ATLANTIC GRUPA

FINANCIAL RESULTS

IN 2021

(unaudited)

Zagreb, 24 February 2022

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

Commenting on the financial results for 2021, **Emil Tedeschi**, CEO of Atlantic Grupa, pointed out:

“During 2021, Atlantic Grupa showed a high level of stability, despite economic disruptions caused by the prolonged COVID-19 pandemic and difficulties with global supply chains. Atlantic Grupa concluded its jubilee 30 years of operation in 2021 with the historically highest revenues. Organic growth is recorded in all business segments, thanks, among other things, to significant marketing and capital investments, but also to a better epidemiological situation in all markets, easing of measures to prevent the pandemic and significantly better tourist season in Croatia compared to the previous year. Compared to the pre-pandemic 2019, we achieved significant organic sales growth of 9.3%*.

In order to implement the strategy of divesting non-core activities, at the end of June we completely divested the baby food brand Bebi and we found a strategic partner who took over the Mirna production site in Slovenia, where this portfolio was produced. We continued to focus on strengthening the main categories of consumer goods, which include coffee, savoury spreads, salty snacks, chocolate and soft drinks.

Despite the uncertainty of the pandemic development and a number of challenges ahead, we continued with the planned investments, especially investments in Atlantic Štark technology, new forms of packaging and redesign of Cedevita and the new Argeta factory near Varaždin. We are especially proud that in these difficult pandemic times, last year we increased investments in reward models for our employees throughout the group, from the increase in basic salaries and material benefits to investments in variable forms of rewards through increased monthly incentives, inclusion of more employees in annual bonus scheme and the introduction of new models to recognise outstanding achievements and encourage the retention of the best people.

We are particularly pleased with the fact that the capital market recognises our overall result, so in 2021 we had historically record-high share values, and we received the first prize for investor relations. The success of our overall business has been confirmed by numerous independent market researches and numerous awards won by our prominent brands. Excellent results and further deleveraging enabled us to distribute a record-high dividend.

Our main priorities in the coming period and circumstances remain the same – maintaining health and the general well-being of our employees, ensuring the smooth continuation of production and continuous supply of our customers and consumers, and social responsibility in the broadest sense.“

* 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”.

ATLANTIC GRUPA

HISTORICALLY HIGHEST REVENUE

- **SALES** AT HRK 5,702.5 MILLION
  +8.6% compared to 2020
  +9.4%* normalised for impacts of divested business

- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA***) AT HRK 724.4 MILLION
  +1.1% compared to 2020 (-2.7% if one-off items excluded*)

- EARNINGS BEFORE INTEREST AND TAXES (**EBIT***) AT HRK 437.9 MILLION
  -1.0% compared to 2020 (-6.7% if one-off items excluded*)

- **NET PROFIT*** AT HRK 345.9 MILLION
  +1.1% compared to 2020 (-2.0% if one-off items excluded*)

FINANCIAL SUMMARY OF 2021

Key figures	2021	2020	2021/2020
Sales (in HRK million)	**5,702.5**	5,252.0	8.6%
Turnover (in HRK million)	**5,785.8**	5,328.7	8.6%
Normalised EBITDA margin*	**12.9%**	14.4%	-149 bp
Normalised net income* (in HRK million)	**370.3**	377.7	(2.0%)
Gearing ratio*	**12.7%**	20.1%	-734 bp

The comparative period has been adjusted to the reporting for 2021.

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1. NEW ARGETA FACTORY

Given the excellent business development and growth plans in the savoury spreads category, Atlantic Grupa decided to invest in the construction of a new factory of products under the Argeta brand in the municipality of Kneginec near Varaždin. The investment, with a total value of more than EUR 50 million began with the purchase of the land and will have several phases, and the new production plant is scheduled to be commissioned within 15 months after obtaining a building permit. The realisation of all phases of the project should create up to 150 new jobs. For the construction of the factory and the accompanying infrastructure, a building plot in the Kneginec business zone of 53,000 square meters was purchased, and the new production plant will feature the highest standards in the food industry and the highest principles of sustainability, especially in environmental protection. The Kneginec business zone was selected for the construction of the new factory based on a number of criteria such as geographical location, transport connections and developed infrastructure, availability of skilled workforce and the possibility of using incentive measures in the form of tax relief, incentives for new employees and incentives for capital costs of the investment project.

2. LAUNCHING TWO NEW BRANDS: JIMMY FANTASTIC AND BOOM BOX

Atlantic Grupa’s new business unit, the New Growth, launched our new brand, Jimmy Fantastic, on the markets of Croatia and Slovenia in March. Jimmy Fantastic is a delicious high-quality chocolate for all those looking for a great snack to remember. We listened to the market, figured out what people wanted and decided to make the most generous portion of chocolate. We did everything differently, precisely because Jimmy Fantastic is like that – different. Name, design, packaging, size, flavours… we have created a brand new original brand of chocolate with extremely massive squares for all those who want a bit bigger bite from life. Jimmy Fantastic boasts as many as six creative combinations and inclusions, and some of them are appearing on the domestic market for the first time. So, with Jimmy Fantastic, chocolate lovers will be able to enjoy milk chocolate or its combination with roasted almonds and hazelnuts, a crunchy mix of coconut and cookies, a fusion of salted caramel and brownie, caramelised mini rice, or a wafer enriched with dark chocolate. Jimmy Fantastic is a proud Cocoa Horizons ambassador that promotes the prosperity of cocoa growers, protection of nature and children. We believe that chocolate should be produced in a sustainable way, with programs that empower and protect growers and make the planet a happy place to live.

The other new brand of the New Growth, called Boom Box, was launched in April in retail in Croatia and Slovenia. Boom Box is the new oat-based brand in our markets. Also, Boom Box is the first completely vegan brand without added sugar, and various flavour combinations make it totally delicious. From granola and oatmeal, to biscuits, and plant based drinks, every Boom Box product has the task of changing the perception of oats: oats are no longer the food we have to eat, oats are the food we want to eat – on any occasion. Early mornings, hectic afternoons, quiet evenings, late night fridge raids – all these are opportunities to start changing our eating habits in a nutritionally rich and very tasty way.

3. IN ADDITION TO DIGESTION, DONAT TAKES CARE OF NATURE

With a unique combination of minerals, Donat has been clinically proven to stimulate digestion and thus have a beneficial effect on the whole body. New findings are emerging that about 80% of the cells of the immune system are produced in our digestive system, which gives Donat an even more important role. That's why Donat's new positional slogan is: "Take care of your digestion, take care of yourself". Given the completely natural origin of the product and the requirements of regular users, it was decided that Donat starts to be filled in 100% recycled bottles, which reduced CO2 emissions by as much as 90% compared to the former bottle. Already used plastic bottles are taken from the environment and used as a raw material for the production of bottles, which greatly reduces the environmental burden of plastic. Thus, in Donat we realise our vision of a socially aware, environmentally responsible and sustainable brand. Donat is an expert in the field of healthy digestion and as such it is presented in a new, clean and elegant look.

4. ATLANTIC GRUPA ONE OF THE BEST AND MOST DESIRABLE EMPLOYERS

According to the Employer of First Choice survey conducted by MojPosao, Atlantic Grupa is the fifth most desirable employer in Croatia. The survey conducted during 2020 and 2021 covered almost 20 thousand respondents. Thus, Atlantic Grupa holds the high fifth position on the most desirable employers list for the third consecutive year.

At the Best Employer in Croatia award ceremony held in December 2021, Atlantic Grupa was in the top 3 based on the satisfaction of our employees they stated in an independent engagement survey conducted by the MojPosao portal.

5. ARGETA SPREADS' NEW LOOK

With the new visual solutions, Argeta packaging moves away from the industrial look that prevails with competitors in the category. It adds colour, warmth and story to the cold packaging we are used to, and to meat and fish products. The new look of Argeta's packaging addresses customers in a recognisable way with illustration as the central element, which gives Argeta's packaging a modern look, full of warmth and imagination. Through richly stylised illustration, the packaging will always say something new and introduce customers to the character and story of every flavour. The new design of Argeta's packaging includes more than 20 illustrations that make it easier to find your favourite flavours faster. Through the new approach to branding, the visual identity of the entire range of Argeta's meat and fish spreads has been changed, and the premium lines of Argeta Junior and Argeta Exclusive have been redesigned.

6. ARGETA GACKA TROUT WINS GOLDEN BASKET 2021 AWARD

Argeta Gacka trout, a product developed to help the local fish farm survive the crisis caused by the Covid-19 pandemic, was awarded the Product of the Year – Golden Basket 2021 award. The award jury recognised the company's efforts and the initiative of the Argeta brand as an excellent combination of social responsibility and new product development.

Last year, in the midst of the pandemic, Argeta launched a special action to help the Gacka fish farm in Otočac, which was left without most of the trout delivery orders due to restrictions and pandemic measures. Argeta decided to buy all the surplus fresh fish fillets, develop a new fish spread from raw material previously not used – Argeta Gacka trout, and in cooperation with Konzum, as an exclusive retail partner, launch a new product whose added value is not only flavour but also social responsibility. With such a move, Argeta only proves that as a brand it is strongly connected with the local economy in all environments in which it operates. In addition to the cooperation with the fish farm in Croatia, Argeta had a similar cooperation also with fish farms in Slovenia and Serbia.

7. RECORD HIGH DIVIDEND

Following the decision of the Company's General Assembly held on 16 June 2021, the dividend distribution was approved in the amount of HRK 40 per share, i.e. a total of HRK 133,094 thousand, representing the historically highest dividend amount. The dividend was distributed on 7 July 2021.

8. WE CONTINUE TO STRENGTHEN CUSTOMER EXPERIENCE IN THE CHOCOLATE CATEGORY

Atlantic Grupa and Barry Callebaut, the world's leading manufacturer of high-quality chocolate and cocoa products, have concluded a collaboration agreement that will improve the production and quality of Atlantic's established portfolio in the chocolate range, under Atlantic Štark brand, which has been present in Serbia since 1922.

This partnership with Barry Callebaut confirms that Atlantic Grupa is focused on further development of its main brands in key categories. Atlantic Štark is the first regional strategic partner of Barry Callebaut and its new factory in Novi Sad. The supply will also include cocoa with Cocoa Horizons certificate, a sustainability initiative whose mission is to improve the livelihoods of cocoa farmers and their communities through the promotion of sustainable entrepreneurial farming and improved productivity.

9. FIVE AWARDS FOR ARGETA AT 30TH SOF

At this year's jubilee 30th Slovenian Advertising Festival, Argeta won as many as five awards in various categories, of which four silver and one gold.

Argeta Exclusive received 3 awards for the Sound tasting project: a silver award in the Sound and Brand Management category and a gold award in the Innovation category. The Redesign of packaging project was awarded a silver award in the design category, which includes the redesign of packaging of all Argeta products. In the new design, Argeta is adorned with illustrations in a unique collage technique, with which Argeta has moved from the field of industrial design to the field of "craft" products of the highest quality. The We Support Local project also won a silver award. It was developed during the lockdown, when Argeta started the initiative "We Support Local" with which it came to the aid of many local entrepreneurs.

Argeta is among the top 10 brands in Slovenia in terms of the number of awards won.

10. BEBI BRAND DIVESTMENT COMPLETED

The process of divesting the baby food brand Bebi was completed on 30 June 2021. In September 2020, Atlantic Grupa and Nelt Grupa, based in Belgrade, entered into a contract for the sale of the Bebi brand. This is a wide portfolio of products for infants and children marketed primarily on the markets of Russia and other CIS countries, where this brand has been present for more than 35 years. In Russia, Bebi is a symbol of European quality and origin in the segment of cereals for children, and in 2020 it generated EUR 9 million in sales revenue.

In November 2021, Atlantic Grupa signed the agreement on the sale of the production site Mirna in Slovenia with the company Gittis Naturprodukte GmbH from Austria.

The sale of the Bebi brand is a continuation of the process of divesting minor and non-core activities, in line with the Atlantic Grupa's corporate strategy.

11. CEDEVITA IN NEW PRACTICAL PACKAGING

To the delight of the CE generation, Cedevita's new, modern and practical look was launched in the fourth quarter. Listening to the wishes of the Generation CE, Cedevita conducted a survey on their preferences when it comes to packaging. Through hundreds of interviews, consumers have expressed their views on the future, desired packaging of Cedevita.

Taking into account the suggestions of consumers, Cedevita, following the example of the smallest packaging of 200 grams, which consumers rated as the most practical to use, also brought a medium packaging in rigid form. This makes it easier to pour Cedevita directly into a glass or into a smaller package, and it also simplifies refilling by taking on the role of a container. In addition, it is extremely easy to open and close, while maintaining maximum quality and freshness. The largest packaging got a stopper that enables easy and controlled pouring of the consumers' favourite drink directly into a glass, or pouring their favourite Cedevita into a medium or small packaging.

When it comes to the look of the product, Cedevita got a completely new visual identity, which at first glance brings closer the beloved taste of Cedevita that awaits the consumer inside the packaging. By introducing fruit motives on the packaging of all five flavours, their look has been modernized.

With unmatched quality, unsurpassed flavours and a unique combination of refreshing taste and 9 vitamins, Cedevita will continue to win the hearts of the Generation CE.

12. ATLANTIC GRUPA WON THE FIRST PRIZE FOR INVESTOR RELATIONS AND THE CORPORATE GOVERNANCE AWARD

Atlantic Grupa won the first prize for investor relations, awarded for the 12th consecutive year at the "Challenge of Change" conference, organised jointly by the Zagreb Stock Exchange and the Association of Pension Fund Management Companies and Pension Insurance Companies.

This award is awarded in cooperation of Poslovni dnevnik and the Zagreb Stock Exchange and it represents a recognition by the investor community to companies that have fair and transparent investor relations. The competition includes companies from the CROBEX index and companies listed in the Prime and Official Markets of the Zagreb Stock Exchange, and the winners are selected based on statistical criteria related to obeying the Stock Exchange Rules by the issuer and based on a survey conducted among the capital market participants.

This is the 5th time that Atlantic Grupa won the first prize, and seven more times it was among the top three companies.

Atlantic Grupa received the award in the Zagreb Stock Exchange Prime Market category at the award ceremony for the best share issuers in Croatia according to the Annual Report on Corporate Governance for 2020, held as part of the HANFA and Jutarnji list conference "Corporate Governance in Croatia – Sustainable Companies as a Guarantor of Economic Growth".

13. DONAT AMONG THE GLOBAL ELITE

The Donat.com website has won second place among the world's elite at the Digital Communications Awards 2021. Since 2011, Quadriga University has been awarding outstanding online projects and campaigns with digital communication awards. A distinguished and numerous international jury awards prizes to companies and agencies, associations and non-governmental organizations, political foundations and parties from around the world that have achieved success in various fields: from viral campaigns, data communications, recruitment campaigns and employer brands promotion to chat bot projects and podcasts.

With the new website, Donat attracts customers who are looking for the best natural product for their health. With more than 200 published tips and website optimization, it has made remarkable progress, achieving more than a million visits via Google search engine in 2020.

14. EFFIE AWARDS FOR DONAT AND ARGETA

On the occasion of the jubilee Effie Slovenia 2020 award ceremony, for the first time in the Slovenian organization of that award, a platinum award was presented – to the Donat brand, for its marketing and communication campaign "Take care of your digestion, take care of yourself!".

In addition to the platinum award, Atlantic Grupa also received the gold Effie Award for Donat in the Products – Beverages category, the silver award for the Argeta brand in the Products – Food category (the "Life is what we make of it" campaign) and the bronze award for the Argeta brand in the Response for Survival (campaign #PodržavamoLokalno). Based on the points earned by the awards, the jury of the Effie Slovenia award for the fifth time awarded the most effective ones, so the title of the most effective advertiser Effie Slovenia 2020 was won by Atlantic Grupa, and Donat is the most effective brand of Effie Slovenia 2020.

The Effie Awards are given by the jury to advertisers and agencies who, through a guided application process and two-stage evaluation, have unequivocally and clearly proven the direct link between marketing communication and achieving and exceeding set communication, marketing and business goals.

15. BARCAFFÉ WON GOLD MEDALS FOR BARCAFFÉ ESPRESSO SINGLE ORIGIN INDIA AND PRESTIGIO

At this year's International Coffee Tasting Competition, held on 13 October 2021, organized by the International Institute of Coffee Keys, Barcaffé espresso won gold for Barcaffé India Single Origin and Barcaffé Espresso Prestigio. That's already 13 medals for Barcaffé espresso at these competitions held every year.

The judges of this year's competition judged the best coffees in the world. They did so in accordance with the highest standards of sensory analysis. These coffee experts rated it based on several criteria: richness of flavor, intensity of aroma, structure and durability of the foam.

As one of the most important regional brands in the espresso world, Barcaffè learns and transmits its love of coffee. It is dedicated to choosing only the highest quality products for its customers. Once it recognises its flavour among Barcaffé coffees, it will easily recognise it in a sea of other flavours. Intense and unique, it gives a magical promise that is fulfilled in every cup.

16. BARCAFFÉ ESPRESSO OPENS THE FIRST BARISTA ACADEMY IN CROATIA

In late October 2021, a training center for baristas and a coffee bar for all fans of top-quality espresso was opened in an attractive location in Zagreb.

The academy is located on Radnička cesta, the business heart of Zagreb and covers almost 300 square meters. At the opening, the Barista book was presented, which was developed by Barcaffé baristas from the region in collaboration with Nik Oroši, the forerunner of modern baristas in Zagreb, who joined the team of Barcaffé espresso experts. The book summarizes the rich knowledge of coffee, from cultivation, bean selection, processing, to the perfect espresso that everyone will have the opportunity to drink at the new Barcaffé espresso academy. Along with the Barista book, Barcaffé espresso specialty coffee by Nik Oroši was presented. In the cafe bar within the academy, all visitors have the opportunity to taste different Barcaffé espresso coffees: Maestoso, India Single Origin 100% arabica and the mentioned specialty coffee by Nik Oroši 100% arabica.

Barcaffé espresso academy is a milestone on the way to the perfect espresso and a place that will inspire professionals through training for baristas and business partners. The academy space is also a cafe bar open to the public.

17. CEE LOGISTICS & SCM EXCELLENCE AWARD FOR ATLANTIC GRUPA

European experts in supply chain management and logistics recognised the innovation of our teams and processes and awarded Atlantic Grupa a prestigious award for excellence in the manufacturer category.

The jury recognized the efforts and results of the Atlantic team in terms of increasing productivity, reducing prices and raising the bar in providing service to consumers. The eighth edition of the CEE Logistics & SCM Excellence Award at the TRANSLOG Connect Congress Conference was held in

Budapest at the end of November 2021, and our award is due to several important projects such as Voice picking, 3PL, Mobile delivery, Layout Opt, Inbound / Outbound.

TRANSLOG Connect Congress is the leading B2B conference in Central and Eastern Europe, bringing together experts in transport, logistics and supply chain management. The goal of the award for excellence is to give recognition for successful projects in the field of logistics, but also to raise standards and increase innovation in logistics and supply chain.

18. SUPERVISORY BOARD REINFORCED, TWO NEW MEMBERS

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

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

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	2021	2020	2021/2020
SBU Coffee	**1,196.2**	1,106.9	8.1%
SBU Savoury Spreads	**885.2**	836.1	5.9%
SBU Snacks	**684.4**	644.2	6.2%
SBU Beverages	**536.4**	481.7	11.4%
SBU Pharma	**563.3**	539.8	4.4%
BU Donat	**218.8**	196.3	11.5%
SDU Croatia	**1,403.2**	1,250.8	12.2%
SDU Serbia	**1,335.4**	1,231.5	8.4%
SDU Slovenia	**1,012.8**	981.3	3.2%
Other segments*	**820.8**	778.0	5.5%
Reconciliation**	**(2,954.0)**	(2,794.4)	n/a
Sales	**5,702.5**	5,252.0	**8.6%**

The comparative period has been adjusted to the reporting for 2021.

In 2021, Atlantic Grupa recorded sales of HRK 5.7 billion, which is an 8.6% growth compared to the previous year. The revenue growth is recorded in all business and distribution units following excellent sales results of the majority of own and principal brands. The highest percentage growth was recorded by the Strategic business unit Beverages, the Business unit Donat and the pharmacy chain Farmacia. After the poorer first quarter (due to significant restrictions in the operations of the HoReCa channel at the beginning of the year), the sales growth was realised in the rest of the year due to a better epidemiological situation on all markets, and the easing of measures to prevent the spread of the pandemic, and a significantly better tourist season in Croatia, compared to the previous year. If we exclude the effect of sales of the divested business, the baby food brand Bebi, which was fully divested at the end of June, organic sales growth would be 9.4%***. It is important to note that comparable sales were 9.3% above the level achieved in 2019***.

Atlantic Grupa records sales by business segments in a way that sales of individual Strategic Business Units and Business Units represent the total sales to third parties in the markets (either directly from a Strategic Business Unit (SBU) or Business Unit (BU), or through a Strategic Distribution Unit (SDU), Distribution Unit (DU) or Global Distribution Account Management (GDAM)), while sales of Strategic Distribution Units, Distribution Units and Global Distribution Account Management include both sales of external principals' products and sales of own products. Comparative period has been adjusted to reflect the reporting for 2021.

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

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

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SALES TRENDS
IN 2021

The STRATEGIC BUSINESS UNIT COFFEE records a significant sales growth primarily as a result of the increase in sales 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 and Bonito brands, and Barcaffé, coffee for on-the-go consumption, instant coffee and Barcaffé Perfetto capsules. Espresso coffee records a significant growth primarily as a consequence of the acquisition of Procaffe and the increase in sales of espresso coffee under the Barcaffé brand following the easing of measures to prevent the spread of COVID-19 in the HoReCa channel. It should be noted that we record additional 1,207 locations in the HoReCa channel, which is a significant growth compared to 2020, primarily due to acquisitions in the markets of Croatia and Serbia. Compared to 2019, the SBU Coffee records an increase in sales of 5.3%.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded an increase in sales due to the excellent business results primarily in Western markets (Germany, Austria, the United States of America and Switzerland) and the market of Kosovo (due to the return of diaspora after two years), and the market of Russia, which fully cancelled out the decrease in sales in the market of Slovenia, caused by high sales of this segment in the previous year. Growth was recorded both in meat and fish savoury spreads segments. Also, jams and *ajvar* under the Granny's Secret brand and sandwiches under the Montana brand record double-digit sales growth. Savoury Spreads recorded as much as 22.0% higher sales compared to 2019.

The STRATEGIC BUSINESS UNIT SNACKS recorded an increase in sales in almost all regional markets, with the most significant growth recorded by the markets of Serbia, Bosnia and Herzegovina and Montenegro. Analysed by categories, the double-digit growth is recorded by flips under the Smoki brand, Bananica (also the fastest-growing brand in 2021) and Prima sticks. Sales of this Strategic unit are 1.4% higher than the sales recorded in 2019.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a double-digit sales growth in almost all markets, with the most significant growth recorded by the markets of Croatia, Serbia, and Bosnia and Herzegovina. Significant sales growth is recorded by Cockta and visually refreshed Cedevita, where the sales growth in the HoReCa channel and Cedevita GO stand out. Revenue growth in this segment was also impacted by the significant easing of measures in the HoReCa channel, primarily in the second part of the year, and a successful tourist season in Croatia, the dominant market of this business segment. Compared to 2019, the comparable* sales are only 0.2% lower, primarily due to restrictions in the operations of the HoReCa channel.

The STRATEGIC BUSINESS UNIT PHARMA records a double-digit sales growth of the pharmacy chain Farmacia due to a significant sales growth primarily in the second quarter (easing of measures to prevent the spread of the pandemic which were in force in the same period of the previous year) and in the last quarter, due to the worsening of the epidemiological situation (the fourth wave) and the consequent increased demand for the COVID-19 range (drugs, disinfectants, tests, protective equipment). The above mentioned growth fully cancelled out the decrease in sales of the divested brand Bebi in the Russian market. If we exclude the effect of Bebi brand sales, the sales of this unit record a significant growth of 12.7%*.

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In addition, in 2021, this segment records 17.2% higher comparable* sales compared to 2019. As at 31 December 2021, Farmacia consists of 96 pharmacies and specialised stores (including webshop), which is 6 retail units more compared to 2019.

Double-digit growth rates are recorded by the BUSINESS UNIT DONAT due to the increase in sales primarily in the market of Slovenia, and in the markets of Croatia and Bosnia and Herzegovina. Compared to 2019, the significant 14.5% growth was recorded.

Double-digit growth rates are recorded by the STRATEGIC DISTRIBUTION UNIT CROATIA as a consequence of excellent results of own and principal brands. Own brands recorded growth in almost all categories, and the brands that especially stand out are two new brands – Jimmy Fantastic and Boom Box, Cedevita and Cockta brands in the retail channel, Cedevita GO, sandwiches under the Montana brand, roast and ground coffee under the Barcaffé brand, flips under the Smoki brand and functional water Donat. A significant growth was recorded also by the HoReCa channel, primarily due to excellent results of Cedevita and Barcaffé espresso. Among principal brands, the most significant growth was recorded by Ferrero, Phillips and Mars. The growth in sales in this segment was impacted by the easing of restrictive measures to combat the pandemic in the second part of the year, and a better tourist season in Croatia compared to the previous year. This unit recorded 4.4% higher comparable sales* compared to 2019.

The STRATEGIC DISTRIBUTION UNIT SERBIA recorded a significant sales growth as a result of the increase in sales of roast and ground coffee under the Grand kafa and Bonito brands, flips under the Smoki brand and Bananica in the snacks segment, Cedevita GO in the beverages segment, and Cockta in the retail channel. Among principal brands, Red Bull, Rauch and Saponia stand out. Strong sales are also recorded by the HoReCa channel following the significantly milder restrictions and the easing of measures to combat the pandemic. This unit also records 5.7% higher sales compared to 2019.

The STRATEGIC DISTRIBUTION UNIT SLOVENIA records sales growth due to the growth of own and principal brands. Among own brands, the brands that especially stand out are two new brands – Jimmy Fantastic and Boom Box, functional water Donat, flips under the Smoki brand, and Cockta in the retail channel and Cedevita GO in the beverages segment. Among principal brands, Ferrero and Rauch stand out. As in other markets, the recovery of the HoReCa channel is noticeable also in the Slovenian market due to milder measures to prevent the spread of the pandemic for most of the year, compared to the previous year. The sales are 7.6% higher compared to 2019.

OTHER SEGMENTS record sales growth in the distribution units Austria, Macedonia and the Global Distribution Account Management, and in the new business unit New Growth, which fully cancelled out the decrease in sales recorded in the distribution unit Russia following the decrease in sales of the divested baby food brand Bebi. If we exclude the effect of sales of the Bebi brand, Other segments record an 11.1%* growth. Also, the sales are 31.8%* higher compared to 2019.

The DISTRIBUTION UNIT MACEDONIA recorded an increase in sales due to the increase in sales of own and principal brands. Own brands are led by the sales growth of Argeta in the savoury spreads segment, roast and ground coffee under the Grand kafa brand, the Cedevita brand in the beverages segment, and flips under the Smoki brand in the snacks segment. Among principals, Ferrero and Hipp stand out.

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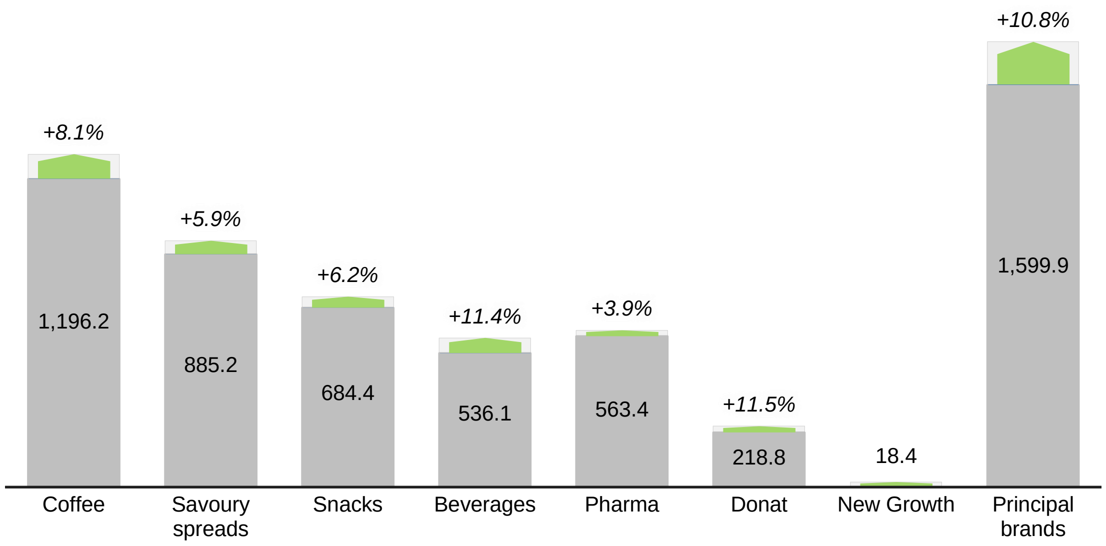
The DISTRIBUTION UNIT AUSTRIA records double-digit growth rates, mainly due to the growth of own brands, primarily Argeta in the savoury spreads segment, and Smoki, Bananica and Prima sticks in the snacks segment.

The GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT records a significant sales growth, with the biggest growth recorded by the markets of Germany, the Unites States of America, Switzerland, and France in the savoury spreads segment under the Argeta brand and flips under the Smoki brand in the snacks segment.

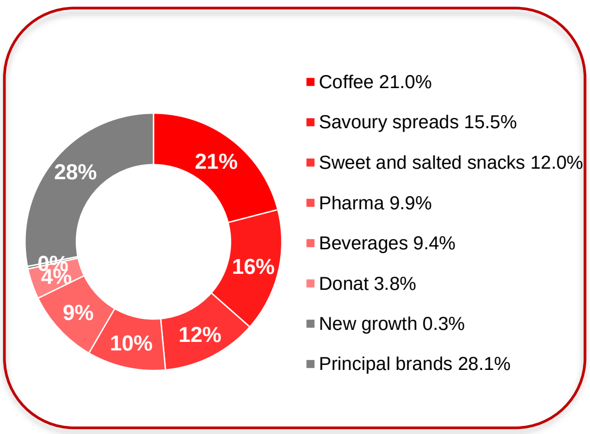
The DISTRIBUTION UNIT RUSSIA records a decrease in sales as a consequence of the decrease in sales of baby food under the Bebi brand which was partially cancelled out by the double-digit growth in sales of Argeta in the savoury spreads segment, and functional water Donat. If we exclude the effect of sales of the divested brand Bebi, the sales of this unit grew by 11.9%.

SALES PROFILE BY SEGMENTS

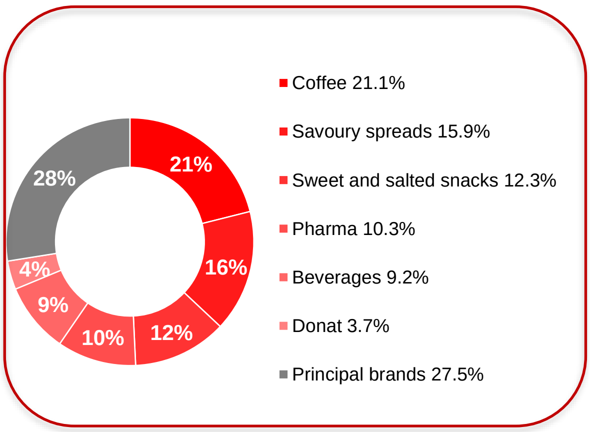
Sales comparison to 2020 (in HRK million)



2021



2020



SALES PROFILE BY MARKETS

(in HRK millions)	2021	% of sales	2020	% of sales	2021/2020
Croatia	**1,945.6**	34.1%	1,724.2	32.8%	12.8%
Serbia	**1,352.9**	23.7%	1,248.8	23.8%	8.3%
Slovenia	**1,013.7**	17.8%	982.1	18.7%	3.2%
Bosnia and Herzegovina	**422.6**	7.4%	388.2	7.4%	8.8%
Other regional markets*	**466.6**	8.2%	418.9	8.0%	11.4%
Key European markets**	**275.8**	4.8%	251.8	4.8%	9.6%
Russia and CIS	**116.3**	2.0%	139.2	2.7%	(16.5%)
Other markets	**108.9**	2.0%	98.8	1.8%	10.2%
Total sales	**5,702.5**	100.0%	5,252.0	100.0%	8.6%

*Other regional markets: Macedonia, Montenegro, Kosovo
**Key European markets: Germany, Switzerland, Austria, Sweden
The comparative period has been adjusted to the reporting for 2021

The MARKET OF CROATIA recorded a double-digit sales growth as a result of the easing of measures to prevent the pandemic, primarily in the HoReCa channel, and a significantly better tourist season compared to the previous year. Sales growth was recorded by: (i) most own brands, with the biggest growth recorded by new brands Jimmy Fantastic and Boom Box, Cedevita and Cockta in the retail channel, Cedevita GO, Cedevita and Barcaffé espresso in the HoReCa channel, sandwiches under the Montana brand, and functional water Donat, (ii) the pharmacy chain Farmacia, and (iii) external principals, among which the biggest growth was recorded by Ferrero, Phillips and Mars.

A significant sales growth is recorded in the MARKET OF SERBIA, primarily from the sales of own brands, of which the following stand out: (i) Grand kafa and Bonito in the coffee segment, (ii) Bananica and Smoki in the snacks segment, and (iii) Cockta in the retail channel and Cedevita GO in the beverages segment. Among principal brands, growth comes from Red Bull, Rauch and Saponia.

The increase in sales of 3.2% in the MARKET OF SLOVENIA is based on the increase in sales of: (i) functional water Donat, (ii) new own brands Jimmy Fantastic and Boom Box, (iii) flips under the Smoki brand, (iv) Cockta in the retail channel and Cedevita GO in the beverages segment, and (v) principal brands Ferrero and Rauch.

The MARKET OF BOSNIA AND HERZEGOVINA recorded an 8.8% sales growth as a result of the easing of measures to prevent the pandemic, primarily in the HoReCa channel. The growth came from: (i) roast and ground coffee under the Grand kafa brand, (ii) Cedevita and Cockta in the beverages segment, (iii) functional water Donat, and (iv) flips under the Smoki brand and Bananica in the snacks range.

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

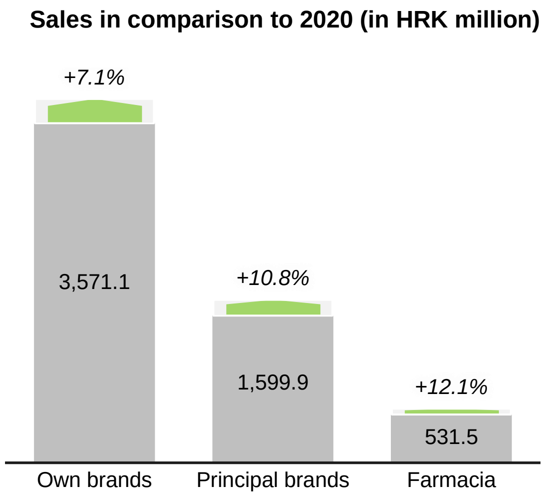
The significant sales growth, of 9.6%, on the KEY EUROPEAN MARKETS was recorded in all markets, where the markets of Austria and Germany recorded double-digit growth due to the increase in sales of Argeta in the savoury spreads segment and flips under the Smoki brand.

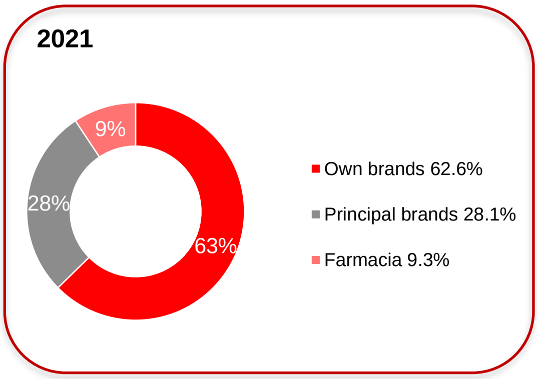
The decrease in sales was recorded by the MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES following the decrease in sales of the baby food range under the Bebi brand. This decrease was partly cancelled out by the increase in sales of savoury spreads under the Argeta brand. If we exclude the effect of the divested business, i.e. the sales of the Bebi brand, this market records a significant growth of 18.2%*.

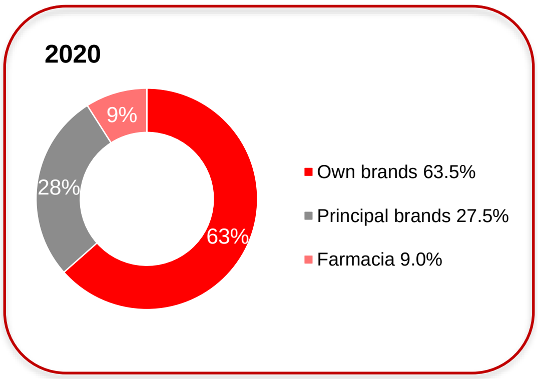
A double-digit sales growth is recorded in OTHER MARKETS, primarily due to the increase in sales of savoury spreads under the Argeta brand in most Other markets, with the most significant growth recorded by the markets of the United States of America and France.

* 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”.

SALES PROFILE BY PRODUCT CATEGORY







Usporedno razdoblje prilagođeno je izvještavanju za 2021. godinu.

In 2021, OWN BRANDS recorded sales of HRK 3,571.1 million, which is a 7.1% growth, following the growth of almost all categories. The greatest contribution to the growth was made by: (i) Argeta in the savoury spreads segment, (ii) Grand kafa in the coffee segment, (iii) Smoki and Bananica in the snacks segment, (iv) Cedevita and Cockta in the beverages segment, and (v) functional water Donat. If we exclude the effect of the Bebi brand sales, own brands record an increase in sales of 8.4%*.

With sales of HRK 1,599.9 million, PRINCIPAL BRANDS record a significant growth of 10.8%. The growth is mainly based on the increase in sales of principals Ferrero, Phillips, Rauch and Red Bull.

A significant 12.1% growth was recorded by the pharmacy chain FARMACIA, with sales of HRK 531.5 million, due to the increase in sales of the existing Farmacia locations, the easing of measures to prevent the spread of the pandemic and higher sales following the increased demand for drugs, disinfectants, tests and protective equipment as a consequence of the COVID-19 pandemic. In 2021, 4 new retail units were opened. As at 31 December 2021, Farmacia consists of 96 pharmacies and specialised stores (including the webshop).

* 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”.

PROFITABILITY TRENDS

(in HRK millions)	2021	2020	2021/2020
Sales	**5,702.5**	5,252.0	8.6%
EBITDA*	**724.4**	716.5	1.1%
Normalised EBITDA*	**735.0**	755.1	(2.7%)
EBIT*	**437.9**	442.2	(1.0%)
Normalised EBIT*	**448.6**	480.8	(6.7%)
Net profit*	**345.9**	342.3	1.1%
Normalised Net profit*	**370.3**	377.7	(2.0%)
Profitability margins			
EBITDA margin*	**12.7%**	13.6%	-94 bp
Normalised EBITDA margin*	**12.9%**	14.4%	-149 bp
EBIT margin*	**7.7%**	8.4%	-74 bp
Normalised EBIT margin*	**7.9%**	9.2%	-129 bp
Net profit margin*	**6.1%**	6.5%	-45 bp
Normalised Net profit margin*	**6.5%**	7.2%	-70 bp

In 2021, EBITDA amounts to HRK 724.4 million, which is a 1.1% increase compared to the previous year, or a 2.7% decrease if we exclude the effect of one-off items.

One-off items amounted to HRK 10.6 million, which is significantly less than the last-year's HRK 38.6 million, most of which related to the costs connected with the pandemic, mainly donations we made for the purpose of preventing the spread of the pandemic and treatment of patients.

The decrease in normalised EBITDA was most significantly affected by higher average prices of a large number of production materials, higher transportation and logistics costs, due diligence costs related to an acquisition that has not been realised, and a significantly higher investments in marketing activities and human resources. These negative effects are partly mitigated by the increase in sales of all business and distribution units, with the most prominent sales growth of the Strategic Business Units Beverages, the Business Unit Donat, and the pharmacy chain Farmacia, and by the divestment of the baby food brand Bebi.
In addition to the described above, normalized net profit records a 2.0% decrease despite lower interest expense and positive effect of foreign exchange differences, primarily due to the mild appreciation of the Croatian kuna against the Euro.

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OPERATING EXPENSES STRUCTURE

(in HRK millions)	2021	% of sales	2020	% of sales	2021/2020
Cost of goods sold	**1,729.8**	30.3%	**1,564.5**	29.8%	10.6%
Change in inventory	**(22.8)**	(0.4%)	**(26.7)**	(0.5%)	n/a
Production materials	**1,496.0**	26.2%	**1,374.9**	26.2%	8.8%
Energy	**60.9**	1.1%	**58.5**	1.1%	4.0%
Services	**358.2**	6.3%	**317.4**	6.0%	12.9%
Staff costs	**937.4**	16.4%	**855.6**	16.3%	9.6%
Marketing and selling expenses	**329.8**	5.8%	**267.1**	5.1%	23.5%
Other operating expenses	**176.2**	3.1%	**197.8**	3.8%	(10.9%)
Other (gains)/losses, net	**(4.0)**	(0.1%)	**2.9**	0.1%	n/a
Depreciation and amortisation	**286.4**	5.0%	**274.3**	5.2%	4.4%
Total operating expenses*	**5,347.8**	**93.8%**	**4,886.5**	**93.0%**	**9.4%**

The cost of goods sold records a significant increase due to higher sales of principal brands.

Costs of production materials record an increase due to higher sales of own products and higher average prices of a large number production materials, primarily edible oil, raw coffee and packaging materials.

Energy costs increased due to higher production of own products and higher energy prices.

Costs of services record a significant increase due to higher transport and logistics costs, as a consequence of higher sales, and higher IT system maintenance costs (following the launch of many new projects) and production equipment and other external services, including advisory services.

The highest share of the increase in staff costs relates to the increase in investments in reward models for our employees, from the increase in basic salaries and material benefits to investments in variable forms of rewards through increased monthly incentives, inclusion of more employees in annual bonuses and the introduction of new models to recognise outstanding achievements and encourage the retention of the best people. In addition, in 2021 we significantly increased the investments in training and education of our staff, using all the learning and development advantages offered by the digital technologies, such as for example *e-learning*, so, as per the number of training per employee, we had a record year. In 2021, Atlantic Grupa had on average 5,460 employees, or 52 employees more compared to the previous year.

Marketing expenses are significantly higher due to higher investments in marketing in almost all business units (last year investments were lower due to extraordinary circumstances caused by the pandemic) and significant investments in two new brands.

* 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".

Other operating expenses include HRK 22.0 million of one-off expenses, which is significantly less than the last-year's HRK 41.6 million. This year's amount primarily relates to provisions for contingent legal claims, while the majority of the last year's amount relates to costs connected with the pandemic (mainly donations). When these one-off expenses are excluded, other operating expenses record a decrease due to lower impairment of trade receivables and inventories.

Other (gains)/losses – net: Profit realised primarily on the basis of fair value of financial (*forward*) instruments in the coffee segment.

OPERATING RESULT OF STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	2021	2020	2021/2020
SBU Coffee	280.1	279.5	0.2%
SBU Savoury Spreads	183.0	196.8	(7.0%)
SBU Snacks	116.2	113.9	2.0%
SBU Beverages	110.3	104.4	5.6%
SBU Pharma	49.4	34.7	42.5%
BU Donat	97.0	92.8	4.6%
SDU Croatia	87.8	66.0	33.0%
SDU Serbia	58.5	56.6	3.3%
SDU Slovenia	70.6	64.3	9.9%
Other segments*	(328.7)	(292.5)	(12.4%)
Group EBITDA**	724.4	716.5	1.1%

STRATEGIC BUSINESS UNITS AND BUSINESS UNIT: The SBU Coffee recorded somewhat better profitability as a result of higher sales and a more favourable gross margin, despite higher price of coffee and packaging material and higher marketing investments and staff costs. The SBU Savoury Spreads recorded a decrease in profitability due to higher prices of raw materials, marketing investments and staff costs, despite the sales growth. The SBU Snacks recorded a profitability growth due to higher sales and lower marketing investments, despite higher prices of raw materials and staff costs. The SBU Beverages recorded a significant profitability growth due to higher sales, despite higher prices of raw materials, higher marketing investments, higher transportation, logistics and staff costs. The SBU Pharma recorded a significantly higher profitability due to higher sales of the pharmacy chain Farmacia and divestment of the baby food Bebi. The BU Donat recorded an increase in profit due to higher sales, despite higher price of packaging material and higher marketing investments.

STRATEGIC DISTRIBUTION UNITS: The significant profitability increase in all three Strategic Distribution Units is a result of higher sales, despite higher transportation and logistics costs, and staff costs.

OTHER SEGMENTS: If we exclude the above mentioned one-off items of HRK 10.7 million (last year HRK 38.6 million), Other segments record a decrease in profitability as a consequence of initial investments in new brands, higher costs of central functions and the effect of divesting the Bebi brand in the DU Russia, despite the increase in profitability of the DU Austria, GDAM, DU Macedonia.

The comparative period has been adjusted to the reporting for za 2021.

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

** 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”.

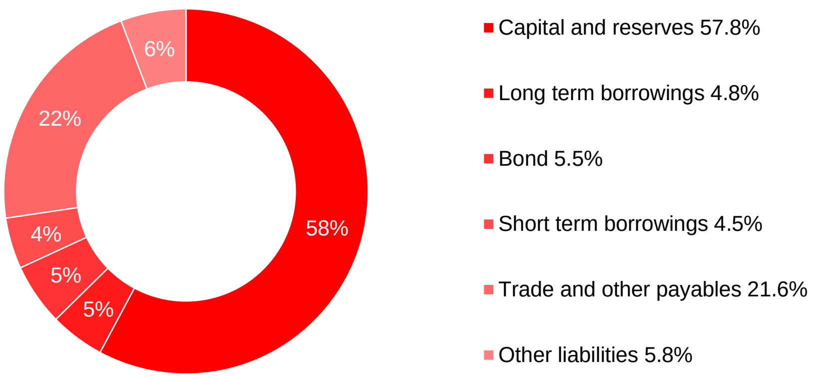
FINANCIAL INDICATORS

(in HRK millions)	31 Dec 2021	31 Dec 2020
Net debt*	**459.9**	740.1
Total assets	**5,452.9**	5,413.4
Total Equity	**3,152.5**	2,948.0
Current ratio*	**1.5**	1.3
Gearing ratio*	**12.7%**	20.1%
Net debt/EBITDA*	**0.6**	1.0
Interest coverage ratio*	**41.2**	29.4
Capital expenditure*	**233.3**	242.7
Free cash flow*	**502.5**	334.4
Cash flow from operating activities	**735.8**	577.1

Among key determinants of the Atlantic Grupa's financial position in 2021, the following should be pointed out:

- The gearing ratio decreased by as much as 734 basis points due to the HRK 280 million decrease in net debt compared to the end of 2020.
- The indebtedness measured as the net debt to normalised EBITDA ratio dropped from 1.0 at the end of 2020 to 0.6 at the end of 2021.
- Free cash flow records an increase due to a significantly higher cash flow from operating activities and somewhat lower capital expenditure.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 31 DECEMBER 2021



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

OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash flow from operating activities records an increase, primarily as a result of improved profitability, positive movements in the working capital and lower cash outflows related to financing, despite higher cash outflows related to taxes.

Capital expenditure in 2021 was realised in line with the Atlantic Grupa's Strategic guidelines. The pandemic situation affected the timely construction of factory plants and installations. Global disruptions in the supply chain are evident, especially in the supply of electronic components, which caused delays in the delivery of equipment by our suppliers. These pandemic effects directly affected our financial realisation of the capital expenditure plan. Delays in the realisation of the capital expenditure projects do not negatively impact our business.

Among significant investments, we should mention:

- SBU BEVERAGES: Finalised installation of the new line for rigid and flexible packaging of Cedevita and its commissioning and beginning of production in the new innovative packaging. Initialised investment project for the optimisation of PET packaging aimed at decreasing the weight of individual PET packaging.

- SBU COFFEE: Finalised installation of the Coffee2Go and HoReCa equipment for coffee preparation at points of sale. Investment projects related to raising technological level of production and filling of coffee in production locations in Serbia, Bosnia and Herzegovina and Slovenia.

- SBU SAVOURY SPREADS: Finalised investment in the reconstruction and improvement of the line for the production and packaging of savoury spreads in Izola. Reconstruction of the automatic high shelf warehouse made. Initialised preparation of project technical documentation for the construction of the new factory in Varaždin.

- SBU SNACKS: A trial run of a new chocolate moulding line and a new chocolate packaging line completed. Additional investments in advanced technical solutions for the production of Jimmy Fantastic chocolate. Initiated realisation of the strategic investment project in the production of biscuits and wafers at the production sites in Belgrade and Ljubovija.

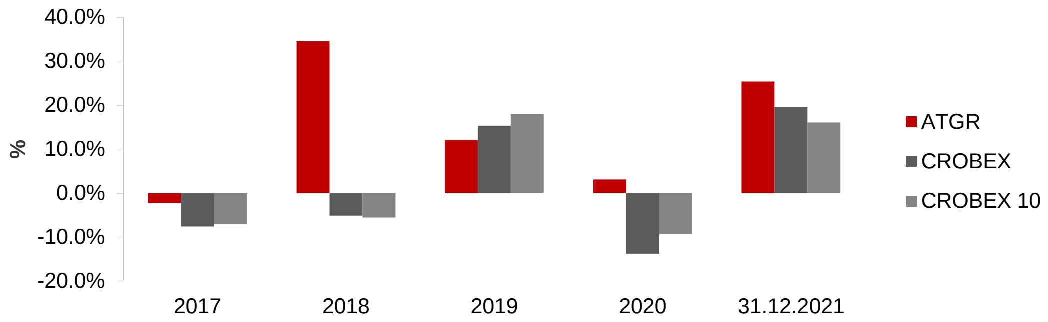
- BU DONAT: Finalised investment in the system for labelling/serialisation of products in line with the requirements of the market of the Russian Federation.

- SBU PHARMA: Multiple investments in equipment of stores in the pharmacy chain Farmacia.

- IT: Investments in digital infrastructure and technologies. Initiated implementation of S4 ERP system in all companies of Atlantic grupa – the first implementation in the SBU Coffee/Atlantic Grand Beograd. Among other things, we launched the investments in the digitalisation of the procure to pay (P2P) system and the global master data management (MDM) system.

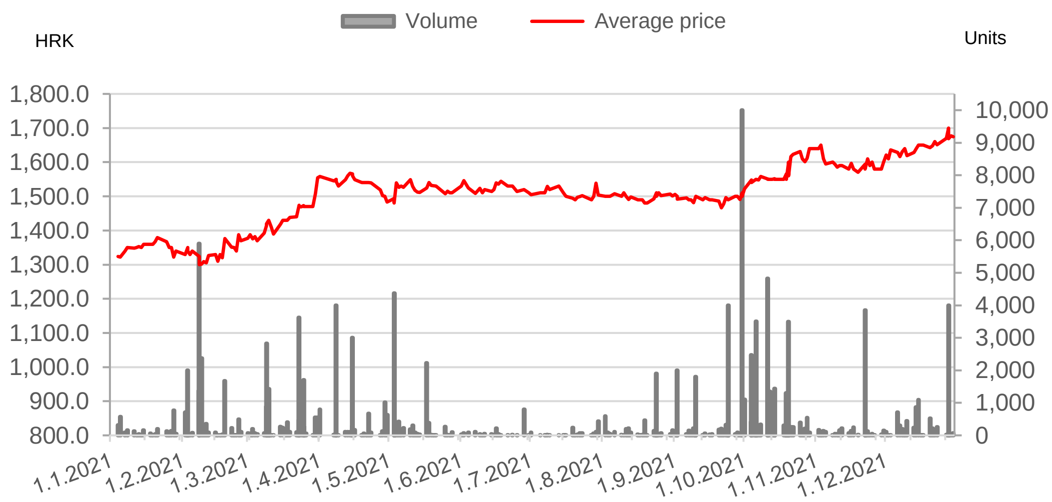
STOCK MARKET PERFORMANCE: RECORD-HIGH MARKET CAPITALISATION

Unlike the previous year, in the first half of 2021 the capital market recorded strong growth due to economic recovery and the return of optimism. Despite a better and more encouraging beginning of the year, somewhat weaker activity in the capital market was recorded in the second half of the year. The indices grew in double digits, with CROBEX10 growing by +16.0% and CROBEX growing by +19.6%. At the same time, the Atlantic Grupa's share recorded a significant growth of as much as +25.4%.



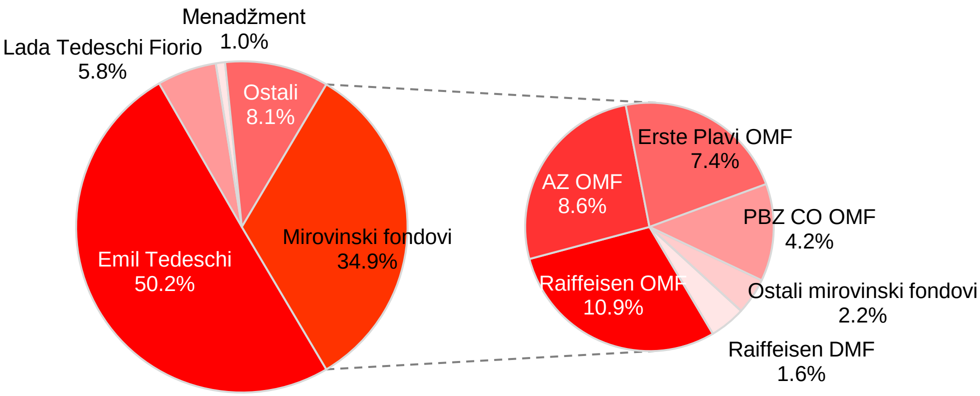
Among the components of CROBEX10, with the market capitalisation of HRK 5,601.6 million, Atlantic Grupa d.d. holds the second place. In December 2021, the share of Atlantic Grupa d.d. recorded the historically highest level of market capitalisation since its listing in November 2007, with the share price of HRK 1,680. According to the total turnover in 2021, the share of Atlantic Grupa d.d. holds the seventh place compared to all the shares quoted on the Zagreb Stock Exchange, with a turnover of HRK 70.5 million.

MOVEMENTS IN THE AVERAGE PRICE AND VOLUME OF THE ATLANTIC GRUPA'S SHARE IN 2021



ATLANTIC GRUPA

OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2021



Atlantic Grupa d.d. has a stable ownership structure: 50.2% of the company is owned by Emil Tedeschi and 5.8% by Lada Tedeschi Fiorio, while pension funds hold 34.9% of Atlantic Grupa d.d. In the Management category, members of the Management Board hold 33,464 shares (Neven Vranković 20,555, Srećko Nakić 6,992, Zoran Stanković 4,950 and Enzo Smrekar 967). In the Others category, a member of the Supervisory Board Siniša Petrović holds 176 shares. Also, a Member of the Management Board Neven Vranković holds 150 bonds of Atlantic Grupa d.d.

Valuation	2021	2020
Last price in reporting period	1,680.0	1,340.0
Market capitalization* (in HRK millions)	5,601.6	4,468.0
Average daily turnover (in HRK thousands)	303.9	458.6
EV (in HRK millions)*	6,068.5	5,214.1
Adjusted EV/EBITDA*	8.3	6.9
Adjusted EV/EBIT*	13.5	10.8
EV/sales*	1.1	1.0
Adjusted EPS (in HRK)*	111.4	113.5
Adjusted P/E*	15.1	11.8

* 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“.

MANAGEMENT'S VIEW ON MACROECONOMIC EXPECTATIONS

In 2021, the Croatian economy recorded a strong recovery due to a successful tourist season thanks to a more favourable epidemiological situation. This year, in addition to the continued development of the epidemiological situation, will be marked by the impact of rising inflation and disruptions in supply chains. Also, the year will be marked by Croatia's preparations for joining the eurozone at the beginning of 2023. Despite all these challenges and assuming a good tourist season, the management of Atlantic Grupa expects the continuation of solid growth rates of the Croatian economy in 2022.

After the strong recovery of the region in 2021, the management expects further economic growth in the region in 2022, but this growth will be significantly weaker than last year. The main generator of Slovenian growth will be public investments, boosted by EU funds, and strong domestic demand due to improvements in the labour market, rising salaries in the private sector and increased pensions. Also, solid growth of the Serbian economy is expected, which will be supported by public investments in infrastructure, health and green projects, as well as increased domestic demand.

Eurozone economies also continued their recovery after a significant slowdown in economic activity in 2020 as a result of the COVID-19 pandemic. In 2022, we expect somewhat more modest growth in the eurozone due to the continuation of the pandemic, strong inflationary pressures and the crisis of the global supply chain. We expect a full recovery of the eurozone GDP to pre-crisis levels only at the end of 2023.

After a significant contraction in 2020, the Russian economy has recovered strongly and reached pre-pandemic levels. Despite a successful 2021, we expect weak economic growth in 2022 as a result of modest growth in domestic demand, coupled with pandemic, inflationary and especially geopolitical risks.

ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2022

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

Already in 2021, there was a significant increase in the price of a large portion of our raw materials and packaging materials, logistics and other services and energy, but due to Atlantic Grupa's successful purchasing strategy and partly due to the dynamics of price increases, most of the negative effects will be realized only during 2022.

In the mentioned price increases, raw coffee particularly stands out. The raw coffee market in 2021 experienced a sharp increase in the price of raw coffee, due to the drought that hit Brazil during the coffee ripening period, and then the severe frost that hit coffee areas in Brazil in late July 2021. All these problems with the lack of raw coffee were followed by the situation with difficult logistics and transportation of raw coffee from all origins, which further raised the price of raw coffee. It is expected that the situation with logistics will not improve by the end of 2022. Accordingly, and combined with the unfavourable US dollar exchange rate, we expect that our cost of raw coffee, together with purchase incidentals, will increase by more than 50%.

There was also a double-digit increase in prices for aluminium, plastic and paper packaging, flour, sugar, citric acid, raw materials based on milk, vegetable oil and fats, and there is almost no raw material whose price has not risen by at least 5%.

We will annul part of these price increases by increasing our sales prices, but we consider it appropriate that in the conditions of high inflation and a significant impact on the living standards of our consumers we absorb much of it and, accordingly, we expect normalized EBITDA margin in 2022 to be approximately 170-230 basis points lower than it was in 2021.

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

Regardless of the pressure on profitability, we plan to intensify capital investments, especially due to the start of construction of the new Argeta factory near Varaždin, and we expect total capital investments of HRK 320 to 370 million.

In 2022, in addition to the focus on addressing the challenges of high inflation and supply chain problems, management will continue to focus on (i) strengthening the position of prominent regional brands, (ii) internationalisation of certain brands, primarily Argeta and Donat, (iii) creating new brands that will drive new growth, (iv) development of distribution operations by strengthening the existing and acquiring new principals, and (v) possible mergers and acquisitions.

ATLANTIC GRUPA d.d.

DEFINITION AND RECONCILIATION OF

ALTERNATIVE PERFORMANCE MEASURES (APM)

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

ORGANIC SALES GROWTH COMPARED TO 2020

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

in HRK million	2021	2020	2021/2020
Sales	5,702.5	5,252.0	8.6%
Sale of divested business - brand Bebi	31.9	68.1	
Comparable sales	5,670.5	5,183.9	9.4%

in HRK million	SBU Pharma	Other segments
Reported 2020	539.8	778.0
Sale of divested business - brand Bebi*	68.1	67.8
Comparable sales 2020	471.7	710.2
Reported 2021	563.3	820.8
Sale of divested business - brand Bebi*	31.9	31.6
Comparable sales 2021	531.4	789.1
2021/2020	12.7%	11.1%

in HRK million	Russia and CIS	Other markets
Reported 2020	139.2	98.8
Sale of divested business - brand Bebi	67.6	0.5
Comparable sales 2020	71.7	98.3
Reported 2021	116.3	108.9
Sale of divested business - brand Bebi	31.6	0.3
Comparable sales 2021	84.7	108.6
2021/2020	18.2%	10.5%

in HRK million	2021	2020	2021/2020
Sales of own brands	3,571.1	3,332.9	7.1%
Sale of divested business - brand Bebi	31.9	68.1	
Comparable sales of own brands	3,539.2	3,264.8	8.4%

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

ORGANIC SALES GROWTH COMPARED TO 2019

in HRK million	2021	2019	2021/2019
Sales	5,702.5	5,431.3	5.0%
Sales of divested business - SBU SFF		27.8	
Sale of divested business - brand Dietpharm		58.0	
Sale of divested business - brand Multivita		16.1	
Exit from pharma wholesale business		33.0	
Sale of divested business - BNBV		25.7	
Sale of divested business - brand Bebi	31.9	83.0	
Comparable sales	5,670.5	5,187.6	9.3%

in HRK million	SBU Beverages	SBU Pharma	SDU Croatia	Other segments
Reported 2019	556.9	643.6	1,369.3	709.1
Sale of divested business – SBU SFF				27.8
Sale of divested business – brand Dietpharm		58.0		
Sale of divested business – brand Multivita		16.1		
Exit from pharma wholesale business		33.0		
Sale of divested business - BNBV	19.4		25.7	
Sale of divested business - brand Bebi		83.0		82.4
Comparable sales 2019	537.5	453.5	1,343.6	598.9
Reported 2021	536.4	563.3	1,403.2	820.8
Sale of divested business - brand Bebi		31.9		31.6
Comparable sales 2021	536.4	531.4	1,403.2	789.1
2021/2019	(0.2%)	17.2%	4.4%	31.8%

EBITDA and NORMALIZED EBITDA, EBITDA margin and NORMALIZED EBITDA margin

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

The Group also presents Normalized EBITDA which is calculated as EBITDA excluding the impact of one-off items. One-off items represent gain/loss on sale of subsidiaries (see Note 28 Business combinations and sale of subsidiaries in the latest published audited Consolidated Financial statements) and all one-off expenses/income arising from these transactions, COVID-19 expenses related to the donation for combating the spread of the pandemic and costs for the protective equipment and disinfectants, and other one-off items related to income as a result of the release of provisions. The Group's Management Board monitors normalized EBITDA to evaluate business performance of the Group and to allocate resources accordingly. Additionally, Group's management believes that normalized EBITDA provides information that enables investors to better compare Group's performance across periods.

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

(in HRK millions)	2021	2020	2021/2020
Operating profit	437.9	442.2	(1.0%)
Depreciation, amortisation and impairment	286.4	274.3	4.4%
EBITDA	724.4	716.5	1.1%
Divestment costs/(gains), net	(0.7)	6.4	
COVID-19 costs	3.8	36.7	
Other one off (income)/costs, net	7.5	(4.5)	
Normalized EBITDA	735.0	755.1	(2.7%)
Sales	5,702.5	5,252.0	
EBITDA margin	12.7%	13.6%	
Normalized EBITDA margin	12.9%	14.4%	

EBIT and NORMALIZED EBIT, EBIT margin and NORMALIZED EBIT margin

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

(in HRK millions)	2021	2020	2021/2020
Operating profit	437.9	442.2	(1.0%)
EBIT	437.9	442.2	(1.0%)
Divestment costs/(gains), net	(0.7)	6.4	
COVID-19 costs	3.8	36.7	
Other one off (income)/costs, net	7.5	(4.5)	
Normalized EBIT	448.6	480.8	(6.7%)
Sales	5,702.5	5,252.0	
EBIT margin	7.7%	8.4%	
Normalized EBIT margin	7.9%	9.2%	

NET PROFIT and NORMALIZED NET PROFIT

Net profit is a subtotal which is reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 31 December 2021.
The Group also presents Normalized Net profit which is calculated as Net profit excluding the impact of one-off items.
Additionally, the Group also presents Net profit margin and Normalized Net profit margin, which are defined as Net profit/Normalized Net profit as percentage of sales.

(in HRK millions)	2021	2020	2021/2020
Net profit	345.9	342.3	1.1%
Divestment costs/(gains), net	0.2	6.4	
COVID-19 costs	3.3	33.5	
Other one off (income)/costs, net	21.0	(4.5)	
Normalized Net profit	370.3	377.7	(2.0%)
Sales	5,702.5	5,252.0	
Net profit margin	6.1%	6.5%	
Normalized Net profit margin	6.5%	7.2%	

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 31 December 2021: 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 31 December 2021. The Group uses capital expenditure as APM to ensure that the cash spending is in line with overall strategy of the Group.

NET DEBT and NET DEBT to EBITDA

Net debt is used by management to evaluate the Group's financial capacity. Net debt is defined as sum of current and non-current borrowings, current and non-current lease liabilities and derivative financial instruments decreased for cash and cash equivalents which are reported in the Consolidated Balance sheet in the attached Condensed consolidated financial statements for the period ended 31 December 2021, as shown below:

(in HRK millions)	31 December 2021	31 December 2020
Non current borrowing	299.7	299.5
Non current lease liabilities	263.1	263.5
Current borrowings	159.9	511.7
Current lease liabilities	86.8	84.8
Derivative financial instruments, net	(3.0)	7.1
Cash and cash equivalents	(346.6)	(426.5)
Net debt	**459.9**	**740.1**
Normalized EBITDA	735.0	755.1
Net debt/Normalized EBITDA	**0.6**	**1.0**

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

CURRENT RATIO

The current ratio compares all Group's current assets to its current liabilities which are reported in the Consolidated Balance sheet in the attached Condensed consolidated financial statements for the period ended 31 December 2021. The current ratio is a liquidity ratio that measures the Group's ability to cover its short-term debt with its current assets.

in HRK million	2021	2020
Current assets	2,287.5	2,259.5
Current liabilities	1,513.4	1,674.5
Current ratio	**1.5**	**1.3**

GEARING RATIO

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

in HRK million	2021	2020
Net debt	459.9	740.1
Total equity	3,152.5	2,948.0
Gearing ratio	**12.7%**	**20.1%**

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 31 December 2021), as shown below. Interest coverage ratio is used to determine how easily the Group can pay interest on its outstanding debt.

in HRK million	2021	2020
Normalized EBITDA	735.0	755.1
Total interest expense	17.8	25.7
Adjusted interest coverage ratio	**41.2**	**29.4**

FREE CASH FLOW

Free cash flow shows the ability of the Group to generate cash to repay financial liabilities, finance possible acquisitions, pay dividends, etc. Free cash flow equals net cash flow from operating activities less capital expenditure, items included in the Consolidated Cash Flow Statement in the attached Condensed consolidated financial statements for the period ended 31 December 2021.

in HRK million	2021	2020
Net cash flow from operating activities	735.8	577.1
Capex	233.3	242.7
Free cash flow	**502.5**	**334.4**

MARKET CAPITALIZATION

Market capitalization is the aggregate market value of the Group. It is calculated based on the last market price in the reporting period and the total number of outstanding shares as show below.

	2021	2020
Last price in reporting period (in HRK)	1,680	1,340
Number of shares	3,334,300	3,334,300
Market capitalization (in HRK millions)	**5,601.6**	**4,468.0**

ENTERPRISE VALUE (EV), Normalized EV/EBITDA, Normalized EV/EBIT, EV/SALES

Enterprise value (EV) is a measure of the Group's total value, used as a more comprehensive alternative to market capitalization. EV is the sum of market capitalization, net debt and non-controlling interest, as shown below.
The Normalized EV/EBITDA ratio is used as a valuation tool to compare the value of the Group to the underlying earnings generated by the Group. It is useful for analysts and investors looking to compare companies within the same industry.
The Normalized EV/EBIT ratio is similar to EV/EBITDA ratio but it incorporates depreciation and amortization. It is used as valuation metric to compare the relative value of different businesses.
EV/sales is a valuation measure that compares the enterprise value of the Group to its annual sales.

in HRK million	2021	2020
Market capitalization	5,601.6	4,468.0
Net debt	459.9	740.1
Non controlling interest	7.0	6.0
Enterprise value (EV)	**6,068.5**	**5,214.1**
Normalized EBITDA*	735.0	755.1
Normalized EV/EBITDA	**8.3**	**6.9**
Normalized EBIT	448.6	480.8
Normalized EV/EBIT	**13.5**	**10.8**
Sales	5,702.5	5,252.0
EV/sales	**1.1**	**1.0**

Normalized EARNINGS PER SHARE (EPS)

Earnings per share is calculated by dividing the net profit attributable to shareholders of the company by weighted average number of shares as defined in Note 5 Earnings per share of the attached Condensed consolidated financial statements for the period ended 31 December 2021. EPS reflects the underlying earnings from trading operations for each share. Normalized EPS takes into calculation normalized net profit attributable to shareholders of the company which equals to net profit attributable to shareholders of the company excluding the impact of one-off items as shown below.

	2021	2020
Profit for the year attributable to equity holders	**345.9**	**342.3**
Divestment costs/(gains), net	0.2	6.4
COVID-19 costs	3.3	33.5
Other one off (income)/costs, net	21.0	(4.5)
Adjusted profit for the year attributable to the equity holders	**370.3**	**377.7**
Weighted average number of shares	3,325,122	3,326,936
Adjusted EPS	**111.4**	**113.5**

PRICE TO EARNINGS RATIO (P/E)

The price-to-earnings ratio (P/E) is the ratio for valuing a company that measures its last market price in the reporting period relative to its Normalized EPS as shown below.

	2021	2020
Last price in reporting period (in HRK)	1,680	1,340
Adjusted EPS	111.4	113.5
Adjusted P/E	**15.1**	**11.8**

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan-Dec 2021	Jan-Dec 2020	Index	Oct-Dec 2021	Oct-Dec 2020	Index
Revenues	**5,785,771**	**5,328,674**	**108.6**	**1,486,253**	**1,397,493**	**106.4**
Sales revenues	5,702,479	5,252,029	108.6	1,454,206	1,364,612	106.6
Other income	83,292	76,645	108.7	32,047	32,881	97.5
Operating expenses	**(5,347,826)**	**(4,886,490)**	**109.4**	**(1,525,020)**	**(1,354,300)**	**112.6**
Cost of trade goods sold	(1,729,758)	(1,564,512)	110.6	(484,123)	(442,485)	109.4
Change in inventories of finished goods and work in progress	22,831	26,659	85.6	5,382	14,006	38.4
Material and energy costs	(1,556,908)	(1,433,412)	108.6	(409,380)	(368,041)	111.2
Staff costs	(937,376)	(855,631)	109.6	(262,074)	(220,932)	118.6
Marketing and promotion expenses	(329,776)	(267,113)	123.5	(119,667)	(106,119)	112.8
Depreciation, amortisation and impairment	(286,444)	(274,315)	104.4	(95,397)	(87,632)	108.9
Other operating costs	(534,414)	(515,184)	103.7	(166,055)	(144,799)	114.7
Other gains/(losses) - net	4,019	(2,982)	n/a	6,294	1,702	369.8
Operating profit	**437,945**	**442,184**	**99.0**	**(38,767)**	**43,193**	**n/a**
Finance costs - net	(17,749)	(30,536)	58.1	(5,467)	(5,363)	101.9
Profit before tax	**420,196**	**411,648**	**102.1**	**(44,234)**	**37,830**	**n/a**
Income tax	(74,304)	(69,378)	107.1	(9,659)	(4,908)	196.8
Net profit for the period	**345,892**	**342,270**	**101.1**	**(53,893)**	**32,922**	**n/a**
Attributable to:						
Owners of the parent	344,857	341,730	100.9	(54,594)	31,996	n/a
Non-controlling interests	1,035	540	191.7	701	926	75.7
Earnings per share for profit attributable to the equity holders of the Company during the period (in HRK)						
- basic	103.71	102.72		(16.37)	9.62	
- diluted	103.71	102.72		(16.37)	9.62	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan-Dec 2021	Jan-Dec 2020	Index	Oct-Dec 2021	Oct-Dec 2020	Index
Net profit/(loss) for the period	**345,892**	**342,270**	**101.1**	**(53,893)**	**32,922**	**n/a**
Other comprehensive income/(loss):						
Items that will not be reclassified to profit or loss						
Actuarial losses from defined benefit plan, net of tax	(176)	(1,000)	17.6	(176)	(1,000)	17.6
Items that may be subsequently reclassified to profit of loss						
Currency translation differences, net of tax	(4,067)	25,641	n/a	6,533	(1,309)	n/a
Cash flow hedges, net of tax	8,473	(4,306)	n/a	(2,387)	(3,810)	62.7
Other comprehensive income/(loss) for the period, net of tax	**4,230**	**20,335**	**20.8**	**3,970**	**(6,119)**	**n/a**
Total comprehensive income/(loss) for the period	**350,122**	**362,605**	**96.6**	**(49,923)**	**26,803**	**n/a**
Attributable to:						
Equity holders of the Company	349,092	362,016	96.4	(50,652)	25,883	n/a
Non-controlling interests	1,030	589	174.9	729	920	79.2
Total comprehensive income/(loss) for the period	350,122	362,605	96.6	(49,923)	26,803	n/a

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 December 2021	31 December 2020 (Restated)
ASSETS		
Non-current assets		
Property, plant, and equipment	1,108,725	1,070,338
Right-of-use assets	329,894	338,838
Investment property	807	316
Intangible assets	1,640,348	1,658,758
Deferred tax assets	41,469	36,285
Financial assets through other comprehensive income	1,384	1,404
Trade and other receivables	42,750	47,999
	3,165,377	3,153,938
Current assets		
Inventories	639,201	572,274
Trade and other receivables	1,287,982	1,248,658
Prepaid income tax	6,995	6,661
Derivative financial instruments	2,972	-
Cash and cash equivalents	346,635	426,513
	2,283,785	2,254,106
Non-current assets held for sale	3,759	5,382
Total current assets	2,287,544	2,259,488
TOTAL ASSETS	**5,452,921**	**5,413,426**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	883,852	881,851
Treasury shares	(22,131)	(7,647)
Reserves	(45,279)	(51,451)
Retained earnings	2,195,734	1,985,908
	3,145,548	2,942,033
Non-controlling interests	6,982	5,952
Total equity	**3,152,530**	**2,947,985**
Non-current liabilities		
Borrowings	299,657	299,528
Lease liabilities	263,065	263,479
Deferred tax liabilities	148,344	151,822
Other non-current liabilities	6,135	9,356
Provisions	69,807	66,782
	787,008	790,967
Current liabilities		
Trade and other payables	1,174,825	954,458
Borrowings	159,932	511,696
Lease liabilities	86,844	84,824
Derivative financial instruments	-	7,132
Current income tax liabilities	6,417	8,677
Provisions	85,365	107,687
	1,513,383	1,674,474
Total liabilities	**2,300,391**	**2,465,441**
TOTAL EQUTIY AND LIABILITIES	**5,452,921**	**5,413,426**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
in thousands of HRK, unaudited	Share capital, Share premium and Treasury shares	Reserves	Retained earnings	Total	Noncontrolling interests	Total
At 1 January 2020	1,008,811	(73,064)	1,728,691	2,664,438	5,363	2,669,801
Comprehensive income:						
Net profit for the period	-	-	341,730	341,730	540	342,270
Cash flow hedge, net of tax	-	(4,306)	-	(4,306)	-	(4,306)
Actuarial losses from defined benefit plan, net of tax	-	-	(1,000)	(1,000)	-	(1,000)
Other comprehensive income	-	25,592		25,592	49	25,641
Total compreh. income for the period	-	21,286	340,730	362,016	589	362,605
Transactions with owners:						
Purchase of treasury shares	(11,022)	-	-	(11,022)	-	(11,022)
Share based payment	9,787	-	-	9,787	-	9,787
Dividends relating to 2019	-	-	(83,186)	(83,186)	-	(83,186)
Transfer	-	327	(327)	-	-	-
At 31 December 2020	1,007,576	(51,451)	1,985,908	2,942,033	5,952	2,947,985
At 1 January 2021	1,007,576	(51,451)	1,985,908	2,942,033	5,952	2,947,985
Comprehensive income:						
Net profit for the period	-	-	344,857	344,857	1,035	345,892
Cash flow hedge, net of tax	-	8,473	-	8,473	-	8,473
Actuarial losses from defined benefit plan, net of tax	-	-	(176)	(176)	-	(176)
Other comprehensive loss	-	(4,062)	-	(4,062)	(5)	(4,067)
Total compreh. income for the period	-	4,411	344,681	349,092	1,030	350,122
Transactions with owners:						
Purchase of treasury shares	(30,558)	-	-	(30,558)	-	(30,558)
Share based payment	18,075	-	-	18,075	-	18,075
Dividends relating to 2020	-	-	(133,094)	(133,094)	-	(133,094)
Transfer	-	1,761	(1,761)	-	-	-
At 31 December 2021	995,093	(45,279)	2,195,734	3,145,548	6,982	3,152,530

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	January - December 2021	January - December 2020
Cash flow from operating activities		
Net profit for the period	**345,892**	**342,270**
Income tax	74,304	69,378
Depreciation, amortisation and impairment	286,444	274,315
Gain on sale of property, plant and equipment	(1,475)	(130)
Gain on sale of subsidiaries - net of transaction expenses	(648)	(5,178)
Provision for current assets	25,218	45,229
Foreign exchange differences - net	(75)	4,827
Decrease in provisions for risks and charges	(18,586)	(1,830)
Fair value (gain)/loss on financial assets	(4,219)	4,913
Share based payment	18,075	9,787
Interest income	(1,323)	(5,060)
Interest expense	17,824	25,709
Other non-cash items - net	3,800	12,105
Changes in working capital:		
Increase in inventories	(82,643)	(94,942)
Increase in current receivables	(30,004)	(37,331)
Increase in current payables	207,652	30,309
Cash generated from operations	**840,236**	**674,371**
Interest paid	(17,074)	(22,896)
Income tax paid	(87,361)	(74,355)
	735,801	**577,120**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(233,284)	(242,727)
Proceeds from sale of property, plant and equipment, intangible assets and assets held for sale	17,504	1,031
Acquisition of subsidiaries and proceeds from sale of subsidiaries - net of cash acquired/disposed	(5,937)	26,876
Loans granted and deposits placed	(5,543)	(10,353)
Repayments of loan and deposits placed	18,117	3,305
Interest received	1,571	5,060
	(207,572)	**(216,808)**
Cash flow used in financing activities		
Purchase of treasury shares	(30,558)	(11,022)
Proceeds from borrowings, net of fees paid	-	748,642
Repayment of borrowings	(350,799)	(983,571)
Principal elements of lease payments	(93,502)	(86,999)
Proceeds from bonds issued, net of fees paid	-	140,025
Redemption of bonds	-	(43,796)
Dividends paid to Company shareholders	(133,094)	(83,186)
	(607,953)	**(319,907)**
Net (decrease)/increase in cash and cash equivalents	**(79,724)**	**40,405**
Exchange (losses)/gains on cash and cash equivalents	(154)	1,582
Cash and cash equivalents at beginning of period	426,513	384,526
Cash and cash equivalents at end of period	346,635	426,513

NOTE 1 – GENERAL INFORMATION

Operating as a vertically integrated multinational company, Atlantic Grupa d.d. ("the Company") and its subsidiaries ("the Group") have business activities that incorporate R&D, production and distribution of fast-moving consumer goods in Southeast Europe, the European markets and Russia and CIS (Commonwealth of Independent States). With its modern production network, the Group stands out as one of the leading foods & beverage producers in Southeast Europe with prominent coffee brands Grand Kafa and Barcaffe, a range of beverage brands Cockta, Donat and Cedevita, a portfolio of sweet and salted snacks brands Smoki, Najlepše želje and Bananica and the savoury spread brand Argeta. Additionally, the Group owns the leading pharmacy chain in Croatia under the Farmacia brand. With its own distribution network in Croatia, Slovenia, Serbia, Austria, North Macedonia and Russia, the Group also distributes a range of products from external partners. The Group has manufacturing plants in Croatia, Slovenia, Serbia, Bosnia and Herzegovina and North Macedonia with companies and representative offices in 12 countries. The Group exports its products to more than 40 markets worldwide.

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

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

The condensed consolidated financial statements of the Group for the period ended 31 December 2021 were approved by the Management Board of the Company in Zagreb on 23 February 2022.

The condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements for the period ended 31 December 2021 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 2020. 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 period ended 31 December 2021 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 period ended 31 December 2021 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

2.4. SEASONALITY

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

2.5. COMPARATIVES

Following the completion of the procedure of purchase price allocation of the acquisition of Procaffe d.o.o., Dugopolje, the balance sheet items as of 31 December 2020 were restated - intangible assets (goodwill) and deferred tax liability were increased by HRK 1,732 thousand. As these changes did not have an impact on the balance sheet on 1 January 2020, the additional balance sheet, and the accompanying notes with the opening balances of the earliest comparative period are not presented.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES

There were no changes in critical accounting estimates used for preparation of condensed consolidated financial statements for the period ended 31 December 2021 comparing to those used for the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

Based on impairment tests performed at the balance sheet date, an impairment loss of HRK 17,348 thousand (2020: HRK 21,800 thousand) was recognised in respect of impairment of intangible assets with indefinite useful lives.

NOTE 4 – SEGMENT INFORMATION

The business model of the Group is organized through five strategic business units and two business units. As of 1 January 2021, New Growth business unit has been established, which includes new Atlantic Grupa brands.

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

Strategic Management Council is responsible for strategic and operational issues. For more efficient management of individual business and distribution units, the organization unites similar business activities or products, shared markets or channels, together.

NOTE 4 – SEGMENT INFORMATION (continued)

Since DU Macedonia, DU Russia, DU Austria, Global distribution network management and BU New Growth do not meet quantitative thresholds, required by IFRS 8 for reportable segments, they are reported within "Other segments". The "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.

Strategic Management Council monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing and income taxes are managed on Group basis and are not allocated to operating segments.

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

Sales revenues* *(in thousands of HRK)*	**Jan-Dec 2021**	**Jan-Dec 2020**
SBU Coffee	1,196,229	1,106,940
SBU Savoury Spreads	885,248	836,088
SBU Snacks	684,420	644,228
SBU Pharma	563,349	539,786
SBU Beverages	536,380	481,671
BU Donat	218,785	196,302
SDU Croatia	1,403,161	1,250,759
SDU Serbia	1,335,388	1,231,482
SDU Slovenia	1,012,789	981,260
Other segments	820,753	777,956
Reconciliation	(2,954,023)	(2,794,443)
Total	**5,702,479**	**5,252,029**

* Comparative period has been adjusted to reflect current period reporting

NOTE 4 – SEGMENT INFORMATION (continued)

Business results* (in thousands of HRK)	EBITDA Jan - Dec 2021	Jan - Dec 2020
SBU Coffee	280,122	279,464
SBU Savoury Spreads	183,021	196,787
SBU Snacks	116,227	113,917
SBU Beverages	110,273	104,384
BU Donat	97,035	92,800
SBU Pharma	49,421	34,691
SDU Croatia	87,806	66,021
SDU Slovenia	70,630	64,293
SDU Serbia	58,513	56,622
Other segments	(328,659)	(292,480)
Total	**724,389**	**716,499**

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.

	2021	2020
Net profit attributable to equity holders *(in thousands of HRK)*	344,857	341,730
Weighted average number of shares	3,325,122	3,326,936
Basic earnings per share *(in HRK)*	103.71	102.72

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.

* Comparative period has been adjusted to reflect current period reporting

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the period ended 31 December 2021, Group invested HRK 239,950 thousand in purchase of property, plant and equipment and intangible assets (2020: HRK 234,107 thousand). During the same period, property, plant and equipment and intangible asset impairment amounted to HRK 30,681 thousand (2020: HRK 25,880 thousand).

NOTE 7 - INVENTORIES

During period ended 31 December 2021, the Group wrote down inventories in the amount of HRK 16,094 thousand due to damage and short expiry dates (2020: HRK 23,955 thousand). The amount is recognized in the income statement within "Other operating costs".

NOTE 8 – DIVIDEND DISTRIBUTION

According to the decision of the Company's General Assembly from 16 June 2021, distribution of dividend in the amount of HRK 40.00 per share, or HRK 133,094 thousand in total was approved (2020: HRK 25.00 per share, or HRK 83,186 thousand in total). Dividend was paid out in July 2021.

NOTE 9 – FINANCE COSTS – NET

(in thousands of HRK)	**Jan-Dec 2021**	**Jan-Dec 2020**
Finance income		
Foreign exchange gains on borrowings and lease liabilities	2,826	7,608
	2,826	7,608
Finance costs		
Interest expense on lease liabilities	(8,408)	(9,315)
Interest expense on bank borrowings	(2,930)	(8,796)
Interest expense on bonds	(2,870)	(6,393)
Interest expense on provisions for employee benefits	(827)	(785)
Other interest expense	(2,789)	(420)
Total interest expense	(17,824)	(25,709)
Foreign exchange loss on borrowings and lease liabilities	(2,751)	(12,435)
	(20,575)	(38,144)
Finance costs - net	**(17,749)**	**(30,536)**

NOTE 10 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as of 31 December 2021 and 31 December 2020 and transactions recognized in the Income statement for the periods than ended are as follows:

(in thousands of HRK)	31 December 2021	31 December 2020
RECEIVABLES		
Current receivables		
Other entities	84,174	75,826
LIABILITIES		
Trade and other payables		
Other entities	2,238	1,918

	Jan-Dec 2021	Jan-Dec 2020
REVENUES		
Sales revenues		
Other entities	496,471	448,514
Other income		
Other entities	671	807
EXPENSES		
Marketing and promotion costs		
Other entities	4,168	3,065
Other operating costs		
Other entities	2,202	2,332
Purchase of property, plant and equipment		
Other entities	289	623

NOTE 11 – ACQUISTION AND DIVESTMENTS OF SUBSIDIARIES

During 2021 Atlantic Grupa has acquired 100% ownership in ZU Ljekarna Galler, Kraljevica and The Best Cofee d.o.o., Podstrana. After the acquisition, these were merged to ZU Ljekarne Farmacia and Atlantic Trade d.o.o., Zagreb, respectively.

As a result of acquisitions, license in the amount of HRK 6,287 thousand and the provisional goodwill of HRK 5,447 thousand have been recognized as the difference between the cost of acquisition and the carrying value of net assets acquired. Provisional goodwill is subject to final purchase price allocation which will be completed within the 12 months period from the acquisition date.

Cash paid and liability for acquisition of subsidiaries
(in thousands of HRK)

Cash paid	12,407
Liability for acquisition of subsidiaries	633
Total purchase consideration	**13,040**
Carrying value of net assets acquired	(1,306)
	11,734
License	6,287
Provisional goodwill	5,447

Carrying value of net asset acquired
(in thousands of HRK)

Property, plant, and equipment	1,438
Inventories	379
Trade and other receivables	2,246
Cash and cash equivalents	158
Trade and other payables	(2,915)
	1,306

Cash flow from acquisition of subsidiaries
(in thousands of HRK)

Cash paid	12,407
Cash in subsidiaries acquired	(158)
Payments for acquisition of subsidiaries - net	**12,249**

NOTE 11 – ACQUISTION AND DIVESTMENTS OF SUBSIDIARIES (continued)

Atlantic Grupa and the Austrian company Gittis Naturprodukte GmbH signed the agreement on the sale of the Mirna production site in Slovenia. This marked a successful completion of the process initiated with Atlantic's sale of the baby food brand Bebi to the Serbian company Nelt Grupa last year, as well as a continuation of the process of divesting minor and non-core business operations in line with Atlantic Grupa's corporate strategy. Gittis has, with this transaction, taken over the entire production plant, along with its employees. Transaction has been concluded as of 31 December 2021 and Group has realised gain from sale in the amount of HRK 648 thousand.

Cash received and receivables from sale of business	
(in thousands of HRK)	
Cash	-
Receivables	18,793
Total sales consideration	**18,793**
Carrying value of net assets disposed	(18,145)
Gain from sale of business	**648**

Carrying value of net assets of business sold as of 31 December 2021	
(in thousands of HRK)	
Property, plant, and equipment	18,358
Intangible assets	438
Other assets	56
Other liabilities	(707)
	18,145

In 2021, the Group has collected the remaining HRK 6,312 thousand from the sale of sports and functional food factories in 2017.

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 period ended 31 December 2021 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and its subsidiaries (together – “the Group”).

Report of the Company’s Management board for the period from 1 January to 31 December 2021 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 period ended 31 December 2021 were approved by the Management Board of the company Atlantic Grupa d.d. on 23 February 2022.

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

Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

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ATLANTIC GRUPA
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The Company is registered with the Commercial Court of Zagreb
MBS: 080245039
MB: 1671910
PIN: 71149912416
Bank account: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
The number of shares and their nominal value: 3,334,300 shares, each in the nominal value of HRK 40.00
Share capital: HRK 133,372,000.00, paid in full.

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