HRK to EUR	-	(590)	-	(590)	(1)	(591)
Comprehensive income:						
Net profit for the period	-	-	22,142	22,142	58	22,200
Other comprehensive income	-	2,839	-	2,839	-	2,839
Total comprehensive income	-	2,839	22,142	24,981	58	25,039
Transactions with owners:						
Share based payment	3,791	-	-	3,791	-	3,791
Purchase of treasury shares	(2,141)	-	-	(2,141)	-	(2,141)
Transfer	-	763	(763)	-	-	-
Dividends	-	-	(22,075)	(22,075)	-	(22,075)
Balance at 30 June 2022	**133,722**	**(2,664)**	**291,356**	**422,414**	**986**	**423,400**
Balance at 1 January 2023	132,955	(4,497)	295,680	424,138	1,028	425,166
Effect of currency conversion from HRK to EUR	-	39	(39)	-	-	-
Comprehensive income:						
Net profit for the period	-	-	20,931	20,931	68	20,999
Other comprehensive income/(loss)	-	120	-	120	(3)	117
Total comprehensive income	-	120	20,931	21,051	65	21,116
Transactions with owners:						
Share based payment	2,594	-	-	2,594	-	2,594
Purchase of treasury shares	(1,525)	-	-	(1,525)	-	(1,525)
Shares granted	-	(1,531)	-	(1,531)	-	(1,531)
Dividends	-	-	(13,308)	(13,308)	-	(13,308)
Balance at 30 June 2023	**134,024**	**(5,869)**	**303,264**	**431,419**	**1,093**	**432,512**

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of EUR, unaudited	**January - June 2023**	**January - June 2022**
Cash flow from operating activities		
Net profit for the period	**20,999**	**22,200**
Income tax	1,935	3,741
Depreciation, amortization, and impairment	19,312	17,397
Gain on sale of property, plant, and equipment and intangible assets	(3,137)	(208)
Loss on sale of subsidiaries - net of transaction expenses	-	49
Provision for current assets	1,084	1,339
Foreign exchange differences - net	(18)	111
Decrease in provisions for risks and charges	(2,133)	(4,875)
Fair value gain on financial assets	(165)	(10)
Share based payment	2,594	3,791
Interest income	(105)	(716)
Interest expense	2,159	959
Other non-cash items - net	(422)	1,347
Changes in working capital:		
Increase in inventories	(29,429)	(21,520)
Increase in current receivables	(40,590)	(25,016)
Increase in trade and other payables	42,876	30,602
Cash generated from operations	**14,960**	**29,191**
Interest paid	(1,764)	(930)
Income tax paid	(2,660)	(4,979)
	10,536	**23,282**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(15,895)	(15,274)
Proceeds from sale of property, plant, and equipment and intangible assets	2,228	212
Acquisition of subsidiaries and proceeds from sale of subsidiary - net of cash acquired/disposed	(777)	1,292
Loans granted and deposits placed	(2,107)	(9)
Repayments of loan and deposits placed	213	484
Interest received	96	692
	(16,242)	**(12,603)**
Cash flow from financing activities		
Purchase of treasury shares	(1,525)	(2,141)
Proceeds from borrowings, net of fees paid	30,000	18,028
Repayment of borrowings	(12,225)	-
Principal elements of lease payments	(7,042)	(6,597)
	9,208	**9,290**
Net increase in cash and cash equivalents	**3,502**	**19,969**
Cash and cash equivalents at beginning of period	58,987	46,112
Cash and cash equivalents at end of period	62,489	66,081

NOTE 1 – GENERAL INFORMATION

Operating as a vertically integrated multinational company, Atlantic Grupa d.d. (“the Company”) and its subsidiaries (“the Group”) have business activities that incorporate R&D, production, and distribution of fast-moving consumer goods in Southeast Europe, the European markets and Russia and CIS (Commonwealth of Independent States). With its modern production network, the Group stands out as one of the leading foods & beverage producers in Southeast Europe with prominent coffee brands Grand Kafa and Barcaffe, beverage brands Cockta and Cedevita, a portfolio of sweet and salted snacks brands Smoki, Najlepše želje and Bananica, a savoury spread brand Argeta and natural mineral water Donat. Additionally, the Group owns the leading pharmacy chain in Croatia under the Farmacia brand. With its own distribution network in Croatia, Slovenia, Serbia, Austria, North Macedonia and Russia, the Group also distributes a range of products from external partners. The Group has manufacturing plants in Croatia, Slovenia, Serbia, Bosnia and Herzegovina and North Macedonia with companies and representative offices in 11 countries. The Group exports its products to more than 40 markets worldwide.

The Company is domiciled in Zagreb, Miramarska 23, Croatia.

The Company’s shares are listed on the Prime market of the Zagreb Stock Exchange.

The condensed consolidated financial statements of the Group for the six-month period ended 30 June 2023 were approved by the Management Board of the Company in Zagreb on 24 July 2023.

The condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting, as endorsed by the European Union (EU).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as of 31 December 2022. The Group’s annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by EU.

2.2. GOING CONCERN

The Company's management believes that the Group has sufficient resources to continue operating in the foreseeable future and has not identified significant uncertainties related to business events and conditions that may cast doubt on the indefinite duration of the Group's operations. Accordingly, the condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared on a going concern basis.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the six-month period ended 30 June 2023 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

2.4. SEASONALITY

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

2.5. IMPACT OF THE WAR IN UKRAINE

At the date of approval of condensed consolidated financial statements for the six-month period ended 30 June 2023, Atlantic Grupa's business operations are running smoothly. By selling the baby food business in 2021, Atlantic Grupa has significantly reduced its exposure in Russia and CIS markets. Consequently, war events do not have a direct material impact on Atlantic Grupa's operations, while indirect consequences, primarily in the form of additional supply chains issues and inflationary pressures, are closely monitored by Atlantic Grupa's management which undertakes all available measures to reduce risks in the given circumstances.

2.6. INTRODUCTION OF THE EURO AS THE OFFICIAL CURRENCY

In accordance with the Law on the Introduction of the Euro (EUR) as the official currency in the Republic of Croatia, effective 1 January 2023, the EUR became the official currency and legal tender in the Republic of Croatia. The fixed rate of conversion is HRK 7.5345 for 1 EUR.

Balance sheet items in comparative periods are converted at the middle exchange rate on the balance sheet date, i.e., at the conversion rate for balance sheet items at 31 December 2022. Comparative periods of profit and loss account items are converted at average monthly exchange rates.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES

There were no changes in critical accounting estimates used for preparation of condensed consolidated financial statements for the six-month period ended 30 June 2023 comparing to those used for the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

The Group has made assessment whether there are indications of impairment of intangible assets, including changes in discount rates that reflect the current risk premiums on certain markets and for the six-month period ended 30 June 2023 no impairment was recognised.

NOTE 4 – SEGMENT INFORMATION

The business model of the Group is organized through five strategic business units and one business unit. In addition to business units, separate department – New Growth is established, which is focused on the development of new brands of Atlantic Grupa.

The distribution business is organized to cover six largest markets – Croatia, Serbia, Slovenia, North Macedonia, Russia and Austria and department of Global Distribution Account Management covering the markets dominantly managed by distribution partners.

SBU – Strategic business unit
SDU – Strategic distribution unit
BU – Business unit
DU – Distribution unit

For more efficient management of individual business and distribution units, the organization unites similar business activities or products, shared markets, or channels, together.

NOTE 4 – SEGMENT INFORMATION (continued)

Since DU Russia, DU Austria, Global distribution network management and New Growth do not meet quantitative thresholds, required by IFRS 8 for reportable segments, they are reported within “Other segments”. “Other segments” category comprises also of non-allocable business activities (headquarters and support functions in all markets of Atlantic Grupa) which are excluded from the reportable operating segments.

Segment performance is evaluated based on operating profit or loss. Group financing and income taxes are managed on Group basis and are not allocated to operating segments.

Sales of individual business units represent in market sales made to third parties (either directly through business units or through distribution units). Distribution units’ sales includes sales of own products also reported as business units’ sales. This double counting of own product sales is eliminated in the “Reconciliation” line. For segmental profit calculation, sales between operating segments are carried out at arm's length.

Sales revenues[*] *(in thousands of EUR)*	**Jan - Jun 2023**	**Jan - Jun 2022**
SBU Coffee	93,868	84,487
SBU Savoury Spreads	67,645	65,742
SBU Snacks	58,557	44,283
SBU Beverages	50,018	41,692
SBU Pharmacy business	42,113	37,870
BU Donat	18,755	16,209
SDU Croatia	113,171	94,462
SDU Serbia	108,648	91,253
SDU Slovenia	76,983	68,583
SDU North Macedonia	25,894	21,943
Other segments	40,759	37,559
Reconciliation	(236,703)	(207,014)
Total	**459,708**	**397,069**

[*] Comparative period has been adjusted to reflect current period reporting

NOTE 4 – SEGMENT INFORMATION (continued)

Business results	**EBITDA***	
(in thousands of EUR)	**Jan - Jun 2023**	**Jan - Jun 2022**
SBU Coffee	7,109	14,976
SBU Savoury Spreads	10,850	12,774
SBU Snacks	7,462	2,621
SBU Beverages	7,070	6,815
SBU Pharmacy business	5,136	4,460
BU Donat	8,835	7,422
SDU Croatia	6,312	5,740
SDU Serbia	4,422	3,643
SDU Slovenia	3,007	3,134
SDU North Macedonia	1,519	1,081
Other segments	(17,335)	(18,258)
Total	**44,387**	**44,408**

* Comparative period has been adjusted to reflect current period reporting

NOTE 5 – EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit of the Group by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

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

	2023	**2022**
Net profit attributable to shareholders of the Company (*in thousands of EUR*)	20,931	22,142
Weighted average number of ordinary shares in issue	13,296,318	13,286,737
Basic earnings per share *(in EUR)*	1.57	1.67

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no convertible dilutive potential ordinary shares.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six-month period ended 30 June 2023, Group invested EUR 12,608 thousand in purchase of property, plant and equipment and intangible assets (2022: EUR 15,639 thousand).

NOTE 7 - INVENTORIES

During the six-month period ended 30 June 2023, the Group wrote down inventories in the amount of EUR 782 thousand due to damage and short expiry dates (2022: EUR 1,149 thousand). The amount is recognized in the income statement within position "Other operating costs".

NOTE 8 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 29 June 2023, distribution of dividend in the amount of EUR 1.00 per share, or EUR 13,308 thousand in total was approved (2022: EUR 1.66 per share, or EUR 22,075 thousand in total). Dividend was paid out in July 2023 and at the 30 June 2023 dividend payable was stated in the balance sheet under "Trade and other payables" position.

NOTE 9 – FINANCE COSTS – NET

(in thousands of EUR)	**Jan - Jun 2023**	**Jan - Jun 2022**
Finance income		
Foreign exchange gains on borrowings and lease liabilities	35	239
	35	239
Finance costs		
Interest expense on bank borrowings	1,094	152
Interest expense on lease liabilities	792	567
Interest expense on bonds	190	190
Other interest expense	83	50
Total interest expense	2,159	959
Foreign exchange loss on borrowings and lease liabilities	17	350
	2,176	1,309
Finance costs - net	**2,141**	**1,070**

NOTE 10 – RELATED PARTY TRANSACTIONS

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

(in thousands of EUR)	**30 June 2023**	**31 December 2022**
RECEIVABLES		
Non-current trade and other receivables		
Other entities	183	-
Current trade and other receivables		
Other entities	17,968	12,682
LIABILITIES		
Trade and other payables		
Other entities	375	386

	Jan - Jun 2023	**Jan - Jun 2022**
REVENUES		
Sales revenues		
Other entities	43,628	37,453
Other income		
Other entities	12	12
EXPENSES		
Marketing and promotion costs		
Other entities	499	597
Other operating costs		
Other entities	135	144

NOTE 11 – ACQUISTION OF SUBSIDIARY

Atlantic Grupa submitted a binding offer on 23 May 2023 to acquire Strauss Adriatic d.o.o., which was formally accepted by Strauss Group. Transaction closing is pending for merger approval by the Serbian Competition Agency. Binding offer is based on enterprise value of 40.5 million euros, on a cash-free and debt-free basis, and assuming delivery of normalised net working capital at transaction closing. Strauss is known for its strong coffee brands in the Serbian market – Doncafe and C kafa, which would be joining Atlantic's renowned brands Grand kafa and Barcaffé. Along with the brands, Atlantic Grupa would be taking over Strauss Adriatic's modern production facility in Šimanovci industrial zone, near Belgrade, and its 220 employees.

STATEMENT OF PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

In accordance with provisions of Law on Capital Market, Zoran Stanković, Group Vice President for Finance, Procurement and Investment and Tatjana Ilinčić, Director of Corporate Reporting and Consolidation, person responsible for corporate accounting, reporting and consolidation, together as persons responsible for the preparation of condensed consolidated financial statements of the company Atlantic Grupa d.d. Zagreb, Miramarska 23, OIB 71149912416 (hereinafter: "the Company"), hereby make the following

STATEMENT:

According to our best knowledge the condensed consolidated financial statements for the six-month period ended 30 June 2023 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and its subsidiaries (together – "the Group").

Report of the Company's Management board for the period from 1 January to 30 June 2023 contains the true presentation of development, results, and position of the Group, with description of significant risks and uncertainties which the Group is exposed.

Condensed consolidated unaudited financial statements of the Group for the six-month period ended 30 June 2023 were approved by the Management Board of the company Atlantic Grupa d.d. on 24 July 2023.

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

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Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

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ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
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fax: +385 (1) 24 13 901

The Company is registered with the Commercial Court of Zagreb
MBS: 080245039
MB: 1671910
PIN: 71149912416
Bank account: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
The number of shares and their nominal value: 13,337,200 shares, each in the nominal value of HRK 10.00
Share capital: HRK 133,372,000.00, paid in full.

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