Annual Report of Atlantic Grupa

FOR 2024

ATLANTIC GRUPA Creating flavours you love

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INTRODUCTION

A leading **food and beverage manufacturer** in South-East Europe

NO.1

OWNER OF THE NO1 FISH&MEAT PATE IN EUROPE

A leading regional **distributor**

OWNER OF THE LEADING PHARMACY CHAIN IN CROATIA

1,080.3

SALES REVENUE (IN MILLION EUR)

Listed on the **Prime Market of the Zagreb Stock Exchange.**

13

MODERN PRODUCTION PLANTS

5,716

EMPLOYEES

25 M

9 BRANDS WITH SALES ABOVE EUR 25 MILLION

INTRODUCTION

ANNUAL REPORT OF ATLANTIC GRUPA FOR 2024

FINANCIAL INDICATORS

Sales (in millions EUR)

2024	1,080.3
2023	973.9

+10.9%

EBITDA (in millions EUR)

2024	97.0
2023	86.6

+ 12.0%

Normalized EBITDA (in millions EUR)

2024	90.9
2023	82.4

+ 10.3%

Normalized EBITDA margin (in millions EUR)

2024	8.4%
2023	8.5%

-5 bp

Free cash flow (in millions EUR)

2024	18.5
2023	20.3

-9.1%

Cash flow from operating activities (in millions EUR)

2024	67.9
2023	60.0

+13.3%

Dividend per share (in EUR)

2024	1.2
2023	1.0

+ 20.0%

ESG INDICATORS

Absolute Scope 1 & 2 (tC02e)

2024	29,892
2023	28,844
2020	52,798

-43.4% vs 2020

Share of energy from renewable sources

2024	29%
2023	29%
2020	0.6%

+2,830 bp vs 2020

Recycled plastic use ratio

2024	14%
2023	15%
2020	0%

+1,440 bp vs 2020

Water withdrawal for operations (m3/t products)

2024	1.7
2023	2.0
2020	2.1

-19.0% vs 2020

Share of women in managerial positions

53.2%

Emil Tedeschi — President and CEO of Atlantic Grupa

In a still unstable and challenging environment, Atlantic Grupa in 2024 achieved sales growth in almost all business and distribution units. Thanks to this growth and energy savings, we managed to achieve a growth in profitability despite the significant rise in raw coffee and cocoa prices and higher investments in employees and marketing. This year, we also reached a symbolic financial milestone—total sales exceeding one billion euros. A significant driver of this achievement was the strong growth in the Coffee, Beverages and Savoury Spreads units.

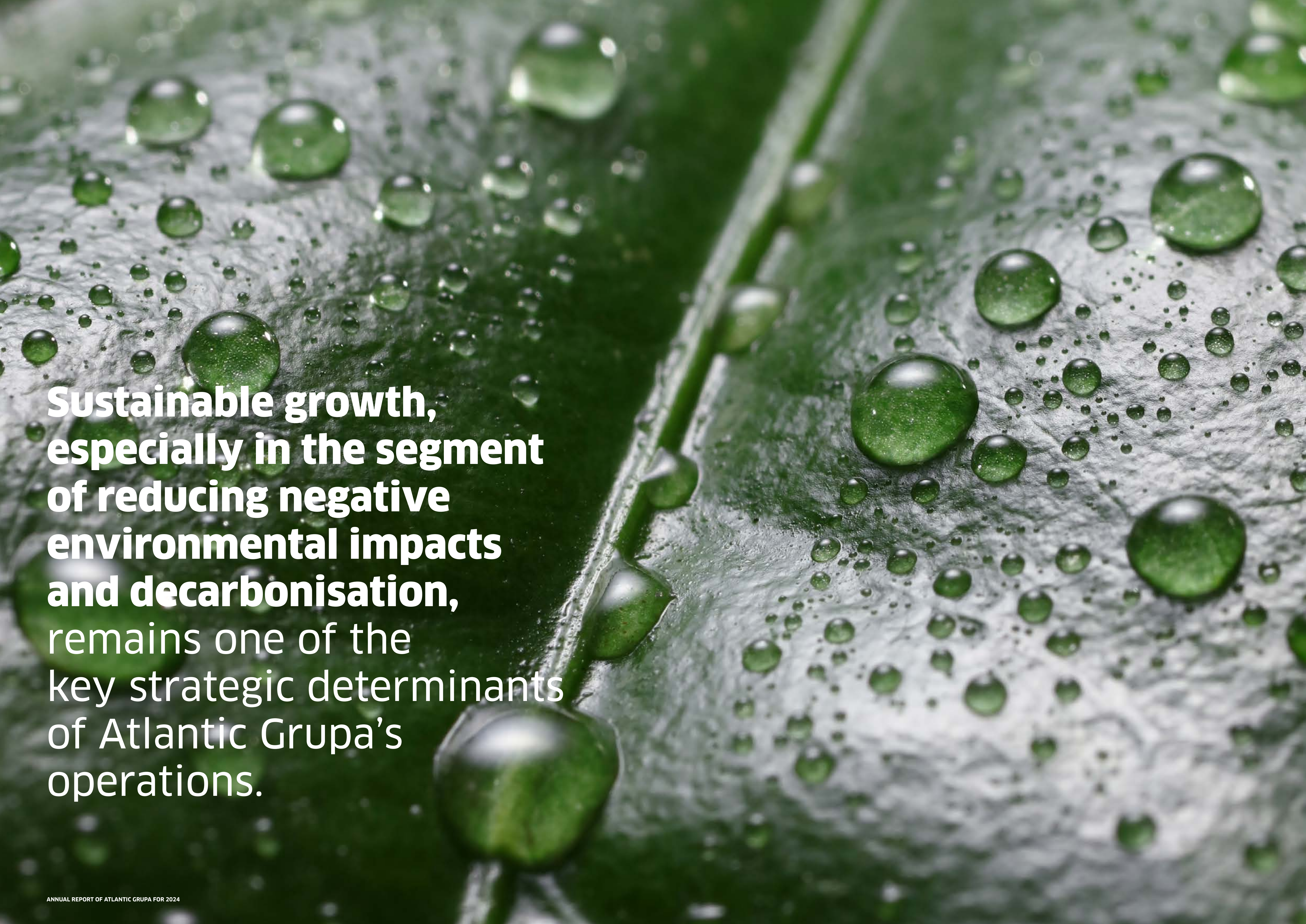
Among key business developments during 2024, it is worth noting that, in the first half of the year, Atlantic completed the acquisition of the company Strauss Adriatic. This strengthened our portfolio with the brands Doncafe and C Kafa, along with a modern production facility in Šimanovci near Belgrade. The integration was highly successful and significant synergistic effects are expected already in 2025. This acquisition reaffirms Atlantic Grupa's strategic commitment to strengthening our core business, of which coffee is a large part. It also contributes significantly to the development of the coffee category in Serbia and enhances the competitiveness of both the regional coffee industry and local brands. As for developments in distribution, we should highlight the automation of our central warehouse in Vukovina with advanced 2D shuttle technology, which Atlantic introduced among the first in this part of Europe. Our basic priorities in the following period stay the same – ensuring unhindered continuity of production and continuous supply to our buyers and consumers while focusing on strengthening competitiveness, innovation and profitable growth, as well as sustainable development and social responsibility in the widest sense possible.

Sustainable growth, especially in the segment of reducing negative environmental impacts and decarbonisation, remains one of the key strategic determinants of Atlantic Grupa's operations, so we are pleased that relevant professional institutions and organisations recognised the company as an ESG leader in the region. We also received the "Equal Pay Champion" certificate, awarded to companies committed to equal pay for their employees for equal work, and equal career opportunities regardless of gender. Additionally, in Bosnia & Herzegovina, we received the Go Green Star award for responsible consumption and production.

Atlantic Grupa again in 2024 received the award for best relations with investors, presented by Poslovni dnevnik in cooperation with the Zagreb Stock Exchange (ZSE). This is the 14th year the award has been presented, and Atlantic was among the top three companies on thirteen occasions. Winning the first place for the fifth year in a row further testifies to our commitment to transparency, professionalism and quality business reporting. Atlantic Grupa also received the award for best corporate governance, organised by Jutarnji list and the Croatian Financial Services Supervisory Agency (HANFA), reaffirming the company's consistent excellence in this field. Additionally, this year our leading brands again earned numerous accolades for market communication at regional competitions. Beyond the region, the silver Euro Effie Argeta won for the campaign "Ode to Bakers" deserves special recognition.

Our stable financial position, the strength of our brands, optimisation of business processes, and quality strategic management enabled us to keep jobs safe and provide better conditions for our employees—enhancing not only our results but also practices that are part of good corporate governance traditions. In further business development, alongside all the above, we focus on strengthening competitiveness, innovation, profitable growth and sustainable development.

Emil Tedeschi



Sustainable growth, especially in the segment of reducing negative environmental impacts and decarbonisation, remains one of the key strategic determinants of Atlantic Grupa’s operations.

About the company

Atlantic Grupa is a vertically integrated multinational company whose business activities incorporate R&D, production and distribution of fast moving consumer goods predominantly in South-East Europe, as well as in the West European markets. Since the company's inception in early 1990's, Atlantic pursued a growth strategy based on the combination of organic growth and almost 50 acquisitions of different sizes, of which most prominent ones, or those with a transformative character, were the acquisitions of companies Cedevita and Droga Kolinska.

Today, Atlantic Grupa is a company with: (i) EUR 1,080.3 million in sales revenues, (ii) 13 modern production plants (in Croatia, Slovenia, Serbia, Bosnia & Herzegovina, and North Macedonia), (iii) developed regional distribution infrastructure, and (iv) 9 brands with sales above EUR 25 million, as well as high market shares and consumer recognisability. Atlantic Grupa has a well-balanced presence in South-East Europe accounting for 91.9% of total sales, while 8.1% refers to the company's presence in West Europe and other markets.

We are one of the leading food and beverage manufacturers in South-East Europe with prominent coffee brands - Grand Kafa, Doncafe, C Kafa, Barcaffè and Bonito; range of beverage brands - Cedevita and Cockta, portfolio of sweet and salted snacks brands - Smoki, Najlepše Želje, Bananica, Štark and Prima, the brand Argeta in the segment of savoury spreads, the brand Donat in the segment of functional waters, and the brand Boom Box in the segment of oat-based products. Additionally, Atlantic Grupa owns the leading pharmacy chain in Croatia under the Farmacia brand, with a total of 104 pharmacies and specialised stores.

Company history

The beginning of Atlantic Grupa goes back to 1991 and the incorporation of the company Atlantic Trade d.o.o. for distribution of consumer goods. In the following years, the company grew into a strong national distributor with distribution centres in Zagreb, Split, Rijeka and Osijek and a respectable distribution portfolio from principals such as Wrigley, Mars, Ferrero, Gillette, Duracell, Johnson & Johnson, etc.

With the opening of the representative office in Bosnia & Herzegovina in 2001, followed by own distribution companies in Serbia, North Macedonia and Slovenia, the company became a regional company. In addition to being a distribution company, with the acquisition of Cedevita d.o.o. in 2001, Atlantic Grupa also became a production company.

Breaking out of the region followed in 2005 with the acquisition of a German producer of sports food with the well-known Multipower brand, with which Atlantic Grupa entered the Western European market. In 2006, the parent company was transformed into a joint stock company and next year, after successful implementation of the initial public offer of shares, Atlantic Grupa quoted its shares on the Official Market of the Zagreb Stock Exchange. In 2008, the company started to acquire pharmacy institutions and form its own pharmacy chain. By mid-2010, Atlantic Grupa grew into one of the leading European producers of sports food, the regional leader in the production of vitamin drinks and food supplements, the leading consumer goods distributor in South-East Europe as well as the owner of one of the leading pharmacy chains in Croatia joined under the name Farmacia.

A turning point in the company's operations was its largest acquisition in the Group's history – takeover of the company Droga Kolinska with a developed brand portfolio from its own production programme and leading positions in regional markets. By finalising the acquisition in 2010, Atlantic Grupa became one of the leading regional food companies. The company's operations in the post-acquisition period were marked by the processes of comprehensive integration, where the most noticeable was the process related to distribution and logistics. The process of merging the distribution operations in each regional market resulted in the creation of a strong regional distribution network. In the production segment, focus was placed on integrating individual production activities and transferring outsourced production activities into own activities for the purpose of a more cost-efficient use of the existing production capacities. The supply segment saw the implementation of a centralised system with the introduction of a key client concept for basic raw materials. IT consolidation at the Group's level was successfully completed by redefinition of the model of user support, redesign of a portion of the IT service and standardisation of the technological platform. The integration processes transformed Atlantic Grupa into a strong producer and distributor in South-East Europe, thus creating a strong foundation for further business development and expansion.

In the years of consolidation that followed, there was a need to optimise the portfolio and simplify the management model to increase efficiency. As a result, with the 2017 sale of the production segment of sports and functional food in Germany and Croatia, Atlantic Grupa started a strategic process of divesting smaller and non-core businesses. Over the next few years, this was followed by further divestments of the entire business operations of sports and functional food (Multipower), cosmetics (Neva), dietary supplements (Dietpharm) and baby food (Bebi). In terms of development, the company in 2019 directed its strategic focus on strengthening the main categories of consumer goods, namely coffee, savoury spreads, salty snacks, chocolate and beverages. In line with the core strategic determinant defined in this way, an extensive investment cycle was carried out, including almost EUR 200 million of capital investments in the period from 2020 to end-2024. The beginning of the investment cycle coincided with the global corona virus pandemic, but the stable financial position, optimisation of business processes and good strategic management have enabled Atlantic Grupa to maintain business continuity and job security, while actively helping the community in the fight against the coronavirus, primarily through efforts to protect the health of our employees and keep jobs safe, as well as one of the largest donors to health institutions in the region. On top of investing in the growth and development of the main categories, investments are also made in the development of distribution operations as a strategic area of operations. Beyond strengthening the regional distribution function, expanding the principals' network and enhancing IT and logistics infrastructures, significant investments are dedicated to the growth of distribution operations in Austria, where, since 2023, Atlantic has been, alongside its own product range, distributing the portfolio of Podravka, another strong regional food company.

In 2024 Atlantic Grupa acquired the company Strauss Adriatic in Serbia, strengthening the core coffee portfolio with brands Doncafe and C Kafa, moving its coffee production and development center to the modern production facility in Šimanovci near Belgrade, and contributing significantly to the development of the coffee category in Serbia as well as enhancing the competitiveness of both the regional coffee industry and local brands.

NATIONAL COMPANY

1991
Incorporation of Atlantic Trade and the development of consumer goods distribution
Establishing cooperation with Wrigley and Mars

1992
Opening of the distribution centre Split

1994
Opening of distribution centres Osijek and Rijeka

1996
Cooperation with Gillette/Duracell

1997
Investment in the Ataco distribution system in BiH

1998
Launch of Montana, the first Croatian ready-made sandwich with prolonged freshness

1999
Establishing cooperation with Johnson & Johnson

REGIONAL COMPANY

2001
Start up of a distribution company Atlantic Trade d.o.o. Serbia
Acquisition of Cedevita d.o.o.
Establishing cooperation with Ferrero

2002
Incorporation of Atlantic Grupa d.o.o.

2003
Acquisition of Neva d.o.o.
Start up of a distribution company Atlantic Trade Skopje d.o.o.

2004
Start up of a distribution company Atlantic Trade d.o.o. Ljubljana
Acquisition of the brand Melem

EUROPEAN COMPANY

2005
Acquisition of a German sports food producer Haleko/Multipower

2006
Establishing a representative office in Moscow
Transformation of Atlantic Grupa into a joint-stock company

2007
Acquisition of Fidifarm d.o.o. ,
Acquisition of Multivita d.o.o.
Listing of Atlantic Grupa d.d. shares on the Official Market of the Zagreb Stock Exchange

2008
Acquisition of pharmacies and forming of the pharmacy chain Farmacia

2010
Acquisition of Droga Kolinska d.d.
Acquisition of Kalničke Vode Bio Natura d.d.

2013
Establishing cooperation with Unilever

2015
Acquisition of Foodland d.o.o. and construction of the factory of Atlantic Multipower Croatia

2016
Establishing distribution companies in Austria and Germany

2017
Strategic partnership with Aminolabs

2018
Savoury spread Argeta No.1 in Europe
Atlantic Grupa d.d. the first company listed on the Prime Market of the Zagreb Stock Exchange
Sale of Neva d.o.o.

2019
Sale of the brands Multipower, Champ and Multaben from the Sports and Functional Food's portfolio through the sale of the company Tripoint GmbH
Sale of the Dietpharm brand through the sale of the company Fidifarm d.o.o. and of the brand Multivita from the Personal Care's portfolio
Divestment of the distribution of bottled water for dispensers through the sale of the company Bionatura Bidon Vode d.o.o.
Strategic partnership with the network of Vivas cafés

2020
Sale of the brand Bebi
Strategic partnership with Procaffe

2021
Sale of the production plant Mirna
Launch of two completely new brands – Jimmy Fantastic and Boom Box

2022
Sale of the production plant Palanački Kiseljak

2024
Acquisition of Strauss Adriatic d.o.o. (Doncafe, C Kafa)

Offices and production facilities **in 8 countries**

OFFICES + PRODUCTION FACILITY

Croatia
Bosnia and Herzegovina
North Macedonia
Slovenia
Serbia

OFFICE

Austria
Montenegro
Russia

Corporate strategy of Atlantic Grupa

The corporate strategy encompasses a singular vision of the company, the common goals of the organisation, and the creation of a distinct culture through which the company's set aspirations are realised. This way, it also creates a shared awareness of what the company aims to be within a specific time frame. Recently, we have been confronted with numerous changes in the industry and geopolitical environment, which exert influence on our business: inflation, decline in purchasing power, labour shortages, uncertainty in securing the supply chain, changing attitudes and expectations of employees towards work, digitization of operational processes, new legal restrictions, and so on.

All these changes required us to adjust our strategic goals, which is why an update of corporate strategy was done in 2023. Upgraded strategic goals and priorities enable the company to generate growth, recover profit margins, and enhance the overall competitiveness and value of the company as a whole.
We have a portfolio of leading brands with which we aim to ensure sustainable and long-term growth. We are focused on productivity because that is the only way we can support long-term growth ambitions. Additionally, we remain committed to taking care of our organisation, as people and brands are what make the difference for Atlantic.

In line with the above, the theme of this corporate strategy cycle is **Profitable Growth**. Profitable growth will be achieved through three corporate strategic goals:

- Creating **growth** by leveraging our strengths,
- Increasing **productivity** by investing in technology, knowledge, and process standardisation, and
- **Empowering the organisation** through living our values with an emphasis on care and responsible behaviour towards employees and the community.

GROWTH
We have a strong and unique portfolio of our own brands and the brands of our partners that we distribute. Through continuous work on increasing the relevance of our brands and categories in the years ahead, we will further strengthen our leading positions.
In addition to strengthening existing positions in current categories, markets and companies, we will continue to explore and selectively invest in new but related areas.

PRODUCTIVITY
To support our growth ambitions and create long-term value for all stakeholders, we will endeavour to increase our productivity.
Technological and process upgrades to our operations and supply chain, the definition of long-term plans for performances of our brands in the markets, and focused digitization of key business needs will favourably affect the development of our profit margins.

EMPOWERED ORGANISATION
We want to attract and retain talented individuals and further invest in the development of people who drive our brands and operations to achieve growth in an increasingly complex business environment.
To successfully navigate the complexities of social, environmental and economic changes, in addition to developing the necessary competencies, we will continue building an adaptable and open culture, as well as nurture our responsible business management. Activities and projects aimed at advancements in the ESG field ensure better propositions for our consumers in the long term, thereby strengthening the relevance of company brands and supporting increased productivity in our production operations.

STRENGTHEN THE CORE	**EXPAND PORTFOLIO**	**PRODUCTIVITY ENGINE**	**EMPOWERED ORGANIZATION**
ENSURE CONSUMER RELEVANCE OF OUR **BRANDS & CATEGORIES**	**NEW CONSUMER PROPOSITION** USING OUR STRENGHTS	UPGRADING OUR **OPERATIONAL EXCELLENCE**	BUILD **ORGANIZATIONAL RESILIENCE** OPEN FOR CHANGE
COFFEE LEADERSHIP AT OUR CORE	**PROACTIVE M&A** TO INCREASE OUR STRATEGIC POSITION	ENSURING **BRAND-MARKET EFFECTIVNESS**	**TALENT MANAGEMENT** TO FUEL GROWTH
NOURISH OUR **DISTRIBUTION LEADERSHIP**	**INTERNATIONAL MARKETS** WHERE WE CAN WIN	**FOCUSED DIGITAL** WHERE BUSINESS NEEDS IT THE MOST	CREATING VALUE WITHIN **ENVIRONMENTAL, SOCIAL & GOVERNANCE**

CORPORATE STRATEGIC PROJECTS
Along with the implementation of the corporate strategy through the strategies of our business and distribution units and central functions, a new cycle of corporate strategic projects was launched. Strategic projects are not related to any specific organisational unit, but are focused on changes we want to achieve across the entire company. All employees are invited to participate in the work on corporate strategic projects, whereby these projects are enriched by a variety of perspectives. In this way, we also provide employees with additional opportunities for their development.
In accordance with the company's strategic priorities, these projects will deal with the effective financial performance of our brands, harmonisation and improvement of operational processes, related competencies, automation, digital literacy, creation of new development opportunities for employees and additional strengthening of a cohesive culture within the company.

OUR BUSINESS

COFFEE

SAVOURY SPREADS

SNACKS

BEVERAGES

PHARMACY BUSINESS

DONAT

NEW GROWTH

DISTRIBUTIONS

OUR BUSINESS

Organisational structure

Operations of Atlantic Grupa are organised within two basic segments:

- Business Operations and
- Corporate Support Functions.

Business operations of Atlantic Grupa may be followed through, on one hand, business activities of special business units related to individual product types and, on the other hand, special sales units which cover all major markets as well as strategic sales channels.

Atlantic Grupa's business operations concerning the company's product portfolio were organised through Strategic Business Units – Beverages, Coffee, Snacks, Savoury Spreads, Pharmacy Business, and Business Unit Donat. The company's distribution operations are organised through six distribution units and the global distribution account management. The markets in which Atlantic Grupa provides a complete distribution service consist of Strategic Distribution Units Croatia, Serbia, Slovenia and North Macedonia, and Distribution Units Austria and Russia, while the markets which we dominantly manage through our distribution partners have been grouped into a single distribution area, Global Distribution Account Management.

Corporate support functions ensure the implementation of uniform corporate standards and more transparent and efficient business operations at the company level. Corporate support functions are centrally organised and, depending on their respective functional area, provide support to the development and management of the entire Atlantic Grupa.
These corporate support functions are divided into:

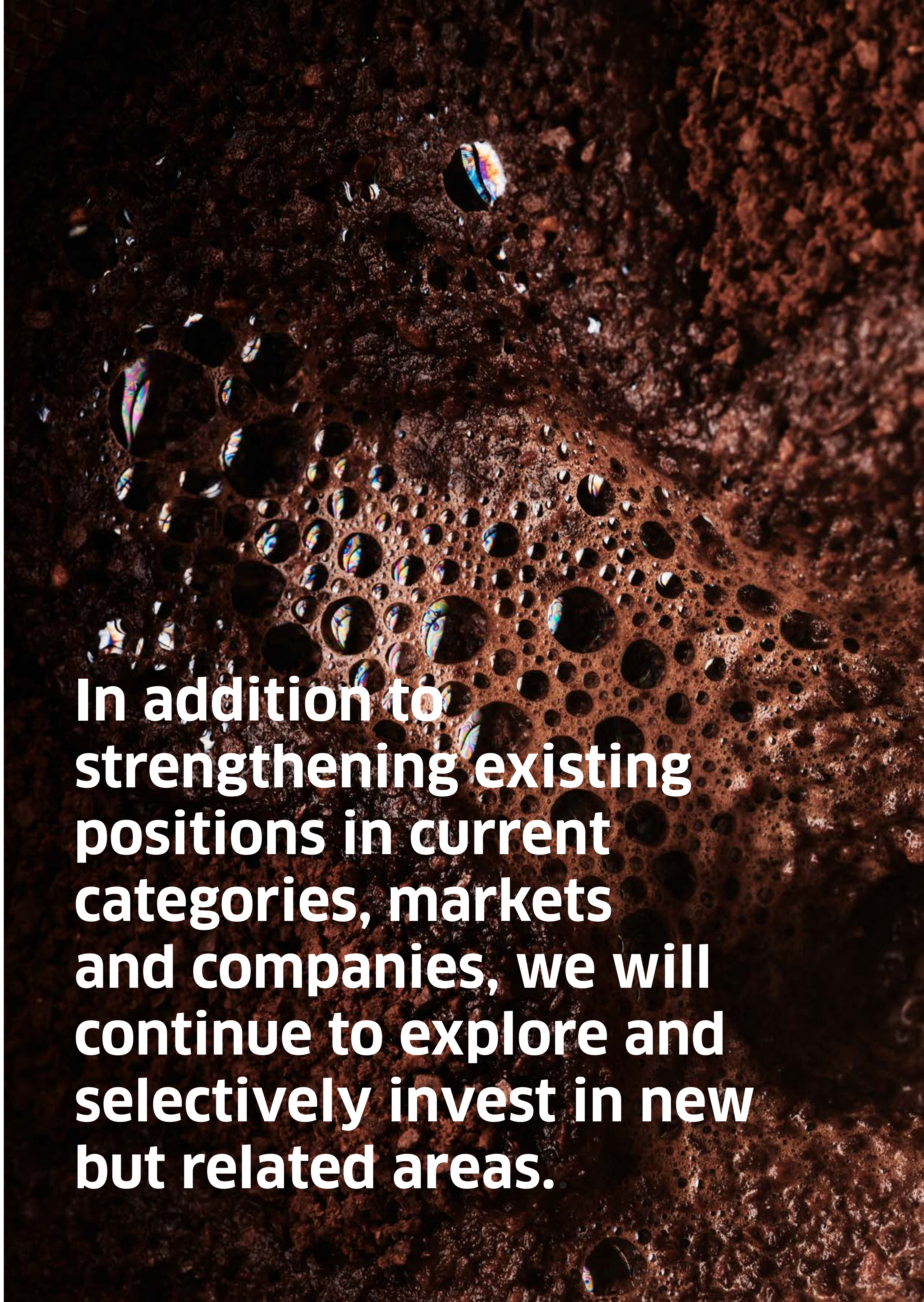
- Corporate Activities;
- Finance, Procurement and Investment;
- Corporate Strategy and Development; and
- Transformation and Information Technology.

The strategic corporate function Corporate Activities includes the following departments: Secretariat General, People and Culture, Corporate Communications, Corporate Legal Affairs, Quality Management and Asset Management, and Corporate Services.
The strategic corporate function Finance, Procurement and Investment includes the following units: Corporate Reporting and Consolidation, Central Purchasing, Investments and Operational Excellence, Central Finance and Corporate Controlling, Corporate Tax, Corporate Treasury and Investor Relations.

The strategic corporate function Corporate Strategy and Development covers strategic initiatives, implementation of the long-term development strategy and corporate development activities with focus on M&A and strategic partnerships, as well as new growth through the detection of new areas and categories for developing business operations and creating new brands.

The strategic corporate function Transformation and Information Technology is responsible for managing information communication technology functions required for maintaining and improving Atlantic Grupa's operations, level of service and competitiveness with special focus on digital transformation of overall and individual business segments.

In addition to the above, the organisational structure also includes the support function of Internal Audit, which operates as an independent function that reports to the Supervisory Board of Atlantic Grupa.



BUSINESS OPERATIONS OF ATLANTIC GRUPA

(STRATEGIC) BUSINESS UNITS

STRATEGIC BUSINESS UNIT COFFEE

COFFEE

STRATEGIC BUSINESS UNIT COFFEE

24.5%↑

SALES GROWTH

249 M EUR

SALES REVENUE

The entire Atlantic Grupa's coffee production in Serbia will be consolidated in the **modern production facility in Šimanovci.**

Acquisition of producer **Strauss Adriatic in the Serbian market**

9% organic growth of existing brands, despite severe challenges in the supply chain.

↑

11 M EUR

CAPITAL INVESTMENTS

STRATEGIC BUSINESS UNIT COFFEE

For the Strategic Business Unit (SBU) Coffee, 2024 was marked by numerous challenges caused by rising raw coffee prices and logistical supply chain issues. Despite these challenges, SBU Coffee successfully secured the highest-quality raw materials for its products. The year was also marked by the acquisition of the company Strauss Adriatic in March. **In 2024, SBU Coffee, along with this acquisition, generated sales revenue in the amount of almost EUR 249 million, which represents a 24.5% growth compared to the previous year, including a 9% organic growth of existing brands.**

The highest organic growth was recorded in the categories of espresso coffee (18%) and instant coffee (15%). Given the highly competitive environment in these categories, this double-digit growth rate confirms the quality of our products and underscores our strengthened position in these fast-growing segments. **Our largest category of roasted and ground coffee defended its position in all markets**, despite the decline of this category in the region caused by rising prices.

Since the beginning of 2024, the price of raw coffee has seen consistent growth, as reflected in the price movements of the two main coffee varieties on the stock market - Arabica and Robusta. At the beginning of the year, the price of Arabica was around 180 cents per pound, rising to 330 cents per pound by year-end. A similar trend was observed with the price of Robusta, which surged from USD 3,000 per tonne to a record USD 5,600 per tonne. Due to the aforementioned trends, and despite successful hedging, the total cost of raw coffee for Atlantic Grupa in 2024 was EUR 11.5 million higher compared to the previous year, excluding the impact of the acquisition of Strauss Adriatic.

Throughout the year, the raw coffee market faced numerous challenges that led to rising prices and logistical issues:

- Bad weather conditions in Vietnam, the world's largest producer of Robusta, reduced the harvest, leading to a global shortage of Robusta and a subsequent price increase.
- Drought and record-high temperatures in Brazil, the world's largest producer of Arabica, reduced the harvest, driving global prices higher.

- The shortage of containers and delays in coffee deliveries to importer ports also contributed to the rise in Robusta prices.
- At the start of the year, attacks by Hutus on merchant ships disrupted shipping routes from Asia to Europe, increasing transit times from 30 to 90 days.
- Strikes at ports of origin led to additional shipment delays.
- The introduction of the EU Deforestation Regulation (EUDR) also drove up the price of raw coffee in the European Union.
- A more significant influx of speculators into the futures contracts market for raw coffee greatly increased the volatility of coffee prices, exacerbating the upward price trend.

As a result of all the above factors, supply is expected to remain below anticipated demand in 2025, so further rise in coffee prices can be expected.

In 2024, Atlantic Grupa acquired Strauss Adriatic, a company which operates in the Serbian market. This acquisition is a perfect strategic fit for SBU Coffee. Strauss Adriatic's portfolio includes coffee brands with strong market positions, such as Doncafe and C Kafa, as well as brands with strong regional growth potential, such as Java. An additional component of this acquisition is a modern production and storage facility in Šimanovci, where the entire Atlantic Grupa's coffee production in Serbia will be consolidated in the future. During 2024, the portfolio of said brands was successfully integrated, and in 2025, the focus will shift to consolidating all production at the location in Šimanovci. As a result of this acquisition, the share of Serbia as our largest coffee market increased to 51%. In terms of market size, Serbia is followed by Slovenia, Croatia, and Bosnia & Herzegovina.

In 2024, Grand Kafa continued to successfully implement its long-term business strategy, with equal emphasis on both brand and category development. Over the past few years, Grand Kafa has consistently focused on modernising its portfolio and ensuring transparent, responsible business operations. As a result, **the third product in the Single Origin assortment was launched – Peru Chanchamayo, which features the Rainforest Alliance label along with innovative, fully recyclable packaging made of Genprotect foil.**
In 2024, the development of the long-term communication platform continued and the third instalment of "Let's Have Time for Ourselves" was launched. In addition to enhancing the brand image, this platform also won the sympathies of the professional community, and this year, it has once again received numerous prestigious awards. The campaign won a total of five awards - one Kaktus and four UEPS awards (a prestigious recognition in Serbia's marketing industry) - two gold, one silver and one bronze. Through the socially responsible activity, "Let's Have Time for an Exam", we have so far facilitated over 40,000 free mammography exams across Serbia. **The success of the brand Grand Kafa was also recognised by the marketing profession, and during 2024 we won numerous awards throughout the region:** UEPS, Kaktus, InsiderID Research, Business Leader, Campaign with Purpose and Social Media Summit.

In Slovenia, Barcaffè retained its leading position and close relations with consumers. Successfully implemented sales and marketing activities are reflected in the stabilisation of sales and market share in the largest category of roasted and ground coffee. In Croatia, Barcaffè during the year further strengthened its position as the number two brand while also increasing its market share.

Barcaffè launched a new image campaign, "The Greatest Treasures", which was well received by consumers. An amusing online fortune-telling tool was also launched, allowing consumers to receive a personalized forecast of their future with the help of artificial intelligence. This is one of Barcaffè's most successful marketing activities, generating more than 200,000 predictions throughout the year. **In 2024, Barcaffè received numerous awards for marketing activities: Netko, Inorbit, Websi, Sempler.**

As part of the strategy of strengthening the master brand, the second edition of the successful project - Barcaffè Artist Edition - was launched. The project covers multiple categories and promotes the brand's collaboration with local artists. This year's collaboration is particularly interesting, bringing together two artists with distinctive styles: Marina Mesar (OKO) and Đura Kelja. Their artistic vision and talent bring emotional depth and strong artistic expression to the mugs.

The espresso coffee category in the out-of-home (OOH) channel has been experiencing impressive growth for years, both in sales results and in the perception of buyers and consumers. This success is driven by strong support from master brand projects, further reinforcing its position as the market leader. In 2024, **Barcaffè espresso expanded its sustainable offer by introducing, along with Flora, Barcaffè Terra** in the on-the-go (OTG) segment. Together, these two blends symbolise commitment to quality, innovation and environmental responsibility.

In the out-of-home segment, the emphasis is on further developing the espresso category. This focus is confirmed by international awards:

- Two gold medals for products Flora and India Single Origin at the prestigious International Coffee Tasting competition in Italy.
- Aleš Gorenc, a Barcaffè barista, became the 13th recipient of the golden pot at the World Latte Art Grading Championship (WLAGS), held as part of the prestigious coffee fair TriestEspresso Expo in Trieste - the leading international fair dedicated to espresso coffee. This achievement further confirms the top quality and expertise of our team.

Additionally, we continued the tradition of organising the Barista Cup, a renowned regional competition that brings together young and talented baristas from across the region.
Atlantic Grupa continues to strengthen its position in the instant coffee segment in the region. Our brands rank second in the White Cup segment, with a trend of increasing market share in the Black Cup segment.

In 2024, SBU Coffee increased capital investments to a record EUR 11 million. The majority of these investments are dedicated to integrating production in Serbia, including modernising the production facility in Šimanovci and upgrading production equipment. The remaining investments focus on replacing equipment in the HoReCa channel and modernising packaging and roasting lines across all production facilities.

ANNUAL REPORT OF ATLANTIC GRUPA FOR 2024

STRATEGIC BUSINESS UNIT SAVOURY SPREADS

SAVOURY SPREADS

STRATEGIC BUSINESS UNIT SAVOURY SPREADS

9.1% ↑

SALES GROWTH

150 M EUR

SALES REVENUE

The most significant addition to the portfolio, and an **entry into a new, growing category is Argeta salads.**

NO.1

OWNER OF THE NO1 FISH&MEAT PATE IN EUROPE

Argeta solidified its position as Europe's leading meat and fish pâté brand, with record sales in Germany, establishing the country as Argeta's second-largest market with a 27% volume share.

4 M EUR

CAPITAL INVESTMENTS

PRIMARILY DIRECTED TOWARDS ENERGY CONSUMPTION OPTIMISATION

STRATEGIC BUSINESS UNIT SAVOURY SPREADS

The SBU Savoury Spreads demonstrated exceptional performance in 2024, marked by total sales of EUR 150 million and a 9.1% value growth compared to 2023. This success can be attributed to several strategic initiatives, including innovative product launches, targeted investments yielding high returns on investment (ROI) and significantly improved distribution, especially in Germany.

Argeta contributed 9.3% year-on-year value growth, solidifying its position as **Europe's leading meat and fish pâté brand.** Studies indicate that over 40 million Europeans regularly consume Argeta in markets such as Germany, Switzerland, Austria, Slovenia, Croatia, Bosnia & Herzegovina and Serbia (Ipsos, BVC research, 2024).

In 2024, Argeta experienced a record-breaking year in its regional markets, achieving historically highest sales in Bosnia & Herzegovina, Croatia, Serbia, North Macedonia, Montenegro and Austria. Total regional sales were 10% higher than in 2023, leading to an increase in market share and solidifying Argeta's position as the **leading brand in the savoury spreads category in Slovenia, Bosnia & Herzegovina, Austria and Croatia.** Growth was observed across all brand groups and segments, with notable excitement about the growth in the Argeta Junior and Argeta fish segments.

Internationally, Argeta also achieved great results, particularly in Germany, with record sales of more than 2,100 tonnes, establishing it as Argeta's second-largest market. In the German mass market, Argeta is the clear number 1 shelf-stable brand in meat spreads with a 27% volume market share and a 32% value according to Nielsen data. Immense growth in Germany was driven by strong distribution expansion to key accounts Kaufland, Netto, and first in-out activities at Lidl and Penny. Additionally, high ROI marketing campaigns also played a key role, including the first big out-of-home campaign, ski jump sponsoring and the successful first national TV campaign reaching more than 30 million Germans. Argeta holds an even stronger leading position in Switzerland with a 37% market share in volume and 35% in value. Targeted digital awareness campaigns, touchpoint samplings and cooperation with a local brand ambassador further supported and strengthened Argeta's market position.
In terms of portfolio development, Argeta continued its user-centric strategy in 2024.

The most significant addition to the portfolio is Argeta salads, marking Argeta's entry into a new, growing category and expanding the typically fish-based canned salad offerings with more unique flavours based on pieces of roasted chicken and vegetables. Argeta also responded to numerous consumer requests and suggestions by launching new pâté flavours. Argeta Extra Spicy caters to those who have repeatedly asked for an even spicier Argeta, Argeta Fish with Vegetables is based on the popular mackerel, while Argeta Junior Grilled Chicken Breast brought a significant sales uplift of the Argeta Junior sub-brand across all regional markets, especially in Slovenia and Serbia. Argeta Junior not only kept kids' tummies happy, but its mascot, Junior Duck, also put a smile on nearly 50,000 children's faces as a plush toy. As every year, Argeta also launched an Exclusive limited-edition taste in 2024, this year with chef Jure Tomič from the renowned restaurantOšterija Debeluh in Slovenia.

In 2024, Argeta achieved significant milestones in sports sponsorships to enhance brand awareness and image. The brand supported various sports disciplines, including Slovenian and Croatian Ski teams, German biathletes, Slovenian BMX cyclists, and the basketball team Cedevita Olimpija. Notably, Argeta sponsored international winter sports events like the FIS World Cup Alpine Skiing Women in Kranjska Gora and the FIS World Cup Ski Jumping in Planica for men and women, as well as FIS Ski Jumping events in Germany.

Argeta significantly increased its advertising reach on social media, reaching over 38 million users, with the largest growth in Germany. The campaign, which innovatively leveraged generative artificial intelligence, connected purchase rewards at the point of sale with user engagement on online platforms.

Argeta's successful year was also reflected in the numerous awards received in 2024. Highlights include the award for **the most innovative food product of 2024 in Slovenia for Argeta Veggie Lentil Tartar, three Superior Taste Awards for Argeta Meatless and Argeta Veggie, and the silver Euro Effie award for the campaign Ode to Bakers,** confirming Argeta's effectiveness in marketing communications on a European scale.

In 2024, **the brands Bakina Tajna and Amfissa saw significant innovation.** Raspberry jam was launched, completing the red fruit jam portfolio alongside strawberry jam, leading to substantial growth in all markets. The summer ajvar season in Slovenia and Croatia was enhanced with a campaign combining the best barbecue with the best ajvar, serving ljutenica and pinđur in an engaging way. In the last quarter, Amfissa ajvars were introduced, setting new standards in the Value For Money segment. Newly launched tomato sauces in three varieties—Classic, Basil, and Spicy—are unique as they are made from fresh tomatoes (not concentrate), free from additives, suitable for vegans and vegetarians, and gluten-free. Montana launched three new sandwiches through a co-branding project with Perutnina Ptuj, including marketing and sales activities.

Main capital investments, totalling EUR 4 million, were primarily directed towards energy consumption optimisation. In Sarajevo, we successfully certified the facility for the storage of solid organic waste, allowing us to increase the recycling target to 60-70%, with significant annual savings in operating costs. The factory in Izola marked its highest produced volume ever with a 19% growth compared to 2023, while in Sarajevo, the volume produced was the second highest in history with an 18% growth compared to 2023. Capital investments in the Igroš factory focused on the reconstruction of the loading ramp into a warehouse. Additionally, the new packaging machine began operating, enabling automated packaging of Argeta Veggie products and reducing transport packaging weight by 54%.

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STRATEGIC BUSINESS UNIT SNACKS

SNACKS

STRATEGIC BUSINESS UNIT
SNACKS

1.4% ↑

SALES GROWTH

126 M EUR

SALES REVENUE

Commitment to quality and sustainability confirmed by the **"Sustainability Champions" award from the Sustainable Business Forum.**

Record-high prices of raw cocoa marked the year and, as a result, the cost of cocoa raw materials for Atlantic Grupa was EUR 11.1 million higher than in 2023.

15.1 M EUR

CAPITAL INVESTMENTS

STRATEGIC BUSINESS UNIT SNACKS

In 2024, the Strategic Business Unit (SBU) Snacks generated sales revenue in the amount of almost EUR 126 million, which is a 1.4% growth compared to the previous, record-breaking year. The highest growth rates were achieved in markets outside the region, such as Germany, Austria and Sweden.

A major challenge for the confectionery industry, which marked 2024, was the record-high prices of raw cocoa. Côte d'Ivoire and Ghana, which produce about 60% of the world's cocoa, were affected by viral cocoa plant diseases and climate change, which significantly reduced the availability of this raw material. From USD 2,500 per tonne, which was the average price of cocoa over the past six years, prices surged to a historic high of over USD 12,000 per tonne in April 2024. The situation did not improve with the new cocoa harvest, and by the end of the year, the price had reached over USD 11,400 per tonne. As a result, the cost of cocoa raw materials for Atlantic Grupa was EUR 11.1 million higher than in 2023.

In SBU Snacks' operations, the beginning of 2024 was marked by record sales results and market shares for the brands Najlepše Želje and Bananica. Due to the abovementioned rising prices of raw cocoa, in the second half of the year, the focus was shifted to brands in the salty snacks category (Smoki and Prima) alongside an accelerated expansion of the portfolio in categories with a lower proportion of raw cocoa in their recipes (biscuits and wafers). At the yearly level, **SBU Snacks recorded increased sales in the salty snacks category**, which now accounts for over half of SBU's total sales. This marks a shift from the previous year when record sales of chocolates and bars were achieved.

During 2024, a total of 136 products were in circulation, and 14 new recipes were launched, including 7 ESG improvements. A total of 12 integrated marketing campaigns were implemented, of which 3 were new, while the focus was on digital communication channels.

Due to major challenges with raw cocoa in 2024, **the development of the biscuits category was accelerated.** The biscuits and wafers portfolio received strong marketing support for launching innovative Štark Skroz Keksy and Napolitanka products. Additionally, the production portfolio was expanded with the complete innovation of salty filled biscuits under the Prima brand, supported by a campaign and the new communication platform "Start from Yourself".

In 2024, Smoki retained its leading position in the flips category in the markets of Serbia, Slovenia and Croatia. The focus of the year was on strengthening the Smoki Original portfolio, while innovations remained a key growth driver, with a special emphasis on Smoki WOW. The Smoki WOW recipe was improved by replacing palm oil, aligning it with the Smoki Original recipe. This initiative was supported by a campaign that highlighted Smoki's commitment to quality and sustainability, which was confirmed by the "Sustainability Champions" award from the Sustainable Business Forum. **In 2024, Smoki received the "Consumer's Favourite 2024" award, and was recognised by the marketing community with its first Effie award - Smoki WOW won the Silver Effie for the most effective innovation.** Along with the Smoki brand, the Prima brand also received Halal and Vegan certifications in 2024, further testifying to the efforts of our brands to reach specific target groups.

Due to high raw cocoa prices, the focus of the Najlepše Želje brand was shifted to chocolates in the filled segment and biscuits. Co-branded chocolates (Najlepše Želje, Bananica, Kapri and Grand Kafa) accounted for 9% of the brand's total sales, with the Najlepše Želje Bananica novelty achieving outstanding market results. **The quality of Najlepše Želje chocolates was also confirmed by the QUDAL recognition for the highest quality chocolate in Serbia.** In the biscuits category, the best-selling brand is Najlepše Želje, whose sales grew by 43% compared to the previous year, driven by the launch of Dark Cookies and individually packaged Cookies. **The success of this category was further highlighted by two Effie awards: Silver Effie for the use of Artificial Intelligence (AI) and Bronze Effie for Social Media/Influencer Marketing.**

Again in 2024, Bananica maintained its absolute leadership position in the bars category. A positive trend is present across the entire core portfolio, which accounts for about 85% of total sales in the bars category. The year was marked by a new campaign featuring the already well-known message "When You Want to Share Happiness", paired with a modification of the popular song "When You're Happy", giving Bananica a musical component as one of the recognisable brand elements. Significant impact was also achieved in the wafers category with the launch of Bananica wafers, which, alongside the Najlepše Želje Bananica chocolate, showcased the brand's strength in expanding into new categories.

Capital investments in 2024 amounted to EUR 15.1 million. The most important investment projects included increasing for Smoki's production capacity, acquiring equipment for the automatic packaging of bars, preparing for the installation of a new production and automatic packaging line for salty snacks, replacing cocoa mass tanks, and installing a new biscuit production machine. Alongside investments, the year was, in a wider context, marked by the implementation of automation and optimization projects in production processes. In line with the activation of these projects, employee training was prioritised, conducted both at equipment suppliers and at our production site. The monitoring and analysis of key process parameters have been standardised and improved to enhance overall process efficiency. Finally, significant efforts were invested in developing a detailed conceptual solution and design to obtain a building permit for a new facility - an automated warehouse for finished products and a new Smoki factory.

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STRATEGIC BUSINESS UNIT BEVERAGES

BEVERAGES

STRATEGIC BUSINESS UNIT BEVERAGES

9.5% ↑

SALES GROWTH

111 M EUR

SALES REVENUE

Record sales coupled with a more favourable contracted sugar price, enabled faster-than-expected profitability recovery and provided room for further investment in employees.

Following the publication of the **first Sustainability Report for the brand Cedevita** the previous year, 2024 saw the introduction of **the first-ever comprehensive Sustainability Report for the brand Cockta.**

4.6 M EUR

CAPITAL INVESTMENTS

STRATEGIC BUSINESS UNIT BEVERAGES

In 2024, the Strategic Business Unit (SBU) Beverages generated sales revenue in the amount of almost EUR 111 million, which is a 9.5% growth compared to the previous year, and also a record-high sales result. The achieved revenue growth is primarily driven by volume expansion across all key product groups (with 76% of sales growth coming from volume growth), while the remainder is attributed to price increases. Sales growth was recorded in all markets where we operate, with the highest growth rates in Bosnia & Herzegovina (13%) and Croatia (11%). The Croatian market also made the largest contribution to absolute growth (46% of total growth coming from this market). International markets also contributed to the overall sales result, recording a 41% growth rate, with Germany, the Netherlands, the USA, and Switzerland leading the way. The share of international markets in total sales stands at 3%, showing a slight increase compared to the previous year. The main contributors to sales are still regional countries: Croatia with a share of 42%, followed by Serbia with 20%, Slovenia with 18%, and Bosnia & Herzegovina with 11% of total sales for 2024. This year, the tourist and summer season was again executed with remarkable efficiency - excellent preparation led to sales results that confirm this efficiency, with a 11% growth compared to last year's season.

Strong sales growth, coupled with a more favourable contracted sugar price for the last quarter, enabled faster-than-expected profitability recovery and provided room for further investment in employees as one of the key resources of SBU Beverages.

A key driver of the realised sales results was a series of successfully implemented marketing initiatives, of which we would like to highlight three major initiatives within the brand Cedevita and one within the brand Cockta.

Following the highly successful launch of the Cedevita brand in the category of vitamin waters a year prior, 2024 saw significant progress in expanding the product assortment. **Two new flavours – Body&Mind (lemon and blackberry) and Focus (lime and lemongrass) – have enriched the offer, making Cedevita vitamin water available in five different flavours.** These products contain natural flavours, no sweeteners, are low in calories, and feature carefully selected vitamins. The launch of the new

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flavours was accompanied by a strong marketing campaign across ATL and BTL channels, with the motivating slogan "THE NAME SAYS IT ALL", which resonated positively with consumers and contributed to exceptional results. **Market shares exceeded expectations, confirming the product's success in the highly competitive and fast-growing category of vitamin waters.** In Slovenia, Cedevita vitamin water achieved a 16.2% market share, positioning itself as the second key player alongside Vitamin Well, while in Croatia, it also established itself as the second most important brand with a 15.4% market share.

Cedevita also launched the campaign "Be HERE. Be CE." with the goal of supporting children from SOS Children's Villages in Croatia, Bosnia & Herzegovina, and Serbia. In Slovenia, the campaign supported the Association of Friends of the Youth of Slovenia. During the campaign, Cedevita introduced a special edition of glasses featuring children's drawings. By purchasing Cedevita products, consumers could support the creativity of these children. The campaign also included the educational platform budidobrobudice.com, which offers expert articles and a Creativity Guide, painted by children, along with practical tips for applying creative techniques in everyday life.

Innovations within the Cedevita brand extended to the HoReCa channel, where the new "CE World" platform brought the digital world to cafés, creating a space of optimism, refreshment, and inspiration. "CE World" is an interactive online platform offering users a rich experience, including access to the latest news, uplifting messages, prize games, contests, and direct interaction with the brand through the "Cedevita Asks You" questionnaire. Additionally, the platform features various engaging activations that further enhance consumer participation and strengthen brand loyalty. This innovative platform represents a significant step in elevating the user experience and positions Cedevita as a leader in integrating digital technologies into everyday consumer interactions within the HoReCa channel.

Thanks to these three initiatives, Cedevita recorded an increase in its value share across all markets, with the most significant growth in Croatia with a 12.1% share in the category of fruit-flavoured non-alcoholic beverages.

In 2024, Cockta launched the digital campaign "What Is Your City Made Of?", linking the brand's unique ingredients with the character of consumers and their cities. Through four video formats, the campaign showcased authentic stories that generated over 8.5 million impressions and 7 million views. Limited-edition bottles with labels celebrating human qualities such as freedom, courage, and love further reinforced the campaign, allowing consumers to express their authenticity and build a deeper connection with the brand. **All these initiatives contributed to exceptional sales performance and strong growth across both channels and all markets.**

In line with SBU Beverages' business strategy, a decision was made in 2024 to discontinue the production and distribution of the water brands Kala and Kalnička. The decision to reorganise the existing assortment was driven by the idea to utilise capacities for the production and marketing of new products with higher added value. We believe that this reorganisation, along with a greater focus on innovation and profitable growth, will refresh our assortment and drive even stronger business results.

A strong commitment to environmental, social, and governance (ESG) responsibility was also a key focus for SBU Beverages this year. Following the publication of the first Sustainability Report for the brand Cedevita last year, which will continue to be published, **2024 also saw the introduction of the first-ever comprehensive Sustainability Report for the brand Cockta.**

Capital investments within SBU Beverages in 2024 amounted to EUR 4.6 million, primarily aimed at improving operational efficiency through infrastructure investments at production sites.

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STRATEGIC BUSINESS UNIT PHARMACY BUSINESS

PHARMACY BUSINESS

STRATEGIC BUSINESS UNIT
PHARMACY BUSINESS

8.7% ↑

SALES GROWTH

95 M EUR

SALES REVENUE

New Farmacia stores opened, demonstrating commitment to further expansion of operations, and **growing the chain** Farmacia to

104

stores.

STRATEGIC BUSINESS UNIT PHARMACY BUSINESS

In 2024, the Strategic Business Unit (SBU) Pharmacy Business recorded sales revenue of EUR 95 million, thus achieving an 8.7% growth compared to the previous year. This growth was driven primarily by higher sales of cosmetics, OTC medicines, food supplements, and other categories, which our system supported by various activities and patient consultations. The increase in sales was also achieved in the segment of medicines, thanks to a higher number of prescriptions and an increased dispensing service fee.

In the last quarter, **two new locations** were opened - specialised stores in Daruvar and Split - which demonstrates our commitment to further expansion of operations. In 2024, **the chain Farmacia consisted of 104 stores**, namely 56 pharmacies and 48 specialised stores (including webshop). Farmacia pharmacies and specialised stores are distributed across Croatia, with fifty percent of the locations situated in either shopping centres or larger shopping complexes.

Farmacia's business performance in 2024 was affected by a limited number of working Sundays. Amendments to the Trade Act mandated that shops are closed on Sundays and holidays, allowing retailers to independently designate 16 Sundays per year as working days. Since a large number of pharmacies operates in shopping centres, this change - implemented from 1 July 2023 - contributed to a lower sales growth rate in 2024.

Negative demographic trends, particularly a declining share of the working population, also affected Farmacia's workforce through the shortage of masters of pharmacy and pharmaceutical technicians. To address this challenge, Farmacia during the year focused on **intensive employer branding to facilitate recruitment and enhance talent retention.** Of course, Farmacia also monitors salary trends on the market and has supported employee satisfaction by increasing compensation packages. This year, scholarships for students and pharmaceutical technicians were introduced. Furthermore, an internal competition was held that enabled Atlantic Grupa employees to apply for retraining as pharmaceutical technicians. Cooperation with the Faculty of Pharmacy and Biochemistry at the University of Zagreb remains a key focus. We continue to participate in the University Conference and leverage this partnership to recruit new young pharmacists. Additionally, Farmacia consistently supports all opportunities for broader education of citizens about prevention in pharmacy, which is realised through online platforms (website, social media, newsletter) and Farmacia on-the-go magazine. **A specialised counselling centre was launched for the first time through an online platform, thereby enabling virtual meetings and consultations**. The goal of this digitization is to increase the business potential of the counselling service by enhancing accessibility for patients.

Farmacia's strategic goal is to maintain a leading position in pharmacy through continuous education and professional development of all our employees.

BUSINESS UNIT DONAT

DONAT

Donat®

BUSINESS UNIT DONAT

1 M EUR

CAPITAL INVESTMENTS

36.5 M EUR

SALES REVENUE

30%

of the annual energy needs for the production site covered by **new solar power plant**

BUSINESS UNIT DONAT

The Business Unit (BU) Donat manages two brands – Donat and Tempel – which boast a long-standing tradition and rank among the oldest brands in Atlantic Grupa's portfolio. The year 2024 was successful for the Business Unit, maintaining overall sales value. **In 2024, BU Donat generated sales in the amount of EUR 36.5 million, which represents the same sales level as the previous year.** This confirms the strength of our brands and reflects a systematic approach to their management and development. Donat has been strategically positioned as a product for digestive system regulation since 2020. Activities are focused on six key markets: Slovenia, Croatia, Bosnia & Herzegovina, Austria, Russia and Italy. The set long-term strategy of the brand premiumisation and internationalisation is followed while simultaneously addressing specific needs of local consumers.

To further strengthen Donat's position in key markets in 2024, we launched a new communication platform titled "I am Water. And I am Not Just Water". This campaign emphasised the uniqueness of Donat as a product with a unique composition and clinically proven effectiveness, entirely created by nature. With the campaign, we achieved clear differentiation in consumer perception compared to other mineral water brands. While Donat, in its physical form, belongs to the category of carbonated natural mineral waters, its primary purpose significantly distinguishes it from other brands. Unlike other mineral waters used to quench thirst or provide refreshment, Donat is a clinically proven solution for digestive system regulation. Additionally, there is an increasing number of brands recognising the potential of the digestive health segment in the market. This made it necessary to further differentiate the Donat brand and create space for new digestive health products planned for future launch.

Thanks to a strategically and creatively designed and executed communication platform, Donat successfully defended its position in 2024. In Slovenia, Donat's brand strength increased compared to 2023, and consumer satisfaction with the brand also grew. In Croatia and Bosnia & Herzegovina, its brand strength remained stable, as did its usage. Donat holds a leading position in the attribute "Expert in the field of healthy digestion", as confirmed by the Ipsos BVC Brand Tracker, 2024. These results demonstrate that Donat has successfully maintained its traditional perception as a product proven to help resolve digestive issues while being recognised as a brand consumers turn for guidance in maintaining healthy digestion.

Since Donat belongs to the category of natural mineral waters, its market growth is measured within that category. Due to volume limitations tied to the natural annual water yield, which decreased in 2024, Donat does not engage in promotional activities involving price reductions. Hence, maintaining market shares compared to the previous year is considered a significant success: In Slovenia, Donat achieved a 39.6 % value market share. In Croatia, Donat secured a 11.3% value market share, firmly holding the second place in the category in both markets. In Austria, a key market for Donat regarding its internationalisation strategy, the category of "medicinal waters" is quite developed. Nevertheless, Donat is firmly anchored in the second place of the medicinal waters category, with a 17.9% value market share (Source: Nielsen Retail Panel, 2023–2024). In collaboration with key customers, we continue to focus on achieving excellent visibility and availability of Donat at points of sale.

In 2024, Donat received several awards, including the Marketing Excellence award in the category of "Excellence in Sustainable Operation and Social Responsibility", a Silver Award at the Slovenian Advertising Festival and two awards at the WEBSI Festival of Slovenian digital communications in the categories of Artificial Intelligence and Innovative Future Development.

In managing the Tempel brand in 2024, the priorities were ensuring visibility at points of sale, sustaining relevance in the category through discounts and promotions, and implementing joint activities with retailers. Tempel successfully maintained its value market share in the category of carbonated natural mineral waters.

Our sustainability commitments are deeply embedded in the brand's identity and integrated into our daily operations. In the "People" pillar, **we are dedicated to educating the broader public about the connection between digestion and overall body health, promoting healthy lifestyle habits, and caring for our employees.** In 2024, we organised 6 expert lectures for our employees on the connection between stress and digestive health, providing them with valuable tools and knowledge. We introduced a new, fifth free guided health program titled Donat No Heartburn. In line with Donat's position as "expert in the field of digestive health", our mission is to collaborate with specialists to promote the importance of digestive health and facilitate the work of general practitioners and nurses in bringing digestive care closer to patients. **We have a successful cooperation with institutions running national programmes for the early detection of colorectal cancer:** the SVIT project and the OnkoMan Society from Slovenia, the Croatian Gastroenterological Society, and the "Život je u pitanju" (Life is at Stake) project in Bosnia & Herzegovina.

In the "Products" pillar, we focus on products and services that have an impact on digestion and are based on natural raw materials. **Donat continues to use 100% recycled plastic for its entire range and remains the only brand in the category with this practice.**

In the "Environment" segment, **our priority is the careful preservation of natural resources, particularly mineral water sources.** Through regular analysis of the natural mineral water, we ensure that we provide our customers with a flawless, high-quality product. In 2024, due to complaints and an inspection process related to changes in the taste and smell of the product, we dedicated significant attention to additional external analyses. Since Donat is a completely natural product, its properties can vary to some extent. This was transparently communicated to the media and stakeholders through public statements.

Our commitment to sustainability includes reducing our carbon footprint and energy consumption. The construction of a solar power plant in 2023 enabled us to cover approximately 30% of the annual energy needs of our production site. **In 2024, capital investments of EUR 1 million** were primarily directed towards the reconstruction of the bottling facility in Rogaška Slatina as part of a broader strategy for renovation, modernisation, and capacity expansion. This investment will allow for more efficient and higher-quality production, aligned with sustainable practices.

NEW GROWTH

NEW GROWTH

Boom Box continues to grow successfully and achieve strong market results, with a leading position in granola and crunchy muesli **in Serbia**

2024 marked by a new campaign and entry into new categories

Ziggy's Coffee marked a healthy growth in sales and profitability with opening of new locations

NEW GROWTH

Boom Box, Atlantic's brand launched in 2021, achieved exceptional results and became indispensable for all those seeking to eat healthier. Despite a challenging year marked by significant price increases across the region and a decline in the cereal category, Boom Box continues to grow successfully and achieve strong market results. This is particularly evident through its leading position in value share in granola and crunchy muesli categories in Serbia, and its second-place ranking in Croatia and Slovenia (Source: Nielsen, SEP 2024). Additionally, Boom Box holds the second market position in the instant porridge category in Slovenia and the third position in the same category in Croatia and Serbia. In the category of plant-based drinks, Boom Box maintained a stable second position in the markets of Croatia and Slovenia, and holds third place in Serbia, which saw the highest growth in the category. (Source: Nielsen, SEP 2024)

In 2024, a nationally representative survey conducted in Croatia revealed that, when asked which healthy food brand they think of first and choose, the majority of consumers named Boom Box. (Source: Hendal Omnibus Croatia 2024) This result is yet another confirmation that Boom Box has managed to establish itself as one of the first choices among Croatian consumers in reference categories just three years after its launch. In Austria, Boom Box achieved excellent sales results and attracted new users who are looking for healthier options. Positive feedback from consumers further confirms the potential of Boom Box on the international level.

At the same time, we continue to focus on innovation and understanding consumer needs, leading Boom Box to launch two new product categories in 2024, further enriching the brand's portfolio.

Entry into a new, fast-growing category, **smoothies** in pouch packaging brought the brand even closer to consumers seeking a quick and convenient healthy eating solution. Additionally, this product retains the brand's core attributes - no added sugar, vegan, and developed in collaboration with nutritionists. Boom Box Smoothie is available in 3 flavours, made only from fruit and oats, each containing a maximum of 140 calories. The launch received a positive consumer response, which is also reflected in strong sales results.
Boom Box also expanded into the salty snacks cat-

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egory, where it offers consumers a better option: baked and crispy, **mini salty crackers** with oats. Packaged in a convenient 70g format, this product is ideal for those looking for a healthier salty snack.

The year 2024 was also marked by the launch of a new communication platform, which, in addition to highlighting Boom Box's comparative advantages, adds an emotional dimension with the new slogan "Feeds You with Positivity". Shorter-format of TV spots were used to support the categories of cereals, plant-based drinks and the new categories of smoothies and salty crackers. Further support for the campaign came from partnerships with reputable nutritionists and public figures, who expanded Boom Box's reach through their personal channels.

Atlantic Grupa's extensive and successful distribution network continues to strengthen Boom Box's position with consumers in existing markets while securing excellent placements in new markets. Additional in-store placements and activations with customers also played a significant role in the brand's growth and successful results.

Ziggy's Coffee: A year of healthy growth in sales and profitability with opening of new locations

Last year, Ziggy's Coffee solidified its concept as a new commercial channel, a coffee brand, and a coffeeshop chain, offering a take-away coffee experience and quality that rivals or surpasses that of traditional cafés. It is characterised by fast service and over-the-counter sales of ready-to-go coffee drinks, various refreshments, and fresh snacks such as sandwiches, bakery products, and other treats. **In 2024, our coffeeshop chain and brand experienced healthy organic growth, driven primarily by an increasing number of mostly younger guests and price adjustments.**

Beyond the exceptional quality of our core offering, namely coffee and the hospitality of our baristas, seasonal launching of **innovative signature products has proven to be a key strategy in attracting new customers**. So, it is no surprise that Ziggy Matcha variations and croissant rolls were among the stand out favourites on the streets of Zagreb for most of the year. Their addition to our offering sparked interest from both the media and influencers. **Significant progress was also made in profitability through improvements in the product mix and operational efficiency.**

Expanding the concept and increasing the number of locations remain key pillars for developing operations. In line with this, the opening of Ziggy's Yammat location had a positive impact on business results. In 2024, Ziggy's Coffee operated in five locations. Additionally, new locations in Zagreb's high-traffic areas are under preparation and set to open in the first half of 2025.

As our portfolio continues to evolve, so does Ziggy's concept. Accordingly, newly opened locations will not only cater to on-the-go consumption but also offer guests the option to enjoy our coffee and snacks while seated inside the coffeeshop. One of our greatest successes was achieved in a segment that is also under the most pressure in the sector, namely our team of baristas. While employee retention and recruitment are major challenges in the sector, Ziggy's barista team remains stable and loyal, providing us with positive momentum for further growth and expansion in 2025.

(STRATEGIC) DISTRIBUTION UNITS

Growth across all distribution markets, most largely in **Austria**, **Serbia** and **North Macedonia**

DISTRIBUTION UNIT AUSTRIA

14.9% ↑

SALES GROWTH

STRATEGIC DISTRIBUTION UNIT SERBIA

12.6% ↑

SALES GROWTH

STRATEGIC DISTRIBUTION UNIT NORTH MACEDONIA

11.3% ↑

SALES GROWTH

Integrating **coffee sales teams** in **Serbia**

Relocating of warehouse in **Slovenia to new facilities with our logistic partner BTC**

28.5% ↑

SHARE OF PRINCIPALS' BRANDS IN TOTAL SALES REVENUE

Signing a large new principal – Haleon in **North Macedonia**


J04
J04
J03
J03
J02
J13
J7
J1
J03
J04
J04

STRATEGIC DISTRIBUTION UNIT CROATIA

In 2024, the Strategic Distribution Unit (SDU) Croatia generated sales revenues in the amount of EUR 267 million, which represents an 8.7% growth compared to the previous year. Revenues increased primarily due to successful product innovations and continued strong focus on the market and consumers. Sales growth also resulted in higher market shares in almost all categories.

The retail segment recorded an 8.2% growth, with the brands Argeta, Barcaffè, Cedevita, Ferrero, Mars and Unilever as major drivers that also achieved significant market share increases in their respective categories.

Revenue from sales in the HoReCa channel grew by 14.0%, where the main contributors were the categories of coffee (Barcaffè), vitamin drinks (Cedevita) and carbonated non-alcoholic beverages (Cockta).

The project of expanding our distribution centre in Velika Gorica and introducing new technology of fully automated racks was completed in April 2024. This project added 15,000 pallets of storage capacity, providing further support for our growth ambitions. We continue to drive digital transformation and invest in our employees' development to enhance productivity and deliver even better service to our partners.

STRATEGIC DISTRIBUTION UNIT SERBIA

In 2024, the Strategic Distribution Unit (SDU) Serbia recorded sales revenue of EUR 268 million, which represents a 12.6% growth compared to the previous year. The main growth drivers were the performance of coffee categories and brands, with the acquisition of Strauss Adriatic playing a major role, alongside the brands Argeta, Boom Box, Saponia, and Red Bull.

Following the **acquisition of Strauss Adriatic**, we focused on integrating the brands Doncafe and C Kafa into our existing product portfolio. This process was complex, particularly due to the merging of two sales teams, but the integration was successfully completed. By implementing a consistent commercial policy and focusing on distribution through the DPSM (distribution, pricing, shelving, merchandising) approach, our team, in cooperation with SBU Coffee, successfully achieved the set goals.

In 2024, SDU Serbia prioritised employee satisfaction, which was reflected in expanding the scope of employees eligible for a variable part of the salary in order to specifically reward additional work and commitment. Additionally, efforts were made to implement organisational changes and improve logistics processes.

STRATEGIC DISTRIBUTION UNIT SLOVENIA

In 2024, the Strategic Distribution Unit (SDU) Slovenia continued the trend of sales growth of almost all brands. **The recorded sales revenue of more than EUR 168 million represents a 4.7% growth compared to the previous year.**

The largest value growth was achieved by the brands Barcaffè, Cedevita, Argeta, Ferrero, Haleon and Rauch. The sales growth of these brands is also reflected in their increasing market shares within their respective categories.

In the third quarter of 2024, we successfully relocated our product warehouse to the new, modern facilities of our logistics partner BTC in Zalog, thereby enhancing our service. Additionally, we maintained a continuous focus on improving operational efficiency across all areas of the company's operations.

STRATEGIC DISTRIBUTION UNIT NORTH MACEDONIA

In 2024, the Strategic Distribution Unit (SDU) North Macedonia continued to strengthen its position as the leading FMCG distributor in the market by achieving growth in all brands in our portfolio. This resulted in total sales revenue of EUR 64 million, reflecting an 11.3% growth compared to the previous year.

Being a record-breaking year across all brands, the achieved revenue growth was also supported with **volume growth, increased market shares in almost all categories, as well as profit growth.** This was achieved despite the unfavourable impact of global economy trends and the implementation of multiple government measures during the year.

Coffee, Argeta and Ferrero are the biggest growth contributors, both in value and volume. Also, we implemented successful new launches in existing and new categories, with Cedevita vitamin waters,

Argeta Veggie and Boom Box bites standing out as some of the best examples. We managed to fully leverage the potential of the seasonal summer period, which contributed to the record sales achievements of Argeta, Red Bull and Hipp.

In 2024, **SDU North Macedonia signed a new distribution partnership contract with Haleon**, which is set to begin in 2025. A strong portfolio of oral health brands Parodontax, Sensodyne, Aquafresh and Corega is a strategic enlargement of our non-food portfolio.

Organisationally, our business is segmented in accordance with assortment synergies and organisational efficiency in a way that provides focused service and satisfaction for all the brands across all categories. Our continuous focus on the portfolio growth through the improvement of service satisfaction and reaching excellence in execution puts SDU North Macedonia on the map of strong global and regional brands as a prospective distribution partner. In the near future, we expect further growth of sales and investment in operational efficiency, with the existing portfolio, as well as new brands.

DISTRIBUTION UNIT AUSTRIA

The year 2024 marked another record for Atlantic Grupa in Austria, reaching an important milestone of nearly EUR 27 million in net turnover, which is a 14.9% growth compared to the previous year. Alongside the impressive sales growth, we surpassed **historical records in market share and the number of innovative product launches**. We are particularly proud to have expanded our portfolio to include healthier and more sustainable options that meet consumer preferences.

Argeta, Boom Box, Cedevita, Cockta, Coffee, Donat, Smoki, Prima and Podravka are the biggest growth contributors.

As we enter 2025, marking our tenth year of operations in Austria, our goals are clear: We want to maintain our momentum, pick up on upcoming trends and, in addition to enhancing the customer experience, continue to increase our market share. The path to achieving this goal lies in innovation, quality, and a clear focus on consumer needs.

GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT

In 2024, Atlantic Grupa achieved remarkable revenue growth, partly driven by our strategic focus on expanding distribution in the German market and our entry into discount formats in all European markets. **Global Distribution Account Management (GDAM) achieved sales revenue of EUR 44 million, which equals to the growth of 11.5% versus the previous year.**

In Germany, GDAM recorded the highest sales growth of 19% versus the previous year. This success was highlighted by the outstanding performance of Argeta and Štark in new accounts supported by extensive sales activities. Additionally, our sales grew in other markets, with the biggest growth in Switzerland and France.

Argeta remained the largest contributor to the sales growth, followed by Štark and Grand. Argeta recorded the highest sales growth in Germany, followed by France, Switzerland and Australia. Štark recorded significantly higher sales compared to 2023, mainly due to the sales increase in Germany, Sweden, Switzerland, Albania and Canada, with Flips and Prima as our main international focus. Significant sales growth was recorded by Grand, with the strongest growth in Germany and Switzerland. The beverages segment also saw sales growth, driven primarily by Cedevita's strong performance in the Netherlands.

DISTRIBUTION UNIT RUSSIA

The Distribution Unit (DU) Russia generated sales revenue of nearly EUR 14 million, which represents a 14.1% increase from the previous year.

Despite the challenging environment, our brands - **Donat and Argeta - maintained their sales levels thanks to the brand awareness and loyalty of Russian consumers.**

Our efforts and determination preserved DU Russia from both significant disruptions in business activities and a decline in results. Although challenging times persist, DU Russia remains focused and committed to ensure sustainability of sales and profits.

INFORMATION TECHNOLOGY

A year marked by **automation of business processes** across businesses

A development cornerstone was the **successful migration of our data centre**, which involved relocating all system components and IT services to a new site in a controlled manner, ensuring minimal downtime and uninterrupted business continuity.

Continued implementation of Integrated Business Planning (IBP), advancements in Electronic Data Interchange (EDI) and the expansion of Robotic Process Automation (RPA) across the Company's IT systems

The year 2024 marked a significant period for technology development and process automation of Atlantic Grupa, with transformative IT activities driving business innovation and operational efficiency. A cornerstone of IT infrastructure development was the successful migration of our data centre, completed in the first quarter of the year. The migration involved relocating all system components and IT services to a new site in a controlled manner, ensuring minimal downtime and uninterrupted business continuity. This opportunity was leveraged to modernise the network infrastructure of the Company's main private cloud locations.

Lifecycle management remained a critical focus, with key updates made to both applications and infrastructure. Highlights included the Company's first SAP S/4HANA system upgrade, the introduction of new voice-picking devices in warehouses and comprehensive operating system upgrades for both clients and servers. In terms of services provided to internal users, user satisfaction was prioritised, which led to a more than 20% increase in Net Promoter Score (NPS) compared to the previous year.

In the field of cybersecurity, our focus was on ensuring high integrity and availability of IT systems. Continuous monitoring and risk analysis informed targeted improvements to system and service security, thus maintaining the integrity of the Company's data and ensuring service availability. Such proactive measures ensured that no security incidents disrupted regular business processes throughout the year. ERP advancements were marked by the progress of the SAP S/4HANA implementation at Atlantic Droga Kolinska d.o.o. Spanning finance, logistics, production planning, and more, activities conducted this year laid the groundwork for a planned go-live in the fourth quarter of 2025.

The Company achieved remarkable progress in automation of its business processes. In distribution operations, advanced IT solutions supported the expansion of the distribution centre of Atlantic Trade d.o.o. in Zagreb, as they were seamlessly integrated into the new automated high-rack system, boosting capacity and significantly reducing labour requirements. Also, quality control applications were implemented in warehouses, enhancing operational precision. In production operations, the Company achieved an additional layer of automation in the Manufacturing Execution System (MES) at the companies Atlantic Cedevita d.o.o. and Atlantic Grand d.o.o., elevating production accuracy and efficiency. Atlantic Štark d.o.o. implemented a new Warehouse Management System (WMS), replacing outdated equipment and extending automation to its warehouse. Pharmacy operations introduced a robotic medicine sorting and dispensing system in the Bjelovar branch, while the operation of the Counselling Centre was upgraded with a digital application. These activities streamlined our operations and improved our service delivery.

The year saw continued implementation of Integrated Business Planning (IBP), advancements in Electronic Data Interchange (EDI) and the expansion of Robotic Process Automation (RPA) across the Company's IT systems. Significant progress was also made in integrating major IT systems, achieving new levels of automation and efficiency. The SAP Ariba Procure-to-Pay (P2P) system was introduced at Atlantic Cedevita d.o.o. improving procurement transparency and compliance.

During 2024, we made significant advancements in Data Warehouse, Business Intelligence (BI), and analytics capabilities. Automation of the intra-group reconciliation process eliminated manual tasks, enhanced data transparency and improved financial closing processes. Advanced analytical functionalities for production materials reporting were implemented, enabling comprehensive cost tracking across manufacturing units. Image recognition technology was deployed to monitor Atlantic Grupa's product presence on retailer shelves, providing actionable insights via calculated key performance indicators (KPIs). Initiatives to enhance Master Data Management (MDM) were launched, targeting technology upgrades and process improvements. These efforts underscore the Company's commitment to data-driven decision-making and operational efficiency.

Through these activities, the Company has established a strong IT foundation to support its further growth, as such initiatives enhance operational capabilities and position the Company to meet the evolving demands of its markets and stakeholders.

FINANCIAL OPERATIONS

FINANCIAL OPERATIONS

Economic and Geopolitical Challenges: Instabilities and conflicts, such as those in Ukraine and between Israel and Palestine, have disrupted global supply chains.

1,080.3 M EUR

record-high in sales

Acquisition: Atlantic Grupa took over Strauss Adriatic, strengthening its position in the Serbian coffee market.

Market Disruptions: Record-high prices in raw coffee and cocoa markets, along with logistics challenges, have impacted business operations.

Awards and Recognition: Received multiple awards for investor relations and sustainable business practices, highlighting the company's commitment to transparency and quality.

Despite challenges, we are very proud to have surpassed **one billion euros in sales revenue for the first time!**

In 2024, economic, social and geopolitical instabilities, including escalating conflicts in Ukraine and between Israel and Palestine, as well as tensions among the world's major economies, continued to shape the global political and economic landscape. These challenges have had negative repercussions for the entire global economy and continue to disrupt supply chains. Despite these challenges, countries in the region experienced favourable economic trends, with Croatia's successful tourist season providing an additional boost to our business performance.

The year 2024 also saw significant disruptions in the raw coffee and cocoa markets, with record-high prices affecting both producers and consumers. Alongside the continuous rise in the prices of these raw materials, supply chains and logistics challenges also emerged. Uncertainty around future weather conditions and ongoing geopolitical tensions continue to pose risks to price stability and supply chains in 2025, placing considerable pressure on our business operations.

Despite these unfavourable conditions, we are very proud to have surpassed one billion euros in sales revenue for the first time! We achieved a record-high EUR 1,080.3 million in sales, which is a 10.9% growth compared to 2023. Sales growth was recorded across all business and distribution units, with notable contributions from Strategic Business Units Coffee, Beverages and Savoury Spreads, as well as Strategic Distribution Units Serbia, North Macedonia and Croatia. Notably, volume growth also contributed to higher sales, with the brands Argeta, Cedevita, and Cockta leading the way, once again confirming their quality and success in both regional and international markets. In March 2024, Atlantic Grupa took over Strauss Adriatic, the owner of the successful Serbian coffee brands Doncafe, C Kafa and Java. With this acquisition, we further strengthened our leading position in the Serbian coffee market. If we exclude the effect of this acquisition, a 7.7% organic sales growth was achieved. Earnings before interest, taxes, depreciation, and amortisation (EBITDA) amounted to EUR 97.0 million, which is a growth of 12.0% or, more precisely, 10.3% if the effect of one-off items is excluded. This growth was driven by excellent sales results, which partially offset rising costs of raw materials (particularly coffee and cocoa), logistics and transport services, as well as investments in our employees and marketing activities. We ended 2024 with a 15.2% drop in net profit due to the higher depreciation of own non-current assets (as a consequence of higher capital expenditure) and higher interest and tax expenses.

Again in 2024, our capital expenditure reached a record-high EUR 49.4 million, with investments aimed at modernising production lines, increasing production capacity, improving logistics facilities, including their automation and modernisation, and continuing digital transformation. I would also like to highlight that a dividend of EUR 1.20 per share was paid to our shareholders in July 2024.

We are especially proud that, for the fifth consecutive year, Atlantic received the award for best relations with investors, presented by Poslovni dnevnik in cooperation with the Zagreb Stock Exchange (ZSE). This year, we were also awarded by PwC Croatia, again in cooperation with the ZSE, for building public trust. These awards testify to our commitment to transparency, professionalism and quality business reporting. As a testament to our commitment to sustainable business practices, Atlantic Grupa was recognised by professional organisations and institutions as an ESG leader in Croatia, Serbia and Slovenia in 2024. Our strong brands, focus on quality and sustainability, innovative approach and the effort and dedication of all our people and partners helped us deliver yet another year of outstanding sales results and prestigious awards.

Zoran Stanković
Group Vice President for Finance,
Procurement and Investment

SALES PROFILE BY STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(EUR million)	2024	2023	2024/2023
SBU Coffee	248.8	199.9	24.5%
SBU Savoury Spreads	150.3	137.7	9.1%
SBU Snacks	125.7	123.9	1.4%
SBU Beverages	110.6	101.0	9.5%
SBU Pharma	95.2	87.6	8.7%
BU Donat	36.5	36.4	0.2%
SDU Croatia	266.8	245.5	8.7%
SDU Serbia	267.9	237.9	12.6%
SDU Slovenia	168.4	160.9	4.7%
SDU North Macedonia	63.9	57.4	11.3%
Other segments*	90.9	80.0	13.6%
Reconciliation**	(544.7)	(494.3)	n/a
Sales	1,080.3	973.9	10.9%

The comparative period has been adjusted to the reporting for 2024.

In 2024, Atlantic Grupa recorded sales of EUR 1,080.3 million, which is a significant 10.9% growth compared to the previous year. All business and distribution units record sales growth thanks to the strong growth of our own brands and the exceptional distribution of principal products in key markets. The highest percentage growth was recorded by the Strategic business units Coffee, Beverages, and Savoury Spreads, and the Strategic distribution units Serbia, North Macedonia, and Croatia. If the effect of the company Strauss Adriatic acquisition is excluded, the sales growth of 7.7% is recorded.

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

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

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

The **STRATEGIC BUSINESS UNIT COFFEE** recorded a significant double-digit sales growth due to revenue growth in almost all markets. The highest growth is recorded in the markets of Serbia, Bosnia and Herzegovina, and Croatia, and in the markets of Germany, Austria and Switzerland. Analysed by categories, growth was recorded by all categories, where roast and ground coffee stands out, following the acquisition of Strauss Adriatic, which generates most sales in this category, and the growth of roast and ground coffee under the Grand kafa, Barcaffè, and Bonito brands. At the comparable level, the roast and ground coffee and instant categories record stable volumes, while the espresso category records a double-digit volume growth. If we exclude the impact of the Strauss Adriatic acquisition, this unit records a 9.0% sales growth.

The **STRATEGIC BUSINESS UNIT SAVOURY SPREADS** recorded a strong sales growth, where the significant growth was recorded in almost all regional markets. The most significant growth was recorded in the markets of Croatia, Serbia, Bosnia and Herzegovina, and the market of Germany. Significant value and volume growth is recorded by the meat and the fish segments of savoury spreads. In addition, in 2024, Argeta confirmed its position as the No. 1 meat and fish pâté in Europe, for the first time in both value and volume market shares. Jams and ajvar under the Granny's Secret brand also record value and volume growth.

The **STRATEGIC BUSINESS UNIT SNACKS** records a mild sales growth, with a significant growth recorded in the markets of Bosnia and Herzegovina, North Macedonia, and Germany. Analysed by categories, the value and volume growth are recorded by flips under the Smoki brand, and Prima sticks. Sales growth is also recorded by the biscuits category. The chocolate category under the Najlepše želje brand records value and volume decrease, following the increase in prices as a consequence of the significant increase in the price of cocoa.

Strong revenue growth is recorded by the **STRATEGIC BUSINESS UNIT BEVERAGES** following the sales growth in all regional markets, with the most significant growth recorded by the markets of Croatia, Slovenia, and Bosnia and Herzegovina. Also, significant growth rates are recorded on other markets, especially the markets of Germany and the Netherlands. Analysed by categories, a significant value and volume sales growth is recorded by the Cockta and Cedevita brands in the HoReCa and retail channels. The most significant growth of over 25% is recorded by Cedevita vitamin waters, which, after last year's launch in three flavours, were upgraded in 2024 with two new flavours, lime and lemongrass, and lemon and blackberry.

The **STRATEGIC BUSINESS UNIT PHARMACY BUSINESS** records a significant increase in the sales of cosmetics, OTC drugs, and food supplements, as well as other categories, as a result of numerous promotional and educational activities for patients. Also, higher drugs sales are recorded due to a greater number of prescriptions and an increase in the dispensing service fee. As of 31 December 2024, the pharmacy chain Farmacia has 104 units, including 56 pharmacies, 47 specialized stores and the web shop. Two new locations were opened in the last quarter – specialized stores in Daruvar and Split.

The **BUSINESS UNIT DONAT** records a mild increase in sales and stable market shares. Given the limited capacity of the Donat spring, we are focused on premiumization and optimizing the market mix.

The **STRATEGIC DISTRIBUTION UNIT CROATIA** recorded a significant sales growth as a consequence of growth of own and principal brands. Among own brands, roast and ground coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, and Cedevita and Cockta brands in the retail channel especially stand out. Among principal brands, Ferrero, Mars, and Unilever recorded the most significant growth. A double-digit growth was recorded by the HoReCa channel, primarily due to the growth in sales of espresso coffee under the Barcaffè brand, and Cedevita and Cockta brands in the beverages segment.

The **STRATEGIC DISTRIBUTION UNIT SERBIA** recorded a double-digit sales growth as a result of the increase in sales of own and principal brands. Among own brands, the following stand out: roast and ground coffee under the Grand kafa, Bonito, C kafa and Doncafe brands, Argeta in the savoury spreads segment, Štark biscuits and Smoki in the snacks segment, Cedevita and Cockta in the beverages segment, and Boom Box products. Among principal brands, Red Bull and the new principal Badel stand out. The growth of this unit was impacted by the double-digit sales growth in the HoReCa channel. If we exclude the effect of the Strauss Adriatic acquisition, this unit records sales growth of 5.7%.

The **STRATEGIC DISTRIBUTION UNIT SLOVENIA** recorded a sales growth due to the increase in sales of own and principal brands. The growth of own brands was most impacted by the significant growth of roast and ground coffee, espresso and instant coffee under the Barcaffè brand, Argeta in the savoury spreads segment, and Cockta and Cedevita in the beverages segment. Among principal brands, the most significant growth was recorded by the new principal Haleon, Ferrero, and Rauch.

Significant sales growth rates were recorded by the **STRATEGIC DISTRIBUTION UNIT NORTH MACEDONIA** due to the increase in sales of own and principal brands. Among own brands, roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, chocolate under the Najlepše želje brand, and Cedevita and Cockta in the beverages segment stand out. Among principal brands, significant growth was recorded by Ferrero, Beiersdorf and Ficosota.

OTHER SEGMENTS record a strong sales growth due to the increase in sales of all components.

Double-digit sales growth rates are recorded by the **DISTRIBUTION UNIT AUSTRIA**, due to the increase in sales of roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, and Smoki in the snacks segment. The new principal Podravka also significantly contributed to the growth of this unit.

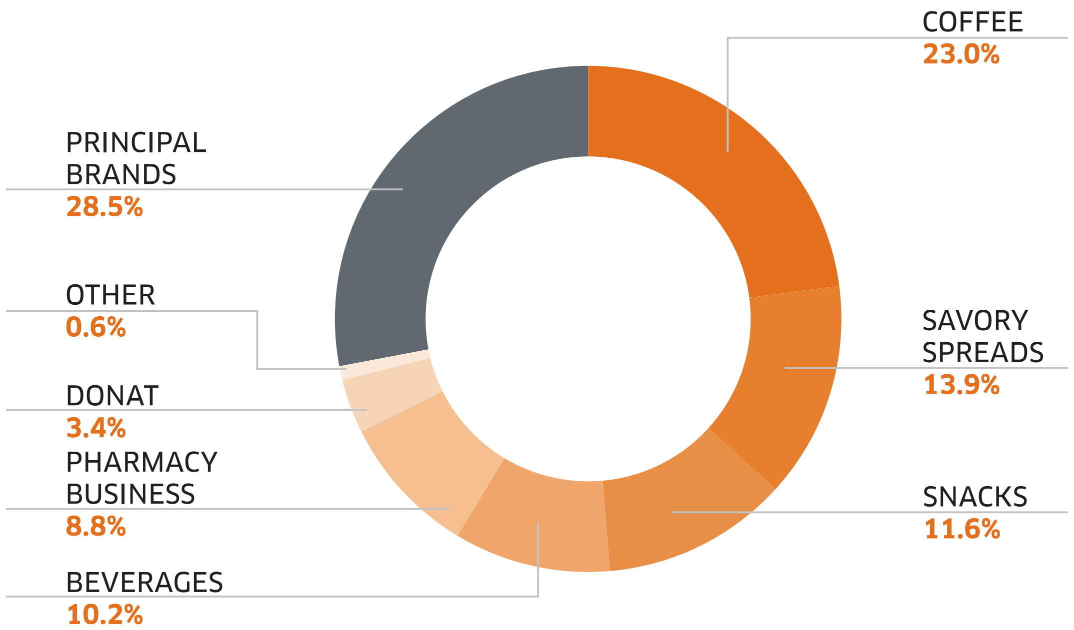
The **GLOBAL DISTRIBUTION ACCOUNT MANAGEMENT** records a significant increase in sales following the strong growth on the markets of Germany, Switzerland, France and the USA. Analysed by categories, roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, and Cedevita and Cockta in the beverages segment record the most significant growth.

The **DISTRIBUTION UNIT RUSSIA** records a significant increase in sales as a consequence of the increase in sales of Argeta in the savoury spreads segment, and the functional water Donat.

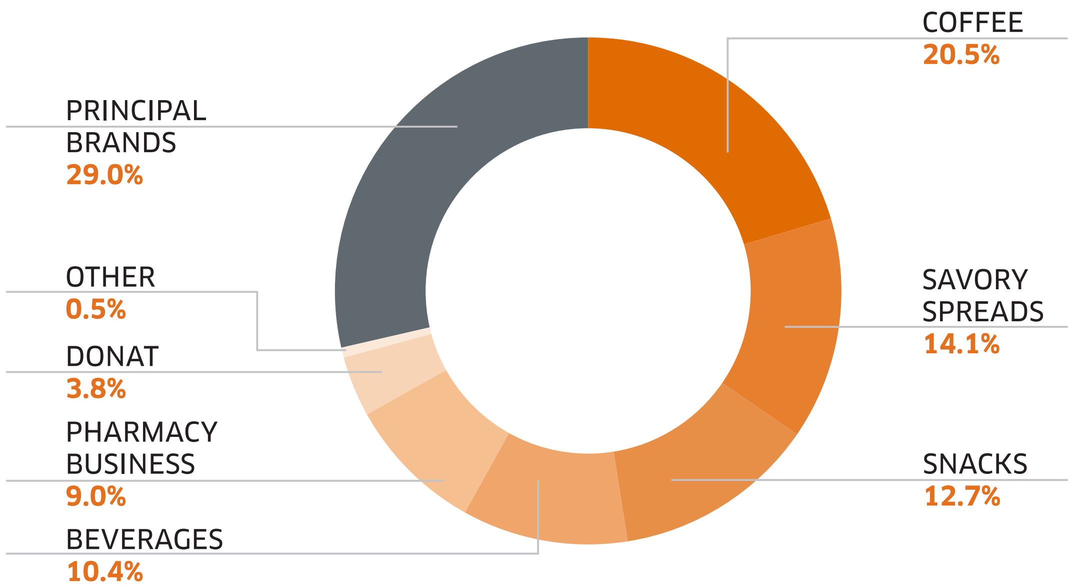
The **NEW GROWTH** records double-digit sales growth due to the increase in sales on almost all its markets, especially the markets of Croatia, Serbia, and North Macedonia. Analysed by categories, plant-based drinks and the successful launching of new categories: smoothies and crackers under the Boom Box brand contribute most to the growth.

SALES PROFILE BY SEGMENTS

2024



2023



SALES PROFILE BY MARKETS

(in EUR millions)	2024	% of sales	2023	% of sales	2024/2023
Croatia	367.8	34.1%	338.0	34.7%	8.8%
Serbia	285.1	26.4%	241.0	24.7%	18.3%
Slovenia	169.1	15.7%	161.3	16.6%	4.8%
Bosnia and Herzegovina	79.7	7.4%	72.0	7.4%	10.7%
Other regional markets*	91.3	8.5%	83.8	8.6%	8.9%
Key European markets**	55.8	5.2%	48.6	5.0%	14.8%
Russia and CIS	14.2	1.3%	13.4	1.4%	6.3%
Other markets	17.2	1.6%	15.8	1.6%	8.5%
Total sales	**1,080.3**	**100.0%**	**973.9**	**100.0%**	**10.9%**

* OTHER REGIONAL MARKETS: NORTH MACEDONIA, MONTENEGRO, KOSOVO
** KEY EUROPEAN MARKETS: GERMANY, SWITZERLAND, AUSTRIA, SWEDEN
THE COMPARATIVE PERIOD HAS BEEN ADJUSTED TO THE REPORTING FOR 2024.

The **MARKET OF CROATIA** recorded a significant sales growth due to the increase in sales of: (i) own brands, of which the following stand out: espresso, roast and ground coffee and instant coffee under the Barcaffè brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, and Cockta and Cedevita brands in the retail and HoReCa channels, (ii) the pharmacy chain Farmacia, and (iii) principal brands, among which Ferrero, Mars, and Unilever brands contribute most to the growth.

The double-digit sales growth was recorded in the **MARKET OF SERBIA** due to the strong growth of own brands, of which the following stand out: (i) roast and ground coffee under the Grand kafa, Bonito, C kafa and Doncafe brands, (ii) Argeta in the savoury spreads segment, (iii) Štark biscuits and Smoki in the snacks segment, (iv) Cedevita and Cockta in the beverages segment, and (v) Boom Box products. Also, the sales growth was impacted by the significant increase in sales of principal brands, among which Red Bull and the new principal Badel stand out. If we exclude the effect of the Strauss Adriatic acquisition, this market records a 5.7% growth.

The **MARKET OF SLOVENIA** records a sales growth due to the increase in sales of: (i) instant, espresso and roast and ground coffee under the Barcaffè brand, (ii) Argeta in the savoury spreads segment, (iii) Cedevita in the beverages segment, and (iv) principal brands led by Haleon, Ferrero, Rauch and Philips.
A strong sales growth is recorded in the **MARKET OF BOSNIA AND HERZEGOVINA** due to the increase in sales of: (i) espresso coffee under the Barcaffè brand, (ii) roast and ground coffee under the Grand kafa brand, (iii) Argeta in the savoury spreads segment, (iv) Smoki in the snacks segment, (v) Cockta in the retail and HoReCa channels.

OTHER REGIONAL MARKETS record an increase in sales, due to the significant growth in sales on the markets of North Macedonia and Montenegro. The increase in sales of espresso coffee under the Barcaffè brand, roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, chocolate under the Najlepše želje brand, and Cedevita and Cockta in the beverages segment contribute most to the growth.

KEY EUROPEAN MARKETS recorded a double-digit sales growth, due to the growth on the markets of Germany, Austria, and Switzerland. Analysed by categories, the increase in sales of roast and ground coffee under the Grand kafa brand, Argeta in the savoury spreads segment, Smoki in the snacks segment, and Cockta in the beverages segment especially stand out.

The **MARKET OF RUSSIA AND THE COMMONWEALTH OF INDEPENDENT STATES** recorded an increase in sales as a result of the increase in sales of Argeta in the savoury spreads segment and the functional water Donat.

OTHER MARKETS record a significant growth due to the strong increase in sales in the markets of France, the USA, the Netherlands, Australia, and Canada. The growth was mainly affected by the increase in sales of Argeta in the savoury spreads segment and roast and ground coffee under the Grand kafa brand.

PROFITABILITY TRENDS

(in EUR millions)	2024	2023	2024/2023
Sales	1,080.3	973.9	10.9%
EBITDA*	97.0	86.6	12.0%
Normalised EBITDA*	90.9	82.4	10.3%
EBIT*	45.8	44.7	2.5%
Normalised EBIT*	39.7	40.4	(2.0%)
Net profit*	26.5	31.2	(15.2%)
Normalised Net profit*	20.7	27.0	(23.4%)
Profitability margins			
EBITDA margin*	9.0%	8.9%	+9 bp
Normalised EBITDA margin*	8.4%	8.5%	-5 bp
EBIT margin*	4.2%	4.6%	-35 bp
Normalised EBIT margin*	3.7%	4.2%	-48 bp
Net profit margin*	2.4%	3.2%	-76 bp
Normalised Net profit margin*	1.9%	2.8%	-86 bp

In 2024, EBITDA amounts to EUR 97.0 million, which is a double-digit 12.0% growth compared to 2023, or a 10.3% growth if the effect of one-off items is excluded. The significant growth in profitability of Strategic business units Savoury spreads and Beverages, and the increase in profitability of all Strategic distribution units contributed most to the increase in normalised EBITDA. Due to strong sales growth and savings on energy, the increase in normalised EBITDA was achieved, despite significantly higher costs of raw coffee and cocoa and higher investments in employees and marketing activities. It is important to note that the biggest negative impact of the record-high prices of raw coffee and cocoa is recorded in the last quarter of 2024. If we exclude the effect of the Strauss Adriatic acquisition, EBITDA grew by 13.4%, and normalized EBITDA by 11.7%.

In addition to the above, normalized net profit records a 23.4% decrease due to the significantly higher depreciation of own non-current assets (as a consequence of higher capital expenditure) and right-of-use assets, and higher interest expense and tax expense. If we exclude the effect of the Strauss Adriatic acquisition, the net profit decreased by 2.7%, and normalised net profit by 8.9%.

* CERTAIN FINANCIAL MEASURES ARE NOT DEFINED BY INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS). FOR MORE DETAILS ON THE ALTERNATIVE PERFORMANCE MEASURES (APM) USED, SEE CHAPTER "DEFINITION AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM)".

OPERATING EXPENSES STRUCTURE

(in EUR millions)	2024	% of sales	2023	% of sales	2024/2023
Cost of goods sold	322.5	29.9%	303.8	31.2%	6.2%
Change in inventory	3.1	0.3%	3.7	0.4%	(14.5%)
Production materials	345.2	32.0%	292.8	30.1%	17.9%
Energy	13.5	1.3%	16.8	1.7%	(19.7%)
Services	66.6	6.2%	59.2	6.1%	12.5%
Staff costs	171.7	15.9%	149.2	15.3%	15.0%
Marketing and selling expenses	52.1	4.8%	43.6	4.5%	19.6%
Other operating expenses	30.9	2.9%	33.3	3.4%	(7.2%)
Other (gains)/losses, net	(6.1)	(0.6%)	(1.9)	(0.2%)	(224.9%)
Depreciation and amortisation	51.2	4.7%	41.9	4.3%	22.1%
Total operating expenses*	**1,050.7**	**97.3%**	**942.4**	**96.8%**	**11.5%**

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

Costs of production materials record a significant growth as a result of the increase in production and sales of own products. The more favourable prices of edible oils, sugar, dairy products and packaging materials only partly compensated for the negative effect of the historically record-high prices of cocoa and raw coffee (Arabica and Robusta). To illustrate, at the beginning of 2024, the price of Arabica was around 180 cents per pound, and by the end of the year it reached 330 cents per pound. A similar trend was recorded by the price of Robusta, which jumped from USD 3,000 per tonne to a record price of USD 5,600 per tonne. In addition, the price of cocoa at the beginning of the year was around USD 4,200 per tonne, while at the end of the year it reached a level of over USD 11,400 per tonne. Due to the above developments, and despite successful hedging, the total cost of raw coffee and cocoa in 2024 was EUR 22.6 million higher than the previous year, without the effect of the acquisition of Strauss Adriatic.

* CERTAIN FINANCIAL MEASURES ARE NOT DEFINED BY INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS). FOR MORE DETAILS ON THE ALTERNATIVE PERFORMANCE MEASURES (APM) USED, SEE CHAPTER "DEFINITION AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM)".

Energy costs are significantly lower primarily due to lower prices of electricity compared to the previous year.

Costs of services increased compared to the previous year due to higher costs of transport and logistics services, maintenance costs, but also other expenses caused by higher sales and the increase in the prices of services.

Staff costs record a significant increase of 15% due to the increase in base salaries and higher variable payments as a result of higher sales. As of 31 December 2024, Atlantic Grupa has 5,716 employees, or 286 employees more than in the previous year, primarily as a consequence of the Strauss Adriatic acquisition.

Marketing expenses are significantly higher primarily due to higher marketing investments in the segments of Coffee, Savoury Spreads and Beverages.

Other operating expenses record a decrease, primarily due to the effect of the one-off item related to the border debt of Agrokor. On this basis, we collected a total of EUR 7.1 million, with the associated interest of EUR 1.5 million. Accordingly, the one-off item relates to income from the collection of impaired receivables in the amount of EUR 4.4 million, increased by an additional EUR 1.5 million in interest.

OPERATING RESULT OF STRATEGIC BUSINESS UNITS AND STRATEGIC DISTRIBUTION UNITS

(EUR million)	2024	2023	2024/2023
SBU Coffee	20.9	20.3	2.8%
SBU Savoury Spreads	21.9	17.8	22.9%
SBU Snacks	8.6	11.0	(22.0%)
SBU Beverages	17.8	13.8	29.5%
SBU Pharmacy business	10.9	10.3	5.5%
BU Donat	17.1	16.3	4.7%
SDU Croatia	16.4	15.0	9.7%
SDU Serbia	11.5	10.2	13.0%
SDU Slovenia	8.1	7.5	8.0%
SDU North Macedonia	3.6	3.0	19.2%
Other segments*	(39.8)	(38.6)	(3.0%)
Group EBITDA**	97.0	86.6	12.0%

STRATEGIC BUSINESS UNITS AND BUSINESS UNIT: Almost all strategic business units record significant increases in the costs of production materials, transport and logistics costs, staff costs, and marketing expenses. The increase in the prices of raw materials, primarily raw coffee and cocoa, had a significant negative impact on the profitability of the Strategic business units Coffee and Snacks. The negative impact was most pronounced in the last quarter of 2024 due to record-high prices of raw coffee and cocoa, which resulted in a significant decline in Coffee profitability by 26% and Snacks by as much as 80% in the second half compared to the same period last year. The SBUs Savoury Spreads and Beverages record a strong double-digit increase in profitability due to the improved gross profit margin following higher sales and lower prices of production materials, despite the increase in staff costs and marketing investments. The SBU Pharmacy business achieved higher profitability due to higher sales of the pharmacy chain Farmacia, despite higher staff costs. The BU Donat records an increase in profitability due to higher sales and savings on energy costs.

STRATEGIC DISTRIBUTION UNITS: All strategic distribution units recorded an increase in profitability due to strong sales growth, despite higher transportation and logistics costs and investment in employees.

OTHER SEGMENTS: If we exclude one-off items, other segments record a mild decrease in profitability as a consequence of higher costs of central functions and the decrease in profitability of the DU Russia.

THE COMPARATIVE PERIOD HAS BEEN ADJUSTED TO THE REPORTING FOR 2024.
* OTHER SEGMENTS INCLUDE BU NEW GROWTH, DU AUSTRIA, DU RUSSIA, GDAM AND BUSINESS ACTIVITIES NOT ALLOCATED TO BUSINESS AND DISTRIBUTION UNITS (HEADQUARTERS AND SUPPORT FUNCTIONS IN CROATIA, SERBIA, SLOVENIA, BOSNIA AND HERZEGOVINA AND NORTH MACEDONIA) WHICH ARE EXCLUDED FROM THE REPORTABLE OPERATING SEGMENTS.
** CERTAIN FINANCIAL MEASURES ARE NOT DEFINED BY INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS). FOR MORE DETAILS ON THE ALTERNATIVE PERFORMANCE MEASURES (APM) USED, SEE CHAPTER "DEFINITION AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM)"

FINANCIAL INDICATORS

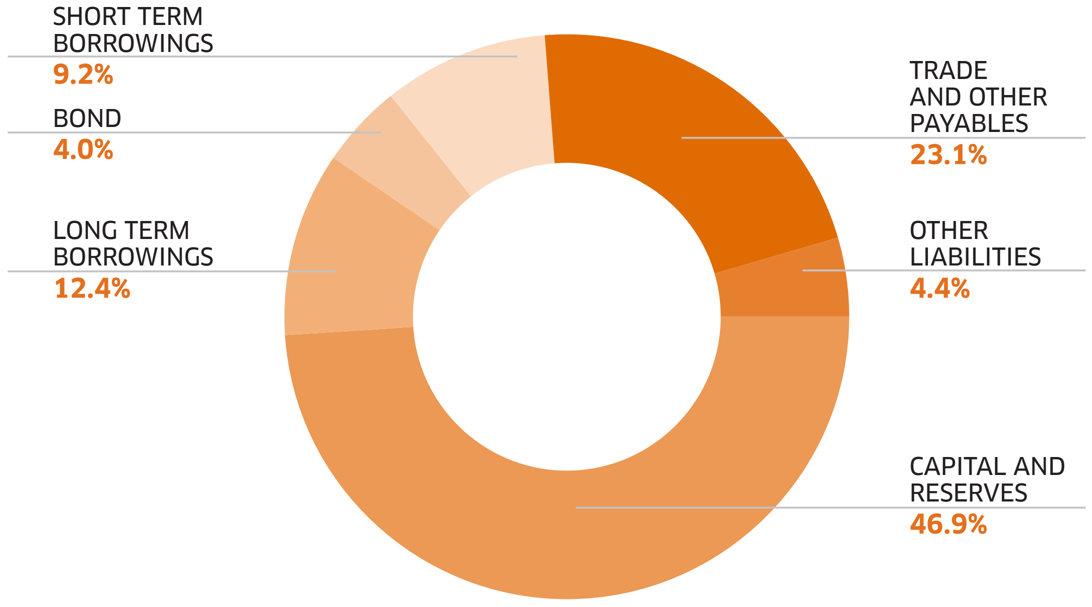
(in EUR millions)	31 Dec 2024	31 Dec 2023
Net debt*	193.4	150.7
Total assets	986.1	907.7
Total Equity	462.0	446.3
Current ratio*	1.2	1.4
Gearing ratio*	29.5%	25.2%
Net debt/EBITDA*	2.1	1.8
(in EUR millions)	2024	2023
Interest coverage ratio*	9.0	13.6
Capital expenditure*	49.4	39.6
Free cash flow*	18.5	20.3
Cash flow from operating activities	67.9	60.0

Among key determinants of the Atlantic Grupa's financial position in 2024, the following should be pointed out:

- The gearing ratio increased by 426 basis points due to the EUR 42.7 million increase in net debt compared to the end of 2023. The increase in net debt was impacted by the payment for the acquisition of Strauss Adriatic in the amount of EUR 38.8 million.
- The indebtedness measured as the net debt to normalized EBITDA ratio increased from 1.8 at the end of 2023 to 2.1 at the end of 2024.
- Free cash flow records a decrease due to significantly higher capital expenditure, despite higher cash flow from operating activities.

* CERTAIN FINANCIAL MEASURES ARE NOT DEFINED BY INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS). FOR MORE DETAILS ON THE ALTERNATIVE PERFORMANCE MEASURES (APM) USED, SEE CHAPTER "DEFINITION AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM)".

THE ATLANTIC GRUPA'S EQUITY AND LIABILITIES STRUCTURE AS AT 31 DECEMBER 2024



OVERVIEW OF KEY ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

Cash flow from operating activities records an increase as a result of the increase in EBITDA, movements in the working capital (primarily a lower increase in receivables in relation to the comparative period), despite higher paid interest and income tax.

Capital expenditure in 2024 is marked by the implementation of projects in line with the Atlantic Grupa's Strategic Guidelines for 2024 and launching of projects that will be physically implemented in 2025 and 2026, in accordance with the long-term investment plan.

Significant investment projects in 2024:

- SDU Croatia:
  - The project to expand the warehouse capacity of LDC Zagreb and implement fully automated warehouse operations in one part of the LDC completed
- SBU Savoury Spreads:
  - Adiabatic cooling system project at the Izola location completed
  - Project of photovoltaic power plant and expansion of the cooled warehousing space at the Hadžići location initiated
- SBU Coffee:
  - Investment project to relocate coffee production and packaging equipment at the Šimanovci location and to establish a central coffee production and packaging location in Serbia initiated
- SBU Beverages:
  - Investment project to replace the granulator and a new system for receiving and distributing sugar completed
  - Project to upgrade the beverages filling line at the Apatovec location completed
  - Investment project to increase the granulation capacity initiated
  - Investment project for candy packaging automation completed
- SBU Snacks
  - Investment project for a robotic bars packaging line completed
  - Investment project for the first phase of increasing Smoki production capacity completed
  - Investment project for a new line for the production and packaging of salty snacks initiated
  - Investment project for the construction of the Smoki production facility and new central warehouse space initiated
- BU Donat:
  - Investment project of renovation and adaptation of the production plant in Rogaška Slatina initiated
- IT:
  - Implementation of the S/4 Hana ERP system in Atlantic Droga Kolinska, Slovenia initiated

ATLANTIC GRUPA'S MANAGEMENT STRATEGIC GUIDANCE FOR 2025

The development of the European Union economy in 2025 remains uncertain. Only mild economic growth is expected due to increased consumption and investment, with inflation slowing. Compared to the EU, the countries of the region expect higher economic growth, supported by significant inflows from EU funds (Croatia), direct foreign investments from the EU (Serbia), and strengthening private and public spending thanks to continued good results on the labour market and increasing wages.

Geopolitical risks and uncertainty increased further in 2024 and pose a challenge in the coming 2025. In addition to the risks associated with the wars in Ukraine and the Middle East, there is also a risk of further increase in protectionist measures by the European Union's trading partners.

Aside from continued uncertainty in 2025, with clearly defined strategic goals and priorities, we expect sales to further grow to EUR 1.2 billion.

Further strong pressure on profitability due to the continued drastic increase in the prices of raw coffee and cocoa is expected in 2025 as well. We currently estimate that the cost of raw coffee for Atlantic Grupa will be as much as EUR 90 million higher, while the cost of cocoa will be more than EUR 7 million higher compared to 2024 for the planned quantities. We also expect additional pressure due to increases in wages and service prices. Despite such uncertain and unfavorable circumstances, we believe that we will be able to achieve normalized operating profit before interest, taxes, depreciation and amortization (EBITDA) at the same level as it was in 2024.

In 2025, we continue with intensive capital investments, the value of which will exceed EUR 55 million, with half of the investments relating to investments in the SBUs Coffee and Snacks. In the SBU Snacks, we have started the construction of a production facility for Smoki, a new central warehouse space, and a new line for the production and packaging of salty snacks. In addition, in the SBU Coffee, we have started moving equipment for the production and packaging of coffee to the location in Šimanovci, which will form a central location for the production and packaging of coffee in Serbia.

In 2025, management will focus on (i) strengthening leadership positions and maintaining profitability despite significant inflationary pressures, (ii) selective investment in new opportunities to expand the product portfolio and markets, (iii) increasing productivity through improving operational excellence, significant capital investments and continued digital transformation and (iv) further strengthening the organization through care and responsible business.

DEFINITION AND RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (APM)

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

The main APMs used by Atlantic Grupa are defined and/or reconciled with our IFRS measures in this document.

EBITDA and NORMALIZED EBITDA, EBITDA margin and NORMALIZED EBITDA margin

EBITDA (Earnings before interest, tax, depreciation and amortization) equals to operating profit in the financial statements (see Note 2 – Summary of significant accounting policies in the attached audited Consolidated Financial statements) increased for depreciation, amortisation and impairment (see Notes 13, 13a, 14, 16 in the attached audited Consolidated Financial statements).
The Group also presents Normalized EBITDA which is calculated as EBITDA excluding the impact of one-off items. One-off items represent all one-off expenses/income arising from these transactions, and other one-off income and expenses. The Group's Management Board monitors normalized EBITDA to evaluate business performance of the Group and to allocate resources accordingly. Additionally, Group's management believes that normalized EBITDA provides information that enables investors to better compare Group's performance across periods.

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

(in EUR millions)	2024	2023	2024/2023
Operating profit	**45.8**	**44.7**	**2.5%**
Depreciation, amortisation and impairment	**51.2**	**41.9**	**22.1%**
EBITDA	**97.0**	**86.6**	**12.0%**
Other one off (income)/costs, net	(6.2)	(4.2)	
Normalized EBITDA	**90.9**	**82.4**	**10.3%**
Sales	1,080.3	973.9	
EBITDA margin	**9.0%**	**8.9%**	
Normalized EBITDA margin	**8.4%**	**8.5%**	

EBIT and NORMALIZED EBIT, EBIT margin and NORMALIZED EBIT margin

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

(in EUR millions)	2024	2023	2024/2023
Operating profit	**45.8**	**44.7**	**2.5%**
EBIT	**45.8**	**44.7**	**2.5%**
Other one off (income)/costs, net	(6.2)	(4.2)	
Normalized EBIT	**39.7**	**40.4**	**(2.0%)**
Sales	1,080.3	973.9	
EBIT margin	**4.2%**	**4.6%**	
Normalized EBIT margin	**3.7%**	**4.2%**	

NET PROFIT and NORMALIZED NET PROFIT, NET PROFIT margin and NORMALIZED NET PROFIT margin

Net profit is a subtotal which is reported in the Consolidated Income statement in the attached audited Consolidated financial statements for the period ended 31 December 2024.
The Group also presents Normalized Net profit which is calculated as Net profit excluding the impact of one-off items.
Additionally, the Group also presents Net profit margin and Normalized Net profit margin, which are defined as Net profit/Normalized Net profit as percentage of sales.

(in EUR millions)	2024	2023	2024/2023
Net profit	**26.5**	**31.2**	**(15.2%)**
Other one off (income)/costs, net	(5.8)	(4.2)	
Normalized Net profit	**20.7**	**27.0**	**(23.4%)**
Sales	1,080.3	973.9	
Net profit margin	**2.4%**	**3.2%**	
Normalized Net profit margin	**1.9%**	**2.8%**	

TOTAL OPERATING EXPENSES

Total operating expenses are a subtotal of the following items which are reported in the Consolidated Income statement in the attached audited Consolidated financial statements for the period ended 31 December 2024: cost of trade goods sold, change in inventories of finished goods and work in progress, material and energy costs, staff costs, marketing and promotion expenses, other operating expenses, other gains/losses-net and depreciation, amortization and impairment.

CAPITAL EXPENDITURE (CAPEX)

Capital expenditure includes payments made to acquire property, plant and equipment and intangible assets, as reported in the Consolidated Cash flow statement in the attached audited Consolidated financial statements for the period ended 31 December 2024. The Group uses capital expenditure as APM to ensure that the cash spending is in line with overall strategy of the Group.

NET DEBT and NET DEBT to EBITDA

Net debt is used by management to evaluate the Group's financial capacity. Net debt is defined as sum of current and non-current borrowings, current and non-current lease liabilities and derivative financial instruments decreased for cash and cash equivalents which are reported in the Consolidated Balance sheet in the attached audited Consolidated financial statements for the period ended 31 December 2024, as shown below:

(in EUR millions)	31 Dec 2024	31 Dec 2023
Non current borrowing	57.1	86.3
Non current lease liabilities	65.1	49.4
Current borrowings	114.1	73.4
Current lease liabilities	16.1	13.5
Derivative financial instruments, net	(5.8)	0.6
Cash and cash equivalents	(53.2)	(72.6)
Net debt	**193.4**	**150.7**
Normalized EBITDA	90.9	82.4
Net debt/Normalized EBITDA	**2.1**	**1.8**

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

CURRENT RATIO

The current ratio compares all Group's current assets to its current liabilities which are reported in the Consolidated Balance sheet in the attached audited Consolidated financial statements for the period ended 31 December 2024. The current ratio is a liquidity ratio that measures the Group's ability to cover its short-term debt with its current assets.

in EUR million	31 Dec 2024	31 Dec 2023
Current assets	439.8	421.9
Current liabilities	369.4	297.6
Current ratio	**1.2**	**1.4**

GEARING RATIO

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

in EUR million	31 Dec 2024	31 Dec 2023
Net debt	193.4	150.7
Total equity	462.0	446.3
Gearing ratio	**29.5%**	**25.2%**

INTEREST COVERAGE RATIO

The interest coverage ratio is calculated by dividing Group's normalized EBITDA by total interest expense (see Note 10 – Finance cost-net in the attached audited Consolidated financial statements for the period ended 31 December 2024), as shown below. Interest coverage ratio is used to determine how easily the Group can pay interest on its outstanding debt.

in EUR million	2024	2023
Normalized EBITDA	90.9	82.4
Total interest expense	10.1	6.1
Adjusted interest coverage ratio	**9.0**	**13.6**

FREE CASH FLOW

Free cash flow shows the ability of the Group to generate cash to repay financial liabilities, finance possible acquisitions, pay dividends, etc. Free cash flow equals net cash flow from operating activities less capital expenditure, items included in the Consolidated Cash Flow Statement in the attached audited Consolidated financial statements for the period ended 31 December 2024.

in EUR million	2024	2023
Net cash flow from operating activities	67.9	60.0
Capex	49.4	39.6
Free cash flow	**18.5**	**20.3**

MARKET CAPITALISATION

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

	2024	2023
Last price in reporting period (in EUR)	49.0	56.5
Number of shares	13,337,200	13,337,200
Market capitalization (in EUR millions)	**653.5**	**753.6**

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

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

in EUR million	2024	2023
Market capitalization	653.5	753.6
Net debt	193.4	150.7
Non controlling interest	1.2	1.0
Enterprise value (EV)	**848.0**	**905.3**
Normalized EBITDA	90.9	82.4
Normalized EV/EBITDA	**9.3**	**11.0**
Normalized EBIT	39.7	40.4
Normalized EV/EBIT	**21.4**	**22.4**
Sales	1,080.3	973.9
EV/sales	**0.8**	**0.9**

Normalized EARNINGS PER SHARE (EPS)

Earnings per share is calculated by dividing the net profit attributable to shareholders of the company by weighted average number of shares as defined in Note 12 – Earnings per share in the attached audited Consolidated financial statements for the period ended 31 December 2024. EPS reflects the underlying earnings from trading operations for each share. Normalized EPS takes into calculation normalized net profit attributable to shareholders of the company which equals to net profit attributable to shareholders of the company excluding the impact of one-off items as shown below.

	2024	2023
Profit for the year attributable to equity holders	**26.5**	**31.2**
Other one off (income)/costs, net	(5.8)	(4.2)
Adjusted profit for the year attributable to the equity holders	**20.7**	**27.0**
Weighted average number of shares	13,268,182	13,299,910
Adjusted EPS	**1.6**	**2.0**

PRICE TO EARNINGS RATIO (P/E)

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

	2024	2023
Last price in reporting period (in EUR)	49.0	56.5
Adjusted EPS	1.6	2.0
Adjusted P/E	**31.4**	**27.8**

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate Culture: Emphasis on respecting individual diversity and fostering cooperation and synergies between business segments.

People & Culture Strategy: Focus on organisational design, authentic leadership, and supporting employees as individuals.

Quality Policy: Commitment to sustainable development, economic efficiency, and social responsibility.

Award for the corporate governance, organised by Jutarnji list and the Croatian Financial Services Supervisory Agency (HANFA), reaffirmed the companys consistent excellence in this field.

Leading Responsibility: Recognised as the regional ESG champion in Slovenia, Serbia, and Croatia for 2024

Sustainability Efforts: Integration of sustainability risks and opportunities into business operations and brand management strategies.

Atlantic Grupa is a successful business system which takes equal pride in its achieved business results, as well as in the culture we are building and values we are promoting, both among our employees and in the community. The core of our corporate culture is respecting individual diversity, according to which we are designing company programmes, as well as fostering cooperation and synergies between the different business segments. In Atlantic, we like to say that in addition to our brands, our people are what makes the difference. This is supported by the fact that out of the four pillars of the company's strategy, one is "empowered organisation", which we build through care and responsible behaviour. The strategic priorities that make up this pillar are building organisational resilience, managing talents aimed at supporting growth and creating value within the environmental, social and management components. The People & Culture Strategy is focused on: a) simplicity of organisational design with the consumer at its heart, b) selection and promotion of authentic leaders who are aware that HR processes are the foundation of our organisation, whereas the greatest added value is the managers' attitude towards their teams, valuing and taking responsibility for relationships within the team and their development, and c) consideration of employees as individuals who have needs and require support outside of work as well. We are aware and recognise that, as human beings, we are integrated and only a happy individual can truly be a happy employee.

The values and culture that Atlantic Grupa nurtures are also reflected in our Quality Policy, confirming our commitment to the principles of sustainable development, economic efficiency, environmental and social responsibility. Having high quality standards as our fundamental commitment (a majority of production and logistic sites are certified under global standards for safety, quality, environmental and energy management), we are operating by generating shared value for the community and helping to protect the environment for future generations. We continuously strive to act in a way that sees sustainable development as a process of creating new opportunities and development possibilities for our business, as well as for a better future for new generations. Sustainability is an integral part of our business operations. With the aim of improving environmental, social and economic goals, the way in which we recognise and consequently act in relation to sustainability risks and opportunities is multi directional, covering the development of new products, technological processes, employee development, communication with buyers and consumers, investor relations and supply chain management. We have also accelerated the integration of sustainable development risks and opportunities into our brand management strategies. In addition to raising the bar of our own expectations, we find it important to also encourage our partners and consumers to engage in environmentally responsible behaviour. Last year, Atlantic Grupa published its annual sustainability report in compliance with new legal regulations on non-financial reporting, i.e. European Sustainability Reporting Standards (ESRS), which established Atlantic Grupa as one of the first companies in this region to apply the new standards. Throughout 2024, Atlantic repeatedly confirmed itself as the regional ESG champion. More specifically, Atlantic Droga Kolinska was declared the ESG champion of Slovenia for 2024, confirming that Atlantic uniformly fulfils ESG obligations in all three areas – environment, social and governance. This was followed by recognition from the Responsible Business Forum Serbia, where Atlantic Grupa earned the champion status for the Smoki brand project by contributing to the goal of sustainable management of natural resources. At the end of the year, our efforts were also recognised in Croatia, where Atlantic Grupa was awarded as the ESG Champion at the conference "Business Sustainability with ESG Principles" organised by the American Chamber of Commerce (AmCham).

It is also worth noting that Atlantic Grupa, as a part of the wider community, is aware of the importance and need for making its own impact on the improvement of general social conditions, while we spent the year behind us focusing primarily on caring for our consumers and employees, living our declared values – Passion, Growth, Care and Openness.

Neven Vranković
Group Vice President for Corporate Activities

Atlantic Grupa follows good practices of corporate governance in its operations and, in this sense, our business policy, strategy and key internal acts contribute to transparent and efficient business operations and better connections with the business environment.

Atlantic Grupa follows good practices of corporate governance in its operations and, in this sense, our business policy, strategy and key internal acts contribute to transparent and efficient business operations and better connections with the business environment. Our economic efficiency contributes to economic growth and the progress of society as a whole. The key sustainable management documents within Atlantic Grupa are: Code of Corporate Governance of the Zagreb Stock Exchange and HANFA, Code of Corporate Governance of Atlantic Grupa, Code of Business Ethics (Croatian Chamber of Commerce), Diversity Charter (Croatian Business Council for Sustainable Development), Whistleblowing Procedure Rules and Code of Ethics of the Purchasing Organisation.

Considering that the shares of Atlantic Grupa d.d. are quoted on the Zagreb Stock Exchange, Atlantic Grupa applies the valid Code of Corporate Governance of the Zagreb Stock Exchange and the Croatian Financial Services Supervisory Agency (HANFA), available on websites of the Zagreb Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr). In accordance with relevant regulations, Atlantic Grupa in 2024 signed a Statement of Application of the Code of Corporate Governance, thereby confirming its actions and development in accordance with the good corporate governance practice in all business segments. The Statement of Application of the Code of Corporate Governance has been published on the Company's website (www.atlanticgrupa.com) as well as on the website of the Zagreb Stock Exchange (www.zse.hr) and HANFA (www.hanfa.hr), whereas the following corporate governance practices differ from the ones stipulated in the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA:

The company's articles of association and/or internal acts prescribe that major decisions affecting the company's strategy, expenditure, risk exposure and reputation require the supervisory board's prior approval.	NO	Responsibilities of the Supervisory Board are set within the framework of the valid Companies Act.
The remuneration policy should include provisions specifying the circumstances in which part of a management board member's remuneration would be withheld or recovered.	NO	The remuneration policy does not contain such provisions.
All persons listed in Article 81 of the Code attended the General Assembly in the last 12 months.	Partially	The maximum possible attendance of the listed persons was achieved.

Atlantic Grupa is developing and acting in accordance with good practice of corporate governance and endeavours, through its business strategy, business policy and key internal acts, to contribute to transparent and efficient business operations and quality relationships with the business environment in which it operates, following global and European trends. In order to efficiently and effectively follow ESG standards and European regulations, Atlantic Grupa has established a clear management model and structure in this area. Achieving productivity and profitability is supported by a clear organisational structure, corporate culture and values that connect employees and contribute to the achievement of business goals, as well as sustainable development goals. The internal control and risk management system is an integral and important component of our business operations. Its elements, as specified below, along with the description of the functioning and method of exercising voting rights at the General Assembly, composition and functioning of the Management Board and Supervisory Board and their committees, and information on the Company's shareholders, form an integral part of this Corporate Governance Statement.

In addition to the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA, Atlantic Grupa also applies its own Code of Corporate Governance, thus improving the standards of business transparency and fully aligning them with European Union directives. The Code defines the procedures for the functioning of the Supervisory Board, Management Board and other bodies and structures responsible for decision-making, their relations and remuneration policies while integrating ESG factors into management processes. Moreover, it clearly defines social responsibility, covering all environmental and social aspects of sustainable development, thus ensuring the avoidance of conflicts of interest, efficient internal control and an effective responsibility system. The Code of Corporate Governance of Atlantic Grupa is accessible to all individuals and always available to all our stakeholders, as it is published on the company's website (www.atlanticgrupa.com) and on the internal portal, a digital platform available to all employees.

In the course of 2024, the Supervisory Board has performed supervision of the Company's activities in line with the decisions adopted by the Company's General Assembly and established that the Company acted fully in compliance with the decisions of the General Assembly.
The Management Board and the Supervisory Board work closely together for the good of the Company and maintain regular contact. The Supervisory Board was duly informed by the Management Board of all business events of greater importance, the course of business operations, revenues and expenditures, as well as of the general status of the Company.

The Management Board regularly submitted to the Supervisory Board quarterly, semi-annual and annual written reports on business operations, to which the Supervisory Board had no objections, and which were unanimously adopted. Also, the Management Board keeps the Supervisory Board fully and regularly informed on corporate strategy, planning, business developments, risk management, compliance, any deviations in the business developments from original plans, as well as on significant business transactions involving the Company and its affiliates. The Management Board regularly submits to the Supervisory Board reports prescribed by law, while in between its sessions, the Management Board duly informs the Supervisory Board on important developments regarding the Company's business operations.
In accordance with our commitment to transparency, accountability, and continuous improvement, the Supervisory Board undertook a comprehensive self-assessment of profiles and competencies of the Supervisory Board members and members of its' Committees. The assessment was conducted by the Vice Chairwoman of the Supervisory Board with the support and input of all members, without the engagement of an external auditor. The primary objective was to evaluate the effectiveness of governance processes, the contribution of individual members and the overall functioning of the Board. The self-assessment provides valuable insights into areas of strength as well as opportunities for improvement in fulfilling the oversight role of the Supervisory Board.
The self-assessment results highlighted several areas where the Supervisory Board provides strong performance. It is concluded that the Board and its Committees work well, have a balanced composition and necessary expertise complementary to the requirements of the company's business, that the Board has demonstrated effective oversight in key strategic decisions and has remained focused on long-term value creation for the Company. There is strong communication and collaboration between the Board and the executive management, which contributes to a clear understanding of the Company's priorities. The Board's collective expertise and diversity continue to be valuable assets in decision-making and governance. There is an opportunity to enhance the Board's focus on emerging risks, particularly in areas of digitization, including artificial intelligence, and regulatory changes, like the changes brought by the Non-Financial Reporting Directive.
Administrative support for the preparation of the Board sessions is provided by the Company's Secretary in an efficient and timely manner.
The self-assessment process has provided valuable insights that will guide us in further strengthening our performance. We aim to continue serving the Company with excellence and contributing to its sustainable growth.
Although the proportion of women on the Supervisory Board has exceeded the target of 25% set in 2020 and now stands at 33% in the Supervisory Board and 14% in the Management Board, Atlantic Grupa is fully committed to meeting the additional goals set by the EU Directive on Gender Balance in Corporate Boards, which we expect to achieve in 2025. Atlantic Grupa highly supports diversity within the Company. Therefore, during 2024 several women were appointed to senior management positions. This is further demonstrated by our recognition as a company committed to equal pay regardless of gender, as reflected in our "Equal Pay Champion" certification, alongside the fact that women hold 53% of all managerial positions within the Company.

Zoran Vučinić
Chairman of the Supervisory Board

Zoran Vučinić
Chairman
→

Monika Elisabeth Schulze
Vice-Chairwoman
→

Siniša Petrović
Vice-Chairman
→

Zdenko Adrović
Member
→

Lars Peter Elam Håkansson
Member
→

Franz-Josef Flosbach
Member
→

Vesna Nevistić
Member
→

Aleksandar Pekeč
Member
→

Anja Svetina Nabergoj
Member
→

ORGANISATION OF CORPORATE AND SUSTAINABILITY GOVERNANCE IN ATLANTIC GRUPA

Atlantic Grupa's corporate governance structure is based on a dual principle, which implies the Company's Supervisory Board and Management Board. Together with the General Assembly, they represent the three principal bodies of the Company under the Articles of Association and the Companies Act. Within its corporate governance structure, in order to efficiently and effectively follow ESG standards and European regulations, Atlantic Grupa established a clear management model and structure in this area. Achieving productivity and profitability is supported by a clear organisational structure, corporate culture and values that connect employees and contribute to the achievement of business goals, as well as sustainable development goals.

GENERAL ASSEMBLY

The General Assembly is a body in which shareholders accomplish their rights in Company matters. The method of functioning of the General Assembly, its powers, the rights of shareholders and the method of their exercise are defined in the Company's Articles of Association, which are publicly available on the Company's website (www.atlanticgrupa.com). In order to decide on issues prescribed by law and the Company's Articles of Association, the regular General Assembly of Atlantic Grupa d.d. was held on 27 June 2024. The following decisions were made at that Assembly: distribution of a dividend to the Company shareholders in proportion to the number of shares held by each shareholder in the amount of EUR 1.20 per share; issuance of the note of release to the members of the Management Board and the Supervisory Board; granting an authorisation to the Management Board to acquire treasury shares, exclusion of the existing shareholders' pre-emption rights upon disposal of treasury shares; followed by decisions on approving the Remuneration Report for 2023; approving amendments to the Remuneration Policy for the Members of the Management Board of Atlantic Grupa d.d.; and appointing an independent Auditor of the Company for the year 2024. All decisions from the meetings held by the General Assembly were made in line with legal regulations and are available on web pages of Atlantic Grupa and the Zagreb Stock Exchange (www.zse.hr).

SUPERVISORY BOARD OF ATLANTIC GRUPA

The Supervisory Board of Atlantic Grupa d.d. is comprised of nine members chaired by the Chairman and two Vice Chairpersons. Namely, at the session held on 12 December 2024, the Supervisory Board adopted the decision on the election of Supervisory Board member Monika Elisabeth Schulze as a Vice Chairwoman of the Supervisory Board who was, from the date of the said decision, appointed to perfor the abovementioned function alongside the already existing Vice Chairman of the Supervisory Board. In 2024, the Supervisory Board held five sessions. The members' attendance rate at these sessions was 97.78%, considering that Ms. Vesna Nevistić was justifiably prevented from participating in one session.

Zoran Vučinić
Chairman

Zoran Vučinić brings to this role 33+ years of international experience in the global fast-moving consumer goods (FMCG) industry. His last position was with The Coca-Cola Company as Chief Operating Officer of Coca-Cola North America, based in Atlanta, USA. As a fresh university graduate, he began his career in Italy in 1988 with Coca-Cola as the Marketing Services Manager for South-East Europe. After that, he held several leadership positions with growing scope of responsibility in Poland, Switzerland, Austria and Thailand. Between 2002 and 2007, he was a consultant with Egon Zehnder International and the President of the Dukat Dairy Group. In 2007, he returned to Coca-Cola as President for the Russia, Ukraine, and Belarus business unit and was later promoted to President of the Middle East & North Africa region comprised of 24 countries, based in Dubai, UAE. He is a graduate of the European School of Business (ESB), Reutlingen University, and Middlesex University London. He also received an MBA degree from the Sloan School of Management at MIT in Boston, USA.

Monika Elisabeth Schulze
Vice-Chairwoman

Monika Elisabeth Schulze brings over 30 years of professional experience across the fast-moving consumer goods (FMCG) and financial services industries, working in various countries, including the CEE region. Her expertise lies in building strong businesses amid industry transformations, digital disruption, and the implementation of sustainability frameworks. She has a proven track record of leading teams and establishing international networks to translate vision into actionable results. In 2017, Monika was recognised by Forbes as one of the World's Most Influential CMOs and was nominated by Ad Age as a "Woman to Watch Europe". Before joining Zurich Insurance as Chief Marketing Officer, Monika ran her own strategic business consultancy. Her previous roles at Unilever included Vice President for Brand Development Europe and Business Director for Foods with P&L responsibility in Hungary. Monika holds a Master of Business Administration degree from the University of Hamburg. She currently serves on the Supervisory Boards of Atlantic Grupa and Schloss Wachenheim (a sparkling wine company in Germany), and is Deputy Chairwoman of Ökoworld, a German financial services company specializing in sustainable investments. Monika brings valuable experience and expertise in ESG and sustainability matters. In 2021, she developed the sustainability strategy and framework for non-financial reporting at Zurich Insurance Germany, which have since served as the foundation for its official public reporting. To further enhance her knowledge, she enrolled in a specialized Sustainability and ESG course, certified by Deutsche Börse, at the end of 2024. The course focuses on areas such as the EU Green Deal, the CSR Directive, the EU taxonomy, and both national and international reporting standards.

Siniša Petrović
Vice-Chairman

Siniša Petrović is a tenured professor at the Commercial and Company Law Department of the Faculty of Law at the University of Zagreb. In 1995, he was a special envoy of the delegation of the Republic of Croatia for negotiations with the international community as well as a member of the delegation of the Republic of Croatia at the International Peace Conference for Bosnia & Herzegovina in Dayton. He was Vice President of the Council for the Protection of Market Competition and the Croatian representative in the Arbitration Committee of the International Chamber of Commerce. He is the author of many expert papers and participated in the drafting of Croatian regulations concerning companies, market competition, real estate mediation, privatisation, sports and prevention of conflicts of interest in performance of public functions. He was a member of the Negotiating Team for the Accession of the Republic of Croatia to the EU. He received his bachelor's, master's and doctor's degrees from the Faculty of Law at the University of Zagreb.

Zdenko Adrović
Member

Zdenko Adrović, one of the leading experts in Croatian financial industry, is one of the founders of the Croatian Banking Association, where he served as director from 2015 to 2022. He was Chairman of the Management Board of Raiffeisenbank Austria d.d in the period 1996 - 2014, which in his term of office developed into one of the leading financial institutions and received several awards from the Croatian Chamber of Economy as the most successful bank in Croatia. Prior to that position, he was the Executive Vice President responsible for the treasury and liquidity at Privredna Banka Zagreb, where he also worked as the Investment Banking Sector Manager and Deputy General Manager. From 2017 to 2020, he was a member of the Croatian Parliament's Finance and State Budget Member Committee, and is a member of the National Competitiveness Council since 2018. In the period 2008 - 2016, he was a member of the Executive Board of the Croatian Employers Association, and in the period 2004 - 2013 a member of the Management Board of the Croatian Chamber of Economy. In the period 1999 - 2006, he gained valuable experience as a member of the Supervisory Board of Pliva d.d. He graduated from the Faculty for foreign trade, University of Zagreb, where he also earned his M. Sc. degree in corporate finance, continuing his professional specialisation through his long career in the financial industry at universities in USA and UK.

Lars Peter Elam Håkansson
Member

Peter is the Chairman of the Management Board of East Capital Holding and holds Board appointments within the East Capital Group. He established East Capital's investment philosophy and strategy. He has worked within emerging and frontier markets since the early nineties and continues to travel and visit companies throughout the world. Peter has been awarded the Gold Star for best Fund Manager five times by Morningstar and Sweden's largest financial daily Dagens Industri. He and the investment teams have also received numerous Lipper awards for the performance of the funds that East Capital manages. Peter is also Chairman of the Management Board of the Swedish Music Hall of Fame, and a Supervisory Board member in Garna Stockholm Holding, Bonnier News Business, Atlantic Grupa, Cicero Holding AB and Cicero Fonder, Hjerta, LaSpa Group in Estonia and a fellow of the Royal Swedish Academy of Engineering Sciences (IVA), Finance Section. Prior to founding East Capital, Peter held a series of senior positions at Enskilda Securities in London, Paris and Stockholm – where his last role was Head of Equities and Global Head of Research. Peter has a degree from Stockholm School of Economics and has also studied at l´EDHEC in Lille.

Franz-Josef Flosbach
Member

Franz-Josef Flosbach obtained an industrial engineer degree at the Technische Universität Darmstadt in 1973. He had spent most of his working life, since 1975, in the DEG-Deutsche Investitions und Entwicklungsgesellschaft GmbH, where he performed a number of executive tasks. He was in charge of corporate governance audits, business planning and controlling, business development and portfolio management in Sub-Saharan Africa, and consultancy activities for "Deutsche Mittelstand", programmes of the European Community (ECIP, CDI, JOPP), Foreign Promotion Agencies, and Stability Pact for South-Eastern Europe. Furthermore, he was responsible for DEG's Business in East and South East Europe, Caucasus, Central Asia, Turkey and Near East, which includes about 30 countries, 1.5 billion Euro investment, about 110 portfolio companies, 200 – 500 million new commitments per year. Prior to his career in DEG, he worked as a Senior Consultant at the Treuhand-Vereinigung AG/Coopers & Lybrand GmbH, today PriceWaterhouseCoopers (PwC) with a special focus on Merger & Acquisition activities. Mr. Flosbach has served as a member of Supervisory Boards in various industries with a different legal framework since 1984. At present, he serves as a member of Atlantic Grupa's Supervisory Board and as the President of its Audit Committee. Mr. Flosbach is a Member of the "Südosteuropa Gesellschaft", München, since 1999.

Vesna Nevistić
Member

Dr. Vesna Nevistić has 25 years of professional track record in the areas of management consulting, investment banking, corporate development and restructuring. She has gained extensive experience working globally across many different industries while holding senior executive positions at some of the world's leading institutions: a Partner at McKinsey & Company in Zurich and New York; a Managing Director at Goldman Sachs in London and Zurich; a Group Managing Director and Head of Corporate Development at UBS in Zurich, where she was part of the senior executive team that successfully restructured the bank following the financial crisis. Dr. Nevistić currently runs her own advisory boutique, VereNovo GmbH, focusing on strategic and business transformation topics, and also serves as a Non-Executive Director at the Boards of two companies: Compagnie Financiere Richemont SA, a Geneva-based global luxury goods group encompassing brands like Cartier, Van Cleef & Arpels, Montblanc; and Kuehne + Nagel International AG. She supports various non profit organisations and is a member of the Finance Committee of the Swiss Study Foundation. Dr. Nevistić holds a PhD in Electrical Engineering from the Swiss Federal Institute of Technology (ETH Zurich) and Diploma/Post-Diploma degrees from the Zagreb University. She is a Swiss and Croatian citizen living in Zurich.

Aleksandar Pekeč
Member

Aleksandar Pekeč is a tenured professor at Duke University's Fuqua School of Business. He is an expert in managerial decision-making in complex competitive environments, and has published articles in top academic journals in management sciences, as well as in top journals in other fields such as economics, mathematics and psychology. His consulting experience includes financial, pharmaceutical, retail, and technology industries. He was a member of the Economic Council of the President of the Republic of Croatia in the period 2010 - 2015. Professor Pekeč holds a Ph.D. degree from Rutgers University and B.Sc. degree from the University of Zagreb.

Anja Svetina Nabergoj
Member
Dr. Anja Svetina Nabergoj is Lecturer at Hasso Plattner Institute of Design at Stanford University and Associate Professor at the School of Economics and Business, University of Ljubljana. She finished her undergraduate studies, completed International Full Time Master Program in Business Administration (IMB) and earned her PhD at the Faculty of Economics, University of Ljubljana. For the last 15 years she has been developing pedagogy for teaching innovation processes and nurturing creative mindsets to management in leading global corporations. She is the founding member of the Research as Design Team at Stanford University and member of the Advisory Board of The Stanford Catalyst for Collaborative Solutions. She has contributed chapters to numerous publications published by Edward Elgar and Routlege, and co-authored the book "Creativity in Research" published by Cambridge University Press.

Supervisory Board Committees

Three Committees function within the Supervisory Board with the purpose of assisting the operation and functioning of the Supervisory Board: Audit Committee, Leadership Development and Remuneration Committee and Public Responsibility and Corporate Governance Committee. In line with the Company's Code of Corporate Governance, each Committee has at least three members. The Public Responsibility and Corporate Governance Committee defines a system of mechanisms for ensuring a balance between the rights of shareholders and the needs of management to direct and manage the Company's operations. The Committee participates in developing a framework for corporate governance within the Company and monitors the Company's annual reporting to ensure compliance with applicable corporate and sustainability reporting standards. The Committee is chaired by Siniša Petrović, Monika Elisabeth Schulze and Anja Svetina Nabergoj were appointed as members from the ranks of the Supervisory Board and Nina Tepeš, Professor at the Faculty of Law, University of Zagreb, as a member from the ranks of external experts. The Committee held five sessions during 2024, and the attendance rate of its members was 100%. The Leadership Development and Remuneration Committee proposes candidates for the Management Board, Supervisory Board and senior management personnel, as well as contents of contracts with the members of the Management Board, structure of their compensation and compensation of the Supervisory Board's members. Also, the Committee oversees the Company's human capital management and remuneration to be received by the Management Board members based on an assessment of the Company's results, their individual performance during the year, and the realisation of the Company's Sustainability Index. The Committee is chaired by Aleksandar Pekeč, Zoran Vučinić and Vesna Nevistić were appointed as members from the ranks of the Supervisory Board and Zoran Sušanj, Associate Professor at the Faculty of Economics, University of Rijeka, as a member from the ranks of external experts. The Committee held three sessions throughout 2024, whereby the attendance percentage of its members was 100%. The Audit Committee analyses in detail the financial reports, provides support to the company's accounting and establishes good and quality internal control within the Company. It monitors the integrity of financial information of the Company, particularly the accuracy and consistency of accounting methods used by the Company and the Group to which it belongs, including the criteria for consolidation of financial reports of the companies that belong to the Group. The Audit Committee oversees certain processes related to external sustainability disclosures. At least once a year, the Committee assesses the quality of the internal control and risk management system with the aim of properly identifying, publicly disclosing and managing major risks to which the Company is exposed, as well as the effectiveness of procedures for reporting misconduct and procedures for approving and disclosing related party transactions. The Committee is chaired by Franz-Josef Flosbach, while Zdenko Adrović and Lars Peter Elam Håkansson were appointed as members from the ranks of the Supervisory Board. The Committee held two sessions during 2024, and the attendance rate of its members was 83.33% considering that Peter Håkansson was justifiably prevented from participating in one session.

Emil Tedeschi
President of the Management Board

Srećko Nakić
Group Vice President for Distribution

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

Zoran Stanković
Group Vice President for Finance, Procurement and Investment

Mate Štetić
Group Vice President for Coffee and Snacks

Lada Tedeschi Fiorio
Group Vice President for Corporate Strategy and Development

Neven Vranković
Group Vice President for Corporate Activities

MANAGEMENT BOARD OF ATLANTIC GRUPA

Atlantic Grupa's Management Board has seven members – President of the Management Board, Group Vice President for Corporate Activities, Group Vice President for Finance, Procurement and Investment, Group Vice President for Corporate Strategy and Development, Group Vice President for Distribution, Group Vice President for Savoury Spreads, Donat and International Expansion, and Group Vice President for Coffee and Snacks. The Management Board of Atlantic Grupa operates in the following composition:

Emil Tedeschi
President of the Management Board

Emil Tedeschi is the founder and, through his wholly owned company Myberg, majority owner of Atlantic Grupa. In his career, he has received numerous professional and media awards and in 2010 received the state decoration of the President of the Republic of Croatia for his special contribution to Croatian economy. By participating in the work of the Parliamentary Committee overseeing the negotiating process, he was actively engaged in the process of Croatia's accession to the EU. He was a member of the Social-Economic Council, President of the Croatian Employers Association in the period 2005 - 2007 and a member of the Council of Economic Advisers to the President of Croatia in the period 2010 - 2015. He is an Honorary Consul of the Republic of Ireland in the Republic of Croatia, a member of the Trilateral Commission, the Harvard John F. Kennedy School Dean's Council, the INSEAD Alumni Association, the Programme Council of the Zagreb School of Economics and Management, and the Business Council at the Faculty of Economics in Ljubljana.

Srećko Nakić
Group Vice President for Distribution

Srećko Nakić began his career in Atlantic in 1994 in the sales organisation. In his various roles within distribution areas, he developed recognisable trade excellence as the core competence of Atlantic Grupa, which resulted in long-term cooperation with strong international principals - Beiersdorf, Duracell, Ferrero, HIPP, Johnson & Johnson, Mars, Rauch, Red Bull, Unilever, etc. He was one of the key contributors in Cedevita's launch in the HoReCa channel and OTG segment, and from 2010 to 2014 led the integration of Droga Kolinska into Atlantic Grupa as the President of the Management Board of Droga Kolinska. As the Vice President for Distribution, he is responsible for overall distribution business operations, covering all markets with focus on expansion and overall growth. He enhanced his professional growth with relevant educational programs in institutions such as IEDC Bled School of Management.

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

Enzo Smrekar has joined Atlantic Grupa with the acquisition of Droga Kolinska in 2010. where he was Chief Operating Officer at the time of transaction. Prior to that, he spent 18 years working for leading international companies such as Philip Morris, Diageo and LVMH. From 2010 onwards, he had a key role in the successful integration of Droga Kolinska into Atlantic Grupa, as member of the board of Droga Kolinska and General Manager of the Strategic Business Unit Savoury Spreads. He finished MBA at the IEDC Bled, AMP at the Harvard Business School, earned a Coaching and Mentoring certificate from the Oxford Brooks University. He is a Supervisory Board member in several companies and the President of the American Chamber of Commerce in Slovenia. Also, he is the President of the Slovenian Ski Association, Vice President of the Slovenian National Olympic Committee, and trustee of the International Ski Federation.

Zoran Stanković
Group Vice President for Finance, Procurement and Investment

Zoran Stanković joined Atlantic Grupa in February 2007 at the position of Vice President of Finance. Prior to that, he spent three years at Pliva as the Group's Director of Controlling responsible for the coordination and supervision of financial activities of the Pliva's network of companies, both domestic and abroad. Before his arrival to Pliva, from 1995 to 2003, he worked at Arthur Andersen and Ernst&Young as a Senior Audit Manager responsible for key accounts. He is a member of the international Association of Chartered Certified Accountants. He

Graduated from the Faculty of Economics and Business at the University of Zagreb.

Mate Štetić
Group Vice President for Coffee and Snacks

Mate Štetić joined Atlantic Grupa in 2019 as General Manager of SBU Coffee and at the end of 2022 took over the management of the chocolate and the sweet and salted snacks portfolio. He started his career in 2001 with Ledo d.d., where he worked in different sales, export, marketing, and development positions. After that he joined Zvijezda d.d. where he held the position of Marketing and Development Director and in 2008 became the General Manager of Mlinar d.d. He worked in PIK Vrbovec d.d. from 2009 until 2019, eight years of which as the company's General Manager. He graduated from the Faculty of Economics and Business at the University of Zagreb, obtained a master's degree from Cotrugli Business School, and continued his professional development at the IEDC Bled School of Management and other business schools.

Lada Tedeschi Fiorio
Group Vice President for Corporate Strategy and Development

Lada Tedeschi Fiorio manages the processes and teams dealing with Atlantic Grupa's strategy and growth through M&A activities and development of new areas or products with potential for the company's growth. Before her appointment to the Atlantic's Management Board in 2019, she served as the Vice President of the Supervisory Board of Atlantic Grupa. She began her career in Atlantic in 1997 as the Deputy Director for Finance. As the Vice President for Business Development, she had an important role in the IPO process in 2007 and in negotiations during different Atlantic's acquisition and sale processes. For years, she has been at the top of the list of the most powerful women in Croatian business according to the expert jury of the business magazine Lider. Before her career in Atlantic, she acquired business experience in multinational companies, Wrigley in Germany and Mars Masterfood in the United Kingdom, the Netherlands, Poland and the United Arab Emirates. She received her bachelor's degree in economics at Universita' commerciale L. Bocconi in Milan, and continued her professional specialisation at the London Business School.

Neven Vranković
Group Vice President for Corporate Activities

Neven Vranković joined Atlantic Grupa in 1998 as the Executive Director of Corporate Activities. In 2001, he was responsible for Atlantic Grupa's merger and acquisition activities, while in 2002 he was appointed Vice President for Corporate Activities. He gained his business experience by working in the legal department of Bergen Bank in Norway and as a career diplomat at Croatian embassies in Washington and Belgrade. He was a member of the Working Group for Preparing Negotiations for the Accession of the Republic of Croatia to the European Union for Chapter 6 – Company Law. He graduated from the Faculty of Law at the University of Zagreb and received his master's degree from the Washington College of Law, USA. Furthermore, he gained additional professional knowledge in the field of mergers and acquisitions at the business school INSEAD in France. He served as deputy chairman of the Supervisory Board of RTL Hrvatska d.o.o., Zagreb, and as a member of the Supervisory Board of Raiffeisen stambena štedionica d.d., Zagreb.

Corporate Governance Structure

The Management Board of Atlantic Grupa is in charge of developing and implementing the Company's strategy and business plans which include aspects that relate to or may affect sustainability matters. When discussing the Company's strategy and business plan, the Management Board and Supervisory Board jointly and regularly consider the impact of proposed measures on stakeholders, the environment and society, as well as on the Company's reputation, thereby ensuring that the Company's strategy takes into account the potential impact of its activities on the environment and society and that the Company policies, culture and values promote ethical behaviour, respect for human rights, and a sound and stimulating work environment. The Management Board, in due time and in its entirety, reports to the Supervisory Board on all facts and circumstances that can influence the Company's or its daughter companies' business operations, including sustainability matters, financial position and status of assets. This Board-level commitment and alignment drives top-down accountability toward our ESG goals and helps support a positive company culture.

Strategic Management Council

Since its establishment in early 2012, the Strategic Management Council operates as a multifunctional body that discusses vital strategic and operational corporate issues, business analysis, priority definition, supervision of strategic plans, coordination between organisational units and key decision making. The Council includes members of the Management Board, Managing Directors of Strategic Business Units, Managing Directors of Strategic Distribution Units, Senior Executive Directors of Distribution Business Development and Private Labels, Corporate Legal Affairs, Quality Management and Asset Management, Transformation and Information Technology, Central Purchasing, Central Finance and Corporate Controlling, People and Culture, Corporate Key Accounts Management, Secretary General, Executive Directors of the Business Unit Donat, Distribution Unit Austria, Corporate Strategy and New Growth, Corporate Development, Corporate Communications, and Corporate Services, as well as the Sales Director of Global Distribution Account Management.

PERFORMANCE ON THE CAPITAL MARKET AND OWNERSHIP STRUCTURE

In Croatia, 2024 was marked by economic growth and positive trends in economic indicators, leading to favourable dynamics on the domestic capital market.

MARKET CAPITALISATION

EUR 653.5 milion

ATLANTIC GRUPA HOLDS SIXTH PLACE IN THE CROBEX10 INDEX WITH A MARKET CAPITALISATION OF EUR 653.5 MILLION

MAJOR SHAREHOLDERS

50.2%

MYBERG D.O.O.

35.4%

PENSION FUNDS

DIVIDEND DISTRIBUTION

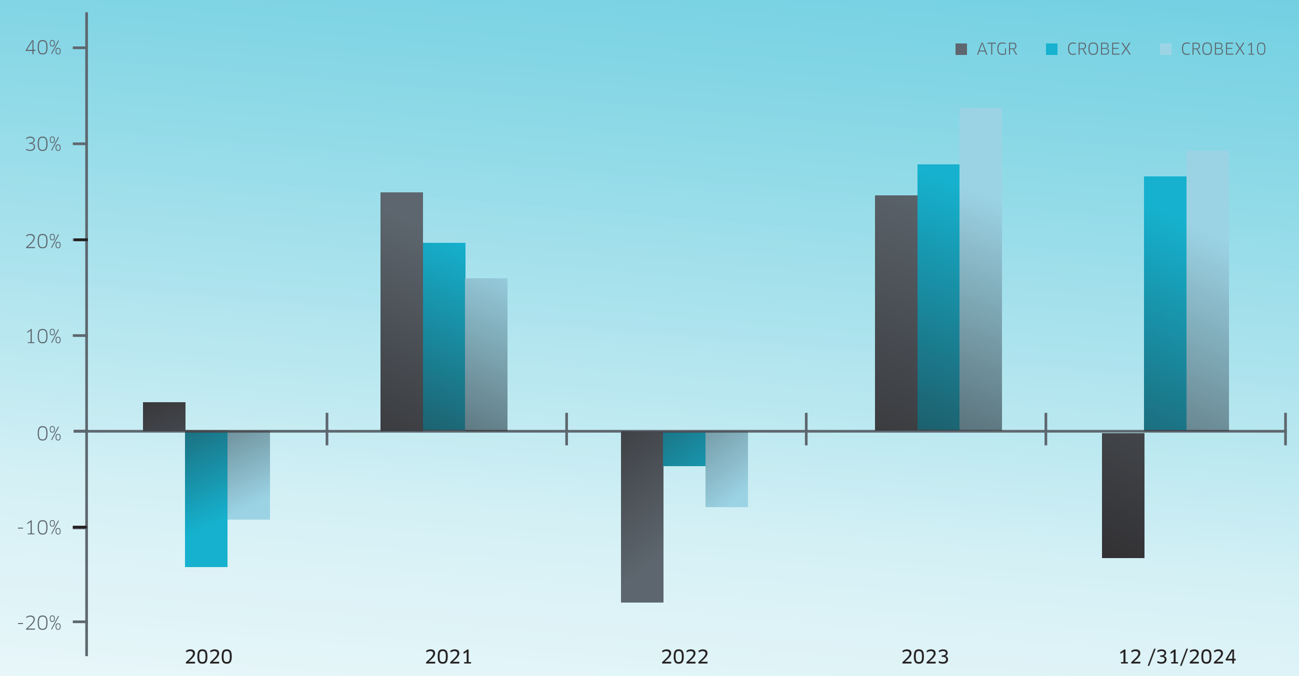
1.20 EUR

Approved dividend of EUR 1.20 per share and acquisition of treasury shares for management and employee remuneration.

In Croatia, 2024 was marked by economic growth and positive trends in economic indicators, leading to favourable dynamics on the domestic capital market. The year ended on a positive note, which was reflected in a 10% increase in share turnover and a 23.6% rise in total turnover compared to the previous year. Stock indices saw strong double-digit growth, outperforming many global indices. CROBEX grew by 25.9%, reaching a new high, while CROBEX10 grew by 29.3%. At the same time, the Atlantic Grupa's share recorded a 13.3% decline.

Market capitalisation followed the market dynamics with a 26.3% increase in stock capitalisation in terms of shares. Among the components of the CROBEX10 index, Atlantic Grupa holds sixth place with a market capitalisation of EUR 653.5 million (as of 30 December 2024). Based on total turnover in 2024, the Atlantic Grupa's share ranks fourteenth among all the shares quoted on the Zagreb Stock Exchange, with a turnover of EUR 5.4 million.

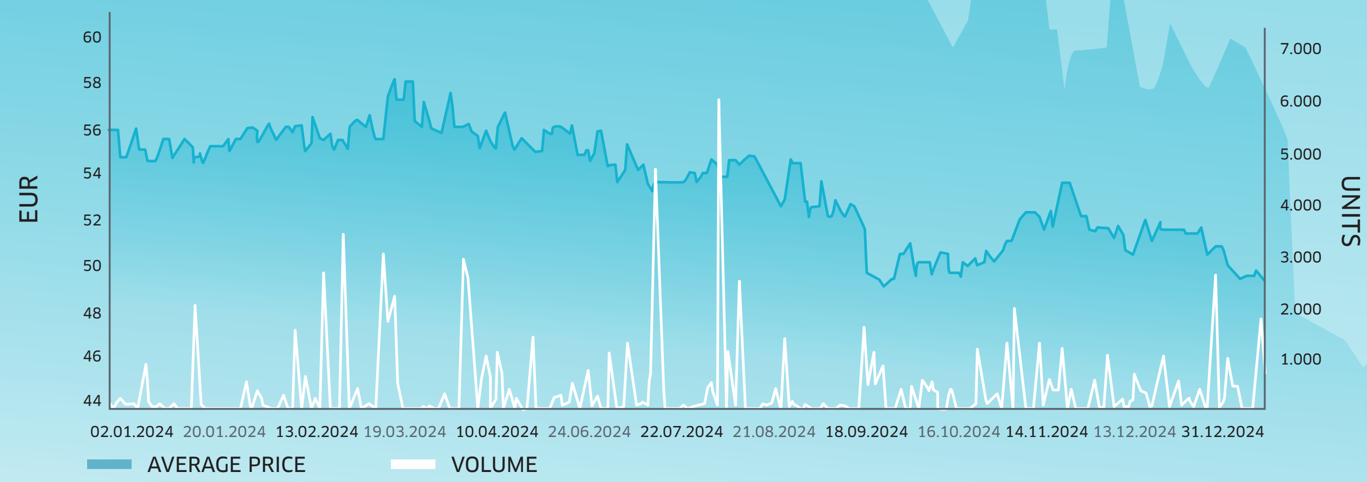
Performance on capital market by the end of December 2024

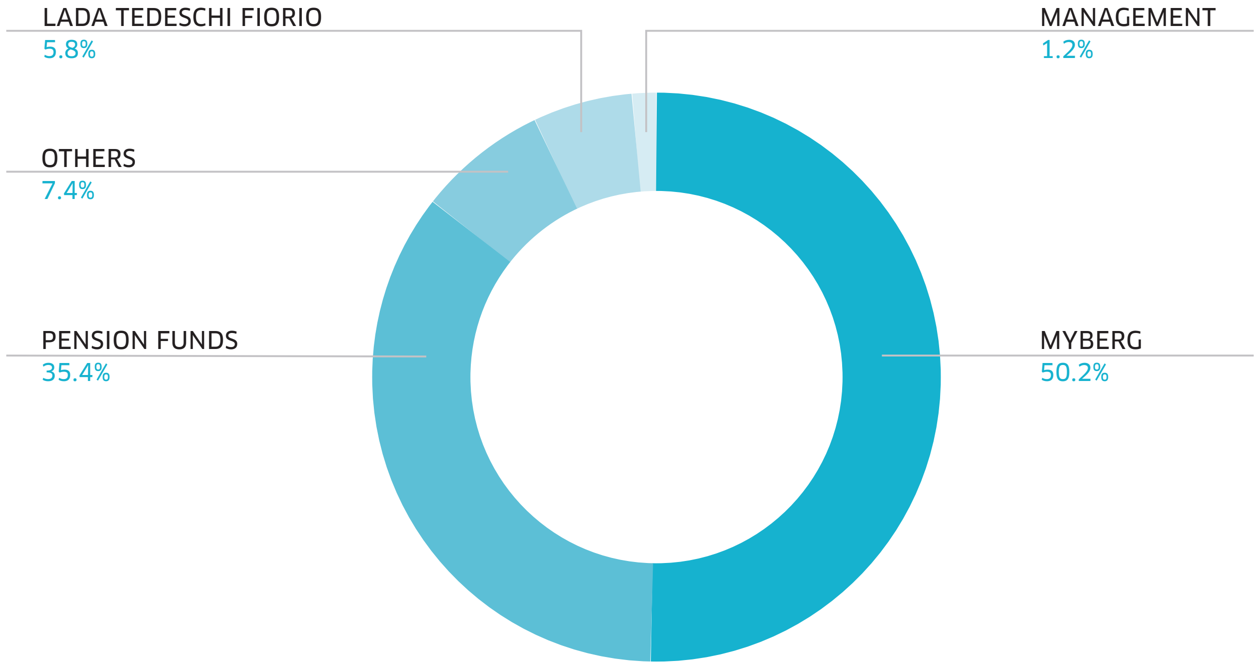


TURNOVER

EUR 5.4 million

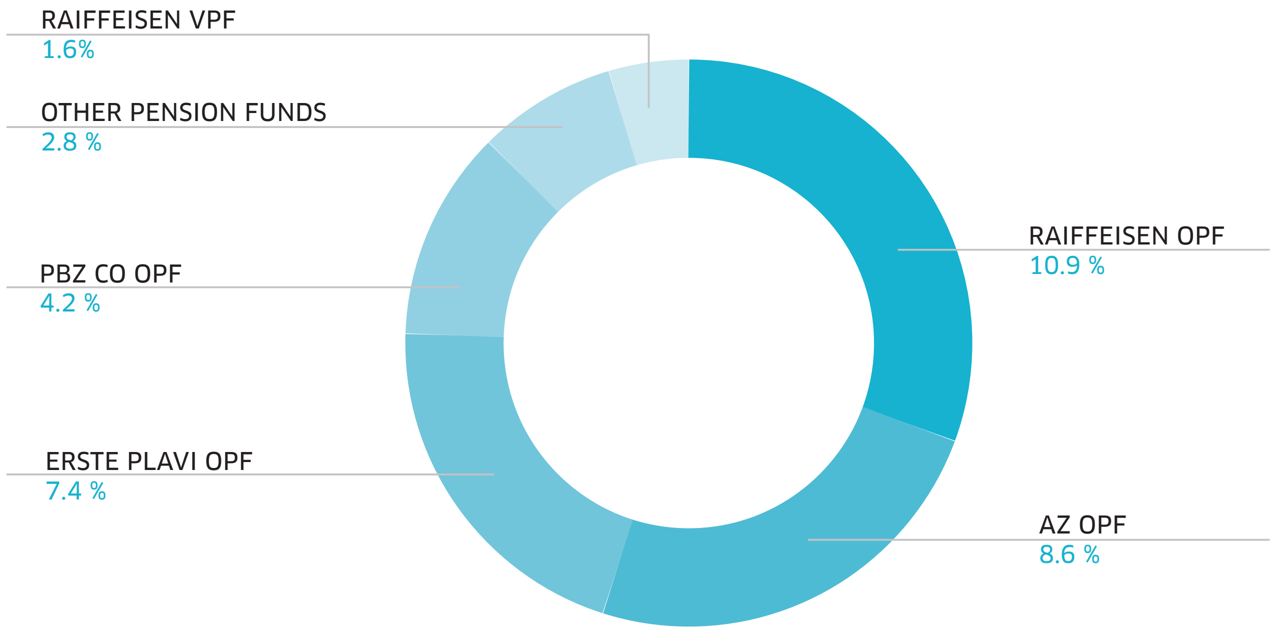
Share movement by the end of December 2024





Atlantic Grupa has a stable ownership structure with 50.2% of the shares owned by the company Myberg d.o.o. (100% owned by Emil Tedeschi). Other major shareholders hold the following stakes: 5.8% of the shares are owned by Lada Tedeschi Fiorio, while pension funds hold 35.4% of the shares of Atlantic Grupa d.d.

PENSION FUNDS
35.4%



Under the category Management, board members have 163,165 shares (Neven Vranković 85,093; Srećko Nakić 30,000; Zoran Stanković 29,399; Enzo Smrekar 11,801; and Mate Štetić 6,872). Additionally, member of the Management Board Neven Vranković has 150 bonds of Atlantic Grupa d.d.

According to the decision of the Company's General Assembly held on 27 June 2024, the dividend distribution was approved in the amount of EUR 1.20 per share. In line with the Decisions on authorising the Company's Management Board to acquire treasury shares and the Decisions on excluding pre-emption rights upon acquiring new shares, which were adopted at the General Assembly of Atlantic Grupa d.d. on 27 June 2019 and 27 June 2024, the Company in 2024 acquired a total of 93,732 treasury shares (25,026 treasury shares in the total nominal amount of EUR 200,208.00, representing 0.19% of the Company's share capital, were acquired on 1 March 2024; 3,400 treasury shares in the total nominal amount of EUR 27,200.00, representing 0.03% of the Company's share capital, were acquired on 12 March 2024; 22,821 treasury shares in the total nominal amount of EUR 182,568.00, representing 0.17% of the Company's share capital, were acquired on 19 April 2024; 21,993 treasury shares in the total nominal amount of EUR 175,944.00, representing 0.16% of the Company's share capital, were acquired on 22 April 2024; 8,812 treasury shares in the total nominal amount of EUR 70,496.00, representing 0.07% of the Company's share capital, were acquired on 2 May 2024, 4,536 treasury shares in the total nominal amount of EUR 36,288.00, representing 0.03% of the Company's share capital, were acquired on 20 June 2024; 470 treasury shares in the total nominal amount of HRK 3,760.00, representing 0.004% of the Company's share capital, were acquired on 21 June 2024; 6,602 treasury shares in the total nominal amount of EUR 52,816.00, representing 0.05% of the Company's share capital, were acquired on 20 November 2024; 72 treasury shares in the total nominal amount of EUR 576.00, representing 0.001% of the Company's share capital, were acquired on 21 November 2024). The above acquisitions were executed by trading on the Zagreb Stock Exchange and information on acquisitions was published in line with legal regulations and made available on web pages of Atlantic Grupa (www.atlanticgrupa.com) and the Zagreb Stock Exchange (www.zse.hr). The purpose of these acquisitions of treasury shares is the realisation of management and employee remuneration in line with the Stock Option Programme and the Remuneration Policy of Atlantic Grupa d.d. After the Programme was realised by assigning treasury shares to the Company management and employees, i.e. on 31 December 2024, the Company owned 78,465 treasury shares in the total nominal amount of EUR 627,720.00, which represent 0.59% of the Company's share capital. The Company's Dividend Policy is implemented in accordance with the development plans and the situation on the capital market, as well as according to the growth of the net profit, revenue level, expected increase of the property value of Atlantic Grupa, and other relevant factors. Provided that the abovementioned conditions are met, it is the Company's intention to pay out up to 45% of the consolidated profit in the form of dividends. Proposals of the Management Board and the Supervisory Board for the distribution of the dividend reflect the said position, whereas the adoption of the final decision on the amount and the manner of the distribution of dividends is determined by decision of the Company's General Assembly. Persons entitled to the dividend are determined according to valid regulations of the Republic of Croatia.

INTEGRATED QUALITY MANAGEMENT SYSTEM

Integrated Quality Management System: Actively involves all production and distribution units with top-down quality strategies and rules.

Corporate Quality and Sustainability Management (CQSM): Manages the integrated system horizontally and vertically across the organisation.

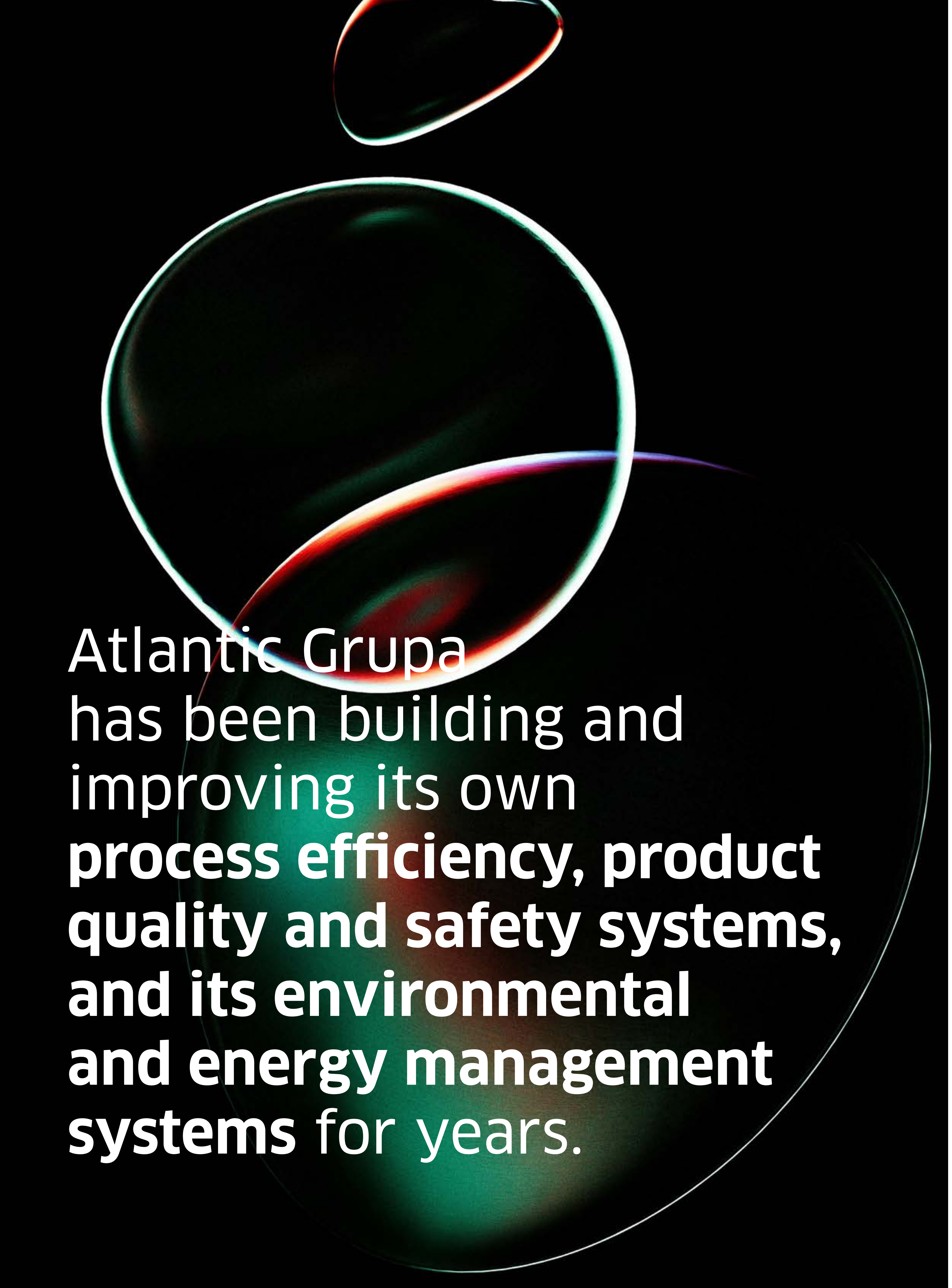
GLOBAL STANDARDS

ISO 9001, ISO 14001, ISO 50001, and GFSI approved standards.

FUTURE CERTIFICATIONS

Preparation for additional certifications in 2025 for subsidiaries like **Atlantic Štark** (Igroš site) and **Atlantic Brands Austria**.

Continuous Improvement: Supported by third-party certifications and regular internal and external audits.



Atlantic Grupa
has been building and improving its own **process efficiency, product quality and safety systems, and its environmental and energy management systems** for years.

Within the framework of the integrated quality management system and the related integrated Quality Policy, Atlantic Grupa has been building and improving its own process efficiency, product quality and safety systems, and its environmental and energy management systems for years. This corporate approach actively involves all production and distribution units in a way that defines top-down quality strategies and rules, as well as benefits from the exchange of best practices established in the various markets in which we operate. The integrated system is defined and actively managed by the Corporate Quality and Sustainability Management (CQSM) function. This system is integrated horizontally (through different topic standards) and vertically (through the whole organisational structure) in a way that connects all the procedures, responsibilities and activities to effectively support the realisation of company's strategic and business goals.

Within this framework, quality and sustainability initiatives, practices and strategies are continuously managed and improved, supported by third parties certifications that guarantee compliance with the latest global standards. These practices are self-monitored on a daily basis across all locations and regularly monitored through both internal (90 audits in 2024) and external (33 audits in 2024) compliance audits.

SPECIFIC AREA OF CONTINUOUS IMPROVEMENT	GLOBAL OR INTERNATIONAL STANDARDS APPLIED
Quality management to meet process excellence	ISO 9001 (95% sites own certificate)
Responsible environmental management	ISO 140001 (85% sites own certificate)
Energy and resources efficiency	ISO 50001 (55% sites own certificate)
Product safety, authenticity, and compliance	Codex Alimentarius HACCP; GFSI approved standards (IFS Food, FSSC 22000) (100% production and logistic sites own one of these certificates)
Specific consumer life-style requirements	Schemes for quality marks (Organic, Vegan, Halal, Kosher..)
Social responsibility requirements	BSCI certification Atlantic Štark Belgrade Amfori BSCI/SEDEX or Rainforest Alliance (RA) (Two sites are registered on the SEDEX customer's platform, two sites own the RA certificate another two Amfori BSCI approval)

During 2024, we prepared subsidiaries for additional certifications (Atlantic Štark Igroš site for ISO 14001 and ISO 50001, Atlantic Brands Austria for IFS Broker) in 2025.

RISKS OF ATLANTIC GRUPA

To prevent and mitigate the impact of unwanted risks on its operations, Atlantic Grupa organised three levels of "defence".

As a vertically integrated multinational company whose operations incorporate R&D, production and distribution of fast moving consumer goods and pharmacy business, Atlantic Grupa is exposed to a myriad of external and internal risks. To prevent and mitigate the impact of unwanted risks on its operations, Atlantic Grupa organised three levels of "defence".

The first level involves business process owners, i.e. managers of specific functions or appointed teams, who manage individual risks within their areas of responsibility. These responsible departments, teams or employees regularly monitor, supervise and actively manage risks under their responsibility on a daily/weekly/monthly basis.

At the second level, Atlantic Grupa implements an integrated risk management process – Enterprise Risk Management (ERM). This process involves identifying and quantifying risks, analysing their inter-relationships, and comparing their impacts. Identification, analysis, and assessment of potential risks are conducted annually through detailed discussions coordinated by the Risk Management Director (Corporate Risk Manager). At this level, risks are monitored year after year with the goal of understanding trends and connections between risks. During the year, periodic monitoring and evaluation of emerging and escalating risks are conducted.

Finally, the third level of defence at Atlantic Grupa is performed by Internal Audit, which verifies the effectiveness of risk management through its programme of annual and ad hoc audits.

In its operations, Atlantic Grupa is exposed to risks from the group of business environment, industry and competition risks, and the group of operational and financial risks. In addition to the above risk groups that may impact Atlantic Grupa, it's also worth noting climate risks that may affect our assets and supply chain. The risks presented below are currently identified by Atlantic Grupa as key ones that can have a more significant impact on its business and financial position.

Business environment risk

Business environment risk includes political and macroeconomic risks, risks of natural disasters and health hazards that directly impact the company's business activities in all markets where it operates, and over which the company generally has no direct influence.

Risk	Description	Mitigation and management measures
Political risk	All risks that potentially contribute to the political instability of an individual country and may affect relations with other countries. The same risk can manifest through adverse trade effects between countries or certain regions, and internally through socio-economic risks such as strikes, protests, and a deteriorating internal security situation. Political risk in the broader global environment is represented by international conflicts, such as current ones in Ukraine and the Red Sea, which have an impact on economic risks.	Atlantic Grupa operates in a non-cyclical industry of production and distribution of food products and consumer goods across multiple countries, thereby significantly reducing this risk through market diversification with various pan-European brand strategies. Additionally inter-state and intra-state political trends that could cause political instability and adverse relations between countries are closely monitored.
Economic risk	All economic risks that can affect the prices and deliveries of raw materials, packaging, and energy, labour shortages and costs, and consumer spending, i.e. purchasing power, including risks related to inflation, GDP, and interest rate movements.	By continually diversifying both its production and distribution portfolio and implementing an active pricing policy, Atlantic Grupa effectively minimises this risk.
Natural disasters and climate change	Natural disasters that can have a sudden impact on Atlantic Grupa's operations, as well as on the entire system (of a country or region) in which the Group or its supply chain operates, such as earthquakes, floods, extreme weather conditions, etc.	Atlantic Grupa minimises its exposure to this risk by using property insurance and natural disaster risk transfer instruments, and by constantly investing in new, higher quality equipment and infrastructure. In the long term, Atlantic Grupa invests in sustainability plans to improve products and processes.
Health and safety hazards	Non-compliance with local health (including infectious diseases) and safety regulations and/or failure to maintain a safe, healthy workplace, which may result in injuries or fatalities, occupational diseases or accidents, legal disputes, fines, penalties, or a negative impact on reputation.	To mitigate these potential impacts, Atlantic Grupa consistently implements all necessary standard health and safety measures for employees and the working environment.

Industry and competition risks

Atlantic Grupa operates in the consumer goods industry and retail through the pharmacy chain Farmacia. Within these industries, the Group is exposed to risks of open markets (competition), consumer trends, changes in regulatory frameworks, monitoring of sustainable development, risks of fire and explosions in production facilities, changes in legal frameworks and standards, availability and prices of raw materials, consumables and energy, as well as specific risks of pharmacy business and competition.

Risk	Description	Mitigation and management measures
Open market	Market liberalisation in local markets and globalisation resulted in the development of new local producers and retail chains, as well as the entry of global ones, which ultimately results in stronger market competition. Foreign food competitors have the advantage over local companies with regard to technological infrastructure, capacity to invest in research and development, financial power, marketing budget size, and the global recognisability of their brands. Increased competition can lead to a decrease in the market share of Atlantic Grupa's products, resulting in reduced profitability.	Atlantic Grupa continuously invests in a more diverse product offer, increasing product quality, introducing global manufacturing standards, opening and developing new distribution channels, as well as expanding into new markets. In this regard, Atlantic Grupa invests significant funds and resources in research and development of new products and services, technological development, marketing to improve brand recognisability, as well as employee education and training. Atlantic Grupa monitors market trends and consumer preferences to maintain high market shares. The markets where Atlantic Grupa operates display a high level of loyalty to tradition as well as to the previously acquired purchasing habits, thus prompting the demand for domestic products. Consequently, the recognisability of the brands whose products Atlantic Grupa manufactures and/or distributes coupled with their high market shares emerges as the main comparative advantage of Atlantic Grupa's production/distribution portfolio. With the strategic focus on the development of strong and recognised brands, Atlantic Grupa aims to reduce the risks brought on by the competition.
Consumer trends	Development of the consumer goods industry is largely characterised by the ability of companies to quickly adapt to consumer needs and market trends.	Atlantic Grupa continuously monitors consumer trends, performs market research, and develops and invests in new products, markets, and business segments to adapt to new trends in the markets where it operates and further learn from emerging changes.
Regulatory frameworks for monitoring sustainable development	Adaptations of regulatory frameworks to social changes and consumer habits, both on international and national level, place emphasis on sustainable development and consumer health.	Atlantic Grupa gives significant attention to compliance with national laws and international standards by developing internal procedures and policies, as well as expanding care for the environment from a local approach to the corporate level within a consistent Environmental Management System (EMS), taking into account local and global sustainability and consumer health trends. The examples of this are careful selection of raw materials and packaging materials to minimise negative environmental impacts and support consumer health, inclusion of environmental criteria into the supplier selection process, and many others.
Fire and explosion	Production of certain food products is characterised by a higher risk of fire or self-combustion, which requires increased attention when handling both raw materials and machines in the production process.	To minimise this risk, Atlantic Grupa implements active safety measures, including testing and rebuilding machinery, employee education and training, investing in safety detectors and fire protection systems, and other measures to prevent and mitigate unacceptable events.
Legal frameworks and standards	Atlantic Grupa is subject to strict and extensive legislation regarding food for human consumption, product safety, employee safety and working conditions, environmental protection and safety, product composition, packaging, labelling, advertising, competitive market behaviour and the like. Any failure in these areas could result in various sanctions and penalties. Additionally, failure to remedy potential violations or adapt to changes in existing regulations could lead to additional costs.	The safety of foodstuffs and the perception of that safety are of critical importance for Atlantic Grupa's business operations and any event or perception to the contrary would result in significant negative consequences for the Group's operations. Health, safety and environmental regulations in Europe and other developed regions are becoming increasingly stricter and their implementation more pronounced and complex. Accordingly, Atlantic Grupa continuously monitors and adapts to such changes. Furthermore, Atlantic Grupa invests in and implements high international standards, such as ISO 9001, 14001, 50001, IFS, and HACCP, to demonstrate compliance with safety regulations and to ensure the safety of products, consumers, and employees. Beyond health, safety and environmental topics, significant new regulations arise from trade policies and sanctions that should be monitored and managed in order to avoid additional costs and loss of reputation. In addition, certain regulations in some markets focus on price caps, which need to be carefully monitored and managed.
Price and availability of raw materials, consumables and energy	By procuring raw materials, consumables and energy required for its products and production from suppliers around the world, Atlantic Grupa is exposed to the risk that suppliers of raw materials, consumables and energy may not be able to meet the agreed delivery deadlines or quantities. Furthermore, the Group is exposed to the price volatility of raw materials, consumables and energy it procures (e.g. coffee, sugar, cacao, plastic and aluminium packaging, electricity, gas, etc.) that may be caused by various factors over which the Group has no influence. These include shortages in the free market due to severe weather conditions, declining global production, political and social instability in individual countries or stock market speculations. Significant changes in the prices of certain raw materials, consumables or energy can cause an increase in production costs for specific products.	Atlantic Grupa gives special attention to planning the procurement of raw materials, consumables and energy, monitoring trends in global markets, stock level management, and risk management concerning price changes of raw materials, consumables and energy, as well as the impact of currency movements in global markets. Furthermore, focus is on diversifying suppliers as well as locations from which raw materials, consumables and energy are sourced. To effectively monitor all critical elements for such a large number of raw materials, consumables and energy sources, Atlantic Grupa has monitoring systems and hires platforms from which it receives critical information and up-to-date news on events that could affect suppliers, logistics routes, direct raw materials, consumables, and energy. Additionally, for certain key raw materials, such as coffee, Atlantic Grupa establishes multifunctional teams that regularly review global trends critical to specific raw materials, related consumables or energy, and currency risk.
Intellectual property	Protecting intellectual property rights over trademarks and the like, as well as certain business secrets and know-how.	The Group enters into confidentiality agreements with employees and/or third parties to protect intellectual property.
Pharmacy business risks	Pharmacy as an industry is strictly regulated by laws and supervised by regulatory authorities. Additionally, pharmacy business operations are exposed to fluctuations of prices on the principal and supplemental list of medicines which must be complied with by pharmacies as subjects contracted by the Croatian Institute for Health Insurance (HZZO), and also exposed to delays in the payment of receivables by HZZO.	Atlantic Grupa pays significant attention to compliance with national laws and international standards through the development of internal procedures and policies. To reduce dependence on HZZO, Atlantic Grupa's pharmacy business focuses on increasing the share of over-the-counter medicines, food supplements and cosmetics in the product portfolio of pharmacy units. With this in mind, besides pharmacies, Atlantic Grupa is opening specialised stores (with a larger portfolio of over-the-counter medicines, food supplements and cosmetics) and ultimately leveraging synergies within the company's distribution and production portfolio. Additionally, the Group practices active working capital management across the entire segment.
Competition in the pharmacy sector	Despite being strictly regulated, the pharmacy sector is moving towards liberalisation. Currently, competition in the pharmacy segment is primarily driven by city and county pharmacies, as well as private pharmacies.	Atlantic Grupa aims to ensure its competitive advantage by combining several key factors related to: continuous expansion of the pharmacy chain, opening of specialised stores which represent an upgrade and development of the pharmacy business, managing the pharmacy business in line with the best pharmacy practices and focusing on the education and competence development of pharmacy personnel with the goal of achieving high-quality pharmacy service.

Operational risk

Operational risk refers to the risks present in the company's daily operations that directly affect the company's competitive position as well as stability in its regular business operations. This risk is determined by the business environment in which the company operates, the level of cyclicity of the industry to which the company belongs, and its regular business policies and decisions. The main risks in this area include the impact of a single product or a particular supplier and/or buyer, dependence on IT systems, and the attraction and retention of key personnel.

Risk	Description	Mitigation and management measures
Impact of a single product	If a single product holds a significant share in overall business operations, certain events affecting that product could have a substantial impact on the entire business operations.	Resulting from the significant expansion and diversification of the production and distribution portfolio in previous years, today Atlantic Grupa's regular business operations do not significantly depend on any single product. At the same time, the most prominent product category is the segment of coffee, followed by segments of beverages, savoury spreads, and snacks, whereas no segment or product holds more than a quarter of the Group's revenues. During the past years, Atlantic Grupa combined acquisition activities, innovative approach to new product development and conclusion of new distribution agreements in the diversification of both the production and distribution portfolio.
Product quality and safety	A significant event triggered by product non-conformity, i.e. when a product fails to meet quality standards or has other non-conformities, which can result in serious harm to consumer health and negative impacts on reputation.	Atlantic Grupa invests in quality and implements policies and procedures to ensure the quality of raw materials and consumables, and carries out testing throughout the production process up to quarantines and final testing before release into circulation. Furthermore, Atlantic Grupa invests in employee education on quality and fosters a strong food safety culture.
Dependence on a particular supplier	Termination of a contract with a key supplier or loss of distribution rights for a certain group of products can have an impact on business operations.	Atlantic Grupa invests great efforts in diversifying its business segments and diversifying suppliers of raw materials, consumables or energy. Where that is not possible, it enters into strategic long-term contracts to ensure a long-lasting and stable relationship. Additionally, over the years, Atlantic Grupa developed strong partnerships with both domestic and international manufacturers of brands within its distribution portfolio. The continuous expansion of the distribution portfolio enables the company to quickly adjust to new conditions in the case of termination of cooperation with any of its present partners.
Dependence on a particular buyer	In the case of termination of partnership, inability to collect or bankruptcy of one of the more important buyers, the impact on business results of Strategic Distribution Units could be significant.	Atlantic Grupa has developed good business cooperation with a majority of regional retail chains, which are also the company's major buyers, and the dependence on any individual buyer is at an appropriate level. Through active credit risk management, which includes continuous monitoring of the buyers' risk level and payment process and the resulting limitation of exposure to risky buyers, the company aims to reduce the risk to its own operations in the case of termination of partnership, inability to collect or bankruptcy of one of its major buyers. In addition to continuously working on further improvement and development of cooperation with retail chains, Atlantic Grupa strives to reduce the dependence of distribution on any one distribution channel by developing "alternative distribution channels" like continuous investments in the HoReCa segment (catering) and the pharmacy channel.
Operational dependence on IT systems	Atlantic Grupa's relies on numerous IT systems to efficiently manage production and distribution operations, communicate with customers and suppliers, evaluate employees, as well as collect and process customer and supplier data. Additionally, these systems gather data on the positioning and representation of products in the sales network and other pertinent information which, among other external factors, management takes into consideration when making business decisions.	To ensure successful and continuous business operations, Atlantic Grupa is actively working on protecting its entire IT system to avoid the risk of dependence on any single system/supplier or data centre. This includes updating IT security software and managing the expiry of maintenance for key IT solutions. The Group continuously invests in new IT systems in order to increase the efficiency of business processes.
Attracting and retaining key employees	Atlantic Grupa's successful business performance relies heavily on its ability to identify, attract, motivate and retain employees across key functions and markets. Any loss of key employees in certain business segments or unsuccessful implementation of the group succession plan would aggravate the achievement of the set targets and could have a negative impact on business operations. Moreover, the inability to hire, develop and retain a highly specialised and talented workforce could reduce the "institutional knowledge base", which could lead to a distortion of the competitive position or an increase in costs due to the increased competition for employment that could have a negative impact on operations.	In order to manage this risk, Atlantic Grupa implements various employee retention, development and attraction programmes. All employees in key positions go through the talent review, which is used to define an individual development plan for each of them. The process of talent recognition is carried out at all levels of the organisation, thus ensuring the implementation of the succession plan. The strategy for retaining key personnel introduces specially designed options that ensure the company's long-term relationship with its key personnel, which includes programmes and activities such as the employee Stock option programme, employee retention programme, sports activities, medical checks, etc.

Financial risks

The Group's business activities expose it to a variety of financial risks which include: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Group's risk management programme is focused on uncertainties in the financial market and aimed at minimising their potential negative impacts on the Group's business operations. The Group can use derivative financial instruments as instruments for hedging against certain financial risks. The risks are described in detail in notes to the consolidated financial statements (Note 3 – Financial risk management).

INTERNAL AUDIT

Role of Internal Audit: Estimates risk management levels, reviews internal control systems, and ensures compliance with policies, laws, and regulations.

Audit Findings and Recommendations: Helps management improve processes and reduce risks to acceptable levels.

AUDIT ACTIVITIES IN 2024

18

CONDUCTED 18 AUDITS IN VARIOUS AREAS

REPORTING STRUCTURE

Directly reports to the Supervisory Board and coordinates with the Audit Committee.

Digital Monitoring Tool: Tracks the realisation of proposed improvements.

Internal audit is a corporate function of Atlantic Grupa that performs independent audits and controls and informs the management through comprehensive audit reports. The most important part of these reports are their findings and proposed improvements. The realisation of proposed improvements is monitored through a digital tool.

Internal audit is responsible for estimating the level of risk management in business processes, reviewing the efficiency of the internal control systems with the purpose of advancing risk management and compliance with procedures, testing and analyses of compliance of the existing business systems with adopted policies, plans, procedures, laws and regulations that can have a significant influence on business reports. It is responsible for recommending preventive measures in the area of financial reporting, compliance, business and control in order to eliminate risks and eventual deficiencies that could lead to inefficient processes or fraud.

Internal audit informs the Audit Committee on its activities and audit plans, while its findings and recommendations help the management to improve processes, preventively eliminate potential risks or reduce risks to an acceptable level.

In 2024, eighteen audits were carried out in the following areas: the development of new products in all strategic production areas, the process of using corporate cards, the process of managing entertainment costs, checking the status of HoReCa equipment with customers in Bosnia & Herzegovina, the use of SAP HANA for modules FI, CO and SD for SBU Coffee Serbia, checking the quality assurance process for SBU Beverages and SBU Savoury Spreads, the process of managing logistics in North Macedonia, etc. These audits resulted in a total of 114 recommendations for improving operations and reducing specific risks to an acceptable level.

AWARDS

HANFA AWARD

Recognised for best compliance with the Corporate Governance Code for the fourth consecutive year.

ESG Leadership:
Named “ESG leader” in Slovenia, Serbia, and Croatia, demonstrating commitment to sustainable development.

GREEN WAVE PROGRAMME

Internal initiative to promote sustainable living and practices among employees.

INVESTOR RELATIONS

Awarded for best relations with investors by Poslovni dnevnik and PwC Croatia, highlighting transparency and professionalism.

Atlantic Grupa won Hanfa's prestigious award for the fourth year in a row, which once again proves the company's consistent excellence in the field of corporate governance.

Atlantic Grupa receives HANFA's recognition for corporate governance

Atlantic Grupa won this prestigious award for the fourth year in a row, which once again proves the company's consistent excellence in the field of corporate governance.
Jutarnji list and the Croatian Financial Services Supervisory Agency (HANFA) have organised this economic meeting for the seventh year in a row with the aim of discussing the exceptional significance of quality corporate governance for individual business success and general economic growth.

The HANFA award is given to listed companies that have demonstrated the best compliance with the Corporate Governance Code, and in the most prestigious competition, among issuers from the Stock Exchange's Prime Market, Atlantic Grupa was awarded for the fourth year in a row.

Once again the best in investor relations and building public trust

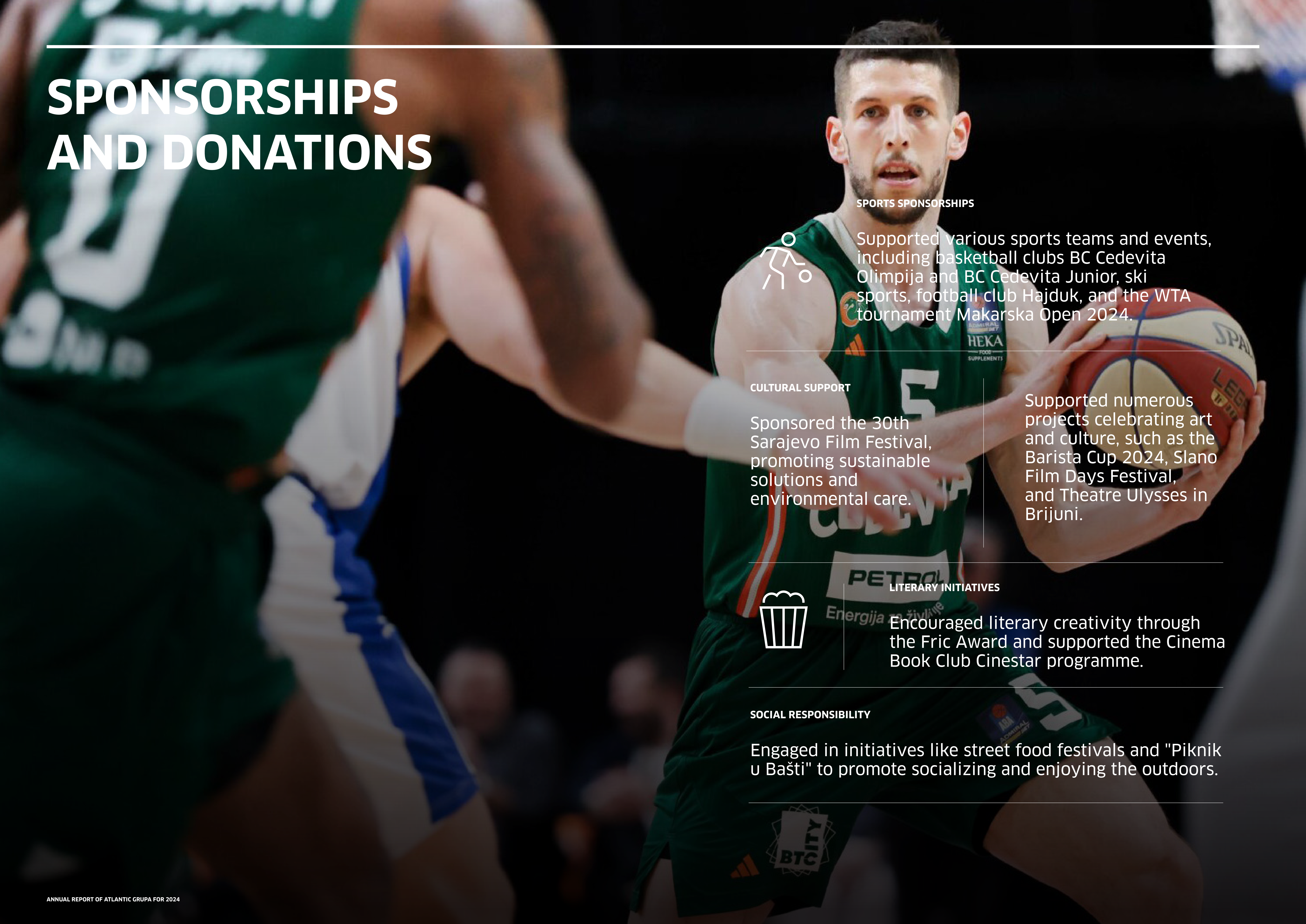
In December, Atlantic Grupa once again received the award for best relations with investors, presented by Poslovni dnevnik in cooperation with the Zagreb Stock Exchange (ZSE). This is the 14th year the award has been presented, and Atlantic Grupa was among the top three companies on thirteen occasions. Atlantic Grupa won the first prize for the fifth consecutive year, which once again testifies to its commitment to transparency, professionalism and quality business reporting.
In addition to the Poslovni dnevnik award, Atlantic Grupa was awarded by PwC Croatia, also in cooperation with the ZSE, for building public trust. For the first time since 2020, Atlantic was honoured again with this award, marking a commitment to openness, clarity and transparency in communication with stakeholders.

Atlantic Grupa named "ESG leader" in Slovenia, Serbia and Croatia

Sustainable development has been a key priority for Atlantic Grupa for years - since 2013, through the GRI report (Global Reporting Initiative) we have been reporting on progress in this area within Atlantic Grupa's integrated sustainability report. Sustainability is pursued uniformly across all three principles: environment, social, and governance (ESG). When the AG Sustainability Index was established in 2020, it has been defined as a particularly important strategic priority for the development of all companies operating within Atlantic Grupa. In this context, Atlantic Droga Kolinska was declared the ESG champion of Slovenia for 2024, confirming that Atlantic uniformly fulfils ESG obligations in all three areas.

Furthermore, the "ESG Leaders" awards were, for the first time in Serbia, given to companies and organisations that demonstrated their commitment to ESG principles and promote responsible business practices. Atlantic Grupa won awards in the subcategory "Transition to a Circular Economy" and in the category "Educational Programme". The award for the educational programme is a recognition of Atlantic's internal "Green Wave" programme, which aims to expand knowledge and practices for sustainable living in every aspect - from the business environment to our homes. The Green Wave project seeks to guide Atlantic employees on the path to sustainability, with the goal of improving individuals and organisations through sustainable practices. During the year, a set of sustainability training courses was developed, which will be integrated into the existing training programmes.

Atlantic Grupa also won the ESG Champion award in Croatia. The award was presented at the Business Sustainability with ESG Principles conference, organised by the American Chamber of Commerce (AmCham). Atlantic Grupa was declared one of the most successful companies in implementing ESG principles, and the award itself is the result of a survey based on the methodology designed by the consulting firm Kearney. This award is based on criteria that assess the maturity in adopting all three ESG aspects among companies from different economic sectors in Croatia.



SPONSORSHIPS AND DONATIONS

SPORTS SPONSORSHIPS

Supported various sports teams and events, including basketball clubs BC Cedevita Olimpija and BC Cedevita Junior, ski sports, football club Hajduk, and the WTA tournament Makarska Open 2024.

CULTURAL SUPPORT

Sponsored the 30th Sarajevo Film Festival, promoting sustainable solutions and environmental care.

Supported numerous projects celebrating art and culture, such as the Barista Cup 2024, Slano Film Days Festival, and Theatre Ulysses in Brijuni.

LITERARY INITIATIVES

Encouraged literary creativity through the Fric Award and supported the Cinema Book Club Cinestar programme.

SOCIAL RESPONSIBILITY

Engaged in initiatives like street food festivals and "Piknik u Bašti" to promote socializing and enjoying the outdoors.

During 2024, we undertook a series of activities **for our community and supported various associations, organisations, and initiatives.**

Along with continuous care for all stakeholders, we are always open to new ideas, committed to growth, and passionate about everything we do. During 2024, we undertook a series of activities for our community and supported various associations, organisations, and initiatives. Some of them are presented in an overview below.

Sports

Basketball

• BC Cedevita Olimpija • BC Cedevita Junior

Atlantic Grupa remains one of the main sponsors of the Slovenian basketball giant, the basketball club Cedevita Olimpija Ljubljana. The Ljubljana club remains one of the recognisable basketball brands in the region and Europe, and BC Cedevita Junior, with its successful training centre at the Zagreb Fair, continues to achieve top results in the Croatian Premier League and regional ABA 2 basketball league.

BC Cedevita Olimpija entered the new season 2024/2025 with a significantly changed roster compared to last season, with a new coaching staff led by Montenegrin expert Zvezdan Mitrović. The team is excelling in the BKT EuroCup, where they made a big step forward with victories against the clubs Aris and Hapoel Jerusalem away from home, so it is not surprising that towards the end of the regular season, the playoffs are within reach. In the group of ten clubs, only the Spanish club Valencia has a better ranking, and the final outcome will take place in the spring of 2025.

Cedevita Junior remains focused on the club's development and nurturing young players. The club consistently invests in young talent, as evidenced by players like Niko Šarić and Luka Krajnović, who, despite being at the start of their careers, already play key roles in Cedevita Junior. Alongside young prospects, the club also features several veteran players who serve as mentors for the youngest categories, all under the leadership of one of the region's most talented young coaches, Dino Repeša. Cedevita Junior is particularly dedicated to developing young basketball players, with more than 800 children passing through its youth programs each year, ensuring continuous investment in the future of Croatian basketball. The club consistently achieves excellent results in the Croatian championship, ranking among the top teams. It also reached the finals of the Croatian Krešimir Ćosić Cup, and a notable success was advancing past the group stage in the ABA 2 league, securing a place in the spring regional competition.
This season again confirmed quality work in the Cedevita basketball family. After Jusuf Nurkić and Džanan Musa, Karlo Matković, another player who took his first steps at the Cedevita Basketball Centre in Zagreb, joined the major American league, the NBA.

Other sports activities

Within the extensive portfolio of company interests, support for different sports particularly stands out this year as well. In 2024, Atlantic Grupa continued contributing to ski sports through sponsorships of the Croatian and Slovenian national skiing teams, the Slovenian ski jumping national team, biathlon, ski jumping on Planica and many other ski competitions. Our dedication to sports also extends to football, where we are proud sponsors of the football club Hajduk from Split. Running, as one of the most popular sports today, is also in the focus of our support. We sponsored the Sarajevo Marathon, the Žumberak Race, DM Women's Race and the Kalnik Trail Race, thus contributing to the growing interest in running in the region. The table tennis club Malinska continued to achieve excellent results with our support, and we also sponsored the prestigious WTA tournament Makarska Open 2024, which contributes to the popularization of women's tennis in the region. Handball remains one of the focus points of our sports engagement. The International Handball Goalkeeper Camp in Omiš brought together many young talents, and Atlantic Grupa continued to support this unique project. In addition, we are sponsors of the water polo club Jadran Split, known for its rich history of success. As in previous years, Atlantic Grupa spent this year actively supporting sports activities that promote a healthy spirit and togetherness, contributing not only to the popularisation of sports but also to a healthier society.

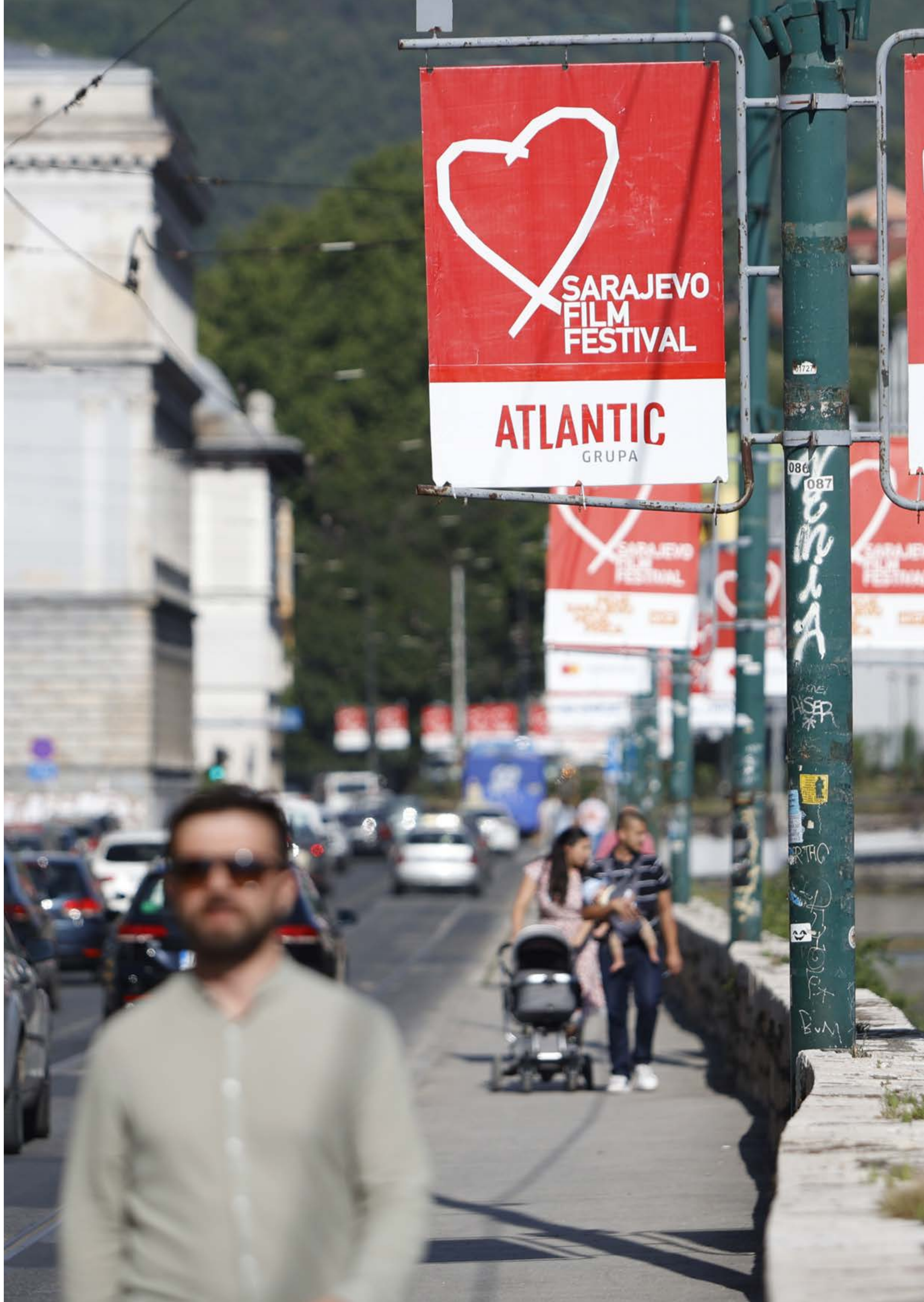
Culture and knowledge

30th Sarajevo Film Festival

In 2024, Atlantic Grupa yet again supported Sarajevo Film Festival, a central cultural manifestation in the region that, like Atlantic, has been moving towards sustainable solutions and environmental care for years. Accordingly, with the introduction of e-tickets and online publications, the festival contributed to the reduction of waste, and also minimized the use of plastic packaging as much as possible. This year, as always, the partnership of Atlantic Grupa and SFF was enriched by the innovative activities of our brands, Grand Kafa and Argeta. Through a regional platform “Na Velikoj Sceni” (On the Main Stage) dedicated to promoting young and talented artists in the region, Grand Kafa once again held a competition for designing the Grand cup. On the other hand, Argeta organised an ecological campaign in which visitors brought empty Argeta cans for recycling, thus participating in the campaign with a chance to win prizes.

Other donations in the community

Throughout 2024, we supported numerous projects that celebrate art and culture, as well as talents. As one of the leaders in the coffee category, we supported the organisation of the Barista Cup 2024, a prestigious competition that brings together the best baristas from the region and encourages the exchange of knowledge. Furthermore, we proudly contributed to the Slano Film Days Festival, an event that promotes film art and attracts visitors from across Croatia. We continued to provide support to the unique theatre experience, Theatre Ulysses in Brijuni, which has been gathering top artists and theatre lovers for years, as well as the excellent theatre event Actors in Zagvozd. We also contributed to encouraging literary creativity through the Fric Award, which is awarded to the best fictional prose in one of the regional languages. Literature and film lovers could enjoy our products as part of the Cinema Book Club Cinestar programme, which shows films based on literary works. Beyond art, we also supported projects that encourage socializing and enjoying the outdoors, such as street food festivals in Belgrade, which bring together lovers of food and a good atmosphere, and “Piknik u Bašti” (Picnic in the Garden), which enables visitors to enjoy nature and the relaxing ambiance of the Botanical Garden in Belgrade. Like every year, our socially responsible initiatives are aimed at encouraging positive changes in the community. By supporting these projects, Atlantic Grupa continues to contribute to the promotion of culture and art.

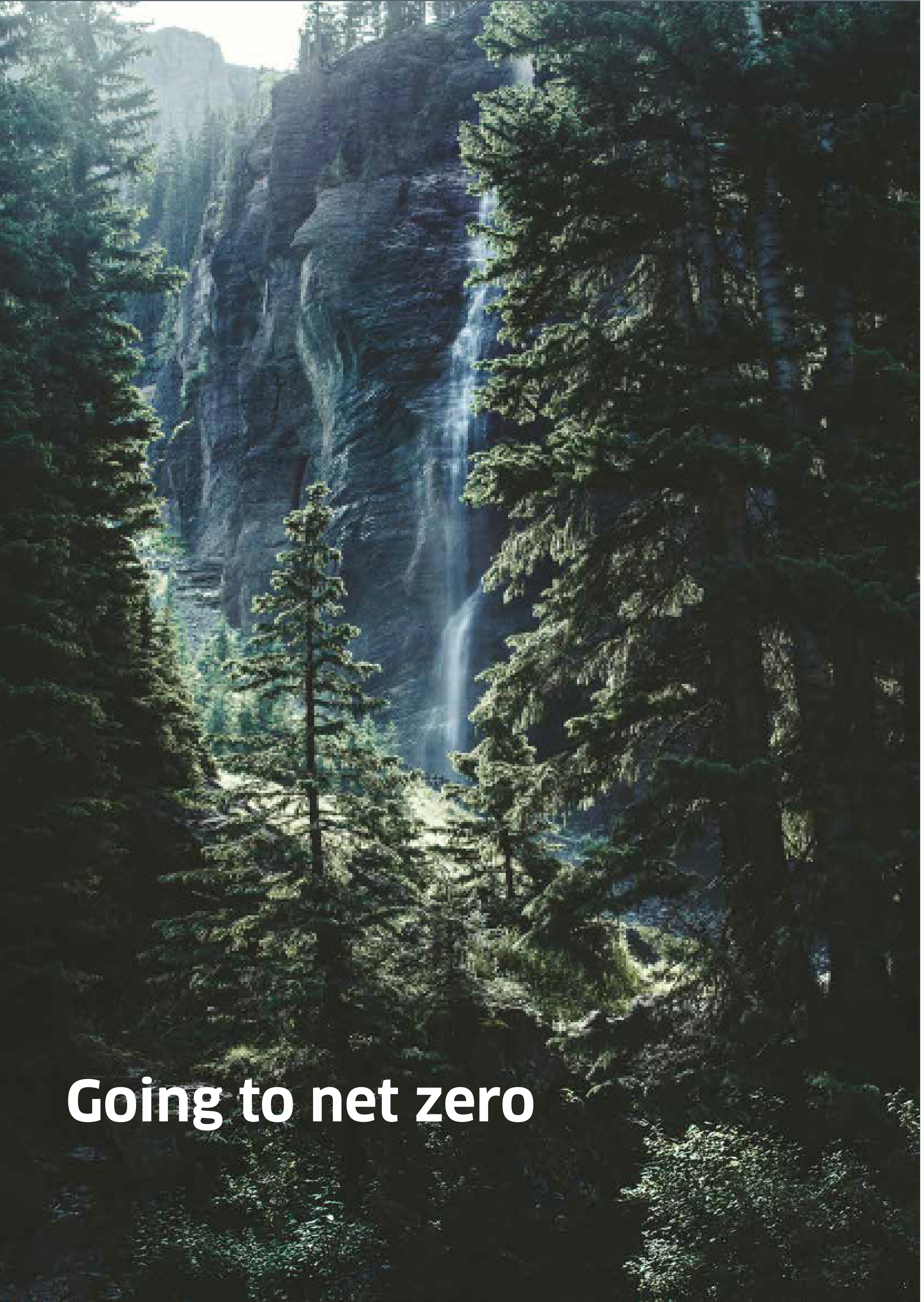


SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Welcome to the Atlantic Grupa's sustainability statement for 2024. We report our ESG progress against the EU Corporate Sustainability Reporting Directive (CSRD). As such, our report is structured based on the topical standards of the CSRD.

ESRS 2
General disclosures



Disclosure index
IRO-2

The following index lists all the ESRS disclosure requirements in ESRS 2 and the eight topical standards that are material to Atlantic Grupa and have guided the preparation of our sustainability statement. The index can be used to navigate to information relating to a specific disclosure requirement within the sustainability statement. The datapoints to be reported and hence the material information were determined using qualitative mapping based on an in-depth examination at a content level of the identified impacts, risks, and opportunities. The mapping is based on the criteria defined in para. 31 of ESRS 1. Following a comprehensive examination of our business activities and locations, we assessed the topical standards ESRS E2 – Pollution and ESRS S3 – Affected Communities as not material.

Basis for preparation BP-1; BP-2

According to the requirements of the Croatian Accounting Act (Official Gazette 85/24, 145/24) and the Accounting Directive (2013/34/EU) as amended by the Corporate Sustainability Reporting Directive (CSRD - 2022/2464), we include in the annual management report of Atlantic Grupa the information necessary to understand the Company's impacts on sustainability matters, and the information necessary to understand how sustainability matters affect the Company's development, performance and position.

Since 2013, we have been reporting based on the Global Reporting Initiative (GRI) standards, following good practices regarding environmental, social and governance (ESG) principles. In 2023, for the regular update on the progress of sustainability goals, we transitioned to the European Sustainability Reporting Standards (ESRS), with oversight from senior management and the Coordination Committee for Sustainability. Additionally, clear roles and responsibilities have been established within the organisation, which greatly facilitates the reporting process. At the same time, this enables the company to align its operations, leverage all its potential, avoid potential risks, and minimise the negative effects of its activities on the environment and society. This report aims to provide a full and balanced picture of Atlantic Grupa's material topics and related impacts/risks/opportunities, as well as to explain activities and performance in the calendar year ending 31 December 2024.

This report is aligned with the requirements of:

- Croatian Accounting Act (Official Gazette 85/24, 145/24)
- EU Corporate Sustainability Reporting Directive (CSRD – 2022/2464),
- Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 as regards sustainability reporting standards (ESRS),
- Commission Delegated Regulation (EU) 2023/2486 and
- UN Global Compact.

With the aim of providing a comprehensive and balanced overview of important environmental, social, and governance (ESG) aspects, this report covers the entire Atlantic Grupa, including all business and distribution units, and includes information on material impacts, risks, and opportunities (IRO) related to AG's business operations through direct and indirect business relationships in the upstream and/or downstream value chain. In order to assess IRO within our value chain, we used information which was directly obtained from our suppliers and customers and relevant information which is publicly available. This inclusive approach ensures that the interests and concerns of all parties involved in the Company's operations, from employees and customers to investors, suppliers and the communities the Company operates in, are duly considered and addressed.

The scope of consolidation of this sustainability statement is the same as for the financial statements (for more information on the consolidation scope, please refer to the Auditor's report and Consolidated financial statement – Note 2 Summary of material accounting polices information, 2.2 Consolidation). We have not utilised the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation, nor have we exempted disclosure of impending developments or matters in the course of negotiation, as provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/EU.

The Management Board of Atlantic Grupa is responsible for all aspects of this report.

Disclosures in relation to specific circumstances

In our consolidated sustainability statement, we have adopted the same time horizons as defined by ESRS 1. The only exception is when conducting climate risk assessments for physical risks using the Climatig risk tool, where different time horizons were applied as per the guidelines of the International Panel on Climate Change (IPCC).

In order to estimate GHG emissions in the upstream and downstream value chain (Scope 3 emissions), we have used certain estimations and assumptions in accordance with the GHG Protocol. Due to the availability and quality of certain data from the upstream and downstream value chain, some measurement uncertainty is inevitable, though we estimate it to be low. The accuracy level of the calculated Scope 3 GHG emissions remains high. For more information on the applied methodology for calculating Scope 3 GHG emission, please refer to section E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions.

All metrics which are provided within our Sustainability statement are not validated by external body other than the provider of limited assurance.

List of disclosures incorporated by reference

Data disclosure requirement	Incorporated by reference to
BP-1 Scope of consolidation	Consolidated financial statement – Note 2 Summary of material accounting polices information, 2.2 Consolidation
GOV-1 Information about member's experience relevant to sectors, products and geographic locations of undertaking	Section Management and Supervisory Board within the Annual Report
SBM-1 Strategy of the Group	Section Corporate strategy of Atlantic Grupa
SBM-1 Description of significant groups of products offered and markets served	Section About the company within the Annual Report
SBM-1 Description of quality, environmental and energy management practices and standards implemented in the Company	Section Integrated Quality Management Systems within the Annual Report
GOV-5 Risk management and internal controls	Section Risks of Atlantic Grupa

ESG Governance

GOV-1
The role of the administrative, management and supervisory bodies

The system of governance at Atlantic Grupa is structured around a dual principle, involving the Supervisory Board and Management Board, alongside the General Assembly. These three bodies are central to the Company's operations, ensuring effective governance and alignment with sustainability goals. Detailed information on the composition, expertise and skills of the Management Board, Audit Committee and Supervisory Board is given in section Management and Supervisory Board.

Executive and non-executive members						
We have seven executive members on the Management Board who have an executive role in the Company, manage the Company's operation and represent the Company.						
Representation of employees and other workers						
None						
Under-represented social groups						
None						
Experience relevant to the sectors, products and geographic locations of the undertaking						
Regarding the composition and expertise of the Supervisory Board and the Management Board of Atlantic Grupa, special attention is paid to gathering members of different genders, ages, skills and knowledge, including knowledge on sustainability matters, education, as well as professional and practical experience, to ensure they bring different perspectives of importance to decision-making. For more details on the specific experience relevant to the sector, products and locations of the Company for each member of the Management Board and Supervisory Board, please refer to section Management and Supervisory Board.						
Percentage by gender and other aspects of diversity that the undertaking considers						
SENIOR POSITIONS	**No. of members**	**M**	**F**	**M%**	**F%**	**Ratio female to male**
MANAGEMENT BOARD	7	6	1	86%	14%	0.2
SUPERVISORY BOARD	9	6	3	67%	33%	0.5
AUDIT COMMITTEE	3	3	0	100%	0%	0
The percentage of independent board members						
88.89% of the Supervisory Board are independent members, 100% of the Audit Committee are independent members						

Our structure of sustainable governance

SUPERVISORY BOARD

- within the Company's strategy and business plans, considers the impact of proposed measures on stakeholders, the enviroment and society, as well as on the Company's repuation;
- ensures that the Company's strategy takes into acount the potential impact of its activities on the enviroment and society and that the Company policies, culture, and values promote ethical behaviour, respect for human rights, and a sound and stimulating work enviroment.

SUPERVISORY BOARD COMMITTEES

The Public Responsibility and Corporate Governance Committee

- **participates in developing a framework for corporate governance within the Company and monitors the Company's annual reporting**

The Audit Committee

- **reports to the Supervisory Board on the outcome of the sustainability report review,**
- **monitors the sustainability reporting process, including the reporting process inaccordance with reporting standards,**
- **monitors the effectiveness of the internal quality management system, risk management system and internal audit**
- **monitors the performance of the sustainability report assurance**
- **proposes the appointment of an audit firm to perform the sustainability report assurance.**

MANAGEMENT BOARD

- develops and implements the Company's strategy and business plans which include aspects that relate to or may affect sustainability matters;
- review and approve double materiality assessment;

This Board-level commitment and alignment drives top-down accountability toward our ESG goals and helps support a positive company culture.

COORDINATION COMMITTEE FOR SUSTAINABILITY

- responsible for monitoring and complying with legal requirements, oversight and identifying material impacts, risks and opportunities, defining the Company's common sustainable goals, approving annual ESG goals and action plans, and ensuring transparent and accurate reporting;

approves

reports

The Coordination Committee for Sustainability, appointed by the Management Board, leads the Company's ESG activities and ensures compliance with legal requirements. The Committee works to align sustainability with the Company's broader strategic objectives. Team members, who are part of the Coordination Committee for Sustainability, perform the assessment of double materiality, i.e. assessment of all relevant impacts, risks and opportunities (IRO) and present those to the Management Board for final approval. Upon the approval of double materiality by the Management Board, the applied methodology and relevant impacts, risks and opportunities are explained and presented to the Audit Committee. The Coordination Committee for Sustainability, in collaboration with relevant process owners, sets targets for specific material impacts, risks, and opportunities. We focus on areas where we can create the most value for the environment and society or where urgent action is needed, such as reducing CO2 emissions. The Committee includes members who are specifically responsible for managing individual IROs. One of the Committee's responsibilities is to monitor progress toward achieving set targets. On a yearly basis, the Committee compares set and achieved targets and presents the results to the Management Board. Based on the performance for the current year and long-term targets, if relevant, targets for the next year related to specific material IROs are set. The entire process, which includes setting and monitoring targets, is overseen by the Management Board.

Furthermore, for material IROs, we implement corporate policies and manage them through the integrated quality management system and related processes. The responsibility of corporate process owners and managers is intertwined with the executives of the business and distribution units in a matrix manner. Additionally, we will continue to update our Company's terms of reference to define clear individual responsibilities for impacts, risks and opportunities.

Our Management Board, Supervisory Board, and Audit Committee possess relevant knowledge on sustainability and our material IROs, based on their previous and current experience and training (for more details on their experience and knowledge, please refer to section Management and Supervisory Board). If specific knowledge is required to understand IRO and the Management Board, Supervisory Board and Audit Committee lack this expertise, they are encouraged to seek assistance from consultants and experts.

At the operational level, general managers and executive directors ensure that business strategies align with the Company's sustainability goals, allocating resources to meet annual targets. Process owners and process managers integrate sustainability KPIs into their processes and implement action plans to ensure the achievement of sustainability goals at all levels.

GOV-2
Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

A double materiality analysis was conducted for the first time in the second half of the last year. The results of the analysis, including identified IROs, were presented to the Management Board and Audit Committee by the Double Materiality Team. For specific material IROs, we have adopted specific actions, metrics and targets, which are detailed under each material topic. Since this is the first year of applying IROs, the results and effectiveness of these actions, metrics and targets will be presented to the Management Board and Supervisory Board in the next reporting period. Additionally, in the next reporting period, the Management Board will consider material impacts, risks and opportunities when overseeing the Company's strategy, major transactions and risk management processes.

GOV-3
Integration of sustainability-related performance in incentive schemes

Starting from 2021, the annual performance related to the achievement of the defined KPI goals of sustainable development, which are shown in below section Sustainability pillars and priority commitments, is reflected in our incentive programmes for the Management Board members. In 2024, we expanded the model further top down, and thus, from 2025 onwards, the sustainable goals are integrated also in the incentive programmes of all general managers in SBUs and SDUs, as well as some other

executive directors/directors/heads in Central functions/SBU Marketing/R&D/Operations.

At the beginning of the year we set annual targets for twelve ESG KPIs, and at the end of the year we calculated the overall index of the results achieved, using the weighted ratios (AG Sustainability Index). The same approach with the same set of ESG KPIs is applied on a corporate level and on a SBU level (AG and SBU's Sustainability Index), while for the distribution units the SDU's Sustainability Index is limited only to the set of 4 ESG KPIs in the pillar Employees.

The Leadership Development and Compensation Committee oversees the Company's human capital management and recommends to the Supervisory Board each year the remuneration to be received by the Management Board members based on an assessment of the Company's results, their individual performance during the year, and the realisation of the Company's Sustainability Index, following consultation with the President of the Management Board. The proportion of variable remuneration tied to sustainability-related targets ranges from 6 to 10%, depending on whether the bonus is allocated to the Management Board members or other eligible functions.

GOV-4
Statement on due diligence

The table below provides a mapping to where in our sustainability statement we provide information about our due diligence process. These labels with corresponding topics can be found throughout the report in each section.

Core elements of due diligence	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2; ESRS 2 GOV-3; ESRS 2 SBM-3
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 SBM-2; ESRS 2 IRO-1
Identifying and assessing adverse impacts	ESRS 2 IRO-1 E1 IRO-1; E3 IRO-1; E4 IRO-1; E5 IRO-1 S1-3; S2-3; S4-3
Taking actions to address those adverse impacts	E1-3; E3-2; E4-3; E5-2 S1-4; S2-4; S4-4 G1-1; G1-2; G1-3
Tracking the effectiveness of these efforts and communicating	E1-4; E1-6; E3-3; E3-4; E4-4; E4-5; E5-3; E5-4; E5-5 S1-5; S2-5; S4-5; G1-1; G1-2

GOV-5 Risk management and internal controls over sustainability reporting

Atlantic Grupa's risk management framework is designed to support strategic priorities while ensuring financial security and flexibility. It includes a clear organisational structure with defined responsibilities, enabling effective risk management at all levels.

Within our existing Enterprise Risk Management (ERM), we consider sustainability-related risks, which are integrated into the identified risks that we actively manage. Thus, within the ERM, we consider environmental risks (e.g. wastewater, general waste, air pollution), social risks (e.g. labour shortages) and corporate governance risks. In 2024, we specifically focused on sustainability-related risks, which were thoroughly analysed. Our starting point was the double materiality assessment, which is the foundation for planning policies, actions, goals and metrics in related processes. The assessment includes all our activities and our value chain. Based on the conducted analysis, the Company evaluated and defined critical sustainability-related risks. The double materiality assessment complements and adds to our existing risk management system. The Risk Management Director is actively involved in the double materiality assessment, ensuring a comprehensive and unified overview of Atlantic Grupa's risks. During 2024, we have not identified any risks regarding sustainability reporting. However, in the next reporting period, we will place greater emphasis on this area and thoroughly consider and evaluate all potential risks associated with sustainability reporting.

Within the ERM, identified risks are analysed annually, while periodic checkups and evaluations of identified and new risks are conducted throughout the year. The Risk Management Director reports to the Company's Management Board on the activities and results of the ERM after the activity is completed, and to the Audit Committee once a year.

Risk priorities are determined according to their assigned scores, which is based on the projected scale and probability of such an event occurring. Risks with the highest scores are considered priorities and are actively managed.

The main risks of Atlantic Grupa identified by the ERM are presented in the chapter Risks (please refer to section Risks of Atlantic Grupa).

Atlantic Grupa's Internal Audit department is responsible for an internal control system that covers all of the Company's activities, including sustainability. Additionally, Atlantic Grupa has set up a strong and structured sustainable governance (please see section Our structure of sustainable governance).

The sustainability data is collected from all our subsidiaries, including all our locations. The consolidation of collected data is managed by different teams, depending on their expertise, who then calculate Company-level indicators. These consolidated indicators are updated annually.

In 2025, our internal audit team will audit key sustainability KPIs, which will serve as the basis for implementing additional internal controls for sustainability reporting. Additionally, we plan to complete the implementation of the Sustainability Reporting Tool, which will become our main platform for collecting sustainability data across the Company.

SBM-1 Strategy, business model and value chain

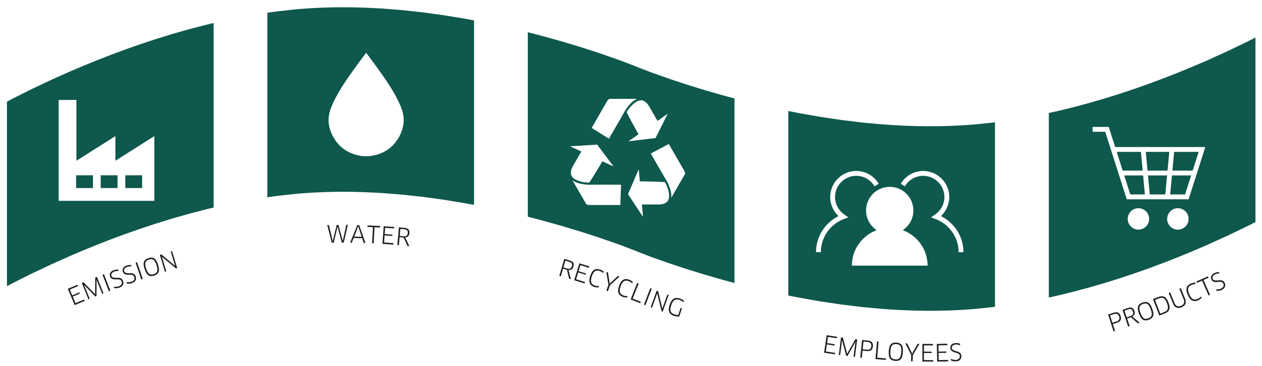
For detailed information, please refer to:

- AG's strategy detailed in section Corporate strategy of Atlantic Grupa
- AG's headcount detailed in section Own workforce
- The breakdown of AG's total revenues presented in the section Consolidated financial statements
- Description of significant products and markets detailed in the section About the company
- Description of quality, environmental and energy management practices and standards implemented in the Company

Our corporate strategy provides us with a clear direction for the years ahead. The corporate strategy, updated in 2023, centres on profitable growth through leveraging strengths, increasing productivity and empowering the organisation. In our strategic goal of empowering the organisation, we focus on the highest-priority sustainability issues. To successfully navigate the complexities of social, environmental and economic changes while developing the necessary competencies, we will continue to foster an adaptable and open culture and transform our operations to improve our environmental and social impacts. This approach will enable us to effectively address challenges across the entire organisation and drive sustainable growth.

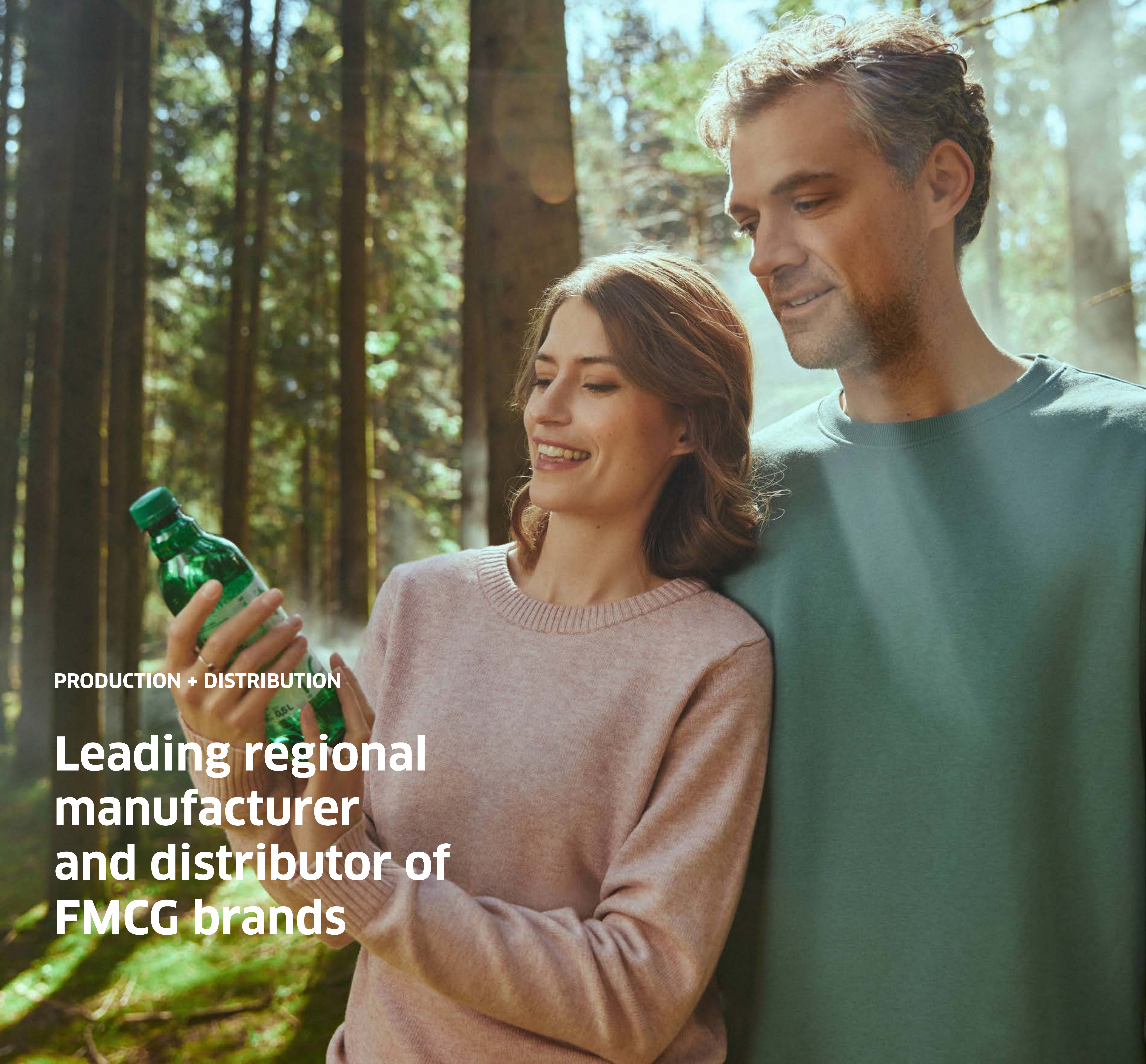
Sustainability pillars and priority commitments

Within the specific processes of the company's well established Integrated Quality Management System, we manage all the material impacts and risks derived from the ESG double materiality assessment. But not all impacts and risks are of the same importance for our growth, and there are some highly material opportunities too. To set clear priorities, the Company's sustainable development goals are defined. They support and explain the Company's strategy in the ESG part and include five common Company priorities, which are relevant for all business and distribution units, in terms of successful adaptation to a changed environment and society.



The table below gives the insight on how the sustainability priority targets and policies are in correlation with global Sustainable Development Goals and relevant European Sustainability Reporting Standards' topics/subtopics, as well as which ESG KPIs we use to transparently measure progress towards our commitments under the five priority pillars:

SUSTAINABLE DEVELOPMENT GOAL (SDG)	RELATED ESRS TOPIC	AG SUSTAINABLE PILLAR AND COMMITMENT	CONTRIBUTION TO THE AG SUSTAINABILITY INDEX	KEY PERFORMANCE INDICATORS	COMMITMENT/LTT 2030	UOM	2020	2023	2024
13 Climate action – Take urgent action to combat climate change and its impacts	E1 Climate change	**EMISSIONS** Reducing GHG emissions in line with Paris agreement targets	15%	Direct and indirect GHG emissions	58% less compared to 2020*	t CO_2e	52,797	28,844	29,892
				Renewable energy use ratio	100% procurement of electrical energy from renewable sources and reducing the energy from fossil fuels in line with the transition plan 2020 - 2030	%	0.6	29.0	28.9
6 Clean water and sanitation – Ensure availability and sustainable management of water and sanitation for all	E3 Water and marine resources	**WATER** Improving technology and processes to reduce water withdrawals for operations	15%	Water withdrawal for operations	2,0 m^3/t products	m^3/t products	2.1	2.0	1.7
12 Responsible consumption and production – Ensure sustainable consumption and production patterns	E5 Resource use and circular economy	**RECYCLING** Exclusive use of materials which are recyclable or recycled plastic	15%	Percentage of packaging materials which are recyclable	Continue to work toward 100% packaging being recyclable	%	88	93	93
				Recycled plastic use ratio	We aim to annually increase the ratio of recycled plastic	%	0.1	15.2	14.4
8 Decent work and economic growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	S1 Own workforce	**EMPLOYEES** Generate economic growth with highly engaged and capable employees, ensuring no injuries and gender equity	40%	% of highly engaged employees	85 % min.	%	83	87	88
				Vocational training hours	17 average per employee	annual average per employee	12	16.5	16.8
				Work related injuries	Max 4,5 Injury Rate [IR]	Injury Rate [IR]	6.1	3.4	3.0
				Work related injuries	Max 90.0 Lost day rate [LDR]	Lost day rate [LDR]	102.9	88.9	69.8
				Share of women in managerial positions	Min 51 %	%	51.2	55.4	53
12 Responsible consumption and production – Ensure sustainable consumption and production patterns	S4 Consumers and end-users	**PRODUCTS** Innovate products in a sustainable way by reducing packaging and adapting recipes using claims that provide transparency and allow the consumers to choose a product according to their chosen lifestyle.	15%	Share of annually new and improved recipes in sustainable (claimed) categories (related to all new recipes)	Min 70 %	%		70	73
				Share of annually improved packaging with better environmental impact (related to all changes of packaging)	100 %	%		97	100



PRODUCTION + DISTRIBUTION

Leading regional manufacturer and distributor of FMCG brands

Our business model and value chain

Our business model is rooted in strong customer relationships, strategic investments in brands and the continuous improvement of business processes to enhance productivity and sustainability. With renowned regional FMCG brands, alongside the product range of external partners, we provide our consumers with a wide array of reputable products, allowing us to meet the ever-changing demands of consumers.

Supported by our own distribution system in the region, we create a new value for our shareholders and for the economy, career opportunities for its employees and business opportunities for partners. We understand that the interests, perspectives, rights, and expectations of our customers, as well as the unique insights they provide, are critical to creating our business model and strategy.

Our business model is designed to create value for our customers, investors and other stakeholders through a series of well-defined processes and activities. By identifying our IROs and implementing relevant measures and targets, we are achieving numerous benefits for our customers, employees, community, investors and other stakeholders. Among these benefits, the following stand out: enhanced product quality, increased customer engagement, job security and satisfaction for our employees, development opportunities, improved ethical practices within our value chain and environmental protection.

Input data for our own operations are available within the Company. They are collected from the responsible process owners and delivered to the group process owners for final compilation. Data relevant to our value chain are directly obtained from our suppliers and customers, as well as from publicly available information.

Value chain

Our Company's strategic goals involve establishing trust and strong bonds with our suppliers and customers, ensuring the upstream and downstream flow of products and services. This graphic provides an overview of Atlantic Grupa's main activities in the value chain. It shows all flows of input and output in relation to a product in the form of upstream and downstream activities.

SUPPLIERS

Our supply chain includes raw materials and packaging materials for our products, machines for production and final finishing of products, other equipment and technical devices and other services that are necessary to support our business processes, including the transportation of goods upstream and downstream. These materials, equipment and services are supplied by over 4,500 of our suppliers of various profiles, sizes and origins, which include both large global corporations and small local suppliers, and sourced through diverse and often complex supply chains, considering their characteristics, production processes and geographical origin.

The supply chain is one of the key links in business operations with a significant impact on achieving sustainable goals and long-term value for the organisation, while supplier diversification is an important strategy for organisations that strive for sustainable and successful business operations. We expect our suppliers to aim for the same high standards as we do and to embody our core values. Incorporating sustainability principles into procurement practices is critical for us. Therefore, we choose suppliers that strive for environmental protection and demonstrate their commitment to sustainable development. We motivate them to adopt responsible business policies and practices, aiming for mutual benefit and to support society and the environment, thus pushing the global sustainability agenda forward.

UPSTREAM

AG own operations:

R&D

Innovative approach has a fundamental role in our business development. We are dedicated to innovating our portfolio, considering the needs and desires of our consumers. We continuously expand our categories based on our market research. The innovation process for designing new products incorporates mandatory criteria for environmental and social responsibility. Additionally, we introduce innovations throughout the whole Company, improving our business processes and focusing on sustainable development.

PRODUCTION

Atlantic Grupa is one of the leading fast-moving consumer goods manufacturers in the region, with a broad portfolio of brands and categories. We operate 13 production sites located in the region. We are committed to modernising our production lines to improve efficiency and reduce our environmental impact, while improving conditions for our employees.

DISTRIBUTION

Atlantic Grupa, alongside its partner Ataco, is the leading distributor of fast-moving consumer goods in South-East Europe. We distribute our own brands, as well as external principal brands. We currently have 17 distribution centres, over 1,000 vehicles with direct access to more than 70,000 points of sale and highly refined expertise in account management, category management, logistics and trade marketing. Our experienced management and distribution operations are complemented by exceptional service, customer relations, and market expertise.

CUSTOMERS/ BUYERS

Due to the broad portfolio of own and principal brands, we have a diverse range of customers, including supermarket chains, retail stores and HoReCa businesses. Our main customers are large retail chains throughout the region, giving us a strong presence in all our markets. We strive to maintain a wide distribution network, while our strong partnerships with leading retail chains ensure high availability of our products. We are continuously working on further improvement and development of cooperation with our customers. We are dedicated to understanding their needs, ensuring efficient delivery of products to meet consumer demand. We are committed to meeting the highest quality standards and regulatory requirements, ensuring customer satisfaction and establishing ourselves as a reliable partner.

CONSUMERS

Atlantic's brands and our principal brands are used daily by millions of consumers. As a leading FMCG manufacturer in the region, we are dedicated to understanding and fulfilling their evolving needs. We continuously invest in research and development to create products that not only meet but exceed their expectations. Our commitment to quality and innovation ensures that we deliver exceptional value to our consumers. Atlantic Grupa is committed to fostering trust and delivering accurate information, significantly impacting the reputation of our brands and satisfaction of our consumers. Their trust and satisfaction drive our success, and we strive to maintain strong, lasting relationships with them.

RECYCLING AND CIRCULAR ECONOMY

Atlantic Grupa recognises the importance of recycling, and therefore, one of our five sustainability pillars is focused on the use of materials which are recyclable or recycled plastic. We are continually investigating opportunities for packaging optimisation, making efforts to run more environmentally friendly operations and reduce waste, increasing the use of recyclable packaging and recycled plastic. In the Company, we implemented an integrated environmental management system with rules for proper waste management and with the common goal of minimising all types of waste. We work with authorised waste contractors in each country of operations to ensure that our waste is managed responsibly. This commitment helps us minimise our environmental impact and supports our efforts to sustainability.

DOWNSTREAM

SBM-2
Interests and views of stakeholders

According to Atlantic Grupa's Code of Corporate Governance, stakeholders are defined as individuals who assume certain direct or indirect risks associated with our company. Aside from shareholders, the stakeholders, among others, are employees, customers and users of the company services, suppliers, creditors, local community and public authority bodies.

Building and maintaining our stakeholder relationships is therefore fully embedded in the way we do business. Everywhere we operate, we actively participate in forums, industry platforms and collaborative programmes.

The Management Board is responsible for transparent and quality relationships of Atlantic Grupa and its stakeholders, being bound to take care that the company respects all rights of stakeholders based on the law and good business practices.

Stakeholder consultations are carried out regularly through many channels, as reported in the table below. Feedback from these engagement processes is shared with our Management Board on an ongoing basis.

Our stakeholder requirements are reflected in the identification of the relevant impacts, risks and opportunities. We apply the principle of transparent interaction and communication in every engagement. This approach encourages collaboration, knowledge sharing, open discussion and deep dialogue. This approach enables our Senior Leaders to have an excellent understanding of stakeholder requirements in their respective areas (for example, the Chief Procurement Officer has a thorough understanding of supplier requirements, participates in the materiality assessment and advocates for all supplier interests).

Key stakeholders, communication channels and main areas of interest

Key directly AFFECTED stakeholders	Communication channels	Main areas of interest	Interaction with strategy – strategy pillar in which interest is taken into account
Employees	• Regular employee engagement survey • Corporate interactive intranet • Annual U3 process (setting personal goals) • Trainings and internal workshops • Offline and online newsletter	• Safe and stimulating working environment • Talent development and career opportunities	• Empowered organisation
Consumers and shoppers (with the special emphasis on the diversity of requirements and expectations)	• Regional contact centre • Brand websites • Brands' Social Media Channels • Product labels • Marketing campaigns and events • Education of consumer/ shopper on points of sales	• Products which promote healthy lifestyle • Products with low environmental impact • Animal welfare • Safe products for all consumers including vulnerable groups (people with allergies) • Acceptable and accessible products for people with religious restrictions • Convenient and recyclable packaging	• Ensuring consumer relevance of our brands and categories • New consumer proposition • Creating value with ESG
Customers	• Sales agreements • Meetings and B2B events	• Meeting consumer needs by offering them choice/ high quality • Competitive pricing	• Ensuring consumer relevance of our brands and categories • New consumer proposition
External principals	• Distribution agreements • Meetings and B2B events	• Market penetration and expansion of their products	• Nourish our distribution leadership
Suppliers	• Supplier portal • ESG survey every 5 years • Purchasing agreements • Quality and sustainability agreements • Procedures for complaints and annual evaluation	• Building long term relationships • Timely payments • Supply chain with low environment impacts, preserving biodiversity, fair human rights and animal welfare practices	• Upgrading our operational excellence • Creating value with ESG

Key stakeholders - other USERS OF SUSTAINABILITY STATEMENTS	Communication channels	Main areas of interest	Interaction with strategy – strategy pillar in which interest is taken into account
(Local) Communities and vulnerable groups	• Regional contact centre • Donations and sponsorships procedure • Direct cooperation with local community representatives • Atlantic Grupa LinkedIn profile	• Environmental protection • Acceptable technologies and products • New jobs • Community Engagement	• Empowered organisation
Shareholders and Creditors	• General Assembly • Corporate web page • Meetings and conferences • Transparent reporting	• Delivering strong sustainable earnings and dividends, thus establishing supportive shareholder base • Transparent governance	• All strategy pillars
NGO's	• Regional contact centre • Donations and sponsorships procedure • Direct cooperation with representatives	• Community engagement	• Empowered organisation
Public authority bodies	• Meetings and consultations • Participation in forums, industry platforms and collaborative programmes on issues of common interest	• Collaboration on contributing to public good • Transparent governance	• Empowered organisation
Supervisors	• Certification body - DNV contracts (central management in CQM) • Contracts with Other certification bodies • Contracts with auditors	• Accurate reporting in accordance with legislation	• Productivity improvement • Empowered organisation

Information collected from all communication channels is regularly reviewed as due diligence (a practice implemented in the company quality management system certified based on ISO 9001, corresponds also to the OECD Guidelines for Multinational Enterprises). This is an on-going practice that responds to and may trigger changes in AG's strategy, business model, processes and activities, business relationships, operations, sourcing and selling contexts.

SBM-3
Material IROs and their interaction with strategy and business model

Atlantic Grupa is committed to transparency and accountability in disclosing its material impacts, risks and opportunities. The double materiality analysis conducted in 2024 complemented the previous materiality assessment, which was guided by the criteria defined by the Global Reporting Initiative.

Impacts, risks and opportunities (IROs) exist in our own operations and throughout our value chain. Our double materiality assessment (DMA) identified material IROs across eight topical standards, presented below. All IROs stem from subtopics and sub-subtopics in ESRS.

Material topic	Material IROs
E1	Reduction of GHG emissions (Scope 1 and 2) GHG emission in operations GHG emission in the value chain Increase in the cost of relevant raw materials as a consequence of climate change Use of electricity from renewable sources
E3	Responsible consumption of groundwater Water withdrawal for technological operations (cleaning, cooling) Water withdrawal in the value chain (especially for crops and technological processes) in areas with water scarcity Water discharge in the value chain (especially in the production of raw materials with high water demand)
E4	Deforestation in the value chain to obtain additional agricultural land
E5	Reduction of virgin material production through the procurement of recycled materials for packaging Use of recyclable packaging materials Waste reduction through the reduction of packaging material weight Recycling of a large portion of waste generated from own operations
S1	Sense of security (belonging to the community (company) and predictability of life) Providing secure employment as a measure of differentiation from other employers in the market Appropriate salaries, as reflected in employee satisfaction Better working conditions than the minimum legal requirements Ensuring a balance between private and professional life High employee engagement Ensuring the health and safety of our employees More equal and inclusive culture with a focus on equal pay for work of equal value Training and personal development of workers Development of new knowledge and skills and improvement of existing knowledge and skills of employees Corporate culture that does not tolerate violence More equal and inclusive culture with a focus on gender and age diversity
S2	Impact on improving working conditions at suppliers through a code of conduct for suppliers.
S4	Respecting consumer data privacy in all communication channels Regular and proactive collaboration with consumers in the development of new products Transparent and efficient complaint mechanism for products or services Caring for consumers and maintaining a close relationship with them Availability of relevant information about raw materials Ensured consumer access to all product information Ensured consumer trust in high safety and quality food products Development of technological solutions that enable safe handling of products Products available for consumers with specific ingredient expectations Wide availability of our products for all consumers in target markets Focus on applying responsible marketing practices in marketing activities
G1	Attracting and retaining exceptional people to achieve business strategy and annual plans Enhancing corporate culture through knowledge and information sharing; employer branding Business transparency Continuity and independence of business from political options, opportunities, and risks Respecting business conditions with suppliers, thereby attracting the highest quality suppliers Reducing corruption in the value chain

A more detailed overview of material IROs specific to each topic, including the connection between our IROs and our business strategy, is shown under SBM-3 for each topical standard.

Atlantic Grupa's strategy and business model are designed to be responsive and adaptable to the identified material IROs.

Among our material topics, we have identified one financial risk and five financial opportunities, described in the relevant sections of this report. Current financial effects of the identified material risk are not material to its financial position, financial performance and cash flows. The financial effects of identified material opportunities are not estimated, as there is no risk of a material adjustment to the carrying amounts of assets and liabilities reported in the related financial statements within the next annual reporting period.

IRO-1 Description of the processes to identify and assess material IROs

Atlantic Grupa employs a comprehensive and systematic approach to identify its most material topics in ESG & Sustainability. In 2024, we conducted a double materiality assessment to identify which issues are crucial for our sustainable business operations. The materiality assessment made a significant contribution to shaping our strategy for the coming years.

Our materiality assessment is based on the guidelines from ESRS 1 and was carried out by our Double Materiality Assessment Team (which are members of the Coordination Committee for Sustainability), including our experts from the Corporate Quality Management, Investor Relations and Risk Management departments. We have held several workshops to assess material IROs which were guided by our Double Materiality Assessment Team with the active participation of all relevant experts from Procurement, Corporate Security, Energy and Environmental Management, Marketing, Sales, People & Culture, representing the best knowledge of own operations.

As a starting point to access material IROs, we utilised the list of topics, subtopics and sub-subtopics defined in ESRS 1. In the double materiality assessment, we primarily used internal data, data obtained from our value chain and, when necessary, externally published data. We also conducted a benchmark analysis within our sector to gather data on material IROs of our peers. Based on this analysis, we determined that our material IROs encompass all the IROs identified by our peers.

Our double materiality (DM) assessment was conducted on a consolidated level, including all our business and distribution units and countries in which we operate, and is based on our ongoing/existing business operations. In identifying and assessing our IROs, we considered our own operations, as well as direct and indirect business relationships in the upstream and/or downstream value chain.

The Company engages with all key stakeholders as listed in section Interests and views of stakeholders, and their interests and views were also considered when performing the DM assessment.

Our double materiality assessment included short-term, medium-term, and long-term time horizons.

When assessing the impact materiality, we classified our impacts as positive or negative, and as actual or potential. We considered the scale and scope of the impact, as well as the probability of occurrence for potential impacts. In the case of negative impacts, we also considered their irreparability. When assessing scale, scope and irreparability, we used a scale from 1 to 5 (1 being the lowest and 5 the highest). For the calculation of the final grade of impact, the weighted sum of scale, scope and irreparability is multiplied by probability. The maximum possible grade is 25, with a materiality threshold set at 12.5.

When assessing financial materiality, i.e. risks and opportunities, we considered the probability of their occurrence and scale based on the estimated impact on the Company's EBITDA. When assessing the scale and probability we used a scale 1 to 5 (1 being the lowest and 5 the highest). For the calculation of the final grade of risk/opportunity, scale is multiplied by probability. The maximum possible grade is 25, with a materiality threshold set at 12.5. The financial materiality assessment is part of our risk management system, ensuring that identified risks are actively managed. Also, we take all measures to use/seize

recognised opportunities, both currently and in the future.

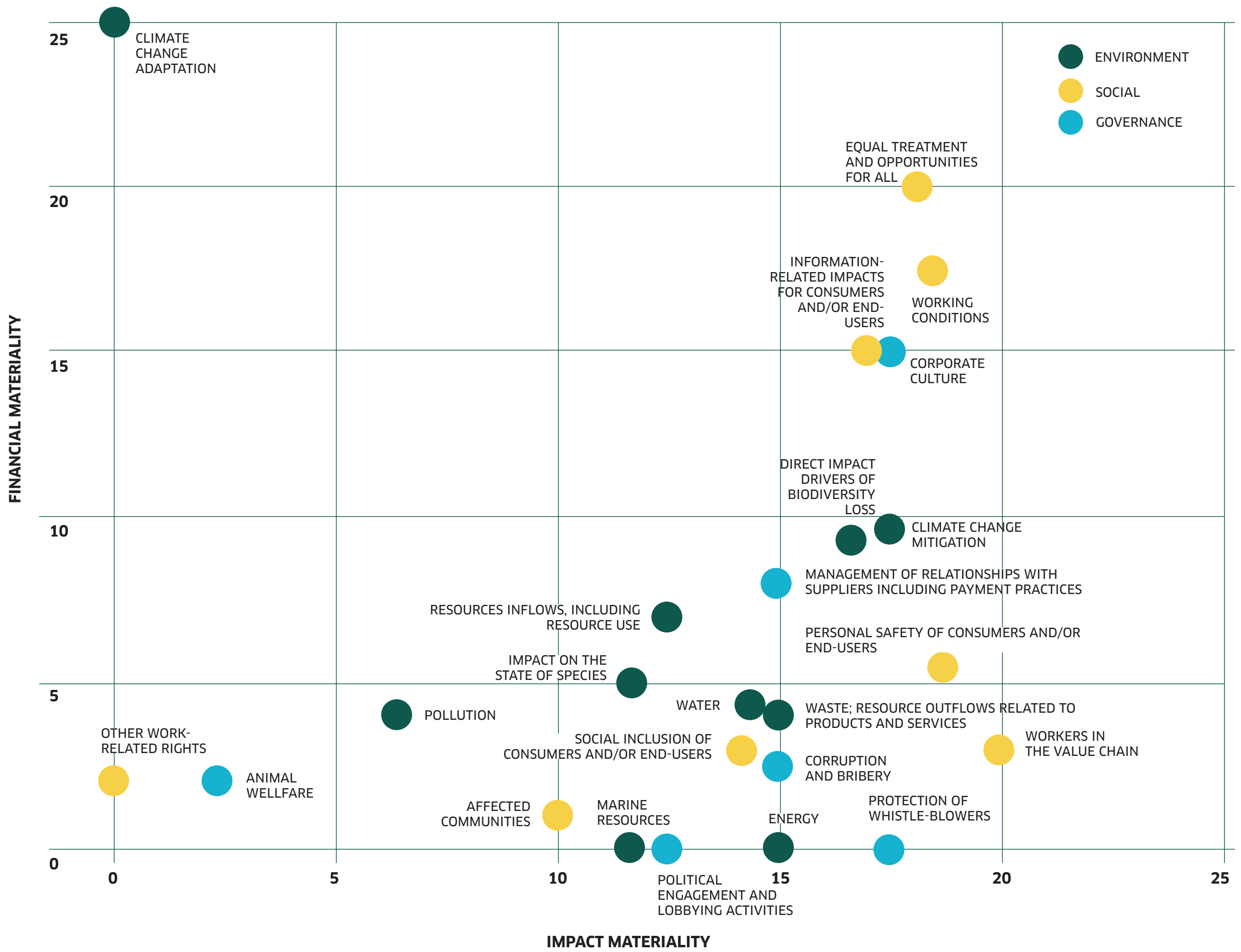
Based on the conducted double materiality assessment, identified impacts, risks and opportunities are classified into five categories based on their scores: minimal, informative, moderately important, important, and critical. Moderately important, important, and critical impacts, risks and opportunities are determined to be material for Atlantic Grupa and represent a priority in our sustainability efforts.
When assessing IROs, we considered how our impacts are connected to the risks and opportunities that may arise from them. This involved a thorough analysis of how each impact could potentially lead to specific risks or opportunities.

Sustainability-related risks are already integrated in our Enterprise Risk Management (ERM) and are actively managed. All types of risks monitored within the ERM process are considered equally important, but priority is given to those with the highest risk scores. We will assess whether our identified negative impacts contribute to our overall risk profile and incorporate them into our ERM process if deemed necessary. The double materiality assessment complements our existing risk management system. Therefore, our Risk Management Director is a part of the Double Materiality Assessment Team. This ensures a comprehensive and unified overview of identified risks.

The results of the double materiality assessment, including the applied methodology, were presented to the Management Board and confirmed by the Board. Upon the approval of the Management Board, the same was presented to the Audit Committee.

The procedure for performing a double materiality assessment (DMA) is established. Our DMA will be updated annually. In the next reporting period, we will implement adequate internal controls to ensure the integrity and reliability of our assessment, meeting the highest standards of accuracy and compliance.

As a result of the performed double materiality assessment, we have identified 8 material topics, i.e. 19 material subtopics for the Company with regard to their level of importance from a financial and impact perspective, which are shown in the below DM matrix.



ENVIRONMENT

TOP PRIORITIES

Reduce GHG emissions of Scope 1 and 2 in line with Paris agreement targets by rising the share of renewable energy and improving energy efficiency

Improve technology and processes to reduce water withdrawal for operations

Ensure that packaging materials are recyclable, and that virgin plastic is replaced with recycled one

2024 ACHIEVEMENTS

43.6%

REDUCTION IN SCOPE 1 AND 2 CO_2 EMISSIONS VS 2020

19.0%

LESS WATER WITHDRAWAL PER TON OF PRODUCT VS 2020

93%

OF PACKAGING MATERIALS ARE RECYCLABLE

14%

RECYCLED PLASTIC IN TOTAL PLASTIC QUANTITIES

70.5%

OF WASTE IS SEPARATELY COLLECTED AND FURTHER PROCESSED

ALL PACKAGING IMPROVEMENTS RESULTED IN BETTER ENVIRONMENTAL IMPACT

E1
Climate change

GOV-3
Integration of sustainability-related performance in incentive schemes

The proportion of variable remuneration tied to sustainability-related targets for our Management Board amounts to 10%. This remuneration depends on the AG Sustainability Index, which comprises five priority pillars, including the emission pillar. The emission pillar represents 15% of the total weight of the AG sustainability Index and includes commitments related to Scope 1 and Scope 2 emissions, as well as the use of renewable energy. Therefore, 1.5% of total remuneration is linked to the climate-related consideration for FY2024. For detailed information how sustainability matters are incorporated into our incentive scheme, please refer to section GOV-3 Integration of sustainability-related performance in incentive schemes.

E1-1
Transition plan for climate change mitigation

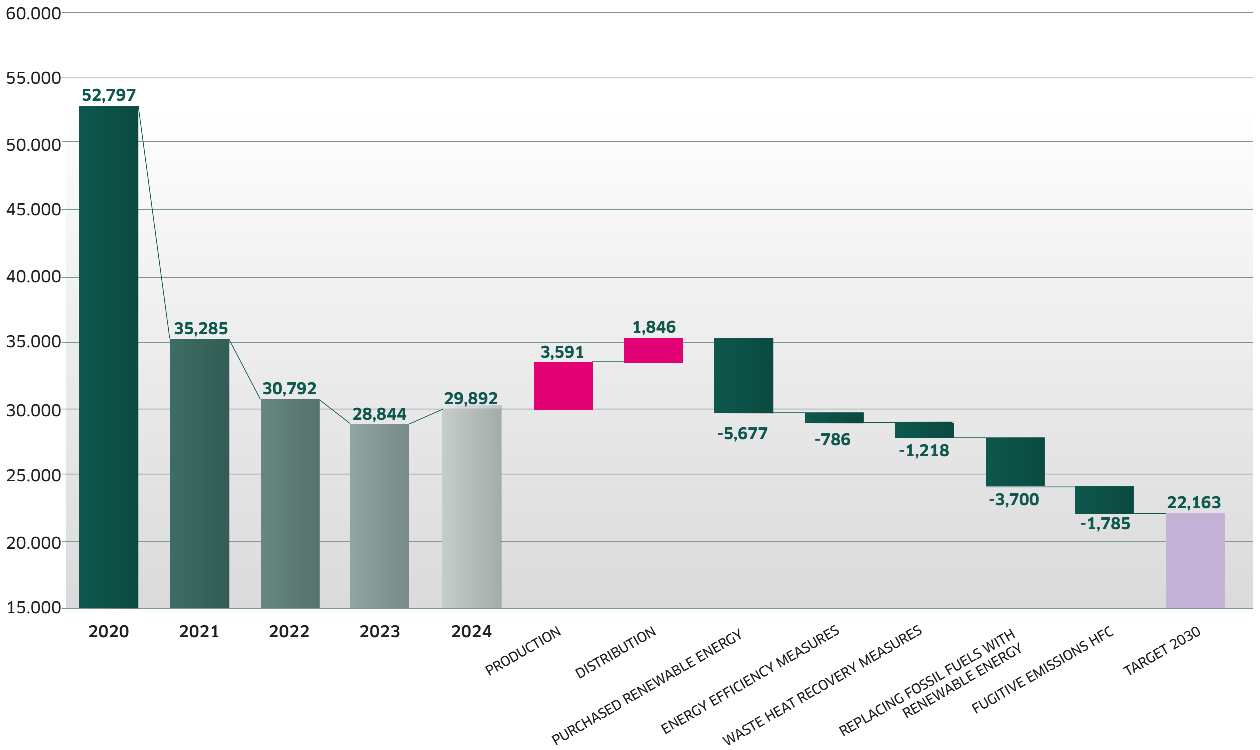
Our efforts to address climate change and contribute to protecting the future of our planet start with reducing our own carbon footprint. The following net zero transition plan addresses Scope 1 and Scope 2 GHG emissions, aligning with the Paris Agreement (2015) to limit global warming to 1,5°C. The commitment for Scope 3 emissions will be announced in the next reporting period, as it is currently in the development phase.

We actively engaged with key stakeholders, including our Management Board, sustainability experts and operational units, to define realistic and impactful goals. Regular meetings and workshops were held to ensure alignment with our broader business strategy and environmental goals. We also consulted external stakeholders, such as environmental organisations, regulatory bodies and our customers. These consultations helped us ensure our goals were not only ambitious but also reflected industry best practices and regulatory expectations. We are not excluded from the EU Paris-aligned Benchmark.

We have committed to reduce GHG emissions (Scope 1 and 2 – market based) by 58% compared to emissions in 2020. Emissions and targets were recalculated in 2024 using the Science Based Target Initiative (SBTi) methodology, applying the absolute approach and taking into account new company structure. We used the web-available SBTi calculator, while targets were not officially approved by the SBTi organisation. Additionally, we are aware of the common targets for 2050, which obliges us to achieve a 90% reduction of emissions of Scope 1, 2 and 3 by 2050.

The progress of our transitional plan has been continuously monitored using key performance indicators (KPIs) and we will conduct annual reviews to ensure we are on track to achieve them. Progress will be transparently communicated to stakeholders through our sustainability report.

The transition plan to achieve targets in Scope 1 and 2 was prepared by the Company's energy team (whose members are energy managers in operations from production sites). The transition plan for achieving GHG emissions reduction targets by 2030 is schematically presented in the graph:



Please see E1-3 Action to find more details on the already implemented action plan and the progress made in the alignment with the transition plan.

Atlantic Grupa aims to achieve the total emissions target of 22,163 t CO_2e by 2030, which represents a 58% reduction compared to the baseline year 2020 emissions of 52,797 t CO_2e. By 2050, Atlantic Grupa's goal is to reduce emissions by 90% to a total of 5,280 tCO_2e.

The transition plan includes realistic business growth and several specific measures divided into five groups of levers, without changing the product portfolio and including the implementation of new technologies:

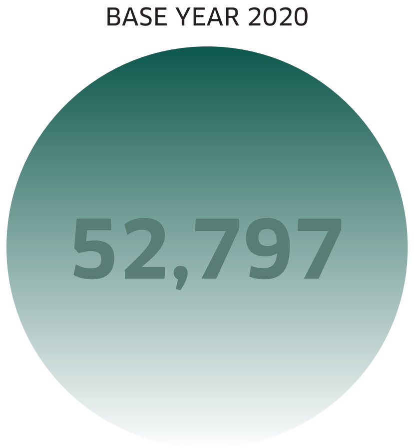
- Purchasing all electricity, wherever and whenever possible, from renewable sources with Guarantees of Origin;
- Increasing the energy efficiency of heating systems, production equipment, and vehicles;
- Recovering waste heat from production processes;
- Ceasing the use of fossil fuels for generating thermal energy for space heating (comfort heating), domestic hot water, and those parts of the process that do not require the use of steam or temperatures above 100°C, while simultaneously switching to renewable energy sources; and
- Minimising fugitive emissions from refrigerants.

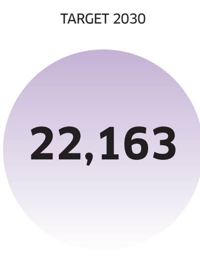
A detailed analysis identified the "locked-in" emissions from fossil fuels that cannot be reduced or replaced by 2030 due to current technology. We have taken these into account when creating our transition plan, ensuring that these emissions do not compromise the achievement of targets.

		2020 Base year	2020 - 2030			2030 Target
Scope 1	Replacing fossil fuels with renewable energy	20,923	-2,298	6%	-6,174	
	Waste heat recovery measures		-1,179	3%		
	Energy efficiency measures		-786	2%		
	Reduction of fugitive emissions		-1,910	5%		
Scope 2	Replacing fossil fuels with renewable energy	31,875	-1,402	4%	-29,898	
	Purchased renewable energy		-28,457	79%		
	Waste heat recovery measures		-39	0%		
Scope 1+2		**52,797**			**-36,072**	**22,163**

Although emissions from our vehicles are significant contributors to overall Scope 1 emissions, replacing existing vehicles using fossil fuels with electric ones, on a larger scale, is not feasible before 2030.

The Management Board of Atlantic Grupa has approved the transition plan. Strategic business and distribution units are required to integrate this transition plan into their business plans during the long-term financial planning process in 2025, which will be supervised by operational excellence manager. The implementation of the transition plan will be monitored through the execution of individual measures by tracking the achievement of emission reductions. An investment of EUR 15 million in long-term assets, which is approximately 30% of the realised capital investments in 2024, is required for these measures by the end of 2029 and they are integrated in long-term financial planning of each business area. The planning of Opex is still underway, so we are unable to provide an estimate at this time. At this moment, we have not adopted the Capex plan to align economic activities with the required criteria set by the EU taxonomy.





SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Sub-subtopic	Name of IRO	Type of IRO	IRO Description	Value chain location	Time horizon	Implication for and resilience of strategy	Policy coverage
Climate change mitigation	Reduction of GHG emissions (Scope 1 and 2)	Potential Impact	Reduction of Scope 1 and 2 emissions by 58% by 2030, consequently contributing to climate change mitigation through the implementation of a transition plan.	Own operations	Medium and long term	The Company is dedicated to implement energy efficient technologies and practices and to ensure transition to renewable energy sources.	GHG emission management
Climate change mitigation	GHG emission in operations	Actual Impact	Due to Atlantic Grupa's production, which is partly powered by fossil fuels, GHG emissions occur.	Own operations	/	We have developed a transition plan aimed at reducing emissions by 58% by the year 2030. This plan includes a detailed set of activities designed to achieve this ambitious goal.	GHG emission management
Climate change mitigation	GHG emission in the value chain	Actual Impact	Value chain emissions create significant emissions - Scope 3 has been measured and accounts for 94% of total emissions of Atlantic Grupa (excluding emissions from the principals' products of Atlantic Grupa).	Upstream	/	The Company is committed to work closely with its suppliers to ensure they are also committed to reducing emissions.	Code of Conduct for suppliers, Sustainability goals policy, Integration of sustainability aspects in product design
Climate change adaptation	Increase in the cost of relevant raw materials as a consequence of climate change	Physical Risk	The risk of climate change (primarily the occurrence of natural disasters - floods, droughts) affects the yield of the most important raw materials of Atlantic Grupa - cocoa and raw coffee; also, there may be a significant reduction in the supply of these raw materials and significantly higher prices at which they are offered.	Upstream	Short and medium term	Procurement team closely monitors commodity price risks, which are being managed by hedging and buying predetermined quantities.	Procurement process
Energy	Use of electricity from renewable sources	Actual Impact	Use of electricity from renewable energy sources in all markets where it is available and installation of solar panels at our office and production locations.	Own operations	/	All SBU/SDU are encouraged to use/produce renewable energy whenever feasible.	GHG emission management

The current financial effect of the above identified risk, which relates to the increase in the cost of relevant raw materials as a consequence of climate change, amounts to EUR 22.6 million. This effect is seen as an increase in material and energy costs (please refer to the attached consolidated financial statements).

Emissions are part of Atlantic Grupa's ESG strategy for the reduction of Scope 1 and 2 emissions, as well as the use of renewable energy. All other IROs are not directly part of the ESG strategy, but we also monitor their progress through lower hierarchy levels and have indicators in place to gain a better understanding.

Resilience analysis

We conducted the resilience analysis of climate change exposure in our value chain in the last quarter of 2024. Most risks were identified with our Tier 2 and higher level suppliers. Climate change is likely to impact our sourcing due to limited or damaged agricultural crops (primarily coffee and cocoa) caused by environmental disruptions or disrupted logistic supply chains. Our analysis considered three distinct climate-related scenarios, each impacting agricultural crops differently and consequently affecting the prices of coffee and cocoa:

(1) Climate change having a highly negative influence on the agricultural crops of coffee and cocoa. This scenario results in a reduced availability of raw materials, potentially leading to supply chain disruptions. Consequently, the prices of coffee and cocoa would rise, increasing our production costs. Our profit margin would be negatively affected by these higher production costs.

(2) Climate change having a negligible impact on the agricultural crops of coffee and cocoa. This scenario results in stable prices of raw materials and indicates a steady supply. Such developments contribute to the predictability of production costs, aiding in financial planning.

(3) Climate change having a positive influence on the agricultural crops of coffee and cocoa. This leads to lower raw material prices, which should contribute to the reduced production costs. Consequently, there is a potential for increased profit margins due to lower input costs.

We conducted this analysis based on past experiences and available data, as well as by using the Sphera SCRM application to detect natural disasters near our suppliers. Our resilience analysis focuses on short-term horizons, impacting next year's crops. The results of the performed analysis need to be seen in light of limitations and uncertainties that are inherent to scenario and resilience analysis. In particular, in the context of physical risks, we note that there remains significant uncertainty regarding changes in climate patterns. However, only the first scenario has significant negative financial implications for our business, primarily affecting the results of our coffee and snacks segments and, consequently, our consolidated results. We mitigate this risk by continuously monitoring current trends and best-in-class forecasts, as well as by applying hedging techniques that we find most suitable for the prevailing conditions. Our resilience is further improved with our ability to transfer part of the higher production costs to consumers. We find that our business is generally effective at responding to and adapting to these disruptions, minimising the overall effects at the Company level.

We did not identify any significant transitional risks. For all mitigation measures, please see E1-1, which contributes to our business model's resilience.

IRO-1
Description of the processes to identify and assess material climate-related IROs

Please see section IRO-1 Description of the processes to identify and assess material IROs (within ESRS 2).

IMPACT IDENTIFICATION to climate change mitigation and energy use:

As a manufacturer of food products, we have significant energy needs for thermal food processing (e.g. roasting, baking, cooking, sterilisation or pasteurization, etc.), which are primarily met by using fossil fuels. In distribution, energy consumption is mainly related to fuels for transport vehicles and, to a lesser extent, to ensuring adequate storage conditions in our warehouses. We keep records of all the locations where we operate and, based on the activities, we have conducted an analysis. We used data on the types and quantities of energy sources for all production sites, transport and logistic centres. The use of fossil fuels within our own operations, as well as within our value chain, has been identified as our actual impact. For the value chain, we conducted an inventory screening as described in E1-6, which creates 92% of total Scope 3 emissions.

The Company is dedicated to implementing energy-efficient technologies and practices and ensuring the transition to renewable energy sources, which is our potential medium- and long-term positive impact on climate change.

Climate related PHYSICAL RISK IDENTIFICATION:

At the end of 2023, we evaluated climate-related risks for the first time and upgraded it in 2024 with extensive external analysis.

To estimate the vulnerability and probability of future factors, as well as to identify potential opportunities for scaling up climate action, we rely on CLIMATIG Score Calculation reports. These reports refer only to the scenario RCP4.5 – Representative Concentration Pathway 4.5 by IPCC, and predictions up to 2030 and 2050 based on geolocations of our production and distribution sites, as well as for certain contracted productions.

Based on the conducted analysis, the average overall score for every location indicates medium risk from climate hazards. The table below presents risks with a very high score (above 60 on 0-100 scale) for some of our locations and planned activities, which are considered in future investments at these locations. Beside these risks, we identified drought and late frost in lower risk categories. Due to the smaller scale of severity, the risks for our locations were not identified as material.

Climate physical risk	very high risk till 2030	very high risk till 2050	Resilience plan:
River flood	yes	yes	A disaster risk assessment is being done and a plan for protection and rescue in emergency situations is in progress.
Hail	lower category	yes	Reconstruction of production facility with stronger roofing, new buildings planned with improved weather protection/resilience.
Heat wave	yes	yes	Temperature parameters are monitored, and air conditioning projects will be implemented accordingly.
Heavy precipitation	yes	yes	Inspection of current piping and drainage systems from the roof, followed by execution of necessary improvements. In the event of any plant expansions, preliminary planning includes additional drainage on the plant plateau to eliminate the risk of flash flood water entering the factory.
Severe wind	yes	yes	We are currently relocating the warehouse to a new facility designed to withstand extremely strong winds, based on Eurocode wind load calculation, which includes reference wind speeds, local terrain factors and topographic influence (taking into account the influence of the bura). The facility is currently undergoing roof structure renovations, in accordance with the amendments and supplements to the project documentation provided by the landlord.

Climate related TRANSITION RISK IDENTIFICATION:

We have identified several transition risks related to achieving our transition plan in the medium and long term. Due to their smaller scale, these risks were not recognised as material. For our transition plan (E1-1), we recognised the following risks:

- Securing funds for capital and operational costs to execute the transition plan by 2030;
- Ensuring operational resources are available to implement all measures within the next 5 years;
- Addressing locked-in emissions if the planned measures are not feasible or effective, requiring alternative solutions such as:
    - o Biogas or synthetic gas with a Guarantee of Origin,
    - o Steam production using renewable electricity through heat pumps,
    - o Adequate capacity of the local distribution network and substations for increased electricity use;
- Uncertainty and increased prices in the supply chain and motivation of suppliers to pursue global goals.

These challenges are crucial for achieving the long-term goal of reducing greenhouse gas emissions and will impact our business model and plans.

E1-2
Policies related to climate change mitigation and adaptation

All our policies are available to our employees and, upon request, to key stakeholders. These policies include the expectations of our key stakeholders, such as the Management Board, shareholders, creditors, supervisors, employees and customers.

We have a high-level climate change policy defined in our Corporate Quality Policy, including adaptation and mitigation, energy efficiency, use of renewable energy and reduction of GHG emissions. This policy has been approved by top management and is further defined in detail within the individual processes and their operational procedures.

Climate change adaptation policy in our supply chain
Our identified risk, 'Increase in the cost of relevant raw materials as a consequence of climate change,' is managed in the procurement process, based on the policy available through the organisational procedure that includes risk identification and adaptation. This policy applies to all procurement processes for direct materials and the Executive Director of Central Purchasing is accountable for it.

Climate change mitigation policy and use of electricity from renewable sources
The Policy of GHG management summarises our approach to energy, climate change, Scope 1 and 2 emissions and the use of renewable electricity for scope of our operations and the Group Vice President for Finance, Procurement and Investment is accountable for it. The central Operational Excellence function monitors the implementation of policies across all locations. The process manager oversees the energy management team, comprised of all our energy professionals, to facilitate the sharing of knowledge and expertise across all locations.

Activities carried out within the Company's value chain contribute to some of the main global causes of greenhouse gas (GHG) emissions and should be effectively mitigated. The following examples illustrate the factors we consider when defining proper approaches for setting medium- and long-term action plans, focusing on both our own operations and the entire value chain:

Scope	Activity directions	Mitigation measure
Own operations (IRO: Reduction of GHG emission in the value chain and Reduction of GHG emission (Scope 1 and 2, use of electricity from renewable sources)	Use of fossil fuels for operations	Transition to renewable energy sources and reduction of energy consumption
	Equipment with fluorinated gases used in our operations	Transition to equipment with no fluorinated gases or with lower global warming potential
	Energy efficiency	Optimisation of energy consumption (technological processes, buildings, logistics)
	Use of renewable sources	Purchasing electricity from renewable sources wherever is available and investting in the solar panels.

Our commitment to sustainable business practices within our value chain is defined by the Supplier Code of Conduct, which explicitly addresses the management of emissions and reduction of carbon footprint. Our policy for the management of Scope 3 emissions is defined in the Sustainable Goals Policy, where we have defined the methodology and goal for further development of the process. The Senior Executive Director of Legal, Assets and Quality is accountable for the Sustainable Goals Policy. Additionally, the Director of Corporate Quality and Sustainability Management, along with the team, monitors new findings and regulatory requirements and defines policies for sustainable product development at the corporate level. These policies, include guidelines related to supply chain emissions, which are then implemented by businesses in collaboration with Central Procurement.

Scope	Activity directions	Mitigation measure
Upstream Supply chain (IRO: GHG emissions in the value chain)	Deforestation to increase agricultural land	Supplier policies for forest protection in farming (cocoa, coffee, palm oil); for more details, please refer to E4
	Increasing livestock farming	Shifting from meat products to vegetarian food;
	Using fertilisers for agriculture	Shifting from conventional to organic crops when selecting ingredients for recipes
	Suppliers' inclusion in our Scope 3	Suppliers monitoring of GHG emissions and transition plan implementation

E1-3 Actions and resources in relation to climate change policies

All energy-significant locations of Atlantic Grupa are certified according to the ISO 50001 standard. All locations have implemented an energy and greenhouse gas management process, a cyclical procedure aimed at continuous improvement based on the best global practices in accordance with the methodology of planning, execution, verification and optimisation of processes.

The levers with which we strive to reduce emissions in our transitional plan and main investment:

1. Purchase all electricity from renewable sources with Guarantees of Origin, wherever and whenever possible.
   a) Since 2021, our company policy is to purchase electrical energy from renewable sources wherever available (Guarantee of Origin). In 2024, our electrical energy was procured from 100% renewable sources, with guarantees of origin in all three major markets where we have operational control (Slovenia, Croatia, Serbia partially).
   b) AG's own sources of renewable energy – capital investment project 2022 - 2027

   With the aim of actively participating in the global transformation to ensure renewable sources of energy and reduce dependence on external factors of uncertainty, we have already in 2022 started the investment project of installing our own solar panels on the roofs of selected production buildings and warehouses. In 2024, solar panels in Apatovec with 360kW Rated Inverter Power and in Planinska 50kW Rated Inverter Power were installed. At the end of the investment cycle (planned in 2027), 18% of the total AG electricity consumption will be generated by own solar panels.

2. Increasing the energy efficiency of heating systems, production equipment, and vehicles.
   We are continuously working on improving the energy efficiency of our electricity-powered equipment, optimising production processes, and minimising cooling energy loss to reduce our indirect emissions.
   In 2024, we invested in new equipment, including high-pressure air recovery on the blowing machine and free cooling. We are continuously renewing equipment with the aim of increasing energy efficiency, such as renovating ventilation, heating and cooling systems, insulating thermal systems and introducing LED lighting.

3. Recovering waste heat from production processes
   We are continuously working on developing measures that could recover waste heat, for example the project implemented in Atlantic Grand Belgrade for heat recovery from the coffee roaster. This recovered heat is used to preheat raw coffee, significantly reducing energy consumption and process duration.

4. Minimising fugitive emissions from refrigerants
   Certain amounts of our direct emissions are generated from HFC fluorinated hydrocarbons used in cooling equipment, and we take adequate care in servicing this equipment.
   From our base year, we achieved a 22,906 tCO_2 reduction of Scope 1 and 2, please see details in E1-6. For expected reductions, please see E1-1 Transition plan.

Action for Scope 3 reduction:

A detailed action plan will be established after the transition plan for reducing Scope 3 emissions is defined. In 2024, we conducted intensive workshops to review the current situation, build capacity and analyse our existing data. We researched IT solutions for supplier management and studied new guidelines and regulations for sustainable supply chains. We established processes, goals and responsibilities and, at the beginning of 2025, we started with the implementation of the new tool.

Additionally, we constantly explore opportunities to reduce GHG emissions of Scope 3 through the innovation of products in a "sustainable way". Every small step towards reducing emissions is crucial, and knowledge development within the company is essential. To support R&D teams in effectively addressing GHG emissions from the early stages of product design, we introduced a mandatory control checklist for new product designs in 2023.

Given the Company's level of liquidity and the prioritisation of this topic in our ESG strategy, as well as the readily available sources of capital, we have no indications that the measures will lack sufficient funds for implementation.

E1-4 Targets related to climate change mitigation and adaptation

In 2023, Atlantic Grupa established a short-term objective to reduce greenhouse gas emissions by 2030, encompassing total emissions from Scope 1 and Scope 2, in accordance with the Paris Agreement's aim to limit global warming to 1.5°C. For more details about the methodology and stakeholder involvement, please see E1-1 Transition plan.

With the inclusion of two new locations, Strauss and Miramarska, into Atlantic Grupa, emissions were recalculated starting from the base year. The company we acquired in 2024 has a similar Scope 1 and 2 to ours and has established a similar emissions reduction model to ours. As a result, this does not significantly impact the target. According to the protocol, we have included the emissions of the newly joined locations and recalculated the base year and target. Along with the recalculation, we have improved the accuracy of measurement and updated emission factors to the latest version for Scope 3.

In accordance with all of the above and respecting the level of ambition required by the Science Based Target Initiative, Atlantic Grupa's goal is to reduce Scope 1 + Scope 2 (market-based) emissions by -58% compared to the base year. The base year was not normalised because of key drivers are production quantities and we included this increase in the transition plan. Please see E1-1 Transition plan for more details about levers, including the adoption of new technologies and target values and E1-6 for data on past progress. In 2024, compared to 2023, we had higher emissions, primarily due to increased production and distribution activities, rising from 28,844 tCO_2 to 29,892 tCO_2 for Scope 1 and 2. Scope 3 increased by 19.894 tCO_2e emissions from 2023 to 2024.

Our goal is use of 100% electricity from renewable energy sources in all markets where it is available and install solar panels at our office and production locations. Please see E1-2 Actions for more details.

We recognise the necessity of setting a target for Scope 3 emissions in line with SBTi. However, due to data uncertainties, this target will be established next year. Although we committed to setting this plan in 2024, there has been a delay due to complexity. Our transition plan to reduce Scope 3 GHG emissions by 2030 will primarily focus on significant categories of Scope 3, primarily on Purchasing Goods (77 % of total emissions), obtaining accurate data from suppliers and encouraging them to implement their own emission reduction strategies. According to the Paris Agreement on climate change, our Scope 3 GHG emissions should be reduced by 42% compared to the base year 2020.

Due to a lack of data, we have not yet established targets for the risk in our value chain.

E1-5
Energy consumption and mix

Energy consumption is reported in the table below. Consumption data are gathered from every location (directly measured or gathered from bills without validation of additional external bodies). In line with the methodological changes in the compilation of reports, which prescribe updating data for the base year and previous years, the data for the period 2020-2023 shows different values than in Atlantic Grupa's Annual Report for 2023. Please see E1-3 for details on changes. For 2024, energy consumption of new locations was added. Strauss also burned some biomass this year, in the amount of 377 MWh as an exception.

All our operations are in high climate impact sectors, and the data is presented in the table below.

Energy consumption		2020	2023	2024	Δ vs PY
Fuel consumption from coal	MWh	0	0	0	0
Fuel consumption from natural gas	MWh	43,159	42,369	40,472	(1,897)
Fuel consumption from crude oil and petroleum products	MWh	18,937	18,650	20,679	2,029
Fuel consumption from heating oil	MWh	2,861	1,347	1,527	180
Fuel consumption from vehicle	MWh	18,746	25,938	28,299	2,361
Total fuel consumption from fossil fuels	MWh	83,703	88,303	90,977	2,674
Heat energy from fossil fuels - purchased	MWh	8,523	7,552	8,154	602
Electrical energy from fossil fuels	MWh	42,488	6,223	6,393	170
Total energy from fossil fuels	**MWh**	**134,715**	**102,078**	**105,524**	**3,446**
Share of energy from fossil fuels	**%**	**97.0**	**71.0**	**71.1**	**0.1**
Electrical energy from nuclear energy	MWh	3,416	0	0	0
Share of energy from nuclear energy	**%**	**2.5**	**0**	**0**	**0**
Heat energy from renewable sources - purchased	MWh	0	0	0	0
Heat energy from renewable sources - generated	MWh	531	497	377	(120)
Electrical energy from renewable sources – purchased	MWh	0	40,404	40,373	(32)
Electrical energy from renewable sources – generated	MWh	249	872	2,130	1,258
Total energy from renewable sources	**MWh**	**779**	**41,773**	**42,879**	**1,106**
Share of energy from renewable sources	**%**	**0.6**	**29.0**	**28.9**	**(0.1)**
Total energy	**MWh**	**138,911**	**143,851**	**148,403**	**4,522**
Total heat energy	MWh	92,758	96,352	99,508	3,156
Total electrical energy	MWh	46,153	47,499	48,895	1,396

Energy intensity per net revenue		2020	2023	2024	Δ vs PY
Total energy consumption per net revenue (100% in high climate impact sector)	MWh/ 000 €	0.20	0.15	0.14	(0.01)

For energy intensity, the total energy consumption is divided by the total net revenue. The figure for the total net revenue can be found in the financial statements, income statement, page 326.

E1-6
Gross Scopes 1, 2, 3 and Total GHG emissions

We are focused on energy efficiency across all our activities, using renewable energy sources, and improving upstream and downstream processes to reduce GHG emissions throughout our product life cycles. In the production units of Atlantic Grupa, there are no manufacturing processes that generate greenhouse gases, so all emissions, except for fugitive emissions, are a result of energy needs. In order to manage the process of greenhouse gas management, the organisational procedure for GHG emissions management, which is closely related to the organisational procedure for energy management, is defined at the corporate level. For significant changes in our structure and effects to GHG emissions, please see E1-3 Targets.

Scope 1: Direct emissions in our own operations

Direct GHG emissions (Scope 1) are generated from fuels we use at our facilities and vehicles: natural gas, liquefied petroleum gas (LPG), heating oil and gas oil.

Considering the structure of energy consumption and the significant share of thermal energy needed for food processing, most of the emissions of Scope 1 are locked-in emissions and cannot be easily substituted with energy from renewable sources, so energy efficiency and gradual substitution of fossil fuels will be our main focus. Strauss had 138 t CO_2e emissions from biomass in 2024 as an exception.

Scope 2: Indirect emissions in our own operations

Indirect GHG emissions (Scope 2) arise from the purchase of electrical energy and, to a lesser extent, thermal energy, primarily steam and hot water.

We purchase 86% of electricity with a Guarantee of Origin, arranged directly through a renewable energy purchase agreement with the supplier. All documents are bundled with a cancelation statement with attributes about the energy generation.

In the base year 2020, indirect GHG emissions represented 60% of the total direct and indirect emissions in our own operations calculated using the market-based methodology, while in 2024, this share is reduced to 24%.

Calculation method for GHG emissions of Scope 1 and 2:

Emissions data, derived from energy consumption, covers all relevant Atlantic Grupa locations and energy uses. Since Atlantic Grupa operates in multiple countries with varying calculation methodologies and emission factor updates, a unified approach is used for all calculations. For Scope 1 emissions from fossil fuels, emission factors from the GHG Protocol calculation tool version were used, expressed in CO2 equivalent, including CH4 and N2O emissions. Emissions from the unintentional release of hydrofluorocarbons (HFCs) include data from all industrial refrigeration plants and most small split systems, calculated using the GHG Protocol methodology.

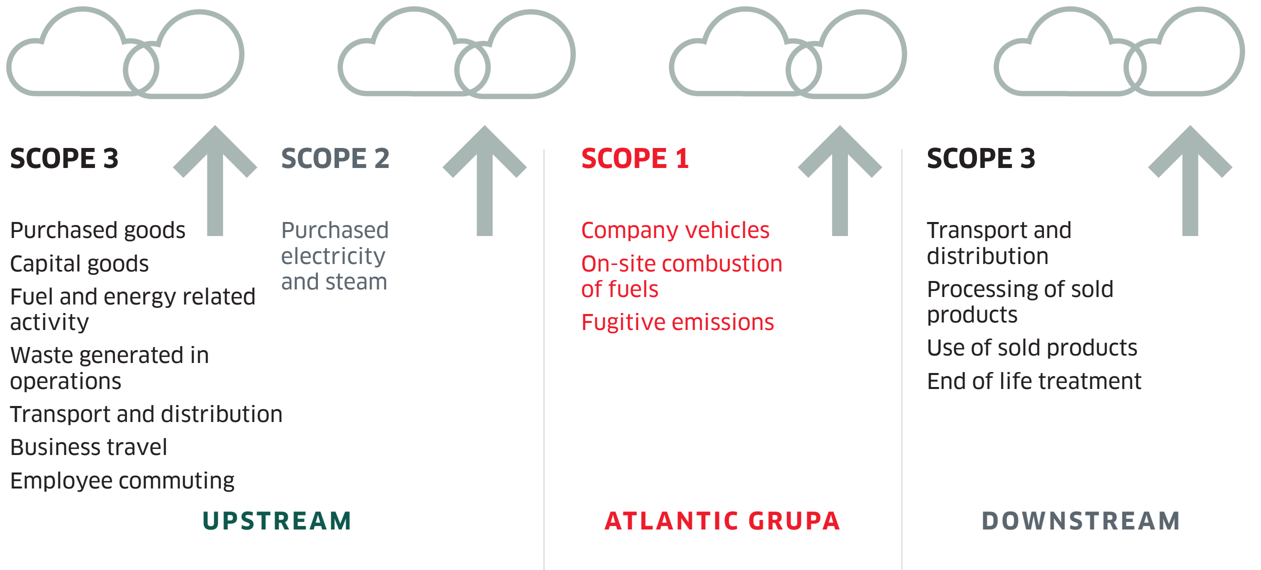
Due to changes in reporting methodologies, which require updating data for the base year and previous years and double reporting using both location-based and market-based methods, the data are not comparable to those in Atlantic Grupa's 2023 Annual Report. We used the Association of Issuing Bodies (AIB) database (link: European Residual Mix | AIB (aib-net.org) for emission factors in all markets/sites to ensure consistency. Specifically, we used "Production mix" factors for the location-based method and "Residual mix" factors for the market-based method. Although these factors are about 1% lower than CO2e, we used them due to the lack of reliable residual emission data and the relevance of the source. We follow the GHG Protocol's recommendations for data hierarchy and quality for the market-based method. The exception is North Macedonia, where no AIB data are available. We consulted local institutions and used the following GHG emission factors (kg/kWh): 0.685 (2020), 0.608 (2021), 0.764 (2022), 0.643 (2023), and 0,637 (2024). For Scope 2 emissions related to thermal energy, we used data from thermal energy suppliers. Since the factors for the year 2024 have not yet been published, a three-year average was used. Additionally, with this year's report, the factors for 2023 have been corrected. This pertains to Scope 2 location-based emission factors and steam.

Since most emissions at Atlantic Grupa result from production and distribution activities, the impact of rising winter temperatures on emissions is very small. At the same time, the need for cooling and drying in production processes increases, so this slight reduction is balanced by increased energy consumption during the warmer part of the year.

Scope 3: Emissions in the value chain

The largest share of our GHG emissions stems from a range of activities across our value chain, extending beyond the boundaries of our organisation - from the production of our raw materials and packaging to the use of our products.

Emissions from both upstream and downstream activities in the value chain represent 92% of Atlantic Grupa's total GHG emissions.



The Company's methodology for carbon accounting in upstream and downstream activities in the value chain is based on the GHG Protocol, as explained in the table below. We set operational control for all our locations as organisational boundaries. The result of this process is the calculation of the total GHG emissions of Scope 3. The calculation is repeated annually and coordinated by the Corporate Quality and Sustainability Management department. The data are collected from different departments and systems as presented in the table below. Our calculations were not validated by an external body and we use databases as secondary data for emission factors.

Methodology for significant Scope 3 GHG emissions inventory calculation

	GHG SCOPE 3 CATEGORY	Share of primary data	Methodology notes
UPSTREAM	PURCHASING GOODS Purchasing goods include procurement related to production and non-production activities. In this calculation, only purchased goods directly related to the production of own branded products are taken into account; excluded are all final goods from principals purchased for resale.*	100% for raw and packaging materials, contract production and water (from our databases), estimation of POS materials	GHG emissions related to purchasing raw and packaging materials, contract production, water supply and purchasing of POS materials. Average data method with purchasing quantities from our ERP systems is used alongside emission factors from DEFRA and WRAP databases **.
UPSTREAM	CAPITAL GOODS	100% (from our databases)	GHG emissions related to investments in new equipment, IT, cloud/program solutions. Methodology for estimating emissions is spend-based using the USEEIO emission factors ** and Capex database.
UPSTREAM	FUEL and ENERGY RELATED ACTIVITIES	100% (from our databases)	GHG emissions related to fuel and electricity include extraction, production and transportation of fuel and electricity. Average data method is based on fuel and electricity consumption in kWh – from energy management database, DEFRA database and T&D losses factors for countries.
UPSTREAM	UPSTREAM TRANSPORT and DISTRIBUTION	100% (from our databases)	All transportation from our production sites to distributors and from distribution sites (that are not outsourced) to consumers. Farmacia's transport and transport of raw materials from suppliers to us is excluded. Mileage is calculated according to travel documentation/requests for transportation (internal databases and LogNet application) and DEFRA database for emission factors.
UPSTREAM	WASTE GENERATED IN OPERATIONS	100% (from our databases)	Waste from our operations. Quantities are calculated based on record sheets from environmental management databases and emissions are estimated from DEFRA database.
UPSTREAM	BUSINESS TRAVEL	100% (from our databases)	Business travel with other ways of transport (bus, airplane, ship, excluding company cars) is calculated based on milage. Emissions from company cars are calculated in Scope 1. Evaluation is made by extrapolation of actual data obtained from application for travel network for the period 1-6/2023 for past years and actual data for 2024 and DEFRA database.
UPSTREAM	EMPLOYEE COMMUTING	Estimation based on survey in 2023	Based on the employee survey 2023 data, results were analysed and extrapolated to all employees, annually. We surveyed workers on their commuting methods and the distance they live from the workplace. For estimation of emissions, DEFRA database was used.
UPSTREAM	LEASED ASSESTS	/	Not material
DOWNSTREAM	TRANSPORT and DISTRIBUTION	Estimation on distributed pallets	Warehousing and distribution of pallets as reported by our outsource distribution partner for Slovenia and Austria. Estimation is based on the number of pallets and assumption of average route.
DOWNSTREAM	PROCESSING OF SOLD PRODUCTS	100% (from our databases)	Our contract production partners who provide packaging service for us. Average data method is used with actual quantities and emission factors from DEFRA database.
DOWNSTREAM	USE OF SOLD PRODUCTS	Estimation based on survey in 2023	In 2023, we conducted a survey among employees to identify the most common ways they use our products to consider energy requirements for storing and processing these products for individual consumption. The survey data were used as an average practice for any consumer and extrapolated to entire production quantities.
DOWNSTREAM	END OF LIFE TREATMENT	100% (from our databases)	Packaging quantities released on the market for own branded products. Principals packaging is excluded. The recyclable materials are intended to enter a closed loop (except the triplex foil), which was taken into account. Data is from ERP system (quantities of material consumed in production) and DEFRA database.
DOWNSTREAM	LEASED ASSESTS	/	Not applicable
DOWNSTREAM	FRANCHISES	/	Not applicable
DOWNSTREAM	INVESTMENTS	/	Not applicable

* WE BASE OUR APPROACH ON PRIORITY CRITERIA, INCLUDING CATEGORIES THAT SIGNIFICANTLY CONTRIBUTE TO THE COMPANY'S RISK EXPOSURE, CATEGORIES WE HAVE DIRECT INFLUENCE OVER, AND THOSE DEEMED CRITICAL BY STAKEHOLDERS.
** **DEFRA** (UK DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS) HAS PUBLISHED CONVERSION FACTORS ALLOWING ORGANISATIONS AND INDIVIDUALS TO CALCULATE GREENHOUSE GAS (GHG) EMISSIONS FROM A RANGE OF ACTIVITIES, INCLUDING ENERGY USE, WATER CONSUMPTION, WASTE DISPOSAL, RECYCLING AND TRANSPORT ACTIVITIES.

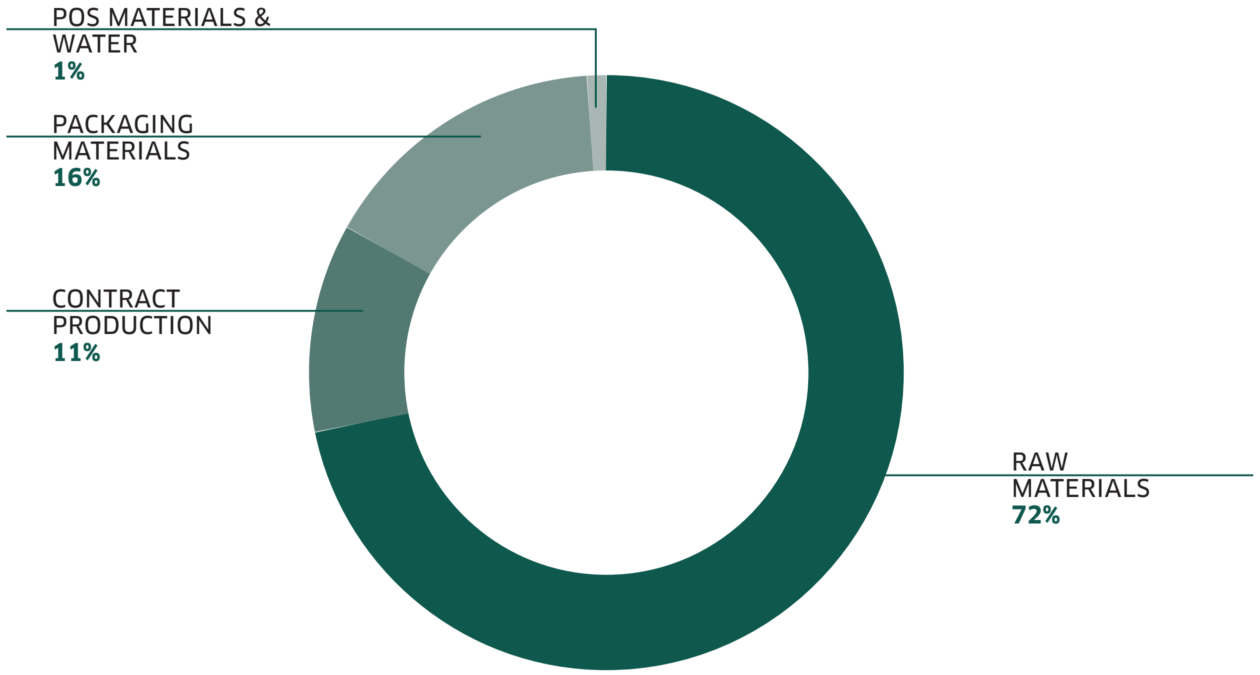
WRAP (WASTE & RESOURCES ACTION PROGRAMME) IS UK REGISTERED ORGANISATION WITH AIM TO ACHIEVE A CIRCULAR ECONOMY BY HELPING ORGANISATIONS REDUCE WASTE, DEVELOP SUSTAINABLE PRODUCTS AND USE RESOURCES IN AN EFFICIENT WAY.

USEEIO (U.S. ENVIRONMENTALLY EXTENDED INPUT-OUTPUT) MODEL BY THE ENVIRONMENTAL PROTECTION AGENCY (EPA) ESTIMATES THE ENVIRONMENTAL IMPACTS OF PRODUCING AND CONSUMING GOODS AND SERVICES, USING COMBINED ECONOMIC AND ENVIRONMENTAL DATA. IT IS USED FOR CALCULATING CARBON FOOTPRINTS AND ENVIRONMENTAL ASSESSMENTS, HELPING ORGANISATIONS UNDERSTAND BOTH DIRECT AND INDIRECT EMISSIONS.

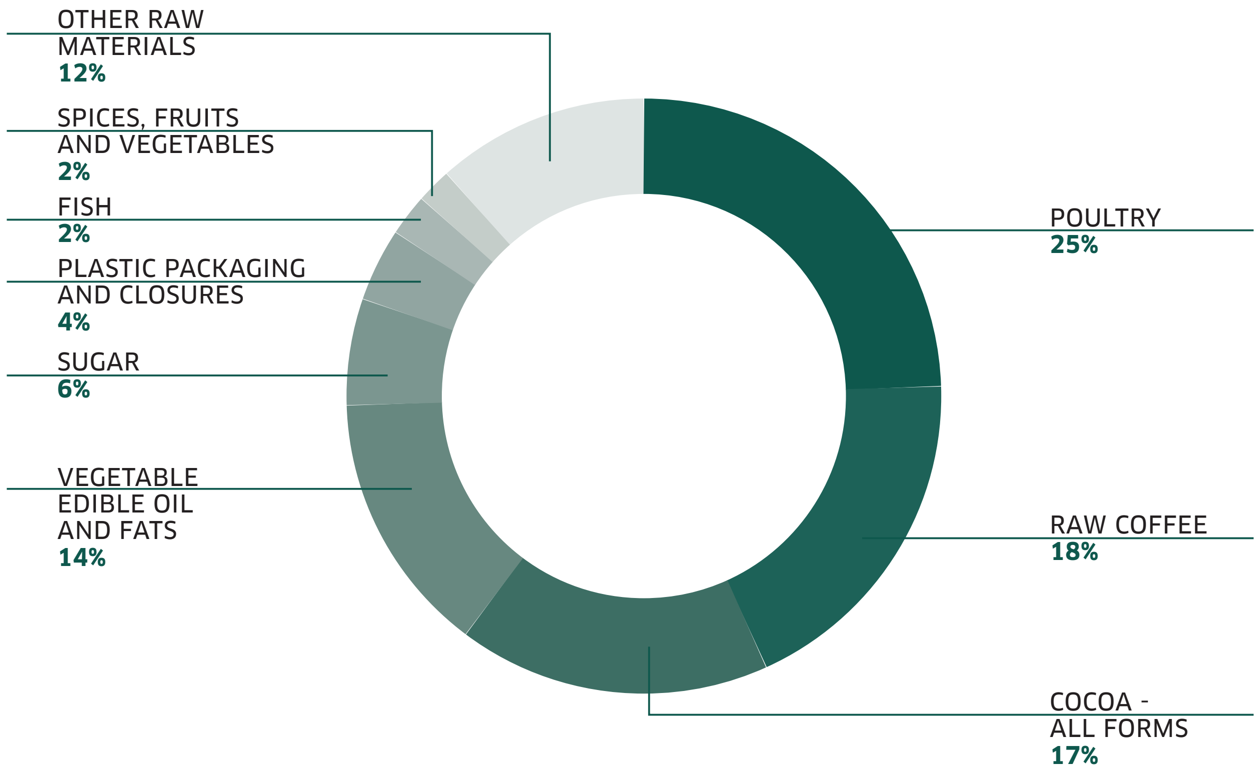
In total, the Company's significant GHG emissions of Scope 3 in 2024, calculated according to the described method, amount to **347,202 tCO_2e.** If we also include GHG emissions generated in the upstream value chain of final goods from external principals, purchased for resale, a very rough estimation of the Company's total GHG emissions of Scope 3 in 2024 amounts to 300,500 tCO_2e.

Overall, the main source of GHG emissions of Scope 3 are the purchasing goods. The following graphs show the distribution inside this category:

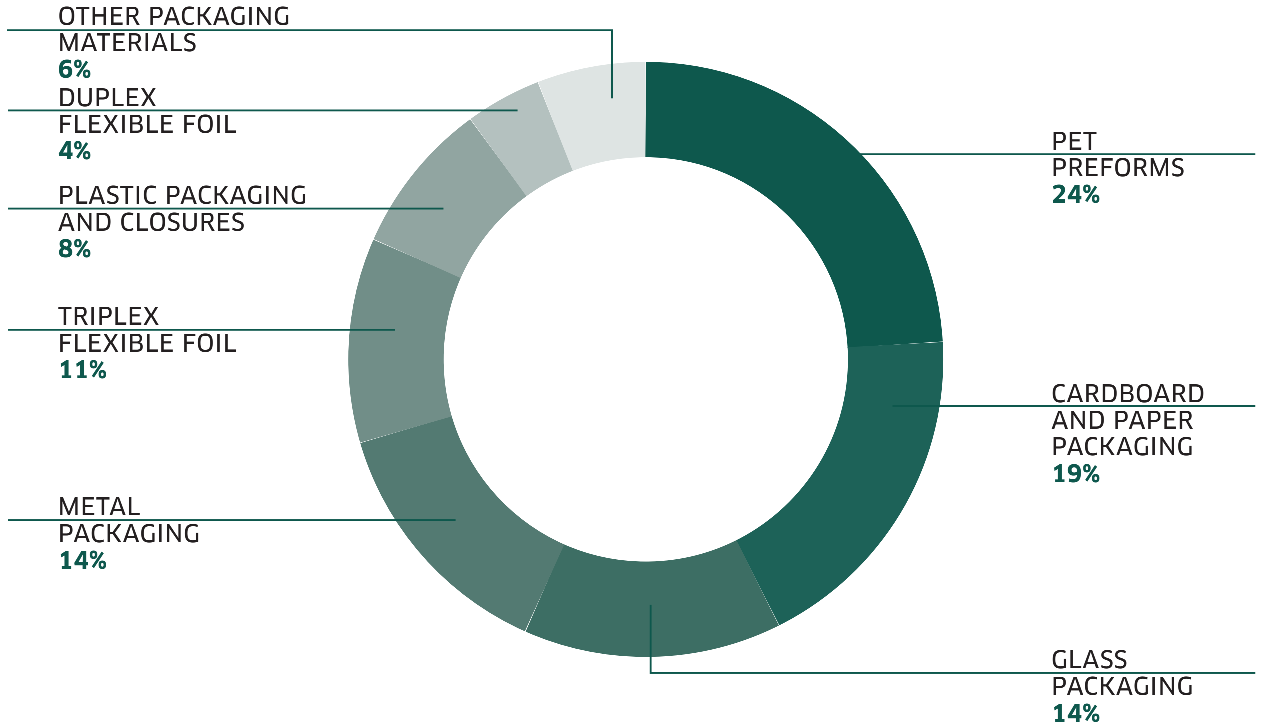
The distribution of GHG emissions of Scope 3 in purchasing goods for the operation of strategic business units:



The distribution of GHG emissions of Scope 3 in the sub-category of raw materials:



The distribution of GHG emissions of Scope 3 in the sub-category of packaging materials:



Atlantic Grupa GHG emissions of scope 1, 2 and 3, as reported in the table below:

GREENHOUSE GAS (GHG) EMISSIONS		2020	2023	2024	Δ vs PY
Scope 1 GHG emissions	**tCO_2e**	**20,923**	**21,828**	**22,850**	**1,022**
Share of Scope 1 GHG emissions under regulated emission trading schemes	tCO_2e	n.a.	n.a.	n.a.	n.a.
Scope 2 GHG emissions (location-based)	**tCO_2e**	**27,773**	**27,681**	**27,900**	**219**
Scope 2 GHG emissions (market-based)	**tCO_2e**	**31,875**	**7,016**	**7,042**	**26**
Significant Scope 3 GHG emissions	**tCO_2e**	**290,410**	**327,308**	**347,202**	**19,894**
1. Purchased goods and services	tCO_2e	245,444	277,750	290,226	
2. Capital goods	tCO_2e	5,166	6,454	7,848	
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	tCO_2e	9,587	7,306	7,529	
4. Upstream transportation and distribution	tCO_2e	9,306	12,092	12,347	
5. Waste generated in operations	tCO_2e	883	1,036	937	
6. Business travel	tCO_2e	17	100	117	
7. Employee commuting	tCO_2e	8,438	8,438	8,438	
8. Upstream leased assets	tCO_2e	n.a.	n.a.	n.a.	
9. Downstream transportation and distribution	tCO_2e	751	878	885	
10. Processing of sold products	tCO_2e	3,276	5,333	10,803	
11. Use of sold products	tCO_2e	7,147	7,515	7,653	
12. End-of-life treatment of sold products	tCO_2e	395	406	418	
13. Downstream leased assets	tCO_2e	n.a.	n.a.	n.a.	
14. Franchises	tCO_2e	n.a.	n.a.	n.a.	
15. Investments	tCO_2e	n.a.	n.a.	n.a.	
Total GHG emissions (location-based)	**tCO_2e**	**339,106**	**376,817**	**397,952**	**21,135**
Total GHG emissions (market-based)	**tCO_2e**	**343,208**	**356,152**	**377,094**	**20,942**

GHG intensity per net revenue		2020	2023	2024	Δ vs PY
Total GHG emissions (location based) per net revenue	tCO_2e/000€	0.48	0.38	0.36	(0.02)
Total GHG emissions (market based) per net revenue	tCO_2e/000€	0.48	0.36	0.34	(0.02)

To calculate GHG intensity, we divide gross Scope 1, 2 and 3 GHG emissions by the total net revenue, calculated for both market- and location-based emissions. The figure for the total net revenue can be found in the financial statements, income statement, page 326.

EU taxonomy

Information on the proportion of revenues, capital and operating expenditure ("key performance indicators") realised by carrying out activities related to assets or processes associated with economic activities that qualify as environmentally sustainable is shown in accordance with Commission Delegated Regulations (EU) 2021/2178 and (EU) 2023/2486.

Taxonomy analysis procedure

All companies that are subject to consolidation in the financial statements are included in the EU taxonomy analysis. Atlantic Grupa follows a two-step process to arrive at our Taxonomy disclosures. Firstly, with an interdisciplinary team consisting of employees from Finance, IT and Capital Investments departments, we screened whether any of the economic activities defined in the EU Taxonomy for all six environmental objectives are being performed by Atlantic Grupa. Taxonomy-eligible activities relevant to Atlantic Grupa are identified based on the activity descriptions, the referenced NACE codes, and the supplementary publications of the EU Commission. Secondly, we evaluated whether the identified eligible activities fulfil the criteria for taxonomy alignment. Although we have made progress in fulfilling the technical screening criteria, we do not have sufficient documentation on the compliance of the identified eligible activities with the substantial contribution and do no significant harm (DNSH) criteria. Therefore, for 2024, we only report our eligible activities. Furthermore, to avoid double counting, each identified eligible economic activity is allocated to one environmental objective and one KPI. Additionally, no significant estimations were used in the calculation of all three KPIs.

Revenues

The core business activity of Atlantic Grupa (production of food and beverages) is not covered by the activities listed in the latest version of the Delegated Acts. We carried out a detailed analysis of all our revenue-generating activities (including ancillary ones) and identified that Atlantic Grupa generates real estate rental income and income from the sale of real estate (reported under activity 7.7. Acquisition and ownership of buildings) and income from the sale of by-products and non-hazardous waste (reported under activity 2.3. Collection and transport of non-hazardous and hazardous waste - contribution to a circular economy). The denominator for the purposes of the EU Taxonomy is determined in line with the definition of sales in the consolidated financial statements (Note 5 to the attached audited consolidated financial statements).

Operating expenses

After reviewing our operating costs against the taxonomy requirements, we determined that, since the majority of our operating costs are related to our revenues, they are also assessed as taxonomy-non-eligible, with the exception of the portion of expenses related to maintenance and cleaning of buildings (reported under activity 7.7. Acquisition and ownership of buildings and activity 7.3. Installation, maintenance and repair of energy efficiency equipment), maintenance and cleaning of vehicles (reported under activity 6.5. Transport by motorbikes, passenger cars and light commercial vehicles and activity 6.6. Freight transport services by road), short term rents of buildings (reported under activity 7.7. Acquisition and ownership of buildings) and maintenance of data centres (reported under activity 8.1. Data processing, hosting and related activities). These expenses are included in the other operating costs listed in Note 8 to the attached audited financial statements. The denominator is the sum of the following cost components: costs associated with research and development, costs of short-term leases, and maintenance and repair costs, including all direct expenses associated with the day-to-day maintenance of property, plant, and equipment (Notes 5 and 8 to the attached audited financial statements).

Capital expenditure

The relevant capital expenditure for the calculation of the KPI Capex is determined on the basis of the consolidated financial statements and calculated by adding up all the Company's acquisitions recognised under the following accounting standards:

- International Accounting Standard 16: Property, Plant and Equipment,
- International Accounting Standard 38: Intangible Assets (excluding Goodwill)
- International Financial Reporting Standard 16: Right-of-Use Assets; and
- International Accounting Standard 40: Investment properties

The Company does not have any agriculture activities recognised in accordance with International Accounting Standard 41, which are also taken into account within the EU taxonomy.

Eligible capital expenditure mainly relates to construction works, replacing and installing air-conditioning and ventilation systems with high-efficiency technologies, energy renovation of buildings and installation of solar photovoltaic systems. We carried out an assessment of alignment of the listed taxonomy-eligible capital expenditure. However, we do not have sufficient documentation on the compliance of the listed activities with the substantial contribution and do no significant harm (DNSH) criteria. Therefore, all the listed eligible activities are considered as taxonomy-non-aligned. By comparing additions in tangible and intangible assets (numerator) with the denominator consisting of additions in tangible and intangible assets (Notes 13, 14 and 16 to the attached audited financial statements) and investments related to right-of-use assets from leases (Note 13a to the attached audited financial statements), we arrive at a figure of 56.4% of taxonomy-eligible capital expenditure in 2024.

Minimum safeguard measures

Atlantic Grupa operates in accordance with the minimum safeguard measures related to the procedures undertaken by the company to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. For more information on the minimum social standards please refer to sections ESRS S1 and ESRS G1.

Proportion of turnover from products or services associated with taxonomy-aligned economic activities

	2024			Substantial contribution criteria						DNSH Criteria (Do No Significant Harm)									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	20	21
Economic activities (1)	Code(s) (2)	Absolute Turnover	Proportion of Turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of Turnover, 2023	Category (enabling activity)	Category (transitional activity)
		in EUR 000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0%**														**0.0%**		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Collection and transport of non-hazardous waste in source segregated fractions contribution to climate mitigation	CCM 5.5	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of renewable energy technologies	CCA 7.6	2	0.0%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Acquisition and ownership of buildings	CCM 7.7	719	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Collection and transport of non-hazardous and hazardous waste contribution to circular economy	CE 2.3	287	0.1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**1,007**	**0.2%**	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%								0.5%		
Total (A.1. + A.2.)		**1,007**	**0.2%**	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%								0.5%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy non-eligible activities (B)		**1,083,224**	**99.8%**																
Total (A + B)		**1,084,231**	**100.0%**																

	Share of Turnover Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.1%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.1%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Proportion of operating expenses (OpEx) from products or services associated with taxonomy-aligned economic activities

	2024			Substantial contribution criteria						DNSH Criteria (Do No Significant Harm)									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	20	21
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned or eligible proportion of OpEx, 2023	Category (enabling activity)	Category (transitional activity)
		in EUR 000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0%**														**0.0%**		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	197	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6%		
Freight transport services by road	CCM 6.6	151	0.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	43	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Acquisition and ownership of buildings	CCM 7.7	7,342	18.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								22.4%		
Data processing, hosting and related activities	CCM 8.1	663	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.7%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**8,397**	**21.4%**	21,4%	0,0%	0,0%	0,0%	0,0%	0,0%								24.8%		
Total (A.1. + A.2.)		**8,397**	**21.4%**	21,4%	0,0%	0,0%	0,0%	0,0%	0,0%								24.8%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy non-eligible activities (B)		**30,873**	**78.6%**																
Total (A + B)		**39,270**	**100.0%**																

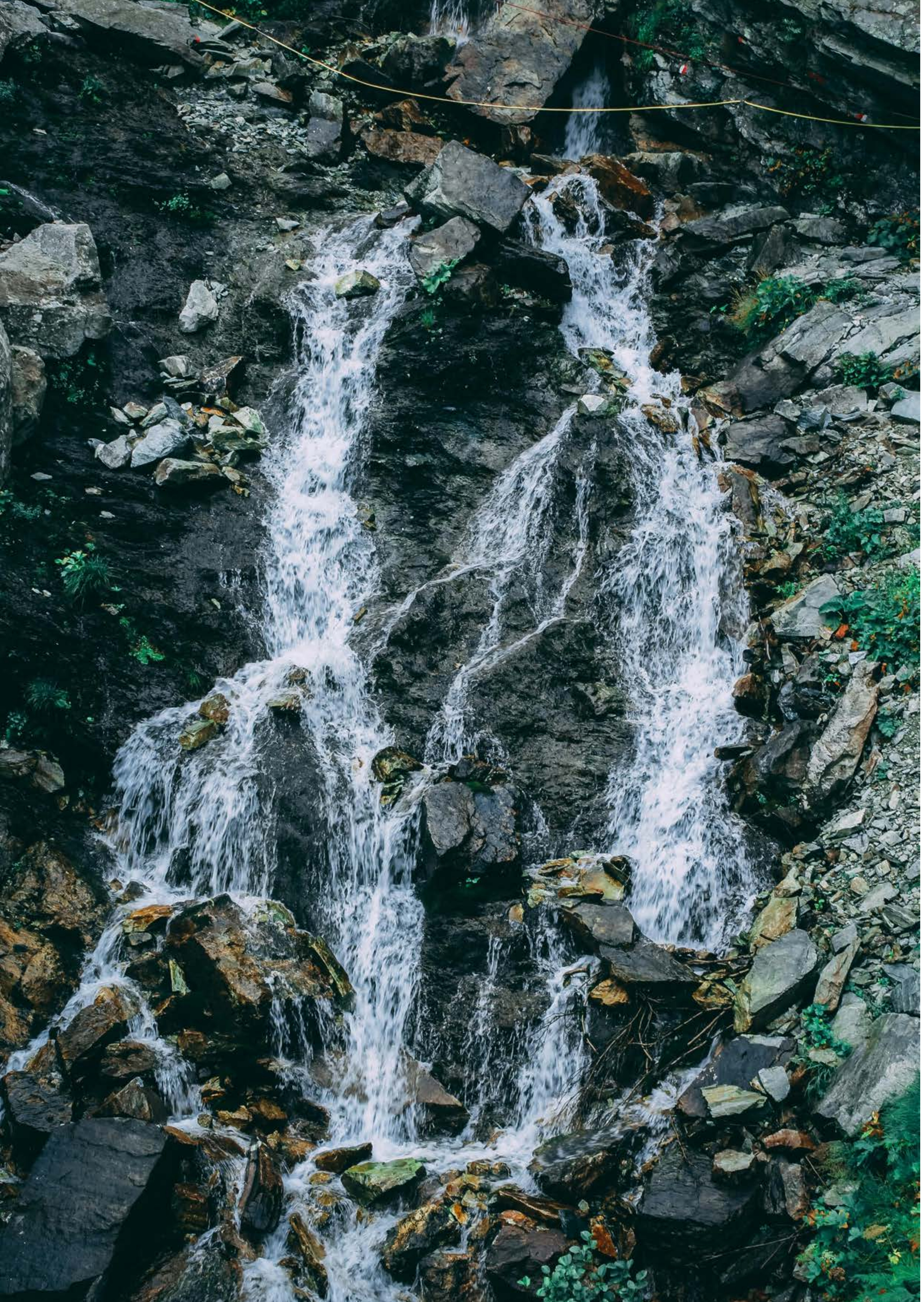
	Share of OpEx Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	21.4%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.1%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

Proportion of capital expenditure (CapEx) from products or services associated with taxonomy-aligned economic activities

	2024			Substantial contribution criteria						DNSH Criteria (Do No Significant Harm)									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	20	21
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigatio	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguar	Taxonomy aligned or eligible proportion of CapEx, 2023	Category (enabling activity	Category(transitional activity)
		in EUR 000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0,0%**														0.0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of heat/cool from fossil gaseous fuels in an efficient district heating and cooling system	CCM 4.31	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Electricity generation using solar photovoltaic technology	CCM 4.1	51	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Transmission and distribution of electricity	CCM 4.9	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	76	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Renewal of waste water collection and treatment	CCM 5.4	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	12,484	12.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11.0%		
Freight transport services by road	CCM 6.6	856	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Construction of new buildings	CCM 7.1	2,617	2.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Renovation of existing buildings	CCM 7.2	5,488	5.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,620	1.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.1%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	105	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.9%		
Acquisition and ownership of buildings	CCM 7.7	32,195	31.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								48.6%		
Data processing, hosting and related activities	CCM 8.1	49	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.1%		
District heating/cooling distribution	CCM 4.15	533	0.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation and operation of electric heat pump	CCM 4.16	27	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3	19	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Restoration of wetlands	CCA 2.1	19	0.0%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Construction, extension and operation of waste water collection and treatment	CCA 5.3	12	0.0%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Renovation of existing buildings	CCA 7.2	293	0.3%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Installation, maintenance and repair of energy efficiency equipment	CCA 7.3	691	0.7%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Data processing, hosting and related activities	CCA 8.1	646	0.6%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Computer programming, consultancy and related activities	CCA 8.2	72	0.1%	N/EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Collection and transport of hazardous waste	PPC 2.1	27	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.0%		
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	7	0.0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.0%		
Water supply	WTR 2.1	79	0.1%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.0%		
Urban Waste Water Treatment contribution to water	WTR 2.2	0	0.0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL								0.1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**57,964**	**56.4%**	54.6%	1.7%	0.1%	0.0%	0.0%	0.0%								63.7%		
Total (A.1. + A.2.)		**57,964**	**56.4%**	54.6%	1.7%	0.1%	0.0%	0.0%	0.0%								63.7%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy non-eligible activities (B)		**44,748**	**43.6%**																
Total (A + B)		**102,713**	**100.0%**																

	Share of CapEx	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**
CCM	0.0%	54.6%
CCA	0.0%	1.7%
WTR	0.0%	0.1%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

E3
Water and marine resources



IRO-1 Description of the processes to identify and assess material water and marine resources-related IROs

Our material impacts involve water consumption and withdrawals in our own operations, as well as water withdrawals and discharges within our supply chain. In our assessment, we distinguish between water consumption for our products, mainly beverage production (groundwater bottled water) and water withdrawal for technological operations and cleaning. We have not identified any material impacts, risks or opportunities related to marine resources.

Sub-subtopic	Name of IRO	Type of IRO	IRO Description	Value chain	Implication for and resilience of strategy	Policies
Water consumption	Responsible consumption of groundwater	Actual Impact	Responsible consumption of groundwater.	Own operations	All our businesses take necessary measures to protect all the sources from which we extract water and ensure good practices in operations to prevent water loss.	Concession agreements on the level of SBU Beverages and BU Donat
Water withdrawals	Water withdrawal for technological operations (cleaning, cooling)	Actual Impact	Water withdrawal for cleaning and cooling.	Own operations	The Company is dedicated to implement water efficient technologies and practices to reduce water withdrawals for operations.	Rules of Energy and Water Management
Water withdrawals	Water withdrawal in the value chain	Actual Impact	Water withdrawal for crops and technological processes in areas with water scarcity (e.g. on coffee plantations).	Upstream	The Company plans to work more closely with its suppliers to ensure responsible water usage.	Supplier Code of Conduct
Water discharges	Water discharge in the value chain (especially in the production of raw materials with high water demand)	Actual Impact	Production of raw materials with high water demand used by Atlantic Grupa (coffee, paper, sugar) and consequently the discharge of that same water.	Upstream	Pesticides and fertilizers are widely used in agronomic activities and impact water discharged quality. We monitor the residues in our raw materials and ensure compliance with regulations. We will further explore agricultural practices in our value chain and set up action plan to minimise negative impact.	Supplier Code of Conduct

When assessing water related IROs, we rely on the World Resources Institute's Aqueduct Water Risk Atlas, not only for our own locations (production, distribution and offices) but also for regions where our key raw materials are grown. We audit our suppliers of coffee cultivated in water-scarce areas.

Our coffee production facility and distribution warehouse in Skopje, North Macedonia, as well as distribution warehouses in Čačak and Niš, Serbia, are located in a high water-risk areas. In all mentioned facilities we perform activities that require minimal water withdrawal as distribution activities do not require water and coffee production has a dry production process.

Regardless of water consumption levels, all Company locations ensure the rational use of water in accordance with top management expectations and the Rules of Energy and Water Management. In all our locations, we regularly monitor total water and groundwater used at the location, both for consumption and water withdrawal. We also regularly monitor water treatment parameters at our production locations: degree of purification, the number of outlets, the number and type of separators or purifiers, and identify if there is a municipal purifier. All our production locations have an established environmental and energy management system, which ensures compliance with standards for discharged water quality and an annual improvement plan in terms of reducing water use for all production locations.

To identify material impacts, risks and opportunities regarding water and marine resources, we have not conducted consultations with affected communities.

E3-1 Policies related to water and marine resources

Water consumption in the production of beverages is regulated by **concession agreements** rather than direct policies. These agreements set the allowed quantities for production, which are adhered to within the business plans of SBU Beverages and BU Donat. Production teams at our plants are responsible for maximising and efficiently managing the use of allowed quantities. The general manager of each business unit is responsible for implementing these regulations in SBU/BU operations.

Policies related to water withdrawals for our operations are defined within the corporate **Rules of Energy and Water Management** and are managed by process owners of the Energy Management System. SBU Directors of Operations are responsible to implement the policy in SBU Operations. Key contents of the policy are reducing the water withdrawal and responsible use of water. The corporate rules and derived from organisational procedures covering all the requirements of ISO 50001 and we apply them across all production sites within the Company.

We have no **formal policy related to water withdrawals and discharge in the supply chain**, but our commitment to sustainable business practices within our value chain is defined by the **Supplier Code of Conduct (CoC)**, which addresses responsible water usage throughout the supply chain, including the risk of water scarcity if the operations are in the area of high-water stress. The central purchasing department is responsible for communicating our requirements to suppliers through the CoC, which applies to all suppliers, vendors, contractors, consultants, agents, and other providers of goods and services within AG's supply chain. We mitigate our contribution to water withdrawal and discharge by carefully selecting suppliers who can demonstrate responsible agricultural practices.

Additionally, indirectly related to IROs, the corporate policy for Integration of sustainability aspects in product design includes the criteria to prevent over-exploitation of ecosystems, including freshwaters, oceans and seas (for more details, please refer to E4-2).

E3-2 Actions and resources related to water and marine resources policies

In the following section, we outline our continuous activities, as well as the specific actions undertaken in 2024.

Water consumption

For the beverage production, in accordance with local regulations and contracts, the volume of water withdrawn from the wells is determined in the concession agreement, and thus we do not have any specific actions defined. Regular measurements of the groundwater level in the wells are carried out. All wells are fenced, locked and under constant video surveillance. Regular daily monitoring is also carried out in the form of a physical visits by the security service. Daily microbiological and chemical analyses of sampled water in wells and finished products in manufacturing are carried out. Our obligations are regularly implemented in line with the well abstraction concession.

Water withdrawals for production operations

On all sites, we implemented activities to improve water efficiency in production processes and ensure compliance with water quality standards at water discharge points, in line with the Rules of Energy and Water Management. We are continuously working on:

- preventing failures that can cause unnecessary water spills through telemetry monitoring and alert systems;
- optimisation of cleaning procedures and production processes to reduce water needs;
- investing in advance technological upgrades that require less water;
- implementing technological solutions for water reuse; and
- raising employees' awareness about the economical use of water.

Two major investments were made for water withdrawal reduction in 2024. At the Izola production site, water is sourced from the public water supply system. Although it is located in a low water-risk area, prolonged hot summers without precipitation and the simultaneous increased water demand due to the tourist season have highlighted the need to address our impact. Therefore, at the end of 2024, we have invested in a completely new free cooling technology system at the Izola production site. Also in 2024, a water recirculation system for bottle rinsing became operational at the Apatovec production site, which was the main contributor to a 33% reduction in water withdrawal at the location.

At the AG level, the production site in Igroš, Serbia, uses largest quantities of water per tonne of product and is located in a moderate water-risk area. To improve water management at this site, we have previously invested in a water-based cooling system for the production process, thereby reducing water withdrawal. Additionally, a system for the biochemical treatment of industrial wastewater has been fully operational since early 2023, and a system for the partial recirculation of water used in the production process is also being considered.

Investments to reduce water withdrawal are an integral part of the business investment plan. For the coffee factory in Skopje, our only production site in a high water-risk area, no investments are planned due to a low water withdrawal.

While we have not established a detailed transition plan like we did for emissions reductions, our energy team prepares an annual operational plan with activities aimed at reducing water withdrawal at each location in line with the 2030 target.

Water withdrawal and water discharges in the supply chain

We acknowledge our global impact through our supply chain and have created a plan to collect data from suppliers via the CoC and questionnaires, identify vulnerable areas and suppliers, and focus on addressing water issues. Based on transparent data, we aim to implement measures to reduce negative effects of water use and discharge during the next reporting period.

New free cooling system in Izola.

Some commodities in our supply chain (e.g. coffee, paper, and sugar) have high water demands for agriculture or processing, which can lead to contaminated water being discharged into the environment. We monitor the pesticide residues in our raw materials and ensure that they are used based on good agricultural practices. We will further explore agricultural practices in our value chain and set up an action plan to minimise negative impacts in the following years.

E3-3 Targets related to water and marine resources

Regarding water consumption, we will continue to comply with local regulations and contractual agreements, minimising the risk of well contamination and incidents through regular measurements of the groundwater level, daily monitoring and daily microbiological and chemical analyses. The target is 100% annual compliance with the requirements defined in the concession agreement for SBU Beverages and BU Donat, for the entire duration of each individual concession agreement. We do not hold concessions for water consumption in high water-risk areas.

Regarding water withdrawal for own operations, in line with the certified Rules of Energy and Water Management, all production sites regularly track water withdrawal on a monthly basis relative to the quantity produced and set their annual targets accordingly. The target for water withdrawal is set at 2.0 m³ per tonne of product by 2030, calculated as the total water withdrawal on our production sites divided with total production quantities (tonnes) on all production sites. In 2024, we have already achieved the target, but in our plans for 2025 and 2030 we still stick to the same value of maximum 2.0 m³ per tonne of product. Although it might seem unambitious, the target is still smart but realistic if we take into consideration that investments in water savings are on the other site annulated by other impacts that increase water withdrawal for operations, such as increased production, a changed product mix, or an increase in the number of different recipes that require additional cleaning operations. This KPI is one of twelve ESG KPIs within our five pillars of sustainable goals, which are set on a corporate level; it has a 15% contribution to the AG Sustainability Index. Targets are also being developed for the first time on the SBU and location levels, including locations in high water-risk areas. All targets are set voluntarily, reflecting our commitment and responsibility to optimising resources. These targets are not based on conclusive scientific evidence but are in line with technological processes and capabilities and are based on the assessment of future business trends. Relevant stakeholders involved in the target-setting process include the Management Board, energy experts and employees. Targets are monitored annually, and metrics are published within E3-4 Water consumption, showing a 12.4% decrease in water withdrawal for operations compared to 2023.

Due to currently limited data, specific targets for water withdrawal and water discharge in the value chain, including the areas at water risk, will be set in the following year. As we have sent the Code of Conduct (CoC) to our suppliers of raw materials and packaging in the last quarter of 2024, we have not yet tracked the results and effectiveness of the measures defined in the Code. However, we will begin tracking these in the following year.

E3-4 Water consumption

Water withdrawal and water consumption data (the reported data for water withdrawal represent the quantities as directly measured on sites), along with the source of data, are presented in the tables below. As in E1-4, data was recalculated to include Strauss and Miramarska locations, starting from the baseline year. These data have not been validated by an external body.

Water withdrawal		2020	2023	2024	Δ 2024-2023
Total water withdrawal from all sources and for any use	m³	445,707	450,884	410,469	(40,415)
Total water consumption (for food production)	m³	81,221	87,831	91,469	3,638
Total water withdrawal for operations (technology + cleaning)	m³	338,874	342,311	299,309	(43,002)
Total water withdrawal for operations (technology + cleaning) per production unit	m³/t	2.1	2.0	1.7	(0.3)
Total water consumption in high water-risk areas	m³	<1	<1	<1	0
Recycled water	m³	0	0	15,700	15,700
Stored water	m³	0	0	0	0

Total water withdrawal from all sources and for any use is directly measured at all AG sites.

Total water consumption includes groundwater bottled water for the production of beverages at SBU Beverages and BU Donat production sites, as well as the water used for paté production at SBU Savoury Spreads' production sites, based on the realised production orders recorded in the ERP system.

Water withdrawal for operations (technology + cleaning) is directly measured at all AG production sites (we subtract the quantities consumed in recipes) and shown in m³. Water withdrawal for operations per production unit is calculated as the water withdrawal measured at AG production sites, subtracted for quantities consumed in recipes, divided with the total production quantities (tonnes) in all production sites (recorded as realised production orders in the ERP system), shown in m³/t.

Water consumption in high water-risk areas includes a coffee factory and a distribution warehouse in Skopje and distribution warehouses in Čačak and Niš, as disclosed within IRO-1. Total quantities are considered negligible based on the technological process at this production site.

Recycled water quantities are estimated based on the number of daily cycles and the estimated volume of water used in the new water recirculation system for bottle rinsing at the Apatovec production site.

There is no water stored in our processes.

Water intensity		2020	2023	2024	Δ vs PY
Water consumption per net revenue	m³/mil EUR	0.12	0.09	0.08	(0.01)

Water intensity ratio is the water consumption divided by the total net revenue. The figure for the total net revenue can be found in the financial statements, income statement, page 326.

E4
Biodiversity and ecosystems

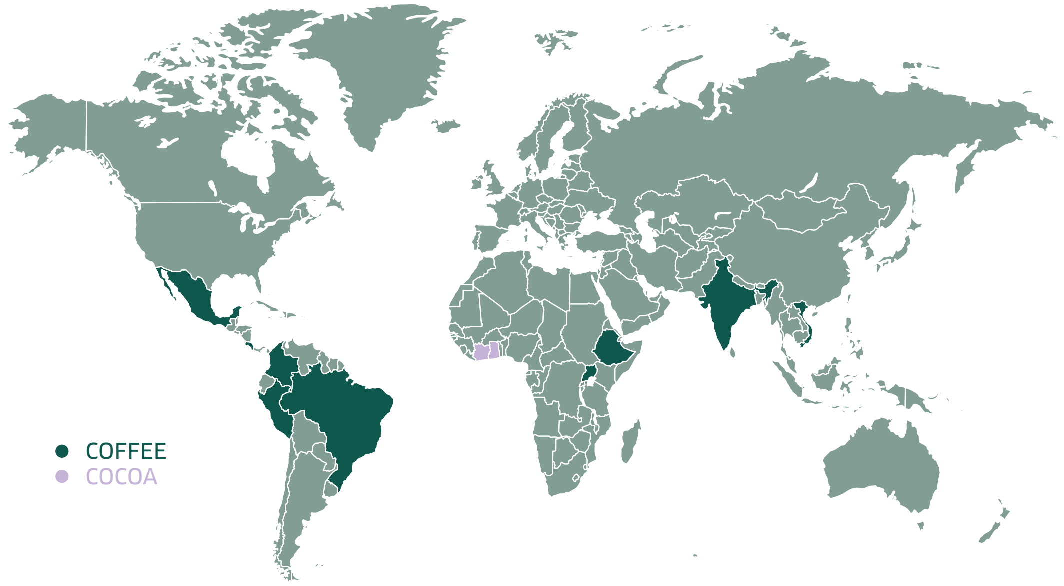
E4-1
Transition plan and consideration of biodiversity and ecosystems in strategy and business model

We have not identified any material risks in the area of biodiversity. As a result, we do not have a transition plan in place.

SBM-3 Material IROs and their interaction with strategy and business model

Sub-subtopic	Name of IRO	Type of IRO	IRO Description	Value chain	Implication for and resilience of strategy	Policy coverage
Land-use change, fresh water-use change and sea-use change	Deforestation in the value chain to obtain additional agricultural land (raw materials from the EUDR Regulation)	Actual Impact	Deforestation to obtain additional agricultural land (for coffee production).	Upstream	By carefully selecting suppliers and ensuring transparency and traceability throughout the supply chain, we ensure that the extraction of raw materials, particularly strategic ones like coffee and cacao, does not impact established ecosystems.	Integration of sustainability aspects in product design

Our negative actual impact on biodiversity is related to deforestation in the value chain to obtain additional agricultural land (raw materials from the EUDR Regulation*). Coffee and cocoa represent 53% of our total spend on direct materials. One of our strategic priorities is to maintain and strengthen our leadership in the coffee segment, which serves as the cornerstone of our business. As product volume increases, it becomes increasingly important to minimise the negative impact on biodiversity. By carefully selecting suppliers and ensuring transparency and traceability in the chain, we will ensure that the extraction of raw materials, especially strategic raw materials coffee and cacao, does not affect already established ecosystems. For detailed information, please refer to section Material impacts, risks and opportunities and their interaction with strategy and business model (within ESRS 2).



WORLD MAP FROM WHERE WE SOURCE COFFEE AND COCOA

Coffee: Brazil, Colombia, India, Ethiopia, Guatemala, Rwanda, Peru, Costa Rica, Mexico, Uganda, Vietnam
Cocoa: Ivory Coast, Ghana

*REGULATION (EU) 2023/1115 ON DEFORESTATION-FREE PRODUCTS

In our operations, we do not supply and use endangered, vulnerable, or near-threatened plant and animal species as defined by the global IUCN Red List of Threatened Species and we did not identify this as a material aspect.

IRO-1
Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities

In our assessment, we took into account the operations at all our locations and their supply chains with tier 1 and tier 2 suppliers. We did not conduct direct consultations with affected communities. Our operations are not located within protected areas. The only exception is our beverage production plant in Apatovec, which is positioned within the preserved area Natura 2000. However, we do not expand, construct, or exceed emission limited values in this area, we operate in full compliance with applicable local legislation, and we did not identify this as a material impact.

As a company operating in the food and beverage sector, we are largely depended on agricultural and aquacultural products and we also use natural resources, e.g. wild-caught fish and forest fruit harvesting for certain products. Additionally, wood fibre is used in the production of our cardboard and paper packaging.

Agricultural activities are shifting to new areas in search of better yields, which poses a greater risk of forest degradation and conversion of existing ecosystems into new agricultural lands. Deforestation has been identified as a key driver of biodiversity loss, as highlighted in the 2019 IPBES* Global Assessment Report on Biodiversity and Ecosystem Services. This negative environmental impact arises from irresponsible practices in the production of coffee, cacao, soy, palm oil, and wood, which constitute a significant portion of our raw materials (coffee and cocoa represent 53% of total direct material spend, therefore we focus on them in our IRO.) We have not identified transitional, physical and systemic risks.

*IPBES: THE INTERGOVERNMENTAL SCIENCE-POLICY PLATFORM ON BIODIVERSITY AND ECOSYSTEM SERVICES

E4-2
Policies related to biodiversity and ecosystems

Within the Corporate Quality and Sustainability Management Department, the Sustainability Management team monitors new findings and regulatory requirements and defines the policy related to biodiversity on a corporate level in the document Integration of sustainability aspects in product design. This policy addresses our material impact on deforestation in the value chain due to obtaining additional agricultural land (related to raw materials as listed in the EUDR (Regulation (EU) 2023/1115) on deforestation-free products).

The Corporate Quality and Sustainability Director is accountable for the corporate policy on integrating sustainability aspects in product design. It includes the criteria for biodiversity and the main objective is to prevent the impact of over-exploitation of ecosystems and maintain biodiversity of plant and animal species in our supply chain. When choosing raw materials, care must be taken to ensure the materials are accompanied by all the necessary documents that prove origin and legal permitted use and that the species are not on the IUCN (International Union for Conservation of Nature) Red List.

Our policy is available to all employees and, upon request, to affected stakeholders.

The business units determine their strategies, objectives, and the criteria for materials in material specifications, taking care to be aligned whit customer demands (e.g. responsible retailers) and legislation. The procurement team ensures appropriate raw materials that align with business objectives and regularly monitors and reports on relevant biodiversity metrics. By carefully selecting suppliers who meet our requirements and ensure traceability to origin, we mitigate our negative impact on land degradation with the aim of preventing deforestation in our upstream value chain. These principles apply to all Atlantic Grupa locations. While we haven't committed to third-party certifications organisation-wide, some of our production sites are certified to produce Rainforest Alliance (coffee Izola, Atlantic Grand Belgrade) and Organic certified products (coffee Izola), and in Atlantic Štark Belgrade we produce Jimmy chocolate using Cocoa Horizon certified cocoa as an ingredient. All mentioned standards/certificates address social rights and directly or indirectly prevent deforestation or land degradation. In operational processes, we ensure a segregated traceability level of certified raw materials to products.

E4-3
Actions and resources related to biodiversity and ecosystems

Since the targets have not yet been defined, we do not have action plans to achieve them. When selecting raw materials for new or existing products, we prioritise the principle of preserving land degradation. We are focused on the following activity, which we are publicly disclosing for the first time:

Identified key deforestation drivers and geo-location traceability system implementation
In 2024, our efforts were directed towards adhering to the new EUDR (Regulation (EU) 2023/1115). The implementation is being conducted in phases, with some aspects still ongoing. We will prepare for the new Regulation by the given deadline.

We have agreed with suppliers to source coffee with proven origin in 2025. We conducted research and have an overall understanding of high-risk areas for forest degradation. The initial deliveries will supply us with precise information, forming the foundation for a regulatory-required risk analysis and mitigation plan. Additionally, in 2025 we intend to establish a supplementary system to verify how suppliers implement effective forest conservation practices within their operations. This system will also incorporate data from independent third-party verification schemes such as Rainforest Alliance, RSPO, and FSC. We will include additional checks such as geo-location for the procurement of all EUDR-relevant commodities we use: coffee, cocoa, palm oil, soy, and wood. We are currently unable to assess the amount of financial and other resources. The provision of remedy is not relevant in our case, as we do not work directly with farmers. Biodiversity offsets are not included in our action plan, and we have not incorporated local and indigenous knowledge.

Beside the mentioned activity, which is directly addressing the material impact, we recognise the importance of many other measures that indirectly reduce our negative impact on biodiversity and thus we implement them in practice:

1. Working with suppliers with high ESG awareness
   Long-term relationships with our suppliers allow us to better understand their activities. Active communication builds capacity in both directions. We have worked with large global suppliers of coffee and cocoa for several years and monitor their sustainability performance primarily through their sustainability commitments and reports, including deforestation and biodiversity topics. More information about our supplier management and risk detection is described in section G1-2 Management of relationship with suppliers.

2. Sustainable sourcing of natural resources
   The wild species we used in 2024 were tuna, sardine, and Atlantic mackerel. We sourced only species categorised as "least concern": yellowfin tuna – Thunnus albacares, skipjack tuna – Katsuwonus pelamis, European sardine – Sardina pilchardus, and Atlantic mackerel – Scomber scombrus. We do not use endangered, vulnerable, or near-threatened plant and animal species as defined by the global IUCN Red List of Threatened Species.
   Among wild land species, we only use forest fruits for jams in limited permitted quantities, harvested under supervision and with approval from relevant authorities, to ensure proper preservation.

3. Certified sustainable agriculture and fishing
   We value certification programmes and independent foundations that confirm responsible agriculture, some of them addressing both social and environmental aspects with a segregated level of traceability. Examples of our sustainable products include those certified by Rainforest Alliance, Bio, Organic, MSC and Cocoa Horizon.

4. Sustainable sourcing of wood fiber for paper packaging
   We prioritise sustainable sourcing for our paper packaging. The FSC label, a trusted mark for sustainable forestry, supports zero deforestation, protects endangered forests, preserves biodiversity, and upholds community

rights, including indigenous people. We strive to increase the share of FSC-certified paper and cardboard we use in our operations. Our brands Argeta, Barcaffè and Cedevita source FSC-certified cardboard for secondary packaging material.

5. Adapting recipes to use raw materials that are not recognised as key drivers of deforestation
   We started in 2022 by replacing palm oil with rapeseed oil in Prima products and continued this initiative by using locally sourced sunflower oil for the Smoki brand. We have started projects on the remaining products, but success depends on numerous tests and suitable alternatives available on the market.

E4-4 Targets related to biodiversity and ecosystems

Atlantic Grupa is proactively preparing for upcoming regulatory and voluntary requirements related to nature and biodiversity. This involves conducting in-depth research to better understand the negative impact within our value chain and implementing effective mitigation measures. These efforts will enable us to assess our readiness to establish specific goals with metrics related to land degradation, which currently we are not able to set due to a lack of data. Additionally, we plan to implement a transparent traceability system to collect geodata for EUDR-relevant commodities such as coffee and cacao, and to enhance biodiversity data collection from our suppliers.

E4-5 Impact metrics related to biodiversity and ecosystems change

Reduction of negative impact is measured by the metric:

% of certified cocoa and coffee within the total purchased coffee and cocoa in 2024: 1.98%

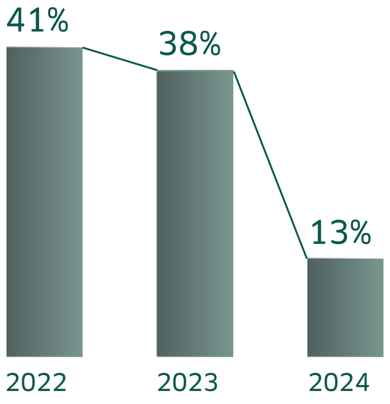
Data are collected from the ERP system and purchasing quantities in category coffee and cocoa. Materials with certificates have their own codes and include the certificate label in their names, which enables identification and traceability. The calculation has not been validated by an external body, but traceability and proper identification of certified materials have been validated through product certification.

There are additional metrics used to assess our positive progress in the area of indirect mitigation measures.

MSC Tuna Share in 2024: MSC-certified tuna accounted for 4.96% of the total fish spread segment (134 tonnes of MSC products out of a total of 2,704 tonnes).

In 2024, we used 31.47% of FSC-certified paper and cardboard within the total category of cardboard and paper.

SHARE OF PALM OIL IN THE CATEGORY OF FATS AND OILS:



E5
Resource use and circular economy

IRO-1 Description of the processes to identify and assess material resource use and circular economy-related IROs

In our business, the main material inputs are the raw materials and packaging materials used in our production of own-branded products and principals' FMCG products that enter the distribution chain. The outputs are the pre-packed FMCG products delivered to the market and different types of waste generated during the production processes and commissioning of goods.

In the assessment, we took into account our operations at all our locations. We did not conduct direct consultations with affected communities. Our scope impact extends into our downstream value chain, because our products are sold internationally, and the packaging of our products eventually becomes waste. Our priority focus, which positively impacts the circular economy, is to optimise the quantity of packaging and ensure that materials are recyclable. Additionally, we depend on resources in the upstream value chain while the use of recycled materials enables sustainable resource management. Since technology is not yet advanced enough for use in food industry, we monitor global trends and, in collaboration with suppliers, seek new solutions. At our locations, we manage waste in accordance with ISO 14001 and 70.5% of our waste is further processed for recovery operations (reuse, recycling, composting and incineration for energy use). For a detailed description, please refer to section IRO 1 Description of the processes to identify and assess material IROs (within ESRS 2).

Subsubtopic	Name of IRO	Type of IRO	IRO Description	Value chain	Implication for and resilience of strategy	Policy coverage
Resources inflows, including resource use	Reduction of virgin material production through the procurement of recycled materials for packaging	Actual Impact	We procure FCS cardboard, rPET (for Donat), and other types of partially recycled plastic, thereby affecting the reduction of virgin material production.	Own operations	One of our ESG pillars in our strategy is recycling. We strive to buy packaging materials with a high share of recycled materials, especially plastic, which is one of strategic KPIs.	Integration of sustainability aspects in product design
Resource outflows related to products and services	Use of recyclable packaging materials	Actual Impact	Use of recyclable packaging (93% of our packaging is recyclable).	Own operations	The concern about how our packaging ends up with the consumer is recognised in our ESG strategy. It is up to us to ensure that packaging of our products is easily recyclable, and we strive to minimise the use of materials through new innovations.	
Resource outflows related to products and services	Waste reduction through the reduction of packaging material weight	Actual Impact	Reduction of packaging material weight per unit of product, thereby affecting waste reduction.	Own operations		
Waste	Recycling of a large portion of waste generated from own operations	Actual Impact	A large portion of the waste generated by the Atlantic Grupa at locations (production, warehouse, and office locations) is given for recycling and reuse (73% of total waste); partners who manage our waste - we bind them by contract and supervise them, and we arrange the circulation of reusable wooden pallets in agreement with customers.	Own operations	Waste is recognised as one of the most important aspects in the environmental management system. We regularly monitor waste generation and provide activities to minimise waste quantities and find better solutions to comply with the EU waste hierarchy.	Environmental process management, Integration of sustainability aspects in product design

E5-1
Policies related to resource use and circular economy

All businesses must follow corporate policy for **Integration of sustainability aspects in new product development**, which requires:

Activity directions	Addressing IRO
Minimising packaging quantity to reduce post-consumer waste	Waste reduction through the reduction of packaging material weight
Reducing non-functional packaging in secondary packaging	
Use of recycled materials in packaging	Reduction of virgin material production through the procurement of recycled materials for packaging
Enabling that product packaging is recyclable	Use of recyclable packaging materials
Preventing unproper waste practices in our operations	Recycling a large portion of waste generated from own operations

The corporate policy Integration of sustainability aspects in product design is defined by the Corporate Quality and Sustainability Management department (CQSM) as a corporate working procedure to be implemented in all SBUs. The SBU Marketing Directors in all SBUs are further responsible for the implementation within the N/EPD processes. The business units determine their action plans aligned with the corporate ESG strategy and objectives, and set the criteria for materials in material specifications, taking care they are also aligned with customer demands (e.g. responsible retailers) and legislation. The procurement team ensures appropriate raw materials that meet the business objectives.

With the corporate **Environmental process management** policy, for which the Environmental Manager is accountable, we establish rules for proper waste management at all locations, aiming to minimise all types of waste and comply with local and national legislation in all markets where we operate. We are focused on continuous improvements in product design and waste management practices across all our locations. We strive to minimise landfilled waste, and we actively search for solutions to prevent, reuse or recycle each type of waste we generate in our direct operations. All locations hand over all the separately collected waste to contracted partners for further processing or disposal.

All our policies are available to all employees and, upon request, to affected stakeholders. We actively engaged with key stakeholders, including our Management Board, environmental experts, sustainability experts, and operational units, to define impactful policies and follow the principles of ISO 14001, under which we are also certified.

E5-2
Actions and resources related to resource use and circular economy

The actions listed below have already been completed in previous years. For planned actions, please refer to the E5-3 targets.

Reduction of virgin material production through the procurement of recycled materials for packaging

Atlantic Grupa strives to build a sustainable supply chain in collaboration with its suppliers in order to reduce its environmental impact. When choosing the right packaging, we follow the rules of circular economy and encourage businesses to avoid virgin packaging materials. The brand Donat introduced 100% recycled PET on all markets in 2021 and closed the loop in cooperation with the supplier; other good practices include introducing 30% recycled stretch foil and 30% recycled heat shrinkable foils for operations. Virgin plastic is also present in HDPE caps, duplex and triplex foil but currently in the food industry there are no appropriate technological solutions to replace it. We continuously seek new market solutions to increase the percentage of recycled plastic. In 2024, with the wider introduction of new shrinkable foil with recycled content and increased use of stretch foil with a 30% recycled content and increased production, we were unable to maintain the recycled ratio due to increased production of other products packed in virgin plastic. Future actions will include compliance with the new Directive (EU) 2019/904 on single-use plastics.

Use of recyclable packaging materials

Recyclability is another important aspect for our packaging materials. More than 93% of all packaging materials that were placed on the market in 2024 are recyclable. Non-recyclable packaging in 2024 mainly included triplex foils of coffee products. Development and improvements are moving towards a transition to mono-material, biodegradable, alu-free foil. These are the next generation materials, and we plan to invest in packaging technology for wider use of these materials in the following year for our location in Izola.

Waste reduction through the reduction of packaging material weight

Businesses strive to reduce the environmental impact of their packaging by continuously identifying and utilising new opportunities for packaging optimisation, innovation and cost reduction while maintaining the highest quality and safety standards for their products. Considering the amount of packaging they use, this has significant environmental implications. Through operational excellence we strive for resource efficiency, constantly monitor the consumption of materials, and measure losses (food loss and packaging materials loss). In 2024, all implemented packaging changes delivered a positive environmental impact, e.g. Argeta Veggie weight of transport cartons has been reduced by 54%. We have made changes to 60 existing SKUs to improve their environmental impact, including lightweighting and adding tethered caps for non-EU markets. In SBU Snacks, we aim to reduce the weight and number of packaging materials for our biscuits and wafers portfolio. Instead of using three elements of packaging (tray, transparent foil, and carton box), all new products are now packed in just a tray and foil. Additionally, in the Bananica programme, one element of packaging has been eliminated.

Recycling of a large portion of waste generated from own operations

Wasted granulate and broken candies from Cedevita's production are handed over to a contracted partner and used as a supplement in animal feed. At the Izola coffee production site, activities have been initiated to remove the waste status of big bags. In 2024, Atlantic Argeta obtained a permit to export category 3 materials to the EU. For these needs, we have invested in cold storage containers and have established cooperation with an authorised company in Croatia. As a result of this collaboration, these amounts of waste have shifted from the cost side to the revenue side, and 73 tonnes less waste was disposed to landfill.

We also ensure that separately collected waste is properly prepared for transport. At certain locations, waste fractions of paper/cardboard, stretch foil, and composite packaging are pressed before being handed over to authorised waste collection services. In 2024, we continued the practice of installing and refurbishing existing press containers and waste baling devices. All locations hand over separately collected cardboard, paper, and stretch foil to contracted partners for further recycling. Since 2019, we have been dehydrating waste sludge before transport in Apatovec. The waste sludge collected after cleaning the waste separator at Atlantic Štark's plant in Belgrade is handed over to an operator and used as an energy source.

As part of Atlantic Grupa's Value Day 2024, we initiated an action to remove municipal waste bins from our offices and encourage the use of eco-bins in common areas.

For all above actions, financial resources are planned in the annual plans for each business unit, but due to price fluctuations and complex Opex planning, we are currently unable to estimate the amount of financial and other resources on a consolidated level. The provision of remedy is not relevant in our case.

E5-3 Targets related to resource use and circular economy

Plastic materials have the highest share in our packaging materials, so we set the corporate ESG goal to constantly - year to year - increase the share of recycled plastic in the total amount of purchased plastic. We measure progress on the corporate level using the AG ESG KPI "Recycled plastic use ratio" The increase in recycled content is also mandated by Directive (EU) 2019/904 coming into effect in 2025, and we will align our goals accordingly. Therefore, the final goal for 2030 is not yet clearly defined.

Recognising the large quantities of all packaging, we strive to ensure that 100% of our materials will be recyclable by 2030. However, technological limitations and the availability of next-generation materials may delay this achievement. This is a voluntary target. Currently, 94% of our materials are recyclable. We measure progress on the corporate level using the AG ESG KPI "Share of packaging materials which are recyclable". For the methodology of calculation, please see E5-5.

Both goals are related to own branded products, produced in own and outsourced operations and are part of Atlantic Grupa's Sustainability Index. For more details about the Index, please refer to GOV-3 Integration of sustainability-related performance in incentive schemes.

We constantly innovate to minimise material usage, helping consumers make eco-friendly choices. The share of annually improved packaging with better environmental impact (related to all changes of packaging) is one of AG ESG KPIs in the Products pillar and it is also part of the Sustainability Index. For the methodology of KPI calculation, please see E5-5. Our continuous and long-term goal by 2030 is that 100% of innovations and changes to existing packaging have better environmental impact.

Within the scope of waste generated in our facilities, we still have significant potential to further reduce the amount of waste sent to landfills. Currently, 70.5% of waste is separately collected and further processed (recovery waste) in alignment with the waste hierarchy (please see E5-5 for details), while the rest is landfilled or incinerated. This represents a decrease compared to 2023, due to an increase in the municipal waste amount at the Sarajevo location and the acquisition of Strauss Adriatic, which added an additional 144 tonnes of landfilled waste. In some markets (e.g. North Macedonia, BiH), there is a lack of better waste treatment solutions locally. Consequently, not only municipal waste but also separately collected waste is disposed of in landfills. The EU legislation allows a maximum of 10% of the total municipal waste to end up as landfilled waste, and in all locations situated in EU markets, we are fully aligned with this goal. The percentage of separately collected waste for recycling will serve as a process KPI, with goals to be established for 2026 following monitoring throughout 2025.
For progress to targets achievement, please see E5-5.

E5-4 Resource inflows

In total, in 2024 we procured 127,176 tonnes of raw and packaging materials; 82% of the total, or 103,828 tonnes, represent various raw materials and other processed ingredients (biological materials), while 18% of the total represents various packaging materials by weight as presented in the table below. Out of the total purchased materials, we purchased 0.23% of sustainably sourced raw materials with certificates. For information on the sustainability certificates we use, please see chapter E4 Biodiversity. The largest and most strategic raw material categories by tonnage are coffee, cocoa, poultry, sugar, and oils and fats.

The quantities of packaging materials procured in 2024 are as follows:

PACKAGING MATERIALS	Weight [t]
Cardboard and paper packaging	8,379
Glass packaging	4,973
PET preforms	3,452
Metal packaging	1,998
Triplex flexible foil	1,440
Plastic packaging and closures	1,273
Duplex flexible foil	761
Other flexible foils	731
Other packaging materials	340
Total	23,348

The quantities are obtained from the ERP system, which records purchased quantities for all metrics in this chapter. There is no overlap between categories. Some paper materials have an FSC certificate – please see chapter E4 Biodiversity for details. Aluminium, which is used in paté tins, is known for its multiple recycling options and is available on the market with a high share of recycled content. However, the percentage varies, making it impossible to provide an exact number. We collect declarations of conformity for the share of recycled plastic for the KPI "Recycled plastic use ratio", which is part of the AG ESG strategy in the pillar "Recycling". The ESG KPI "Recycled plastic use ratio" is calculated by dividing the total amount of the plastic packaging by the amount of recycled plastic used in production during the reporting year. The absolute quantity of recycled content in this KPI is 1,106 tonnes. These calculations are not validated by an external body.

Pillar RECYCLING Summarized results for all Atlantic Grupa's brands	UOM	2020	2023	2024
Recycled plastic use ratio	% of total amount of purchased plastic	0	15.2	14.4

E5-5 Resource outflows

Our general goal is to achieve circular recycling, i.e. transforming used packaging into new packaging. Since our products are intended for consumption, repaired or recycled content is not relevant. The expiration dates are set to ensure they do not compromise the safety and quality of products and the well-being of our consumers. In the AG ESG pillar "Recycling", we track our progress through ESG KPIs:

Pillar RECYCLING Summarized results for all Atlantic Grupa's brands	UOM	2020	2023	2024
Share of packaging materials which are recyclable	% of the total amount of packaging used in production	88	93	93

The ESG KPI "Share of packaging materials which are recyclable" is calculated by dividing the amount of the recyclable packaging by the total amount of packaging, both spent on finished production orders in the reporting year. The quantities are obtained from the ERP system. The category of recyclable materials includes single-layer uniform materials, cardboards of all types, aluminium with polypropylene, varnished cans DA, HDPE in LDPE, PP, metallized polypropylene, etc. For double-layer materials, we follow the criteria set in international guidance (CEFLEX Designing for a Circular Economy Guidelines) and we collect the declarations of conformity from suppliers. Other materials which are not in the category "recyclable" are triplex foil (alu/plastic) and PVC. These calculations are not validated by an external body.

When it comes to improved packaging, the practice of consistently reducing the amount of packaging materials is well established and ubiquitous across all SBUs.

The table below presents the consolidated percentage of packaging innovations with a better environmental impact.

Data is gathered through the business R&D process report and the number of SKUs with changes per year. These calculations are not validated by an external body.

All Atlantic Grupa's branded products feature clear labels for safe disposal and proper recycling of packaging. Since we are in the FMCG industry, our packaging is not intended for multiple uses.

Pillar PRODUCTS Summarized results for all Atlantic Grupa's brands	UOM	2022	2023	2024
Share of annually improved packaging with better environmental impact (related to all changes of packaging)	% of all packaging innovations per year	84	97	100

Waste generated

At our locations, given that we are in the food industry, there were 5,444 tonnes of waste of organic origin (66%) generated in 2024. For all these types of waste, we strive to find the best solutions for further treatment to reduce the amount of food waste. Waste is generated at our locations from the packaging of raw and packaging materials, which arrive in different types of packaging, and as residues from the processes. Please see E5-2 for more details on how we manage waste.

		Recovery operations				Disposal		
Type	Year	Preparation for reuse [t]	Recycling [t]	Composting [t]	Incineration for energy use [t]	Incineration [t]	Landfill [t]	Total [t]
Non-hazardous waste	2023	1,276	2,035	937	1,713	57	2,124	8,142
Non-hazardous waste	2024	1,588	2,177	731	1,840	32	2,626	8,994
Hazardous waste	2023	-	62	-	1	28	-	92
Hazardous waste	2024	2	63	-	1	19	-	85
Total	**2023**	**1,276**	**2,097**	**937**	**1,713**	**86**	**2,124**	**8,234**
Total	**2024**	**1,590**	**2,241**	**731**	**1,840**	**52**	**2,626**	**9,079**

The data in the table above includes all different waste types generated in our production and distribution sites, except waste collected in Farmacia's operations, that represents less than 0.5% of total waste. The listed waste processing methods are reported based on the information provided by waste disposal contractors. We do not have radioactive waste. The metrics for waste are not validated by an external body.

The summary for 2024 in total is presented in the table below:

	Weight (t)		% of total waste	
	2023	2024	2023	2024
Non-recycled waste*	3,923	4,518	47.6%	49.8%
Other waste	4,311	4,562	52.4%	50.2%
Waste processed for recovery**	6,024	6,402	73.2%	70.5%

* INCINERATION, LANDFILL AND INCINERATION FOR ENERGY USE

** PREPARATION FOR REUSE, RECYCLING, COMPOSTING AND INCINERATION FOR ENERGY USE

SOCIAL

TOP PRIORITIES

Generate economic growth with highly engaged and capable employees, ensuring no injuries at work and gender equity

Constantly innovate products in a sustainable way by reducing packaging and adapting recipes using claims that provide transparency and allow consumer to choose a product according to their lifestyle

FREE FROM
ARTIFICIAL FLAVOUR ENHANCERS • PRESERVATIVES • ARTIFICIAL COLOURS • GLUTEN

2024 ACHIEVEMENTS

EMPLOYEES

88%
EMPLOYEE ENGAGEMENT RATE

+40%
TRAINING HOURS PER EMPLOYEE VS 2020

-51%
WORKPLACE INJURIES VS 2020

53.2%
SHARE OF WOMEN IN MANAGERIAL POSITIONS

1.09%
PAY GAP

CONSUMERS

Contact Centre - very high customer satisfaction score

4.6 out of 5

73%
OF NEW PRODUCTS ALIGNED WITH THE PREDEFINED LIST OF "PRODUCTS WITH CLAIMS" CATEGORIES

S1
Our own workforce

People & Culture Strategy

Atlantic Grupa is recognised as a house of respectable brands, and people are our greatest strength because, without their high involvement, no business strategy would be successful.

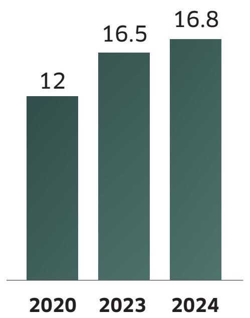
The pillars of our People and Culture strategy, both historically and moving forward, encompass: an agile organisation centred on the consumer, a leadership approach that we foster in everyday work with people, and employees who want and enjoy working at Atlantic. As we look to the future, the cornerstone of our People and Culture strategy will be intensifying human-centric approaches, both towards our consumers as well as our employees. This will be realised through:

- **Enhancing Organisational Resilience**: we are committed to continuous investments in the skills of our teams and individuals, fostering a culture of openness to change and readiness to adapt to new circumstances.
- **Leadership Development**: the evolving landscape demands adaptability, empathy, and authenticity in leading teams. Our leadership approach prioritises these qualities, cultivating a culture where flexibility, purposeful action, and leading by example are integral.
- **Boosting Employee Loyalty**: we place a premium on attentively listening to and addressing the needs of our employees, fostering a workplace where loyalty is not just earned but reciprocated.

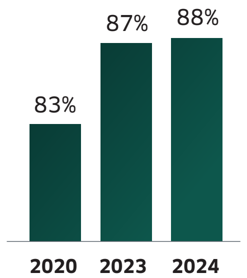
SBM-2 Interests and views of stakeholders

The People and Culture Strategy is an integral part of Atlantic Grupa's corporate strategy developed based on business priorities, organisational needs, and inputs from engagement surveys. It was created collaboratively by the People and Culture team in alignment with senior management and in consultation with employees across various levels and functions. The strategy is designed to encompass all key aspects of the employee lifecycle, including corporate culture, talent management, onboarding, performance management, career and succession planning, compensation, training and development, diversity, employee well-being and engagement. These interconnected processes aim to **create an agile, consumer-centric organisation, grow inspirational leaders, and foster a motivating workplace that captures employees' hearts**.

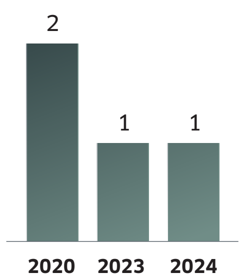
For more information, please refer to section Interests and views of stakeholders (within ESRS 2).



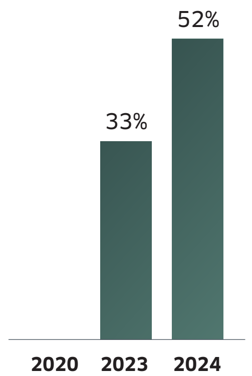
TRAINING HOURS PER EMPLOYEE



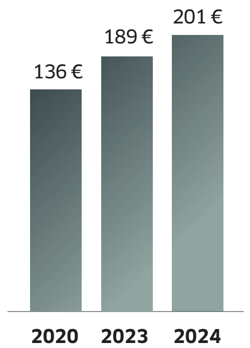
ENGAGEMENT



TOP OF THE MIND EMPLOYER



TALENT POOL STRENGTH



SALES PER FTE (EUR)

SBM-3 Material IROs and their interaction with strategy and business model

Sub-subtopic	Name of IRO	Type of IRO	IRO Description	Value chain location	Time horizon	Implication for and resilience of strategy	Policy coverage
Secure employment	Sense of security (belonging to the community (company) and predictability of life).	Actual Impact	Sense of security (belonging to the community (company) and predictability of life).	Own operations	/	The company's strategy is designed to foster growth, profitability and sustainability, which in turn contributes to the creation of secure employment. By investing in its workforce, exploring new markets, improving operational efficiency and addressing sustainability, the company is not only aiming for financial success but also contributing to broader economic growth and societal progress.	People and Culture Processes
Secure employment	Providing secure employment as a measure of differentiation from other employers in the market.	Opportunity	Differentiation from others as an employer providing a secure workplace (compared to other private companies).	Own operations	Long term	Regional research of the Most Desired Employer (Poslodavac prvog izbora, TalentX) continue to show that security of employment is one of the TOP 3 most desired aspects for employees, placing Atlantic Grupa among the most desired employers in the Adriatic region and ensuring attraction of top talents.	People and Culture Processes
Adequate wages	Appropriate salaries, as reflected in employee satisfaction.	Actual Impact	Employee satisfaction with being adequately rewarded for their work (we pay salaries regularly, and according to engagement results, we see an improvement in satisfaction with salaries compared to the previous year).	Own operations	/	Atlantic's performance-based management system aligns personal and team goals with strategic priorities driving growth, enhancing profitability, and securing long-term success. This approach ensures that the company can navigate complex challenges, attract and retain top talent, and maintain a focus on sustainable growth while offering a stable and rewarding career path for its employees.	People and Culture Processes
Collective bargaining, including rate of workers covered by collective agreements	Better working conditions than the minimum legal requirements.	Actual Impact	Better working conditions than the minimum legal requirements based on the collective agreement.	Own operations	/	Atlantic Grupa ensures equal rights for all employees by applying the most favourable rules, regardless of collective agreement coverage. If no collective agreement exists, local legal regulations and Atlantic's internal acts are applied to protect employee rights. This approach supports the company's strategy of strengthening employment and stability, contributing to employee security and motivation.	People and Culture Processes
Work-life balance	Ensuring a balance between private and professional life.	Actual Impact	Increased satisfaction and contribution; employees entitled to maternity leave, paternity leave, sabbatical, part-time work after maternity leave, hybrid work mode.	Own operations	/	Atlantic Grupa's approach to people is grounded in recognising them as individuals, not just employees. This philosophy drives the company to offer flexible and personalised solutions, including adaptable work arrangements, tailored benefits, solidarity supports, and diverse growth opportunities. By addressing the unique needs of its people, Atlantic Grupa creates a supportive environment that enhances well-being, satisfaction, and engagement. This approach directly supports the company's strategy to invest in its people, fostering sustainable growth through heightened productivity and long-term retention.	People and Culture Processes
Work-life balance	High employee engagement.	Opportunity	Our goal is to maintain high employee engagement, above 85% (high performance norm - 84%), which has been proven to positively impact financial results (adapting P&C processes considering younger generations, foreign workers...).	Own operations	Medium term	A Gallup Meta-Analysis extensive study found that work units in the top quartile of employee engagement outperformed those in the bottom quartile by 21% in productivity and 22% in profitability. Atlantic's approach to employee well-being impacts long-term retention, motivation, and above all productivity, supporting the company's strategy to invest in its people for sustainable growth.	People and Culture Processes
Health and safety	Ensuring the health and safety of our employees.	Actual Impact	Healthy workers capable of performing work tasks in the long term.	Own operations	/	By integrating occupational risk prevention into all activities and adhering to strict health and safety regulations, the company ensures compliance and fosters continuous improvement. This approach supports Atlantic's broader strategy of responsible business practices, aligning employee well-being with long-term growth and stability.	People and Culture Processes Occupational Safety and Health Protection Rules covering Atlantic Grupa d.d. and its affiliated companies
Gender equality and equal pay for work of equal value	More equal and inclusive culture with a focus on equal pay for work of equal value.	Actual Impact	More equal and inclusive culture - 1.09% pay gap, no gender preference in hiring, currently high share of women in managerial positions, which we want to maintain long-term (we are significantly better than the standard in some markets where we operate).	Own operations	/	Atlantic Grupa integrates gender equality into its corporate policies, ESG strategic goals and People & Culture programmes, promoting equal pay and opportunities for women and men. As a signatory to the Alliance for Gender Equality in the Workplace, the company fosters inclusion and increased female representation in managerial and decision-making roles, aligning with its commitment to responsible business practices and sustainable growth.	People and Culture Processes
Training and skills development	Training and personal development of workers.	Actual Impact	Employees feel empowered and have opportunities for personal development.	Own operations	/	Atlantic Grupa fosters a culture of continuous learning, offering diverse development programmes through systemized academies and individual development plans. Employees are empowered to take ownership of their growth, with opportunities ranging from soft skills to technical training, including coaching, mentorship, conference participation, development through projects, and shadowing, to name a few. This approach aligns with the company's strategy to create a consumer (employee)-centric, agile organisation that is resilient and adapts to changing environments.	People and Culture Processes
Training and skills development	Development of new knowledge and skills and improvement of existing knowledge and skills of employees.	Opportunity	By 2030, we want to further increase the number of training hours per employee to 17 hours per employee, which positively impacts financial results; development of new skills (e.g. ESG).	Own operations	Medium term		People and Culture Processes
Measures against violence and harassment in the workplace	Corporate culture that does not tolerate violence.	Actual Impact	Corporate culture that does not tolerate violence.	Own operations	/	Atlantic underscores a zero-tolerance approach to violence and harassment, fostering a safe and respectful workplace. This commitment supports the company's strategy to build an empowered organisation by ensuring trust, inclusivity, and well-being, which are essential for sustainable, profitable, growth and long-term success.	People and Culture Processes
Diversity	More equal and inclusive culture with a focus on gender and age diversity.	Actual Impact	More equal and inclusive culture focused on gender and age diversity, reflected in a high/above-average percentage of women in managerial positions.	Own operations	/	Atlantic Grupa provides equal opportunities for employment, career development, and advancement to all its employees, regardless of their gender, age, disability, nationality, religion, social background, or other diversity indicators. Diversity aligns with Atlantic Grupa's strategic goal of fostering an empowered organisation through care and responsibility. By promoting equal opportunities and ensuring inclusivity, the company strengthens its culture of innovation and collaboration, contributing to sustainable growth by leveraging a wide range of perspectives and skills.	People and Culture Processes

All people in Atlantic Grupa's own workforce (employees and freelancers in all markets) are included in the scope of this Report. Detailed characteristics of employees and freelancers are presented under Disclosure Requirements S1-6 and S1-7.

All material topics encompass all people in Atlantic Grupa's own workforce (employees and freelancers in all markets) with the exception of Collective Bargaining that excludes freelancers.

Atlantic Grupa's strategy and business model are resilient, designed to address and adapt to significant impacts, risks and opportunities identified through our materiality analysis. This resilience is demonstrated in our ability to maintain secure employment and competitive wages across diverse markets, ensuring stability and predictability for our workforce. Our robust engagement and work-life balance measures, reflected in an 88% employee satisfaction rate in 2024, mitigate the risks of workforce disengagement and turnover while enhancing productivity. The company's proactive approach to occupational health and safety has resulted in workplace injury rates below one percent, underscoring our commitment to long-term employee well-being.

By embedding positive impacts and anticipated opportunities in the key materiality topics into our operations, such as increasing training hours per employee to seventeen by 2030, we address emerging challenges, including evolving ESG requirements, while fostering adaptability. This is complemented by initiatives that promote gender equality and diversity, aligning with Atlantic's strategic focus on inclusion and equitable opportunities. Our continuous investment in employee development, operational efficiency, and community impact further solidifies Atlantic Grupa's capability to navigate uncertainties and leverage opportunities, ensuring sustainable growth and value creation for all people in Atlantic Grupa's own workforce (employees and freelancers in all markets) and our stakeholders.

In Atlantic Grupa's double materiality assessment, the risk of child labour and forced labour has been assessed as low, considering the markets in which it operates and their respective legislation. Consequently, these subtopics were assessed as non-material.

S1-1
Policies related to own workforce

The company's principles concerning human rights, equal opportunities, safe and healthy working conditions, and collective bargaining are encompassed in Atlantic Grupa's Code of Governance. The Occupational Safety and Health Protection Rules covering Atlantic Grupa d.d. and its affiliated companies provide details on safety working conditions. Additionally, the **People and Culture Processes document** provides detailed guidelines on diversity, adequate wages, work-life balance, training and development, collective bargaining, occupational health and safety, as well as measures against violence and harassment in the workplace. We define diversity in terms of racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, and other attributes.

These policies aim to foster a supportive, inclusive, and growth-driven environment for all employees, mitigating risks such as workplace dissatisfaction, turnover, and health-related challenges, while seizing opportunities to enhance employee engagement and organisational performance. Monitoring is ensured through structured KPIs, internal and external audits, and employee feedback mechanisms, ranging from an annual engagement survey to grievance and whistleblowing reporting systems. The scope of the policy applies to all Atlantic Grupa employees across all geographies and business units, addressing material impacts on employee well-being, professional growth, and workplace safety. Stakeholders include employees at all levels of the organisation and, indirectly, their families and communities. Accountability for implementing the policy rests with the Chief People Officer, supported by the People and Culture team and operational managers responsible for day-to-day execution and alignment with the policy's principles.

Atlantic Grupa aligns its policies with internationally recognised frameworks such as the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises, ensuring compliance with the highest ethical and labour standards by incorporating all key provisions of these regulations into our policies.

Humans Rights Protection

We are committed to upholding internationally recognised human rights, conducting business with integrity, and enhancing the lives of all those with whom we engage, including our employees, workers across our broader value chain and those within the communities around us.

Atlantic Grupa's Code of Corporate Governance offers clear guidance on handling workplace situations and identifies points of contact for employees who may require additional support. It outlines our zero-tolerance approach and provides guidance on preventing child labour and forced or compulsory work, as well as on ensuring compliance with all applicable health and safety regulations to maintain a safe and healthy working environment for our employees.

Atlantic Grupa's whistleblowing process ensures a structured and confidential mechanism for reporting irregularities. Employees and affiliated persons can report concerns via email, post, phone, or in-person meetings to a designated confidential person appointed by the company. The confidential person acknowledges receipt within seven days, investigates the claim, and provides feedback within 30 to 90 days. Whistleblowers are protected from retaliation, with their identity kept confidential unless required by law. Reports are documented, and Atlantic Grupa takes measures to prevent retaliation and ensure compliance with whistleblower protection laws.

S1-2
Processes for engaging with own workers and workers' representatives about impacts

At Atlantic Grupa, we champion a collaborative approach in both operational and strategic planning. This approach ensures that key stakeholders, including employees and trade unions, are an integral part of the decision-making process.

Atlantic's comprehensive communication infrastructure serves a dual purpose: it facilitates regular information sharing and plays a key role in gathering employee feedback. In addition to these channels, there are other methods through which employees can offer their insights.

The **annual employee engagement survey**, a tradition for over a decade in Atlantic Grupa, which is managed and overseen by the People and Culture department and the Chief People and Culture Officer, stands as a fundamental aspect of our commitment to understanding the pulse of our Atlantic people, their overall satisfaction, and satisfaction with specific areas of people management. Each year, following the engagement survey results, action plans are developed on the team level driven by team leads and aiming to address the key areas of improvement recognised in the engagement survey insights. The overall participation rate and employee satisfaction rate from the engagement survey, as well as the satisfaction rate for specific areas of people management (e.g. compensation or education satisfaction), serve as indicators of the effectiveness of company's engagement with its workforce.

This is complemented by targeted surveys, focus groups, stay and leave interviews, and annual performance development interviews. Regular meetings between management and trade union representatives ensure that operational contributors at Atlantic have a significant voice. In addition, through People Business Partners, we keep a close and personal eye on particularly vulnerable employees, such as foreign workforce and people with disabilities.

In 2024, Atlantic Grupa's engagement survey recorded all-time high results. With 91% of employees participating, we recorded an engagement score of 88%. In addition, 90% of the respondents advocated for Atlantic as a desirable workplace.

S1-3
Processes to remediate negative impacts and channels for own workers to raise concerns

The grievance mechanism is a key tool for employees to raise concerns or report violations related to their human rights within the workplace. This includes issues like discrimination, harassment, or any other rights abuses.

- **Grievance Email:** Atlantic Grupa has established a dedicated email address for grievances, dostojanstvo@atlanticgrupa.com, localised for each market with the correlating country prefix (SI, MK, RS, etc). Employees can use this channel to submit their concerns or grievances directly.
- **Internal Investigation and Response Committee:** The grievance process involves an appointed Committee, which includes relevant experts defined for each market specifically and, depending on the country specifics, they include People and Culture Heads, Legal, and/or Health & Safety Departments. The Committee at Atlantic Grupa is responsible for overseeing the grievance process.
- **Accessible Procedures:** The procedure for submitting grievances and the committee's role is documented and made available to employees, typically through the company's internal intranet. In the 2024 annual engagement survey, over 89% of employees said they are familiar with the process for submitting formal reports about human rights concerns within the workplace.

S1-4
Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Within our ESG strategy, Atlantic Grupa has defined four strategic KPIs that directly support our goal of fostering an empowered organisation through care and responsibility. These KPIs—employee engagement, average training hours per employee, number of work-related injuries (Injury Rate – IR & Lost Days Rate – LDR), and the share of women in managerial positions—reflect our commitment to building organisational resilience, ensuring development opportunities, and anticipating environmental, social, and legislative changes.

For other identified material IROs, we continuously track relevant indicators that help us assess performance trends and determine any necessary measures to maintain high standards. A comprehensive overview of these KPIs and indicators can be found in S1-5.

As of 2024, Atlantic Grupa has successfully achieved the long-term targets set for the following material topics: Secure Employment, Adequate Wages, Collective Bargaining, Work-Life Balance, Occupational Health & Safety, Gender Equality & Equal Pay, Measures Against Violence & Harassment in the Workplace, and Diversity. Given this progress, no additional concrete action plans have been defined for these topics. However, we will continue to carry out the activities outlined below to sustain these high standards and further embed them into our organisational culture.

The only remaining long-term goal yet to be fully achieved is Training & Skills Development, specifically in increasing the average training hours per employee. To reach this target, Atlantic Grupa will introduce new education initiatives focusing on enhancing digital literacy and strengthening ESG-related competencies and skills among employees.
No significant financial resources are required to carry out these initiatives, as they will be integrated into existing programmes and operational frameworks within Atlantic Grupa.

Secure Employment
Atlantic Grupa is committed to fostering job security for all employees. We continuously invest in workforce stability by maintaining a high percentage of permanent employees with open-ended employment contracts (92% in 2024) and ensuring fair working conditions. Our long-term employment strategy supports a predictable and stable work environment, which remains a key driver of employee engagement and retention.

The Company's strategy focuses on business growth, operational efficiency, and resilience, which contribute to maintaining secure employment across all our markets. Additionally, our ongoing regional research, such as the 'Most Desired Employer' (Poslodavac Prvog Izbora, TalentX) studies, consistently confirms that job security is one of the top three most valued attributes by employees, positioning Atlantic Grupa as a leading employer in the Adriatic region. By prioritising employment stability, we differentiate ourselves from competitors in private-sector employment.

Adequate wages
In 2024, Atlantic Grupa reinforced its commitment to fair and competitive compensation. Salaries and supplemental income were regularly reviewed, guided by market trends and economic indicators, to ensure alignment with cost-of-living increases, internal pay equity, and long-term financial stability. As part of this effort, 83% of employees received salary adjustments averaging 17%, while supplements were increased for 82% of the workforce.

These initiatives reflect our dedication to recognising employee contributions and supporting their financial well-being. Additionally, we continue sharing financial successes with employees through seasonal awards based on business unit performance and year-end bonuses tied to the overall success of Atlantic Grupa.

Collective bargaining
Atlantic Grupa ensures equal rights for all its employees in relevant markets by applying the same and most favourable rules and rights to everyone, regardless of their coverage under a collective agreement. If there is no collective agreement in the market, local legal regulations and Atlantic's internal acts harmonised with local legislation are applied to employees.

Atlantic strongly supports the right of association of its employees and the work of its unions. In 2024, 87% of Atlantic's employees were covered with collective agreements.

Work-life balance
Flexible work models at Atlantic Grupa have been enhanced with the introduction of the Work-from-Home Day Bank, allowing employees greater flexibility in distributing these days throughout the year. At the same time, Anchor Day continues to serve as an instrument for bringing teams together and reminding us of irreplaceable value of in-person interactions.

A free day for birthday and a free day for parents of first graders on the first day of school, as well as free medical checks, have proven to be the most popular work-life benefit across our organisation with a majority of the population seizing this opportunity in 2024.

Sabbatical continues to be one of the most efficient ways to provide our targeted population with the time to realise their private ambitions and recharge fully, ensuring long-term satisfaction, increased productivity and above all retention.

The return of Atlantic's most popular event, Sports Weekend, in its original live format inspired a significant increase of Atlantic employees who regularly train together in one of 28 **Atlantic Sport Clubs**, amounting to an impressive quarter of the entire Atlantic population.

Health and safety
Atlantic Grupa integrates occupational risk prevention into all activities and decisions across all organisational levels, ensuring a safe and healthy workplace as a fundamental operational foundation. The prevention model includes specialties such as occupational medicine, emergency plans, industrial hygiene, ergonomics, and applied psychosociology, all of which are integrated into the company's general health and safety management system.

Atlantic Grupa operates a complex business system with numerous technological processes that present diverse hazards and risks to employee health and safety. Effective risk management is a continuous challenge, addressed through ongoing efforts by all stakeholders in the health and safety system.

In 2024, the success of Atlantic Grupa's health and safety management system gained recognition beyond the organisation. The company participated in three conferences organised by the Croatian Ministry of Labour and the Croatian Employers' Association (HUP), as part of the EU-wide campaign "Healthy Workplaces: Safe and Healthy Work in the Digital Age." At these events, Atlantic Grupa shared its experiences and best practices regarding the implementation and results of its occupational health and safety system, demonstrating its commitment to employee well-being and contributing to industry-wide improvements.

To ensure that health and safety guidelines and practices always stay in focus of Atlantic employees, the Corporate Security Department carried out 10,962 hours of education encompassing 4,780 employees in 2024.

Diversity

In 2024, Atlantic Grupa has undergone Equal Pay Certification, becoming one of the first companies in the Adriatic region to earn the prestigious title of **Equal Pay Champion**. The company stood out as a pioneer by conducting comprehensive pay-gap analysis, reporting a positive pay gap, and maintaining a high percentage of women in managerial positions.

Additionally, the Employer Partner Certification for 2024 evaluated all People & Culture processes, confirming Atlantic Grupa's commitment to non-discrimination across all grounds. This recognition awarded the company with the **Above and Beyond Employer** status, reflecting its dedication to fostering an inclusive and equitable workplace.

Aware of the importance of diversity and non-discrimination in the workplace and in employment, Atlantic Grupa signed the **Diversity Charter** – the initiative started by 16 EU Member States, which was developed in Croatia within the project of the Croatian Business Council for Sustainable Development. By signing the Charter, we committed to promote the policy of diversity and non-discrimination in the work and business environment, which is implemented accordingly, while also regularly reporting on activities in this area.

Training and skills development

Atlantic's performance management system is designed to support the company's strategy of incorporating strategic goals in each employee's personal goals. In shaping the KPIs, we encompass and balance economical and financial indicators with social and environmental goals, showing the sustainable performance of the entire organisation.
Performance & Development Talks (PDT) in 2024 involved 79% of our professionals and managers. In this population, 58% were women and 42% were men. Over 1,400 employees were engaged in discussions with their leaders at the beginning of the year, setting individual development plans. All employees underwent training on how to take charge of their development and choose their own path, all the while understanding the necessity for thriving within Atlantic's dynamic business environment. Resources like the Career Management Handbook, Career Opportunities Workshops, and PDT module in HRIS tutorials constantly support employees in actively shaping their own development.

4.3/5

Development opportunity satisfaction from PDT Survey

Cross-functional knowledge sharing & reskilling

Building on insights from the 2023 annual engagement survey, several key development initiatives were implemented to address the needs expressed by Atlantic Grupa employees.

Demonstrating its commitment to workforce development, Atlantic Grupa launched a reskilling initiative in 2024, offering employees an **18-month programme to qualify as Pharmaceutical Technicians**, addressing a critical skills gap in Croatia.

In parallel, the **"Sharing Touchpoints"** project was initiated in 2024 to enhance cross-functional collaboration and knowledge sharing within Atlantic Grupa, as well as to increase internal hirings and cross-functional career moves. Project pipelines initiatives include internal job fairs, talent days, a project application platform, and the establishment of Functional Communities.

Atlantic Green Wave:
Empowering Teams for a Sustainable Future

An educational project, Atlantic Green Wave, was launched to integrate topics into other Atlantic's Functional Academies, with the goal of increasing knowledge levels about sustainable business practices and ESG reporting. Training sessions were conducted for teams in Marketing, R&D, Procurement, and Finance.

Green Wave in numbers

1,675
hours of education delivered

1,430
participants

In June, the GREEN DAY event took place, focusing on sustainability topics within Atlantic Grupa and other companies, attended by 80 participants.

Measures Against Violence and Harassment in the Workplace

Atlantic Grupa upholds a zero-tolerance policy against violence and harassment, reinforcing a culture of respect and inclusion. Our policy framework is embedded in the Code of Corporate Governance, and we provide clear reporting mechanisms to ensure compliance.

Key measures include:
- Whistleblowing system with a dedicated confidential reporting channel
- Annual engagement survey confirming that 89% of employees are aware of formal reporting processes; and
- No verified cases of workplace violence or harassment reported in 2024

By embedding these practices, we safeguard a workplace where all employees feel secure, valued, and protected.

Furthering culture of Inclusion

Recognising the desire for growth opportunities beyond primary responsibilities voiced via the annual engagement survey, all **strategic projects within Atlantic Grupa were opened for applications from all employees**. With over 100 applicants, this groundbreaking move set a positive precedent within the company, fostering both inclusivity and development.

S1-5
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The process of setting targets involved direct engagement with workforce representatives and the use of employee feedback mechanisms. This was achieved through regular consultations with unions and the analysis of data from the employee engagement survey. The feedback gathered during these interactions was benchmarked against the current measured state for each topic within the organisation and the best industry standards, forming the foundation for long-term targets for 2030.

Performance results, whether overall or specific to a location or function, are shared transparently through regular meetings with management, employees' representatives, as well as in employee meetings and townhalls.

For the targets established within our ESG strategy, we track progress relative to the base year of 2020. Additionally, for all other targets, the base year is 2024, which will be used to monitor progress in future reporting periods.

IROs	Methodology	2020	2024	Long term target-2030
Secure employment	Guided by **EU labour market best practices** and **ILO standards on decent work**, defining job security through a balance of permanent and temporary contracts.	N/A	**8.20%** of employees have fixed-term contracts	**Less than 15% of fixed-term contracts, consistently**
Adequate wage	Defined using **external market benchmarking, relying on different salary surveys, business intelligence data, candidates finance expectations, following minimal and average state wages** (official statistical data	N/A	In 2024, approximately **65% of our employees are at or above market median** in their respective countries.	**At least 65% of our employees at or above market median in each country**
Collective bargaining	Aligned with **EU Directive on Collective Bargaining Coverage**, defining industry benchmarks for collective agreements in FMCG industry.	N/A	**87% of employees are covered with collective bargaining agreements**	**More than 67% of employees covered by collective agreement, consistently**
Work-life balance	Developed in reference to **ISO 45003 (Occupational Health & Psychological Well-being)** and **ESG best practices** for employee engagement and **Atlantic engagement survey** historical results.	N/A	"I am generally able to balance my work and my personal responsibilities = **93%**	**Score on the ES* question** "I am generally able to balance my work and my personal responsibilities." **over 85%, consistently**
Occupational Health and Safety	Defined using the standard formulas outlined in **GRI reporting guidelines** for calculating Injury Rate (IR) and Lost Day Rate (LDR). The baseline state was established by assessing Atlantic Grupa's historical performance, which was then **benchmarked against regional production companies.**	**IR = 6.1** **LDR=102.9**	**IR =3.0** **LDR=69.8**	**Work related injuries max 4.5 injury rate & max. 90 lost days rate (LDR)**
Gender equality and equal pay	Guided by **EU Gender Equality Strategy 2020-2025** guidelines with the aim to maintain equality in Atlantic.	N/A	Pay Gap **= 1.09%**	**Maintain Pay Gap below 5%, continuously**
Training and skills development	Developed in reference to **World Economic Forum (WEF) Future of Jobs Report** and **EU Skills Agenda** benchmarks for employee upskilling that connect training hours directly to the company's profitability and competitiveness. These are than compared with Atlantic base line FY2020 to define realistically ambitious long-term goal.	Average training hours per employee (2020) = **12**	Average training hours per employee (2024) = **16.8**	**Vocational training hours 17 average per employee**
Measures against violence and harassment in the workplace	Reflecting **ILO Convention No. 190 on Violence & Harassment in the Workplace**, defining organisational zero-tolerance policies.	**N/A**	**No verified cases in 2024**	**Number of Verified Cases less than 1, consistently**
Diversity	Guided by **EU Diversity & Inclusion Directives** and with the aim to promote workplace inclusion.	Share of women in managerial positions = **51.2%**	Share of women in managerial positions = **53.2%**	**Share of women in Managerial Positions - min. 51%**

* ENGAGEMENT SURVEY
** NUMBER OF CONFIRMED INCIDENTS OF VIOLENCE OR HARASSMENT OVER A SPECIFIC PERIOD, BASED ON THOROUGH INVESTIGATIONS OF ALL REPORTS RECEIVED

S1-6 Characteristics of the Undertaking's Employees

Gender distribution

Gender	Number of employees (headcount)
Male	2,648
Female	2,882
Other	0
Not reported	0
Total Employees	5,530

The "Gender distribution" at Atlantic Grupa is calculated by summing the total headcount of both women and men, respectively, across all countries in which we operate while excluding freelancers and contractors. These aggregated numbers are divided by the headcount of women and men. This calculation is based on an average taken over the reporting period.

Geographic distribution

Country	Number of employees (headcount)
Croatia	2,153
Serbia	2,171
Slovenia	661
Other	546

The "Geographic distribution" of employees is calculated by summing the total headcount of employees within the specific geographical locations where our entities are located. This calculation is based on an average taken over the reporting period.

Employment characteristics - information on employees by contract type, broken down by gender 2024

	FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
Number of employees (headcount)	2,882	2,648	0	0	**5,530**
Number of permanent employees (headcount)	2,686	2,471	0	0	**5,158**
Number of temporary employees (headcount)	196	177	0	0	**373**
Number of non-guaranteed hours employees (headcount)	0	0	0	0	**0**
Number of full-time employees (headcount)	2,840	2,642	0	0	**5,482**
Number of part-time employees (headcount)	42	6	0	0	**48**

* GENDER AS SPECIFIED BY THE EMPLOYEES THEMSELVES.

Employment characteristics - information on employees by contract type, broken down by country 2024

	HR	RS	SI	MK	BA	AT	RU	DE	ME	TOTAL
Number of employees (headcount)	2,153	2,171	661	296	208	30	8	1	3	**5,530**
Number of permanent employees (headcount)	2,006	2,031	626	273	181	29	8	1	2	**5,158**
Number of temporary employees (headcount)	147	140	35	22	26	1	0	0	1	**373**
Number of non-guaranteed hours employees (headcount)	0	0	0	0	0	0	0	0	0	**0**
Number of full-time employees (headcount)	2,125	2,170	648	296	208	24	8	1	3	**5,482**
Number of part-time employees (headcount)	28	1	13	0	0	6	0	0	0	**48**

Permanent employees
Permanent employees are defined as the headcount of employees with an open-ended employment contract. The number of “permanent employees” at Atlantic Grupa is calculated by summing the permanent employee count across all our locations. This calculation is based on an average taken over the reporting period.

Temporary employees
Temporary employees are defined as the headcount of employees with a fixed-term employment contract. The number of “temporary employees” at Atlantic Grupa is calculated by summing the temporary employee count across all our locations. This calculation is based on an average taken over the reporting period.

Non-guaranteed hours employees
Non-guaranteed hours are defined as the headcount of employees employed with no contractual assurance of a minimum or set number of working hours. The number of “non-guaranteed hours employees” at Atlantic Grupa is calculated by summing the non-guaranteed hours employee count across all of our locations. This calculation is based on an average taken over the reporting period.

Full-times employees
Full-time employees are defined as the headcount of employees with an employment contract, with full weekly working hours. The number of “full-time employees” at Atlantic Grupa is calculated by summing the full-time employee count across all our locations. This calculation is based on an average taken over the reporting period.

Part-time employees
Part-time employees are defined as the headcount of employees with an employment contract, with part-time weekly working hours. The number of “part-time employees” at Atlantic Grupa is calculated by summing the part-time employee count across all our locations. This calculation is based on an average taken over the reporting period.

Employee fluctuation
In 2024, a total of 661 employees left Atlantic Grupa, which represents the employee fluctuation rate of 11.95%.

“Employee fluctuation” is defined as the cumulative headcount of employees who have left Atlantic Grupa, whereas the “employee fluctuation rate” is defined as the proportion of employees who have left Atlantic Grupa, expressed as a percentage. The total number of employees who left Atlantic Grupa is calculated by summing leavings across all countries in which we operate during the reporting period, excluding freelancers and contractors. To determine the percentage of employee fluctuation, the total is divided by the average number of employees during the same period, aligning with the annual reporting method.

For further information on the development of personnel costs and the average headcount, please refer to note 6 “Staff costs” in the notes to the consolidated financial statements.

S1-7 Characteristics of non-employees in the undertaking’s own workforce

Freelancers
Atlantic engages freelancers primarily to address specific business needs. The majority are engaged to meet seasonal job demands, ensuring adequate workforce availability during peak periods. Others are engaged for time-limited project support, providing specialised expertise or assistance for particular initiatives. Additionally, freelancers are occasionally engaged for administrative or other part-time support roles to enhance operational efficiency.
The headcount of freelancers in 2024 is 198, and represents the average number of employees in the entire reporting period.

S1-8 Collective bargaining coverage and social dialogue

In 2024, 87% of Atlantic’s employees were covered with collective agreements.

Collective bargaining coverage					2024
Total percentage of employees covered by collective bargaining agreements					87%
Coverage rate (for countries with >50 employees representing >10% of total employees)	**0-19%**	**20-39%**	**40-59%**	**60-79%**	**80-100%**
Employees - EEA coverage rate				Croatia	Slovenia
Employees - Non- EEA coverage rate					Adria region

Collective bargaining
The coverage of collective bargaining is calculated by aggregating the total number of employees covered by collective bargaining agreements in the reporting period, excluding freelancers and contractors, and dividing this total by the number of employees in Atlantic Grupa. For entities with significant employment, i.e., above 50 employees and representing at least 10% of total employees, the coverage is calculated by aggregating the total number of employees covered by collective agreements in each entity of the applicable market, excluding freelancers and contractors, and dividing this total by the number of employees in the respective market.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S1-9
Diversity metrics

SENIOR POSITIONS	No. of employee	Male	Female	% of Male	% of Female
MANAGAMENT BOARD	7	6	1	85.7%	14.3%
SUPERVISORY BOARD*	9	6	3	66.7%	33.3%
SENIOR MANAGERS	686	316	370	46.1%	53.9%
Total	**702**	**328**	**374**	**46.8%**	**53.2%**

*THE AUDIT COMMITTEE CONSISTS OF THREE MEMBERS OF THE SUPERVISORY BOARD (ALSO INCLUDED IN THE NUMBERS ABOVE)

Senior positions are defined as all managerial positions in Atlantic Grupa, including the Supervisory Board. The "Gender distribution" at Atlantic Grupa is calculated by summing the total headcount of both women and men in each of the senior positions, excluding freelancers and contractors. These aggregated numbers are divided by the headcount on women and men in senior positions to calculate the distribution share for each gender, respectively. This calculation is based on an average taken over the reporting period.

2024	HR	RS	SI	MK	BA	AT	RU	DE	ME	TOTAL
Age < 30 (headcount)	379	288	51	31	29	8	0	0	1	**787**
Age 30-50 (headcount)	1,321	1,221	444	226	119	20	6	1	1	**3,358**
Age > 50 (headcount)	453	662	166	39	60	3	2	0	1	**1,385**

THE AGE DISTRIBUTION OF EMPLOYEES IS CALCULATED BY SUMMING THE TOTAL HEADCOUNT OF EMPLOYEES UNDER 30 (29 OR YOUNGER), EMPLOYEES BETWEEN 30 AND 50 (30 TO 49), AND EMPLOYEES AGED 50 OR ABOVE, EXCLUDING FREELANCERS AND CONTRACTORS. THIS CALCULATION IS BASED ON AN AVERAGE TAKEN OVER THE REPORTING PERIOD.

S1-10
Adequate wages

In all applicable markets where Atlantic Grupa operates, a minimum wage is established and is duly considered when determining employee compensation. The company fully complies with all legal wage requirements and ensures that no employee is paid below the mandated minimum.

Beyond regulatory compliance, Atlantic Grupa is committed to maintaining competitive and fair wages. To achieve this, we regularly participate in and conduct salary research within relevant markets, using industry benchmarks and best practices to guide our compensation strategy. This approach ensures that our employees receive fair remuneration that reflects their skills, experience, and market conditions, supporting both employee well-being and long-term business sustainability.

Employees paid bellow the applicable adequate wage benchmark for 2024

Country	% of employees
EEA Area	0%
Outside of the EEA Area	0%

The percentage of employees paid bellow the applicable adequate wage benchmark is reported and prepared as the percentage of employees in any country where Atlantic Grupa employees are paid an adequate wage, and is based on the total number of employees at 31 December 2024.

Adequate wage is determined as:
In the European Economic Area (EEA): the minimum wage set in accordance with Directive (EU) 2022/2041 of the European Parliament and national legislation, official norms or collective agreements.

Outside of the European Economic Area: the minimum wage set in accordance with national legislation, official norms or collective agreements.

Excluded from the calculation are freelancers and contractors.

S1-11
Social protection

In accordance with the relevant laws applicable to our markets, all employees are covered by social protection measures in case of illness, unemployment, work-related injury and acquired disability, parental leave, and retirement.

Since strength and resilience of an individual is the basis of the community's resilience and strength, Atlantic Grupa has expanded its Solidarity Programme, which encompasses its own employees as well as their family members. This programme offers help in situations of damage caused by natural disasters (floods, earthquakes or fires), provides support in the form of scholarships to the children of deceased employees, covers extra medical expenses in case of serious physical illness and/or injury, and enables free psychotherapeutic help.

S1-13
Training and skills development metrics

Performance & Development Talks (PDT) is an annual process between employees and their managers, where they discuss objectives, performance, development and career. In 2024, this process covered 79% of our professionals and managers. Within this population, 58% were women and 42% were men. For this number, we are using our internal calculation (% of professional and managerial positions involved in PDT) based on our target to cover most of professional and managerial positions with this process.

Taking into consideration the ESRS requirement (% of the total HC involved in Performance and Development Talks), 26% of the total HC population is included in PDT. The gender split remains the same as stated above, with 58% being women and 42% being men.

Average number of training hours per employee

	2020	2023	2024	2024 HC*
Female	13	18	21	17.4
Male	11	15	15	10.4
Total	**12**	**17**	**17**	**15.5**

Training hours are defined as the time spent on training and skills development. Training and skills development involves various methodologies such as on-site training, online courses, workshops, certification programmes, educational opportunities, pop-up courses, mandatory trainings from corporate security, quality control, and other compliance education. It does not include our trainee programmes, the development of courses, or the time instructors spend teaching. Training hours per employee and by gender are calculated by dividing the total recorded training hours in Atlantic Grupa by the full-time equivalent (FTE) for each gender. This calculation is based on the reporting period and includes all FTE employees within Atlantic Grupa, excluding freelancers and contractors. Additionally, in accordance with ESRS requirements, for 2024 HC* training hours per employee and by gender are calculated by dividing the total recorded training hours in Atlantic Grupa by the headcount for each gender.

S1-14
Health and safety metrics

All employees of Atlantic Grupa and its affiliated companies are fully covered by the occupational health and safety system (100%). Additionally, all other individuals who, for any reason, are present and/or perform work at the locations of Atlantic Grupa and its affiliated companies are included in the system.

We maintain detailed records of all cases of workplace injuries or work-related illnesses, regardless of location, and report this information. This includes individuals who are not direct employees of Atlantic Grupa or its affiliated companies.

Work related injuries	2020	2023	2024
Minor injuries	52	38	37
Major injuries	10	6	2
Fatalities	0	0	0
Total	**62**	**44**	**39**
IR	6.1	3.4	3.0
LDR	102.9	88.9	69.8

In 2024, we recorded zero fatalities related to workplace injuries or illnesses. The occupational injury fatality rate stands at 0. Also, no occupational diseases were recorded, nor were there any illnesses or injuries that could be linked to work-related activities.

In 2024, a total of 914 working days were lost due to workplace injuries or work-related illnesses. No working days were lost in 2024 due to fatalities resulting from workplace injuries or work-related illnesses.

Number of work-related injuries
The consolidated number of accidents occurred for employees within the reporting period recorded in local health and safety management systems of Atlantic Grupa entities.

Injury rate (IR)
This rate represents the number of work-related accident cases per 1,000,000 hours worked and is calculated by dividing the number of cases registered in the reporting period by the aggregated working hours in Atlantic Grupa and multiplied by 1,000,000. The number of working hours is based on the estimated working hours per annum, which is then multiplied by 1.13. This multiplier (1.13) is used due to specific business activities (pharmacy business and production activities) that occur on non-working days and due to multiple shift work.

Lost day rate (LDR)
This rate represents the number of lost workdays due to work injuries per 1,000,000 hours worked and is calculated by dividing the number of lost workdays registered in the reporting period by the aggregated working hours in Atlantic Grupa and multiplied by 1,000,000. The number of working hours is based on the estimated working hours per annum, which is then multiplied by 1.13. This multiplier (1.13) is used due to specific business activities (pharmacy business and production activities) that occur on non-working days and due to multiple shift work.

S1-15
Work-life balance metrics

We ensure that all our employees are entitled to take family-related leave in accordance with employment terms and conditions described in employee handbooks and contracts.

2024	parental leave	1st day in school	total family related leave
women	4%	1%	6%
men	1%	1%	2%
total	**5%**	**3%**	**8%**

S1-16
Remuneration metrics (pay gap and total remuneration)

Remuneration metrics	2024
Pay gender ratio	1.09
Annual total remuneration ratio	38.3

Our pay gap result underscores our dedication to gender pay equity. This commitment not only supports a fair and inclusive workplace but also highlights the Company's proactive approach to addressing gender disparities within the FMCG sector.

The gender pay ratio is calculated on the basis of all Atlantic Grupa employees gross hourly pay levels where every taxable and non-taxable salary element is included. The average gross hourly pay level of male employees is subtracted by the average gross hourly pay level of female employees, which is divided by the average gross hourly pay level of male employees and ultimately multiplied by 100.

The annual total remuneration ratio is calculated by dividing the highest-earning employee's total remuneration by the median annual remuneration for all Atlantic Grupa employees, with the annual remuneration being defined as taxable and non-taxable income, excluding the highest earning employee.

Additionally, a more detailed breakdown is provided below, offering a more relevant representation of our Company's actual compensation structure.

Atlantic Grupa d.d.	17.8
AT	4.4
BA	4.2
ME	2.6
MK	11.3
RS	13.7
RU	2.0
SI	14.1
Other LE without Atlantic Grupa d.d. on CRO market	14.0

The total remuneration ratio is calculated by dividing the highest-earning employee's total remuneration by the median annual remuneration for employees in each of the countries in which we operate, with the annual remuneration being defined as taxable and non-taxable income, excluding the highest earning employee.

Considering that we primarily operate in a region where there are significant legal and economic differences in average salaries across markets, we decided to conduct the analysis at the level of individual markets. We believe that this approach is the most representative because it allows for a more realistic comparison within each market, taking into account specific local conditions, including regulatory frameworks, tax policies and the structure of labour costs.

In the Croatian market, we additionally decided to separate the legal entity Atlantic Grupa d.d. (AGDD) as a separate entity, since it includes the headquarters that centrally manages operations across all markets. Management positions included within LE AGDD are characterised by specific responsibilities and strategic decision-making. This ensures a more relevant presentation of the salary structure, while separating LE AGDD allows for a more precise distinction between central management and operational units. All other legal entities within the Croatian market are grouped together to ensure consistency in the analysis and to enable a clearer comparison of compensation for employees primarily involved in operational and business functions.

S1-17
Incidents, complaints and severe human rights impacts

In 2024, there were no reported cases of human rights violations defined in accordance with the UN Guiding Principles on business and human rights (the Declaration of the International Labor Organization (ILO) on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises).

S2
Workers in the value chain

SBM-2
Interests and views of stakeholders

Ensuring the relevance of our brands and categories is one of our strategic priorities and, for the realisation of this goal, we work in close connection with our suppliers of raw materials/ingredients and packaging materials who play a crucial role in helping us achieve our sustainability goals and deliver value to our customers, employees, and communities. Maintaining our leadership position in distribution is another one of our strategic priorities and, for the realisation of this goal, great customer and principal relationship management is key. The assessment of our impacts, risks and opportunities therefore takes into consideration workers employed by our suppliers, customers and principals.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Sub-subtopic	Name of IRO	Type of IRO	IRO Description	Value chain	Implication for and resilience of strategy	Policy coverage
All sub-subtopics	Impact on improving working conditions at suppliers through a code of conduct for suppliers.	Actual Impact	We influence the improvement of working conditions at our suppliers by requiring them to adhere to a code of conduct that ensures each supplier respects human rights.	Upstream	One of our strategy pillars is to empower our organisation, which also includes our suppliers. Therefore, we encourage our suppliers to review and strengthen their due diligence procedures to prevent human rights violations in their supply chains and contribute to good industry practices.	Supplier Code of Conduct

Our material impact relates to the improvement of working conditions at our suppliers by requiring them to adhere to a code of conduct that ensures each supplier respects human rights.

One of our strategic pillars is to empower our organisation, which also includes our suppliers. Therefore, we encourage our suppliers to review and strengthen their due diligence procedures to prevent human rights violations in their supply chains and contribute to good industry practices.

Respect for human rights through the application of all principles of fair labour practices, which are specifically outlined in the Supplier Code of Conduct (CoC), applies to all employees in the value chain, as further detailed in the mapping and risk analysis of our suppliers.

For the supply chain, we have conducted a risk analysis and mapping of our materials' suppliers and energy and service providers, considering turnover, location, and details on how they manage their respective value chains.

Through our contractual relationships, we directly manage our tier 1 suppliers. Among 41 of our largest suppliers of raw materials, packaging, and energy providers, 37 operate in low-risk countries according to the Human Development Index (HDI), and 4 in medium-risk countries. We apply surveying (we ask our suppliers about their policies and certificates regarding working conditions and human rights issues) and on-site auditing of our tier 1 suppliers. We also use the risk monitoring tool "Sphera SCRM".

Tier 2 suppliers are a variable in the system which is not directly under our control. Some of tier 2 suppliers, particularly those in the coffee and cocoa agriculture sectors, operate also in high and very high-risk countries according to HDI, such as Rwanda, Ethiopia, Uganda, India, Ivory Coast, and Ghana, where we have the potential risk of child or forced labour (although they are only indirectly considered within the HDI framework).

Both our own rules or our partner's rules - where they are documented - uphold internationally recognised human rights (UN Guiding Principles on

Business and Human Rights, Declaration of the International Labor Organization (ILO) on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises).

We have not yet conducted a more detailed analysis of how workers with specific characteristics, those working in particular contexts, or those engaged in certain activities may be at a higher risk of harm, as we have not yet gathered the necessary information.

S2-1 Policies related to managing material impacts on workers in the value chain, as well as related material risks and opportunities

We have no formal policy related to managing impacts on workers in the value chain, but our commitment to sustainable business practices within our value chain is defined by the Supplier Code of Conduct, which explicitly addresses human trafficking, forced labour, compulsory labour, and child labour as part of conducting business in an ethical and socially responsible manner. These principles of conduct that we expect from our suppliers are aligned with internationally recognised instruments relevant to workers in the value chain, including the UN Guiding Principles on Business and Human Rights and ILO Declaration on Fundamental Principles. However, processes and mechanisms to monitor compliance with these principles are yet to be developed. In 2024, no cases of non-respect of these instruments involving value chain workers have been reported.

The Code of Conduct applies to all suppliers, vendors, contractors, consultants, agents, and other providers of goods and services within AG's supply chain, and the Central Purchasing department is responsible for its implementation. Within the company, all customer requests regarding human rights are routed through the Corporate Legal Affairs department. These requests are forwarded to the CQSM department, which collaborates with Central Procurement to integrate these requirements into the suppliers' CoC. Currently, we do not have mechanisms in place to ensure CoC availability to other stakeholders beyond our suppliers.
To ensure social responsibility in our value chain, suppliers' CoC outlines key principles and expectations regarding human rights and fair work practices that our suppliers must adhere to:

1. **Child Labour and Child Protection**: Suppliers must take appropriate steps and measures to recognise children's human rights and not permit the use of child labour as defined by International Labour Organization (ILO).
2. **Forced Labour**: Suppliers must reject all forms of forced labour, including slavery and human trafficking, and ensure that no recruitment fees or conditions that restrict workers' freedom are imposed.
3. **Freedom of Association and Collective Bargaining**: Suppliers must accept workers' rights to form unions and engage in collective bargaining as per ILO conventions.
4. **Fair Wages**: Suppliers must ensure fair compensation for workers, meeting legal and industry standards, and providing wages that support workers' basic living needs.
5. **Working Hours**: Suppliers should comply with laws regulating working hours, ensuring regular work does not exceed legal limits and offering one day off per week. Overtime must be voluntary and properly compensated.
6. **No Discrimination and Harassment/Fair Treatment**: Discrimination, harassment, and abuse are prohibited, and women's rights must be respected in the workplace.
7. **Occupational Health and Safety**: Suppliers are required to ensure a safe working environment while identifying risks, implementing preventive measures, and maintaining continuous improvements in health and safety standards.

S2-2 Processes for engaging with value chain workers about impacts

For the value chain analysis, we have relied on publicly available information, such as suppliers' sustainability reports or social certificates provided by suppliers. We did not communicate directly with the value chain workers.

Additionally, we directly assessed working conditions for workers employed at suppliers of services who work at our BSCI-certified Atlantic Štark Belgrade production site.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

AG suppliers' CoC defines grievance procedures for our suppliers and value chain workers. AG's suppliers must take appropriate steps to implement effective and in timely manner grievance mechanisms to ensure human rights concerns and issues along their supply chain can be addressed.

The verification of the CoC implementation by suppliers also includes additional documentation regarding the availability of grievance channels in the workplace of value chain workers. This documentation should detail whether and how potential issues and complaints are tracked and monitored, and how the effectiveness of these channels is ensured, in cases where the supplier has implemented the procedure outlined in the Code they sign with the Company. Since we began implementing the Supplier CoC at the end of 2024, we have not yet conducted official checks to determine whether value chain workers are aware of and trust these processes as a way to raise their concerns or needs and have them addressed. Also, should we discover any irregularities through these channels, while the Central Purchasing department is tasked with addressing such issues, the specific actions have yet to be defined.

Suppliers and their workers can also submit grievances in case of Atlantic Grupa matters to nepravilnosti@atlanticgrupa.com. The grievance procedure is integrated in the Company's Whistleblowing Procedure Rules, as disclosed within G1-1 Corporate culture and business conduct policies.

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

In the last quarter of 2024, we have sent the CoC to our suppliers of raw materials and packaging. Consequently, we did not monitor the results and effectiveness of the measures defined in the Code for 2024. Upon collecting signed CoCs from suppliers, we will send out detailed questionnaires to assess their current practices.

From the beginning of 2025, every new supplier must sign the CoC before signing a contract or starting cooperation.

In the following year, we will align the supplier audit questionnaire in the social part according to specific subtopics of ESRS S2 and send it to all suppliers to gain a more detailed insight into social practices in tier 1 and tier 2 suppliers. We will also digitise the process of collection and evaluation of suppliers' data by upgrading the Sphera tool. We will further encourage our suppliers to review and strengthen their due diligence procedures to prevent human rights violations in their supply chains and contribute to good industry practices. During 2024, we did not identify any indications of human rights violations in this part of the supply chain.

No significant operational expenditures (Opex) or capital expenditures (Capex) are planned for these activities.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Due to currently limited data, specific targets will be defined after the establishment of an information system that will support us to manage more detailed data derived from the suppliers' questionnaire. The establishment of the information system is anticipated during the upcoming reporting period, along with the collection and review of signed CoCs and questionnaires that were sent out in 2024.

S4 Consumers and end users

SBM-2 Interests and views of stakeholders

Our strategy is based on placing the consumer at the centre of all we do. With outstanding implementation of marketing and distribution initiatives and continuous investment, we ensure that we respond to the needs of our consumers in an even more relevant manner year after year. We learn important information about evolving consumer preferences through different communication channels and embrace innovation when developing new products and even new brands. When designing new or improving existing products, every business integrates sustainability impacts in product design and supports the realisation of Company's sustainability goals.

For more information, please refer to the SBM-2 Interests and views of stakeholders within General disclosures.

SBM-3 Material IROs and their interaction with strategy and business

Atlantic Grupa acknowledges that the actual and potential impacts on its consumers and/or end-users arise from its business strategy and model, as detailed in the table below. These impacts are directly linked to the company's commitment to ensuring product quality, safety, and transparency in consumer communication, which is integral to both the strategy and business model.

Sub-subtopic	Name of IRO	Type of IRO	IRO Description	Value chain	Time horizon	Implication for and resilience of strategy	Policy coverage
Privacy	Respecting consumer data privacy in all communication channels.	Actual Impact	In all communication channels with consumers, we respect the privacy of their data.	Own operations	/	Consumer privacy and data protection are directly in line with the company's strategic goal of encouraging consumer trust because, through quality feedback, the company is able to stay attuned to consumer trends, ensuring that product development is aligned with what consumers want and need.	Personal Data Management Policy
Freedom of expression	Regular and proactive collaboration with consumers in the development of new products.	Actual Impact	Regular and proactive collaboration with consumers in the development of new products.	Own operations	/	Atlantic Grupa's goal to expand its brand portfolio and strengthen its leadership in core categories is driven by evolving consumer needs. This directly aligns with the company's strategic objective to foster consumer trust and excitement in its key categories.	Corporate New/Existing product development policy & Policy for Integration of sustainability aspects in product design Consumer Impact and Safety Policy
Freedom of expression	Transparent and efficient complaint mechanism for products or services.	Actual Impact	Transparent and efficient complaint mechanism.	Own operations	/	Open channels of communication, and the Contact Centre info, which is available on all our packaging and on the brand's online pages, encourage consumer loyalty, which directly affects the strength of our brands as one of our strategic goals.	Corporate procedure for consumer/customer complaints and grievances regarding the quality and safety of products.
Freedom of expression	Caring for consumers and maintaining a close relationship with them.	Opportunity	Caring for consumers and maintaining a close relationship with them increases their loyalty and satisfaction; based on their feedback, we can improve products/processes according to expectations of consumer/user, local communities.	Own operations	Medium term	This focus on brand relevance and consumer engagement ties back to the growth goal of the corporate strategy, where Atlantic Grupa seeks to strengthen existing brands and explore new growth opportunities outside its core categories.	Consumer Impact and Safety Policy Corporate procedure for Consumer/customer complaints and grievances regarding the quality and safety of products.
Access to (quality) information	Availability of relevant information about raw materials.	Actual Impact	Suppliers provide all relevant information about the raw materials we purchase (information about ingredients and packaging is consequently converted into product information for the consumer).	Upstream	/	In accordance with the management strategy of our supply chain, we conduct regular controls according to defined criteria and check compliance with our contractual requirements. We also nurture our business relationships based on mutual respect, which fosters trust and open dialogue.	Quality Control of Incoming Goods Policy
Access to (quality) information	Ensured consumer access to all product information.	Actual Impact	Access to all information is enabled (all nutritional aspects of the product in the local language are available on each product, including additional statements such as Halal, kosher, vegan, allergen information).	Own operations	/	Atlantic Grupa recognises the significance of fostering trust and ensuring that every interaction with valued customers is both informative and compliant with legal standards. One of the pillars of our dedication to quality is making sure that we give our customers accurate and real information. This directly aligns with the company's strategic objective to foster consumer trust and excitement in its key categories.	Corporate policy for authorisation and labelling of products
Health and safety	Ensured consumer trust in high safety and quality food products.	Actual Impact	Ensured consumer trust in high safety and quality food products.	Own operations	/	By embedding top-tier food safety culture and high-quality standards into our core values, we leverage our corporate-level food safety and regulatory expertise to ensure optimal support for every business unit.	The set of corporate Safety and Quality Policies, including Food Safety Culture Policy (FSCL) The product safety and quality policy
Security of a person	Development of technological solutions that enable safe handling of products.	Actual Impact	We develop technological solutions that enable safe handling of products.	Own operations	/	Encompasses all measures and practices that Atlantic Grupa implements to protect the physical safety of its consumers and end-users of products.	Food Safety Culture Policy (FSCL) Corporate Foreign Body Management Policy
Non-discrimination	Products available for consumers with specific ingredient expectations.	Actual Impact	Products available for consumers with specific ingredient expectations (ethical and religious groups - halal, kosher) and nutritional value (sugar-free, additive-free, animal-free ingredients - vegan, fasting).	Own operations	/	Our inclusive product range directly supports our business strategy, i.e. ensures consumer relevance of our brands. By catering to diverse dietary and ethical needs we expand our market reach, enhance brand loyalty and promote corporate responsibility.	Policy of Integration of sustainability aspects in product design
Access to products and services	Wide availability of our products for all consumers in target markets.	Actual Impact	All our products are available to all consumers (we have activities to prevent out-of-stock situations).	Own operations	/	We strive to continuously improve our business operations to meet the evolving needs of consumers. By expanding into new markets and creating products that address diverse consumer preferences, we find new sources for the company's growth.	Consumer Impact and Safety Policy General sale terms policy
Responsible marketing practices	Focus on applying responsible marketing practices in marketing activities.	Actual Impact	We focus on ensuring our marketing activities are in line with responsible marketing practices.	Own operations	/	Our aim is to meet consumer expectations and needs by using marketing activities to promote healthy lifestyles, raise awareness about essential health screenings, and provide psychological support.	Consumer Impact and Safety Policy

By prioritising consumer trust and transparency, Atlantic Grupa respects data privacy, collaborates closely with consumers in product development, and provides accurate product information to foster long-term loyalty. The company emphasises food safety and product integrity at every stage, supported by accurate nutritional and ingredient data from suppliers. With a focus on wide product availability and responsible marketing, Atlantic Grupa ensures accessibility and aligns with consumer expectations. These efforts build resilience, keeping the company adaptable, competitive, and aligned with its core values of consumer well-being, innovation, and sustainability.

Atlantic Grupa's disclosure covers all consumer groups likely to be materially impacted by the company's operations and value chain, including product offerings, marketing strategies, and business relationships. This includes the direct and indirect impacts of its operations, products, and services on consumers in all regions of operation.

Atlantic Grupa's material risks and opportunities are interconnected with the diverse consumer needs and expectations, which form a critical component of its strategy. This includes those who may be negatively affected in terms of their rights to privacy, personal data protection, freedom of expression, and protection from discrimination; those who rely on accurate and accessible product or service-related information, such as manuals and labels, to avoid potentially harmful use; and those who are particularly vulnerable to health, privacy, or marketing and sales impacts, such as children or financially vulnerable individuals.

Atlantic Grupa recognises that building strong relationships with its consumers is a material opportunity and a critical business driver, which is the result of our impacts: regular and proactive collaboration with consumers in the development of new products and transparent communications with efficient complaint mechanisms for products or services.

The company is deeply committed to understanding and responding to the changing demands of a global consumer base and all consumer groups, ensuring that all products are designed for diverse consumer segments (children, adults, families, and health-conscious individuals), including products available for consumers with specific ingredient expectations, such as organic, vegan, or low-calorie options, or with specific religious dietary requirements, such as Halal or Kosher products. By catering to diverse dietary and ethical needs, we expand our market reach, enhance brand loyalty and promote corporate responsibility.

For the broader consumer base, Atlantic Grupa's efforts to provide high-quality, transparent, and ethically marketed products help mitigate risks related to brand reputation, regulatory compliance, and consumer trust. These efforts ensure that all consumer segments, regardless of specific characteristics, benefit from the company's commitment to consumer well-being and satisfaction.

The company's focus on offering both everyday essentials and premium products meets the changing demands of a global consumer base. Diversification of both products and consumer groups prevents dependence and mitigates business risks.

S4-1 Policies related to consumers and end-users

Our policies to manage our material IROs cover all consumers and end-users potentially impacted by our material IROs. Collectively, these policies and procedures reflect our strong commitment to respect human rights of both consumers and end-users, as defined in the UN Global Compact principles on Business and Human Rights, as well as Atlantic Grupa's Code of Corporate Governance, which provides clear guidance on upholding internationally recognised human rights (such as ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises) and conducting business with integrity, including all our stakeholders, as well as consumers and end-users.

The fact that we successfully integrated respect for human rights into all our policies by adopting and applying all fundamental international principles is reflected in the absence of any human rights violations reported in 2024. Any human rights violations can be reported through our Contact Centre and by using the whistleblower mechanism (for more details, please refer to G1 Protection of whistleblowers). As we had no reports of human rights violations, we did not implement measures to provide and enable remedies.

Our process management structure defines four main processes: personal data management, new product development, product safety and quality assurance, and marketing management where the outflows are directly linked to the well-being and human rights of consumers and end-users. The process owners and managers on the corporate level are responsible that all policies are regularly updated in line with new stakeholders demands, trends and findings.

All our defined IROs / as stated in the above table/ are covered by the following policies:

- **Personal Data Management Policy**
  By introducing these rules, AG d.d. and its affiliated companies wish to provide appropriate control over the process of protection of personal data collected, processed and stored in the course of their work. The Policy is defined centrally and implemented throughout the organisation for all legal entities with the common goal that personal data is collected and processed lawfully for specific and legitimate purposes. The Policy is available on the intranet to all employees in all markets.
  The Group Vice President for Corporate Activities appoints a Personal Data Protection Advisor by a special decree. The decree defines the organisational structure for the purpose of carrying out all processes in the area of protection and management of personal data, and appoints Data Protection Officers, who support staff for particular markets and processes, or at the level of the operating company.
  Atlantic Grupa's Corporate Services department is responsible for ensuring regular scheduled supervision over processes to ensure compliance with the policy and the Director of Corporate Services division is ultimately responsible for its implementation
  Technical and organisational measures for the protection of personal data are defined by the IT Security Rules and are fully applied in the area of protection and confidentiality of personal data. Additionally, the Corporate Legal Affairs department is responsible to approve each agreement for data processing to ensure it complies with the requirements set by the local authorities and the GDPR.
- **Corporate New/Existing product development policy (N/EPD)**
  This policy is defined as a corporate procedure prepared by the NPD corporate process owner/manager and covers the complete process of bringing a new product to market. The procedure is available on the intranet to all employees in all markets.

All the SBU Marketing Directors approve the policy and are further responsible for the implementation in all SBUs. The NPD process is standardised as a stage-gate process. In the stage-gate process, the decision to move from one stage to another is taken by a project manager and steering committee based on various inputs: the marketing strategy, market research, validation with consumers, business case, the risk analysis, and other factors including the costs, human resources, and market competency. Ideation is the first gate, and the process is finished when Launch Control gate is finished. The sustainability criteria are one of the criteria followed by the early beginning of every N/EPD project, and are defined in more detail within the subordinary policy as:

- **Policy of Integration of sustainability aspects in product design**
  The corporate Policy of Integration of sustainability aspects in product design is defined by the Corporate Quality and Sustainability Management department (CQSM) as a corporate working procedure to be implemented in all SBUs. The SBU Marketing Directors in all SBUs are further responsible for the implementation within the N/EPD processes. This policy sets generic goals to constantly innovate products in a sustainable way by reducing the amount of packaging, minimising negative environmental impacts, and adapting recipes to a clean label policy, using claims that provide transparency and allow consumers to choose products according to their chosen lifestyle. The procedure is available on the intranet to all employees in all markets.

- **Corporate policy for authorisation and labelling of products**
  As the previous one, this policy is another subordinary policy related to the corporate policy for N/EPD. It is defined in the form of a cor-

porate standardised working procedure which sets a transparent, clear and effective process for the authorisation and labelling of food, food supplements and other FMCG products for ensuring compliance on all global markets. The Director of Corporate Quality and Sustainability Management is ultimately responsible for this policy, while the authorisation and labelling activities take place under the responsibility across various departments (Legal, Regulatory, R&D, Marketing, QA), with the goal to create labels with all the necessary and accurate information for consumers that comply with the legal regulatory requirements for each market. The procedure is available on the intranet to all employees in all markets.

Corporate procedure for consumer/customer complaints and grievances regarding the quality and safety of products

The policy is defined as a corporate procedure and issued in all local languages to be obligatorily implemented and regularly used in all markets and for all brands, with the goal to respond promptly to every consumer product complaint and achieve an efficient and fast resolution. The Corporate Quality and Sustainability Director is ultimately responsible to define the policy, while the complaint-solving activities take place under the responsibility of various departments (Quality Control, Legal, Corporate Security, Corporate Communications). The coordination of resolving every single complaint or grievance is handled by the SBU QA Manager, who leads the process. After the activities in the Quality Assurance department are completed, further communication with the consumer is taken over by the Contact Centre coordinator or the Corporate Communications department. We also aim to prevent any damage to our Company or consumers and involve the Legal department when relevant. Through planning and implementing the corrective actions to address root causes of justified complaints, we seek to improve safety and quality of products and ensure long term consumer satisfaction. The procedure is available on the intranet to all employees in all markets.

Quality Control of Incoming Goods Policy

This policy is defined as a corporate working procedure, setting the rules for obligatory quality evaluation of materials (raw materials and packaging, outsourced products) and suppliers (material, contract producer) for all SBUs. The procedure is available on the intranet in all markets. The CQSM Director is ultimately responsible for the policy, while SBU Quality Assurance Managers are responsible for its implementation in regular business operations.

The main policy goal is to ensure proper selection of suppliers who are able to control and deliver materials of constant quality according to specifications. Material and supplier evaluation must be done on the level of each batch, and annually. The document identifies the main requirements regarding supplier documentation for materials that are delivered to the location.

The SBU's R&D is responsible for harmonising material and product specifications with the supplier and approving them. The SBU's Quality Assurance (QA) is responsible for controlling the documentation of materials and its validity, checking documents, and evaluating batches and suppliers. The Central Purchasing (CP) handles communication between the supplier and SBU, as well as obtaining documents from the supplier.

Food Safety Culture Policy (FSCL)

Atlantic Grupa's Food Safety Culture Policy (FSCL) is defined in the form of high-level safety and quality rules to establish shared values, beliefs and norms that affect the mindset and behaviour toward food safety in, across, and throughout all organisational levels and all legal entities in the Company. It encompasses the individual and collective actions of all employees, from management to front-line workers, in creating a work environment that prioritises food safety.

The ownership of this policy is in the Food Safety and Quality sector within the Corporate Quality and Sustainability department, and the CQSM Director is ultimately responsible for the policy. Through this policy, senior management is committed to FSCL implementation in the entire company structure, and the “lead by example” principle is declared. The Rules are available on the intranet in all markets. The responsibility for activities requires cooperation between CQM, P&C and Corporate Communications. The CQM Quality Assurance expert is responsible for conducting and processing results of surveys once a year, preparing a plan for improvement managers in production and distribution operations who receive tasks through the programme and are responsible for their realisation; also, they ensure that employees are aware of their responsibilities related to the food safety culture.

The Set of Corporate Safety and Quality Policies

The whole set of corporate safety and quality policies is defined in the form of company-wide high-level rules setting mandatory requirements which have to be implemented to assure safe and consistent production and distribution of food products in all production sites and logistic centres of Atlantic Grupa. Where applicable, these rules apply equally to sub-contractors or contract distributors, who store, produce or distribute AG's own label products; in this situation, the Rules are used mostly as a reference document when supervising QA systems of sub-contractors.

The ownership of the set of policies is in the Food safety and Quality sector within the CQSM department, and the CQSM Director is ultimately responsible. The main goal of these policies is to ensure that the best available practices for protecting consumer health, safety, and security are followed by all businesses, including distribution. With a strong commitment to food safety and quality, we constantly develop skills and competencies, oversee our processes, equipment, infrastructure, products, and services at the corporate level, while the responsibility for implementing this set of policies is delegated to all SBUs and SDUs. The Rules are available on the intranet in all markets.

Corporate Foreign Body Management Policy

One of food safety and quality subordinary policies specifically emphasises foreign body management as critical for ensuring security and safety of products. This policy has been defined in the form of a corporate working procedure to implement all necessary prevention, safety, and consumer protection measures related to reducing any potential foreign body risks that may endanger consumer health. The Corporate Quality and Sustainability Director is ultimately responsible to define the policy, while the implementation takes place under the responsibility of local Food Safety Team (TSH) Leaders in SBUs and SDUs. This policy stipulates that each production or logistic site must identify all potential sources of foreign materials, establish, document, and implement its own preventive and control measures tailored to be effective in site-specific operations. The working procedure is available on the intranet in all markets.

General sale terms policy

This policy is in line with the company's strategy, which aims to achieve market leadership in all key product categories and expand into new markets. It is expressed in the form of General Sales Conditions, which each SDU/DU must include in contracts as terms of cooperation with retail chains in a particular market. Based on the cooperation agreement, sales personnel regularly monitors our presence on the shelves according to the criteria defined with each retailer based on the cooperation agreement. The ultimate responsibility for its implementation lies with the SDU Executive Director. The agreements are available for authorised persons in SDU Sales and Corporate Legal Affairs.

Consumer Impact and Safety Policy

Marketing policies are defined at the level of strategic business units (SBUs); however, marketing teams also share common values/policies and best practices within the "marketing community" group, where marketing representatives from all business units meet regularly. At the corporate level, common marketing business principles are defined through the comprehensive policy "Consumer Impact and Safety Policy"

This policy was defined during 2024 in collaboration between all Marketing Directors of SBUs, but will be finalised, approved, documented and made available during 2025. Business principles have been established that cover all material topics within the social segment: consumers, as well as the method of monitoring through marketing activities and collaboration with the CQSM, corporate communications, and the IT sector. Consumers and shoppers (with a special emphasis on the diversity of their demands and expectations) have a direct impact on the consideration of their interests when setting the policy. The highest level accountable for the implementation of the policy are Marketing Directors of SBUs.

Additionally, as a well-established practice, all marketing communications undergo rigorous legal and quality reviews to ensure compliance with laws and industry standards, promoting transparency and avoiding misleading claims.

S4-2 Processes for engaging with consumers and end-users about impacts

Regular daily interactions with our consumers and shoppers across a wide range of channels help us to identify all the diverse requirements and expectations of our consumers and their general well-being for which we stand.

To understand consumer preferences and expectations, behaviours and demographics, our brands use various marketing research methods, such as **Customer Satisfaction Surveys, Market Preferences Research, Competitive Analysis, Brand Recognition Research, Market Research, Customer Loyalty Research, Social Media and Online Feedback Analysis**. These processes involve consumers directly and are designed to gather insights into the actual and potential impacts of our products and services on consumers, ensuring that we can make informed decisions about their needs and expectations. The engagement frequency depends on the specific product or service and the nature of the impact, but is generally conducted on a quarterly basis for ongoing products and more frequently during the launch phase of new products. The abovementioned activities fall under the responsibility of the marketing department of each BU and individual brand, so the responsibility for their implementation starts with the brand manager and is carried up vertically to the marketing director of each product category and the executive director of each BU to ensure that consumer feedback is integrated into strategic decision-making and aligns with the company's business objectives.

Atlantic Grupa assesses the effectiveness of its engagement with consumers and end-users through several key indicators and mechanisms, such as market research and consumer surveys, as well as a complaints mechanism that serves as an efficient system for collecting and tracking consumer feedback, alongside monitoring user satisfaction. This also helps in understanding consumer needs. Additionally, proactive collaboration with consumers and end-users in the development of new products through various communication channels allows the company to assess whether it has met their expectations, which is directly linked to the effectiveness of our engagement in addressing consumer needs.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Atlantic Grupa operates a specialised Contact Centre where consumers can ask questions, make requests, share suggestions, or file complaints about our products. Consumers can reach us via email, toll-free phone, or the website contact form, as stated on the packaging of our products. The centre provides information about products, the company, and related matters, offering support during promotional contests while also receiving all products or service complaints. To prevent any retaliation, the company respects the privacy of consumers who have filed any type of complaint, handles personal data responsibly, and complies with all relevant consumer protection laws.

Every complaint or claim enters our official procedure and is forwarded to the quality control department for analysis. Additionally, the brand manager of the specific product or product category and the legal department are involved. A response acknowledging the receipt of the complaint is sent as soon as possible, and a detailed response is provided after analysis and the completion of the quality control procedures, depending on the nature of the complaint.

All responses are recorded in the database, analysed, and included in the report. If the consumer who submitted the complaint is not satisfied with the company's response, they have the option to initiate a lawsuit, even in cases where the complaint is not justified.

The statistics from the Customer Centre regarding

the number of calls indicate that consumers and end-users are aware of and trust the structures and processes for raising their concerns.

S4-4 Taking actions to manage material IROs

Our actions, including marketing procedures, data use, quality assurance and sales support, are not causing or contributing to any material negative impacts on consumers or end-users. Considering that the IROs were identified in the third quarter of 2024, actions in the context of future initiatives to achieve specific targets have not yet been defined and will be made in the upcoming periods. The key actions we have implemented throughout the year regarding consumer-related topics are described below.

Respecting consumer data privacy in communication channels

We ensure lawful data collection and processing, protect personal data with technical and organisational measures, and engage in regular employee training and compliance monitoring.

External partners must comply with the same data protection standards. In case of abuse, appropriate procedures and measures are followed, and affected individuals are notified. Regarding customer privacy, the company tracks the implementation and compliance with the Personal Data Management Policy, ensuring that personal data is collected and processed lawfully. Regular audits and supervision over data management processes guarantee that data protection practices align with the GDPR and local laws.

The effectiveness of our data protection system is confirmed by the fact that in 2024, there were no claims or violations regarding consumer privacy.

Regular and proactive collaboration with consumers in the development of new products

When designing new products, Focus Group Research and Product Testing are applied to understand consumer opinions, attitudes, and behaviours regarding specific products or services.

Intensive communication with consumers gives us valuable insights into consumer expectations and it is an important inflow for the process of designing new products. We aim to align products with changing consumer preferences and comply with regulations in all target markets. Within the generic goal to constantly innovate products in a sustainable way, every product category finds its own relevant solutions from the predefined list of "claimed categories":

- Improved nutrition value (e.g. no added sugar, high fibres, functional ingredients);
- Clean labels (free from additives);
- Social specific recipes (e.g. Vegan, Halal, Kosher); and
- Biodiversity /Environmental protection (e.g. Organic, certified Rainforest Alliance, palm oil free, GMO-free).

With this approach, we encourage consumers to choose a healthier diet and develop responsible attitudes about protecting the environment.

The effectiveness of the mentioned actions is monitored across all brands of our company through two common ESG KPIs in the "Products" category: the ratio of new formulations introduced annually in the product category with claims, and the ratio of products with improved packaging that have contributed to reducing greenhouse gas emissions (e.g. lighter packaging…). The implementation of these measures is monitored annually in relation to the set target that, within the development of new products, at least 70% of new products annually should align with the predefined list of "products with claims" categories (see S4-5).

Transparent and efficient complaint mechanism for products or services

Open channels of communication and the Contact Centre info enable consumers to claim any nonconformity in a fast, transparent an easy way, ensuring that we are fast and efficient in responding to them. Complaints are immediately forwarded to the business quality control departments for analysis and are processed with the highest priority through an official procedure, where all relevant process representatives cooperate (production, quality, legal, communications, marketing). All responses are recorded, analysed, and reported. If a customer is dissatisfied with the response, they can file a lawsuit, even if the complaint was assessed as unjustified.

We monitor effectiveness by systematically collecting and analysing data to evaluate our processes and assess our performance. We track a range of customer satisfaction indicators that are crucial for our success and ensure an exceptional customer experience in the long term. This helps us identify risks and areas for improvement that we should focus our efforts on. Additionally, on an annual basis, we document and continuously review the quality levels of the products and services we offer to our customers. The annual call centre report for Atlantic Grupa includes data on:

- 26,678 communication contacts in total – which is a 31 % increase in calls compared to 2023.
- In all markets, we have received a total of 810 complaints on product quality. The number of reported complaints, compared to the total amount of products sold in 2024, is measured in permille, which demonstrates the effectiveness of our products quality control processes.
- In 2024, there were no complaints about human rights violations.
- Average response time 0:00:04
- Average handle time 0:05:44
- Customer satisfaction score is very high- 4.6 out of 5!

WE MEASURE CUSTOMER SATISFACTION AMONG OUR CONSUMER DAILY - ART (AVERAGE RESPONSE TIME) AND AHT (AVERAGE HANDLING TIME) IS LIKE IN CALL CENTRE INDUSTRY (ART- SHOULDN'T BE ABOVE 0:00:10 AND AHT BETWEEN 00:02:00- 00:06:00)

Caring for consumers and maintaining a close relationship with them

Atlantic Grupa understands that consumer care goes beyond just offering a product or service—it involves creating personalised experiences, offering special benefits, and occasionally surprising consumers with gifts or exclusive offers. These small yet significant gestures foster a sense of belonging, appreciation, and recognition among consumers. As a result, consumer satisfaction is increased, leading to stronger brand loyalty and, ultimately, higher sales and market share.

For example, our pharmacy chain, Farmacia, launched the "Moja Farmacia" loyalty programme, where customers earn points with every purchase, as well as bonus points for signing up, on their birthday, and for referrals. Accumulated points offer a 10% discount on the next purchase. Points can be used both in-store and online. Membership can be obtained via a registration link or by getting a physical card at any Farmacia location.
The effectiveness of loyalty programmes for consumers is monitored at the level of each brand or category through regular tracking of how many users have joined the loyalty programme during a specific period or brand campaign, analysing how the loyalty programme affects the frequency of purchases and assessing how such offers have increased sales.

Availability of relevant information about raw materials

Based on the Product Safety and Quality Policy, we have procedures in place for managing quality (included quality of information) in the supply chain: we exchange material specifications and regularly inspect suppliers to verify the accuracy of raw material information, which is then converted into product information for consumers. Quality assurance departments in businesses analyse raw materials on safety and quality parameters in their own chemical and microbiological laboratories, while external laboratory services are also used.

Ensured consumer access to all product information

Organised as a part of the Corporate Quality and Sustainability management department, the Regulatory department develops expertise in product labelling and organises product labelling processes on all markets where we operate. For own brands, the ownership of every product declaration is on SBU Marketing, and in the process of authorisation other departments give their expertise: legal, regulatory, R&D, quality assurance, external agencies, and authorities. The same expertise we use also in translation, adaptation, and authorisation of product declarations of external principals to ensure labelling compliance in local languages on our distribution markets.

Labels include all obligatory information (e.g. ingredients), as well as – depending on the product category - instructions for storage and preparation, instructions for waste separation of packaging, recommended daily doses, nutritional/health or other claims, and certified scheme labels (e.g. organic, responsible fishing,) that are verified and ensure consumers can make informed decisions based on dietary, moral, and medical needs.

SOME EXAMPLES OF DIFFERENT CLAIMS ON OUR PRODUCTS

NUTRITIONAL CLAIMS	HEALTH CLAIMS	ENVIRONMENTAL CLAIMS	PRODUCT CERTIFICATION SCHEMES
	100% natural Unique combination of minerals	100% recycled plastic bottle	Organic GMO free Vegan Halal MSC Rainforest Alliance

The effectiveness of the availability of quality information is measured through the number of complaints regarding the relevance and availability of information on our labels and products, using statistics and data analytics from the Contact Centre.

Ensured consumer trust in high safety and quality food products

The implementation of corporate rules occurs in strategic businesses operations, where SBU/ BU and SDU/DU Quality Assurance (QA) departments are fully dedicated to product safety and quality goals. Furthermore, the Corporate Quality and Sustainability Management Department provides regulatory and compliance expertise to all SBU/BU and SDU/DU QA departments for the realization of business quality goals.

The main objectives in the process are achieved when every single batch of the finished product:

- complies with the specifications in terms of quality of materials and the whole recipe;
- is packed in a proper container that doesn't pose any risk of injuries when being opened for consumption;
- is of the purity required (in terms of food contaminants, pesticide residues and residues of veterinary drugs (e.g. antibiotics), migration from packaging);
- contains no allergens (except for those that are labelled), no genetically modified organisms, no pathogen microorganisms;
- is produced under hygienic conditions, properly packed, labelled and distributed.

To achieve these objectives, Atlantic Grupa implements all measures and practices to protect the health and safety of customers and consumers. This includes:

- Identification and management of potential risks that may affect the health and safety of customers and consumers (including risks such as food safety, food defence, food fraud, and traceability to ensure that products and services offered by Atlantic Grupa do not pose risks to the health and safety of consumers);
- Providing quality control plans during all process stages: product design, when suppliers' samples are approved, when incoming goods are released to production, during production processes and distribution processes, until the product is released for the customer;
- Regular site inspections which consider sanitary and technical conditions at all our locations;
- Ensuring safe transport and distribution of products to customers;
- Adherence to all relevant legal and regulatory requirements concerning product and service safety, and implementation of best practices in this area;
- Preparedness and capability to respond to emergencies or crises that may impact consumer safety, including incident response plans.

Food safety risks are managed through HACCP studies (hazard assessment), while food fraud risks are addressed through VACCP studies (vulnerability assessment), under the responsibility of individual teams operating at the sites.

We also leverage the experience from our locations to establish best practices across Atlantic Grupa, ensuring continuous improvement and competency development for our employees. A comprehensive approach includes onboarding training for new employees in specific quality assurance tasks, constant renewal of key skills (such as good hygiene practice requirements), and training programmes for further knowledge and expertise development. The training programmes are planned inside the Functional Lab Quality, and we ensure that the level of knowledge is constantly rising on all key positions.

The increasing globalisation of supply chains, diversification of food production, use of new, processed raw materials and new packaging materials, and climate change are factors that have a strong impact on food safety, and proper supplier management is essential for ensuring food safety and mitigating fraud hazards in the supply chain. We conduct pre-approval supplier evaluations and site audits for suppliers of raw materials, packaging materials, contract manufacturing and services affecting product safety and quality. In 2024, we completed 58 supplier audits and 78 transportation service assessments. These evaluations are performed by experienced internal assessors, annually planning based on the level of the supplier/material risk (we consider data from the RASSF portal and all relevant supplier history data). Depending on the severity of risk for the specific procurement category, all materials were monitored for pollutants in 2024.

The efficiency of product safety and quality processes and food safety culture are regularly measured through many indicators. Key process indicators are consumer complaints, the food safety culture index, and incidents of non-compliance such as product withdrawals/recalls.

The graphical representation of the process of tracking the implementation of the highest level of food safety culture in all our business activities guarantees unconditional safety, authenticity, and compliance.

Development of technological solutions that enable safe handling of products

The highest level of food safety culture in all our business activities guarantees unconditional safety, authenticity, and compliance of products, ensuring personal security and building consumer trust.

One of our main focus areas is related to the microbiological and chemical safety of products. Here, the impact on security is focused on the prevention of potential physical contamination when handling products. Our product safety and quality management process (as described in the paragraph above) defines various preventive measures to eliminate and prevent all potential foreign bodies that can occur naturally in raw materials and ingredients, or can inadvertently enter during processing or as a consequence of poor handling/storage conditions, or can also be intentionally added to the product during processing or in the food retail chain. Inadequate packaging can also cause physical injury to the consumer. Having in mind all the mentioned hazards and their sources, Food Safety Teams in businesses identify at which step the risk of foreign bodies entering the product may arise and develop methods to eliminate or prevent the risk. Specific methods we apply include visual inspection, sieves, magnets, x-ray, metal detectors, and we constantly improve the efficiency of these methods. When designing product packaging, the goal is to ensure safe handling of products, and thus we introduce easy open solutions and packaging that does not cause breakage or injuries when opened.

By incorporating global best practices and industry standards, the company measures the effectiveness of its processes, equipment, and infrastructure to maintain top-tier safety and quality across all its operations.

The effectiveness of the mentioned measures is monitored through the number of complaints and the analytics from the Contact Centre.

Products available for consumers with specific expectations regarding ingredients

We cater to diverse consumer needs, offering products that meet the dietary preferences and values of various ethnic and religious communities, including vegan, Halal, and Kosher options. These processes occur in the same way as described for the material impact Regular and proactive collaboration with consumers in the development of new products.
Notable examples include Smoki, which now features Vegan and Halal certifications, removed palm oil and uses local sunflower oil instead. Similarly, Barcaffè offers sustainable choices like Barcaffè Bio (organic) and Barcaffè Flora (Rainforest Alliance certified, fully recyclable packaging), along with

"Florista – the coffee fertiliser" made from used coffee grounds.

Our Argeta range addresses specific dietary needs with clear labelling, including Halal, Vegan, GMO-free, and MSC-certified products for sustainable fishing practices. Argeta products, except for salads, are also gluten-free. Boom Box offers 100% vegan products, reinforcing our commitment to diverse consumer preferences.

By continuously evolving our offerings, Atlantic Grupa ensures that all consumers, regardless of dietary requirements or beliefs, have access to high-quality, sustainable, and non-discriminatory choices. This commitment reflects our dedication to respect, inclusivity, and consumer well-being.

The effectiveness of the mentioned actions is monitored the same way as described for material impact Regular and proactive collaboration with consumers in the development of new products.

Wide availability of our products for all consumers in target markets

We ensure the accessibility of our products by making them available across all markets, including less developed regions. We actively manage our supply chain to prevent out-of-stock situations and offer a range of products at different price points, including more affordable alternatives alongside our premium options. Our products are accessible through various sales channels and comply with local regulations and standards. We continuously innovate and introduce new products to meet changing consumer needs, ensuring our offerings are always relevant and available to a wide range of consumers. These activities are carried out in close collaboration between the SDUs and our sales teams positioned within each SBU, as well as with external principals and distributors.

The effectiveness is measured through product availability across different markets, monitoring stock levels and out-of-stock situations. Sales data is analysed to assess the reach of our products at various price points, including both premium and affordable alternatives. Additionally, we evaluate consumer feedback and market demand trends to ensure our product offerings are continuously relevant. The collaboration between SDUs, sales teams, external principals, and retailers is monitored to ensure seamless operations, with performance reviewed regularly through sales volume, market penetration, and compliance with local regulations and standards.

Focus on applying responsible marketing practices in marketing activities

At Atlantic Grupa, we are committed to responsible marketing practices focused on transparency, accountability, and ethics. All our messaging, including advertising, promotions, and product communication, undergoes thorough review by our legal, regulatory and quality control teams to ensure compliance with laws, regulations, and industry standards and to avoid misleading or unsubstantiated claims, particularly regarding environmental benefits.

We are especially cautious when communicating with children, ensuring our messages are responsible, ethical, and culturally sensitive. We are committed to ensuring that our marketing is both respectful and mindful of diverse audiences, respecting all kinds of diversity. For brand partnerships and ambassador affiliations, we evaluate potential ambassadors to ensure they align with our values and maintain brand integrity. The responsibility for implementing responsible marketing processes is described in S4-2.

In addition, we closely monitor the effectiveness of our actions through key performance indicators (KPIs) such as sale results, customer satisfaction scores, brand attributes, ad trackers, market share metrics and so on. These indicators provide real-time insights into the impact of our mitigation efforts on consumer perceptions and behaviours.

Atlantic Grupa's responsible marketing drives positive societal change, benefiting both consumers and communities. Here are some examples of responsible marketing practices implemented by our key brands in 2024: Donat promotes digestive health through awareness campaigns and free healthy diet educational programmes. Argeta supports local biodiversity by promoting Slovenian and Croatian bread traditions and donating for the preservation of the indigenous and traditional types of seeds. Cedevita fosters mental well-being and supports vulnerable youth through workshops and educational resources. The brand Štark aids young talents with donations for societal growth. Grand Kafa encourages breast cancer screenings with free mammograms. Barcaffè recognises consumers who are night-shift

workers, highlighting their dedication and encouraging the community to appreciate and support their contributions. Additionally, it offers in its portfolio traceable coffee blends supporting farmers.
All the mentioned measures are seamlessly integrated into our business processes and are continuously implemented to uphold the company's commitment to consumer well-being and satisfaction, while minimising potential negative impacts. Furthermore, we have not encountered any violations of human rights.

The above mentioned actions do not require significant financial resources.

S4-5 Targets related to managing material IROs

For the material impact, which relates to the regular and proactive collaboration with consumers in the development of new products, the company tracks the effectiveness through sustainable innovation oriented towards the consumer needs and expectations. When improving products, each product category should find its own relevant solutions from the predefined list of "products with claims" categories. When it comes to packaging improvements, all SBUs have a well-established/ubiquitous practice of consistently reducing the amount of packaging materials (for more details, please refer to E5-5).

We have set a long-term goal covering the period until 2030, which requires continuous efforts every year to achieve it. For 2024, we surpassed the target:

ESG KPI Products Summarized results for all brands	UOM	2030 Target	2023	2024
Ratio of new recipes per year in claimed category	% of all new recipes per year	Min 70%	70	73

The methodology for setting targets is not aligned with external regulations, but it is based on internal assessments relative to the demands and expectations of consumers whose orientation towards sustainable products varies across different markets and product categories that we cover. The joint target emerged from a thorough evaluation of each individual SBU in relation to further development of its product category or brand based on the defined needs and expectations of its consumers, which were gathered through various communication channels (as outlined in ESRS 2), and aligned with the planned development capabilities of each SBU.

In 2024, SBU Spreads, the brand Boom Box, and SBU Beverages delivered 100% of new products with claims. SBU Coffee and SBU Snacks still have a lower percentage, with half of the new recipes including claims. SBU Savoury Spreads innovated 79% of products with claims. In total, we have 37 new recipes with claims.

This corporate target has been extended to all businesses, and targets are managed within the Sustainability Index, which measures their performance. At both the corporate and SBU levels, the Sustainability Index is incorporated into the management reward model, including for the General Managers of the SBUs, as well as the directors of marketing and R&D. This ensures the implementation of defined policies and a continuous focus on innovation to create new value for consumers while maintaining aspects of social responsibility.

For all other material IROs, we have not yet implemented related targets. Although we did not adopt targets for all our material IROs, we continue to track the effectiveness of our policies and actions. The company integrates insights from these evaluations into its ongoing strategies, adjusting its approach as necessary to ensure continued progress towards its sustainability objectives.

GOVERNANCE

We implement transparent corporate governance and actively share our values on environmental and social responsibility with our partners throughout the value chain.

The Management Board reports to the Supervisory Board on all facts and circumstances that can influence the Company's business operations, including sustainability matters, ensuring top-down accountability toward our ESG goals.

We evaluate cultural effectiveness through regular engagement surveys, focus groups, and performance metrics such as employee satisfaction and leadership competencies.

Our Supplier Code of Conduct communicates the minimum requirements expected from our suppliers to follow while conducting business in an ethical, socially and environmentally responsible manner.

ALL SUPPLIERS GUARANTEED EQUAL TREATMENT.

ANNUALLY CONDUCTED SUPPLIER EVALUATION, PROVIDING FEEDBACK ABOUT THEIR RATING AND REQUIRED IMPROVEMENTS.

OVER 95% OF PAYMENTS WERE MADE WITHIN STANDARD PAYMENT TERM OF 60 DAYS.

G1
Business conduct

Atlantic Grupa is developing and acting in accordance with good practice of corporate governance and endeavours, through its business strategy, business policy and key internal acts, to contribute to transparent and efficient business and quality relationships with the business environment in which it operates, following global and European trends.
In addition to the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA, Atlantic Grupa also applies its own Code of Corporate Governance, thus improving the standards of business transparency and fully aligning them with European Union directives.

The Corporate Governance Code of Atlantic Grupa reflects a corporate governance framework set by the European law, domestic regulations, and best international practices, yet customised to the company's own principles, structure and business requirements. In its last iteration made in 2023, the Code defines processes that aim to ensure sustainable development and responsibility for the implementation of adopted policies and procedures as a framework for performance management and performance measurement, risk management, anti-corruption behaviour and prevention of conflicts of interest aligned with a strategic approach to ESG topics.

Namely, the Code defines the procedures for the functioning of the Supervisory Board, Management Board, and other bodies and structures responsible for decision-making, their relations and remuneration policies integrating ESG factors into management processes.

The specific article defines social responsibility covering all environmental and social aspects of sustainable development, thus ensuring the avoidance of conflicts of interest, efficient internal control, and an effective responsibility system.

The Code is made available to all individuals and our stakeholders upon request and it is also accessible on the company's intranet (internal digital platform made available on all company devices and screens placed in business facilities) and the company's website.

Internal audit is responsible for business compliance in relation to, among all other applicable regulations, defined procedures within the Code of Corporate Governance of Atlantic Grupa and examining and analysing compliance of the existing business systems with adopted policies, plans, procedures, laws and rules that can have a significant impact on business reports.

GOV-1 The role of the administrative, supervisory and management bodies

In order to efficiently and effectively follow ESG standards and European regulations, Atlantic Grupa has established a clear management model and structure in this area. Achieving productivity and profitability is supported by a clear organisational structure, corporate culture and values that connect employees and contribute to the achievement of business goals, as well as sustainable development goals.

The Management Board of Atlantic Grupa is in charge of developing and implementing the Company's strategy and business plans, including aspects that relate to or may affect sustainability matters. When discussing the Company's strategy and business plan, the Management Board and Supervisory Board jointly and regularly consider the impact of proposed measures on stakeholders, the environment and society, as well as on the Company's reputation and thereby ensure that the Company's strategy takes into account the potential impact of its activities on the environment and society and that the Company policies, culture and values promote ethical behaviour, respect for human rights, and a sound and stimulating work environment.

The Management Board, in due time and in its entirety, reports to the Supervisory Board on all facts and circumstances that can influence the Company's or its daughter companies' business operations, including sustainability matters, financial position and status of assets. This Board-level commitment and alignment drives top-down accountability toward our ESG goals and helps support a positive company culture.

The rules of conduct are embodied in several acts of the Company, which form the backbone for their further implementation at all levels of business. Primarily, they are determined by the Code of Corporate Governance of Atlantic Grupa adopted by the Supervisory Board and Management Board of Atlantic Grupa, and by the Code of Ethics in the Business of the Croatian Chamber of Economy, of which Atlantic Grupa is a signatory. In this way, the Supervisory Board and Management Board share responsibility for the Company's business behaviour framework and ensure that the Company's policies, people and processes are aimed at that goal. They realise this joint responsibility through their cooperation in this matter.

In the process of passing and adopting such corporate acts, an important advisory role is carried by the Public Responsibility and Corporate Governance Committee, which ensures that the aforementioned acts contain all regulatory assumptions. Internal audit is responsible for monitoring, examining and analysing compliance with such adopted rules of conduct and reports on that matter to the Audit Committee.

Such a governing structure ensures that ESG principles are embedded into the company's governance framework, allowing for comprehensive management of societal impact, stakeholder interests, and implementation of ethical business practices that are being implemented downstream within the organisational structure of the Company.

The Audit Committee monitors the Company's reporting on the business conduct and sustainability, and that the Company policies and processes related thereto are in place.

Regarding the composition and expertise of the Supervisory Board and Management Board of Atlantic Grupa, special attention is paid to gather members of different genders, ages, skills, knowledge, including knowledge on sustainability matters, education, professional and practical experience to ensure they bring different perspectives of importance to their decision-making. For more details on their experience and knowledge, please refer to section Management and Supervisory Board.

The Leadership Development and Remuneration Committee is responsible for finding and recommending such candidates for members of the Management Board and Supervisory Board, where it must assess their knowledge, including knowledge on sustainability issues, skills and experience and prepare a description of the requirements and tasks related to each appointment and estimate the time required for their performance.

Moreover, during 2024, a member of the Supervisory Board Monika Elisabeth Schulze, who brings valuable expertise on sustainability issues, was appointed as an additional Vice Chairwoman of the Supervisory Board. That way the Supervisory Board of Atlantic Grupa became supported by two Vice Chairpersons, Siniša Petrović who provides expertise in corporate governance and Monika Elisabeth Schulze who provides expertise in sustainability matters, which additionally sharpened the focus of the Supervisory Board on the Company's sustainability matters for the future reference.

At Atlantic Grupa, members of the Supervisory Board and Management Board are introduced to the Code of Corporate Governance, Code of Ethics in Business and other relevant corporate acts upon their appointment. This process ensures they are fully familiarised with the company's principles of ethical conduct, governance standards, and behavioural rules prior to assuming their duties. In order to keep the highest level of expertise in administrative, management, and supervisory bodies in matters of business conduct, we find it essential to focus on continued development of knowledge, skills, and attitudes of their members that align with best practices in corporate governance, business conduct and ethics, and strategic management. The Supervisory Board and Management Board members receive further education and updates whenever new legal, regulatory, or corporate governance rules come into effect.

For more information, please refer to sections Management and Supervisory Board and Our structure of sustainable governance.

SBM-3 Material IROs and their interaction with strategy and business model

Sub-subtopic	Name of IRO	Type of IRO	IRO Description	Value chain location	Time horizon	Implication for and resilience of strategy	Policy
Corporate culture	Attracting and retaining exceptional people to achieve business strategy and annual plans.	Actual Impact	Attracting and retaining exceptional people to achieve business strategy and annual plans.	Own operations	/	In addition to developing the necessary competencies of employees, Atlantic continues to build a culture of openness and collaborative growth—areas we aim to strengthen further—while reinforcing the strong foundation of care and passion, values deeply recognised and felt by our employees. This approach, together with implementing best practices based on global standards, enables the organisation to successfully navigate the complexities of social, environmental, and economic changes, fostering an empowered organisation.	Code of Corporate Governance and the Code of Ethics in the Business
Corporate culture	Enhancing corporate culture through knowledge and information sharing; employer branding.	Opportunity	Encouraging knowledge and information sharing to enhance corporate culture; attracting talent from outside the organisation (employer branding).	Own operations	Short, medium and long term	Through a culture of openness and collaboration, Atlantic aspires to attract and retain talented individuals who share our passion for creating outstanding products, flavours, and experiences and who will add value through process upgrades in operations and supply chains, further increasing the relevance of Atlantic's brands and categories and strengthening Atlantic's leadership positions.	Code of Corporate Governance and the Code of Ethics in the Business
Protection of whistle-blowers	Business transparency.	Actual Impact	Business transparency (encouraging employees to report irregularities, thereby contributing to better business operations and achieving better business results).	Own operations	/	Fostering an open environment where employees feel safe to report issues build trust and improve overall morale. Regular feedback and issue reporting drive continuous improvement in processes and policies, which result in improved productivity, which is one of our strategic goals.	Whistleblowing Procedure Rules
Political engagement and lobbying activities	Continuity and independence of business from political options, opportunities, and risks.	Actual Impact	Continuity and independence of business from political options, opportunities, and risks.	Own operations	/	By maintaining operations independent of political influences, the Company achieves greater stability and predictability, which is crucial for long-term planning and investment and for achieving our business goals.	No formal policy due to long-standing practice against any political involvement
Management of relationships with suppliers including payment practices	Respecting business conditions with suppliers, thereby attracting the highest quality suppliers.	Actual Impact	Securing the highest quality suppliers based on the conditions we uphold and our reputation.	Own operations	/	We conduct regular supplier audits (considering all ESG factors), have an ethical code for fair treatment of suppliers, and a supplier payment policy in place. Irregularities can be reported through a portal. We respect all payment deadlines, regardless of the size or importance of the supplier.	Purchasing Guidelines Ethical Code of the purchasing organisation
Prevention and detection including training	Reducing corruption in the value chain.	Actual Impact	Reducing corruption in the value chain.	Own operations	/	Ethical behaviour is an essential part of the Code of the Corporate Governance, Code of Ethics in Business and the Ethical Code of the purchasing organisation and the Purchasing Guidelines of Atlantic Grupa.	Code of Corporate Governance, Code of Ethics in Business and Ethical Code of the purchasing organisation

IRO-1
Description of the processes to identify and assess material impacts, risks and opportunities

In identifying and assessing material IROs within Business Conduct, we considered specific characteristics of all our operating locations, the unique aspects of our sector and business activities, and our value chain. For more details, please see section Description of the processes to identify and assess material impacts, risks and opportunities (within ESRS 2).

G1-1
Corporate culture and business conduct policies

Corporate culture

At Atlantic Grupa, corporate culture is the backbone of our success. It transforms the workplace into a community, products into experiences, and contributions into meaningful change. Atlantic's strategic goals are built upon the strengths of our corporate culture, ensuring they reflect the values, behaviours, and unique intangible qualities that define our company.

Atlantic's corporate culture is deeply embedded in its governance framework, guided by key documents such as Atlantic's Code of Corporate Governance and the Code of Ethics in Business. Leaders exemplify the company's values of Passion, Care, Openness, and Growth through their daily interactions with teams, setting the tone for behaviours and expectations across the organisation.

To ensure alignment with business goals, Atlantic evaluates cultural effectiveness through regular engagement surveys, focus groups, and performance metrics such as employee satisfaction and leadership competencies. Internal communication channels, including townhall meetings and newsletters, further support transparency and cultural cohesion. This process is overseen by the People & Culture Team in collaboration with Corporate Communications and Strategy, with outcomes and initiatives regularly communicated to employees.

Business conduct policy

Within our Code of Corporate Governance, our Business Conduct Policy is defined and the Group Vice President for Corporate Activities is responsible for its implementation. At Atlantic Grupa, we uphold a steadfast commitment to conducting business in an ethical and principled manner, guided by our internal values and international standards. Even in the absence of regulatory mandates, we prioritise integrity, fairness, and authenticity in all our operations. Our approach to preventing and detecting corruption and bribery is comprehensive and risk-based, aligning with regulatory requirements, societal expectations, and our internal standards.
For the purpose of establishing and maintaining the culture and values of Atlantic Grupa and its subsidiaries, standards are defined that should apply in relation to the conduct and communication of members of the Management Board, Supervisory Board and its Committees, workers and other persons acting on behalf of the Company between themselves, and in relation to their conduct towards stakeholders, shareholders and third parties. The basic principles and standards of conduct that members of the Management Board, Supervisory Board and its Committees, workers and other persons acting on behalf of the Company must comply with between themselves and towards external stakeholders and shareholders are as follows:

- professionalism, expertise, impartiality;
- conscientiousness and honesty;
- prohibition of any form of discrimination and any form of harassment that violates a person's dignity;
- equality, justice and respect of human rights, integrity and dignity of a person;
- responsibility;
- transparency;
- compliance with the rules of business ethics;
- honesty in relations with business partners, shareholders and other stakeholders;
- avoiding conflicts of interest and
- managing the Company's assets with due care.

The above listed principles and standards of conduct are not an exhaustive list, but only a basic framework of conduct.

Depending on the gravity of violation and the person who committed a violation of the listed principles and standards, measures prescribed by the provisions of the law governing labour and employment relations, the law governing companies and/or measures prescribed by internal acts of the Company may be imposed.

Business conduct training

Despite the absence of formal business conduct training, all employees are directed and duly informed on the Company's rules of conduct that are made available in digital manner at the Company's official intranet platform, where all employees, at any time, can access company's documents, also available at the Company's premises on our bulletin boards.

Protection of whistleblowers

Our approach

Pursuant to legal provisions and the Company's commitment to provide its employees and contractors with the right to an honest, responsible, transparent and ethical work, i.e. a working environment where the main principles of business conduct are respected, Atlantic Grupa established a communication system for reporting irregularities. The procedure is based on the Company's Whistleblowing Procedure Rules, while the appointed Confidential Person and their Deputy are in charge of conducting the procedure prescribed thereto. Information on the number and outcome of report analyses is reported to the President of the Management Board and the Audit Committee of Atlantic Grupa. Persons who anonymously report or publicly disclose information on irregularities and whose identity was subsequently revealed are entitled to protection from retaliation. The Company is obliged to undertake all required and necessary actions to protect the reporter from the possibility of harmful actions and will take the necessary measures to stop harmful actions and eliminate the consequences thereof. Also, the Company may not dismiss, provide negative work evaluation, discriminate or disadvantage working position of an employee for reporting irregularities. The reporter's identity, i.e. the data on the basis of which their identity may be disclosed, as well as other information specified in the report of irregularities are kept strictly confidential. The report can be submitted to the designated confidential person either in writing or orally. A written report can be sent by mail (marked "for the confidential person – do not open") or by email to nepravilnosti@atlanticgrupa.com , with "report of irregularities" in the subject line to ensure clarity. Oral reports can be made by phone, voice messaging, or in person. The Group Vice President for Corporate Activities is accountable for the implementation of the Whistleblowing Procedure Rules.

The employees are duly informed on the reporting procedure, the confidential person and the deputy named for that purpose as they are made available in digital manner at the Company's official intranet platform, where all employees, at any time, can access company's documents and channels for reporting of irregularities, as well as on our bulletin boards at the Company's premises.

Actions and targets

The ambition of the whistleblowing programme is to handle all cases in an appropriate, objective, fair, and timely manner. No significant actions were needed in 2024, as we conduct effective monitoring as part of regular operations. Similarly, there are no targets regarding protection of whistleblowers as effectiveness is measured by tracking all reports through the designated communication system.

In 2024, one irregularity was reported, which was, following a detailed analysis, subsequently declared unfounded.

G1-2
Management of relationship with suppliers

Our approach

The supply chain is one of the key components of business with a significant impact on achieving sustainable goals and long-term value for the organisation. Consequently, supplier diversification stands out as a crucial strategy for organisations pursuing sustainable and successful operations. At Atlantic Grupa, we source raw materials and packaging for our products, machines for production and packaging, other equipment and technical devices, as well as other services necessary to support our business processes, from over 4,500 of our suppliers of different profiles, sizes, and origins, including both large global corporations and small local suppliers. These materials, equipment, and services are procured through diverse and often complex supply chains in terms of their characteristics, production processes, and geographical origin.
Regardless of their category, we aim to maintain

high-quality relationships with all our suppliers, enabling us to generate added value for both our company and our suppliers. All potential suppliers can contact us through the supplier portal accessible via the corporate website. Through this portal, suppliers can register and gain access to information about Atlantic Grupa's purchasing organisation, basic procurement categories and principles, required standards and certifications, and the Ethical Code of the purchasing organisation, which represents a set of values, standards, principles, and rules that all employees of the purchasing organisation are obliged to adhere to in conducting their business activities.

Suppliers can also use the portal to establish direct contact with the purchasing department, propose cooperation, share a business idea, or provide feedback based on their previous experience of working with us. Furthermore, to enable efficient exchange of information, ideas, and improvement proposals with our suppliers, we continuously organise interactive workshops of joint teams from Atlantic Grupa and our suppliers. A large number of innovative solutions and those whose implementation positively contributed to the sustainability of our products are the result of joint projects with our suppliers.

The basic principles for procurement and supplier relationship management are defined in the Purchasing Guidelines, the fundamental document of Atlantic Grupa's purchasing organisation, accompanied by procedures, manuals, and instructions detailing specific areas of procurement activities across its operating companies. The Executive Director of Central Purchasing is accountable for the implementation of the Purchasing Guidelines. The Guidelines stipulate that Atlantic Grupa's purchasing organisation takes only such actions and practices that ensure sustainable resource use and procurement by promoting waste reduction, improving environmental impacts, and safeguarding human and labour rights. While sourcing and selecting new suppliers, we actively seek only such suppliers who share our values and business principles and promote high business standards such as compliance with laws, respecting human and employee rights, prohibition of child labour and workers abuse, as well as adhering to environmental laws and demonstrating commitment to preserving the environment. We pay great attention to fair treatment of all our suppliers, ensuring that their partnership with us is economically sustainable from their perspective as well. An important contribution to this is the regular payment of suppliers for delivered goods and services, i.e. payment of their invoices according to the agreed payment terms. All suppliers, regardless of their size, are guaranteed equal treatment. Our standard payment term for suppliers in 2024 was within 60 days and over 95% of payments were made within the agreed deadline. When necessary, adjusted to specific situations with individual suppliers, they received their payment earlier.

A significant number of raw materials used in the production processes for Atlantic Grupa products originate from distant geographical areas because they are not grown or produced locally (such as raw coffee, cocoa, peanuts, or vitamins). However, for all raw materials and packaging that are produced locally, we primarily seek suppliers from local markets due to various economic, social, or environmental benefits for both Atlantic Grupa and our local suppliers.

Additionally, special attention is paid to the presence of so-called vulnerable suppliers in Atlantic Grupa's supply chains, namely those suppliers exposed to significant economic, environmental, or social risks. While a significant presence of vulnerable suppliers among Atlantic Grupa's suppliers has not been detected so far, we are also focused on detecting such suppliers in the deeper layers of our supply chains, where they may appear as suppliers of our suppliers. In doing so, we use mapping of our supply chains, surveys of our first-level suppliers, audits of our suppliers, as well as requesting appropriate documentation from suppliers to prove the absence of vulnerable suppliers in their supply chains.

Key actions

Considering that IROs were identified in the third quarter of 2024, actions in the context of future initiatives to achieve specific targets have not yet been defined and will be made in the upcoming periods. The key actions we have implemented throughout the year are described below.

(1) **Annual supplier evaluation**
Atlantic Grupa's purchasing organisation is committed to selecting only those suppliers who uphold high standards when dealing with our company. Atlantic Grupa's common supplier monitoring model was established in

2014 and has been successfully applied and enhanced since then. The following practices are applied:

- Verification of supplier certificates and documents related to necessary quality standards and practices:
- Verification of supplier questionnaires for their master data (e.g., production capacities, workforce, etc.), food safety and food fraud management practices, as well as environmental and social policies;
- Regular monitoring of delivery compliance; and
- Regular monitoring of the adherence to the agreed procurement terms.

Supplier evaluation is conducted annually, and each supplier receives feedback about their rating and required improvements.

The annual supplier evaluation is also an important input for identifying risks and planning supplier audits. The annual plan for auditing suppliers of raw materials, packaging materials, contracted production, and services impacting product safety is conducted as part of the product safety and quality assurance process. The supervision of service providers in the waste management process is also regularly conducted. Findings from the supplier audit process are transformed into action plans for improvements.

(2) **Risk management**
The identification and assessment of all supply chain risks, as well as the definition and implementation of measures to avoid, mitigate, or transfer the consequences of potential risk events and situations to Atlantic Grupa's operations, are among the most critical tasks of the purchasing organisation.

Risk management within supply chains is seamlessly integrated into the procurement category management process. Likewise, supplier risk management is an integral part of the Supplier Relationship Management (SRM) process. To ascertain the level of risk, which includes environmental and social aspects of sustainable development, suppliers are actively assessed based on multiple criteria using the digital tool Sphera SCRM, through which we monitor the key 500 suppliers of Atlantic Grupa.

The software helps us assess and mitigate climate change-related risks by providing data-driven insights and proactive monitoring. It tracks climate risk indicators like extreme weather events and changing environmental regulations, offering timely alerts and actionable insights. This information is summarized in an annual Supply Chain Risk Report, which offers insights into the causes and consequences of supply chain disruptions. All potential climate change influences are hence included in addressing availability, regulatory and consequent financial risks that might arise from climate change.

(3) **Supplier code of conduct**
In order to reflect our commitment to sustainable development and to guide us in conducting our business in an ethical and upright manner, we have created the Supplier Code of Conduct. Through this code, we communicate the minimum requirements that we expect our suppliers to follow while conducting business in an ethical, socially and environmentally responsible manner. For more information, please refer to section S2-2.

(4) **Ethical code of the purchasing organisation**
Ethical Code of the purchasing organisation is a set of values, standards, principles and rules that all staff members of Atlantic Grupa's purchasing organisation responsible for procurement in the company have to respect in performing their business activities. The Ethical Code covers the following areas:

- **Legal compliance**
The purchasers are obliged to stay informed about any changes in laws and regulation pertaining to purchasing and to apply them in their business. In addition to various national and international laws and regulations of a general character, the purchasers have to follow and apply all other laws and regulations related to trade, industry, protection of patents and copyrights, environmental protection, work safety, labour law, etc.
- **Applying the criteria of sustainable purchasing**
When making sourcing and purchasing decisions, Atlantic Grupa's purchasing organisation is committed to considering both environmental and social factors and aims to minimise the environmental and social impacts that the

items we purchase have. Purchasing operations must be conducted in such a way as to respect social, ethnic, cultural, sexual and racial diversity, and business decisions must not be directed in a way that favours any of the categories of ethnic, sexual or racial criteria.

- **Fair treatment of suppliers**
  The purchasing organisation and the purchasing staff have to enable and support fair market competition among potential suppliers interested in entering into a business relationship with Atlantic Grupa. This means that the supplier selection process has to always be defined and conducted in such a way as to prioritise suppliers capable of providing quality products or services at competitive prices, or that have visible and proven advantages to the business of Atlantic Grupa compared to other suppliers. While selecting suppliers or later when the cooperation with suppliers is already established, any influence which is not of a business nature, or is affected by the personal interest of the purchasing staff, is not allowed. In this regard, the purchasers have no right to ask for or receive money, favours or gifts from suppliers or potential suppliers. Exceptionally, only business gifts of symbolic value could be accepted as an expression of a common business practice or a business partner's courtesy. However, their giving or accepting should in no way influence the decision-making process, supplier selection, negotiations or agreements with suppliers. The manner of dealing with suppliers, regardless of their negotiating position and power of the purchasing department, must be civilised and fair, and the purchasing staff is bound to respect all agreed terms with suppliers, providing that the other side respects its obligations too. The purchasing staff also commits to keeping business secrets and professional data, and their selective use, which also applies to all confidential information obtained from suppliers when competing for the supply of goods and services, as well as offers or business reports. This information may not be made available to third parties without the consent of the party that provided it.
- **Dignity of the purchasing profession**
  The purchasing staff has to develop and maintain their professional competences, which means they are obliged to continuously develop and improve their professional value both in terms of specific skills and knowledge in the purchasing area (technical knowledge, knowledge of commerce, trade, laws and regulations), and in terms of communication and other „soft" skills. For achieving this, the purchasers should be open to communicate with other purchasing professionals outside the company and with purchasing associations and institutions to exchange and share experiences and opinions. As the representatives of the purchasing profession, purchasers of Atlantic Grupa have to act in such a way to maintain the dignity of the purchasing profession, and at the same time to ensure that the others who are in contact with them also recognise the dignity of the purchasing profession. Transparency is a key component of our ethical business practices that ensures mechanisms for reporting any misconduct, providing employees with a safe way to report perceived wrongdoings.

Targets

We have not determined targets in relation to our material IROs. In the next reporting period, we will set the targets.

G1-3 Prevention and detection of corruption and bribery

We conduct business in an ethical and principles-based manner, even in the absence of applicable regulatory requirements. We take a coordinated, holistic and risk-based approach to monitoring our conduct against regulatory requirements, societal expectations and our internal standards. Our commitment to integrity, fairness and authenticity are enshrined in our company's purpose and values. To understand the terms bribery and corruption, it is important to note that they include practices such as: facilitation payments, fraud, extortion, collusion, money laundering, offering or receiving gifts, loans, fees, rewards or other advantages as an inducement to do something that is dishonest, illegal or represents a breach of trust, as well as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.
Atlantic Grupa respects good and responsible business practices in the marketplace, as well as international norms, and in its operations treats everyone with integrity. This is formally shown by

acceding to the Code of Ethics in Business issued by the Croatian Chamber of Economy, which lays down guidelines for ethical behaviour of business subjects in the Croatian economy, and the Code of Corporate Governance issued by the Zagreb Stock Exchange and HANFA.

The reporting procedure for corruption-related misconduct is defined under the Whistleblowing Procedure Rules of Atlantic Grupa, which prescribes the reporting procedure, as well as rights and duties of each and all employees of Atlantic Grupa who in their work observe or become aware of either an actual or a potential illegal action or potential violation of the accepted rules of business conduct in the Company carried out by another employee(s). Our Whistleblowing Procedure Rules comply with local regulations that are consistent with the United Nations Convention against Corruption. Any employee who in their work observes or becomes aware of misconduct shall have the right, at their own discretion, to submit an anonymous report on the potential misconduct without providing information on their identity. Appointed persons that are in charge to lead the process, once the report has been made, are separate from the chain of management involved in the matter. The annual reporting in this matter is made to the Audit Committee so it can pursue its monitoring role. The Audit Committee reports to the Supervisory Board on the outcome and its opinion. Atlantic Grupa and its subsidiaries require from all their suppliers to act with integrity and comply with all applicable laws of their respective countries, including the prohibition of giving or receiving a bribe or personal payment. The requirements for suppliers are defined in detail in the Ethical Code of the purchasing organisation and the Purchasing Guidelines of Atlantic Grupa.

We have not had any incidents, convictions, or fines for violation of anti-corruption and anti-bribery laws, or any breaches of procedures and standards in relation to anti-bribery and anti-corruption during 2024. Therefore, no significant actions were needed in 2024. Similarly, there are no targets regarding the prevention and detection of corruption and bribery as effectiveness is measured by tracking all reports through the designated communication system.

Anti-corruption training

The procurement department is the most exposed department to risks of bribery and corruption due to its critical role in managing supplier relationships and overseeing significant financial transactions. Despite the absence of formal anti-corruption training, all staff members within the purchasing organisation have to respect the values, standards, principles and rules set in the Ethical Code of the purchasing organisation (please refer to section Ethical Code of the purchasing organisation). This code serves as a fundamental guideline to ensure integrity, transparency, and fairness in all procurement activities, thereby mitigating potential risks and fostering a culture of ethical conduct.

G1-5 Political influence and lobbying activities

Our basic business principles are transparency, efficiency and responsibility in all activities and relationships, together with strict compliance with the Code of Corporate Governance and applicable laws and regulations.

We support those public policy solutions that are consistent with the key issues for our business, which include environmental sustainability, consumer preferences, working conditions and improving business conditions in each of the markets in which we operate. Our engagement includes participation in various industry and business forums and when relevant to our business interests, we promote our views through various initiatives.
With its participation and involvement in many national and international associations, Atlantic Grupa contributes to the improvement of regular and institutional frameworks for business, as well as strengthening economic policies in order to create better conditions for business and economic development.

At the same time, the Company has a long-standing practice against any political involvement and does not use corporate funds and its resources, including in-kind, to contribute or support state or local political candidates, political parties or political committees, even when permitted by law.

The company is not involved in political engagement of any kind and does not perform any lobbying activities.

G1-6 Payment practice

For more detailed information on Atlantic Grupa's payment practices, please refer to section Management of relationship with suppliers.

The average time the Company takes to pay an invoice, starting from the date when the contractual or statutory term of payment begins, is 55 days. For this calculation, all suppliers are taken into consideration for all our legal entities (which are part of the consolidation). There are currently no outstanding legal proceedings for late payments.

Appendix B

The following table contains all the datapoints that derive from other EU legislation, as listed in ESRS Appendix B, and also indicates where the datapoints can be found in our report.

Disclosure requirement	Data point	Name	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x			ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			x			ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4	30	Statement on sustainability due diligence	x					ESRS 2 GOV-4 – Statement on due diligence
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not relevant	
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not relevant	
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not relevant	
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not relevant	
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x		E1-1 – Transition plan for climate change mitigation
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		x	x			E1-1 – Transition plan for climate change mitigation
ESRS E1-4	34	GHG emission reduction targets	x	x	x			E1-4 – Targets related to climate change mitigation and adaptation
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources	x					E1-5 – Energy consumption and mix
ESRS E1-5	37	Energy consumption and mix	x					E1-5 – Energy consumption and mix
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x					E1-5 – Energy consumption and mix
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x			E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x			E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions
ESRS E1-7	56	GHG removals and carbon credits				x	Not relevant	
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Not relevant	
ESRS E1-9	66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk		x			Not relevant	
ESRS E1-9	66 (c)	Location of significant assets at material physical risk		x			Not relevant	
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes			x		Not relevant	
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities	x				Not relevant	
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	x				Not material	
ESRS E3-1	9	Water and marine resources	x					E3-1 Policies related to water and marine resources
ESRS E3-1	13	Dedicated policy	x					E3-1 Policies related to water and marine resources
ESRS E3-1	14	Sustainable oceans and seas	x					E3-1 Policies related to water and marine resources
ESRS E3-4	28 (c)	Total water recycled and reused	x					E3-4 Water consumption
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	x					E3-4 Water consumption
ESRS 2 IRO 1 - E4	16 (a) i	Biodiversity sensitive areas	x					E4 - IRO-1 Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities
ESRS 2 IRO 1 - E4	16 (b)	Land degradation	x					E4 - IRO-1 Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities
ESRS 2 IRO 1 - E4	16 (c)	Threatened species	x					E4 - SBM-3 Material IROs and their interaction with strategy and business model
ESRS E4-2	24 (b)	Sustainable land/ agriculture practices or policies	x					E4-2 Policies related to biodiversity and ecosystems
ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	x				Not material	
ESRS E4-2	24 (d)	Policies to address deforestation	x					E4-2 Policies related to biodiversity and ecosystems
ESRS E5-5	37 (d)	Non-recycled waste	x					E5-5 Resource outflows
ESRS E5-5	39	Hazardous waste and radioactive waste	x					E5-5 Resource outflows
ESRS 2 SBM3 - S1	14 (f)	Risk of incidents of forced labour	x					S1 - SBM-3 Material IROs and their interaction with strategy and business model
ESRS 2 SBM3 - S1	14 (g)	Risk of incidents of child labour	x					S1 - SBM-3 Material IROs and their interaction with strategy and business model
ESRS S1-1	20	Human rights policy commitments	x					S1-1 Policies related to own workforce
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x			S1-1 Policies related to own workforce
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Not material	
ESRS S1-1	23	Workplace accident prevention policy or management system	x					S1-1 Policies related to own workforce
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x					S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

ESRS S1-14	88 (b), (c)	Number of fatalities and number and rate of work-related accidents	x	x		S1-14 Health and safety metrics
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x			S1-14 Health and safety metrics
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x	x		S1-16 Remuneration metrics (pay gap and total remuneration)
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x			S1-16 Remuneration metrics (pay gap and total remuneration)
ESRS S1-17	103 (a)	Incidents of discrimination	x			S1-17 Incidents, complaints and severe human rights impacts
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines	x	x		S1-17 Incidents, complaints and severe human rights impacts
ESRS 2 SBM3 – S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x			S2 - SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1	17	Human rights policy commitments	x			S2-1 Policies related to managing material impacts on workers in the value chain, as well as related material risks and opportunities
ESRS S2-1	18	Policies related to value chain workers	x			S2-1 Policies related to managing material impacts on workers in the value chain, as well as related material risks and opportunities
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x	x		S2-1 Policies related to managing material impacts on workers in the value chain, as well as related material risks and opportunities
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8		x		S2-1 Policies related to managing material impacts on workers in the value chain, as well as related material risks and opportunities
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x			S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
ESRS S3-1	16	Human rights policy commitments	x		Not material	
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	x	x	Not material	
ESRS S3-4	36	Human rights issues and incidents	x		Not material	
ESRS S4-1	16	Policies related to consumers and end-users	x			S4-1 Policies related to consumers and end-users
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x	x		S4-1 Policies related to consumers and end-users
ESRS S4-4	35	Human rights issues and incidents	x			S4-4 Taking actions to manage material IROs
ESRS G1-1	10 (b)	United Nations Convention against Corruption	x			G1-3 Prevention and detection of corruption and bribery
ESRS G1-1	10 (d)	Protection of whistleblowers	x			G1-1 Corporate culture and business conduct policies
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x	x	Not relevant	
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x		Not relevant	

AUDITOR'S LIMITED ASSURANCE REPORT ON SUSTAINABILITY STATEMENT

Responsibility for the sustainability statement

According to the provisions of Articles 32 and 36 of the Accounting Act (NN 135/24), the Management Board is responsible for the preparation of the consolidated Sustainability statement in accordance with the European Sustainability Reporting Standards (ESRS) and for:

- preparation of disclosures in the section EU taxonomy of the consolidated Sustainability statement in accordance with the reporting requirements of Article 8 of EU Regulation 2020/852 (EU Taxonomy Regulation);
- design, implementation, and maintenance of internal control systems that the Management Board deems necessary to enable the preparation of the consolidated Sustainability statement, free from material misstatements due to fraud or error, and
- selection and application of appropriate sustainability reporting methods, as well as making reasonable judgments and estimates regarding individual sustainability disclosures, considering the circumstances.

The Management Board is also responsible for the design and implementation of the process for identifying information disclosed in the consolidated Sustainability statement in accordance with the ESRS, and for disclosing this process in the section ESRS 2; IRO-1 in the consolidated Sustainability statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and understanding the affected stakeholders;
- identification of actual and potential impacts (both negative and positive) related to sustainability issues, as well as risks and opportunities that affect, or could reasonably be expected to affect the Group's financial position, financial performance, cash flows, access to financing or cost of capital in the short, medium, or long term;
- assessment of the significance of the identified impacts, risks, and opportunities related to sustainability issues by selecting and applying appropriate materiality thresholds, and
- making assumptions that are reasonable under the circumstances.

The consolidated Sustainability statement was approved 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 limited assurance report on Sustainability Statement

To the Shareholders of Atlantic Grupa d.d.

Scope

We have been engaged by Atlantic Grupa d.d. to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on consolidated Sustainability Statement (the "Subject Matter") of Atlantic Grupa d.d. (the "Company", an EU/EEA entity) and its subsidiaries (together "the Group"), contained in About the Company section of the Management Report (the "Sustainability Statement"), as at 31 December 2024 and for the year then ended.

Criteria applied by the Group

In preparing the Sustainability Statement, Atlantic Grupa d.d. applied the provisions of the Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 and IRO-2 and
- Compliance of the disclosures set out in the Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

Inherent limitations in preparing the sustainability statement

Inherent limitations exist in all assurance engagements.

The criteria, nature of the Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, Management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, Management interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Management and Audit Committee responsibilities

Management is responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO-1 and IRO-2 of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the Sustainability Statement, in accordance with Croatian Accounting Act Articles 32 and 36 , including:

- compliance with the ESRS;
- preparing the disclosures in subsection EU Taxonomy within the environmental section of the Sustainability Statement, in compliance with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that Management determines are necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Audit committee is responsible for overseeing the Group's sustainability reporting process.

Auditor's responsibilities

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') as prescribed by the Article 37 of the Croatian Accounting Act, and the terms of reference for this engagement as agreed with Atlantic Grupa d.d. on 10 January 2025.Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

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Our responsibilities in respect of the Subject Matter, in relation to the Process, include:

- Obtaining an understanding of the process but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the process is consistent with the Group's description of its process, as disclosed in note ESRS 2 IRO-1 and IRO-2.

Our other responsibilities in respect of the Subject Matter include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error;
- Designing and performing procedures responsive to disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Sustainability statement and related information and applying analytical and other appropriate procedures.

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by Management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Group's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the process implemented by the Group was consistent with the description of the process set out in note ESRS 2 IRO-1 and IRO-2.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement including the consolidation process by obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement, but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the process to identify the information reported in the Sustainability Statement is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquires of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify EU taxonomy eligible and aligned economic activities for turnover, CAPEX and OPEX and the corresponding disclosures in the Sustainability Statement;
- Evaluated the presentation and use of EU taxonomy templates in accordance with relevant requirements;
- Reconciled and ensured consistency between the reported EU taxonomy economic activities and the items reported in the primary financial statements including the disclosures provided in related notes.

We also performed such other procedures as we considered necessary in the circumstances.

A member firm of Ernst & Young Global Limited
Mjerodavan sud: Trgovački sud u Zagrebu; Temeljni kapital: 2.640,00 eura uplaćen u cijelosti;
Članovi Uprave: Berislav Horvat, Ivana Krajinović, Zvonimir Madunić
Applicable court: Commercial court in Zagreb; Registered share capital is 2.640,00 euro, fully paid;
Members of the Board: Berislav Horvat, Ivana Krajinović, Zvonimir Madunić

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Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with Articles 32 and 36 of the Croatian Accounting Act, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Management to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in note ESRS 2 IRO-1 and IRO-2; and
- compliance of the disclosures in subsection EU Taxonomy within the environmental section of the Sustainability Statement with Article 8 of Regulation (EU) 2020/852 (the "Taxonomy Regulation").

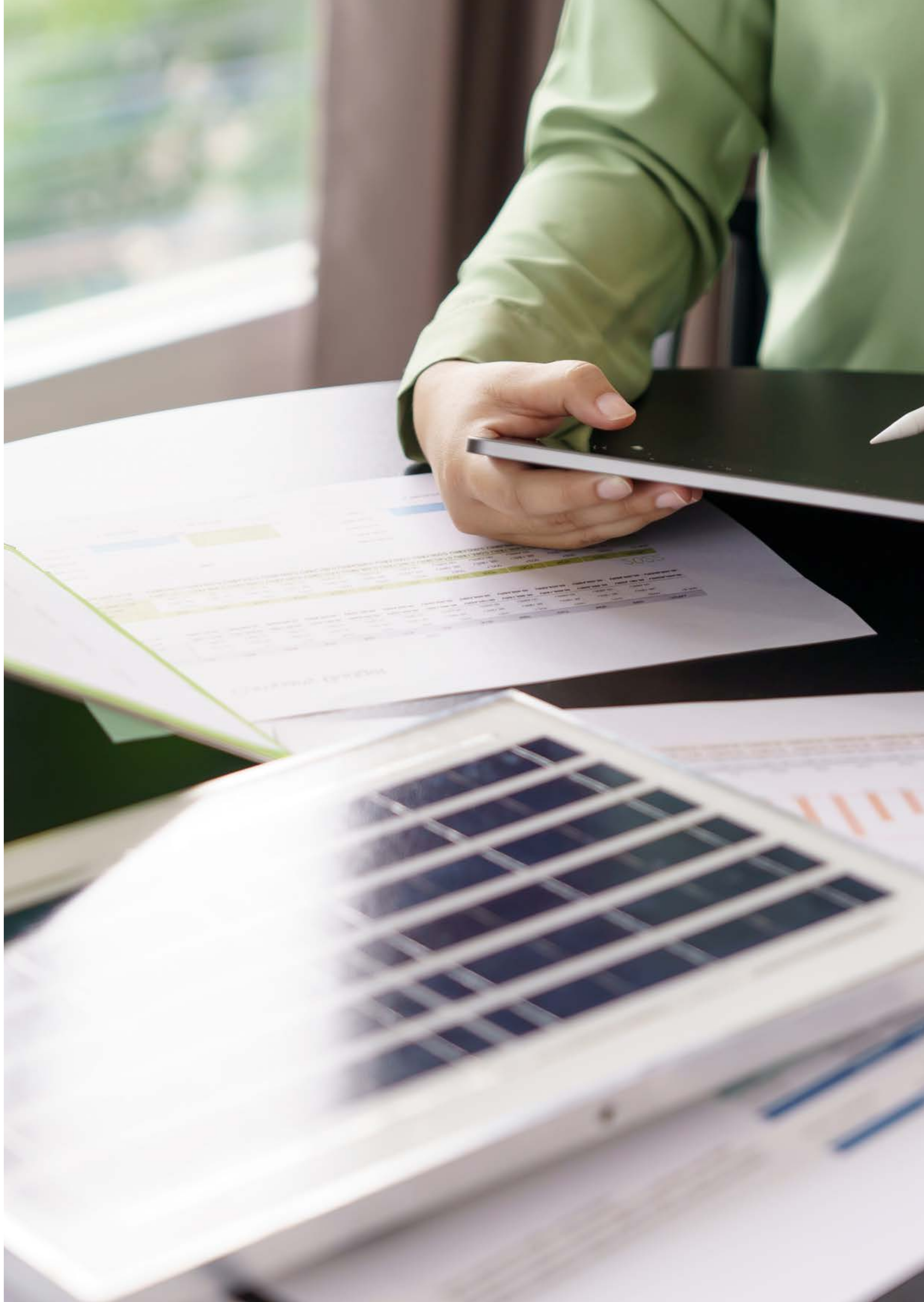
Other matters

The comparative information included in the Sustainability statement of the Group for the financial year 1 January – 31 December 2023 was not subject to an assurance engagement. Our conclusion is not modified with respect of this matter.

Ivana Krajinović

Ivana Krajinović
Member of the Board and certified auditor

Ernst & Young d.o.o.
Radnička cesta 50
Zagreb
31 March 2025



FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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
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Donat and International Expansion

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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**
Assessment of impairment of goodwill and intangible assets with indefinite useful lives *See Note 2.7 Impairment of non-financial assets and Note 4.b Impairment of goodwill and intangible assets with indefinite useful lives* 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. 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. 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. 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.	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. 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. 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. 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. We reviewed reports related to market share of the individual brands. 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.

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.

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.

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 XBLR 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

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

(all amounts expressed in thousands of EUR)	**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.

(all amounts expressed in thousands of EUR)	**Note**	**2024**	**2023**
Net profit for the year		**26,567**	**31,220**
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss			
Actuarial losses from defined benefit plan, net of tax		(136)	(268)
		(136)	**(268)**
Items that may be subsequently reclassified to profit of loss			
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.

(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
		546,370	485,864
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
		432,365	414,471
Assets held for sale	15	7,392	7,392
		439,757	421,863
TOTAL ASSETS		**986,127**	**907,727**
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
		460,860	445,223
Non-controlling interests		1,162	1,035
Total equity and reserves		**462,022**	**446,258**
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
		154,731	163,919
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
		369,374	297,550
Total liabilities		**524,105**	**461,469**
TOTAL EQUITY AND LIABILITIES		**986,127**	**907,727**

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

	Attributable to owners of the Company					
(all amounts expressed in thousands of EUR)	Share Capital, Premium and Treasury shares	Reserves	Retained earnings	Total	Non-controlling interest	Total
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.

(all amounts expressed in thousands of EUR)	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 Barcaffe, 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 retyring 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.

(in thousands of EUR)	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

(in thousands of EUR)	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

(in thousands of EUR)	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:

(in thousands of EUR)	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 *(in thousands of EUR)*	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 *(in thousands of EUR)*	**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 *(in thousands of EUR)*	**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:

	2024	2023
Barcaffe	5.0%	5.0%
Najlepše želje	6.0%	6.0%
Bananica	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.

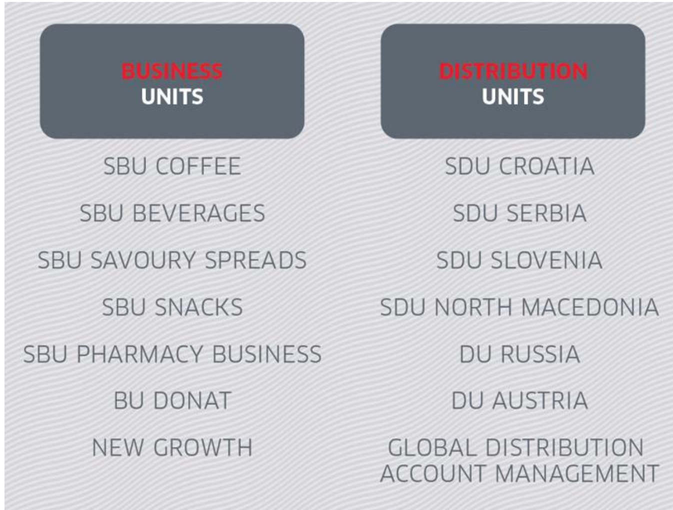
(c) Deferred tax asset recognition

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* *(in thousands of EUR)*	**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	**For the year ended 31 December 2024**		
(in thousands of EUR)	**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**		
(in thousands of EUR)	**Operating Profit/(Loss) before Depreciation, Amortisation and Impairment**	**Depreciation, Amortisation and Impairment**	**Operating Profit/(Loss)**
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:

(in thousands of EUR)	**31 December 2024**	**31 December 2023**
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 (in thousands of EUR)	2024 %	2023 (in thousands of EUR)	2023 %
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 (in thousands of EUR)	2024 %	2023 (in thousands of EUR)	2023 %
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

(in thousands of EUR)	2024	2023
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
	171,661	**149,212**

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

(in thousands of EUR)	2024	2023
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
	52,116	**43,587**

NOTE 8 – OTHER OPERATING COSTS

(in thousands of EUR)	2024	2023
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

(in thousands of EUR)	2024	2023
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

(in thousands of EUR)	2024	2023
Finance income		
Foreign exchange gains on borrowings and lease liabilities	109	56
	109	56
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	(10,055)	(6,060)
Foreign exchange losses on borrowings and lease liabilities	(37)	(21)
	(10,092)	(6,081)
Finance costs - net	**(9,983)**	**(6,025)**

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

NOTE 11 – INCOME TAX

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

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:

(in thousands of EUR)	**2024**	**2023**
Profit before taxation	**35,829**	**38,655**
Income tax calculated at Croatian statutory income tax rate of 18%	6,449	6,958
Tax effects of:		
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.

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

(in thousands of EUR)	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

(in thousands of EUR)	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

(in thousands of EUR)	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

(in thousands of EUR)	**2024**	**2023**
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.

NOTE 16 – INTANGIBLE ASSETS

(in thousands of EUR)	**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:

(in thousands of EUR)	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
	275,274	291,901
Financial assets at fair value through other comprehensive income	109	161
Derivative financial instruments		
Cash flow hedges	5,827	384
Total financial assets	**281,210**	**292,446**
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
	466,075	408,143
Derivative financial instruments		
Cash flow hedges	-	988
Financial liabilities at fair value through profit or loss		
Contingent consideration for acquisition of subsidiaries	69	108
Total financial liabilities	**466,144**	**409,239**
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

(in thousands of EUR)	31 December 2024	31 December 2023
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
	13,894	15,299
Current receivables		
Trade receivables /ii/	204,845	191,990
Loans and deposits given /i/	935	9,911
Other receivables /iii/	38,995	35,652
	244,775	237,553
	258,669	**252,852**

(in thousands of EUR)	31 December 2024	31 December 2023
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
	222,068	**219,348**

NOTE 19 – TRADE AND OTHER RECEIVABLES (continued)

/i/ Loans and deposits given are as follows:

(in thousands of EUR)	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:

(in thousands of EUR)	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:

(in thousands of EUR)	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:

(in thousands of EUR)	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:

(in thousands of EUR)	31 December 2024	31 December 2023
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:

(in thousands of EUR)	31 December 2024	31 December 2023
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:

(in thousands of EUR)	2024	2023
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

(in thousands of EUR)	31 December 2024	31 December 2023
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
	126,357	**102,023**

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

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

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

Cash and cash equivalents are denominated in the following currencies:

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

NOTE 22 – SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

(in thousands of EUR)	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

(in thousands of EUR)	Reserves /i/	Translation reserves /ii/	Cash flow hedge reserves /ii/	Total
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:

(in thousands of EUR)	2024	2023
Cash flow hedges		
Currency forward contracts		
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)
	3,330	1,199
Currency option contracts		
Cost of hedge	(422)	-
Net gain during the year of not-yet matured contracts	1,669	-
	1,247	-
	4,577	**1,199**

NOTE 24 – TRADE AND OTHER PAYABLES

(in thousands of EUR)	31 December 2024	31 December 2023
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:

(in thousands of EUR)	31 December 2024	31 December 2023
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:

(in thousands of EUR)	31 December 2024	31 December 2023
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

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

/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:

(in thousands of EUR)	31 December 2024	31 December 2023
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
	171,242	**159,773**

NOTE 25 – BORROWINGS (continued)

The maturity of long-term borrowings is as follows:

(in thousands of EUR)	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:

	Carrying amounts		**Fair value**	
(in thousands of EUR)	**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:

(in thousands of EUR)	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

(in thousands of EUR)	**Provisions**	**Other**	**Total**
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

(in thousands of EUR)	**Fair value uplifts of assets acquired in business combinations**	**Other**	**Total**
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

(in thousands of EUR)	**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:

(in thousands of EUR)	Note	2024	2023
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.

The Management Board of Atlantic Grupa d.d. (hereinafter: Atlantic Grupa or the Company), pursuant to the provisions of Articles 250a, 250b, 300a and 300b of the Companies Act and Articles 462 and 463 of the Capital Market Act, at its session held on 31 March 2025, rendered the following

DECISION

I The Annual Report of Atlantic Grupa d.d. is hereby determined, as stated in the text of the "ANNUAL REPORT 2024" enclosed with this Decision.

II The audited non-consolidated and consolidated annual financial statements for 2024 are hereby determined, which consist of the following: statement of financial position (balance sheet), income statement, statement of other comprehensive income, cash flow statement, statement of changes in equity and notes to the financial statements, as stated in the text that forms an integral part of the Report referred to in item I of this Decision.

III It is hereby determined that the auditor, Ernst & Young d.o.o. from Zagreb, Radnička cesta 50, Croatia and Kulić & Sperk d.o.o. from Zagreb, Radnička cesta 52, Croatia, produced the Auditor's Report for 2024, as stated in the text that forms an integral part of the Report referred to in item I of this Decision.

IV The Management Board's Report on the Status of the Company / Management Report for the period from 1 January 2024 to 31 December 2024 is hereby determined, as stated in the text that forms an integral part of the Report referred to in item I of this Decision.

V It is hereby determined that the auditor Ernst & Young d.o.o. from Zagreb, Radnička cesta 50, Croatia prepared a sustainability report assurance, all in the text that forms an integral part of the Report from point I of this Decision.

VI Pursuant to Article 463 of the Capital Market Act, the Company's Management Board adopted the decision to publish the reports referred to in items I to V of this Decision, indicating that the Supervisory Board has yet to decide on them, i.e. they have not yet been approved by the competent body of the issuer Atlantic Grupa d.d.

VII Pursuant to Article 300b of the Companies Act:

1. The reports referred to in items II and IV of this Decision shall be submitted to the Supervisory Board for examination together with a proposal that the Supervisory Board approves those Reports at its session scheduled according to the published calendar of events (30 April 2025);

2. The Auditor's Report referred to in item III and V of this Decision shall be submitted to the Supervisory Board, so that the Supervisory Board could take its position at the session scheduled according to the published calendar of events (30 April 2025);

3. After the Supervisory Board adopts the decisions referred to in items 1 and 2, the Company's Management Board shall, concurrently, at the session of the Supervisory Board scheduled according to the published calendar of events (30 April 2025), submit to the Supervisory Board the Proposal of decision on the distribution of profits, so that the Supervisory Board could take its position;

4. The decision of the Company's Supervisory Board on approval of annual reports, as well as the consequently adopted proposal of the Management Board and Supervisory Board on the distribution of profits, shall be published in accordance with Article 463 paragraph 4 of the Capital Market Act.

Atlantic Grupa d.d.

Emil Tedeschi, President of the Management Board

DESIGN - WARD

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