FINANCIAL RESULTS

IN THE FIRST HALF OF 2021

(unaudited)

Zagreb, 29 July 2021

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

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

“In the first half of 2021, Atlantic Grupa recorded significant growth in revenue and profitability compared to the same period of the previous year. Growth has been achieved in all business and distribution units due to the excellent results of our own and principal brands, as a result of the better epidemiological situation in all markets and the easing of measures to prevent the pandemic. We are particularly proud to have achieved organic sales growth of almost 9%* compared to the first half of 2019, the year in which we generated the historically highest revenues, despite all the challenges we face since the beginning of the pandemic. Also, we are pleased to say that our two new brands – Jimmy Fantastic and Boom Box, in which we have invested a lot of effort and enthusiasm in the previous period, were successfully launched in March and April, with excellent initial sales results and great prospects. In the first half of 2021, we recorded a new highest share price and distributed the historically highest dividend.

In a vision for the further development of its brands, Atlantic Grupa has entered into a cooperation agreement with Barry Callebaut of Zurich, the world’s leading manufacturer of high-quality chocolate and cocoa products. This is a valuable partnership agreement, which with the new factory of Barry Callebaut in Novi Sad, opens new opportunities for the sweet program of Atlantic Štark.

All of the above makes us happy and full of optimism for the second half of this business year. We are aware that the coming period will be epidemiologically challenging, while 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.”

---

* 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”.

KEY DEVELOPMENTS

IN THE FIRST HALF OF 2021

SIGNIFICANT INCREASE IN SALES AND PROFITABILITY DUE TO BETTER EPIDEMIOLOGICAL SITUATION

- **SALES** AT HRK 2,697.8 MILLION
  +9.7% compared to the first half of 2020

- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA***) AT HRK 387.2 MILLION
  +19.5% compared to the first half of 2020 (+6.7% if one-off items excluded*)

- EARNINGS BEFORE INTEREST AND TAXES (**EBIT***) AT HRK 261.5 MILLION
  +29.2% compared to the first half of 2020 (+8.4% if one-off items excluded*)

- NET PROFIT* AT HRK 217.5 MILLION
  +48.1% compared to the first half of 2020 (+18.0% if one-off items excluded*)

FINANCIAL SUMMARY OF THE FIRST HALF OF 2021

Key figures	H1 2021	H1 2020	H1 2021/ H1 2020
Sales (in HRK million)	**2,697.8**	2,459.5	9.7%
Turnover (in HRK million)	**2,734.2**	2,493.6	9.6%
Normalized EBITDA margin*	**14.2%**	14.6%	-40bp
Normalised net income* (in HRK million)	**210.5**	178.4	18.0%
Gearing ratio*	**15.1%**	**20.1%**	-493bp

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

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 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 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.

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 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.

4. ATLANTIC GRUPA IS THE MOST AWARD-WINNING EMPLOYER FOR EMPLOYER BRANDING AND FIFTH MOST DESIRABLE EMPLOYER IN CROATIA

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.

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.

Organized by the MojeDelo portal from Slovenia and the global Employer Branding Agency, Universum from Sweden, a survey was conducted in Slovenia for the Most Reputable Employer, where Atlantic Grupa was named as the Most Reputable Employer in the FMCG industry. This is a survey that has been conducted since 2007, and this year 12,000 respondents participated in the survey.

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.

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.

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 own brands in key categories. Atlantic Štark is the first regional strategic partner of Barry Callebaut and its 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.

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	H1 2021	H1 2020	H1 2021/ H1 2020
SBU Coffee	**552.6**	500.9	10.3%
SBU Savoury Spreads	**448.0**	423.0	5.9%
SBU Snacks	**316.8**	297.4	6.5%
SBU Beverages	**257.0**	221.4	16.1%
SBU Pharma	**279.4**	258.4	8.1%
BU Donat	**113.7**	98.2	15.8%
SDU Croatia	**641.7**	580.3	10.6%
SDU Serbia	**598.9**	545.8	9.7%
SDU Slovenia	**481.8**	460.2	4.7%
Other segments*	**437.5**	380.8	14.9%
Reconciliation**	**-1,429.5**	-1,306.9	n/a
Sales	**2,697.8**	**2,459.5**	**9.7%**

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

In the first half of 2021, Atlantic Grupa recorded sales of HRK 2.7 billion, which is a significant 9.7% growth compared to the same period of the previous year. The revenue growth is recorded by all business and distribution units due to excellent results of most our own, as well as principal brands. The best results are recorded by the Strategic business units Coffee and Beverages, and the Business unit Donat. Sales growth, which is particularly visible in the second quarter of this year, was impacted by the better epidemiological situation in all markets and the consequent easing of measures to prevent the spread of COVID-19 compared to extremely restrictive pandemic measures in force for most of the second quarter last year. It is important to note that comparable sales in the first half of the year were 8.7% above the level achieved in the same period in 2019, while sales growth in the second quarter compared to the second quarter of 2019 amounted to 8.0%.

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.

The STRATEGIC BUSINESS UNIT COFFEE records a double-digit sales growth rate as a result of excellent business results in all regional and almost all Western European markets. 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 Barcaffe brands, coffee for on-the-go consumption, and instant coffee. Revenue growth was impacted by the easing of measures to prevent the spread of COVID-19, primarily in the operation of the HoReCa channel, which is especially visible in the Serbian market where prevention measures were among the most restrictive in the region in the same period last year. Also, sales recovered to pre-pandemic levels, i.e. sales growth of 3.8% was recorded, compared to the same period of 2019.

The STRATEGIC BUSINESS UNIT SAVOURY SPREADS recorded an increase in sales due to the significant increase in sales primarily in Western markets (Germany, Austria, the United States of America and Switzerland), which fully cancelled out the decrease in sales in the markets of Slovenia and Bosnia and Herzegovina. Growth was recorded both in meat and fish savoury spreads segments. Also, jams under the Granny's Secret brand and sandwiches under the Montana brand record double-digit sales growth. Savoury Spreads recorded as much as 28.6% higher sales in the first half compared to the same period of 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 and Bosnia and Herzegovina. Analysed by categories, the double-digit growth is recorded by flips under the Smoki brand, Bananica and Prima sticks, while other categories record a decrease which is particularly prominent in the impulse goods range. Sales of this Strategic business unit approached pre-pandemic levels, and they are only 0.7% lower than the sales recorded in the first half of 2019.

The STRATEGIC BUSINESS UNIT BEVERAGES recorded a significant double-digit sales growth in almost all markets, with the most significant growth recorded by the markets of Croatia, Serbia and Bosnia and Herzegovina. Growth in sales is recorded by Cockta and Cedevita brands, where the products for consumption at home and Cedevita GO stand out. Revenue growth in this segment was also impacted by the significant easing of measures in the operation of the HoReCa channel in the second quarter compared to extremely restrictive measures in the second quarter of the previous year, and the successful start of the tourist season in Croatia. Compared to the first half of 2019, the comparable* sales are 5.5% lower, primarily due to restrictions in the operation of the HoReCa channel.

The STRATEGIC BUSINESS UNIT PHARMA records an increase in sales of the pharmacy chain Farmacia due to a significant sales growth in the second quarter as a consequence of the easing of measures to prevent the spread of the pandemic (in the second quarter last year, restrictive measures regarding the operation of pharmacies were in force in terms of shorter opening hours and work-free Sundays). The above-mentioned growth fully cancelled out the decrease in sales of baby food under the Bebi brand in the Russian market. The Pharma segment records 10.1% higher comparable* sales compared to the same period of 2019. As at 30 June 2021, Farmacia consists of 95 pharmacies and specialised stores, which is 8 retail units more than in the same period of 2019.

* 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".

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 Russia, Croatia and Bosnia and Herzegovina. Also, it records an 18.7% increase in sales compared to the same period of 2019.

Double-digit growth is recorded by the STRATEGIC DISTRIBUTION UNIT CROATIA as a consequence of excellent results of own and principal brands. Among own brands, growth is recorded by 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, roast and ground coffee under the Barcaffe brand and functional water Donat. Among principal brands, Ferrero, Phillips and Asahi stand out. The growth in sales in this segment was impacted by the strong sales growth in the second quarter as a result of the easing of restrictive measures to combat the pandemic, which were most severe during the second quarter of last year, and a better start of the tourist season in Croatia. Despite all the pandemic challenges, this unit recorded 3.6% higher comparable sales* in the first half compared to the same period of 2019.

A significant sales growth is recorded by the STRATEGIC DISTRIBUTION UNIT SERBIA as a result of the increase in sales of roast and ground coffee under the Grand kafa brand, flips under the Smoki brand and Bananica in the snacks segment, and Cedevita GO in the beverages segment. Among principal brands, Red Bull and Saponia stand out. Also, the growth of this unit was impacted by the sales growth in the HoReCa channel following the easing of measures the combat the pandemic. Recorded sales are 1.7% higher than in the same period of 2019.

The STRATEGIC DISTRIBUTION UNIT SLOVENIA records sales growth due to the growth of own and principal brands. Among own brands, the brands that stand out are two new brands – Jimmy Fantastic and Boom Box, functional water Donat, roast and ground coffee under the Barcaffe brand and Barcaffe coffee for on-the-go consumption, while among principal brands, Ferrero and Rauch stand out. The HoReCa channel records an increase in sales due to significantly weaker restrictions and the easing of measures to prevent the spread of COVID-19. This unit also records 8.3% higher sales compared to the same period of 2019.

OTHER SEGMENTS record sales growth in all their parts and have recorded in the first half the levels of sales that are significantly higher compared to the same period of 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 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, Hipp and Beiersdorf stand out.

The DISTRIBUTION UNIT AUSTRIA recorded a sales growth primarily due to the growth of almost all own brands, primarily Argeta in the savoury spreads segment, and Smoki flips, Prima sticks and Bananica in the snacks segment.

The GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT continues to record double-digit growth rates, with the biggest growth recorded by the markets of Germany, Switzerland and the Unites States of America in the savoury spreads segment under the Argeta brand and in the coffee segment under the Grand kafa brand.

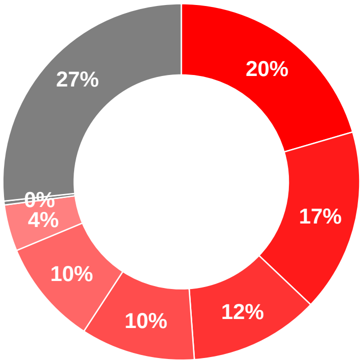
The DISTRIBUTION UNIT RUSSIA records growth due to the double-digit growth in sales of the functional water Donat, which fully cancelled out the decrease in sales of baby food under the Bebi brand.

* 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".

SALES DYNAMICS
IN THE FIRST HALF OF 2021

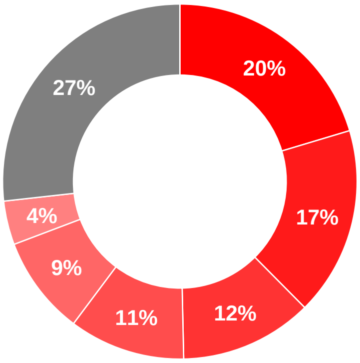
SALES PROFILE BY SEGMENTS

H1 2021



- Coffee 20.5%
- Savoury spreads 16.6%
- Sweet and salted snacks 11.7%
- Pharma 10.4%
- Beverages 9.5%
- Donat 4.2%
- Other 0.4%
- Principal brands 26.7%

H1 2020



- Coffee 20.4%
- Savoury spreads 17.2%
- Sweet and salted snacks 12.1%
- Pharma 10.6%
- Beverages 9.0%
- Donat 4.0%
- Principal brands 26.7%

SALES PROFILE BY MARKETS

(in HRK millions)	H1 2021	% of sales	H1 2020	% of sales	H1 2021/ H1 2020
Croatia	**893.6**	33.1%	**807.5**	32.8%	10.7%
Serbia	**606.6**	22.5%	**553.8**	22.5%	9.5%
Slovenia	**482.1**	17.9%	**460.5**	18.7%	4.7%
Bosnia and Herzegovina	**201.1**	7.5%	**183.7**	7.5%	9.5%
Other regional markets*	**225.3**	8.4%	**208.5**	8.5%	8.0%
Key European markets**	**156.0**	5.8%	**129.8**	5.3%	20.1%
Russia and CIS	**72.3**	2.6%	**68.0**	2.8%	6.3%
Other markets	**60.9**	2.2%	**47.7**	1.9%	27.7%
Total sales	**2,697.8**	100.0%	2,459.5	100.0%	9.7%

*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 significant sales growth following the double-digit sales growth in the second quarter as a result of the easing of measures to prevent the pandemic, primarily in the HoReCa channel, and a better start of the tourist season in Croatia. 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, roast and ground coffee under the Barcaffe brand and functional waster Donat, (ii) the pharmacy chain Farmacia, and (iii) external principals, among which the biggest growth was recorded by Ferrero, Phillips and Asahi.

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

The increase in sales of 4.7% in the MARKET OF SLOVENIA was recorded following the increase in sales of: (i) new own brands Jimmy Fantastic and Boom Box, (ii) functional water Donat, (iii) Barcaffe coffee for on-the-go consumption, (iv) roast and ground coffee under the Barcaffe brand, and (v) principal brands Ferrero and Rauch.

The MARKET OF BOSNIA AND HERZEGOVINA recorded a 9.5% sales growth due to the double-digit sales growth in the second quarter as a result of the easing of measures to prevent the pandemic, primarily in the HoReCa channel. Sales growth was recorded in: (i) roast and ground coffee under the Grand kafa brand, (ii) Cedevita and Cockta in the beverages segment, and (iii) flips under the Smoki brand and Bananica in the snacks range.

OTHER REGIONAL MARKETS record an increase in sales in all markets, where the biggest contribution to the growth was made by the increase in sales of flips under the Smoki brand, Cedevita in the beverages category and roast and ground coffee under the Grand kafa brand.

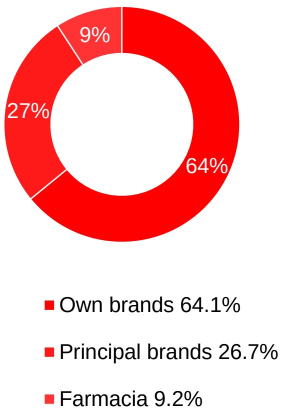
The significant sales growth, of 20.1%, on the KEY EUROPEAN MARKETS was recorded in all markets, where the markets of Germany, Switzerland and Austria recorded double-digit growth due to the increase in sales of Argeta in the savoury spreads segment, and roast and ground coffee under the Grand kafa brand.

The MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES records sales growth as a result of the increase in sales of functional water Donat and Smoki flips.

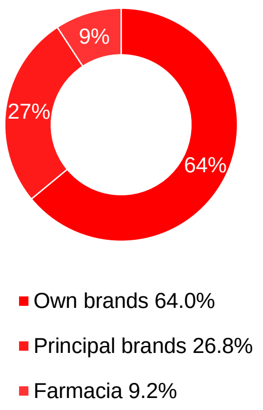
The significant double-digit sales growth is recorded in OTHER MARKETS, primarily due to the increase in sales of savoury spreads under the Argeta brand in most Other markets, with the most significant growth recorded by the markets of the United States of America, the Netherlands and France.

SALES PROFILE BY PRODUCT CATEGORY

H1 2021



H1 2020



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

OWN BRANDS recorded sales of HRK 1,728.9 million, which is a significant 9.8% growth, following the growth of almost all categories. The greatest contribution to the growth was made by: (i) Grand kafa in the coffee segment, (ii) Argeta in the savoury spreads segment, (iii) Smoki and Bananica in the snacks segment, (iv) Cedevita and Cockta in the beverages segment, and (v) functional water Donat.

PRINCIPAL BRANDS record a 9.5% growth with sales of HRK 720.8 million. The growth is mainly based on the increase in sales of principals Ferrero, Phillips, Rauch and Red Bull.

The pharmacy chain FARMACIA recorded sales of HRK 248.1 million, which is a 9.3% growth due to the increase in sales of the existing Farmacia locations and the easing of measures the prevent the spread of the pandemic. As at 30 June 2021, Farmacia consists of 95 pharmacies and specialised stores.

PROFITABILITY DYNAMICS

(in HRK millions)	H1 2021	H1 2020	H1 2021/H1 2020
Sales	**2,697.8**	2,459.5	9.7%
EBITDA*	**387.2**	324.1	19.5%
Normalised EBITDA*	**381.9**	358.0	6.7%
EBIT*	**261.5**	202.4	29.2%
Normalised EBIT*	**256.2**	236.3	8.4%
Net profit*	**217.5**	146.9	48.1%
Normalised Net profit*	**210.5**	178.4	18.0%
Profitability margins			
EBITDA margin*	**14.4%**	13.2%	+117bp
Normalised EBITDA margin*	**14.2%**	14.6%	-40bp
EBIT margin*	**9.7%**	8.2%	+146bp
Normalised EBIT margin*	**9.5%**	9.6%	-11bp
Net profit margin*	**8.1%**	6.0%	+209bp
Normalised Net profit margin*	**7.8%**	7.3%	+55bp

In the first half of 2021, EBITDA amounts to HRK 387.2 million, which is a 19.5% increase compared to the same period of the previous year, or a 6.7% increase if we exclude the effect of one-off items.
The significant increase in normalised EBITDA was impacted by the increase in sales of all business and distribution units, with the most prominent sales growth of the Strategic Business Units Beverages, Coffee and the Business Unit Donat. The increase in normalised EBITDA was also impacted by lower other operating expenses (lower costs of entertainment and business trips, as a result of measures to prevent the pandemic spread).
In addition to the described above, normalized net profit records an 18.0% increase as a consequence of lower interest expense and positive effect of foreign exchange differences, primarily due to the mild appreciation of the Croatian kuna against the Euro.

* 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"

ATLANTIC GRUPA

OPERATING EXPENSES STRUCTURE

(in HRK millions)	H1 2021	% of sales	H1 2020	% of sales	H1 2021/ H1 2020
Cost of goods sold	**773.2**	28.7%	**697.7**	28.4%	10.8%
Change in inventory	**0.7**	0.0%	**(0.1)**	(0.0%)	n/a
Production materials	**700.2**	26.0%	**651.0**	26.5%	7.6%
Energy	**29.2**	1.1%	**29.4**	1.2%	(0.8%)
Services	**169.2**	6.3%	**152.7**	6.2%	10.8%
Staff costs	**446.5**	16.6%	**425.3**	17.3%	5.0%
Marketing and selling expenses	**153.4**	5.7%	**109.0**	4.4%	40.7%
Other operating expenses	**70.5**	2.6%	**100.5**	4.1%	(29.9%)
Other (gains)/losses, net	**4.1**	0.2%	**3.9**	0.2%	3.9%
Depreciation and amortisation	**125.8**	4.7%	**121.7**	4.9%	3.3%
Total operating expenses*	**2,472.7**	**91.7%**	**2,291.1**	**93.2%**	**7.9%**

Cost of goods sold records an 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 production materials, primarily edible oil, cocoa, and packaging material.

Energy costs are almost at the same level as in the same period of the previous year.

Costs of services record an increase due to higher maintenance costs for IT systems and production equipment, and external services.

Higher staff costs are primarily a result of the increase in sales and the related higher variable payments than in the same period of the previous year. As at 30 June 2021, Atlantic Grupa has 5,581 employees, 257 employees more than at the end of the same period of the previous year.

Marketing expenses are significantly higher due to higher investments in marketing in all business units (in the same period of the previous year, investments were significantly lower due to extraordinary circumstances caused by the pandemic) and higher investments in two new brands.

Other operating expenses include HRK 2.1 million of donations and other expenses related to COVID-19, which is significantly less compared to the same period of the previous year. When these one-off items are excluded, other operating expenses record a decrease due to lower travel expenses and entertainment costs, as a consequence of implementing the measures to prevent the pandemic (working from home, restrictions on business trips, etc.) and lower impairment of current assets.

* 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".

OPERATING RESULT OF STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	H1 2021	H1 2020	H1 2021/ H1 2020
SBU Coffee	**139.3**	121.0	15.1%
SBU Savoury Spreads	**107.1**	121.5	(11.8%)
SBU Snacks	**56.5**	51.3	10.0%
SBU Beverages	**55.6**	45.2	23.2%
SBU Pharma	**19.8**	21.6	(8.2%)
BU Donat	**56.5**	52.8	7.0%
SDU Croatia	**36.5**	34.7	5.3%
SDU Serbia	**24.9**	18.0	38.2%
SDU Slovenia	**30.4**	28.2	7.9%
Other segments*	**(139.4)**	(170.1)	18.0%
Group EBITDA**	**387.2**	**324.1**	**19.5%**

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

STRATEGIC DISTRIBUTION UNITS AND DISTRIBUTION UNITS: The increase in profitability of the SDU Croatia is a result of higher sales, despite higher staff costs. The SDU Serbia records a significant increase in profitability following higher sales, despite higher transportation costs and higher staff costs. The SDU Slovenia records profitability growth following higher sales revenue, despite higher transportation and logistics costs.

OTHER SEGMENTS: If we exclude one-off profit of HRK 5.3 million, mainly related to the release of provision for a legal claim, and HRK 33.9 million of one-off expenses incurred last year, mainly related to donations and other expenses related to COVID-19, Other segments record a decrease in profitability as a consequence of initially negative profitability of the BU New Growth and higher costs of central functions, despite the increase in profitability of the DU Austria, GDAM, DU Macedonia and DU Russia.

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 the attached document "Definition and reconciliation of Alternative Performance Measures".

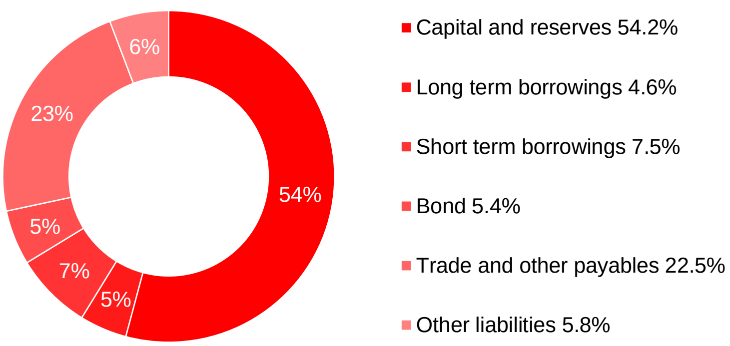
FINANCIAL INDICATORS

(in HRK millions)	30 June 2021	31 Dec 2020
Net debt*	**539.7**	740.1
Total assets	**5,585.6**	5,411.7
Total Equity	**3,025.5**	2,948.0
Current ratio*	**1.4**	1.3
Gearing ratio*	**15.1%**	20.1%
Net debt/EBITDA*	**0.7**	1.0
(in HRK millions)	**H1 2021**	H1 2020
Interest coverage ratio*	**44.6**	26.3
Capital expenditure*	**123.2**	141.3
Free cash flow*	**230.9**	178.0
Cash flow from operating activities	**354.1**	319.2

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

- The gearing ratio decreased by as much as 493 basis points due to the decrease in net debt of HRK 200 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 0.7 at the end of the first half of 2021.
- Free cash flow records an increase due to lower capital expenditure and higher cash flow from operating activities.

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

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 finance costs, despite higher tax expense.

Capital expenditure in the first half of 2021 were realised 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: Installation of the new line for rigid and flexible packaging of Cedevita.
- SBU COFFEE: Installation of the purchased Coffee2Go and HoReCa equipment for coffee preparation at points of sale.
- 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 completed. Additional investments in advanced technical solutions for the production of Jimmy Fantastic chocolate.
- 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.
- SDU / in all regions: Installation of display refrigerators for the Beverages program at points of sale.
- 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 currently better epidemiological situation and the ongoing vaccination process, the uncertainty is still very 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 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, edible oil and aluminium, have already increased or the increase is very likely. Atlantic Grupa regularly monitors developments on global markets of raw materials and supplies and actively takes measures to protect against these risks. It is important to note that during the first half of the year, existing stocks were mostly used or contractual conditions from the previous year applied, and the majority of this negative impact will be realised in the second half of the year.

Under the assumption that significant vaccination coverage will be achieved until the end of the year and that additional restrictions to prevent the pandemic will not be introduced, 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 half we launched a new brand of chocolate, Jimmy Fantastic, and 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 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 2019

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	H1 2021	H1 2019	H1 2021/ H1 2019
Sales	**2,697.8**	**2,574.1**	**4.8%**
Sales of divested business - SBU SFF		27.8	
Sale of divested business - brand Dietpharm		28.1	
Sale of divested business - brand Multivita		6.5	
Exit from pharma wholesale business		16.6	
Sale of divested business - BNBV		12.7	
Comparable sales	**2,697.8**	**2,482.3**	**8.7%**

in HRK million	SBU Beverages	SBU Pharma	SDU Croatia	Other segments
Reported H1 2019	**281.3**	**305.0**	**632.2**	**356.2**
Sales of divested business - SBU SFF	0.0	0.0	0.0	27.8
Sale of divested business – brand Dietpharm	0.0	28.1	0.0	0.0
Sale of divested business - brand Multivita	0.0	6.5	0.0	0.0
Exit from pharma wholesale business	0.0	16.6	0.0	0.0
Sale of divested business - BNBV	9.5	0.0	12.7	0.0
Comparable sales H1 2019	**271.8**	**253.8**	**619.5**	**328.3**
Reported H1 2021	257.0	279.4	641.7	437.5
H1 2021/H1 2019	**(5.5%)**	**10.1%**	**3.6%**	**33.3%**

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)	H1 2021	H1 2020	H1 2021/ H1 2020
Operating profit	261.5	202.4	29.2%
Depreciation, amortisation and impairment	125.8	121.7	3.3%
EBITDA	387.2	324.1	19.5%
Divestment costs and (gains), net	0.0	3.5	
COVID-19 costs	2.1	30.4	
Other one off (income) and costs, net	(7.4)	0.0	
Normalized EBITDA	381.9	358.0	6.7%
Sales	2,697.8	2,459.5	
EBITDA margin	14.4%	13.2%	
Normalized EBITDA margin	14.2%	14.6%	

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)	H1 2021	H1 2020	H1 2021/ H1 2020
Operating profit	261.5	202.4	29.2%
EBIT	261.5	202.4	29.2%
Divestment costs and (gains), net	0.0	3.5	
COVID-19 costs	2.1	30.4	
Other one off (income) and costs, net	(7.4)	0.0	
Normalized EBIT	256.2	236.3	8.4%
Sales	2,697.8	2,459.5	
EBIT margin	9.7%	8.2%	
Normalized EBIT margin	9.5%	9.6%	

NET PROFIT and NORMALIZED NET PROFIT

Net profit is a subtotal which is reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 30 June 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)	H1 2021	H1 2020	H1 2021/ H1 2020
Net profit	**217.5**	**146.9**	**48.1%**
Divestment costs and (gains), net	(1.4)	3.5	
COVID-19 costs	1.8	28.0	
Other one off (income) and costs, net	(7.4)	0.0	
Normalized Net profit	**210.5**	**178.4**	**18.0%**
Sales	2,697.8	2,459.5	
Net profit margin	**8.1%**	**6.0%**	
Normalized Net profit margin	**7.8%**	**7.3%**	

TOTAL OPERATING EXPENSES

Total operating expenses are a subtotal of the following items which are reported in the Consolidated Income statement in the attached Condensed consolidated financial statements for the period ended 30 June 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 30 June 2021. The Group uses capital expenditure as APM to ensure that the cash spending is in line with overall strategy of the Group.

ATLANTIC GRUPA

NET DEBT and NET DEBT to EBITDA

Net debt is used by management to evaluate the Group's financial capacity. Net debt is defined as sum of current and non-current borrowings, current and non-current lease liabilities and derivative financial instruments decreased for cash and cash equivalents which are reported in the Consolidated Balance sheet in the attached Condensed consolidated financial statements for the period ended 30 June 2021, as shown below:

(in HRK millions)	30 June 2021	31 Dec 2020
Non current borrowing	299.5	299.5
Non current lease liabilities	256.7	263.5
Current borrowings	335.0	511.7
Current lease liabilities	85.2	84.8
Derivative financial instruments, net	-2.9	7.1
Cash and cash equivalents	-433.7	-426.5
Net debt	**539.7**	**740.1**
Normalized EBITDA	779.0	755.1
Net debt/Normalized EBITDA	**0.7**	**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 30 June 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 millions	30 June 2021	31 Dec 2020
Current assets	2,433.5	2,259.5
Current liabilities	1,787.5	1,674.5
Current ratio	**1.4**	**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 millions	30 June 2021	31 Dec 2020
Net debt	539.7	740.1
Total equity	3,025.5	2,948.0
Gearing ratio	**15.1%**	**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 30 June 2021), as shown below. Interest coverage ratio is used to determine how easily the Group can pay interest on its outstanding debt.

in HRK millions	30 June 2021	31 Dec 2020
Normalized EBITDA	381.9	358.0
Total interest expense	8.6	13.6
Adjusted interest coverage ratio	**44.6**	**26.3**

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 30 June 2021.

in HRK millions	30 June 2021	31 Dec 2020
Net cash flow from operating activities	354.1	319.2
Capex	123.2	141.3
Free cash flow	**230.9**	**178.0**

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD 30 JUNE 2021 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan-Jun 2021	Jan-Jun 2020	Index	Apr-Jun 2021	Apr-Jun 2020	Index
Revenues	**2,734,173**	**2,493,584**	**109.6**	**1,475,446**	**1,202,171**	**122.7**
Sales revenues	2,697,829	2,459,455	109.7	1,448,248	1,178,773	122.9
Other income	36,344	34,129	106.5	27,198	23,398	116.2
Operating expenses	**(2,472,700)**	**(2,291,140)**	**107.9**	**(1,318,883)**	**(1,121,010)**	**117.7**
Cost of trade goods sold	(773,162)	(697,658)	110.8	(410,446)	(338,192)	121.4
Change in inventories of finished goods and work in progress	(658)	72	n/a	4,848	(9,739)	n/a
Material and energy costs	(729,366)	(680,398)	107.2	(400,421)	(312,936)	128.0
Staff costs	(446,537)	(425,251)	105.0	(234,374)	(214,058)	109.5
Marketing and promotion expenses	(153,390)	(108,999)	140.7	(86,661)	(51,778)	167.4
Depreciation, amortisation and impairment	(125,751)	(121,700)	103.3	(62,686)	(61,611)	101.7
Other operating costs	(239,736)	(253,262)	94.7	(128,621)	(134,004)	96.0
Other losses - net	(4,100)	(3,944)	104.0	(522)	1,308	n/a
Operating profit	**261,473**	**202,444**	**129.2**	**156,563**	**81,161**	**192.9**
Finance costs - net	(7,012)	(20,029)	35.0	(1,600)	(4,682)	34.2
Profit before tax	**254,461**	**182,415**	**139.5**	**154,963**	**76,479**	**202.6**
Income tax	(36,932)	(35,504)	104.0	(22,017)	(18,884)	116.6
Net profit for the period	**217,529**	**146,911**	**148.1**	**132,946**	**57,595**	**230.8**
Attributable to:						
Owners of the parent	217,477	147,643	147.3	132,781	57,983	229.0
Non-controlling interests	52	(732)	n/a	165	(388)	n/a
Earnings per share for profit attributable to the equity holders of the Company during the period (in HRK)						
- basic	65.37	44.38		39.90	17.40	
- diluted	65.37	44.38		39.90	17.40	

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan-Jun 2021	Jan-Jun 2020	Index	Apr-Jun 2021	Apr-Jun 2020	Index
Net profit for the period	**217,529**	**146,911**	**148.1**	**132,946**	**57,595**	**230.8**
Other comprehensive (loss)/income:						
Items that may be subsequently reclassified to profit of loss						
Currency translation differences, net of tax	(13,740)	32,514	n/a	(24,178)	(17,720)	136.4
Cash flow hedges, net of tax	8,443	3,644	231.7	(68)	1,169	n/a
Other comprehensive (loss)/income for the period, net of tax	**(5,297)**	**36,158**	**n/a**	**(24,246)**	**(16,551)**	**146.5**
Total comprehensive income for the period	**212,232**	**183,069**	**115.9**	**108,700**	**41,044**	**264.8**
Attributable to:						
Equity holders of the Company	212,217	183,740	115.5	108,602	41,483	261.8
Non-controlling interests	15	(671)	n/a	98	(439)	n/a
Total comprehensive income for the period	212,232	183,069	115.9	108,700	41,044	264.8

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	30 June 2021	31 December 2020
ASSETS		
Non-current assets		
Property, plant and equipment	1,101,334	1,070,338
Right-of-use assets	333,656	338,838
Investment property	314	316
Intangible assets	1,631,559	1,657,026
Deferred tax assets	39,206	36,285
Financial assets through other comprehensive income	1,343	1,404
Trade and other receivables	44,660	47,999
	3,152,072	3,152,206
Current assets		
Inventories	642,368	572,274
Trade and other receivables	1,319,572	1,248,658
Prepaid income tax	29,541	6,661
Derivative financial instruments	2,948	-
Cash and cash equivalents	433,727	426,513
	2,428,156	2,254,106
Non-current assets held for sale	5,382	5,382
Total current assets	2,433,538	2,259,488
TOTAL ASSETS	**5,585,610**	**5,411,694**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	883,766	881,851
Treasury shares	(11,162)	(7,647)
Reserves	(54,944)	(51,451)
Retained earnings	2,068,524	1,985,908
	3,019,556	2,942,033
Non-controlling interests	5,967	5,952
Total equity	3,025,523	2,947,985
Non-current liabilities		
Borrowings	299,514	299,528
Lease liabilities	256,677	263,479
Deferred tax liabilities	147,683	150,090
Other non-current liabilities	6,547	9,356
Provisions	62,151	66,782
	772,572	789,235
Current liabilities		
Trade and other payables	1,261,606	954,458
Borrowings	335,022	511,696
Lease liabilities	85,152	84,824
Derivative financial instruments	-	7,132
Current income tax liabilities	21,369	8,677
Provisions	84,366	107,687
	1,787,515	1,674,474
Total liabilities	2,560,087	2,463,709
TOTAL EQUTIY AND LIABILITIES	**5,585,610**	**5,411,694**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of HRK, unaudited	Attributable to owners of the Company: 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	-	-	147,643	147,643	(732)	146,911
Cash flow hedge, net of tax	-	3,644	-	3,644	-	3,644
Other comprehensive income	-	32,453	-	32,453	61	32,514
Total comprehensive income for the period	-	36,097	147,643	183,740	(671)	183,069
Transactions with owners:						
Purchase of treasury shares	(11,022)	-	-	(11,022)	-	(11,022)
Share based payment	9,636	-	-	9,636	-	9,636
Dividends relating to 2019	-	-	(83,186)	(83,186)	-	(83,186)
Transfer	-	737	(737)	-	-	-
At 30 June 2020	1,007,425	(36,230)	1,792,411	2,763,606	4,692	2,768,298
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	-	-	217,477	217,477	52	217,529
Cash flow hedge, net of tax	-	8,443	-	8,443	-	8,443
Other comprehensive loss	-	(13,703)	-	(13,703)	(37)	(13,740)
Total comprehensive income for the period	-	(5,260)	217,477	212,217	15	212,232
Transactions with owners:						
Purchase of treasury shares	(18,439)	-	-	(18,439)	-	(18,439)
Share based payment	16,839	-	-	16,839	-	16,839
Dividends relating to 2020	-	-	(133,094)	(133,094)	-	(133,094)
Transfer	-	1,767	(1,767)	-	-	-
At 30 June 2021	1,005,976	(54,944)	2,068,524	3,019,556	5,967	3,025,523

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	January - June 2021	January - June 2020
Cash flow from operating activities		
Net profit for the period	**217,529**	**146,911**
Income tax	36,932	35,504
Depreciation, amortisation and impairment	125,751	121,700
Gain on sale of property, plant and equipment	(835)	(256)
Provision for current assets	9,646	12,912
Foreign exchange differences - net	(1,553)	6,413
Decrease in provisions for risks and charges	(27,953)	(22,263)
Fair value loss on financial assets	3,743	135
Share based payment	16,839	9,636
Interest income	(545)	(762)
Interest expense	8,565	13,616
Other non-cash items - net	(7,016)	11,050
Changes in working capital:		
Increase in inventories	(76,013)	(82,325)
(Increase)/decrease in current receivables	(75,181)	115,875
Increase/(decrease) in current payables	186,207	(5,191)
Cash generated from operations	**416,116**	**362,955**
Interest paid	(8,314)	(13,213)
Income tax paid	(53,701)	(30,518)
	354,101	**319,224**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(123,187)	(141,270)
Proceeds from sale of property, plant and equipment and intangible assets	11,944	435
Acquisition of subsidiary and proceeds from sale of subsidiaries - net of cash disposed	-	29,491
Loans granted and deposits placed	(747)	(3,779)
Repayments of loan and deposits placed	4,193	1,113
Interest received	545	762
	(107,252)	**(113,248)**
Cash flow (used in) / from financing activities		
Purchase of treasury shares	(18,439)	(11,022)
Proceeds from borrowings, net of fees paid	-	343,678
Repayment of borrowings	(174,910)	(211,014)
Principal elements of lease payments	(46,286)	(43,076)
	(239,635)	**78,566**
Net increase in cash and cash equivalents	**7,214**	**284,542**
Cash and cash equivalents at beginning of period	426,513	384,526
Cash and cash equivalents at end of period	433,727	669,068

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 six-month period ended 30 June 2021 were approved by the Management Board of the Company in Zagreb on 28 July 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 six-month period ended 30 June 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 six-month period ended 30 June 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 six-month period ended 30 June 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 six-month period ended 30 June 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 six-month period ended 30 June 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.

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 - Jun 2021**	**Jan - Jun 2020**
SBU Coffee	552,557	500,916
SBU Savoury Spreads	448,029	422,950
SBU Snacks	316,830	297,423
SBU Pharma	279,381	258,448
SBU Beverages	256,993	221,444
BU Donat	113,694	98,218
SDU Croatia	641,665	580,260
SDU Serbia	598,858	545,809
SDU Slovenia	481,795	460,160
Other segments	437,540	380,762
Reconciliation	(1,429,513)	(1,306,935)
Total	**2,697,829**	**2,459,455**

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

NOTE 4 – SEGMENT INFORMATION (continued)

Business results	**EBITDA***	
	Jan - Jun	**Jan - Jun**
(in thousands of HRK)	**2021**	**2020**
SBU Coffee	139,324	121,023
SBU Savoury Spreads	107,143	121,504
BU Donat	56,476	52,802
SBU Snacks	56,451	51,335
SBU Beverages	55,627	45,166
SBU Pharma	19,800	21,558
SDU Croatia	36,504	34,651
SDU Slovenia	30,433	28,211
SDU Serbia	24,881	18,008
Other segments	(139,415)	(170,114)
Total	**387,224**	**324,144**

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)*	217,477	147,643
Weighted average number of shares	3,327,112	3,326,885
Basic earnings per share *(in HRK)*	65.37	44.38

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 six-month period ended 30 June 2021, Group invested HRK 108,225 thousand in purchase of property, plant and equipment and intangible assets (2020: HRK 123,166 thousand).

NOTE 7 - INVENTORIES

During the six-month period ended 30 June 2021, the Group wrote down inventories in the amount of HRK 5,920 thousand due to damage and short expiry dates (2020: HRK 8,109 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 and at the 30 June 2021 dividend payable was stated in the balance sheet under "Trade and other payables" position.

NOTE 9 – FINANCE COSTS – NET

(in thousands of HRK)	**Jan - Jun 2021**	**Jan - Jun 2020**
Finance income		
Foreign exchange gains on borrowings and lease liabilities	2,817	11,607
	2,817	11,607
Finance costs		
Interest expense on lease liabilities	(4,296)	(4,775)
Interest expense on bank borrowings	(1,901)	(5,379)
Interest expense on bonds	(1,435)	(3,202)
Other interest expense	(933)	(260)
Total interest expense	(8,565)	(13,616)
Foreign exchange loss on borrowings and lease liabilities	(1,264)	(18,020)
	(9,829)	(31,636)
Finance costs - net	**(7,012)**	**(20,029)**

NOTE 10 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 30 June 2021 and 31 December 2020 and transactions recognized in the Income statement for the six-month ended 30 June are as follows:

(in thousands of HRK)	**30 June 2021**	**31 December 2020**
RECEIVABLES		
Current receivables		
Other entities	97,725	75,826
LIABILITIES		
Trade and other payables		
Other entities	2,476	1,918

	Jan-Jun 2021	**Jan-Jun 2020**
REVENUES		
Sales revenues		
Other entities	241,448	218,631
Other income		
Other entities	366	358
EXPENSES		
Marketing and promotion costs		
Other entities	1,635	1,343
Other operating costs		
Other entities	1,079	1,196
Additions		
Other entities	-	623

STATEMENT OF PERSONS RESPONSIBLE FOR PREPARING FINANCIAL STATEMENTS

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

STATEMENT:

According to our best knowledge the condensed consolidated financial statements for the six-month period ended 30 June 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 30 June 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 six-month period ended 30 June 2021 were approved by the Management Board of the company Atlantic Grupa d.d. on 28 July 2021.

Zoran Stanković
Group Vice President for Finance, Procurement and Investment

Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

Contact:

Atlantic Grupa d.d.
Miramarska 23
10 000 Zagreb
Croatia

Tel: +385 1 2413 322
E-mail: ir@atlanticgrupa.com

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: 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