FINANCIAL RESULTS
IN THE FIRST QUARTER OF 2018
(unaudited)

Zagreb, 26th April 2018

INTRODUCTION

COMMENT OF THE PRESIDENT OF THE MANAGEMENT BOARD AND CEO

Commenting on the financial results in the first quarter of 2018, **Emil Tedeschi**, CEO of Atlantic Grupa, pointed out:

"Atlantic Grupa excellently started another business year. After exceptional 2017, in which despite challenging environment, great business results were achieved, the reports from the first quarter confirm that in 2018 we are also on our way to fulfil expectations. On all relevant markets we recorded a remarkable revenue growth based on the growth of both own and principal brands, which proves an undiminished focus on the development of own range as well as distribution operations, as supported by new distribution agreements with renowned international companies concluded in the previous year.

It should be noted that the revenue growth is accompanied with the profitability growth, proving that this is a healthy and sustainable growth. In addition, further decrease in debt, significantly lower finance costs and liquidity growth enable us to focus on even more ambitious plans for future growth."

FIRST QUARTER MARKED BY REVENUE AND PROFITABILITY GROWTH

- **SALES** AT HRK 1,142.7 MILLION
  + 3.0% compared to the first quarter of 2017

- EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (**EBITDA**) AT HRK 121.3 MILLION
  + 11.3% compared to the first quarter of 2017

- EARNINGS BEFORE INTEREST AND TAXES (**EBIT**) AT HRK 84.6 MILLION
  + 20.4% compared to the first quarter of 2017

- **NET PROFIT** AFTER MINORITIES AT HRK 61.6 MILLION
  +17.8% compared to the first quarter of 2017

FINANCIAL SUMMARY OF THE FIRST QUARTER OF 2018

Key figures	**Q1 2018**	Q1 2017	Q1 2018/ Q1 2017
Sales (in HRK millions)	**1,142.7**	1,109.6	3.0%
Turnover (in HRK millions)	**1,154.3**	1,116.8	3.4%
EBITDA margin	**10.6%**	9.8%	+80 bp
Net income after minorities (in HRK millions)	**61.6**	52.3	17.8%
Gearing ratio*	**32.3%**	34.5%	-218 bp

*Gearing ratio = Net debt/(Total equity+Net debt)

Comparative period has been adjusted to reflect current period reporting.**

** Condensed consolidated financial statements have been prepared on the basis of the same accounting policies, presentations and calculation methods that were used in the preparation of annual consolidated financial statements of Atlantic Grupa as at 31 December 2017, other than adopted new standards effective for the periods beginning on or after 1 January 2018. The Group applies, for the first time, IFRS 15 Revenues from Contracts with Customers that requires restatement of comparative data. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 using the full retrospective method of adoption.

1. REORGANISATION OF ATLANTIC GRUPA'S DISTRIBUTION ACTIVITIES

As announced earlier, from the beginning of 2018, the entire distribution operations have been reorganised into one single area, thereby eliminating the need for two distribution zones. The markets within the distribution area where Atlantic Grupa provides complete distribution service are SDU Croatia, SDU Serbia, SDU Slovenia, DU Macedonia and DU Austria, while the markets which we dominantly manage through our distribution partners have been grouped into a single distribution area, Global Distribution Account Management, that is responsible for managing the partner distribution network on a global level. The Business Unit Baby Food as an additional program became a part of the Strategic Business Unit Pharma and Personal Care.

In addition, components of the Strategic Business Region HoReCa have been merged with the existing distribution organisations in individual markets in the region and from the beginning of 2018 revenues of the HoReCa channel are reported within the corresponding Strategic Business Units.

2. NEW DISTRIBUTION CONTRACTS

Continuing to expand its distribution portfolio in line with expectations and announcements, in 2017 Atlantic Grupa concluded two valuable distribution agreements with international companies. In the first quarter of 2018, the distribution of the entire Mars portfolio in the Croatian market began, and the distribution of Red Bull in the Serbian market began in April this year.

3. SETTLEMENT OF AGROKOR GROUP CREDITORS AGREED

At the beginning of April, the Settlement term sheet was signed on all key structural elements of the settlement based on which the Agrokor Group and its liabilities will be restructured, and which represents a framework upon which the actual text of the settlement will be drafted, based on filed claims and their legal status. The agreed key elements include the corporate structure of the new Agrokor Group, treatment and form of settlement of creditor's claims arisen prior to the initiation of the extraordinary administration proceedings, new debt of the new Agrokor Group and its capital structure and special arrangement with suppliers on settlement of the so-called border debt and the settlement implementation. The final settlement is expected at the beginning of July 2018, when the final text will be agreed. For suppliers, it is especially important that operations of the future Group will be based on the *arm's length* principle regarding inter-company relationships within the Group, meaning that all the parties are equal and independent in their relationships.

The agreement with suppliers on the settlement of the so-called border debt determines conditions such as the highest total amount of border debt to be paid to suppliers (EUR 80 million), the payment period of four years and the minimum EBITDA of Konzum as a condition for the border debt settlement. If Konzum realises four-year planned EBITDA included in the projections prepared by Agrokor's management and their advisors as the basis for the settlement, Atlantic Grupa will collect all the remaining receivables from Konzum from the period prior to the initiation of the extraordinary administration proceedings, amounting to approximately HRK 70 million. Since at the moment it is not possible to assess with certainty the feasibility of the plans, we provided the amount of HRK 20 million for the risk of non-realisation of plans, of which HRK 5 million is recorded in expenses of the first quarter of 2018.

4. IMPACT OF THE SALE OF SERVICE PRODUCTION FOR THIRD PARTIES

For the purpose of further restructuring and simplifying the operations of the sports and functional food segment and focus on own brands and the expansion of principal brands distribution, at the end of October 2017 Atlantic Grupa sold the factories in Germany (Bleckede) and Croatia (Nova Gradiška) and the related service production for third parties (private label) to the Belgian company Aminolabs Group. Revenues from the service production for third parties in the sports and functional food segment in 2017 amounted to approximately HRK 194 million, of which approximately HRK 44 million relates to the first quarter of 2017. If we exclude the effect of income from this transaction, the organic revenue growth in the first quarter of 2018 is 7.2%.

ATLANTIC GRUPA

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(HRK million)	Q1 2018	Q1 2017	Q1 2018/ Q1 2017
SBU Coffee	**243.1**	212.0	14.7%
SBU (Sweet and Salted) Snacks	**162.8**	147.8	10.1%
SBU Beverages	**143.8**	131.6	9.3%
SBU Pharma and Personal Care	**165.9**	170.3	(2.6%)
SBU Savoury Spreads	**132.6**	114.4	15.9%
SBU Sports and Functional Food	**35.6**	101.7	(65.0%)
***From which private label production**	**0.3**	44.4	(99.3%)
SDU Serbia	**267.4**	243.9	9.6%
SDU Croatia	**243.1**	215.2	13.0%
SDU Slovenia	**208.6**	180.9	15.3%
Global distribution network management	**86.6**	88.3	(1.9%)
Other segments*	**73.0**	66.8	9.2%
Reconciliation**	**(619.8)**	(563.2)	n/a
Sales	**1,142.7**	**1,109.6**	**3.0%**

Comparative period has been adjusted to reflect current period reporting.

In the first quarter of 2018, Atlantic Grupa recorded sales of HRK 1.1 billion, which is a 3.0% growth compared to the first quarter of 2017. The revenue growth follows excellent sales results of most business and distribution units, despite the significant decrease in sales of the Strategic Business Unit Sports and Functional Food. If we exclude the effect of sales of private labels in this strategic unit, whose production was disinvested at the end of October 2017, the organic revenue growth is 7.2%.

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 DU Austria, DU Macedonia, BU Gourmet and business activities not allocated to business and distribution units (headquarters and support functions in Serbia, Slovenia, Bosnia and Herzegovina and Macedonia) which are excluded from the reportable operating segments.*

***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 2018

The STRATEGIC BUSINESS UNIT COFFEE records great results due to the increase in sales in the markets of Serbia, Slovenia and Croatia, and the increase in sales on all significant markets outside the region. Analyzed by categories, the double-digit growth was recorded by Turkish and espresso coffee, and instant Turkish coffee Black'n'Easy recorded a growth of as much as 53%. In the Turkish coffee segment, growth was recorded by all three coffee brands: Barcaffe, Grand and Bonito. In addition to retail, Barcaffe with espresso coffee continues to record a double-digit growth in the regional HoReCa channel.

The STRATEGIC BUSINESS UNIT SNACKS recorded a double-digit growth in its largest market - Serbia and in the markets of Montenegro, Croatia, Kosovo and Slovenia. Sales growth was recorded in both sweet and salty segments, with the best results recorded by Smoki, Štark wafers and biscuits, and Bananica.

THE STRATEGIC BUSINESS UNIT BEVERAGES recorded a significant increase in sales in almost all categories, led by the functional drink under the Donat Mg brand in the Croatian and Slovenian markets and the vitamin instant drink under the Cedevita brand. Excellent results were also recorded by Cockta in HoReCa channel, primarily due to the new visual identity, as well as waters under Kala and Kalnička brands.

THE STRATEGIC BUSINESS UNIT PHARMA AND PERSONAL CARE recorded a decrease in sales primarily in the Russian market, as a consequence of the decrease in sales of baby food under the Bebi brand, which, it should be noted, is a part of this strategic business unit from the beginning of 2018. The revenue decrease was partly compensated by a significant revenue growth of the pharmacy chain Farmacia.

THE STRATEGIC BUSINESS UNIT SAVOURY SPREADS records a double-digit growth due to excellent business results recorded in all regional markets (Croatia, Bosnia and Herzegovina, Serbia, Slovenia, Macedonia and Kosovo) and due to the increase in sales in Germany and the United States of America. It should be noted that, following the cooperation with a local partner in the US market, already in the first quarter of 2018 revenue equalled the level of the entire 2017. Savoury spreads under the Argeta brand recorded growth in the meat and fish savoury spreads segment, and the results of vegetable spreads are also promising. A moderate growth was also recorded by Montana sandwiches.

The decrease in sales of the STRATEGIC BUSINESS UNIT SPORTS AND FUNCTIONAL FOOD was largely caused by the sale of service production for third parties to the Belgian company Aminolabs, but also by lower sales of own brands, primarily Multipower, and partly by changed methods of distribution. The most significant decrease was recorded in Germany, which makes almost 70% of the total revenue of this business unit, and in the markets of Sweden and Switzerland.

The increase in sales of the STRATEGIC DISTRIBUTION UNIT SERBIA is based on the increase in sales of almost all segments, led by Turkish coffee under the Grand kafa and Bonito brands, instant Turkish coffee Black'n'Easy, Smoki, Bananica and biscuits and wafers from the snacks segment, Argeta from the savoury spreads segment, Granny's Secret from the gourmet segment, and Cedevita and Donat Mg from the beverages segment. As of the beginning of 2018, the results of the business unit, in addition to retail, also include revenue from the HoReCa channel, which recorded a 10% growth due to the increase in sales of espresso coffee under the Barcaffe brand, vitamin instant drink under the Cedevita brand and Turkish coffee and the range from the snacks segment. The SDU Serbia recorded record-high sales in this quarter compared to the same period of previous years, even after the effects of revenue from the HoReCa channel are excluded.

The STRATEGIC DISTRIBUTION UNIT CROATIA recorded a double-digit sales growth following the growth of both own and principal brands. Own brands recorded growth in all product categories, led by Cedevita from the vitamin instant drinks segment, Kala and Kalnička in the waters segment, Argeta from the savoury spreads segment, Barcaffe from the coffee segment, functional drink Donat Mg and Montana sandwiches. Among principal brands, the biggest growth was recorded by Ferrero, Philips, Unilever, Johnson&Johnson and the new principal Mars. A double-digit sales growth was also recorded by the HoReCa channel and Bionatura Bidon waters. An additional positive impact came from the normalization of operations with a retail chain owned by Agrokor, in which in Croatia we recorded sales growth of almost 60%. It should be noted that SDU Croatia, even after the effect of revenue from the HoReCa channel is excluded, recorded record-high sales, if compared to the first quarters of previous years.

The STRATEGIC DISTRIBUTION UNIT SLOVENIA recorded the record-high first quarter, compared to the first quarters of previous years, due to the double-digit sales growth, primarily as a consequence of great results of own brands, with the most significant growth recorded by coffee under the Barcaffe brand, functional drinks under the Donat Mg brand, savoury spreads under the Argeta brand and vitamin instant drink under the Cedevita brand. Among principal brands, the biggest growth was recorded by Ferrero, Unilever and Rauch. The sales growth was in part caused by the normalization of operations with Mercator retail chain, resulting in tripled sales realised through this chain. HoReCa segment continues to record double-digit growth rates.

GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT recorded a decrease in sales primarily in Russian and Ukrainian markets caused by the decrease in sales of baby food under the Bebi brand. The revenue decrease was partly mitigated by the increase in sales in the markets of the United States of America, Germany, Kosovo and the Netherlands.

OTHER SEGMENTS record an increase in sales following the increase in sales of all three segments (DU Macedonia, DU Austria and BU Gourmet).

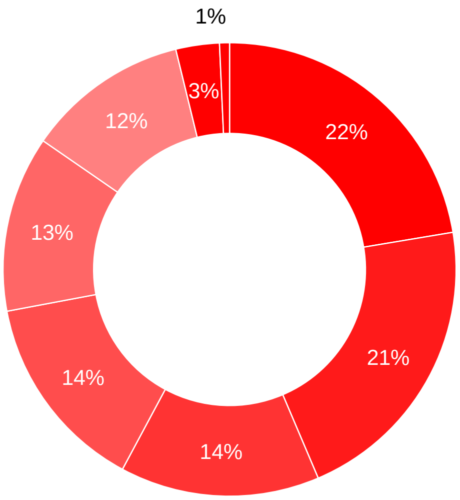
The DISTRIBUTION UNIT MACEDONIA recorded a sales growth due to the growth of own and principal brands. Among own brands, Grand in the Turkish coffee segment and Argeta in the savoury spreads segment stand out, while among principal brands, the most significant growth continues to be recorded by Fererro. HoReCa channel recorded a decrease in sales, despite the double-digit growth in sales of Barcaffe espresso coffee.

The DISTRIBUTION UNIT AUSTRIA recorded a solid sales growth, due to the growth in sales of all segments other than sports and functional food. The most significant growth was recorded by savoury spreads under the Argeta brand (which continues to be the leading brand of savoury spreads in the Austrian market), functional drinks under the Donat Mg brand, and Cockta and Cedevita from the beverages segment.

The BUSINESS UNIT GOURMET recorded a sales growth in all major markets, led by the markets of Serbia, Bosnia and Herzegovina, Croatia, France and Sweden. Analyzed by brands, growth was recorded by Granny's Secret and Amfissa, and the most significant growth was recorded by the *ajvar* category.

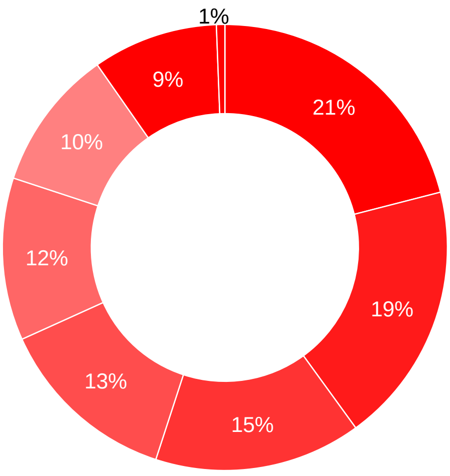
SALES PROFILE BY SEGMENTS

Q1 2018



- Principal brands 22.4%
- Coffee 21.2%
- Pharma & Personal care 14.2%
- Sweet and salted snacks 14.2%
- Beverages 12.6%
- Savoury spreads 11.6%
- Sports and Functional Food 3.1%
- Gourmet 0.7%

Q1 2017



- Principal brands 21.0%
- Coffee 19.0%
- Pharma & Personal care 15.0%
- Sweet and salted snacks 13.2%
- Beverages 11.8%
- Savoury spreads 10.3%
- Sports and Functional Food 9.1%
- Gourmet 0.6%

SALES PROFILE BY MARKETS

(in HRK millions)	Q 1 2018	% of sales	Q1 2017	% of sales	Q1 2018/ Q1 2017
Croatia	**357.5**	31.3%	320.8	28.9%	11.5%
Serbia	**272.5**	23.9%	249.0	22.4%	9.4%
Slovenia	**208.8**	18.3%	181.1	16.3%	15.3%
Bosnia and Herzegovina	**94.2**	8.2%	89.4	8.1%	5.4%
Other regional markets*	**72.5**	6.3%	63.2	5.7%	14.8%
Key European markets**	**76.0**	6.6%	129.6	11.7%	(41.4%)
Russia and CIS	**41.8**	3.7%	51.3	4.6%	(18.7%)
Other markets	**19.4**	1.7%	25.2	2.3%	(23.1%)
Total sales	**1,142.7**	100.0%	1,109.6	100.0%	3.0%

*Other regional markets: Macedonia, Montenegro, Kosovo

**Key European markets: Germany, United Kingdom, Italy, Switzerland, Austria, Sweden, Spain
Comparative period has been adjusted to reflect current period reporting.

The sales growth of as much as 11.5% in the MARKET OF CROATIA is the result of the increase in sales of: (i) own brands, with growth recorded by all brands from the beverages segment (Donat Mg, Cedevita, Kala, Cockta), Argeta in the savoury spreads segment, Barcaffe in the Turkish and espresso coffee segment, and Black'n'Easy instant Turkish coffee, (ii) external principals, among which the biggest growth was recorded by Ferrero, Philips, Unilever, Johnson&Johnson and the new principal Mars, as well as Nescafe in the HoReCa channel, and (iii) the pharmacy chain Farmacia. The sales growth was partly also caused by normalized operations with a retail chain owned by Agrokor.

The MARKET OF SERBIA recorded a considerable increase in sales due to the great sales results of own brands, arising from the increase in sales of (i) Turkish coffee under the Grand kafa and Bonito brands and instant Turkish coffee under the Black'n'Easy brand, (ii) Smoki, Bananica and biscuits and wafers in the snacks segment, (iii) Argeta in the savoury spreads segment, (iv) Granny's Secret in the gourmet segment, and (v) Cedevita and Donat Mg in the beverages segment. Among principal brands, the most significant growth was recorded by Rauch, Alkaloid and Del Castello.

The increase in sales of as much as 15.3% in the MARKET OF SLOVENIA was recorded following: (i) the increase in sales of coffee under the Barcaffe brand, (ii) the increase in sales of Donat Mg and Cedevita in the beverages category, (iii) the increase in sales of Argeta in the savoury spreads category, and (iv) principal brands Ferrero, Unilever and Rauch, partly as a result of normalized operations with a retail chain owned by Agrokor.

The 5.4% sales growth in the MARKET OF BOSNIA AND HERZEGOVINA was recorded due to the increase in sales of: (i) savoury spreads under the Argeta brand, (ii) vitamin instant drinks under the Cedevita brand and functional drinks under the Donat Mg brand, (iii) wafers and Bananica from the Štark's range, and (iv) *ajvar* under the Granny's Secret brand.

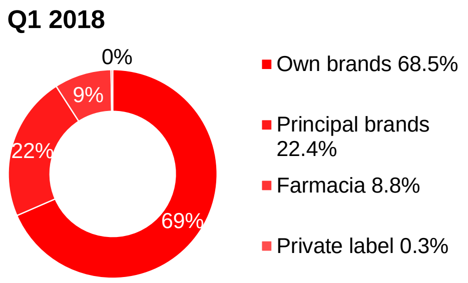
The increase in sales of as much as 14.8% in OTHER REGIONAL MARKETS was recorded due to the increase in sales on all three markets (Macedonia, Montenegro and Kosovo).

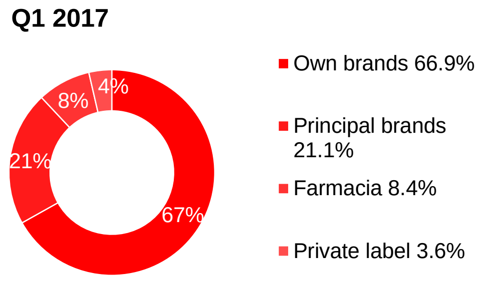
A significant decrease in sales in the KEY EUROPEAN MARKETS is a consequence of the decrease in sales in all markets, primarily caused by the decrease in sales of the sport and function food segment. If we exclude the effect of the decrease in the sports and functional food segment, sales grew by 9.2%.

The decrease in sales in the MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES was primarily caused by the decrease in sales of baby food under the Bebi brand, partly compensated for by the increase in sales of the functional drink Donat Mg and savoury spreads under the Argeta brand.

OTHER MARKETS record a significant sales decrease due to the drop in sales in the sports and functional food segment. If we exclude the effect of the decrease in the sports and functional food segment, sales grew by 17.0%.

SALES PROFILE BY PRODUCT CATEGORY





In the first quarter of 2018, OWN BRANDS recorded 5.4% higher sales compared to the same period of the previous year, i.e. sales amounted to HRK 782.4 million. The growth was recorded by almost all operating segments, and the greatest contribution was made by: (i) Barcaffe, Grand and Bonito in the coffee segment, (ii) Argeta in the savoury spreads segment, (iii) Donat Mg and Cedevita in the beverages segment, and (iv) Smoki, Bananica, Najlepše želje, biscuits and wafers from the snacks segment.

With HRK 256.3 million, PRINCIPAL BRANDS recorded an increase in sales of 9.2%. The growth is mainly based on the increase in sales of principals Ferrero, Rauch, Unilever, Philips and the the products from the portfolio of new principal Mars.

The pharmacy chain FARMACIA recorded sales of HRK 101.1 million, which is an 8.7% growth compared to the first quarter of 2017, due to the increase in sales of the existing Farmacia locations and newly-opened specialised stores. In 2018, one new location was opened and now Farmacia consists of 85 pharmacies and specialised stores.

With sales of HRK 2.9 million, PRIVATE LABELS recorded a 92.7% decrease in sales, following the disinvestment of service production in the sports and functional food segment, realised at the end of October 2017, which had accounted for the largest portion of the overall production of private labels.

PROFITABILITY DYNAMICS

(in HRK millions)	Q1 2018	Q1 2017	Q1 2018/ Q1 2017
Sales	**1,142.7**	1,109.6	3.0%
EBITDA	**121.3**	108.9	11.3%
EBIT	**84.6**	70.3	20.4%
Net profit/(loss)	**61.7**	52.4	17.7%
Profitability margins			
EBITDA margin	**10.6%**	9.8%	+80 bp
EBIT margin	**7.4%**	6.3%	+107 bp
Net profit margin	**5.4%**	4.7%	+68 bp

In the first quarter of 2018, Atlantic Grupa recorded **EBITDA** in the amount of HRK 121.3 million, which is an 11% increase compared to the same period of the previous year. The increase in EBITDA was mainly impacted by higher sales in almost all business units, lower costs of production materials, despite the increase in staff costs and marketing expenses. An additional positive impact came from the appreciation of the Serbian dinar.

Following the sale of two factories in the sports and functional food segment, the depreciation is 5.1% lower, which had an additional positive effect on EBIT, which grew by 20.4%. Despite lower finance costs, net profit before minorities grew somewhat slower, i.e. by 17.7%, as a result of lower foreign exchange gains.

FINANCIAL INDICATORS

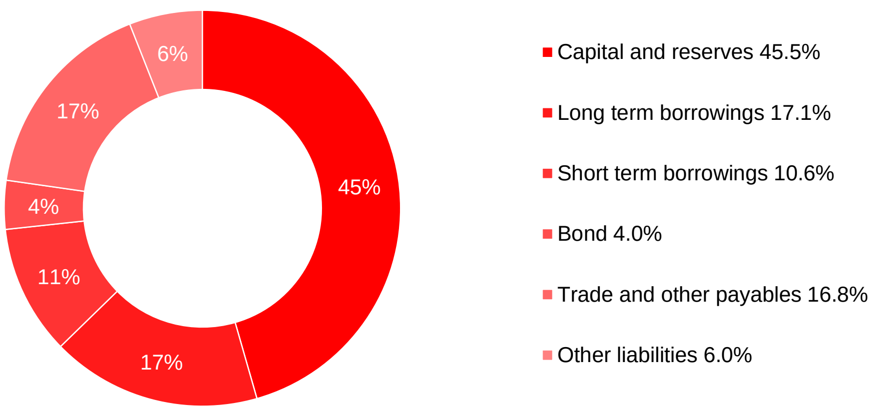
(in HRK millions)	Q1 2018	FY 2017
Net debt	**1,092.2**	1,185.4
Total assets	**5,018.8**	5,126.4
Total Equity	**2,286.7**	2,249.8
Current ratio	**1.49**	1.47
Gearing ratio	**32.3%**	34.5%
Net debt/EBITDA	**2.06**	2.29
	Q1 2018	**Q1 2017**
Interest coverage ratio	**8.36**	6.14
Capital expenditure	**21.7**	15.2
Cash flow from operating activities	**146.9**	57.2

Usporedno razdoblje prilagođeno je izvještavanju za 2018. godinu.

Among key determinants of the Atlantic Grupa's financial position in the first quarter of 2018, the following should be pointed out:

Due to the decrease in net debt of HRK 93.2 million compared to the end of 2017, the gearing ratio decreased by 218 basis points. The debt measured as the net debt to normalised EBITDA ratio dropped from 2.29 at the end of 2017 to 2.06 at the end of the first quarter of 2018. At the same time, the coverage of interest expense by normalised EBITDA in the comparative period increased from 6.14 to 8.36, and cash flow from operating activities increased from HRK 57.2 million to HRK 146.9 million.

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 31 MARCH 2018



OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

The increase in cash flow from operating activities in the first quarter of 2018 compared to the same period of the previous year is the result of improved profitability and better working capital management.

Capital expenditure in the first quarter of 2018 primarily relates to investments in the production equipment of business units for the purpose of increasing the efficiency of production processes, in the development of new products and the development of IT infrastructure, business systems and applications.

Among significant investments, we should mention:

- SBU Beverages: investment in Cockta redesign;
- SBU SNACKS: investment in improved production efficiency;
- SBU COFFEE: purchase of espresso machines, investment in production equipment for the purpose of improving production efficiency;
- IT: investment in infrastructure, digital technologies and implementation of business applications and the replacement of equipment.

OUTLOOK
FOR 2018

Management has the same expectations for 2018 as announced on 28th February 2018, as follows:

(in HRK millions)	2018 Guidance	2017	2018/2017
Sales	**5,400**	5,307	1.8%
EBITDA	**550**	517	6.3%
EBIT	**375**	342	9.8%
Interest expense	**45**	58	(23.1%)

If the effect of revenue realised on the basis of service production (private label) in the sports and functional food segment that in 2017 amounted to approximately HRK 194 million is excluded, the expected revenue growth in 2018 compared to 2017 will be 5.6%. If we exclude operating profit realised on the basis of this service production, the increase in EBITDA will be 9.6% while the increase in EBIT will be 13.3%.

In 2018, we expect capital expenditure in the amount of approximately HRK 160 million.

The expected effective tax rate in 2018 will remain at the same level as in the previous year.

ATLANTIC GRUPA d.d.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2018 (UNAUDITED)

ATLANTIC GRUPA d.d.

CONSOLIDATED INCOME STATEMENT

in thousands of HRK, unaudited	Jan – Mar 2018	Jan - Mar 2017 (Restated)	Index
Turnover	**1,154,277**	**1,116,837**	**103.4**
Revenues from contracts with customers	1,142,736	1,109,622	103.0
Other revenues	11,541	7,215	160.0
Operating expenses	**(1,033,006)**	**(1,007,909)**	**102.5**
Cost of merchandise sold	(307,720)	(259,139)	118.7
Change in inventories	3,748	12,368	30.3
Production material and energy	(330,102)	(391,376)	84.3
Services	(92,008)	(93,091)	98.8
Staff costs	(198,120)	(185,676)	106.7
Marketing and selling expenses	(61,059)	(58,925)	103.6
Other operating expenses	(46,982)	(40,360)	116.4
Other gains - net	(763)	8,290	n/a
EBITDA	**121,271**	**108,928**	**111.3**
Depreciation and impairment	(36,699)	(38,672)	94.9
EBIT	**84,572**	**70,256**	**120.4**
Finance costs - net	(8,173)	(3,891)	210.0
EBT	**76,399**	**66,365**	**115.1**
Income tax	(14,742)	(13,996)	105.3
Profit for the period	**61,657**	**52,369**	**117.7**
Attributable to:			
Non-controlling interest	100	104	96.2
Owners of the parent	61,557	52,265	117.8
Earnings per share for profit attributable to the owners of the Company			
- basic	18.47	15.68	
- diluted	18.47	15.68	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands of HRK, unaudited	Jan – Mar 2018	Jan – Mar 2017	Index
Profit for the period	**61,657**	**52,369**	**117.7**
Cash flow hedge	288	(6,740)	n/a
Currency translation differences	(23,129)	(39,333)	58.8
Total comprehensive income	**38,816**	**6,296**	**616.5**
Attributable to:			
Non-controlling interest	59	46	128.3
Equity holders of the Company	38,757	6,250	620.1
Total comprehensive income	38,816	6,296	616.5

ATLANTIC GRUPA d.d.

CONSOLIDATED BALANCE SHEET

in thousands of HRK, unaudited	31 March 2018	31 December 2017
ASSETS		
Non-current assets		
Property, plant and equipment	981,886	999,866
Investment property	1,186	1,209
Intangible assets	1,731,291	1,750,216
Deferred tax assets	33,910	32,165
Available-for-sale financial assets	938	948
Trade and other receivables	94,343	95,239
	2,843,554	2,879,643
Current assets		
Inventories	580,394	547,278
Trade and other receivables	1,079,279	1,191,042
Prepaid income tax	9,803	5,029
Cash and cash equivalents	499,446	497,079
	2,168,922	2,240,428
Non-current assets held for sale	6,326	6,336
Total current assets	2,175,248	2,246,764
TOTAL ASSETS	**5,018,802**	**5,126,407**
EQUITY AND LIABILITIES		
Capital and reserves attributable to owners of the Company		
Share capital	133,372	133,372
Share premium	881,089	881,089
Treasury shares	(3,450)	(1,514)
Reserves	(75,228)	(52,428)
Retained earnings	1,347,225	1,285,668
	2,283,008	2,246,187
Non-controlling interest	3,722	3,663
Total equity	2,286,730	2,249,850
Non-current liabilities		
Borrowings	1,059,551	1,135,191
Deferred tax liabilities	160,528	162,652
Other non-current liabilities	2,923	3,017
Provisions	49,907	50,456
	1,272,909	1,351,316
Current liabilities		
Trade and other payables	840,975	903,144
Borrowings	531,718	546,060
Derivative financial instruments	352	1,226
Current income tax liabilities	28,232	21,341
Provisions	57,886	53,470
	1,459,163	1,525,241
Total liabilities	2,732,072	2,876,557
TOTAL EQUTIY AND LIABILITIES	**5,018,802**	**5,126,407**

ATLANTIC GRUPA d.d.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of HRK, unaudited	Attributable to equity holders of Company					
	Share capital	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
At 1 January 2017	1,014,773	(80,964)	1,079,698	2,013,507	2,981	2,016,488
Comprehensive income:						
Net profit	-	-	52,265	52,265	104	52,369
Cash flow hedge	-	(6,740)	-	(6,740)	-	(6,740)
Other comprehensive loss	-	(39,275)	-	(39,275)	(58)	(39,333)
Total comprehensive income	-	(46,015)	52,265	6,250	46	6,296
Transactions with owners:						
Purchase of treasury shares	(4.119)	-	-	(4,119)	-	(4,119)
Transfer	-	(63,386)	63,386	-	-	-
At 31 March 2017	1,010,654	(190.365)	1.195.349	2,015,638	3,027	2,018,665
At 1 January 2018	1,012,947	(52,428)	1,285,668	2,246,187	3,663	2,249,850
Comprehensive income:						
Net profit	-	-	61,557	61,557	100	61,657
Cash flow hedge	-	288	-	288	-	288
Other comprehensive income	-	(23,088)	-	(23,088)	(41)	(23,129)
Total comprehensive income	-	(22,800)	61,557	38,757	59	38,816
Transactions with owners:						
Purchase of treasury shares	(1,936)	-	-	(1,936)	-	(1,936)
At 31 March 2018	1,011,011	(75,228)	1,347,225	2,283,008	3,722	2,286,730

ATLANTIC GRUPA d.d.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of HRK, unaudited	Jan – Mar 2018	Jan – Mar 2017
Cash flows from operating activities		
Net profit	**61,657**	**52,369**
Income tax	14,742	13,996
Depreciation, amortization and impairment	36,699	38,672
Gain from sale of subsidiaries	(1,647)	-
Gain on sale of property, plant and equipment	(172)	(504)
Provision for current assets	11,453	5,224
Foreign exchange differences – net	(18,689)	(21,467)
Increase/ (decrease) in provisions for risks and charges	3,867	(5,352)
Fair value losses/ (gains) on financial assets	2,471	(7,562)
Interest income	(545)	(982)
Interest expense	14,503	17,744
Changes in working capital:		
Increase in inventories	(36,914)	(45,325)
Decrease in current receivables	102,243	211,287
Decrease in current payables	(17,307)	(127,902)
Cash generated from operations	**172,361**	**130,198**
Interest paid	(10,162)	(59,234)
Income tax paid	(15,266)	(13,721)
	146,933	**57,243**
Cash flow used in investing activities		
Purchase of property, plant and equipment and intangible assets	(66,667)	(38,947)
Proceeds from sale of property, plant and equipment and non-current assets held for sale	507	595
Proceeds from sale of subsidiaries	1,647	-
Proceeds from sale of tea business	-	18,750
Loans granted and deposits placed	(11)	(17,214)
Repayments of loan and deposits granted	1,899	1,006
Interest received	545	982
	(62,080)	**(34,828)**
Cash flow used in financing activities		
Purchase of treasury shares	(1,936)	(4,120)
Proceeds from borrowings, net of fees paid	-	79,092
Repayment of borrowings	(80,550)	(74,826)
Acquisition of interest in a subsidiary from non-controlling interests	-	(499)
	(82,486)	**(353)**
Net increase in cash and cash equivalents	**2,367**	**22,062**
Cash and cash equivalents at beginning of period	497,079	490,730
Cash and cash equivalents at end of period	499,446	512,792

NOTE 1 – GENERAL INFORMATION

Atlantic Grupa d.d. (the Company) is incorporated in the Republic of Croatia. The principal activities of the Company and its subsidiaries (the Group) are described in Note 3.

The condensed consolidated financial statements of the Group for the three month period ended 31 March 2018 were approved by the Management Board of the Company in Zagreb on 26 April 2018.

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 of the Group for the three month period ended 31 March 2018 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

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 financial statements as of 31 December 2017.

2.2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

The Group applies, for the first time, *IFRS 15 Revenues from Contracts with Customers* that require restatement of previous financial statements. The nature and effect of these changes are disclosed below.

IFRS 9 Financial Instruments and several other amendments and interpretations also apply for the first time in 2018 but their impact on the condensed consolidated financial statements is not material.

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Group adopted IFRS 15 using the full retrospective method of adoption.

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

2.2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The effects of adopting IFRS 15 are as follows:

	2017
Revenue from contract with customers	(11,565)
Cost of merchandise sold	2,692
Marketing and selling expenses	8,873
Profit for the period	-

The effects relate to variable consideration paid to customers for placements in refrigerated showcases, additional placements of sales spots (display areas) and marketing activities agreed with customers on ad-hoc basis (such as leaflets). Since these services are not distinct and the Group does not obtain any rights or receive any benefit without selling products, the related expenses are reclassified from marketing and selling expenses to reduction of the revenue.

Furthermore, since these costs are partially supported by principals, related support is reclassified from the reduction of marketing and selling expenses to the reduction of cost of merchandise sold.

NOTE 3 – SEGMENT INFORMATION

The business model of the Group is organized through six strategic business units which have been joined business unit Gourmet. The distribution business is organized to cover five largest markets – Croatia, Serbia, Slovenia, Macedonia and Austria and additionally, the Department of Global Distribution Account Management was established, covering the markets dominantly managed by distribution partners.

SBU – Strategic distribution unit
BU – Business unit
SDU – Strategic distribution 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 3 – SEGMENT INFORMATION (continued)

Due to the fact that BU Gourmet, DU Macedonia and DU Austria 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 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 the purpose of segmental profit calculation, sales between operating segments are carried out at arm's length.

Revenues from contracts with customers[1] *(in thousands of HRK)*	**Jan-Mar 2018**	**Jan-Mar 2017**
SBU Coffee	243,094	212,002
SBU (Sweet and Salted) Snacks	162,767	147,775
SBU Beverages	143,830	131,596
SBU Pharma and Personal Care	165,923	170,281
SBU Savoury Spreads	132,573	114,365
SBU Sports and Functional Food	35,598	101,744
SDU Serbia	267,416	243,905
SDU Croatia	243,129	215,188
SDU Slovenia	208,624	180,870
Global distribution network management	86,601	88,263
Other segments	72,954	66,829
Reconciliation	(619,773)	(563,196)
Total	**1,142,736**	**1,109,622**

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

NOTE 4 – 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.

	2018	2017
Net profit attributable to equity holders *(in thousands of HRK)*	61,557	52,265
Weighted average number of shares	3,332,462	3,333,631
Basic earnings per share *(in HRK)*	18.47	15.68

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 5 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the three month period ended 31 March 2018, Group invested HRK 21,711 thousand in purchase of property, plant and equipment and intangible assets (2017: HRK 15,231 thousand).

NOTE 6 - INVENTORIES

During the three month period ended 31 March 2018, the Group wrote down inventories in the amount of HRK 3,799 thousand due to damage and short expiry dates (2017: HRK 4,253 thousand). The amount is recognized in the income statement within ‘Other operating expenses’.

NOTE 7 – RELATED PARTY TRANSACTIONS

Related party transactions that relate to balance sheet as at 31 March 2018 and 31 December 2017 and transactions recognized in the Income statement for the year ended 31 March are as follows:

(all amounts expressed in thousands of HRK)	**31 March 2018**	**31 December 2017**
RECEIVABLES		
Current receivables		
Other entities	103,756	105,089
LIABILITIES		
Trade and other payables		
Shareholders	3,618	14,629
Other entities	749	2,246
	4,367	16,875

	Jan – Mar 2018	**Jan – Mar 2017**
REVENUES		
Sales revenues		
Other entities	114,645	105,490
Other revenues		
Other entities	252	191
EXPENSES		
Marketing and promotion expenses		
Other entities	3,579	1,703
Other expenses		
Other entities	641	502
Finance cost - net		
Shareholders	3,618	3,724

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, April 26th 2018

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08 and 74/09) the President of the Management board of Atlantic Grupa d.d., Miramarska 23, Zagreb provide

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

The consolidated and separate financial statements of Atlantic Grupa d.d. have been prepared pursuant to the International Financial Reporting Standards (IFRS) and Croatian Accounting Law.

The consolidated financial statements for the period from 1 January 2018 to 31 March 2018 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Group.
The management report for the period ended 31 March 2018 presents true and fair presentation of development and results of the Group's operations with description of significant risks and uncertainties for the Group.

President of the Management Board:

Emil Tedeschi

Contact:

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

The Company is registered with the Commercial Court of Zagreb
MBS: 080245039
MB: 1671910
PIN: 71149912416
Broj računa: 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.

Management Board: Emil Tedeschi, M. Veber, N. Vranković, Z. Stanković
President of the Supervisory Board: Z. Adrović