

Atlantic Grupa d.d.

**Non-consolidated financial results
for the year ended 31 December 2018
(unaudited)**

Content:

- I. Report on business results for the year ended 31 December 2018**
- II. Unaudited non-consolidated financial reports for the year ended 31 December 2018**
- III. Statement of liability for preparation of financial reports**

General information:

Atlantic Grupa d.d. was incorporated in Republic of Croatia in 2002. Atlantic Grupa d.d. is domiciled in Zagreb, Miramarska 23, Croatia.

Atlantic Grupa d.d. performs corporate activities such as planning entrepreneurial functions, organisation of principal activities, gathering and utilising financial assets, defining strategy and development of business activities of Atlantic Grupa.

On December 31th 2018 Atlantic Grupa employed 155 employees.

Management Board members:

- ❖ Emil Tedeschi, President of the Management Board
- ❖ Neven Vranković, Group Vice President for Corporate Affairs
- ❖ Zoran Stanković, Group Vice President for Finance

Supervisory Board members:

- ❖ Zdenko Adrović, President
- ❖ Lada Tedeschi Fiorio, Vice President
- ❖ Siniša Petrović, member
- ❖ Franz Josef Flosbach, member
- ❖ Aleksandar Pekeč, member
- ❖ Lars Peter Elam Håkansson, member

On December 31th 2018 share capital of Atlantic Grupa d.d. totalled HRK 133,372,000.00 divided into 3,334,300 ordinary shares in the nominal amount of HRK 40.00.

Financial results for the year ended 31 December 2018:

During 2018 Atlantic Grupa d.d. reported HRK 190,506,037 of operating income, attributed in total to other operating income.

In the same period, Atlantic Grupa d.d. reported HRK 288,416,189 of operating costs. The most significant part of operating costs relate to employee expenses in the amount of HRK 75,941,765 which include net salaries, taxes and contributions from salary expenses and contributions on salary, and to other expenses in the amount of HRK 65,526,480. Other expenses relate to maintenance, rent and other services. Other operating costs in the amount of HRK 73,574,797 comprise the loss from sale of subsidiaries in the amount of HRK 50.603.945.

For the year ended 31 December 2018 financial income amounted HRK 182,618,297 primarily realised through the distribution of profit of subsidiaries. Financial expenses in the same period amounted to HRK 65,873,134.

Atlantic Grupa d.d. reported HRK 76,490,176 of net profit in 2018.

ATLANTIC GRUPA d.d.

**CONDENSED NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (UNAUDITED)**

Annex 1.

Reporting period

1.1.2018

to

31.12.2018

Quarterly financial report TFI-POD

Tax number (MB): 01671910

Company registration number
(MBS): 080245039Personal identification
number (OIB): 71149912416

Issuing company: ATLANTIC GRUPA d.d.

Postal code and place: 10000 Zagreb

Street and house number: MIRAMARSKA 23

E-mail address: atlantic@atlantic.hr

Internet address: www.atlantic.hr

Municipality/city code and name

County code and name

Number of employees: 155
(period end)

Consolidated report: NO

NKD code: 7010

Companies of the consolidation subject (according to IFI)

Seat:

MB:

Bookkeeping service:

Contact person: Ilinčić Tatjana
(only surname and name)

Telephone: 012413927

Telefaks: 012413002

E-mail address: tatjana.ilincic@atlanticgrupa.com

Family name and name: Stanković Zoran
(person authorized to represent the company)

L.S.

(signature of the person authorized to represent the company)

BALANCE SHEET

AS AT 31 DECEMBER 2018

Balance Sheet as of 31.12.2018.			
Company: Atlantic grupa d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	1.554.818.037	1.521.365.804
I. INTANGIBLE ASSETS (004 do 009)	003	26.193.949	37.252.853
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005	21.077.728	21.881.184
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008	5.116.221	15.371.669
6. Other intangible assets	009		
II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)	010	17.134.888	13.526.839
1. Land	011		
2. Buildings	012	8.495.989	6.753.821
3. Plant and equipment	013		
4. Tools, working inventory and transportation assets	014	5.827.607	4.188.877
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	0	
7. Tangible assets in progress	017	1.616.823	1.389.672
8. Other tangible assets	018	1.194.469	1.194.469
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 do 028)	020	1.508.300.228	1.466.895.842
1. Share in related parties	021	1.507.182.368	1.455.054.892
2. Loans to related parties	022	0	
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025	370	20.370
6. Loans, deposits, etc.	026	1.117.490	11.820.580
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 do 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032		
V. DEFERRED TAX ASSET	033	3.188.972	3.690.270
C) CURRENT ASSETS (035+043+050+058)	034	80.322.730	111.044.445
I. INVENTORIES (036 do 042)	035	0	0
1. Raw materials and supplies	036		
2. Production in progress	037		
3. Finished products	038		
4. Merchandise	039		
5. Advances for inventories	040		
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 do 049)	043	52.794.019	96.022.544
1. Receivables from related parties	044	45.579.203	58.769.898
2. Receivables from end-customers	045	4.295.336	2.316.362
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	205.816	394.312
5. Receivables from government and other institutions	048	2.117.260	5.769.603
6. Other receivables	049	596.404	28.772.369
III. CURRENT FINANCIAL ASSETS (051 do 057)	050	20.242.250	7.668.376
1. Share in related parties	051		
2. Loans to related parties	052	20.000.000	0
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	242.250	7.668.376
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	7.286.461	7.353.525
D) PREPAYMENTS AND ACCRUED INCOME	059	1.082.752	1.899.248
E) TOTAL ASSETS (001+002+034+059)	060	1.636.223.519	1.634.309.497
F) OFF BALANCE SHEET ITEMS	061		

BALANCE SHEET

AS AT 31 DECEMBER 2018

Position	AOP	Previous period	Current period
1	2	3	4
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	1.116.085.318	1.127.533.526
I. SUBSCRIBED SHARE CAPITAL	063	133.372.000	133.372.000
II. CAPITAL RESERVES	064	881.088.632	881.275.444
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-1.513.588	-91.569
1. Legal reserves	066		
2. Reserve for own shares	067	0	0
3. Treasury shares and shares (deductible items)	068	1.513.588	91.569
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	98.855.379	36.487.475
1. Retained earnings	073	98.855.379	36.487.475
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	4.282.895	76.490.176
1. Net profit for the period	076	4.282.895	76.490.176
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	17.985.918	58.074.743
1. Provisions for pensions, severance pay and similar liabilities	080	17.985.918	19.545.725
2. Provisions for tax liabilities	081		
3. Other provisions	082		38.529.018
C) NON-CURRENT LIABILITIES (084 do 092)	083	199.710.248	199.846.460
1. Liabilities to related parties	084	0	0
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086		
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089	199.710.248	199.846.460
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 do 105)	093	299.591.452	245.587.884
1. Liabilities to related parties	094	105.478.164	94.420.222
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	166.185.259	119.681.873
4. Liabilities for advances	097		
5. Trade payables	098	22.970.152	24.565.533
6. Commitments on securities	099	123.649	123.649
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.457.096	4.056.661
9. Taxes, contributions and similar liabilities	102	2.145.871	2.471.828
10. Liabilities arising from share in the result	103	227.187	264.090
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	4.074	4.028
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	2.850.583	3.266.884
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	1.636.223.519	1.634.309.497
G) OFF BALANCE SHEET ITEMS	108		

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

Income statement					
period 01.01.2018. to 31.12.2018.					
Company: Atlantic grupa d.d.					
Position	AOP	Previous period Cumulative	Previous period Quarter	Current period Cumulative	Current period Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 do 113)	111	151.533.195	48.322.010	190.506.037	64.811.656
1. Rendering of services	112				
2. Other operating income	113	151.533.195	48.322.010	190.506.037	64.811.656
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	151.112.659	52.136.908	228.416.189	105.237.067
1. Change in inventories of work in progress	115				
2. Material expenses (117 do 119)	116	353.639	310.919	340.793	84.680
a) Costs of raw materials	117	353.639	310.919	340.793	84.680
b) Cost of goods sold	118				
c) Other material expenses	119				
3. Employee benefits expenses (121 do 123)	120	58.162.781	13.390.642	75.941.765	17.284.227
a) Net salaries	121	29.854.270	6.954.255	38.606.928	9.146.571
b) Tax and contributions from salary expenses	122	19.900.623	4.474.509	26.393.069	5.722.544
c) Contributions on salary	123	8.407.888	1.961.878	10.941.767	2.415.111
4. Depreciation and amortisation	124	10.140.373	2.758.229	13.032.354	3.318.666
5. Other expenses	125	59.473.526	24.902.401	65.526.480	24.359.154
6. Write down of assets (127+128)	126	5.054.692	5.054.692	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128	5.054.692	5.054.692		
7. Provisions	129				
8. Other operating costs	130	17.927.648	5.720.025	73.574.797	60.190.340
III. FINANCIAL INCOME (132 do 136)	131	129.544.234	-461.642	182.618.297	-671.931
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	128.000.000	0	180.587.116	0
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	1.544.234	-461.642	2.031.181	-671.931
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 do 141)	137	125.088.833	113.864.251	65.873.134	44.188.707
1. Interest, foreign exchange differences, dividends and similar income from related parties	138	113.607.815	110.994.853	56.071.773	42.756.521
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	11.481.018	2.869.398	9.801.361	1.432.186
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+144)	146	281.077.429	47.860.368	373.124.334	64.139.725
X. TOTAL EXPENSES (114+137+143+145)	147	276.201.492	166.001.159	294.289.323	149.425.774
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	4.875.937	-118.140.791	78.835.011	-85.286.049
1. Profit before taxes (146-147)	149	4.875.937	0	78.835.011	0
2. Loss before taxes (147-146)	150	0	118.140.791	0	85.286.049
XII. TAXATION	151	593.042	-747.662	2.344.835	1.699.044
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	4.282.895	-117.393.129	76.490.176	-86.985.093
1. Profit for the period (149-151)	153	4.282.895	0	76.490.176	0
2. Loss for the period (151-148)	154	0	117.393.129	0	86.985.093
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157	4.282.895	-117.393.129	76.490.176	-86.985.093
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 TO 165)	158	-23.056	-23.056	22.821	22.821
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165	-23.056	-23.056	22.821	22.821
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 TO 166)	167	-23.056	-23.056	22.821	22.821
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	4.259.839	-117.416.185	76.512.997	-86.962.272

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

Cash flow statement - indirect method			
period 01.01.2018. to 31.12.2018.			
Company: Atlantic grupa d.d.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	4.875.937	78.835.011
2. Depreciation and amortisation	002	10.140.373	13.032.353
3. Decrease of current liabilities	003	6.603.383	3.923.172
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	21.619.693	95.790.536
1. Decrease of current liabilities	008		
2. Increase of current receivables	009	30.936.962	19.906.277
3. Increase of inventories	010		
4. Other cash flow decreases	011	3.214.085	78.737.516
II. Total decrease of cash flow from operating activities	012	34.151.047	98.643.793
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	12.531.354	2.853.257
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	67.965	194.934
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017	259.427	1.053.105
4. Dividend received	018	3.000.000	180.587.116
5. Other proceeds from investing activities	019	17.178.250	88.469.941
III. Total cash inflows from investing activities	020	20.505.642	270.305.096
1. Purchase of non-current assets	021	18.081.694	20.670.448
2. Purchase of non-current financial assets	022	37.156.770	76.254.593
3. Other cash outflows from investing activities	023	18.214.000	52.141.126
IV. Total cash outflows from investing activities	024	73.452.464	149.066.167
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	121.238.929
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	52.946.822	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028	144.800.000	137.498.712
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	144.800.000	137.498.712
1. Repayment of loans and bonds	031	26.800.000	186.979.647
2. Dividends paid	032	44.984.000	66.673.620
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	7.430.933	2.164.053
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities	036	79.214.933	255.817.320
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	65.585.067	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	118.318.608
Total increases of cash flows	039	106.891	67.064
Total decreases of cash flows	040	0	0
Cash and cash equivalents at the beginning of period	041	7.179.570	7.286.461
Increase of cash and cash equivalents	042	106.891	67.064
Decrease of cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	7.286.461	7.353.525

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF CHANGES IN EQUITY			
period	1.1.2018	to	31.12.2018
Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	133.372.000	133.372.000
2. Capital reserves	002	881.088.632	881.275.444
3. Reserves from profit	003	-1.513.588	-91.569
4. Retained earnings or loss carried forward	004	98.855.379	36.487.475
5. Net profit or loss for the period	005	4.282.895	76.490.176
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	1.116.085.318	1.127.533.526
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	-42.550.857	11.448.208
17. Total increase or decrease of equity (AOP 011 to 016)	017	-42.550.857	11.448.208

Atlantic Grupa d.d.
Miramarska 23
Zagreb

Register number: 1671910

Zagreb, 28th February 2019

Pursuant to the article 407. to 410. of the Capital market Law (Official Gazette 88/08, 146/08, 74/09, 54/13, 159/13, 18/15 and 110/15) the President of the Management Board of Atlantic Grupa d.d., Miramarska 23, Zagreb provides

MANAGEMENT BOARD'S STATEMENT OF LIABILITY

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

The non-consolidated financial statements for the period from 1 January 2018 till 31 December 2018 present complete and fair view of assets and liabilities, profit and loss, financial position and operations of the Company.

The management report for the year ended 31 December 2018 presents true and fair presentation of development and results of the Company's operations with description of significant risks and uncertainties for the Company.

President of the Management Board



Emil Tedeschi



Contact:

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ATLANTIC GRUPA joint stock company for internal and external trade,

Zagreb, Miramarska 23, Croatia, tel: +385 (1) 24 13 900, fax: +385 (1) 24 13 901, www.atlanticgrupa.com.

The company is registered with the Commercial Court in Zagreb, registration number: 080245039, OIB (personal identification number): 71149912416.
Account number: 2484008-1101427897 Raiffeisenbank Austria d.d., Zagreb, Petrinjska 59; The authorized share capital: 133.372.000,00 kn, paid in cash completely.

The number of shares and their nominal value: 3.334.300 shares, each in the nominal amount of 40,00kn.

The Management Board: Emil Tedeschi, N. Vranković, Z. Stanković; The President of Supervisory Board: Z. Adrović.