FINANCIAL RESULTS

IN THE FIRST QUARTER OF 2021

(unaudited)

Zagreb, 28 April 2021

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

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

"Atlantic Grupa's business has been under the significant impact of the COVID-19 pandemic for over a year. Despite the economic disruptions caused by the pandemic, we are satisfied with the results achieved in the first quarter and we record only a slight decline in sales revenue as a result of comparison with the first quarter of the previous year, which was marked by panic buying and stockpiling at the onset of the pandemic, and by the beginning of restricted operations of the HoReCa channel. It is important to note that there was growth in both revenue and profitability compared to the first quarter of 2019. Our stability has been recognized by the capital market and we recorded the historically highest share price.

Despite the crisis and uncertainty, we continue with the planned investments, among which the beginning of the construction of the new Argeta factory near Varaždin stands out, whose value is estimated at approximately EUR 50 million over three years. Argeta is our fastest growing brand and the leading savoury spread in Europe. Also, for the first time with a "start-up" approach, we have developed two new brands; high-quality Jimmy Fantastic chocolate for all those looking for a snack to remember, and Boom Box – a range of oat-based products that will soon show that a healthy breakfast can be delicious and practical.

In the uncertainty of the pandemic development, our priorities remain the same – the health and safety of our employees, ensuring the smooth continuation of production and continuous supply of our customers and consumers, and social responsibility in the broadest sense."

ATLANTIC GRUPA

DECREASE IN REVENUE DUE TO PANDEMIC

- **SALES** AT HRK 1,249.6 MILLION
  -2.4% compared to the first quarter of 2020

- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA***) AT HRK 168.0 MILLION
  -7.4% compared to the first quarter of 2020 (-8.9% if one-off items excluded*)

- EARNINGS BEFORE INTEREST AND TAXES (**EBIT***) AT HRK 104.9 MILLION
  -13.5% compared to the first quarter of 2020 (-15.5% if one-off items excluded*)

- **NET PROFIT*** AT HRK 84.6 MILLION
  -5.3% compared to the first quarter of 2020 (-8.4% if one-off items excluded*)

FINANCIAL SUMMARY OF THE FIRST QUARTER OF 2021

Key figures	1Q 2021	1Q 2020	1Q 2021/ 1Q 2020
Sales (in HRK million)	**1,249.6**	1,280.7	(2.4%)
Turnover (in HRK million)	**1,258.7**	1,291.4	(2.5%)
Normalized EBITDA margin*	**13.6%**	14.5%	-96bp
Normalised net income* (in HRK million)	**85.8**	93.6	(8.4%)
Gearing ratio*	**17.0%**	**20.1%**	-310bp

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

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

1. NEW ARGETA FACTORY NEAR VARAŽDIN

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 approximately 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 41,000 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 a 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 Belgian 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, weight, 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 additions, 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 a combination of roasted almonds and hazelnuts, a crunchy mix of coconut and cookies, a fusion of salted caramel and brownie, caramelised mini rice, a wafer enriched with dark chocolate, or pure 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.

Everything is ready for the launch of another new brand of the New Growth, called Boom Box, that will be available in retail in Croatia and Slovenia in the second quarter. Boom Box is the first completely 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 herbal 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 will be filled in 100% recycled bottles, which will reduce CO2 emissions by as much as 90% compared to the existing bottle. Donat will take already used plastic bottles from the environment and use them as a raw material for the production of bottles, which will greatly reduce 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, which says that Donat is clinically proven to stimulate digestion and thus have a beneficial effect on the whole body.

4. ATLANTIC GRUPA IS THE MOST AWARD-WINNING EMPLOYER FOR EMPLOYER BRANDING

Although faced with one of the biggest crises and numerous challenges related to the organisation of work, work from home, caring for employee health, the most successful employers in Croatia have shown exceptional results in implementing activities that directly affect employee satisfaction, which in the broader context belong to the management of the company's quality recognition by general public. This year, Atlantic stands out at the awards ceremony as the company that won the most awards in the overall ranking – as many as seven awards.

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 redesign of the premium lines of Argeta Junior and Argeta Exclusive will soon follow.

ATLANTIC GRUPA

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	1Q 2021	1Q 2020	1Q 2021/ 1Q 2020
SBU Coffee	**248.2**	252.0	(1.5%)
SBU Savoury Spreads	**221.5**	223.5	(0.9%)
SBU Snacks	**150.6**	155.4	(3.1%)
SBU Beverages	**97.7**	104.5	(6.5%)
SBU Pharma	**133.8**	144.5	(7.4%)
BU Donat	**56.1**	51.0	10.1%
SDU Croatia	**281.3**	300.5	(6.4%)
SDU Serbia	**268.3**	267.8	0.2%
SDU Slovenia	**232.1**	239.0	(2.9%)
Other segments*	**211.8**	192.0	10.3%
Reconciliation**	**-651.9**	-649.4	n/a
Sales	**1,249.6**	**1,280.7**	**(2.4%)**

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

In the first quarter of 2021, Atlantic Grupa recorded sales of HRK 1.2 billion, which is a 2.4% decline compared to the same period of the previous year. The double-digit revenue growth is recorded by the Business unit Donat and Other segments, which partly cancelled out the decrease in revenue of most business units as a result of comparison with the extraordinary first quarter of the previous year, marked by panic buying and stockpiling at the onset of the pandemic. The decrease in sales was also impacted by significant restrictions in operations of the HoReCa channel that have mainly been in force from the beginning of the year, especially in Croatia and Slovenia, while in the previous year similar restrictions were introduced in mid-March.

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, Strategic Distribution Regions and Distribution Units include both sales of external principals' products and sales of own products. Comparative period has been adjusted to reflect current period reporting.

* 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.

SALES DYNAMICS
IN THE FIRST QUARTER OF 2021

ATLANTIC GRUPA

The STRATEGIC BUSINESS UNIT COFFEE records sales growth in the market of Croatia and in Western European markets of Austria and Germany, which partly cancelled out the decrease in sales in the markets of Serbia and Bosnia and Herzegovina. Analysed by categories, the significant growth was recorded by instant coffee, while Barcaffe coffee for on-the-go consumption and Barcaffe Perfetto capsules record doubled sales. The roast and ground coffee category records a decrease in sales as a consequence of restricted operation of the HoReCa channel as well as other measures by local authorities to prevent the spread of COVID-19, such as restrictions on gathering in households which affects both reduced consumption and reduced purchase of coffee as presents.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded a mild decrease in sales as a consequence of the last-year's stockpiling in households at the onset of the COVID-19 pandemic. The decrease in sales in regional markets is almost fully cancelled out by the significant increase in the markets of Germany, Switzerland and Sweden. The decrease was recorded in the fish segment of savoury spreads, while the meat segment records growth. Among other categories, growth is recorded by jams under the Granny's Secret brand.

The STRATEGIC BUSINESS UNIT SNACKS recorded a decrease in sales primarily in the market of Bosnia and Herzegovina, which was partly cancelled out by the growth in the markets of Slovenia, Austria, Germany and Kosovo (re-entry to the market after lifting customs restrictions). Analysed by categories, the increase in sales is recorded by flips under the Smoki brand, Prima sticks, chocolate under the Menaž brand and Bananica, while other brands record a decrease in sales due to the negative effect of the pandemic reflected in the reduced OOH consumption, impulse purchases and buying of presents.

The STRATEGIC BUSINESS UNIT BEVERAGES records a decrease in sales in the markets of Croatia and Slovenia, which was partly cancelled out by the increase in the market of Serbia. The Cedevita and Cockta brands record a significant decrease in sales in the HoReCa channel, as a consequence of measures to prevent the pandemic, which was partly compensated for by the increase in sales of Cedevita and Cockta for consumption at home and a significant growth in sales of Cedevita GO.

The STRATEGIC BUSINESS UNIT PHARMA records a decrease in sales of the pharmacy chain Farmacia caused by reduced demand for drugs and food supplements related to the flu and common cold season and a slower demand for the COVID-19 product range, which is now partly available in other retail channels, and was in high demand in March last year, i.e. at the beginning of the pandemic in Croatia. Baby food under the Bebi brand records a decrease in sales in the Russian market as a consequence of last-year's stockpiling due to the pandemic.

The BUSINESS UNIT DONAT records a sales growth primarily due to the double-digit growth in the markets of Slovenia and Russia.

The STRATEGIC DISTRIBUTION UNIT CROATIA recorded a decrease in sales of both own and principal brands, primarily as a result of restricted operations of the HoReCa channel and the decrease in sales of the impulse goods range due to the pandemic. This decrease was partly cancelled out by the growth in sales of roast and ground coffee under the Barcaffe brand, the significant growth in sales of coffee under the Barcaffe brand for on-the-go consumption, the growth of flips under the Smoki brand, the growth of Cockta in the retail channel and Cedevita GO for on-the-go consumption, and the growth of principals Ferrero, Asahi and Philips.

The STRATEGIC DISTRIBUTION UNIT SERBIA recorded sales at levels almost equal as in the same period of the previous year. The sales increase is recorded by Bananica, flips under the Smoki brand, Cedevita for consumption at home and instant coffee and coffee for on-the-go consumption under the Barcaffe brand, which cancelled out the decrease in sales of roast and ground coffee due to the decrease in the category. Among principal brands, Saponia, Kandit and Red Bull stand out. The HoReCa channel records a mild increase in sales due to significantly looser restrictions for HoReCa channel operations than in other regional markets.

The STRATEGIC DISTRIBUTION UNIT SLOVENIA records a decrease in sales primarily as a result of the decrease in sales of the HoReCa channel, following the closure of the HoReCa channel as a consequence of measures to prevent the spread of the pandemic. Argeta in the savoury spreads segment records a decrease as a result of last-year's stockpiling in households, which was partly cancelled out by the increase in sales of the snacks range, the significant growth of coffee under the Barcaffe brand for on-the-go consumption, the growth of Cedevita GO, the growth of Cockta in the retail channel and the growth of Donat. Among principal brands, Ferrero stands out.

A significant growth is recorded by OTHER SEGMENTS as a result of the increase in sales in the distribution unit Austria and the Global Distribution Account Management, and the new business unit New Growth, which fully cancelled out the decrease in income recorded in the distribution units Russia and Macedonia.

The DISTRIBUTION UNIT MACEDONIA recorded a decrease in sales as a result of the decrease in sales of Argeta in the savoury spreads segment as an effect of the last-year's stockpiling in households and the decrease in sales of chocolate under the Najlepše želje brand. The decrease was partly cancelled out by the increase in sales of roast and ground coffee under the Grand kafa brand, flips under the Smoki brand, Cedevita in the beverages segment and the principal brand Ferrero.

The DISTRIBUTION UNIT AUSTRIA recorded a sales growth primarily due to the growth of all own brands, primarily Argeta in the savoury spreads segment, roast and ground coffee under the Grand kafa brand, Smoki flips and Prima sticks in the snacks segment, and the functional water Donat.

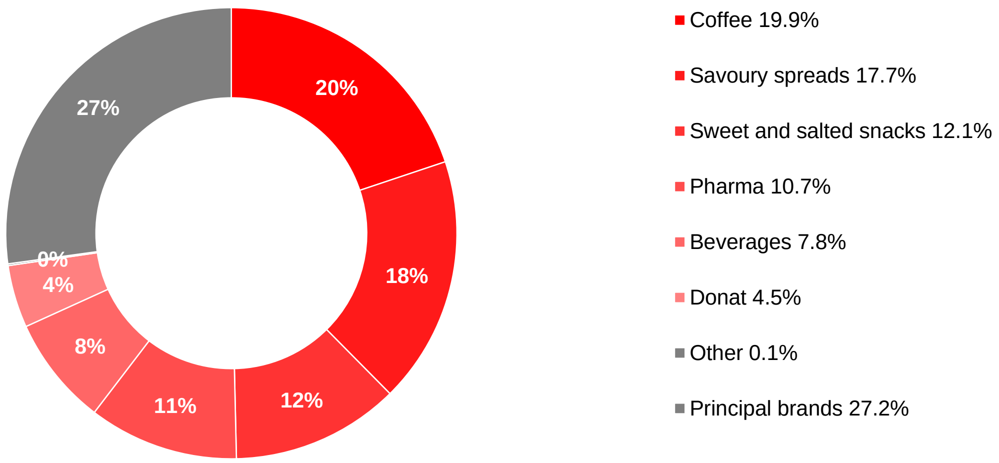
The double-digit growth rates are recorded by the GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT mostly due to the growth recorded in the markets of Germany, Switzerland, Sweden and the USA, in the savoury spreads segment under the Argeta brand and coffee segment under the Grand kafa brand.

The DISTRIBUTION UNIT RUSSIA records a decrease in sales of baby food under the Bebi brand, which was partly cancelled out by the double-digit growth in sales of the functional water Donat.

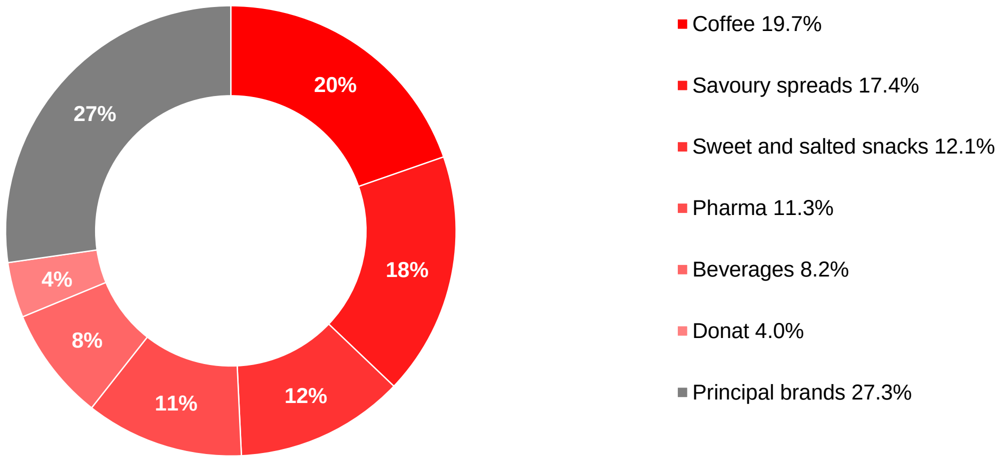
SALES DYNAMICS
IN THE FIRST QUARTER OF 2021

SALES PROFILE BY SEGMENTS

1Q 2021



1Q 2020



SALES PROFILE BY MARKETS

(in HRK millions)	1Q 2021	% of sales	1Q 2020	% of sales	1Q 2021 /1Q 2020
Croatia	**401.4**	32.1%	427.4	33.4%	(6.1%)
Serbia	**272.4**	21.8%	272.7	21.3%	(0.1%)
Slovenia	**232.2**	18.6%	239.1	18.7%	(2.9%)
Bosnia and Herzegovina	**94.1**	7.5%	110.5	8.6%	(14.9%)
Other regional markets*	**104.5**	8.4%	107.3	8.4%	(2.6%)
Key European markets**	**81.5**	6.5%	64.2	5.0%	27.1%
Russia and CIS	**35.6**	2.9%	36.4	2.8%	(2.1%)
Other markets	**27.8**	2.2%	23.1	1.8%	20.4%
Total sales	**1,249.6**	100.0%	1,280.7	100.0%	(2.4%)

*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 decrease in sales compared to the first quarter of last year primarily as a consequence of the restricted operations of the HoReCa channel and the effect of the last-year's stockpiling in households at the onset of the pandemic, which, in addition to the great portion of the range for consumption at home, affected the sales of the pharmacy chain Farmacia. This decrease was partly cancelled out by the growth in sales of roast and ground coffee under the Barcaffe brand, the significant growth in sales of coffee under the Barcaffe brand for on-the-go consumption, the growth of flips under the Smoki brand, the growth of Cockta in the retail channel, Cedevita GO for on-the-go consumption, the launching of new chocolate brand Jimmy Fantastic and the growth of principals Ferrero, Asahi and Philips.

The MARKET OF SERBIA recorded sales at levels almost equal as in the same period of the previous year. The sales increase is recorded by instant coffee and coffee for on-the-go consumption under the Barcaffe brand, Bananica and flips under the Smoki brand, Cedevita GO and Cedevita for consumption at home and principal brands Red Bull, Saponia and Kandit.

The MARKET OF SLOVENIA records a decrease in sales primarily as a result of the closure of the HoReCa channel and last-year's stockpiling in households as a consequence of the pandemic, which was partly cancelled out by the increase in sales of coffee for on-the-go consumption under the Barcaffe brand, the growth of Smoki flips and Prima sticks, the growth of Cedevita GO, the growth of Cockta in the retail channel and the growth of functional water Donat. Among principal brands, Ferrero stands out.

The MARKET OF BOSNIA AND HERZEGOVINA recorded a decrease in sales due to the decrease in sales of Grand kafa in the coffee segment, a portion of the snacks range, and a decrease in sales of Argeta in the savoury spreads segment as a consequence of last-year's stockpiling in households. The decline was partly cancelled out by the increase in sales of instant coffee, Barcaffe Perfetto capsules, Bananica in the snacks segment, and Cedevita GO and Cedevita for consumption at home.

OTHER REGIONAL MARKETS record a decrease in sales as a consequence of the decrease in sales in the markets of Macedonia and Montenegro, which was partly cancelled out by the sales increase in the market of Kosovo following the re-entry of the snacks range after lifting customs restrictions, and the increase in sales of Argeta from the savoury spreads segment.

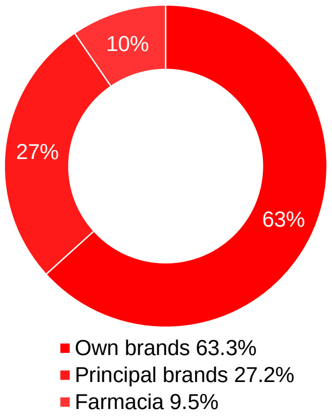
KEY EUROPEAN MARKETS record growth in all markets, with the markets of Germany, Sweden and Switzerland recording double-digit growth due to the increase in sales of Argeta in the savoury spreads segment and roast and ground coffee under the Grand kafa brand.

The MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES records a decrease in sales as a consequence of the decrease in sales of the baby food range under the Bebi brand, which was largely compensated for by the increase in sales of the functional water Donat and Smoki flips.

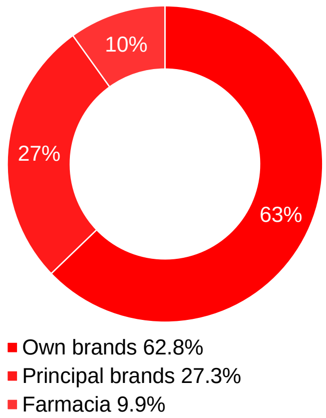
The double-digit sales growth is recorded by OTHER MARKETS primarily as a result of the increase in sales of savoury spreads under the Argeta brand in most Other markets, with the most significant growth recorded by the markets of Italy, the United Kingdom and the United States.

SALES PROFILE BY PRODUCT CATEGORY

1Q 2021



1Q 2020



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

OWN BRANDS recorded sales of HRK 790.8 million, which is a mild decrease following the decrease in sales of roast and ground coffee under the Grand Kafa brand, espresso coffee under the Barcaffe brand, Najlepše želje in the snacks segment, and Cockta and Cedevita in the HoReCa channel. The decrease was partly mitigated by the growth of: (i) Barcaffe coffee for on-the-go consumption, (ii) Cedevita GO in the beverages segment, (iii) Smoki and Bananica in the snacks segment, and (iv) functional water Donat.

PRINCIPAL BRANDS record a decrease of 2.8%, with sales of HRK 339.5 million, as a consequence of the decrease in sales of principals with a significant share of the impulse goods range and the range in the segment of personal care and household cleaning. The decrease was partly mitigated by the increase in principals Ferrero, Phillips, Asahi, Saponia and Kandit.

The pharmacy chain FARMACIA recorded sales of HRK 119.2 million, which is a decrease of 6.1%, caused by reduced demand for drugs and food supplements related to the flu and common cold season and slower demand for the COVID-19 product range, which recorded excellent results in March last year, and is now partly also available in other retail channels. As at 31 March 2021, Farmacia consists of 92 pharmacies and specialised stores.

PROFITABILITY DYNAMICS

(in HRK millions)	1Q 2021	1Q 2020	1Q 2021/ 1Q 2020
Sales	**1,249.6**	1,280.7	(2.4%)
EBITDA*	**168.0**	181.4	(7.4%)
Normalised EBITDA*	**169.4**	185.8	(8.9%)
EBIT*	**104.9**	121.3	(13.5%)
Normalised EBIT*	**106.3**	125.8	(15.5%)
Net profit*	**84.6**	89.3	(5.3%)
Normalised Net profit*	**85.8**	93.6	(8.4%)
Profitability margins			
EBITDA margin*	**13.4%**	14.2%	-72bp
Normalised EBITDA margin*	**13.6%**	14.5%	-96bp
EBIT margin*	**8.4%**	9.5%	-107bp
Normalised EBIT margin*	**8.5%**	9.8%	-131bp
Net profit margin*	**6.8%**	7.0%	-21bp
Normalised Net profit margin*	**6.9%**	7.3%	-45bp

In the first quarter of 2021, EBITDA amounts to HRK 168.0 million, which is a 7.4% decrease compared to the same period of the previous year, or an 8.9% decrease if we exclude the effect of one-off items. The decrease in normalised EBITDA was impacted by the decrease in sales of most business units and an increase in marketing investments, despite lower costs of production materials (lower prices of raw coffee and the positive effect of US dollar) and lower other operating expenses (lower costs of entertainment, business trips and fuel costs, as a result of measures to prevent the pandemic spread). The increase in profitability of business units Coffee and Donat, and GDAM partly cancelled out the decrease in profitability of business units Savoury Spreads, Beverages, Snacks, pharmacy chain Farmacia and the distribution unit Croatia.
In addition to the described above, normalized net profit records a lower decrease than the normalised EBITDA as a consequence of lower interest expense and lower negative impact of foreign exchange differences than in the same period of the previous year.

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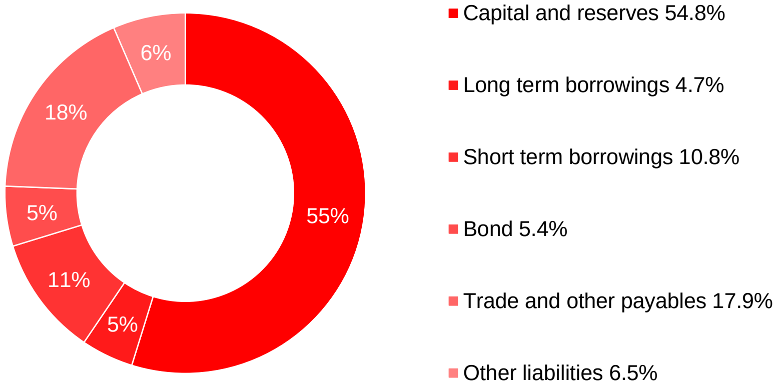
FINANCIAL INDICATORS

(in HRK millions)	31 March 2021	31 Dec 2020
Net debt*	**623.2**	740.1
Total assets	**5,565.1**	5,411.7
Total Equity	**3,049.5**	2,948.0
Current ratio*	**1.4**	1.3
Gearing ratio*	**17.0%**	20.1%
Net debt/EBITDA*	**0.8**	1.0
(in HRK millions)	**1Q 2021**	1Q 2020
Interest coverage ratio*	**43.3**	27.8
Capital expenditure*	**54.3**	91.9
Free cash flow*	**129.4**	43.0
Cash flow from operating activities	**183.7**	134.9

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

- The gearing ratio decreased by as much as 310 basis points due to the decrease in net debt of HRK 117 million 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 0.8 at the end of the first quarter of 2021.
- Free cash flow records a significant increase due to lower capital expenditure and higher cash flow from operating activities.

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



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OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash flow from operating activities records an increase, primarily as a result of positive movements in the working capital, following the last-year's increase in safety stock and delays in the collection of receivables from HoReCa customers, despite higher tax expense.

Capital expenditure in the first quarter of 2021 were realised as planned and in line with the Atlantic Grupa's Strategic guidelines. The pandemic situation continues to affect the modalities of realisation, but without significant impacts on the realisation of investments.

Among significant investments, we should mention:

- SBU BEVERAGES: Technical activities of preparing the Cedevita site for the installation of the new packaging line.
- SBU COFFEE: Activated investments in the purchase of the required Coffee2Go and HoReCa equipment for coffee preparation.
- SBU SAVOURY SPREADS: Finalised investment in the reconstruction and improvement of the line for the production and packaging of savoury spreads in Izola. The trial run was successfully completed and the line was put into regular operation.
- SBU SNACKS: A trial run of a new chocolate moulding line and a new chocolate packaging line is underway.
- SDU / in all regions: Activated investments in display refrigerators for the Beverages program.
- IT: investment in infrastructure, digital technologies and implementation of business applications and the replacement of equipment.

ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2021

Despite the developed vaccine for COVID-19, the uncertainty remains extremely high and it is difficult to predict the future course of the pandemic and the responses of economies to it.

Atlantic Grupa's management in 2021 expects a bit higher average prices of raw coffee on global commodity markets that will partly be annulled by the expected weakening of the US dollar, as this raw material is purchased in the US dollar currency. In addition, the prices of a significant portion of our key raw materials and packaging materials such as powdered milk, cocoa and aluminium, have already increased or the increase is very likely.

Under the assumption that significant vaccination coverage will be achieved until the end of the first half of the year and that pandemic control measures will be mitigated or abolished, we expect a medium single-digit organic growth in sales revenue compared to 2020, which will be accompanied by more intensive marketing investments. In addition, in the first quarter we launched a new brand of chocolate, Jimmy Fantastic, and in the second quarter we plan to launch Boom Box, a range of oat-based products, which will be accompanied with significant initial investments, which, in combination with the above, is likely to result in a slightly lower normalised EBITDA compared to the one achieved in 2020.

In 2021, we plan slightly higher capital expenditure than in the previous year.

In 2021, 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, (v) further divestment of non-core business operations that do not have a significant growth potential, and (vi) possible mergers and acquisitions.

ATLANTIC GRUPA d.d.

DEFINITION AND RECONCILIATIONS OF

ALTERNATIVE PERFORMANCE MEASURES (APM)

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

EBITDA and NORMALIZED EBITDA, EBITDA margin and NORMALIZED EBITDA margin

EBITDA (Earnings before interest, tax, depreciation and amortization) equals to operating profit in the financial statements (see Note 2 – Summary of significant accounting policies in the latest published audited Consolidated Financial statements) increased for depreciation, amortisation and impairment (see Notes 13, 14, 15 in the latest published audited Consolidated Financial statements).
The Group also presents Normalized EBITDA which is calculated as EBITDA excluding the impact of one-off items. One-off items represent gain/loss on sale of subsidiaries (see Note 28 Business combinations and sale of subsidiaries in the latest published audited Consolidated Financial statements) and all one-off expenses/income arising from these transactions, COVID-19 expenses related to the donation for combating the spread of the pandemic and costs for the protective equipment and disinfectants. The Group's Management Board monitors normalized EBITDA to evaluate business performance of the Group and to allocate resources accordingly. Additionally, Group's management believes that normalized EBITDA provides information that enables investors to better compare Group's performance across periods.

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

(in HRK millions)	1Q 2021	1Q 2020	1Q 2021/ 1Q 2020
Operating profit	104.9	121.3	(13.5%)
Depreciation, amortisation and impairment	63.1	60.1	5.0%
EBITDA	168.0	181.4	(7.4%)
Divestment costs and gains, net	0.0	3.1	
COVID- 19 costs	1.4	1.3	
Normalized EBITDA	169.4	185.8	(8.9%)
Sales	1,249.6	1,280.7	
EBITDA margin	13.4%	14.2%	
Normalized EBITDA margin	13.6%	14.5%	

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)	1Q 2021	1Q 2020	1Q 2021/ 1Q 2020
Operating profit	**104.9**	**121.3**	**(13.5%)**
EBIT	**104.9**	**121.3**	**(13.5%)**
Divestment costs and gains, net	0.0	3.1	
COVID- 19 costs	1.4	1.3	
Normalized EBIT	**106.3**	**125.8**	**(15.5%)**
Sales	1,249.6	1,280.7	
EBIT margin	**8.4%**	**9.5%**	
Normalized EBIT margin	**8.5%**	**9.8%**	

NET PROFIT and NORMALIZED NET PROFIT

Net profit is a subtotal which is reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 31 March 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)	1Q 2021	1Q 2020	1Q 2021/ 1Q 2020
Net profit	**84.6**	**89.3**	**(5.3%)**
Divestment costs and gains, net	0.0	3.1	
COVID- 19 costs	1.2	1.2	
Normalized Net profit	**85.8**	**93.6**	**(8.4%)**
Sales	1,249.6	1,280.7	
Net profit margin	**6.8%**	**7.0%**	
Normalized Net profit margin	**6.9%**	**7.3%**	

CAPITAL EXPENDITURE (CAPEX)

Capital expenditure includes payments made to acquire property, plant and equipment and intangible assets, as reported in the Consolidated Cash flow statement in the attached Condensed consolidated financial statements for the period ended 31 March 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 March 2021, as shown below:

(in HRK millions)	31 March 2021	31 Dec 2020
Non current borrowing	299.6	299.5
Non current lease liabilities	260.4	263.5
Current borrowings	513.9	511.7
Current lease liabilities	85.1	84.8
Derivative financial instruments, net	-3.3	7.1
Cash and cash equivalents	-532.5	-426.5
Net debt	**623.2**	**740.1**
Normalized EBITDA	738.7	755.1
Net debt/Normalized EBITDA	**0.8**	**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 March 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	1Q 2021	1Q 2020
Current assets	2,404.3	2,259.5
Current liabilities	1,727.6	1,674.5
Current ratio	**1.4**	**1.3**

GEARING RATIO

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

in HRK million	31 March 2021	31 Dec 2020
Net debt	623.2	740.1
Total equity	3,049.5	2,948.0
Gearing ratio	**17.0%**	**20.1%**

INTEREST COVERAGE RATIO

The interest coverage ratio is calculated by dividing Group's normalized EBITDA by total interest expense (see Note 8 – Finance cost-net in the attached Condensed consolidated financial statements for the period ended 31 March 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	1Q 2021	1Q 2020
Normalized EBITDA	169.4	185.8
Total interest expense	3.9	6.7
Adjusted interest coverage ratio	**43.3**	**27.8**

FREE CASH FLOW

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

in HRK million	1Q 2021	1Q 2020
Net cash flow from operating activities	183.7	134.9
Capex	54.3	91.9
Free cash flow	**129.4**	**43.0**

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD 31 MARCH 2021 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan-Mar 2021	Jan - Mar 2020	Index
Revenues	**1,258,727**	**1,291,413**	**97.5**
Sales revenues	1,249,581	1,280,682	97.6
Other income	9,146	10,731	85.2
Operating expenses	**(1,153,817)**	**(1,170,130)**	**98.6**
Cost of trade goods sold	(362,716)	(359,466)	100.9
Change in inventories of finished goods and work in progress	(5,506)	9,811	n/a
Material and energy costs	(328,945)	(367,462)	89.5
Staff costs	(212,163)	(211,193)	100.5
Marketing and promotion expenses	(66,729)	(57,221)	116.6
Depreciation, amortisation and impairment	(63,065)	(60,089)	105.0
Other operating costs	(111,115)	(119,258)	93.2
Other losses - net	(3,578)	(5,252)	68.1
Operating profit	**104,910**	**121,283**	**86.5**
Finance costs - net	(5,412)	(15,347)	35.3
Profit before tax	**99,498**	**105,936**	**93.9**
Income tax	(14,915)	(16,620)	89.7
Net profit for the period	**84,583**	**89,316**	**94.7**
Attributable to:			
Owners of the parent	84,696	89,660	94.5
Non-controlling interests	(113)	(344)	32.8
Earnings per share for profit attributable to the equity holders of the Company during the period (in HRK)			
- basic	25.46	26.98	
- diluted	25.46	26.98	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan - Mar 2021	Jan - Mar 2020	Index
Net profit for the period	**84,583**	**89,316**	**94.7**
Other comprehensive income:			
Items that may be subsequently reclassified to profit of loss			
Currency translation differences, net of tax	10,438	50,234	20.8
Cash flow hedges, net of tax	8,511	2,475	343.9
Other comprehensive income for the period, net of tax	**18,949**	**52,709**	**36.0**
Total comprehensive income for the period	**103,532**	**142,025**	**72.9**
Attributable to:			
Equity holders of the Company	103,615	142,257	72.8
Non-controlling interests	(83)	(232)	35.8
Total comprehensive income for the period	103,532	142,025	72.9

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2021	31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,080,750	1,070,338
Right-of-use assets	334,725	338,838
Investment property	317	316
Intangible assets	1,655,967	1,657,026
Deferred tax assets	39,049	36,285
Financial assets through other comprehensive income	1,353	1,404
Trade and other receivables	48,679	47,999
	3,160,840	3,152,206
Current assets		
Inventories	597,913	572,274
Trade and other receivables	1,248,062	1,248,658
Prepaid income tax	17,078	6,661
Derivative financial instruments	3,350	-
Cash and cash equivalents	532,488	426,513
	2,398,891	2,254,106
Non-current assets held for sale	5,382	5,382
Total current assets	2,404,273	2,259,488
TOTAL ASSETS	**5,565,113**	**5,411,694**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	881,857	881,851
Treasury shares	(9,624)	(7,647)
Reserves	(32,326)	(51,451)
Retained earnings	2,070,398	1,985,908
	3,043,677	2,942,033
Non-controlling interests	5,869	5,952
Total equity	3,049,546	2,947,985
Non-current liabilities		
Borrowings	299,609	299,528
Lease liabilities	260,396	263,479
Deferred tax liabilities	150,756	150,090
Other non-current liabilities	6,376	9,356
Provisions	70,793	66,782
	787,930	789,235
Current liabilities		
Trade and other payables	995,453	954,458
Borrowings	513,895	511,696
Lease liabilities	85,093	84,824
Derivative financial instruments	-	7,132
Current income tax liabilities	17,803	8,677
Provisions	115,393	107,687
	1,727,637	1,674,474
Total liabilities	2,515,567	2,463,709
TOTAL EQUTIY AND LIABILITIES	**5,565,113**	**5,411,694**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
in thousands of HRK, unaudited	Share capital, Share premium and Treasury shares	Reserves	Retained earnings	Total	Non-controlling interests	Total
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	-	-	89,660	89,660	(344)	89,316
Cash flow hedge, net of tax	-	2,475	-	2,475	-	2,475
Other comprehensive income	-	50,122	-	50,122	112	50,234
Total comprehensive income for the period	-	52,597	89,660	142,257	(232)	142,025
Transactions with owners:						
Purchase of treasury shares	(7,726)	-	-	(7,726)	-	(7,726)
Share based payment	139	-	-	139	-	139
Transfer	-	246	(246)	-	-	-
At 31 March 2020	1,001,224	(20,221)	1,818,105	2,799,108	5,131	2,804,239
At 1 January 2021	1,007,576	(51,451)	1,985,908	2,942,033	5,952	2,947,985
Comprehensive income:						
Net profit for the period	-	-	84,696	84,696	(113)	84,583
Cash flow hedge, net of tax	-	8,511	-	8,511	-	8,511
Other comprehensive income	-	10,408	-	10,408	30	10,438
Total comprehensive income for the period	-	18,919	84,696	103,615	(83)	103,532
Transactions with owners:						
Purchase of treasury shares	(2,013)	-	-	(2,013)	-	(2,013)
Share based payment	42	-	-	42	-	42
Transfer	-	206	(206)	-	-	-
At 31 March 2021	1,005,605	(32,326)	2,070,398	3,043,677	5,869	3,049,546

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	**January - March 2021**	**January - March 2020**
Cash flow from operating activities		
Net profit for the period	**84,583**	**89,316**
Income tax	14,915	16,620
Depreciation, amortisation and impairment	63,065	60,089
Gain on sale of property, plant and equipment	(167)	(290)
Provision for current assets	4,276	6,473
Foreign exchange differences - net	1,502	8,664
Increase in provisions for risks and charges	11,717	2,491
Fair value loss/(gain) on financial assets	2,612	(1,284)
Share based payment	42	139
Interest income	(370)	(558)
Interest expense	3,910	6,683
Other non-cash items - net	625	15,014
Changes in working capital:		
Increase in inventories	(28,341)	(90,736)
Increase in current receivables	(1,387)	(65,884)
Increase in current payables	50,542	109,782
Cash generated from operations	**207,524**	**156,519**
Interest paid	(3,160)	(5,508)
Income tax paid	(20,690)	(16,067)
	183,674	**134,944**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(54,276)	(91,918)
Proceeds from sale of property, plant and equipment	1,086	497
Acquisition of subsidiaries and proceeds from sale of subsidiaries - net of cash disposed	-	29,491
Loans granted and deposits placed	(629)	(3,744)
Repayments of loan and deposits placed	550	547
Interest received	370	558
	(52,899)	**(64,569)**
Cash flow used in financing activities		
Purchase of treasury shares	(2,013)	(7,726)
Proceeds from borrowings, net of fees paid	-	193,125
Repayment of borrowings	-	(143,575)
Principal elements of lease payments	(22,787)	(22,104)
	(24,800)	**19,720**
Net increase in cash and cash equivalents	**105,975**	**90,095**
Cash and cash equivalents at beginning of period	426,513	384,526
Cash and cash equivalents at end of period	532,488	474,621

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 and North Macedonia, the Group also distributes a range of products from external partners. The Group has manufacturing plants in Croatia, Slovenia, Serbia, Bosnia and Herzegovina and North Macedonia with companies and representative offices in 12 countries. The Group exports its products to more than 40 markets worldwide.

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

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

The condensed consolidated financial statements of the Group for the three-month period ended 31 March 2021 were approved by the Management Board of the Company in Zagreb on 26 April 2021.

The condensed consolidated financial statements have not been audited.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The condensed consolidated financial statements for the three-month period ended 31 March 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 three-month period ended 31 March 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 three-month period ended 31 March 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.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES

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

The Group has made assessment whether there are indications of impairment of intangible assets, including changes in discount rates that reflect the current risk premiums on certain markets and for the three-month period ended 31 March 2021 no impairment was recognised.

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.

BUSINESS UNITS	DISTRIBUTION UNITS
SBU COFFEE	SDU CROATIA
SBU BEVERAGES	SDU SERBIA
SBU SAVOURY SPREADS	SDU SLOVENIA
SBU SNACKS	DU MACEDONIA
SBU PHARMA	DU RUSSIA
BU DONAT	DU AUSTRIA
BU NEW GROWTH	GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT

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 Serbia, Slovenia, Bosnia and Herzegovina and North Macedonia) 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[1] *(in thousands of HRK)*	**Jan - Mar 2021**	**Jan - Mar 2020**
SBU Coffee	248,243	251,999
SBU Savoury Spreads	221,474	223,482
SBU Snacks	150,589	155,428
SBU Pharma	133,828	144,498
SBU Beverages	97,749	104,546
BU Donat	56,118	50,961
SDU Croatia	281,316	300,463
SDU Serbia	268,279	267,775
SDU Slovenia	232,096	238,957
Other segments	211,830	191,958
Reconciliation	(651,941)	(649,385)
Total	**1,249,581**	**1,280,682**

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

NOTE 5 – EARNINGS PER SHARE

Basic earnings per share

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

	2021	**2020**
Net profit attributable to equity holders *(in thousands of HRK)*	84,696	89,660
Weighted average number of shares	3,326,542	3,323,324
Basic earnings per share *(in HRK)*	25.46	26.98

Diluted earnings per share

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

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the three-month period ended 31 March 2021, Group invested HRK 41,749 thousand in purchase of property, plant and equipment and intangible assets (2020: HRK 66,351 thousand).

NOTE 7 - INVENTORIES

During the three-month period ended 31 March 2021, the Group wrote down inventories in the amount of HRK 2,702 thousand due to damage and short expiry dates (2020: HRK 3,859 thousand). The amount is recognized in the income statement within “Other operating costs”.

NOTE 8 – FINANCE COSTS – NET

(in thousands of HRK)	**Jan - Mar 2021**	**Jan - Mar 2020**
Finance income		
Foreign exchange gains on borrowings and lease liabilities	122	11,893
	122	11,893
Finance costs		
Interest expense on lease liabilities	(2,182)	(2,426)
Interest expense on bank borrowings	(897)	(2,515)
Interest expense on bonds	(718)	(1,592)
Other interest expense	(113)	(150)
Total interest expense	(3,910)	(6,683)
Foreign exchange loss on borrowings and lease liabilities	(1,624)	(20,557)
	(5,534)	(27,240)
Finance costs - net	**(5,412)**	**(15,347)**

NOTE 9 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 31 March 2021 and 31 December 2020 and transactions recognized in the Income statement for the three-month ended 31 March are as follows:

(in thousands of HRK)	**31 March 2021**	**31 December 2020**
RECEIVABLES		
Current receivables		
Other entities	92,970	75,826
LIABILITIES		
Trade and other payables		
Other entities	2,824	1,918

	Jan-Mar 2021	**Jan-Mar 2020**
REVENUES		
Sales revenues		
Other entities	111,792	131,740
Other income		
Other entities	178	191
EXPENSES		
Marketing and promotion costs		
Other entities	406	555
Other operating costs		
Other entities	536	553

STATEMENT OF PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

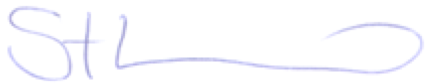
In accordance with provisions of Law on Capital Market, Zoran Stanković, Group Vice President for Finance, Procurement and Investment and Tatjana Ilinčić, Director of Corporate Reporting and Consolidation, person responsible for corporate accounting, reporting and consolidation, together as persons responsible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

STATEMENT:

According to our best knowledge the condensed consolidated financial statements for the three-month period ended 31 March 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 March 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 three-month period ended 31 March 2021 were approved by the Management Board of the company Atlantic Grupa d.d. on 26 April 2021.



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Zoran Stanković
Group Vice President for Finance, Procurement and Investment

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Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

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ATLANTIC GRUPA
Joint Stock Company for Domestic and Foreign Trade
Miramarska 23, 10000 Zagreb, Croatia
tel: +385 (1) 24 13 900
fax: +385 (1) 24 13 901

The Company is registered with the Commercial Court of Zagreb
MBS: 080245039
MB: 1671910
PIN: 71149912416
Bank account: HR4624020061100280870 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59
The number of shares and their nominal value: 3,334,300 shares, each in the nominal amount of HRK 40.00
Share capital: HRK 133,372,000.00, paid in full.