

ATLANTIC GRUPA d.d.

AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

Responsibility for the annual 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 Department of Corporate Reporting and Consolidation, person responsible for corporate accounting, reporting and consolidation, together as persons responsible for the preparation of annual reports of the company Atlantic Grupa d.d. Zagreb, Miramarska 23, OIB 71149912416 (hereinafter: Company), hereby make the following

STATEMENT

According to our best knowledge the annual consolidated financial statements for 2024 are prepared in accordance with applicable standards of financial reporting and give true and fair view of the assets and liabilities, profit and loss, financial position and operations of the Company and its subsidiaries (together – “the Group”).

Report of the Company’s Management board for the period from 1 January to 31 December 2024 contains the true presentation of development, results and position of the Group, with description of significant risks and uncertainties to which the Group is exposed.

In Zagreb, 31 March 2025



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



Tatjana Ilinčić
Director of Corporate Reporting and Consolidation

Responsibility for the consolidated financial statements

Pursuant to the Croatian Accounting Act, the Management Board is responsible for ensuring that consolidated financial statements, which are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union ("EU") give a true and fair view of the financial position and results of Atlantic Grupa d.d. and its subsidiaries (the "Group") for that period.

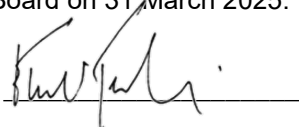
The Management Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the consolidated financial statements.

In preparing these consolidated financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed; and
- the consolidated financial statements are prepared on the going concern basis.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the consolidated financial position of the Group and must also ensure that the consolidated financial statements comply with the Croatian Accounting Act. The Management Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

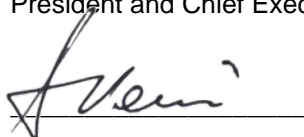
The accompanying consolidated financial statements were approved for issuance by the Management Board on 31 March 2025.



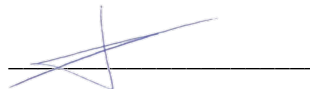
Emil Tedeschi
President and Chief Executive Officer



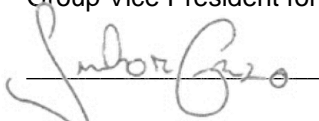
Zoran Stanković
Group Vice President for Finance,
Procurement and Investment



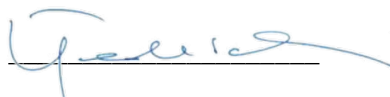
Srećko Nakić
Group Vice President for Distribution



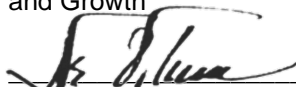
Mate Štetić
Group Vice President for Coffee and Snacks



Enzo Smrekar
Group Vice President for Savoury spreads,
Donat and International Expansion



Lada Tedeschi Fiorio
Group Vice President for Corporate Strategy
and Growth



Neven Vranković
Group Vice President for Corporate Activities



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Atlantic Grupa d.d.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Atlantic Grupa d.d. (the Company) and its subsidiaries (together- the Group), which comprise the consolidated balance sheet as at 31 December 2024, consolidated income statement and the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Company and the Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Key audit matters (continued)

Key Audit Matter	How we addressed Key Audit Matter
<p>Assessment of impairment of goodwill and intangible assets with indefinite useful lives</p> <p><i>See Note 2.7 Impairment of non-financial assets and Note 4.b Impairment of goodwill and intangible assets with indefinite useful lives</i></p> <p>The Group has goodwill and other intangible assets with indefinite useful lives (Brands & Licenses) with carrying amounts totalling EUR 190,646 thousand as at 31 December 2024.</p> <p>The carrying amount of the goodwill and indefinite life intangible assets represents 19% of total consolidated assets and the assessment of the “fair value” and “value in use” of the Group’s cash generating units (“CGU”) represents significant area of management’s judgement regarding the future results of the business and the discount rates applied to future cash flow forecasts.</p> <p>The Group annually assesses the accounting estimate of indefinite useful life. It involves significant management’s judgments about the strength of the brand and future cash flows generated from brands and licenses affected.</p> <p>Due to the range of judgements and assumptions used in the models and impairment assessments, as well as the significant carrying amount of the goodwill and intangible assets, this is an area considered to be a key audit matter.</p>	<p>Audit procedures included understanding of the assets impairment assessment process. We performed inquiry of management and examined the methodology used by management to assess the carrying value of respective goodwill, and intangible assets and their useful life, to determine their compliance with IFRS as adopted by the EU and consistency of application.</p> <p>We evaluated the Group’s future cash flow forecasts and the process by which they were prepared. We compared the budget inputs in the model to the approved budgets and forecast inputs in the model to management plans.</p> <p>We compared the current year (2024) actual results with the figures included in the prior year (2023) forecast to evaluate assumptions used. We also evaluated management’s key assumptions for long-term growth rate by comparing it to historical growth results.</p> <p>We performed audit procedures on the mathematical integrity of the impairment models and sensitivity analysis and tested the appropriateness of discount rates and royalty rates used in the calculation with the assistance of the valuation specialists.</p> <p>We reviewed reports related to market share of the individual brands.</p> <p>We also assessed adequacy of the disclosures in the consolidated financial statements and if these are in line with the requirements of IFRS as adopted by the EU.</p>

Other information

Management is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include consolidated financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



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Other information (continued)

With respect to the Management Report (excluding the Sustainability Statement) and Corporate Governance Report, we also performed procedures required by the Accounting Act. Those procedures include considering whether the Management Report (excluding the Sustainability Statement) is prepared in accordance with the requirements of Articles 22 and 24 of the Accounting Act and whether the Corporate Governance Report includes the information specified in Articles 22 and 25 of the Accounting Act.

Based on the procedures undertaken, to the extent we are able to assess it, we report that:

1. the information given in the enclosed Management Report and Corporate Governance Report is consistent, in all material respects, with the enclosed consolidated financial statements;
2. the enclosed Management Report is prepared in accordance with requirements of Articles 22 and 24 of the Accounting Act, excluding the requirements on sustainability reporting. Auditor's conclusion regarding the procedures conducted on the Sustainability Statement, in accordance with Article 37 of the Accounting Act, is provided separately; and
3. the enclosed Corporate Governance Report includes the information specified in Articles 22 and 25 of the Accounting Act.

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit of consolidated financial statements, we are also required to report if we have identified material misstatements in the other information (excluding the Sustainability Statement). We have nothing to report in this respect.

Responsibilities of management and Audit Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of ISAs:

Appointment of Auditor and Period of Engagement

Ernst & Young d.o.o. was initially appointed as auditors of the Company on 29 June 2017. Our appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 27 June 2024, representing a total period of uninterrupted engagement appointment of eight years.



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Appointment of Auditor and Period of Engagement (continued)

Kulić & Sperk d.o.o. was initially appointed as auditors of the Company on 18 June 2020, and this appointment has been renewed annually by General Assembly of Shareholders, with the most recent reappointment on 27 June 2024, representing a total period of uninterrupted engagement appointment of five years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 26 March 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company and its controlled undertakings within the European Union. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the consolidated financial statements.

Report based on Delegated Regulation (EU) 2018/815 on supplementing Directive 2004/109/EZ of European parliament and Council related to regulatory technical standard for specification of single electronic reporting format of reporting

Independent report on the compliance of consolidated financial statements prepared pursuant to Article 462 (5) of the Capital Market Act (Official Gazette 65/18, 17/20,83/21 and 151/22) applying the requirements of the Delegated Regulation (EU) 2018 / 815 on establishing of single electronic reporting format for issuers (the ESEF Regulation).

We have conducted a reasonable assurance engagement on whether the consolidated financial statements, as contained in the attached electronic file *AG consolidated FS 2024 ENG*, are prepared, for the purposes of public disclosure pursuant to Article 462, paragraph 5 of the Capital Market Act, in all material respects in accordance with the requirements of the ESEF Regulation.

Responsibilities of the management and Audit Committee

Management is responsible for the preparation of the consolidated financial statements in accordance with ESEF Regulation.

Furthermore, management is responsible for maintaining an internal control system that reasonably ensures the preparation of consolidated financial statements without material non-compliances with ESEF Regulation requirements, whether due to fraud or error.

Management is also responsible for:

- the public disclosure of consolidated financial statements included in the annual report, in XHTML format and
- selecting and using XBRL codes in accordance with ESEF regulation.

Audit Committee is responsible for overseeing the preparation of the consolidated financial statements in ESEF format as part of the financial reporting process.

Auditor's responsibilities

Our responsibility is to express a conclusion, based on the audit evidence gathered, as to whether the consolidated financial statements are free from material non-compliances with the requirements of the ESEF Regulation. We conducted our reasonable assurance engagement in accordance with International Standard for Assurance Engagements ISAE 3000 (revised)- Assurance engagements other than audits or reviews of historical financial information.



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Work performed

The nature, timing and extent of the procedures selected depend on the auditor's judgment. Reasonable assurance is a high degree of assurance, however it does not guarantee that the scope of procedures will identify all significant (material) non-compliance with ESEF regulation.

In respect of the subject matter, we have performed the following procedures:

- we read the requirements of the ESEF Regulation,
- we have gained an understanding of the Company's internal controls relevant to the application of the requirements of the ESEF Regulation,
- we have identified and assessed the risks of material non-compliance with the ESEF Regulation due to fraud or error; and
- Based on this, devise and implement procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The aim of our procedures was to assess whether:

- the consolidated financial statements, which are included in the annual report, are prepared in the relevant XHTML format,
- the information contained in the consolidated financial statements required by the ESEF Regulation is marked and all markings meet the following requirements:
 - the XBRL markup language was used,
 - the basic taxonomy elements listed in the ESEF Regulation with the closest accounting significance have been used, unless an additional taxonomy element has been created in accordance with Annex IV. ESEF Regulation,
 - the labeled elements comply with the common labeling rules under the ESEF Regulation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed and evidence gathered, the consolidated financial statements presented in ESEF format for the year ended on 31 December 2024, contained in the aforementioned attached electronic file and prepared pursuant to Article 462 paragraph 5 of the Capital Market Act prepared for public disclosure, are prepared in all material respects in line with the requirements of Articles 3, 4 and 6 of the ESEF Regulation.

Further to this conclusion, as well as the opinion contained in this independent auditor's report related to accompanying consolidated financial statements and annual report for the year ended 31 December 2024, we do not express any opinion on the information contained in these presentations or on any other information contained in the aforementioned file.

The partners in charge of the audit resulting in this independent auditor's report are Ivana Krajinović for Ernst & Young d.o.o. and Janja Kulić for Kulić & Sperk d.o.o.

Ivana Krajinović,
Member of the Management Board and Certified auditor

Ernst & Young d.o.o.
Radnička cesta 50
10000 Zagreb
Republic of Croatia
31 March 2025

Janja Kulić,
Director and Certified auditor

Kulić & Sperk d.o.o.
Radnička cesta 52
10000 Zagreb
Republic of Croatia
31 March 2025

ATLANTIC GRUPA d.d.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(all amounts expressed in thousands of EUR)</i>	Note	2024	2023
Revenues	5	1,096,513	987,082
Cost of trade goods sold		(322,512)	(303,759)
Change in inventories of finished goods and work in progress		(3,132)	(3,662)
Material and energy costs		(358,714)	(309,645)
Staff costs	6	(171,661)	(149,212)
Marketing and promotion costs	7	(52,116)	(43,587)
Depreciation, amortisation and impairment	13, 13a, 14, 16	(51,212)	(41,943)
Other operating costs	8	(97,484)	(92,481)
Other gains - net	9	6,130	1,887
Operating profit		45,812	44,680
Finance income	10	109	56
Finance costs	10	(10,092)	(6,081)
Finance costs - net	10	(9,983)	(6,025)
Profit before tax		35,829	38,655
Income tax expense	11	(9,262)	(7,435)
Net profit for the year		26,567	31,220
Attributable to:			
Owners of the Company		26,452	31,209
Non-controlling interests		115	11
		26,567	31,220
Earnings per share for profit attributable to the equity holders of the Company during the year (in EUR)	12		
- basic		1.99	2.35
- diluted		1.99	2.35

The accompanying notes form an integral part of these consolidated financial statements.

ATLANTIC GRUPA d.d.
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(all amounts expressed in thousands of EUR)</i>	Note	2024	2023
Net profit for the year		26,567	31,220
Other comprehensive (loss)/income:			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial losses from defined benefit plan, net of tax		(136)	(268)
		(136)	(268)
<i>Items that may be subsequently reclassified to profit of loss</i>			
Currency translation differences, net of tax	23	87	(840)
Cash flow hedges, net of tax	23	4,577	1,199
		4,664	359
Total other comprehensive income for the year, net of tax		4,528	91
Total comprehensive income for the year		31,095	31,311
Attributable to:			
Owners of the Company		30,968	31,304
Non-controlling interests		127	7
Total comprehensive income for the year		31,095	31,311

The accompanying notes form an integral part of these consolidated financial statements.

ATLANTIC GRUPA d.d.
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

(all amounts expressed in thousands of
EUR)

	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	13	216,048	174,963
Right-of-use assets	13a	77,165	59,724
Investment property	14	9,903	15,796
Intangible assets	16	222,444	214,394
Deferred tax assets	26	6,807	5,527
Financial assets at fair value through other comprehensive income	18	109	161
Trade and other receivables	19	13,894	15,299
		<u>546,370</u>	<u>485,864</u>
Current assets			
Inventories	20	126,357	102,023
Trade and other receivables	19	244,775	237,553
Prepaid income tax		2,200	1,958
Derivative financial instruments	17	5,827	384
Cash and cash equivalents	21	53,206	72,553
		<u>432,365</u>	<u>414,471</u>
Assets held for sale	15	7,392	7,392
		<u>439,757</u>	<u>421,863</u>
TOTAL ASSETS		<u>986,127</u>	<u>907,727</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the Company			
Share capital	22	106,698	106,698
Share premium	22	28,979	28,760
Treasury shares	22	(4,347)	(2,510)
Reserves	23	5,909	(712)
Retained earnings		323,621	312,987
		<u>460,860</u>	<u>445,223</u>
Non-controlling interests		1,162	1,035
Total equity and reserves		<u>462,022</u>	<u>446,258</u>
Non-current liabilities			
Borrowings	25	57,114	86,338
Lease liabilities	13a	65,061	49,368
Deferred tax liabilities	26	22,732	20,091
Other non-current liabilities		51	52
Provisions	27	9,773	8,070
		<u>154,731</u>	<u>163,919</u>
Current liabilities			
Trade and other payables	24	227,963	198,206
Borrowings	25	114,128	73,435
Lease liabilities	13a	16,087	13,508
Derivative financial instruments	17	-	988
Current income tax liabilities		5,961	2,949
Provisions	27	5,235	8,464
		<u>369,374</u>	<u>297,550</u>
Total liabilities		<u>524,105</u>	<u>461,469</u>
TOTAL EQUITY AND LIABILITIES		<u>986,127</u>	<u>907,727</u>

The accompanying notes form an integral part of these consolidated financial statements.

ATLANTIC GRUPA d.d.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(all amounts expressed in thousands of EUR)</i>	Attributable to owners of the Company					Total
	Share Capital, Premium and Treasury shares	Reserves	Retained earnings	Total	Non- controlling interest	
Balance at 1 January 2023	132,955	(4,459)	295,641	424,137	1,028	425,165
Comprehensive income:						
Net profit for the year	-	-	31,209	31,209	11	31,220
Other comprehensive income/(loss)	-	360	(265)	95	(4)	91
Total comprehensive income	-	360	30,944	31,304	7	31,311
Transaction with owners:						
Share based payment (Note 22)	2,602	-	-	2,602	-	2,602
Purchase of treasury shares (Note 22)	(2,609)	-	-	(2,609)	-	(2,609)
Shares granted (Note 23)	-	3,098	-	3,098	-	3,098
Transfer	-	289	(289)	-	-	-
Dividends (Note 22)	-	-	(13,309)	(13,309)	-	(13,309)
Balance at 31 December 2023	132,948	(712)	312,987	445,223	1,035	446,258
Balance at 1 January 2024	132,948	(712)	312,987	445,223	1,035	446,258
Comprehensive income:						
Net profit for the year	-	-	26,452	26,452	115	26,567
Other comprehensive income/(loss)	-	4,652	(136)	4,516	12	4,528
Total comprehensive income	-	4,652	26,316	30,968	127	31,095
Transaction with owners:						
Share based payment (Note 22)	3,632	(3,632)	-	-	-	-
Purchase of treasury shares (Note 22)	(5,250)	-	-	(5,250)	-	(5,250)
Shares granted (Note 23)	-	5,835	-	5,835	-	5,835
Transfer	-	(234)	234	-	-	-
Dividends (Note 22)	-	-	(15,916)	(15,916)	-	(15,916)
Balance at 31 December 2024	131,330	5,909	323,621	460,860	1,162	462,022

The accompanying notes form an integral part of these consolidated financial statements.

ATLANTIC GRUPA d.d.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

<i>(all amounts expressed in thousands of EUR)</i>	Note	2024	2023
Net profit for the year		26,567	31,220
Income tax	11	9,262	7,435
Depreciation, amortisation and impairment	13, 13a, 14, 16	51,212	41,943
Gain on sale of property, plant and equipment, intangible assets and non-current assets held for sale	9	(579)	(3,000)
Provision for current assets	8	231	3,936
Foreign exchange differences - net		(72)	(35)
(Decrease)/increase in provision for risks and charges	27	(6)	3,874
Fair value gains on financial assets	9	(145)	(45)
Share based payment	22	3,632	2,602
Interest income		(3,268)	(699)
Interest expense	10	10,055	6,060
Other non-cash items - net		(521)	159
		96,368	93,450
Changes in working capital:			
Increase in inventories		(21,027)	(2,834)
Increase in current receivables		(12,413)	(47,481)
Increase in current payables		22,280	27,256
Cash generated from operations		85,208	70,391
Interest paid		(9,528)	(4,494)
Income tax paid		(7,768)	(5,942)
Cash flows from operating activities		67,912	59,955
Cash flows used in investing activities			
Purchase of property, plant and equipment and intangible assets	13, 16	(49,430)	(39,621)
Proceeds from sale of property, plant and equipment, intangible assets and non-current assets held for sale		3,348	2,826
Acquisition of subsidiaries– net of cash acquired	29	(35,332)	(27,079)
Acquisition of financial assets through other comprehensive income		(22)	-
Proceeds from sale of financial assets through other comprehensive income		-	8
Loans granted and deposits placed	19	(763)	(13,948)
Proceeds from loans and deposits granted	19	18,115	1,562
Interest received		3,332	660
		(60,752)	(75,592)
Cash flows (used in)/from financing activities			
Purchase of treasury shares	22	(5,250)	(2,609)
Proceeds from borrowings, net of fees paid	25	97,102	114,819
Repayments of borrowings	25	(85,867)	(54,583)
Principal elements of lease payments	13a	(16,521)	(14,401)
Dividends paid to Company shareholders	22	(15,916)	(13,309)
		(26,452)	29,917
Net (decrease)/increase in cash and cash equivalents		(19,292)	14,280
Exchange losses on cash and cash equivalents		(55)	(714)
Cash and cash equivalents at beginning of year		72,553	58,987
Cash and cash equivalents at end of year	21	53,206	72,553

NOTE 1 – GENERAL INFORMATION

Operating as a vertically integrated multinational company, Atlantic Grupa d.d. (the Company) and its subsidiaries (as disclosed in Note 32 “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 Barcaffè, beverage brands Cockta and Cedevita, a portfolio of sweet and salted snacks brands Smoki, Najlepše želje and Bananica, a savoury spread brand Argeta and natural mineral water Donat. Additionally, the Group owns the leading pharmacy chain in Croatia under the Farmacia brand. With its own distribution network in Croatia, Slovenia, Serbia, Austria, North Macedonia and Russia, the Group also distributes a range of products from external partners. The Group has manufacturing plants in Croatia, Slovenia, Serbia, Bosnia and Herzegovina and North Macedonia with companies and representative offices in 10 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 shareholder structure is shown in Note 22.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) which were endorsed by the European Union (EU) under the historical cost convention, as modified by the revaluation of financial assets that have been measured at fair value and derivative financial instruments.

The preparation of consolidated financial statements in conformity with IFRS which were endorsed by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the amendments listed below which are the result of amendments to International Financial Reporting Standards (IFRS) adopted by the Group as of 1 January 2024 and which did not have material impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued by the International Financial Standards Board („Board“) but are not yet effective.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.1 Basis of preparation (continued)

a) *Standards and Interpretations effective in the current period*

The following new standards and amendments to the existing standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee and adopted by the EU are effective for the current period:

- **Amendments to IAS 7** *Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements*, issued on 25 May 2023 (effective date for annual periods beginning on or after 1 January 2024).
- **Amendments to IAS 1** *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants*, issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively (effective date for annual periods beginning on or after 1 January 2024).
- **Amendments to IFRS 16** *Leases: Lease Liability in a Sale and Leaseback*, issued on 22 September 2022 (effective date for annual periods beginning on or after 1 January 2024).

The adoption of these Standards and Interpretations had no significant impact on the consolidated financial statements of the Group.

b) *Standards and Interpretations issued by IASB and endorsed by the EU but not yet effective*

- **Amendments to IAS 21** *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*, issued on 15 August 2023 (effective date for annual periods beginning on or after 1 January 2025).

c) *Standards and Interpretations issued by IASB but not yet adopted by the EU*

At the date of authorization of these financial statements the following standards, revisions and interpretations were in issue by the International Accounting Standards Board but not yet adopted by the EU:

- **IFRS 18** *Presentation and Disclosure in Financial Statements* (issued on 9 April 2024).
- **IFRS 19** *Subsidiaries without Public Accountability: Disclosures* (issued on 9 May 2024).
- **Amendments to IFRS 9 and IFRS 7** *Contracts Referencing Nature-dependent Electricity* (issued on 18 December 2024).
- **Amendments to IFRS 9 and IFRS 7** *Classification and Measurement of Financial Instruments* (issued on 30 May 2024).
- **Annual Improvements to IFRS Accounting Standards – Volume 11** (issued on 18 July 2024).

The Group does not anticipate that the adoption of these Standards and Interpretations will have a significant impact on the consolidated financial statements of the Group.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of identifiable acquiree's net assets.

Goodwill is initially measured as excess of the aggregate of the consideration transferred and the fair value of non-controlling interest in the acquiree and acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If this is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchase from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiary

When the Group ceases to have control, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments is the Management Board of the Company.

2.4 Foreign currencies

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment where the entity operates ('the functional currency').

The consolidated financial statements are presented in EUR, which is the currency of the primary economic environment in which the Company operates from 1 January 2023, when the euro conversion was implemented and are rounded to the nearest thousand.

From 1 January 2023, EUR is also the functional currency of the Company.

(b) *Transactions and balances in foreign currency*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses related to borrowings and lease liabilities are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

(c) *Group companies*

The results and financial position of all Group entities with a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates; and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are reclassified from other comprehensive income to the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.5 Property, plant, and equipment

Property, plant and equipment is included in the balance sheet at historical cost less accumulated depreciation and provision for impairment, if required.

Land and assets under construction are not depreciated. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to residual values over their estimated useful lives, as follows:

Buildings	10 to 50 years
Plant and equipment	2 to 20 years

The residual value of an asset is an estimated amount that the Group would currently obtain from disposal of the asset less estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary and the amount recognised for non-controlling interests and fair value of any previous interest held at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised immediately as an expense and not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from synergies of the business combination in which the goodwill arose. Goodwill is monitored at the operating segment level.

(b) Brands

Brands acquired in a business combination are carried at initially determined fair value (recognised at acquisition date) less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful life (7 to 15 years).

Brands with indefinite useful lives are not amortised, but are tested annually for impairment at the cash generating unit level.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.6 Intangible assets (continued)

(c) Computer software

Acquired computer software licences are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (up to 5 years).

(d) Licences

Licences acquired in a business combination are recognized at fair value at the acquisition date. Licences have indefinite useful lives and are not amortised but are tested annually for impairment at the cash generating unit level. Separately acquired licences are recognized at historical cost and amortized using the straight-line method over their estimated useful lives (5 years).

(e) Customer contracts

Customer contracts acquired in a business combination are carried at initially determined fair value (recognised at acquisition date) less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of contracts over their estimated useful life (from 5 to 15 years).

2.7 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.8 Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income (OCI), and financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-values this designation at each reporting date.

Financial assets at amortised costs

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost include trade receivables and loans and deposits given.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.9 Leases

(i) The Group's leasing activities and accounting policy

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years but may have extension options as described in (iii) below. Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In that sense, incremental borrowing rate of 3.19%, representing unsecured risk of the Company was used for new and modified leases whose maturity is above 5 years (2023: 4%), and incremental borrowing rate of 2.83%, representing the secured risk of the Company was used for new and modified leases with maturity of 5 years and less (2023: 2.2%).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles, all leases of low-value assets and software licences are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets (below EUR 5 thousand) comprise IT equipment and small items of office furniture.

(ii) Variable lease payments

The Group may be exposed to variable payment terms linked to an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Variable lease payments which depend on the sales realization, if contracted, are recognized in the income statement within "other operating costs".

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.10 Inventories

Inventories of raw materials and spare parts are stated at the lower of cost, determined using the weighted average method and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Trade goods are carried at selling price less applicable taxes and margins.

Where necessary, a provision is made for damaged and expired inventories.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid instruments with original maturities of three months or less (excluding bills of exchange). Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of the consideration received over the par value of the shares issued is presented in the notes as a share premium.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including all directly attributable incremental transaction costs, is deducted from equity until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.14 Current and deferred tax

The current tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and consider establishing provisions where appropriate based on amounts expected to be paid to the tax authorities.

2.15 Employee benefits

(a) Pension obligations and post-employment benefits

The Group makes payments to mandatory pension funds on behalf of its employees in the ordinary course of business through salary deductions, as required by law. All contributions made to the mandatory pension funds are recorded as salary expense when incurred. The Group has no other pension scheme and consequently, has no other obligations in respect of employee pensions. In addition, the Group is not obliged to provide any other post-employment benefits except for the one-off retirement payment as prescribed by local legislation or internal rulebook.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits or when retiring regularly or early. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy or early retirement. The liability recognised in the balance sheet in respect of one-off retirement payment is the present value of the defined benefit obligation at the end of the reporting period. This obligation is calculated annually by independent actuaries. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Interest costs/income arising from actuarial calculation are charged/credited to income statement within 'interest expenses'. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(c) Long-term employee benefits

The Group recognises a liability for long-term employee benefits (jubilee awards) evenly over the period the benefit is earned based on actual years of service. The long-term employee benefit liability is determined annually by an independent actuary, using assumptions regarding the likely number of staff to whom the benefit will be payable, estimated benefit cost and the discount rate. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged immediately or credited to the income statement within "staff costs". Interest costs/income arising from actuarial calculation are charged/credited to income statement within "interest expense".

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.15 Employee benefits (continued)

(d) Share-based compensation

Management and employees of the Group are entitled through ESOP program to receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

(e) Short-term employee benefits

The Group recognises a provision for bonuses and accumulating unused vacation entitlement days if contractually obliged or if there is a past practice that has created a constructive obligation.

2.16 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.17 Revenue recognition

The Group recognise revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the Group expect to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, returns, rebates and discounts, expenses of listing the products and marketing activities that are an integral part of contracts with customers. All other marketing activities related to marketing campaigns that are not integral part of customer contract are presented within Marketing and promotion costs. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(a) *Sales of products and trade goods – wholesale*

The Group manufactures and sells its own products and goods of third parties in the wholesale market. Sales of goods are recognised when the Group has delivered the products to the wholesaler, the wholesaler has full discretion over the price to sell and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of loss have been transferred to the wholesaler and either of the following has occurred: the wholesaler has accepted the products in accordance with the contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

Products are sold with volume discounts and customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specific in the sales contracts, net of estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term of up to 90 days, which is consistent with the market practice.

(b) *Sales of goods - retail*

The Group operates a pharmacy and specialised stores and discount stores. Sale of goods are recognised when a group entity sells a product to the customer. Retail sales are paid in cash or by credit card. The Group operates a customer loyalty programme, allowing customers to accumulate points when they purchase products. The points can then be redeemed as discount on subsequent purchase, subject to a minimum number of points being obtained. Consideration received is allocated between the products sold and the points issued. Part of fair value of the points issued is deferred as liability in the balance sheet and recognised as revenue when the points are redeemed.

(c) *Sales of services*

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(d) *Interest income*

Interest income arising from fixed-term bank deposits, loans granted and interest from customers is recognised on a time-proportion basis using the effective interest method.

(e) *Rental income*

Rental income is generally recognised in the period in which the services are provided using a straight-line basis over the terms of contracts with lessee and presented in income statement within 'other income'.

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which dividends are approved by the Company's General Assembly.

2.19 Value added tax

The Tax Authorities require the settlement of value added tax (VAT) on a net basis. VAT related to sales and purchases is recognised and disclosed in the balance sheet on a net basis. Where a provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.20 Assets held for sale

Assets are classified as assets held for sale when their carrying value is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell and no depreciation is charged to profit and loss statement.

2.21 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of cash flow hedge derivatives is disclosed in Note 17 and changes in cash flow hedge reserves are disclosed in Note 23.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges, is recognised in other comprehensive income (OCI). The gain or loss related to the ineffective portion is recognised immediately in the income statement within "Other gains/(losses) – net". Amounts accumulated in equity are reclassified from OCI to profit or loss in the periods when the hedged item affects profit or loss. The change in fair value of the time value of an option that hedges a transaction related hedged item – subject to the condition that it is separated from the hedging relationship - is recognised in other comprehensive income to the extent that it relates to the hedged item and is accumulated in a separate component of equity.

When a hedging instrument expires or is sold or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred from other comprehensive income to the income statement within "Other gains/(losses) – net".

NOTE 2 – SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

2.22 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the regular operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.23 Investment property

Investment property is carried at historical cost less accumulated depreciation and provision for impairment (useful life of 25 years). Investment property is derecognized when it either has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Transfers are made to or from investment property only when there is a change in use. The carrying amount approximates fair value. Investment property is held for long term rental yields and is not occupied by the Group.

2.24 Operating profit

Operating profit comprise the difference between operating revenues (revenues from sale of products, trade goods and services, interest income and other income) and operating costs – all costs excluding finance costs and taxes.

2.25 Events after the reporting period

Events that occur after the reporting period and provide necessary information about the Group's position on the reporting date (adjusting events) are reflected in the financial statements. Events that occur after the reporting period and are not adjusting events are disclosed in the notes when they are significant.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's business activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) *Market risk*

(i) *Foreign exchange risk*

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Serbian dinar (RSD), Russian ruble (RUB) and to a lesser extent the US dollar (USD).

Movements in exchange rates between the above-mentioned currencies and EUR may have an impact on the results of the Group's future operations and future cash flow. The amounts in the tables below represent the EUR amounts denominated in the stated currencies at the balance sheet date for major balance sheet monetary items.

31 December 2024

(in thousands of EUR)

	RSD	USD	RUB
Trade and other receivables	72,772	10	1,688
Cash and cash equivalents	4,261	3	322
Trade and other payables	(33,100)	(11,577)	(1,906)
Borrowings	(17,092)	(226)	-
Lease liabilities	(62)	-	-
Net balance sheet exposure	26,779	(11,790)	104

31 December 2023

(in thousands of EUR)

	RSD	USD	RUB
Trade and other receivables	69,967	-	1,111
Cash and cash equivalents	5,292	98	1,069
Trade and other payables	(32,884)	(5,333)	(2,625)
Borrowings	(25,602)	(213)	-
Lease liabilities	(104)	-	-
Net balance sheet exposure	16,669	(5,448)	(445)

Given that the Group also has subsidiaries outside of Croatia, its shareholders equity value is exposed to fluctuations in exchange rates. Equity changes caused by movements in foreign exchange rates are shown as translation differences in the Group's consolidated statement of comprehensive income.

NOTE 3 – FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

In the event of a rise of 1% in the RSD against EUR, assuming all other variables remain constant, the profit after tax for the year would have been EUR 67 thousand lower (2023: EUR 70 thousand lower), and other comprehensive income would be EUR 1,139 thousand higher (2023: EUR 1,495 thousand higher).

In the event of a rise of 1% in the RUB against EUR, assuming all other variables remain constant, the profit after tax for the year would have been EUR 16 thousand higher (2023: -) and other comprehensive income would be EUR 43 thousand higher (2023: EUR 28 thousand higher).

(ii) Equity securities risk

The Group is exposed to equity securities fair value and price risk with respect to investments held by the Group classified on the consolidated balance sheet as fair value through OCI. Equity investments classified as fair value through OCI are not listed. To manage its fair value and price risk arising from investments in equity securities, the Group monitors market transactions and performance of entities.

No reliable external information exists with respect to fair value. Management believes, based on internal information, that the fair value equals or exceeds carrying value. However, due to limited information available, management has not carried out a sensitivity analysis. At 31 December 2024, if the fair value of the financial assets through OCI would change, with all other variables held constant, other comprehensive income and revaluation reserves would also change for the same amount.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings and bonds issued. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable interest rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk although no borrowings are carried at fair value.

The Group analyses its interest rate changes on a regular basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. As at 31 December 2024, if the effective interest rate on borrowings increased/decreased by 100 basis points on an annual level (2023: 100 basis points), the profit after tax would have been lower/higher by EUR 608 thousand (2023: EUR 564 thousand lower/higher), mainly as a result of increased/decreased interest expense.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group's assets, potentially subjecting the Group to concentrations of credit risk, primarily include cash, deposits and trade and other receivables. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history, within previously defined credit limits. The Group's credit risk is low, since receivables are dispersed among a large group of customers. Additionally, the Group's key customers are large retail chains, whereas dependence on these customers is reduced by developing alternative distribution channels. The Group reduces credit risk by implementing strict policies for receivables collection and goods delivery, as well as securing receivables with standard security instruments (bills of exchange and promissory notes). No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties. A detailed analysis and maximum exposure to credit risk is shown in Notes 17 and 19.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of contracted credit facilities and the ability to meet all obligations. The Group aims to maintain flexibility in funding by keeping contracted credit lines available.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn contracted borrowing facilities when needed. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Surplus cash held over and above the balance required for working capital management is invested in interest bearing current accounts, time deposits and cash funds, i.e. instruments with appropriate maturities or sufficient liquidity.

At 31 December 2024, the Group held cash and cash equivalents in the amount of EUR 53,206 thousand (2023: EUR 72,553 thousand) and short-term deposits in the amount of EUR 12 thousand (2023: EUR 22 thousand). These are expected to readily generate cash inflows for managing liquidity risk.

Trade and other payables, as well as short-term borrowings are due within 12 months after the balance sheet date, while the long-term borrowings' maturity is disclosed in Note 25.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses financial liabilities of the Group according to contracted maturities. The amounts disclosed in the table below represent the contractual undiscounted cash flows.

<i>(in thousands of EUR)</i>	Less than 1 year	Between 1-5 years	Over 5 years	Total
31 December 2024				
Trade and other payables	213,740	-	-	213,740
Borrowings	118,519	60,026	-	178,545
Lease liabilities	18,289	42,676	33,139	94,104

<i>(in thousands of EUR)</i>	Less than 1 year	Between 1-5 years	Over 5 years	Total
31 December 2023				
Trade and other payables	185,562	-	-	185,562
Borrowings	77,902	91,451	-	169,353
Lease liabilities	15,078	33,477	24,131	72,686
Derivative financial instruments	988	-	-	988

3.2 Changes in liabilities arising from financial activities

<i>(in thousands of EUR)</i>	Borrowings Current	Borrowings Non- Current	Leases Current	Leases Non- Current	Total
1 January 2024	73,435	86,338	13,508	49,368	222,649
Cash flow	(23,785)	35,020	(16,521)	-	(5,286)
Acquisition of subsidiary	-	-	428	1,130	1,558
Acquisitions, modifications, and leases expirations	-	-	2,827	30,410	33,237
Current portion	64,285	(64,285)	15,846	(15,846)	-
FX differences	47	9	(1)	(1)	54
Other	146	32	-	-	178
31 December 2024	114,128	57,114	16,087	65,061	252,390

The Group classifies interest paid as cash flows from operating activities.

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital and net debt. Net debt is calculated as total borrowings (including long-term and short-term borrowings, as shown in the consolidated balance sheet) plus lease liabilities and derivative financial instruments less cash and cash equivalents. Total capital and net debt are calculated as equity, as shown in the consolidated balance sheet, plus net debt.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.3 Capital risk management (continued)

The gearing ratios were as follows:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
Total borrowings (Note 25)	171,242	159,773
Lease liabilities (Note 13a)	81,148	62,876
Derivative financial instruments (Note 17)	(5,827)	604
Less: Cash and cash equivalents (Note 21)	(53,206)	(72,553)
Net debt	193,357	150,700
Total equity	462,022	446,258
Total capital and net debt	655,379	596,958
Gearing ratio	30%	25%

In order to maintain or adjust the capital structure, the General assembly, in accordance with the Decision on dividend policies, may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or Group may sell assets to reduce debt.

3.4 Fair value estimation

All financial instruments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

3.4 Fair value estimation (continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of derivative financial instruments is determined based on specific valuation techniques (level 2).

NOTE 4 – KEY ACCOUNTING ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) *Expected useful lives of brands and licences*

Expected useful lives of brands and licences is considered to be indefinite unless there are circumstances that would indicate they should be limited to a certain period. The Group considers such indicators at each reporting period.

(b) *Impairment of goodwill and intangible assets with indefinite useful lives*

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment as stated in Note 2.7. Brands with indefinite useful lives are tested for impairment on an individual asset basis, licences at the level of pharmacy business type (pharmacies and specialized stores), whereas goodwill is tested based on the operating segment to which it is allocated.

Goodwill and intangible assets with indefinite lives have been allocated to cash generating units within operating segments as follows:

(i) Licences

Operating segment <i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
SBU Pharmacy business	24,342	24,342
	24,342	24,342

NOTE 4 – KEY ACCOUNTING ESTIMATES (continued)

(b) Impairment test for goodwill and intangible assets with indefinite useful lives (continued)

(ii) Brands

Operating segment <i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
SBU Savoury Spreads	32,126	32,126
SBU Snacks	15,350	15,338
SBU Coffee	13,609	13,609
BU Donat	6,255	6,255
	67,340	67,328

(iii) Goodwill

Operating segment <i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
SBU Pharmacy business	22,322	22,322
SBU Snacks	21,350	24,674
SBU Savoury Spreads	16,475	16,475
BU Donat	10,679	10,679
SBU Coffee	9,883	8,519
SDU Serbia	6,928	6,916
SDU Croatia	6,630	6,622
SDU Slovenia	3,544	3,539
SDU North Macedonia	805	804
SBU Beverages	348	348
	98,964	100,898

The recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations use cash flow projections from financial forecasts approved by the management, covering a seven-year period.

NOTE 4 – KEY ACCOUNTING ESTIMATES (continued)

(b) Impairment test for goodwill and intangible assets with indefinite useful lives (continued)

Value in use calculations for goodwill were determined based on the following assumptions on after-tax discount rates:

Operating segment	2024	2023
SBU Coffee	10.2%	10.8%
SBU Savoury Spreads	10.1%	10.5%
SBU Snacks	11.1%	12.0%
SBU Pharmacy business	6.7%	7.9%
BU Donat	9.1%	10.1%
SDU Croatia	5.9%	7.4%
SDU Serbia	8.4%	9.8%
SDU Slovenia	5.2%	6.0%
SDU North Macedonia	8.7%	11.3%

The Growth rate assumptions were based on historical data and management's expectations for market development. Terminal growth rate is 2.0% for all Operating segments (except for SBU Coffee, 1.0%) and individual asset impairment tests, and it is based on management's expectations for market development (2023: 2.0%, SBU Coffee: 1.0%). Discount rates after taxes in 2024 are generally lower than in 2023 among segments due to (i) lower beta across markets, (ii) lower long-term risk-free rate in the markets of Slovenia, Croatia, Macedonia and Austria as well as (iii) lower equity risk premium in the markets of Serbia and Croatia.

NOTE 4 – KEY ACCOUNTING ESTIMATES (continued)

(b) Impairment test for goodwill and intangible assets with indefinite useful lives (continued)

The Royalty rate assumptions used for impairment tests of brands are as follows:

	<u>2024</u>	<u>2023</u>
Barcaffè	5.0%	5.0%
Najlepše želje	6.0%	6.0%
Banatica	5.1%	5.1%
Smoki	7.5%	7.5%
Argeta	8.0%	8.0%
Donat	10.7%	10.7%

Based on impairment tests performed at the balance sheet date loss of EUR 3,374 thousand was recognised (2023: -) in respect of impairment of goodwill.

A reasonably expected change in any of the key assumptions used in the impairment test, with all other variables unchanged, may result in additional impairment.

The sensitivity analysis of the key assumptions used in the impairment testing of brands showed that a discount rate increase by 100 basis points with other variables unchanged would not result in additional impairment of brands. At the same time, if the terminal growth rate was reduced by 100 basis points, with other variables unchanged, it would not lead to an additional decrease in the value of brands. Also, a decrease in the royalty rate by 50 basis points, with other variables unchanged, would not imply additional impairment of brands.

The sensitivity analysis of the key assumptions used in the impairment testing of goodwill and licences shows that increasing the discount rate by 100 basis points, with other variables unchanged, would result in the additional impairment of goodwill in the amount of EUR 6,900 thousand. At the same time, if the terminal growth rate was reduced by 100 basis points, with other variables unchanged, the additional impairment of goodwill would be EUR 4,119 thousand. Decrease in expected free cash flow by 500 basis points, with other variables unchanged would lead to additional impairment of goodwill in the amount of EUR 3,664 thousand.

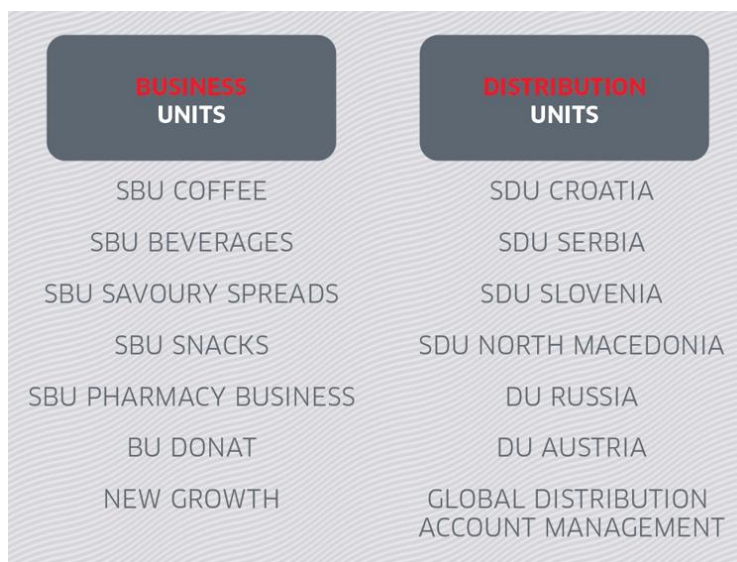
(c) Deferred tax asset recognition

The net deferred tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded on the balance sheet. Deferred tax assets are recorded to the extent that realisation of the related tax benefit is probable. In determining future taxable profits and the amount of tax benefits that are probable in the future, management makes judgements and applies estimation based on previous years taxable profits and expectations of future income that are believed to be reasonable under the existing circumstances (Note 26).

NOTE 5 – SEGMENT INFORMATION

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

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



SBU – Strategic business unit

SDU – Strategic distribution unit

BU – Business unit

DU – Distribution unit

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

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

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

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

NOTE 5 – SEGMENT INFORMATION (continued)

Sales revenues* <i>(in thousands of EUR)</i>	2024	2023
SBU Coffee	248,811	199,908
SBU Savoury Spreads	150,316	137,722
SBU Snacks	125,704	123,946
SBU Beverages	110,574	100,953
SBU Pharmacy business	95,218	87,557
BU Donat	36,497	36,425
SDU Croatia	266,798	245,462
SDU Serbia	267,851	237,914
SDU Slovenia	168,402	160,879
SDU North Macedonia	63,914	57,429
Other segments	90,866	79,986
Reconciliation	(544,693)	(494,267)
Total	1,080,258	973,914

Operating results <i>(in thousands of EUR)</i>	For the year ended 31 December 2024		
	Operating Profit/(Loss) before Depreciation, Amortisation and Impairment	Depreciation, Amortisation and Impairment	Operating Profit/(Loss)
SBU Coffee	20,864	9,736	11,128
SBU Savoury Spreads	21,897	3,899	17,998
SBU Snacks	8,608	8,373	235
SBU Beverages	17,833	4,215	13,618
SBU Pharmacy business	10,852	3,561	7,291
BU Donat	17,108	420	16,688
SDU Croatia	16,441	5,450	10,991
SDU Serbia	11,533	3,159	8,374
SDU Slovenia	8,126	1,052	7,074
SDU North Macedonia	3,561	1,154	2,407
Other segments	(39,799)	10,193	(49,992)
Total	97,024	51,212	45,812

* Comparative period has been adjusted to reflect 2024 reporting

NOTE 5 – SEGMENT INFORMATION (continued)

Operating results*	For the year ended 31 December 2023		
	Operating Profit/(Loss) before Depreciation, Amortisation and Impairment	Depreciation, Amortisation and Impairment	Operating Profit/(Loss)
<i>(in thousands of EUR)</i>			
SBU Coffee	20,294	8,219	12,075
SBU Savoury Spreads	17,813	3,660	14,153
SBU Snacks	11,037	3,986	7,051
SBU Beverages	13,767	3,581	10,186
SBU Pharmacy business	10,286	3,408	6,878
BU Donat	16,342	479	15,863
SDU Croatia	14,991	3,848	11,143
SDU Serbia	10,208	2,914	7,294
SDU Slovenia	7,527	1,117	6,410
SDU North Macedonia	2,986	913	2,073
Other segments	(38,628)	9,818	(48,446)
Total	86,623	41,943	44,680

Geographical information

The total of non-current assets other than financial instruments, deferred income tax assets and trade and other receivables is located as follows:

	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
Croatia	185,842	164,107
Serbia	174,329	150,694
Slovenia	137,498	122,819
Other markets	27,891	27,257
Total geographically allocated non-current assets	525,560	464,877

* Comparative period has been adjusted to reflect 2024 reporting

NOTE 5 – SEGMENT INFORMATION (continued)

Sales by markets	2024		2023	
	<i>(in thousands of EUR)</i>	%	<i>(in thousands of EUR)</i>	%
Croatia	367,834	34.0	337,991	34.7
Serbia	285,126	26.4	241,014	24.7
Slovenia	169,111	15.6	161,291	16.6
Bosnia and Herzegovina	79,706	7.4	72,000	7.4
Other regional markets*	91,296	8.4	83,822	8.6
Key European markets**	55,750	5.2	48,559	5.0
Russia and CIS countries	14,154	1.4	13,397	1.4
Other markets	17,281	1.6	15,840	1.6
Total sales by markets	1,080,258	100.0	973,914	100.0

*Other regional markets: North Macedonia, Montenegro, Kosovo

**Key European markets: Germany, Switzerland, Austria, Sweden

Sales by geographical segments is determined by geographical location of the customer.

Analysis of revenue by category	2024		2023	
	<i>(in thousands of EUR)</i>	%	<i>(in thousands of EUR)</i>	%
Sales by type of products				
Own brands	678,151	61.8	604,022	61.2
Principal brands	306,889	28.0	282,335	28.6
Farmacia	95,218	8.7	87,557	8.9
Total sales by type of products	1,080,258	98.5	973,914	98.7
Other income /i/	16,255	1.5	13,168	1.3
Total revenues	1,096,513	100.0	987,082	100.0

/i/ Other income mainly comprises of interest income, rental income and income from the reversal of unused provisions.

NOTE 6 – STAFF COSTS

<i>(in thousands of EUR)</i>	<u>2024</u>	<u>2023</u>
Gross salaries /i/	142,166	122,851
Christmas and Easter bonuses and holiday allowances	9,690	8,638
Public transport	2,950	2,742
Termination benefits	711	473
Other staff costs /ii/	16,144	14,508
	<u>171,661</u>	<u>149,212</u>

In 2024, the average number of employees was 5,728 (2023: 5,487).

/i/ Pension contributions that the Group calculated for payment to mandatory pension funds in 2024 amounted to EUR 27,295 thousand (2023: EUR 23,008 thousand).

/ii/ Other staff costs include bonuses, education expenses, accruals for unused vacation days and jubilee awards.

NOTE 7 – MARKETING AND PROMOTION COSTS

<i>(in thousands of EUR)</i>	<u>2024</u>	<u>2023</u>
Marketing and promotion costs - external	45,842	38,468
Marketing and promotion costs - related parties (Note 30)	2,109	1,867
Sponsorships and donations - external	4,165	3,252
	<u>52,116</u>	<u>43,587</u>

NOTE 8 – OTHER OPERATING COSTS

	2024	2023
<i>(in thousands of EUR)</i>		
Transportation costs	29,536	26,048
Maintenance	23,536	21,110
Taxes and contributions not related to operating results	6,868	6,013
Rentals (Note 13a)	5,639	5,196
Entertainment	5,355	4,328
Non-production material	5,147	5,871
Fuel	4,168	3,645
Production services	3,749	3,394
Intellectual services	3,344	2,691
Provision for impairment of inventories (Note 20)	3,243	2,882
Travel expense and daily allowances	2,560	1,975
Non-production services	1,983	1,746
Telecommunication services	1,671	1,512
Bank charges	1,378	1,307
Supervisory Board fees	264	267
Provision for impairment of trade receivables (Note 19)	1,410	1,054
Collection of previously impaired trade receivables (Note 19)	(1,452)	(470)
Collection of previously impaired loans given (Note 19)	(4,422)	-
Other – related parties (Note 30)	492	316
Other	3,015	3,596
	97,484	92,481

NOTE 9 – OTHER GAINS – NET

	2024	2023
<i>(in thousands of EUR)</i>		
Gain on sale of property, plant, and equipment	579	3,000
Fair value gains on financial assets	145	45
Foreign exchange gains/(losses) – net	145	(1,764)
Gain on sale of raw materials	4,605	-
Other gains - net	656	606
	6,130	1,887

NOTE 10 – FINANCE COSTS – NET

<i>(in thousands of EUR)</i>	<u>2024</u>	<u>2023</u>
Finance income		
Foreign exchange gains on borrowings and lease liabilities	109	56
	<u>109</u>	<u>56</u>
Finance costs		
Interest expense on bank borrowings	(6,331)	(3,522)
Interest expense on lease liabilities	(2,631)	(1,744)
Interest expense on bonds	(382)	(373)
Interest expense on provisions for employee benefits	(349)	(268)
Other interest expense /i/	(362)	(153)
Total interest expense	<u>(10,055)</u>	<u>(6,060)</u>
Foreign exchange losses on borrowings and lease liabilities	(37)	(21)
	<u>(10,092)</u>	<u>(6,081)</u>
Finance costs - net	<u>(9,983)</u>	<u>(6,025)</u>

/i/ Other interest expenses relate to interest arising from unwinding of discount and default interests.

NOTE 11 – INCOME TAX

<i>(in thousands of EUR)</i>	<u>2024</u>	<u>2023</u>
Current tax	10,553	7,575
Deferred tax (Note 26)	(1,291)	(140)
	<u>9,262</u>	<u>7,435</u>

NOTE 11 – INCOME TAX (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<i>(in thousands of EUR)</i>	<u>2024</u>	<u>2023</u>
Profit before taxation	35,829	38,655
Income tax calculated at Croatian statutory income tax rate of 18%	6,449	6,958
<i>Tax effects of:</i>		
Higher/(lower) income tax rates overseas	1,264	(127)
Adjustments of current income tax related to prior years	526	-
Income not subject to tax	(922)	(47)
Expenses not deductible for tax purposes	1,125	1,648
Effect of utilized tax incentives	(200)	(477)
Utilisation of previously unrecognized tax losses	(61)	(730)
Tax losses for which no deferred tax assets were recognised	186	210
Effect of utilized tax losses	518	-
Pillar 2 top-up tax	377	-
Income tax	9,262	7,435

The effective tax rate was 25.9% (2023: 19.2%).

In December 2021, the OECD released model rules to introduce a global minimum corporate income tax rate of 15% applicable to multinational enterprise groups with global revenue over EUR 750 million ("Pillar Two"). The formal adoption of Directive (EU) 2022/2523 in December 2022 aims to achieve a coordinated implementation of Pillar Two in the EU Member States.

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Republic of Croatia, the jurisdiction in which the Company is incorporated, and has come into effect from 1 January 2024. The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The group has estimated, based on Country-by-country report that the effective tax rates exceed 15% in all jurisdictions in which it operates, except for jurisdiction of Bosnia and Herzegovina where two of its subsidiaries operate. The group's assessment indicates for jurisdiction of Bosnia and Herzegovina that the weighted average effective tax rate based on accounting profit is 12% for the annual financial year ended 31 December 2024.

Considering the impact of specific adjustments in the Pillar Two legislation, the group recognised a current income tax expense of EUR 377 thousand for the year.

NOTE 12 – EARNINGS PER SHARE

Basic earnings per share

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

	<u>2024</u>	<u>2023</u>
Net profit attributable to shareholders of the Company <i>(in thousands of EUR)</i>	26,452	31,209
Weighted average number of ordinary shares in issue	13,268,182	13,299,910
Basic earnings per share <i>(in EUR)</i>	1.99	2.35

Diluted earnings per share

Diluted earnings per share are the same as basic earnings per share since there were no diluted potential ordinary shares.

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

<i>(in thousands of EUR)</i>	Land	Buildings	Plant and equipment	Assets not yet in use	Total
At 31 December 2022					
Cost	17,355	121,265	261,375	21,890	421,885
Accumulated depreciation and impairment charge	-	(76,190)	(186,931)	-	(263,121)
Net book amount	17,355	45,075	74,444	21,890	158,764
At 1 January 2023					
Opening net book amount	17,355	45,075	74,444	21,890	158,764
Additions	-	32	941	34,003	34,976
Transfer	20	3,827	28,544	(32,391)	-
Disposals	-	(18)	(169)	-	(187)
Depreciation	-	(2,325)	(16,614)	-	(18,939)
Impairment charge	(1,215)	(88)	(9)	(203)	(1,515)
Transfer to assets held for sale	(6,258)	(613)	-	(2,087)	(8,958)
Transfer from intangible assets	-	-	-	138	138
Acquisition of subsidiary	3,180	7,361	27	16	10,584
Foreign exchange differences	-	6	76	18	100
Closing net book amount	13,082	53,257	87,240	21,384	174,963
At 31 December 2023					
Cost	14,291	127,216	284,067	21,384	446,958
Accumulated depreciation and impairment charge	(1,209)	(73,959)	(196,827)	-	(271,995)
Net book amount	13,082	53,257	87,240	21,384	174,963
At 1 January 2024					
Opening net book amount	13,082	53,257	87,240	21,384	174,963
Additions	-	-	-	44,963	44,963
Transfer	-	8,011	37,611	(45,622)	-
Disposals	-	(17)	(542)	(2)	(561)
Depreciation	-	(3,699)	(19,269)	-	(22,968)
Impairment charge	(55)	-	(50)	(31)	(136)
Transfer from investment property	1,670	3,866	-	-	5,536
Transfer to assets held for sale	(296)	-	-	-	(296)
Acquisition of subsidiary	131	9,302	4,712	297	14,442
Foreign exchange differences	2	45	46	12	105
Closing net book amount	14,534	70,765	109,748	21,001	216,048
At 31 December 2024					
Cost	15,743	154,562	318,127	21,001	509,433
Accumulated depreciation and impairment charge	(1,209)	(83,797)	(208,379)	-	(293,385)
Net book amount	14,534	70,765	109,748	21,001	216,048

The Group has no pledged property, plant, and equipment as collateral for loan repayment.

NOTE 13a – LEASES

This note provides information for leases where the Group is lessee.

(i) *Amounts recognized in the balance sheet*

<i>(in thousands of EUR)</i>	Buildings	Vehicles	Other	Total
Right-of-use assets				
At 1 January 2023	30,167	12,777	509	43,453
Additions	5,159	12,324	26	17,509
Lease modification	14,322	600	(2)	14,920
Lease expiration	(425)	(740)	(23)	(1,188)
Depreciation	(8,167)	(6,744)	(73)	(14,984)
Foreign exchange differences	7	7	-	14
At 31 December 2023	41,063	18,224	437	59,724
Additions	4,221	14,221	243	18,685
Acquisition of subsidiary	73	1,458	-	1,531
Lease modification	16,925	446	195	17,566
Lease expiration	(1,455)	(1,423)	-	(2,878)
Depreciation	(8,831)	(8,531)	(117)	(17,479)
Foreign exchange differences	24	(8)	-	16
At 31 December 2024	52,020	24,387	758	77,165

	31 December 2024	31 December 2023
Lease liabilities		
Current	16,087	13,508
Non-current	65,061	49,368
	81,148	62,876

(ii) *Amounts recognized in the income statement*

<i>(in thousands of EUR)</i>	2024	2023
Depreciation charge of right-of-use assets	17,479	14,984
Interest expense (included in "Finance cost")	2,631	1,744
Expense related to short-term leases, leases of software licences, low value assets and variable lease component which is not capitalized (included in "Other operating expenses")	5,639	5,196

The total cash outflow for leases in 2024 was EUR 16,521 thousand (2023: EUR 14,401 thousand).

NOTE 14 – INVESTMENT PROPERTY

(in thousands of EUR)

At 31 December 2022

Cost	66
Accumulated depreciation	(3)
Net book amount	63

At 1 January 2023

Opening net book amount	63
Acquisition of subsidiary	15,811
Depreciation	(78)
Closing net book amount	15,796

At 31 December 2023

Cost	22,383
Accumulated depreciation	(6,587)
Net book amount	15,796

At 1 January 2024

Opening net book amount	15,796
Acquisition of subsidiary	112
Transfer to property, plant and equipment	(5,536)
Depreciation	(469)
Closing net book amount	9,903

At 31 December 2024

Cost	14,417
Accumulated depreciation	(4,514)
Net book amount	9,903

The fair value of the investment property was determined based on the assessment of an independent, recognized and authorized appraiser and at 31 December 2024, amounted to EUR 10,361 thousand (2023: EUR 15,940 thousand).

NOTE 15 – ASSETS HELD FOR SALE

	<u>2024</u>	<u>2023</u>
<i>(in thousands of EUR)</i>		
At 1 January	7,392	-
Transfer from property, plant and equipment	296	8,958
Disposals	(296)	(1,566)
At 31 December	7,392	7,392

The amount of assets held for sale relates to the largest extent to construction land in Zagreb, owned by the Company. Activities to implement the planned sale are underway and expected to be finalized during 2025.

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NOTE 16 – INTANGIBLE ASSETS

<i>(in thousands of EUR)</i>	Goodwill	Licences	Brands	Rights and Customer contracts	Software	Assets not yet in use	Total
At 31 December 2022							
Cost	107,501	31,107	98,547	2,906	35,437	3,236	278,734
Accumulated amortisation and impairment charge	(6,680)	(6,637)	(21,217)	(762)	(27,925)	-	(63,221)
Net book amount	100,821	24,470	77,330	2,144	7,512	3,236	215,513
At 1 January 2023							
Opening net book amount	100,821	24,470	77,330	2,144	7,512	3,236	215,513
Foreign exchange differences	77	-	22	-	-	2	101
Additions	-	27	-	55	-	5,263	5,345
Transfer	-	-	-	-	6,116	(6,116)	-
Transfer to property, plant, and equipment	-	-	-	-	-	(138)	(138)
Amortisation	-	(70)	(1,278)	(438)	(3,663)	-	(5,449)
Impairment charge	-	-	(109)	(869)	-	-	(978)
Closing net book amount	100,898	24,427	75,965	892	9,965	2,247	214,394
At 31 December 2023							
Cost	107,672	31,133	98,586	2,961	41,537	2,247	284,136
Accumulated amortisation and impairment charge	(6,774)	(6,706)	(22,621)	(2,069)	(31,572)	-	(69,742)
Net book amount	100,898	24,427	75,965	892	9,965	2,247	214,394
At 1 January 2024							
Opening net book amount	100,898	24,427	75,965	892	9,965	2,247	214,394
Foreign exchange differences	88	-	29	-	3	3	123
Additions	-	-	-	-	-	5,325	5,325
Transfer	-	-	-	-	4,784	(4,784)	-
Acquisition of subsidiary	1,352	-	10,776	-	574	60	12,762
Amortisation	-	(68)	(2,152)	(375)	(4,182)	-	(6,777)
Impairment charge	(3,374)	-	-	-	-	(9)	(3,383)
Closing net book amount	98,964	24,359	84,618	517	11,144	2,842	222,444
At 31 December 2024							
Cost	107,480	31,253	109,411	2,961	48,365	2,842	302,312
Accumulated amortisation and impairment charge	(8,516)	(6,894)	(24,793)	(2,444)	(37,221)	-	(79,868)
Net book amount	98,964	24,359	84,618	517	11,144	2,842	222,444

The disclosure on goodwill and intangible assets with indefinite useful lives impairment test and the basis for impairment charge are provided in Note 4 b).

The Group has no pledged intangible assets as collateral for loan repayment.

NOTE 17 – FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
Financial assets at amortised cost		
Trade receivables	204,845	191,990
Loans and deposits given	5,113	18,203
Other financial assets at amortized cost	12,110	9,155
Cash and cash equivalents	53,206	72,553
	<u>275,274</u>	<u>291,901</u>
Financial assets at fair value through other comprehensive income	109	161
Derivative financial instruments		
Cash flow hedges	5,827	384
	<u>281,210</u>	<u>292,446</u>
Total financial assets		
Total current	267,207	276,986
Total non-current	14,003	15,460
Financial liabilities at amortised cost		
Borrowings	171,242	159,773
Lease liabilities	81,148	62,876
Trade and other payables	213,685	185,494
	<u>466,075</u>	<u>408,143</u>
Derivative financial instruments		
Cash flow hedges	-	988
Financial liabilities at fair value through profit or loss		
Contingent consideration for acquisition of subsidiaries	69	108
	<u>466,144</u>	<u>409,239</u>
Total financial liabilities		
Total current	343,955	273,493
Total non-current	122,189	135,746

NOTE 18 – FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME

Investments in financial assets through other comprehensive income (OCI) relate to unlisted equity instruments and are carried at cost since they do not have a quoted market price and fair value cannot be reliably measured.

During 2024 and 2023, there were no impairment provisions on financial assets through OCI.

NOTE 19 – TRADE AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
Non-current receivables		
Loans and deposits given /i/	4,178	8,292
Other non-current receivables	8,707	6,473
Other non-current receivables – related parties (Note 30)	1,009	534
	<u>13,894</u>	<u>15,299</u>
Current receivables		
Trade receivables /ii/	204,845	191,990
Loans and deposits given /i/	935	9,911
Other receivables /iii/	38,995	35,652
	<u>244,775</u>	<u>237,553</u>
	<u>258,669</u>	<u>252,852</u>
	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
Financial assets		
Category: Trade and other receivables		
Trade receivables	204,845	191,990
Loans and deposits given	5,113	18,203
Other receivables	12,110	9,155
	<u>222,068</u>	<u>219,348</u>

NOTE 19 – TRADE AND OTHER RECEIVABLES (continued)

/i/ Loans and deposits given are as follows:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
Non-current receivables		
Loans	4,550	9,526
Deposits	316	331
Current portion	(688)	(1,565)
	4,178	8,292
Current receivables		
Loans	235	286
Loans – related parties (Note 30)	-	38
Deposits*	12	8,022
Current portion of non-current receivables	688	1,565
	935	9,911
	5,113	18,203

The fair value of loans and deposits approximates the carrying amounts.

*In October 2023, Atlantic Grupa signed a Sales and purchase agreement with the Strauss Group for the purchase of Strauss Adriatic, headquartered in Šimanovci, Serbia. EUR 8,000 thousand have been allocated to a special escrow account as a prerequisite for the purchase.

On 16 July 2024, Atlantic Grupa collected EUR 8.6 million based on a financial instrument issued by Fortenova Group STAK Stichting from the Netherlands, comprising EUR 7.1 million of principal and EUR 1.5 million of interest. The payment originates from a financial arrangement established during Fortenova's restructuring process, through the so-called "Supplier Loan Note Instrument". Consequently, the amount of EUR 4,422 thousand has offset other operating expenses.

/ii/ Trade receivables are as follows:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
Gross trade receivables	196,630	185,125
Trade receivables – related parties (Note 30)	14,791	12,861
Provision for trade receivables	(6,576)	(5,996)
	204,845	191,990

NOTE 19 – TRADE AND OTHER RECEIVABLES (continued)

/iii/ Other receivables are as follows:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
Prepaid expenses	15,416	14,120
Prepaid expenses – related parties (Note 30)	816	435
Receivables from government institutions	12,241	8,761
Advances to suppliers	8,128	10,188
Interest receivable	131	143
Interest receivable – related parties (Note 30)	18	21
Other	2,245	1,984
	38,995	35,652

During 2024 and 2023 there were no impairment of other receivables.

/iv/ Accrued interest up to the balance sheet date is recorded within other income.

As at 31 December 2024, trade receivables in the amount of EUR 6,576 thousand (2023: EUR 5,996 thousand) were provided for. The individually impaired receivables relate to customers that are in unexpected difficult economic situations. The ageing of these receivables is as follows:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
Up to 3 months	678	258
3 to 6 months	174	268
Over 6 months	5,724	5,470
	6,576	5,996

NOTE 19 – TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2024, trade receivables in the amount of EUR 18,050 thousand (2023: EUR 27,394 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables is as follows:

	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
Up to 3 months	7,289	23,320
3 to 6 months	1,017	3,608
Over 6 months	9,744	466
	18,050	27,394

The carrying amounts of the Group's financial assets are denominated in the following currencies:

	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
EUR	129,508	132,117
RSD	72,772	69,967
Other	19,788	17,264
	222,068	219,348

Movements on the provision for impairment of trade receivables are as follows:

	2024	2023
<i>(in thousands of EUR)</i>		
As at 1 January	5,996	5,843
Acquisition of subsidiary	951	-
Provision for receivables impairment (Note 8)	1,410	1,054
Collected amounts reversed (Note 8)	(1,452)	(470)
Receivables written off	(343)	(408)
Exchange differences	14	(23)
As at 31 December	6,576	5,996

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

NOTE 20 – INVENTORIES

<i>(in thousands of EUR)</i>	<u>31 December 2024</u>	<u>31 December 2023</u>
Trade goods	75,389	41,513
Raw materials and supplies	26,403	21,569
Finished goods	22,757	37,585
Work in progress	1,808	1,356
	<u>126,357</u>	<u>102,023</u>

During 2024, inventories of EUR 3,243 thousand (2023: EUR 2,882 thousand) were impaired due to the adjustment to net realisable value (Note 8).

NOTE 21 – CASH AND CASH EQUIVALENTS

<i>(in thousands of EUR)</i>	<u>31 December 2024</u>	<u>31 December 2023</u>
Cash in bank and cash on hand	33,300	30,651
Deposits up to three months /i/	19,906	41,902
	<u>53,206</u>	<u>72,553</u>

/i/ Accrued interest up to the balance sheet date is recorded within other income.

Cash and cash equivalents are denominated in the following currencies:

<i>(in thousands of EUR)</i>	<u>31 December 2024</u>	<u>31 December 2023</u>
EUR	44,136	62,645
RSD	4,261	5,292
RUB	322	1,069
Other	4,487	3,547
	<u>53,206</u>	<u>72,553</u>

NOTE 22 – SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

<i>(in thousands of EUR)</i>	Number of shares	Share capital	Share premium	Treasury shares	Total
1 January 2023	13,289,068	17,702	117,663	(2,410)	132,955
Purchase of treasury shares	(51,070)	-	-	(2,609)	(2,609)
Share based payments	50,227	-	87	2,515	2,602
Alignment /i/	-	88,996	(88,990)	(6)	-
31 December 2023	13,288,225	106,698	28,760	(2,510)	132,948
Purchase of treasury shares	(93,732)	-	-	(5,250)	(5,250)
Share based payments	64,242	-	219	3,413	3,632
31 December 2024	13,258,735	106,698	28,979	(4,347)	131,330

/i/ In accordance with the Law on the introduction of the euro as the official currency in the Republic of Croatia, the Company's share capital was converted from the amount of HRK 133,372,000.00 to the amount of EUR 17,701,506.40.

The individual nominal amount of the ordinary share code ATGR-R-A was converted from the amount of HRK 10.00 to the amount of EUR 1.33.

The Company's share capital was increased from the share premium funds from the amount of EUR 17,701,506.40 for the amount of EUR 88,996,093.60 to the amount of EUR 106,697,600.00.

After the implementation, the Company's share capital amounts to EUR 106,697,600.00 and is divided into 13,337,200 ordinary shares code ATGR-R-A with a nominal amount of EUR 8.00.

All shares issued are ordinary shares, including all relevant rights except for treasury shares. These rights include the right to vote at the Company's General Assembly, as well as the right to dividend payment.

The ownership structure of the Company is as follows:

	31 December 2024		31 December 2023	
	Number of shares	%	Number of shares	%
MYBERG d.o.o.	6,695,276	50.20	6,695,276	50.20
Raiffeisen Obligatory pension fund	1,447,396	10.85	1,447,396	10.85
AZ Obligatory pension fund	1,147,784	8.61	1,147,784	8.61
Erste Plavi Obligatory pension fund	988,464	7.41	988,464	7.41
Lada Tedeschi Fiorio	772,624	5.79	772,624	5.79
Other Management board members	163,165	1.22	157,884	1.18
Other shareholders	2,044,026	15.33	2,078,797	15.59
Treasury shares	78,465	0.59	48,975	0.37
Total	13,337,200	100.00	13,337,200	100.00

The founder and majority owner of the company MYBERG d.o.o., Zagreb is Mr. Emil Tedeschi.

The annual consolidated financial statements of the largest group of companies, in which the Company is a controlled member, are prepared by MYBERG d.o.o., Zagreb. These statements will be available within the legal deadline in the Register of Annual Financial Reports at the Financial Agency - FINA.

NOTE 22 – SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

Dividend distribution

According to the decision of the Company's General Assembly from 27 June 2024, the distribution of dividend in the amount of EUR 1.20 per share, or EUR 15,916 thousand in total was approved. Dividend was paid in July 2024.

In 2023 the distribution of dividend in the amount of EUR 1.00 per share, or EUR 13,309 thousand in total was approved. Dividend was paid in July 2023.

Share based payments

According to the Company's ESOP program, employees can opt to receive bonus in Company's shares and this right is granted to the Management as well as to other employees defined by ESOP resolution (equity- settled transactions).

In addition to the right to pay bonuses in shares, employees, if decide to keep the shares for a period of at least two or three subsequent years of employment (vesting period), acquire the right to additional shares, while the other part is available without restrictions.

Members of senior management are eligible to participate in the Executive Longevity Premium program, which was created as a result of Atlantic Grupa's desire to recognize the critical contribution of senior management positions in creating and implementing a long-term strategy. Through this program, the Company grants a package of shares to members of senior management for their long-term contribution to the Company in a senior executive position, whereby the right to a third of the shares from the package is acquired upon completion of six years in an executive position, while the right to the remaining two thirds is acquired upon retirement.

Additionally, employees who, according to the internal performance management evaluation process have made an extraordinary contribution in the previous business year are awarded with an additional package of shares, 20% of which are vested in the current year, while the remaining 80% are vested after the expiration of an additional three and five years of employment.

In addition to the previous mentioned programs, there is also a Special award of the Chief Executive Officer who awards the best employees for their contribution in the previous financial year in shares. The right to acquire these shares is fully exercised in the current year.

In 2024, members of the Management Board and employees received a total of 42,137 non-conditional shares granted in 2023, 15,884 conditional shares granted in 2020, 6,126 conditional shares granted in 2021 and 95 conditional shares granted in 2022.

In 2023, members of the Management Board and employees received a total of 25,775 non-conditional shares granted in 2022, 17,988 conditional shares granted in 2019, 5,931 conditional shares granted in 2020 and 533 conditional shares granted in 2021.

NOTE 23 – RESERVES

<i>(in thousands of EUR)</i>	<u>Reserves /i/</u>	<u>Translation reserves /ii/</u>	<u>Cash flow hedge reserves /ii/</u>	<u>Total</u>
At 1 January 2023	7,721	(9,836)	(2,344)	(4,459)
Foreign exchange differences	-	(839)	-	(839)
Transfer from retained earnings	289	-	-	289
Shares granted /iii/	3,098	-	-	3,098
Cash flow hedge	-	-	1,199	1,199
At 31 December 2023	11,108	(10,675)	(1,145)	(712)
Foreign exchange differences	-	75	-	75
Transfer to retained earnings	(234)	-	-	(234)
Share based payment	(3,632)	-	-	(3,632)
Shares granted /iii/	5,835	-	-	5,835
Cash flow hedge	-	-	4,577	4,577
At 31 December 2024	13,077	(10,600)	3,432	5,909

/i/ Reserves mainly comprise legal and statutory reserves, as well as bonuses to employee that will be paid in shares. These reserves are distributable.

/ii/ Movements represent amounts attributable to the owners of the Company only.

/iii/ As at 31 December 2024, in accordance with share-based payments program, a total of 138,242 shares (2023: 101,812 shares) were granted. The fair value of the shares granted was determined on the vesting date according to the estimated market price of the share in the amount of EUR 50.50 per share (2023: EUR 55.00 per share).

Components of other comprehensive income:

<i>(in thousands of EUR)</i>	<u>2024</u>	<u>2023</u>
Cash flow hedges		
<i>Currency forward contracts</i>		
Reclassification during the year to profit or loss	739	1,938
Net gain/(loss) during the year of not-yet matured contracts	2,591	(739)
	<u>3,330</u>	<u>1,199</u>
<i>Currency option contracts</i>		
Cost of hedge	(422)	-
Net gain during the year of not-yet matured contracts	1,669	-
	<u>1,247</u>	<u>-</u>
	<u>4,577</u>	<u>1,199</u>

NOTE 24 – TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
Trade payables	147,363	126,304
Trade payables – related parties (Note 30)	30	36
Other payables	80,570	71,866
	227,963	198,206

Other payables recorded as at 31 December are as follows:

	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
Accrued expenses (suppliers)	39,375	34,683
Accrued expenses (suppliers) – related parties (Note 30)	-	60
Contractual obligation to customers	19,680	18,713
Contractual obligation to customers – related parties (Note 30)	286	212
Gross salaries payable	12,333	10,454
Vacation accrual	4,200	3,348
Deferred income	117	552
Dividend payable	82	70
Termination benefits payable	44	60
Other	4,453	3,714
	80,570	71,866

Financial liabilities i.e. trade and other payables excluding gross salaries payable, termination benefits payable and liabilities to state institutions are denominated in the following currencies:

	31 December 2024	31 December 2023
<i>(in thousands of EUR)</i>		
EUR	161,488	138,668
RSD	33,100	32,884
USD	11,577	5,333
RUB	1,906	2,625
Other	5,669	6,052
	213,740	185,562

NOTE 25 – BORROWINGS

<i>(in thousands of EUR)</i>	<u>31 December 2024</u>	<u>31 December 2023</u>
Long-term borrowings:		
Financial institutions /ii/	57,114	46,586
Bonds /i/	-	39,752
	<u>57,114</u>	<u>86,338</u>
Short-term borrowings:		
Financial institutions /ii/	74,332	73,424
Bonds /i/	39,796	11
	<u>114,128</u>	<u>73,435</u>
	<u>171,242</u>	<u>159,773</u>

/i/ In December 2020, Atlantic Grupa issued corporate bonds in the amount of EUR 39,817 thousand at the price of 99.985% with a coupon of 0.875% per annum with semi-annual payment of interest and final redemption on 11 December 2025. The purpose of these Bonds is financing working capital and refinance of bonds whose maturity was on 17 June 2022.

/ii/ Long-term loans from financial institutions include five loans (2023: four loans) with one of them having maturity in 2025. Short-term loans from financial institutions include nine loans (2023: eight loans). As at December 31, 2024, the Group had EUR 45,762 thousand of unused credit lines (2023: EUR 49,900 thousand).

The Group has no borrowings secured by pledges.

Part of borrowings from financial institutions are subject to covenant clauses, whereby the Group is required to meet certain key performance indicators such as total net debt cover, interest cover, cash flow cover and maximum capital expenditures. At the balance sheet date, all covenant clauses were met.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet date are as follows:

<i>(in thousands of EUR)</i>	<u>31 December 2024</u>	<u>31 December 2023</u>
Fixed interest rate	69,579	56,199
Variable interest rate - up to 3 months	38,546	40,592
Variable interest rate - 3 to 6 months	63,117	62,982
	<u>171,242</u>	<u>159,773</u>

NOTE 25 – BORROWINGS (continued)

The maturity of long-term borrowings is as follows:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
Between 1 and 2 years	31,013	56,252
Between 2 and 5 years	26,101	30,086
	57,114	86,338

The average effective annual interest rate related to borrowings from financial institutions at the balance sheet date was 3.93% (2023: 4.83%). The effective annual interest rate related to bonds at the balance sheet date was 0.96% (2023: 0.94%).

The carrying amounts and fair value of long-term borrowings as at 31 December were as follows:

<i>(in thousands of EUR)</i>	Carrying amounts		Fair value	
	2024	2023	2024	2023
Financial institutions	57,114	46,586	55,956	46,318
Bonds	-	39,752	-	37,627
	57,114	86,338	55,956	83,945

The carrying amount of short-term borrowings approximates their fair value.

The carrying value of borrowings and bonds is translated from the following currencies:

<i>(in thousands of EUR)</i>	31 December 2024	31 December 2023
EUR	153,924	133,958
RSD	17,092	25,602
USD	226	213
	171,242	159,773

NOTE 26 – DEFERRED TAX

Deferred tax assets are recognized for tax loss carry forwards and tax credits to the extent that realization of the related tax benefit through future taxable profits of the related Group entities is probable. The Group did not recognize deferred tax assets of EUR 1,367 thousand (2023: EUR 1,067 thousand) in respect of losses that arose in the Company and eight subsidiaries (2023: nine subsidiaries) that can be carried forward against future taxable income.

Deferred tax assets have not been recognized in respect of these losses as it is not probable that future taxable profit will be available for utilization of the temporary differences. Tax losses amounting to EUR 8,959 thousand (2023: EUR 7,665 thousand) expire over the next five years, while the tax losses in the amount of EUR 290 thousand (2023: EUR 206 thousand) do not expire.

Deferred tax assets

<i>(in thousands of EUR)</i>	<u>Provisions</u>	<u>Other</u>	<u>Total</u>
At 1 January 2023	2,128	3,015	5,143
(Charged)/credited to the income statement (Note 11)	1,409	(649)	760
Charged to other comprehensive income	(2)	(246)	(248)
Exchange differences	(132)	4	(128)
At 31 December 2023	3,403	2,124	5,527
Credited to the income statement (Note 11)	354	629	983
Credited to other comprehensive income	11	43	54
Acquisition of subsidiary	55	207	262
Exchange differences	(3)	(16)	(19)
At 31 December 2024	3,820	2,987	6,807

Deferred tax liabilities

<i>(in thousands of EUR)</i>	<u>Fair value uplifts of assets acquired in business combinations</u>	<u>Other</u>	<u>Total</u>
At 1 January 2023	19,455	15	19,470
Charged/(credited) to the income statement (Note 11)	634	(14)	620
Exchange differences	2	(1)	1
At 31 December 2023	20,091	-	20,091
Charged/(credited) to the income statement (Note 11)	(311)	3	(308)
Charged to other comprehensive income	-	1,202	1,202
Acquisition of subsidiary	1,743	-	1,743
Exchange differences	4	-	4
At 31 December 2024	21,527	1,205	22,732

NOTE 27 – PROVISIONS

<i>(in thousands of EUR)</i>	Employee benefits	Legal proceedings	Other provisions	Total
At 31 December 2023	13,248	3,105	181	16,534
Analysis of total provisions:				
Non-current	6,997	892	181	8,070
Current	6,251	2,213	-	8,464
At 1 January 2024	13,248	3,105	181	16,534
Additions	12,893	-	-	12,893
Utilised during the year	(8,764)	(1,632)	-	(10,396)
Reversed during the year	(1,971)	(550)	-	(2,521)
Acquisition of subsidiary	172	26	-	198
Interest expense	348	-	-	348
Increases charged to other comprehensive income	136	-	-	136
Transfer to reserves	(2,203)	-	-	(2,203)
Exchange differences	16	3	-	19
At 31 December 2024	13,875	952	181	15,008
Analysis of total provisions:				
Non-current	8,701	891	181	9,773
Current	5,174	61	-	5,235

Employee benefits

This provision comprises estimated long-term employee benefits relating to one-off retirement benefits and jubilee awards, as defined by the collective bargaining agreement and bonuses to employees. The non-current portion of the provision relates to estimated acquired rights to termination benefits and jubilee awards that will be paid after 31 December 2024. The current amount of employee benefits includes annual bonuses to employees and part of jubilee awards and termination benefits in the amount of EUR 1,043 thousand (2023: EUR 710 thousand) that will be paid out within the period of 12 months from the balance sheet date.

Legal proceedings

In addition to the above, in the ordinary course of business, the Group is defendant and plaintiff in pending legal proceedings. In Management's opinion, the outcome of these legal proceedings will not give rise to any significant loss beyond the amounts provided at 31 December 2024.

NOTE 28 – COMMITMENTS

Capital expenditure contracted at 31 December 2024 but not yet incurred amounted to EUR 26,157 thousand (2023: EUR 10,728 thousand) for property, plant and equipment and EUR 96 thousand for intangible assets (2023: EUR 454 thousand).

NOTE 29 – BUSINESS COMBINATIONS, ACQUISITION AND DIVESTMENT OF SUBSIDIARIES

/i/ On March 1 Atlantic Grupa finalised transaction of acquiring Strauss Adriatic d.o.o., Šimanovci, the owner of Serbian coffee brands Doncafe and C kafa and modern production facility in Šimanovci industrial zone, near Belgrade. As a result of this transaction, the goodwill in the amount of EUR 1,352 thousand was recognized.

Cash paid for acquisition of subsidiary

(in thousands of EUR)

Cash paid	38,612
Fair value of net assets acquired	(37,260)
Goodwill	1,352

Value of net asset acquired

(in thousands of EUR)

	Fair value	Carrying value
Brand	10,776	8,400
Property, plant, and equipment	14,368	5,124
Intangible assets	634	634
Right-of-use assets	1,531	1,531
Deferred tax assets	262	262
Inventories	6,550	6,626
Trade receivables and other receivables	9,732	9,732
Cash and cash equivalents	3,465	3,465
Deferred tax liabilities	(1,743)	-
Provisions	(198)	(198)
Lease liabilities	(1,558)	(1,558)
Trade payables and other payables	(6,559)	(6,559)
Net assets	37,260	27,459

Cash flow from acquisitions of subsidiary

(in thousands of EUR)

Cash paid	38,612
Cash in subsidiary acquired	(3,465)
Payments for acquisition of subsidiary	35,147

Acquired subsidiary in 2024 contributed in the consolidated Income statement with total revenues of EUR 32,040 thousand and a net loss of EUR 3,577 thousand. Had the acquisition taken place at the beginning of 2024, the consolidated revenue for the 2024 would have been EUR 37,125 thousand higher, while net loss would have been EUR 5,485 thousand higher.

/ii/ In 2024, the Group paid additional EUR 185 thousand related to the final purchase price for the acquisition of the subsidiary Eurocenter d.o.o., Zagreb, which was merged to the Company in June.

**NOTE 29 – BUSINESS COMBINATIONS, ACQUISITION AND DIVESTMENT OF SUBSIDIARIES
(continued)**

/iii/ In 2023, Atlantic Grupa acquired 100% ownership in the company Atlantic Eurocenter d.o.o., Zagreb. The difference between the consideration paid and the carrying value of the net assets acquired was allocated to investment property, land, and buildings in the amount of EUR 20,990 thousand.

(in thousands of EUR)

Cash paid	26,566
Carrying value of net assets acquired	(5,576)
Investment property	10,449
Land and Buildings	10,541

Carrying value of net assets acquired

(in thousands of EUR)

Property, plant, and equipment	43
Investment property	5,362
Trade and other receivables	200
Cash and cash equivalents	319
Trade and other payables	(348)
	5,576

Cash flow from acquisition of subsidiary

(in thousands of EUR)

Cash paid	26,566
Cash in subsidiary acquired	(319)
Payments for acquisition of subsidiary	26,247

Acquired subsidiary in 2023 contributed with EUR 200 thousand of revenues and EUR 70 thousand of net profit to the Group.

/iv/ In 2023, the Group paid the remaining EUR 750 thousand for the purchase of the subsidiary Procaffe d.o.o., Zagreb from 2020, the remaining EUR 55 thousand for the purchase of the subsidiary The Best Cofee d.o.o., Podstrana from 2021, and the remaining EUR 27 thousand for the purchase of ZU Ljekarne sv. Kuzma and Damjan, Zagreb from 2022.

NOTE 30 – RELATED PARTY TRANSACTIONS

The Group enters into transactions with related parties – significant shareholders and entities owned or controlled by the ultimate controlling party ('other entities'), among which the most significant transactions are made with Ataco d.o.o., which is co-owned by the ultimate controlling party and which is distributor for a number of quality brands, including the Group's brands on Bosnia and Herzegovina and Montenegro markets.

Related party transactions that relate to balances as at 31 December 2024 and as at 31 December 2023 and transactions recognized for the years then ended, are as follows:

<i>(in thousands of EUR)</i>	<u>Note</u>	<u>2024</u>	<u>2023</u>
RECEIVABLES			
Non-current trade and other receivables	19		
Other entities		1,009	534
Current trade and other receivables	19		
Other entities		15,625	13,355
LIABILITIES			
Trade and other payables	24		
Other entities		316	308
REVENUES			
Sales revenues			
Other entities		95,584	87,064
Other revenues			
Other entities		41	12
EXPENSES			
Marketing and promotion costs	7		
Other entities		2,109	1,867
Other operating costs	8		
Other entities		492	316

Management board compensation

In 2024 members of the Management Board received total gross amount of EUR 3,765 thousand relating to salaries, bonuses, and other receipts in kind (2023: EUR 2,796 thousand).

NOTE 31 – AUDITORS' FEES

Statutory audit services fees to the auditors of the Group's financial statements amounted to EUR 572 thousand (2023: EUR 541 thousand), while fees related to other services amounted to EUR 94 thousand (2023: 51 thousand). Other services relate to Consolidated Sustainability report (ESRS), Report on remuneration of the Management Board and the Supervisory Board, related party reports and agreed upon procedures in relation to received government grants in Republic of Serbia.

NOTE 32 – SUBSIDIARIES

The Group is comprised of the Company and the following subsidiaries in which the Company has an ownership interest above 50% and exercises control:

	31 December 2024	31 December 2023
Atlantic Cedevita d.o.o., Croatia	100%	100%
Atlantic Trade d.o.o., Croatia	100%	100%
- Atlantic Droga Kolinska d.o.o., Slovenia	100%	100%
- Atlantic Štark d.o.o., Serbia	100%	100%
- Atlantic Argeta d.o.o., Bosnia and Herzegovina	100%	100%
- o.o.o. Atlantic Brands, Russia	100%	100%
- Atlantic Grand d.o.o., Serbia	100%	100%
- Unikomerc d.o.o., Serbia (merged with Atlantic Grand in 2024)	-	100%
- Atlantic Grand d.o.o., Bosnia and Herzegovina	100%	100%
- Atlantic Grand d.o.o.e.l., North Macedonia	100%	100%
- Atlantic Brands d.o.o., Serbia	100%	100%
- Strauss Adriatic d.o.o., Serbia (acquired in 2024)	100%	-
- Atlantic Trade d.o.o., Slovenia	100%	100%
- Atlantic Trade d.o.o., North Macedonia	75%	75%
- Procaffe d.o.o., Croatia	100%	100%
Farmacia Holding d.o.o., Croatia	100%	100%
- ZU Ljekarne Farmacia, Croatia	100%	100%
- Farmacia - specijalizirana prodavaonica d.o.o., Croatia	100%	100%
- ZU Ljekarne sv. Kuzma i Damjan, Croatia	100%	100%
Montana Plus d.o.o., Croatia	100%	100%
Atlantic Point d.o.o., Croatia	100%	100%
Atlantic Eurocenter d.o.o., Hrvatska (merged with the Company in 2024)	-	100%
Hopen Investments, BV, Netherlands	100%	100%
- Atlantic Management GmbH, Germany	100%	100%
- Hopen Cyprus Ltd., Cyprus (liquidated in 2024)	-	100%
Atlantic Brands GmbH, Austria	100%	100%

NOTE 33 - EVENTS AFTER THE REPORTING PERIOD

There were no material events that occurred after the balance sheet date, which would have had a significant impact on the financial statements as of the date or for the period then ended, or that were of such importance for the Group's operations that they would require disclosure in the notes to the financial statements.
