

**MONTHLY REPORT ON ECONOMIC AND FINANCIAL
STATE AND THE IMPLEMENTATION OF THE MEASURES
OF EXTRAORDINARY ADMINISTRATION OF AGROKOR
D.D.**

FOR THE PERIOD BETWEEN 11 JUNE 2018 AND 10 JULY 2018

Prepared pursuant to Article 12 paragraph 9 of the Act on the procedure of Extraordinary Administration in commercial companies of systemic importance for the Republic of Croatia (Official Gazette 32/2017)

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1. Executive summary

This monthly report relates to the period from 11 June to 10 July 2018. The objective of the report is to follow the development of the economic and financial situation within the Agrokor Group over the course of this period and to outline the realization of operating activities of the Extraordinary Administration as well as the overall operations of both the parent company Agrokor d.d. and some of its major subsidiaries (the **Group**).

Revenues generated by the Group over the course of the first five months were below budget. In spite of this, EBITDA was higher than budgeted, amounting to HRK 449.4m at the Group level for the period to May, outperforming budget by 10.5%.

The Retail and Wholesale sector has in all companies been focused on lowering operating costs and improving profitability. Aggregated revenues generated over the period were slightly below budget, although some companies within the sector exceeded both budgeted and last year's revenues in May, indicating that the positive trend of increasing revenues and stabilizing operations has continued. Although generated revenues were lower than planned, the continuous reduction in operating costs resulted in EBITDA exceeding budget. It is therefore particularly important to point out the operating results of Konzum. As against the comparable retail network in 2017, May saw an increase in the Konzum store footfall of 6.5% and the growing number of customers delivered an increase in the average basket of 11%, which resulted in an almost 20 per cent higher turnover than in May 2017. In addition, turnover was 8% higher than planned, while the margin exceeded budget by almost 7%.

The Food sector outperformed plans both in terms of sales revenues and operating result (EBITDA). Particularly worth noting are the frozen food and ice cream segment, as well as the drinks segment, which generated EBITDA above budget.

Operations of the Agriculture sector in May continued to be impacted by the drop in finisher and pork prices at the commodity exchanges. In spite of this, the drop in revenues of 4.7% was offset by the increase in other activities, therefore stabilizing the EBITDA decline.

The most important news of this reporting period relates to the Settlement Plan receiving a majority affirmative vote. The Group's creditors voted in favour of the Settlement Plan at the Settlement Plan voting hearing held on 4 July 2018 at the Dražen Petrović Basketball Center – Cibona Hall in Zagreb. The Settlement Plan received an affirmative vote from 80.2% of the total amount of claims held by the Group's creditors, or HRK 27,075,097,019.27 out of HRK 33,759,582,335.23 of total claims.

Attendees registered at the hearing represented around 450 creditors with HRK 23.359bn of determined and outstanding claims present. All creditors, advisors, Members of the Temporary Creditors' Council and the Extraordinary Commissioner were invited to the voting hearing.

Those entitled to vote at the hearing were all creditors whose claims had been determined, with the value of their vote being the outstanding amount of their claim to the extent that any

of their claims had been partially recovered. Accordingly, creditors whose claims had been recovered in full were not entitled to vote.

Those not entitled to vote included affiliates and subsidiaries subject to the Extraordinary Administration procedure. Creditors of challenged claims were invited to the hearing as well. Their right to vote was recognized by both the Extraordinary Administration and those creditors with voting rights who were present.

The registration and identification of creditors was followed by the first vote, on whether to grant voting rights to creditors with challenged claims and secondly the vote on the Settlement Plan. In the first stage of the voting pertaining to granting voting rights to creditors of challenged claims present, the right to vote was granted to claims in the amount of HRK 8,433,348,110 of present creditors with challenged claims.

The amount of claims with the right to vote on the Settlement Plan held by creditors who were present was HRK 31,858,553,744.74 and the total amount of claims with rights to vote on the Settlement Plan was HRK 33,759,582,335.23, representing 2,978 creditors.

Once the ruling by the High Commercial Court, which is expected during the course of October, becomes effective, the implementation of the Settlement Plan will start and this is expected to last between three and four months. The process in question is technically very demanding, with more than 70,000 steps identified to date – from founding mirror companies and transferring assets to them, to transferring all types of contracts – employment, supplier and all business partner contracts. The operations of the New Group and the mirror companies are expected to commence at the beginning of 2019. However, this goal depends in the first place on when the Settlement Plan will become effective, which is entirely in the hands of the Court.

Around seven thousand three hundred pages of the Settlement Plan and related schedules constitute an agreement by which the creditors have achieved a viable solution in one of the currently most demanding financial restructurings worldwide. More than 5,700 Agrokor creditors filed almost HRK 58bn of claims in the Extraordinary Administration procedure. Representatives of all creditors were involved in the Settlement Plan negotiations – from large international and local lenders, Croatian and foreign suppliers to representatives of small and micro companies and family farms.

By achieving the settlement which received an affirmative vote from the majority of creditors, the main goal of the Extraordinary Administration has been accomplished within the statutory deadline. This is the result of a long and occasionally very difficult six-month negotiation process in which the Extraordinary Administration tried to reconcile the interests of creditors, which were often diametrically opposed, and enable them to achieve a mutually acceptable agreement. Thus, thanks to the rapid and determined reaction of the Government, a great success has been accomplished, with the potential collapse of Croatia's largest company, which would have had devastating consequences for the economies of Croatia and the region, having been addressed and successfully resolved within a period of only 14 months.

Achieving the settlement has enabled the Group to look forward to a new future, preserve jobs and ensure sustainable operations going forward.

2. State of companies under the Extraordinary Administration during the reporting period

The financial information in the table below relates to cumulative revenue and EBITDA for the first five months of 2018, for certain key companies of the Group. This monthly report contains financial reporting for the 16 key Group companies. The financial results for individual Group companies included in this section of the report are preliminary and unaudited. Please note that all comparisons to budgets in this section are with reference to the viability plans.

January - May 2018 performance*			
HRK m	Retail and Wholesale	Food	Agriculture
Revenue	4,932	2,934	813
EBITDA	3.3	381.3	64.7
EBITDA %	0.1%	13.0%	8.0%

- **Retail and Wholesale** includes four companies' summarized results:
 - *Retail*: Konzum Croatia, Konzum BiH, Tisak
 - *Wholesale*: Velpro - Centar
- **Food** includes nine companies' summarized results:
 - *Beverages*: Jamnica, Sarajevski kiseljak and Roto dinamic
 - *Ice Cream and Frozen Food*: Ledo, Frikom and Ledo Čitluk
 - *Oil*: Zvijezda and Dijamant
 - *Meat*: PIK Vrbovec
- **Agriculture** includes three companies' summarized results:
 - Belje, PIK Vinkovci and Vupik

***Notes:**

- Summarized results for the period (without elimination of intercompany transactions and consolidation adjustments).
- Revenues include sales of goods and services on domestic and foreign markets, and excludes revenues from services not related to regular operating activities.
- EBITDA = EBIT + amortization/depreciation + value adjustments and impairments + provisions + management and restructuring fees.
- Source of information – management accounts
- Preliminary YTD results; FY17 closing has not been fully finalized – possible changes in balance sheet amounts used for calculation of KPIs
- 2017 information presented has not been restated
- The presented budget data is related to the latest approved budgets for food companies in 2018, and approved viability plans for retail, wholesale and agriculture companies in 2018.
- Monthly allocation of FY18 budget has been prepared and is the basis for comparison.

Within the scope of this report, the Agrokor Group comprises 16 companies in three sectors: Retail and Wholesale, Food and Agriculture. Over the course of the first five months, the overall revenues generated at Group level were slightly lower than planned, but despite this there was an increase in EBITDA as against budget. Actual EBITDA generation at the Group level in the 5 months to May amounted to HRK 449.4m, exceeding plan by 10.5%.

The Retail and Wholesale sector has continued to generate better-than-planned results. Additional focus has been put on the restructuring process, cost reduction and profitability improvements. All companies within the sector have lower-than-planned operating costs, demonstrating that the goals and measures set over the course of the restructuring process have been successfully realized. Aggregated revenues over the period were slightly lower than budgeted, however individual companies within the sector have exceeded both the budgeted and last year's revenues in May, indicating that the positive trend of increasing revenues and stabilizing operations has been maintained. Although actual revenues were lower than budgeted, the continuous reduction of operating costs has resulted in EBITDA exceeding planned levels.

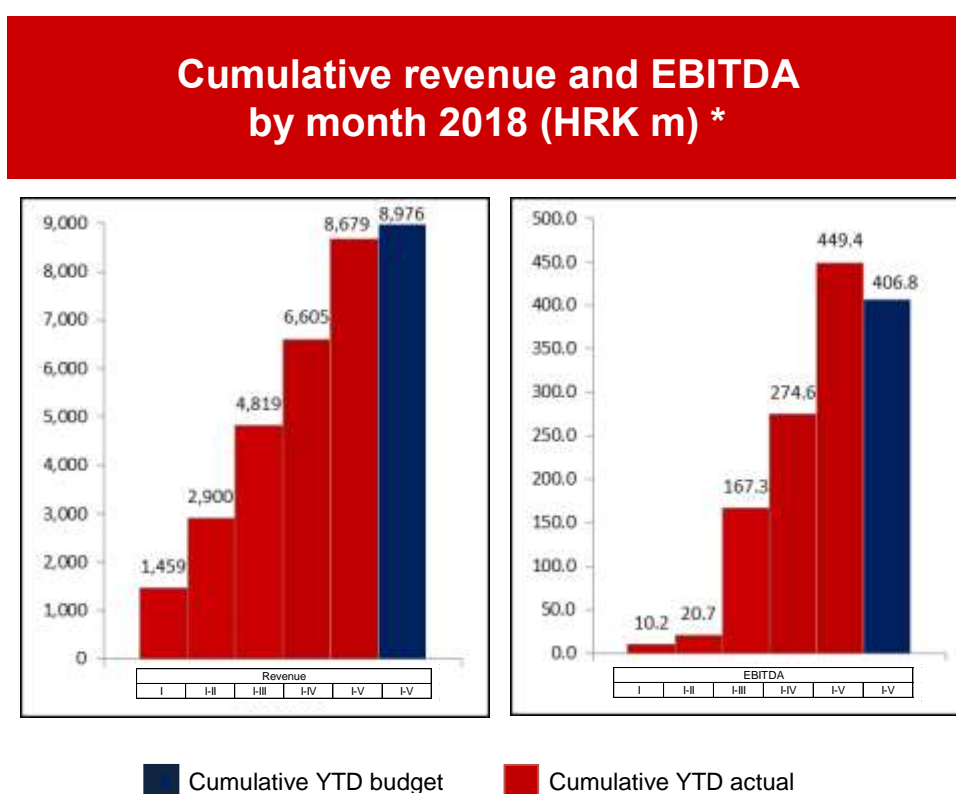
The trend of generating positive results in the Food sector has continued. Sales revenues and the operating result (EBITDA) exceeded budget. The companies continued to launch innovative products on the market. Above average sales revenues and increased operating efficiency resulted in continued extraordinary results in the frozen food and ice cream segment. The operating result of the drinks segment was above budget, in spite of the slightly lower-than-planned sales revenues. The meat segment generated higher-than-budgeted operating profits as a result of lower raw-material prices and the implementation of a cost control program. Continued and intensive pressure on sunflower prices in some markets continues to negatively affect the results in the oils segment.

The Agriculture sector has recorded a 4.7% drop in revenues as against plan in May due to the continued depressed prices of finishers and pork at the commodity exchanges. The drop in revenues has been somewhat mitigated and the decrease in EBITDA stabilized by the strengthening of other activities. In the forthcoming period it is planned to set off the significant loss generated due to the price drop in European commodity exchanges with positive natural results (i.e. from the harvest) in the forthcoming season.

2.1. Agrokor Group

Within the scope of this report, the Agrokor Group includes 16 companies in three business segments: Retail and Wholesale (Konzum Croatia, Tisak, Konzum B&H and Velpro - Centar); Food (Drinks - Jamnica, Roto dinamic, Sarajevski kiseljak; Ice cream and frozen food - Ledo, Frikom, Ledo Čitluk; Oil - Zvijezda, Dijamant and Meat - PIK Vrbovec) and Agriculture (Belje, PIK Vinkovci and Vupik).

The table shows summarized results of cumulative revenues and EBITDA by month for all companies of the Group comprised in this report, while the results for individual business segments and companies are set out in the subsections to follow.



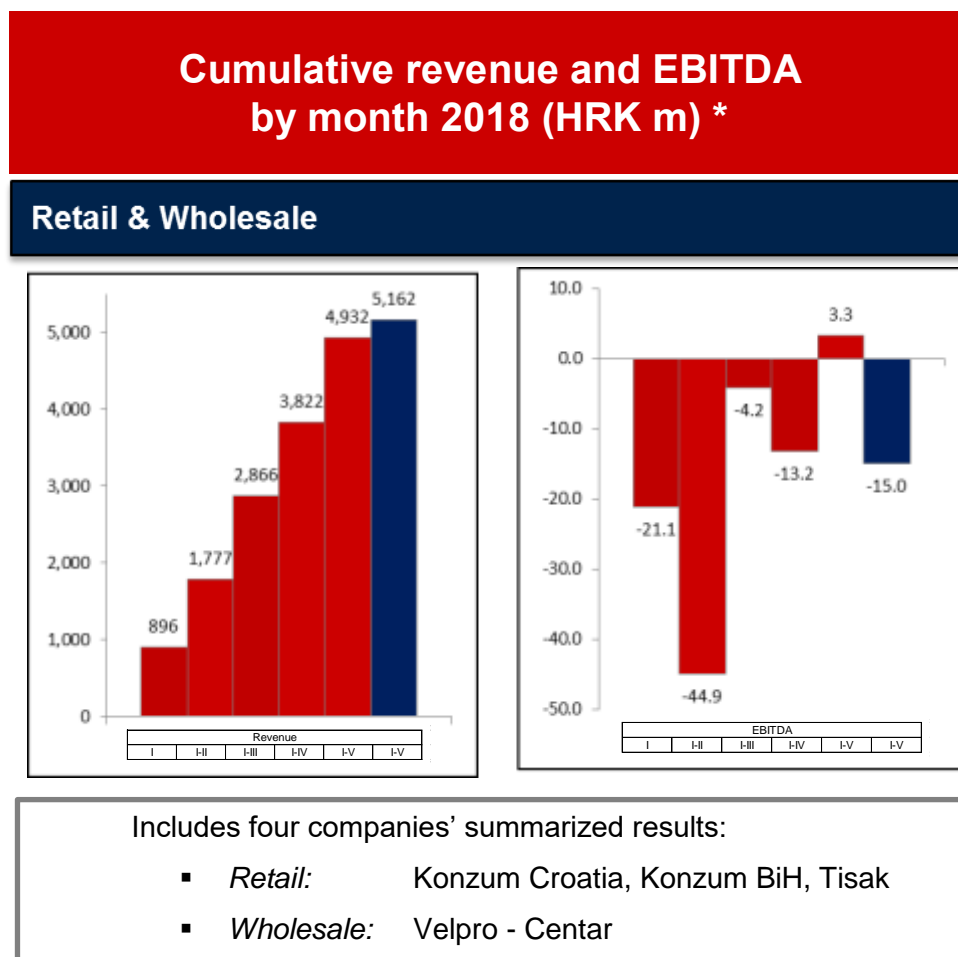
***NOTE: All results are preliminary.**

Agrokor Group reporting includes 16 companies:

- **Retail and Wholesale** includes four companies' summarized results:
 - *Retail:* Konzum Croatia, Konzum BiH, Tisak
 - *Wholesale:* Velpro - Centar
- **Food** includes nine companies' summarized results:
 - *Beverages:* Jamnica, Sarajevski kiseljak and Roto dinamic
 - *Ice Cream and Frozen Food:* Ledo, Frikom and Ledo Čitluk
 - *Oil:* Zvijezda and Dijamant
 - *Meat:* PIK Vrbovec
- **Agriculture** includes three companies' summarized results:

2.2. Companies in the retail and wholesale sector

Companies in the retail and wholesale sector are Konzum, Konzum BiH, Tisak and Velpro - Centar. The table below shows the cumulative revenue and EBITDA by month for the sector, with results of individual companies portrayed in detail in subsections which follow.



***NOTE: All results are preliminary.**

■ Cumulative YTD budget ■ Cumulative YTD actual

2.2.1. Companies in the retail and wholesale sector: Konzum d.d.

2.2.1.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	3,313	3,298
EBITDA	42.6	-1.6
EBITDA %	1.2%	-0.1%

**NOTE: All results are preliminary.*

2.2.1.2. Commentary on recent trading

- Konzum has stabilized its operations and in the current year is fully realizing the goals of the Viability Plan.
- In May, there was a positive trend in the return of customers, with 6.5% more than the comparable retail network (LFL) in 2017. More customers, with an average basket increase of 11.3%, has resulted in a higher turnover than in May 2017 by 18.5% on the comparable retail network (LFL).
- Retail revenues in the first 5 months are above the plan by 4.2%, while in May it is up by 7.9%. Total cumulative revenue is slightly below the plan due to the lower performance of non-core businesses (wholesale and gas stations) which, by design, achieve a lower relative margin and therefore do not significantly affect the overall business performance.
- Total retail margin in May was 8.7% higher than the plan, while the year-on-year increase was 3.4%.
- Rationalization measures and cost management resulted in cumulative operating expenses being lower than planned by 2.3%, although in May, a seasonal bonus of HRK 1,200 that had been planned for June was paid to all employees.
- EBITDA in May is positive and as in every month of this year it is above the plan, which in the year to date results in an out-performance of HRK 44.2 million compared to the plan.
- As an employee care program in May, HRK 1,200 was paid to each employee as a seasonal bonus. Annual salaries increased by 6% for 1,900 retail employees in a continuation of the initiative started in the summer of 2017, whereby a total of 6,000 employees in retail have now received a 6% increase in income and 836 employees have been promoted. So far, in 2018, over 700 new employees have been hired.
- In May, Konzum was rewarded with the award "Najdonator" as the retailer who donated the most food to charity in 2017 and also received sincere thanks from the Ana Rukavina Foundation as employees in the administrative offices of Konzum joined the Croatian Register of voluntary stem cells donors at the beginning of 2018.
- In May, a transition was made to the new ISO 14001: 2015 environment management system, which brings new areas of focus, such as identifying risks and opportunities related to the environment.

2.2.2. Companies in the retail and wholesale sector: Konzum BiH

2.2.2.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	524	538
EBITDA	-11.1	-8.7
EBITDA %	-2.1%	-1.6%

**NOTE: All results are preliminary.*

2.2.2.2. Commentary on recent trading

- Accumulated revenue from January to May is 2.5% behind the plan, while the May revenue is 12% behind due to the annual calendar shift of Ramadan, driving considerably lower consumption during this time.
- LFL turnover for May decreased by 2.5% in relation to the same period of the previous year, footfall decreased by 3.2%, while the basket size increased by 0.8%.
- The realized margin percentage from January to May increased by 0.2 percentage points compared to the accumulated margin percentage of the first four months. Absolute margin in May follows the revenue decrease in relation to the plan, while cumulatively absolute margin decreased by 5%.
- During May, many promotional marketing activities and campaigns were implemented:
 - Campaigns related to seasonal cleaning, spring, BBQ season, as well as spending time with nature / in the outdoors.
 - Activities related to Ramadan (special promotional activities, sponsorships, the Ramadan broadcast and brand product placement)
 - Special edition themed catalogue on the topics: Appliances and Summer assortment
 - Preparation of assortment, presentation of the offer and leasing of a special media space in preparation for the World Cup.
 - Activities related to the regular catalogue, Price of the day, Top Saturday
 - Continuous prize games and customers' rewarding via digital channels
- Realized costs and expenses in the period from January to May 2018 are lower than planned by 0.5%, while they are also within the plan for May.
- The revenue decrease in May meant a positive EBITDA was not achieved, which contributed to a reduction in cumulative EBITDA.
- During June, further focus will be put on marketing and pricing activities related to marketing the World Cup and Bayram, as well as the continuous promotion of new products from the assortment.

2.2.3. Companies in the retail and wholesale sector: Tisak d.d.

2.2.3.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	717	807
EBITDA	-11.3	4.1
EBITDA %	-1.6%	0.5%

**NOTE: All results are preliminary.*

2.2.3.2. Commentary on recent trading

- The gross margin percentage in May 2018 continues with a positive trend, and as in April was better than projected (actual 22.9% vs projected 22.3%). As in the previous period Tisak continues to feel the positive effects of the sale of albums and stickers related to the World Cup, the introduction of new (broader) assortments, new price policies and a reduction in the wholesale business that worked with a significantly smaller margin.
- EBITDA development, as started in H2 2017, continues to improve, as a result of the implementation of the restructuring measures. However, the May 2018 result, a negative EBITDA of HRK 2.4 million, was below plan. The main reason for this result is the payment of a one-off vacation benefit paid to employees in the amount of HRK 5 million. Without this one-off expense EBITDA would have been positive HRK 2.6 million, which demonstrates the continuation of the significant positive trends over the period outside and before the tourist season.
- After achieving budgeted gross margin in April, the retail segment improved its gross margin in May by HRK 0.4 million. As in April, the May results of tobacco and commodity goods sales were above expectations due to sales activities, and newspapers sales were slightly below expectations. The sales of ZET travel tickets, which had been suspended until the end of April, didn't achieve the budgeted amount. Revenue and gross margin in the wholesale segment are below expectations (as in the previous months) in the category of commercial commodities and telecom vouchers due to delays in extending a new assortment. Furthermore, revenues from courier services were below expectations in the package distribution category. However, the finalisation of contract negotiations with new suppliers, which commenced at the end of April, is expected to result in a positive outcome imminently.
- Thanks to previously implemented restructuring measures, the budgeted monthly operating cost of HRK 40.6 million was realized. However, these results include the one-off vacation benefit to employees in the amount of HRK 5 million (the payment was budgeted for in June 2018). Excluding this, the expenses were HRK 0.3 million below the plan. The next steps in restructuring the company will be aimed at finalizing logistics improvements. Due to its complexity it is taking longer than anticipated to implement this and realize higher revenue and gross margins.

2.2.4. Companies in the retail and wholesale sector: Velpro - Centar d.o.o.

2.2.4.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	379	520
EBITDA	-16.9	-8.8
EBITDA %	-4.5%	-1.7%

**NOTE: All results are preliminary.*

2.2.4.2. Commentary on recent trading

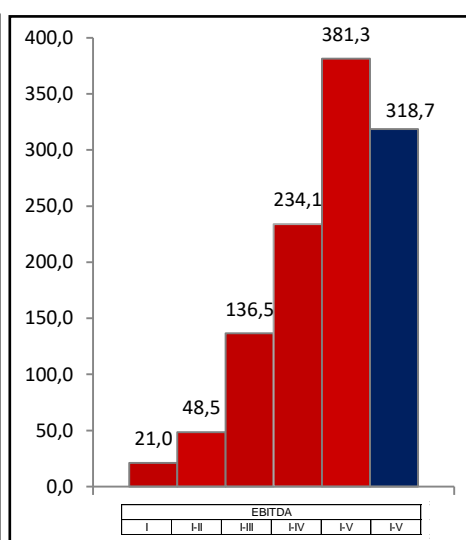
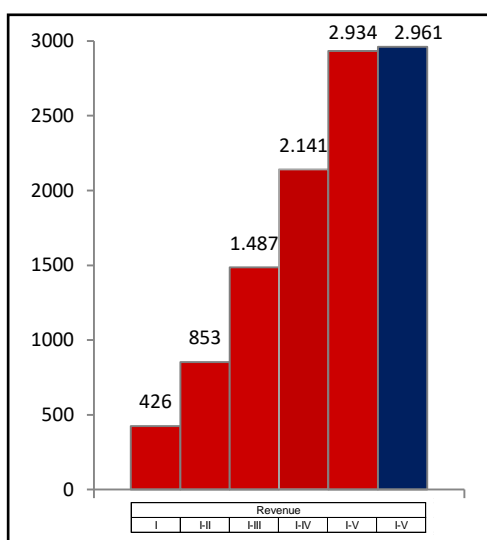
- In May, the gap between budget and actual revenue was lower than in previous months. Cumulative revenue remains below the plan due to uncertainty in the market, implementation of the Laws on Unfair Commercial Practice and the later than expected start of the season for the HoReCa sales channel.
- Although the realized costs were slightly higher than planned, cumulative expenditure remains in line with the plan.
- The absolute gross margin achieved in May was slightly above the plan, while the realized margin percentage was 5.4 percentage points better than planned. The cumulative margin percentage is higher than the plan.
- The cumulative EBITDA is below the plan as a result of lower revenues than the budget- Results are expected to improve during the critical summer months
- The most significant business activities during the reporting period are as follows:
 - New credit control policies were applied which have resulted in significant positive effects in cash inflows and billing.
 - Negotiations with the remaining key suppliers were concluded and co-operation for the current year was agreed.

2.3. Companies in the food sector

Companies in the food sector are Jamnica, Sarajevski kiseljak, Roto dinamic, Ledo, Frikom, Ledo Čitluk, Zvijezda, Dijamant, and PIK Vrbovec. The table below shows cumulative revenue and EBITDA by month for the sector, with results of individual companies within the sector portrayed in detail in the subsections which follow.

Cumulative revenue and EBITDA by month 2018 (HRK m) *

Food



Includes nine companies' summarized results:

- *Beverage:* Jamnica, Sarajevski kiseljak and Roto dinamic
- *Ice Cream and Frozen Food:* Ledo, Frikom and Ledo Čitluk
- *Oil:* Zvijezda and Dijamant
- *Meat:* PIK Vrbovec

***NOTE: All results are preliminary.**

Cumulative YTD actual
 Cumulative YTD budget

2.3.1. Companies in the Food sector: Jamnica d.d.

2.3.1.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	427	437
EBITDA	82.3	75.1
EBITDA %	19.3%	17.2%

**NOTE: All results are preliminary*

2.3.1.2. Commentary on recent trading

- EBITDA generated in May exceeded budget as a result of increased revenues, improved efficiency and operating cost savings.
- Generated sales revenues were above budget. The main reason for increased revenues on the domestic market were higher than expected average temperatures and the closing of agreements with certain customers with whom there was no agreement in place due to the implementation of the Unfair Trading Practices Act, which became effective on 1 April 2018.
- May saw the start of the first phase of the new campaign “Deep Above All”, further to the launch of Jana with the redesigned label.

2.3.2. Companies in the Food sector: Roto dinamic d.o.o.

2.3.2.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	291	316
EBITDA	16.0	3.7
EBITDA %	5.5%	1.2%

**NOTE: All results are preliminary*

2.3.2.2. Commentary on recent trading

- Sales revenues overall in May were slightly below budget. Sales exceeded plan in the regions of Istria and Kvarner due to the timely preparation for the season and attracting new customers, while the regions of Dalmatia and Slavonia generated sales revenues slightly below budget.
- Sales in the region of Zagreb and Greater Zagreb have been negatively affected due to new competitors entering the market and as a consequence the focus has been on activities designed to retain market share.
- All of the above resulted in lower-than-planned EBITDA generation in May, although the cumulative EBITDA is still well ahead of budget.

2.2.3. Companies in the Food sector: Sarajevski kiseljak d.d.

2.3.3.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	128	130
EBITDA	26.6	26.2
EBITDA %	20.8%	20.2%

**NOTE: All results are preliminary.*

2.3.3.2. Commentary on recent trading

- EBITDA generated in May was in line with budget.
- Sales revenues exceeded budget, mainly thanks to strong sales in the domestic market due to the favourable weather conditions.
- Sarajevski kiseljak launched several innovations in May: 'The Irresistible Taste of Sensation Rose', to join other original flavors of Sensation and the slightly carbonated Sarajevski kiseljak intended for those with a more sensitive palate. The positive customer reactions to these products have been reflected in good sales results.

2.2.4. Companies in the Food sector: Ledo d.d.

2.2.4.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	400	365
EBITDA	59.3	54.3
EBITDA %	14.8%	14.9%

**NOTE: All results are preliminary.*

2.2.4.2. Commentary on recent trading

- EBITDA generated in May exceeded the plan due to higher sales revenues and increased operating efficiency.
- With an extensive marketing campaign and the quality of sales activities, sales revenues exceeded budget, particularly in the most profitable category – ice cream.
- May saw the start of intensive marketing communication in the ice cream category.
- In the frozen food category a new product line, Smoothie Mix, was launched.

2.2.5. Companies in the Food sector: Ledo Čitluk d.o.o.

2.2.5.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	126	109
EBITDA	23.5	17.7
EBITDA %	18.6%	16.1%

**NOTE: All results are preliminary.*

2.2.5.2. Commentary on recent trading

- Ledo Čitluk has continued the trend of record results in May, having generated better-than-planned EBITDA.
- The growth of sales revenues in May exceeded plans, mostly in the ice cream category. The extremely warm weather resulted in ice cream sales above average and revenue generation better than expected.

2.2.6. Companies in the Food sector: Frikom d.o.o.

2.2.6.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	334	305
EBITDA	78.5	54.3
EBITDA %	23.5%	17.8%

**NOTE: All results are preliminary.*

2.2.6.2. Commentary on recent trading

- EBITDA in May exceeded budget as a result of increased operating efficiency, focusing on profitable product groups and a lower level of COGS.
- Sales revenues were significantly higher than budgeted as a consequence of increased sales of all ice cream categories due to favourable weather conditions as well as significant sales of new products launched over the course of this year.
- A significantly higher number of points of delivery as well as a significantly better market positioning were also important factors which have led to sales growth.

2.2.7. Companies in the Food sector: Zvijezda d.d.

2.2.7.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	271	258
EBITDA	26.2	22.6
EBITDA %	9.6%	8.8%

**NOTE: All results are preliminary.*

2.2.7.2. Commentary on recent trading

- May saw the growth of sales revenues in the own products and merchandise segments. Sales growth was generated in the key categories: oil, mayonnaise and ketchup.
- The start of the “supporter” campaign for ketchup (adjusting the existing TV campaign) and the limited edition, checkered fan-packaging of 500g bottles in retail contributed to generating higher sales revenues.
- EBITDA generation in May was slightly lower than budgeted.

2.2.8. Companies in the Food sector: Dijamant a.d.

2.2.8.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	291	363
EBITDA	13.6	16.8
EBITDA %	4.7%	4.6%

**NOTE: All results are preliminary.*

2.2.8.2. Commentary on recent trading

- Due to the continued extreme pricing pressure on sunflower oil, sales revenues generated in May were lower than budgeted.
- Revenues in the other key categories – mayonnaise, industrial margarine, marinated horseradish, ketchup, vinegar and merchandise were above plan.
- Revenues from sales of sunflower and soya meal also exceeded budget, given the positive trend in the Serbian market and foreign markets. Due to significant exports of sunflower oil, the price growth trend is expected to continue during June and July, with a positive impact on revenues and profitability.
- Given the high share of oil sales revenues in total revenues, EBITDA was lower than budgeted.

2.2.9. Companies in the Food sector: PIK Vrbovec d.d.

2.2.9.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	666	679
EBITDA	55.4	47.9
EBITDA %	8.3%	7.1%

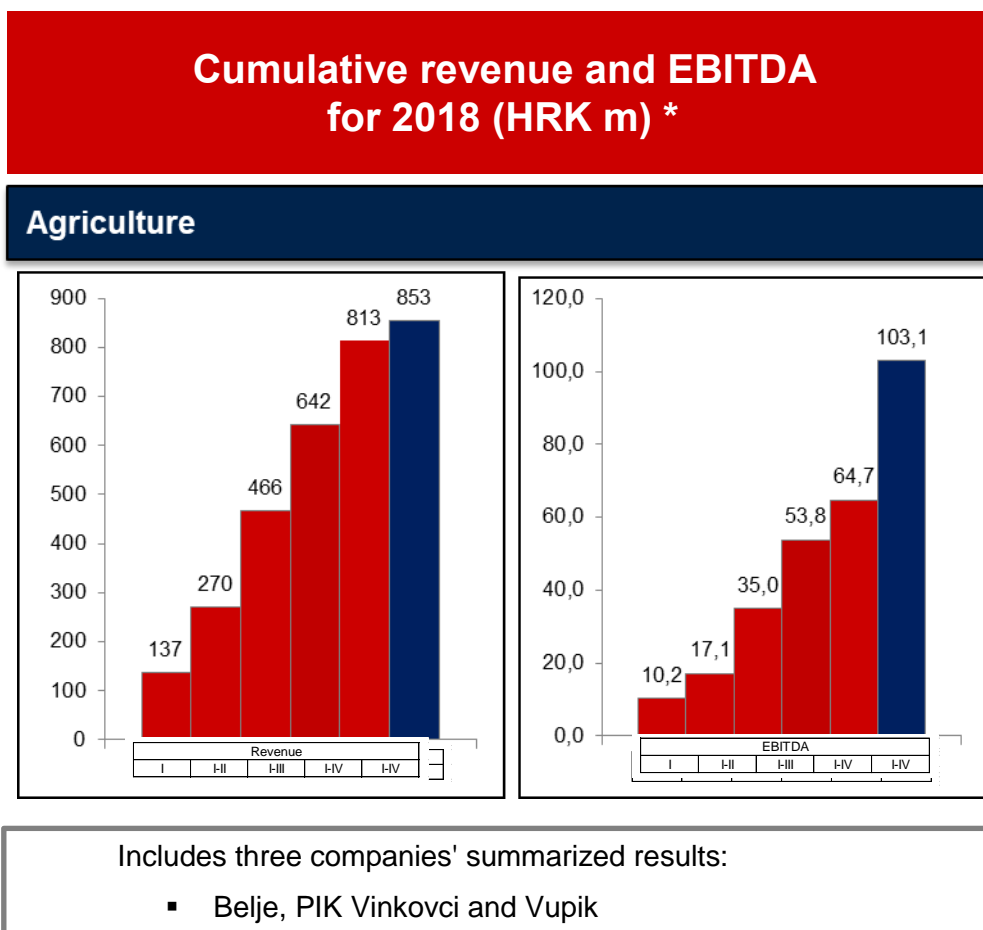
**NOTE: All results are preliminary.*

2.2.9.2. Commentary on recent trading

- EBITDA generated in May was significantly higher than planned, as a result of stable revenues, raw material prices which were lower than planned as well as on-going controlled cost management.
- Revenues generated in May were in line with the budget.
- The month saw the launch of new grill sausages which generated additional sales. Fresh packaged meat and the fresh grill assortment have also had increased exposure in all retail chains.

2.3. Companies in the agriculture sector

Companies in the agriculture sector are Belje, PIK Vinkovci and Vupik. The table below shows the cumulative revenue and EBITDA for the sector, with results of individual companies portrayed in detail in subsections which follow.



***NOTE: All results are preliminary.**

■ Cumulative YTD actual ■ Cumulative YTD budget

2.3.3. Companies in the agriculture sector: Belje d.d.

2.3.3.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	469	516
EBITDA	47.0	65.8
EBITDA %	10.0%	12.8%

**NOTE: All results are preliminary.*

2.3.3.2. Commentary on recent trading

- Revenues from products and services in the current period were below budget, mostly due to the prices of finishers and semi-hard cheese, which are significantly below planned sales prices.
- Due to the lower-than-planned sales prices of finishers and semi-hard cheese, EBITDA generated in the current period was below budget.
- The planned price of finishers was HRK 9.38/kg, while the actual price realized in the current period amounted to HRK 8.06/kg, with a negative effect on EBITDA in the amount of HRK 16.7m.
- The budgeted price of semi-hard cheese was HRK 27.66/kg and the actual price was HRK 19.34/kg, with a negative effect on EBITDA of HRK 12.7m.
- In spite of the total effect of lower prices of finishers and semi-hard cheese on EBITDA being HRK 29.4m, EBITDA was lower than planned by HRK 18.8m thanks to cost optimization strategies such as a reduced cost per product unit. Significant savings were made on raw-material and material costs, mainly due to lower input prices of raw materials for animal feed production, seeds for crop productions, plant protection chemicals and meat for cured meat production. The establishment of a direct relationship with suppliers also resulted in lower input prices of animal feed components and packaging.
- Inventory levels were higher at the end of the current period as against the same period last year, mainly due to raw material and material inventories for the production of animal feed, which were repurchased during the season at prices lower than the current market prices.

2.3.4. Companies in the agriculture sector: PIK Vinkovci d.d.

2.3.4.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	254	244
EBITDA	11,9	18,8
EBITDA %	4,7%	7,7%

**NOTE: All results are preliminary.*

2.3.4.2. Commentary on recent trading

- In May and for the cumulative period, the main sales revenues are accounted for by sales of oil and cereal crops and sales of production materials to contract farmers – in particular mineral fertilizers, sales of soya meal, piglets, fresh fruit and vegetables. Sales revenues exceeded budget by ca. 4.3%, except for sales of piglets where, due to the drop in prices as against plan and lower quantities sold, sales revenues as well as EBITDA were lower than planned by HRK 5.4m. Here the budgeted price was HRK 18/kg with an actual average price realized of HRK 12.63/kg. A higher volume of sales were generated due to sales of cereal crops being 59.8% higher than plan, sales of soya meal exceeding plan by 28.4% and sales of reproduction materials to contract farmers being 14% higher than planned. The difference in EBITDA as against plan is also due to slightly lower-than-planned sales prices and quantities of fresh vegetables, mainly onions, sold.
- May saw the trend of increased trading activities, reduced DSO and DPO continue. The reduced DPO in May as against April resulted from the new legal provisions and maturity periods reduced from 60 to 30 days. This mostly applies to suppliers from whom the company has repurchased fresh fruit and vegetables. With the continued increased sales of goods in May and faster rotation of merchandise, the drop in DIO as against the previous period has continued.

2.3.5. Companies in the agriculture sector: Vupik d.d.

2.3.5.1. Financial results YTD and KPIs

Financial results*	Jan-May 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	90	94
EBITDA	5.8	18.5
EBITDA %	6.5%	19.7%

**NOTE: All results are preliminary.*

2.3.5.2. Commentary on recent trading

- Revenues from sales of products and services in the cumulative period were lower than budgeted, mostly due to the drop in prices of finishers and the abandonment of the contract farming business. The abandonment of contract farming in 2018 has resulted in lower sales revenues as against 2017, but also in lower COGS. The sales price of finishers in May was lower compared to the previous month, directly affecting the company's profits.
- Cumulative EBITDA for the first five months was lower than budgeted due to the continued low market value of finishers.
- The levels of raw-materials, materials and finished products as against last month have increased due to the receipt of new animal feed quantities from crop husbandry.

3. Short-term cash position

3.1. Cash management

The Group continues to actively manage its liquidity with cash flow forecasts being updated on a fortnightly basis, and weekly/fortnightly payment budgets being derived on that basis. Payment requests of the Croatian Group companies are reviewed/approved in order to execute payments. In the period since the new financing was raised in June 2017 to the beginning of June 2018, net funds of HRK 1.4 billion have been deployed into the businesses to assist with liquidity.

As discussed in previous monthly reports, this cash was used primarily to unwind trade payables in relation to the period post 10 April 2017, and to restock the businesses. It continues to enable the operating companies of the Group to fully prepare for the seasonal summer business in 2018, as it did in 2017. This is seen as one of the major achievements of the overall restructuring process during the Extraordinary Administration.

The table below provides a summary of the current and previous cash flow forecast:

CW25 Forecast - 19 Core Subsidiaries 13 Week STCF vs prior week (HRK m)		
	Current STCF (CW 25)	Prior week STCF (CW 23)
Minimum cash balance (13w)	786	679
Maximum cash balance (13w)	1,343	1,308
Minimum Liquidity covenant	296	296
Available liquidity	490 – 1,047	383 – 1,012

3.2. Supplier claims settlement

Basket for Payment of Pre-Petition Trade Claims

The SPFA provided for a basket of EUR 150 million for payment of pre-petition trade claims which became due and payable prior to the opening of the EA Proceedings which was communicated publicly in the week ending 28th July 2017. The purpose of these funds was to benefit the EA Proceedings by ensuring continuous support of the Agrokor Group's business by trade suppliers. This EUR 150 million tranche was split into three pools:

(a) Pool A

Pool A is a dedicated pool of up to EUR 30 million for pre-petition debt (excluding Border Claims (as defined below)) held by 'micro' suppliers, defined as family farms (OPG), small entrepreneurs and micro-suppliers. Micro suppliers were defined as suppliers with (i) annual revenue of less than HRK 5.2 million, or (ii) a maximum of HRK 2.6 million in assets and (iii) up to 10 employees, and designed to protect the most vulnerable suppliers and secure their continued supply to the Agrokor Group. Approx. 2,500 micro suppliers received 100% settlement of their pre-petition debt (excluding Border Claims) with Pool A utilisation.

EUR 19 million has been paid.

(b) Pool B

Pool B is a dedicated pool of up to EUR 110 million open to all suppliers (except the Pool A micro suppliers) set up for the purpose of helping to return suppliers to favourable terms and improve the working capital and liquidity position of the Agrokor Group. Concerned suppliers were required to confirm that they will return to historic and/or industry standard terms of supply in order to be eligible. The funds in Pool B were allocated to suppliers based on their claims and ongoing support for the business. The overarching approach to allocation was split between the following two tranches:

- pro rata tranche (Tranche 1): EUR 27.5 million distributed on a pro rata basis to all old debt suppliers that filed their claims in the EA Proceedings; and
- proportional tranche (Tranche 2): allocated on a proportional basis to suppliers holding pre-petition claims which became due prior to the opening of the EA Proceedings, that filed their claims in the EA Proceedings and agreed to sign an agreement with the Agrokor Group to return to historic supplier terms going forward, to a maximum of 40% of supplier's pre-petition debt (excluding Border Claims), taking into account any amounts paid previously for pre-petition debt (excluding Border Claims).

In order to determine the amounts to be allocated in Pool B, a two-step eligibility assessment process was applied:

- in a first step, each EA Entity identified its important suppliers and offered new supply contracts; and
- in a second step, suppliers with signed contracts were eligible for allocation of Tranche 2 from Pool B.

(c) Pool C

Pool C is a discretionary pool of up to EUR 10 million for settlement of trade supplier claims in respect of claims which accrued prior to the opening of the EA Proceedings, in accordance with identified business needs with the purpose of setting aside funds to be made available for business-critical payments required to handle any special situations which would prevent damage to the business' operations.

To date, the total amount of cash payments under Pool C is EUR 4.3m.

Any residual unused funds from EUR 150 million basket were used for structured Border Claims payments.

The total amount of cash payments for pre-petition debt (excluding Border Claims) under Pool B is EUR 84.9 million.

3.2.3. Border claims

During 2018 the Extraordinary Administration paid border claims in order to reach a minimum of 54.59% of the supplier's border claim to those suppliers who had signed agreements with the Group to return to historic supplier terms.

3.2.4. Trade finance facility

The EUR 100m pool previously reported has been allocated to eligible suppliers that have a high goods turnover.

A total of 44 suppliers signed up to access the trade facility in the total amount of EUR 96.5m, which represents a total of EUR 48.24m for goods and services. Of this amount, EUR 47.8m of goods and services have already been provided.

4. Cost of Extraordinary Administration and operational business of Agrokor d.d.

As in previous months, the Extraordinary Administration continues to manage accrued operational business expenses. These expenses relate wholly and directly to the various centralized services provided across the Group.

An overview of the Group's operating costs paid to the end of May 2018, grouped by cost type, can be found in the table overleaf. These figures are reported net of VAT to enhance the transparency of the true costs to the Group. The cost categories detailed include all advisors whether instructed before or after the Extraordinary Administration commenced.

Invoices continue to be booked and paid on an *ad hoc* basis, in line with services delivered. In recent weeks, the Group has negotiated variations to the fee arrangements of a number of advisors due to the change in the type and amount of work, team structure and their assignments which has resulted in certain reductions of fees.

Total employee headcount at the end of May 2018 was 91 and severance payments totaling HRK 82,550 have been made in the reporting period.

The largest contributor to the overall increase in operational costs for May 2018 of HRK 97.5 million was the HRK 75.1 million in legal costs and HRK 15.9 million in restructuring costs, in the run up to delivery of the settlement plan.

OPERATING COSTS of AGROKOR D.D. (HRK)	Apr-Dec 2017	January 2018	February 2018	March 2018	April 2018	May 2018	Total
Total cost of salaries and fees							
Commissioner's fee	1,040,991	118,970	118,970	118,970	118,970	118,970	1,635,843
Employees and service contracts (Bruto II included) ³	53,190,186	4,068,203	4,082,330	4,620,014	4,576,878	4,413,914	74,951,526
Severance payments	24,960,182	-	-	-	-	82,550	25,042,732
	79,191,359	4,187,174	4,201,301	4,738,985	4,695,848	4,615,434	101,630,101
Consultant fees ⁴							
Legal	81,513,524	10,221,146	7,838,672	11,097,443	8,184,446	75,126,322	193,981,553
Financial	31,579,403	3,685,064	1,911,455	386,072	2,058,234	15,898,809	55,519,036
Restructuring	116,997,520	12,758,536	14,873,768	14,507,483	12,239,724	18,973,150	190,350,182
Other (forensics, HR)	9,847,447	1,902,977	989,393	1,272,985	-	562,567	14,575,369
	239,937,894	28,567,723	25,613,288	27,263,983	22,482,404	110,560,848	454,426,140
Audit and tax services	10,026,887	738,751	3,717,381	3,058,887	1,246,049	7,118,605	25,906,560
Utilities costs	2,281,818	195,547	143,328	270,254	146,675	237,543	3,275,165
Material costs							
Transportation costs (insurance, maintenance, fuel, etc.)	5,261,724	218,024	359,076	385,199	364,957	391,549	6,980,528
Ongoing maintenance	3,126,412	417,521	561,198	408,148	306,668	414,842	5,234,790
Other	4,732,845	54,537	39,846	996,524	1,445,142	4,006,573	11,275,467
	13,120,981	690,082	960,120	1,789,871	2,116,767	4,812,964	23,490,785
Insurance costs - management liability insurance	14,971,419	-	-	-	-	-	14,971,419
Cost of new financing	47,018,273	-	-	11,596,358	1,794,011	126	60,408,769
Travel costs / education	402,597	38,735	27,017	52,219	55,794	77,632	653,994
Other costs ⁵	46,605,780	1,451,243	218,782	1,371,182	2,549,091	5,128,296	57,324,374
Amortization / Depreciation	4,758,083	-	905,559	452,779	452,917	452,371	7,021,711
Total ^{1,2}							
(April 2017 adjusted for operating costs after 10 April 2017)	458,315,093	35,869,254	35,786,776	50,594,518	35,539,557	133,003,819	749,109,018

Notes:

- Total operating costs of Agrokor d.d. (without adjustments or deduction of costs for the period from 1 April 2017 to 10 April 2017) plus all subsequent month's amount to the total operating costs of Agrokor d.d. (this is the number in SAP; HRK 776,973,295).
- Total operating costs in the sum of HRK 749,109,018 is the best representation of the operating costs of Agrokor d.d. since the start of the Extraordinary Administration (being total costs excluding the period 1 April 2017 to 10 April 2017).
- The Deputy Extraordinary Administrator's fee is categorized as an employee cost as opposed to a Commissioner fee.
- Consultant fees are adjusted for the proportion of their costs related to VAT and the pro-rata system Agrokor is in, for the Extraordinary Administration.
- Adjustments totaling HRK 27,864,277 have been made for operating costs that relate to the period 1 April 2017 to 10 April 2017. Other costs include all other SAP accounts which are not separately listed in the above table. Hence, this can result in negative amounts in certain categories for a given period. Furthermore, it includes suppliers after 10 April 2017 which are not captured within consultant fees.
- The above table remains subject to change; however, operating costs shown are the best representation as at the date of this report and includes an estimate for amortization which is yet to be actualized.
- As invoice bookings and payments do not necessarily correspond with the period for which services were provided, operating costs in the above table may be reallocated between months once payments are complete to best reflect when services were provided. The monthly categorization in the above table is therefore the best representation as at the date of this report.

5. Litigation

The present reporting period saw some developments in the various litigation and enforcement proceedings formally issued against the Group.

There were no updates in Croatia, or Montenegro during this period.

In England and Wales, following an agreement between the parties and confirmation by the Court of Appeal, the hearing that had been listed to take place before three Lord Justices of Appeal in London on 19 and 20 June 2018 was vacated. The hearing will be relisted for the first available date after 1 October 2018.

In Serbia, the Extraordinary Administration's legal counsel attended a hearing in the litigation brought by Banca Intesa against Agrokor d.d. (case no. P-6465/17). Both parties had filed expert evidence in the matter, and the court directed that a further independent expert be appointed to give an opinion to the court. A further hearing will be scheduled once that evidence has been delivered. According to the Serbian court's online portal, the second instance court also upheld the decisions of the first instance court in the cases brought by Sberbank d.d. Zagreb against Konzum d.d. (case no. P 6397/2017, appeal ref Pz 2911/2018) and Jamnica d.d. (case no. P 5726/2017, appeal ref Pz 1640/2018), in each case concluding that the Serbian court is not competent to hear the proceedings.

In Slovenia, Sberbank of Russia filed a reply in the proceedings against Agrokor d.d. seeking a temporary injunction over the shares in Mercator d.d. (case no. is Zg 32/2017) and the decision is awaited.

In Bosnia and Herzegovina, the Supreme Court of the Federation of Bosnia and Herzegovina reached a decision in the proceedings brought by Sberbank of Russia against Jamnica d.d. (case no. 51 0 Ps 126516 17 Mo), confirming the decision of the Municipal court in Travnik that it was not competent to hear the proceedings.

Finally, on the Finality of the Court Order as defined in the Settlement Plan the litigation brought by Sberbank of Russia and its affiliates will be withdrawn.

6. Temporary Creditors' Council

At its session held on 19 June 2018 the Temporary Creditors' Council unanimously consented to the the proposed final wording of the Settlement Plan . Further to the approval given by the Temporary Creditors' Council, the Extraordinary Administration submitted the proposed Settlement Plan to all creditors by way of publication at the Court's e-bulletin board.

7. Registration of claims

In the reported period, the Extraordinary Administration's challenges of individual claims have been withdrawn (Hircus d.o.o. – HRK 24,237,745.17, M.O.F. Development of Trading Centers d.o.o. – HRK 46,190,115.54, Sberbank Group – HRK 8,523,712,095.51).

On 11 June 2018 the Extraordinary Administration, pursuant to the Decision of the High Commercial Court of the Republic of Croatia, docket no. PŽ-1834/2018 dated 26 April 2018, submitted to the court a supplement to the table of verified claims, which verified additional claims from Imex banka d.d., Municipality Draž, DS Smith Belišće Croatia d.o.o., Tutus Projekt d.o.o. and Gorenjska Banka d.d.

After the implementation of all of the above mentioned changes as well as the withdrawal of claim filings, the final status of determined claims is HRK 41,973,827,407.65 (of which HRK 25,326,234,225.07 are determined non-settled claims, excluding internal claims), while the total of contested claims amounts to HRK 12,775,491,263.64.

On 4 July 2018 the creditors accepted the Settlement Plan at the settlement plan voting hearing. A majority of 80.20%, consisting of creditors with claims of HRK 27,075,097,019.27 out of a total claim pool of HRK 33,759,582,335.23 with voting rights voted in favour of the proposed Settlement Plan.

8. Stakeholder relations and communications

This reporting period again saw continued dynamic and transparent communication and interaction with all key stakeholders.

The most important news of the reporting period relates to the Settlement Plan receiving an affirmative vote from the Group's creditors at the hearing held on 4 July, 2018. The Settlement Plan was passed with 80.20% of total claims voting in favour.

At a session of the Croatian Parliament's Board of Economy dedicated to Agrokor, held on 27 June 2018, Fabris Peruško, Extraordinary Commissioner for Agrokor and Irena Weber, Deputy Extraordinary Commissioner, presented a report on the course of the settlement and other operating processes at Agrokor and replied to questions raised by Members of Parliament.

The media communication segment oversaw frequent communications with the media including more than 70 various media activities, such as media queries, press releases, media statements, interviews, representatives of the Extraordinary Administration participating in various TV and radio broadcasts and so on.

All communication activities realized in the reporting period were intended to support a successful closing of the Settlement Plan.

Report prepared by:

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