

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

FOR THE PERIOD BETWEEN 11 FEBRUARY AND 10 MARCH 2019

Prepared pursuant to Article 12 paragraph 9 of the Act on the Procedure of Extraordinary Administration in Companies of Systemic Importance for the Republic of Croatia (Official Gazette 32/2017)

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1. Executive Summary

This monthly report is related to the period from 11 February to 10 March 2019. It is intended to provide an update on the economic and financial situation in the Agrokor Group and report on the operating activities of the Extraordinary Administration as well as the overall business operations of Agrokor d.d. and some of its major companies.

The report comprises the results of 16 companies from three business segments: Retail and Wholesale, Food and Agriculture, which in the period under review generated HRK 1,5bn in revenues and HRK 34.2m in operating profits. All business groups have recorded an increase both in revenues and EBITDA.

The Food segment generated a 1.9% growth of revenues to HRK 443m and 19.8% growth of EBITDA to HRK 14.7m. The Retail and Wholesale segment saw an increase in revenues of 0.6% compared to the budget with HRK 905m generated in January 2019, while EBITDA at the same time exceeded the budget by HRK 25m. In the Agriculture segment revenue outperformed the budget by 34% and amounted to HRK 192m, while EBITDA was 61.1% higher than budgeted.

At the session held on 28 February 2019 the Interim Creditors' Council of Agrokor, in consent with Agrokor's Extraordinary Commissioner, decided to request from the Commercial Court of Zagreb to set 1 March 2019 as the Public Announcement Date of the Settlement Plan implementation, to determine the Implementation Commencement Date to be 1 April 2019 and to approve the public announcement of the Implementation Commencement Date through the website Courts' e-Bulletin Board at the Public Announcement Date.

Pursuant to the decree of the Commercial Court of Zagreb dated 1 March 2019 (business No. St-1138/17) and to Clause 17.1 of the Settlement Plan, the Extraordinary Commissioner of the debtor Agrokor d.d. declares 1 April 2019 as the Settlement Plan Implementation Commencement Date, as at which the restructuring measures and implementation activities set forth by the Settlement Plan will be materialized. According to the above approval of the Commercial Court of Zagreb, as of 1 April 2019 the transfer of the economic entity under the Extraordinary Administration of Agrokor to Fortenova Group will take place, with the new company thus becoming operational.

Out of the total of 159 companies operating within the Agrokor Group, 77 companies under Extraordinary Administration in the Republic of Croatia will be the first to go through the Settlement Plan implementation. Out of that, 45 insolvent companies will be mirrored and the new „plus“ companies will start their operations within the new group. At the same time the old, non-viable companies enter the process of being amalgamated to Agrokor d.d.

Once all the assets and companies are merged, the end of the Extraordinary Administration Procedure will be established and Agrokor deleted from the Court Register. The stakes of 32 solvent companies in Croatia will be transferred to the New Group and once the stakes are transferred, the companies exit the Extraordinary Administration Procedure. The assets and stakes of 82 companies outside Croatia which are not subject to the Extraordinary Administration shall be transferred to the New Group pursuant to the respective laws of the relevant jurisdictions, as soon and as cost efficiently as possible.

Fortenova Group is the new name of the parent company to replace Agrokor d.d., scheduled to become operational on 1 April 2019. With regards to the new corporate governance structure, the candidates proposed by the shareholders as non-executive members of the Board of Directors are: Daniel Boehi, Miodrag Borojević, Paul Foley, Kelly Griffith, Maksim Poletaev, Julian Michael Simmonds and Sergei Volk. Yet another non-executive member of the Board of Directors will be a workers' representative, to be elected by the employees of the new company. Fabris Peruško is candidate for the executive member of the Board of Directors, with the Board of Directors thus consisting of nine members in total.

Fabris Peruško has also been proposed as Chief Executive Officer of Fortenova Group and Irena Weber as Deputy CEO and Chief Operating Officer. Yet another executive director will be proposed subsequently, with the company's operations hence to be managed by three executive directors in total.

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

Financial information in the table below relates to the aggregated revenue and EBITDA for January 2019 for the key companies of the Agrokor Group. This monthly report includes data for 16 key companies. The financial results of individual companies stated in this section of the report are not audited and are estimated. The actual results are compared to the budget.

I. 2019 results			
HRK m	Retail and wholesale	Food	Agriculture
Revenue	905m	443m	192m
EBITDA (before management fee)	2.2m	14.7m	17.3m
EBITDA %	0.2%	3.3%	9.0%

***NOTE: All results are estimated**

*Summarized results for the period (no elimination of intercompany transactions and no consolidation adjustments)
Revenues include sales of goods and services (domestic and foreign markets); exclusive of revenue from services not related to regular operating activities.*

EBITDA = EBIT + Depreciation and amortization + value adjustments and impairments + provisions + management and restructuring fees

Source – management reports

Preliminary results YTD

Presented budget data are related to:

- *Latest budgets approved for 2019 for the companies from the Food, Retail and Wholesale and Agriculture segments.*

- **Retail and Wholesale** includes summarized results for four companies:

- Retail: Konzum Croatia, Tisak, Konzum BiH
- Wholesale: Velpro centar

- **Food** includes summarized results for nine companies:

- Beverages – Jamnica, Roto dinamic, Sarajevski kiseljak
- Ice cream and frozen food – Ledo, Frikom, Ledo Čitluk
- Edible oil – Zvezda, Dijamant
- Meat – PIK Vrbovec

- **Agriculture** includes summarized results for three companies:

- Belje, PIK Vinkovci and Vupik

Within the scope of this report the Agrokor Group includes 16 companies from three operating segments; Retail and Wholesale, Food and Agriculture. Revenues generated at the Agrokor Group level are higher than budgeted and EBITDA exceeds the budget by HRK 1m, with the major contribution coming from the profitability increase in retail as compared to the budgeted values.

The Retail and Wholesale segment generated better-than-planned results in January. Both sales revenue and relative gross margin have exceeded the budget and operating costs were lower than planned. Due to these positive results EBITDA and EBITDA margin were higher than planned.

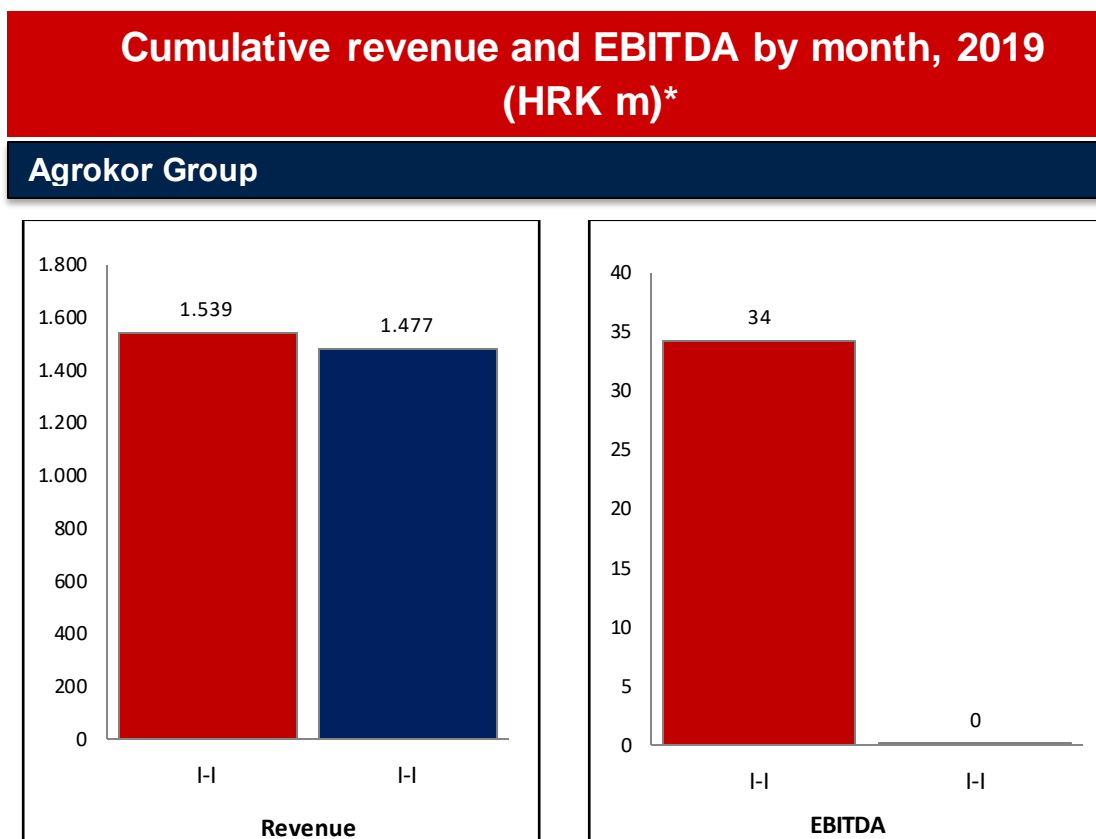
The Food segment has continued the trend of positive results from last year; operating profits and revenue exceeded the budgeted values for January, primarily due to the good sales results and increased operating efficiency at the companies.

The Agriculture segment recorded growth of revenue in January compared to the budget due to higher revenue in the cereal and oil crop sales segment. Actual EBITDA exceeded the budget due to higher prices of cereal and oil crops and synergy savings realized in the costs of raw material and production material.

2.1. Agrokor Group

Within the scope of this report the Agrokor Group comprises 16 companies in three operating segments: Retail and Wholesale (Konzum Croatia, Tisak, Konzum BiH and Velpro centar), Food (Beverages – Jamnica, Roto dinamic, Sarajevski kiseljak, Ice cream and frozen food – Ledo, Frikom, Ledo Čitluk, Edible oil – Zvijezda, Dijamant and Meat – PIK Vrbovec) and Agriculture (Belje, PIK Vinkovci and Vupik).

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



The Agrokor Group includes summarized results for 16 companies:

- Retail and Wholesale (four companies): Konzum Croatia, Tisak, Konzum BiH and Velpro centar
- Food (nine companies: Beverages – Jamnica, Roto dinamic, Sarajevski kiseljak, Ice cream and frozen food – Ledo, Frikom, Ledo Čitluk, Edible oil – Zvijezda, Dijamant and Meat – PIK Vrbovec)
- Agriculture (three companies): Belje, PIK Vinkovci and Vupik

***NOTE: All results are estimated**

■ Actual I-2019

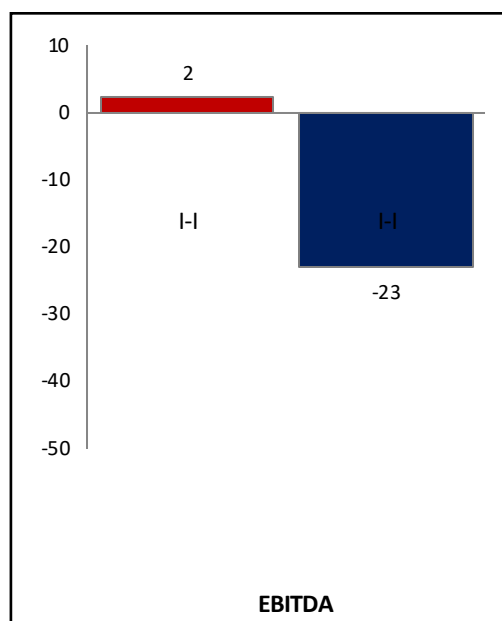
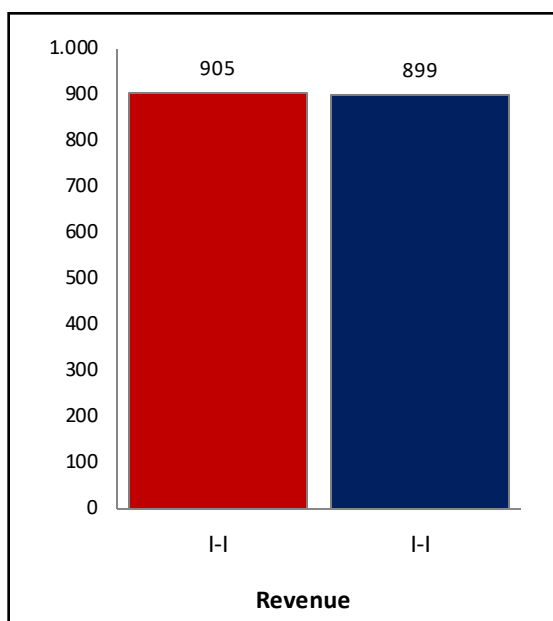
■ Plan I-2019

2.2. Companies in the Retail and Wholesale segment

Companies in the Retail and Wholesale segment are Konzum, Konzum B&H, Tisak and Velpro centar. The table below shows the cumulative revenue and EBITDA by month for the segment, with results of individual companies within the segment portrayed in detail in subsections which follow.

Cumulative revenue and EBITDA by month, 2019 (HRK m)*

Retail and Wholesale



Includes summarized results of four companies:

- Retail: Konzum Hrvatska, Konzum BiH, Tisak
- Wholesale: Velpro centar

***NOTE: All results are estimated**

■ Actual I-2019

■ Plan I-2019

2.2.1. Companies in the Retail and Wholesale segment: Konzum d.d.**2.2.1.1. Financial results YTD and KPI's**

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	625	614
EBITDA	12.2	-11.6
EBITDA %	2.0%	-1.9%

**NOTE: All results are estimated*

2.2.1.2. Commentary on recent trading

- Performance in January continued the positive trend of previous months with sales revenue above the plan. Realized sales revenue in the first month of the year exceeded the plan by 1.9% with core retail operations being the driver of performance.
- Higher than planned sales revenue in January was mainly driven by growth in average basket as a result of strong promotional activities and larger assortment.
- As a result of focused management, operating expenses have remained below planned levels in January.
- Outperforming planned revenues combined with lower operating expenses resulted with positive EBITDA performance for January which is usually marked by slower shopping activities and operating losses. As a result the EBITDA margin exceeded the plan by 3.9 p.p.
- In cooperation with the Croatian Trade Union since 1 January this year, Konzum increased the salaries of its employees by a net amount of HRK 350 which represents a non-taxable component, in line with new tax regulation. The increase is permanent and relates to employees whose salaries are linked to coefficients. This change is in line with Konzum's goal to continue maintaining a stable and motivated workforce in a competitive employment environment. Since the beginning of 2018 until today the salaries have increased by six percent.

2.2.2. Companies in the Retail and Wholesale segment: Konzum BiH

2.2.2.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	97	100
EBITDA	-1.3	-1.4
EBITDA %	-1.3%	-1.4%

**NOTE: All results are estimated*

2.2.2.2. Commentary on recent trading

- Efforts of the members of new management in the past few months brought results in January 2019, which are visible through a couple of parameters (Revenue-EBITDA) that show positive business trends.
- Compared to the budget, total revenues decreased by 3,5%. Restructuring results are visible from October to December 2018, suppliers and business partners reestablished contacts and accepted new cooperation terms.
- Realized revenues which were close to budgeted significantly decreased the negative trend from the previous period. Undertaken activities through intense marketing communication, aggressive approach towards customers through attractive promo and regular sales, better inventory control and decrease in goods shortage are the reasons for the mentioned successful realization.
- Other operating expenses in January 2019 decreased by 1% compared to the budget as a result of strict tracking of expenses, numerous savings activities, as well as closing of unprofitable stores in 2018. Decrease in expenses followed at the same time with an increase in gross margin resulted in greater EBITDA by 7% than planned.

2.2.3. Companies in the Retail and Wholesale segment: Tisak d.d.**2.2.3.1. Financial results YTD and KPI's**

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	128	130
EBITDA	-3.5	-4.8
EBITDA %	-2.8%	-3.7%

**NOTE: All results are estimated*

2.2.3.2. Commentary on recent trading

- In January 2019 actual EBITDA was negative and amounted to HRK 3.5m which was better than planned by HRK 1.3m. The main reason for satisfactory result lies in lower expenses realized compared to the budget by HRK 2.9m.
- Revenues in January 2019 were slightly below the budget. However, retail segment as the largest business segment of Tisak was according to the budget. Slightly lower revenues were realized in the wholesale segment due to lower sales of new assortment and logistics segment due to lower revenue of newspaper delivery, package delivery and B2B delivery.

2.2.4. Companies in the Retail and Wholesale segment: Velpro-Centar d.o.o.**2.2.4.1. Financial results YTD and KPI's**

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	55	56
EBITDA	-5.2	-5.1
EBITDA %	-9.4%	-9.1%

**NOTE: All results are estimated*

2.2.4.2. Commentary on recent trading

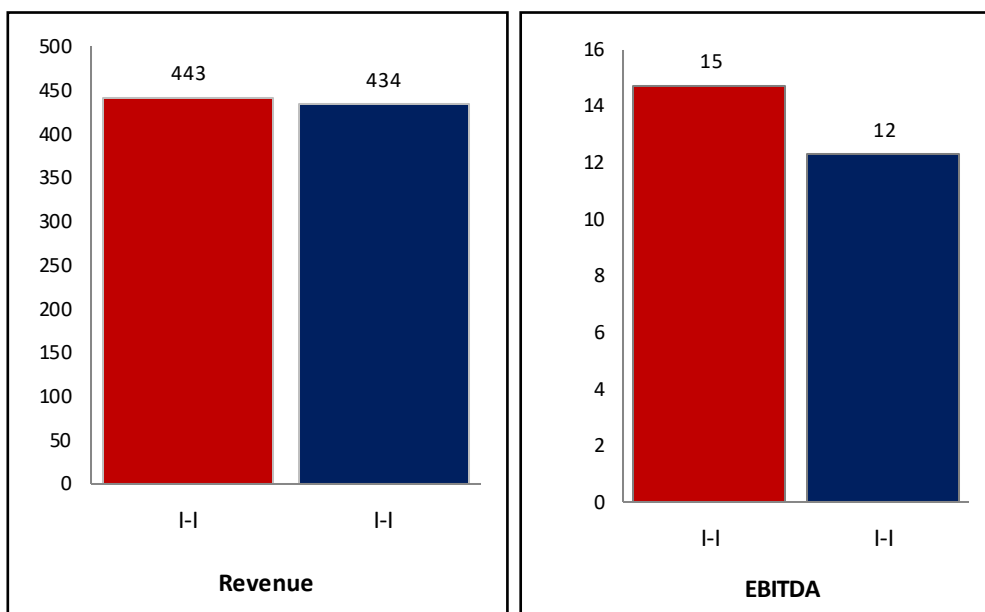
- January revenue is slightly below the plan. This is mainly caused by lower realization of public tenders and focus on profitability.
- Expenses in January were marginally above the plan due to not-realized investment in Q4 2018.
- EBITDA for January was slightly lower than planned, mainly caused by lower revenues than planned and somewhat higher costs.
- The most significant business activities during the reporting period were related to preparations for the summer season.

2.3. Companies in the Food segment

Companies in the Food segment are: Jamnica, Sarajevski kiseljak, Roto Dinamic, Ledo, Frikom, Ledo Čitluk, Zvijezda, Dijamant and PIK Vrbovec. The table below shows cumulative revenues and EBITDA by month for the segment, while the individual results of companies within the segment are outlined below.

Cumulative revenue and EBITDA by month, 2019 (HRK m)*

Food



Includes the summarized results of nine companies:

- Beverages: 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 estimated**

■ Actual I-2019

■ Plan I-2019

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

2.3.1.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	58	58
EBITDA	6.4	6.4
EBITDA %	11.1%	10.9%

**NOTE: All results are estimated.*

2.3.1.2. Commentary on recent trading

- Actual EBITDA is slightly above the budget as a result of cost management.
- Total revenues generated by Jamnica in January were slightly below budgeted values. The lower revenue generation on the local market is a consequence of lower goods rotation at the points of sale, resulting in the budgeted quantities not being met. Revenues generated abroad were higher than budgeted, mostly due to the increased realization of the Jana and Jana Ice Tea brands on the market of B&H.
- Jamnica was sponsor to the Feminine Leadership Conference with its Jana brand.

2.3.2. Companies in the Food segment: Roto dinamic d.o.o.**2.3.2.1. Financial results YTD and KPI's**

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	44	45
EBITDA	-4.7	-5.8
EBITDA %	-10.6%	-12.9%

***NOTE: All results are estimated**

2.3.2.2. Commentary on recent trading

- Actual EBITDA has exceeded budget as a result of cost management.
- Actual sales revenues in January were slightly below the budget. The Zagreb region has seen a continued positive trend in keeping market shares, while the regions of Istria and Kvarner and Dalmatia were below the budgeted values.

2.3.3. Companies in the Food segment: Sarajevski Kiseljak d.d.

2.3.3.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	18	19
EBITDA	2.9	3.5
EBITDA %	16.0%	18.4%

**NOTE: All results are estimated*

2.3.3.2. Commentary on recent trading

- Total sales revenues generated in January were below the budget, as a result of weaker sales, the consequence thereof being EBITDA below budgeted values.

2.3.4. Companies in the Food segment: Ledo d.d.**2.3.4.1. Financial results YTD and KPI's**

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	43	42
EBITDA	-1.7	-2.7
EBITDA %	-4.0%	-6.5%

**NOTE: All results are estimated*

2.3.4.2. Commentary on recent trading

- Actual EBITDA outperformed the budget due to both sales results and operating cost control.
- Sales revenues generated on the domestic market in January exceeded the budget as a consequence of stronger focus on the assortment of ice cream and frozen merchandize, thus compensating for the turnover of HoReCa products which are not being offered any more due to assortment optimization.

2.3.5. Companies in the Food segment: Ledo Čitluk d.o.o.

2.3.5.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	16	15
EBITDA	0.9	0.9
EBITDA %	5.8%	5.8%

**NOTE: All results are estimated*

2.3.5.2. Commentary on recent trading

- As a result of increased sales revenues EBITDA generated in January slightly exceeded the budget.
- In January Ledo Čitluk recorded higher-than-planned sales revenues as a result of assortment optimization, quality positioning at points of sale and bilateral promotions with key accounts.

2.3.6. Companies in the Food segment: Frikom d.o.o.

2.3.6.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	33	34
EBITDA	-6.0	-4.5
EBITDA %	-18.1%	-13.2%

**NOTE: All results are estimated*

2.3.6.2. Commentary on recent trading

- Actual sales in January were slightly below budgeted values due to the trend of reducing sales prices on the market caused by the entry of new competitors on the retail market.
- Monthly EBITDA lagged behind the budget mainly due to increased costs.
- Marketing activities that took place over the course of October and December in the vegetable category (vegetable image campaign under the slogan: „Always in the Leading Role“) had a positive impact on frozen fruit and vegetable sales in January.

2.3.7. Companies in the Food segment: Zvijezda d.d.

2.3.7.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	48	45
EBITDA	4.1	1.4
EBITDA %	8.5%	3.2%

**NOTE: All results are estimated*

2.3.7.2. Commentary on recent trading

- With increased operating efficiency and higher actual sales, EBITDA in January significantly outperformed the budget.
- Actual sales revenues generated at Zvijezda were higher than budgeted. The highest growth was accomplished on export markets due to intensified exports to Kosovo and good sales performance on the markets of B&H and Slovenia.
- The domestic market saw growth in the key categories – mayonnaise, ketchup and sunflower oil.

2.3.8. Companies in the Food segment: Dijamant a.d.**2.3.8.1. Financial results YTD and KPI's**

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	56	55
EBITDA	2.6	2.6
EBITDA %	4.6%	4.8%

**NOTE: All results are estimated*

2.3.8.2. Commentary on recent trading

- Sales revenue in January was higher than budgeted. The categories of table margarine, industrial margarine, mayonnaise, vegetable fats, merchandize and sunflower and soya meal generated higher-than-planned revenues.
- Actual EBITDA was slightly below the budget due to higher production costs which resulted from an unscheduled discontinuation of equipment at the plant and higher price of electricity on the Serbian market.

2.3.9. Companies in the Food segment: PIK Vrbovec d.d.

2.3.9.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	126	121
EBITDA	10.3	10.5
EBITDA %	8.1%	8.7%

**NOTE: All results are estimated*

2.3.9.2. Commentary on recent trading

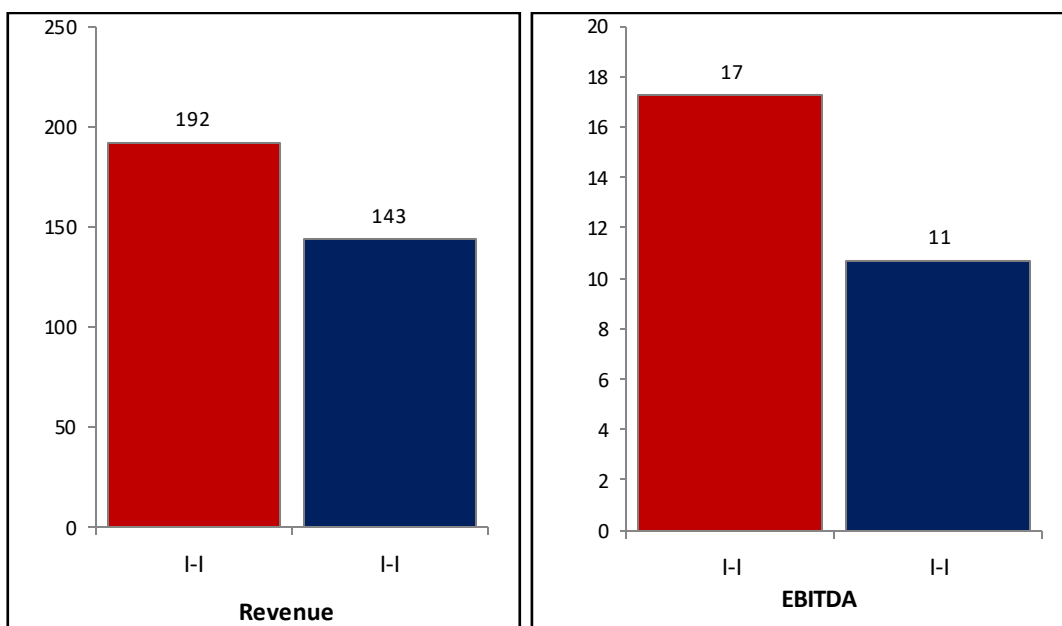
- Actual sales revenue in January outperformed budgeted sales.
- Due to the VAT rate having been reduced from 25% to 13%, fresh meat sales exceeded the budgeted values in terms of quantity. Processed meat has seen no change in the VAT rate, but still generated higher sales.
- Apart from the increase in the cost of raw material which was higher than planned as a result of the higher raw material price, all other costs were either at the planned level or lower, resulting in actual EBITDA for January only slightly below budget.
- The month saw a new product being launched on the market – *panceta* bacon under the Sljeme brand.

2.4. Companies in the Agriculture segment

Companies in the Agriculture segment are: Belje, PIK Vinkovci and Vupik. The table below outlines cumulative revenue and EBITDA for the segment, while the results of individual companies within the segment are set out in the subsections below.

Cumulative revenue and EBITDA by month, 2019 (HRK m)*

Agriculture



***NOTE: All results are estimated**

Includes the summarized results of three companies:

- Belje, PIK Vinkovci and Vupik

■ Actual I-2019

■ Plan I-2019

2.4.1. Companies in the Agriculture segment: Belje d.d.

2.4.1.1. Financial results YTD and KPI's

Financial results*	I-2019 (HRK m)	Plan I-2019 (HRK m)
Revenue	92	85
EBITDA	11.6	7.2
EBITDA %	12.6%	8.4%

*NOTE: All results are estimated

2.4.1.2. Commentary on recent trading

- Actual revenue from products and services in the current period exceeded budgeted values. Actual EBITDA generated in the current period outperformed the budget by HRK 4.4m.
- Within the scope of the cost management system, including operating process costs, continuous efforts are exerted to optimize costs, resulting in lower costing prices per unit of product. Significant savings were made in raw material and product material costs, mainly due to lower input prices of raw material for animal feed production and meat for cured meat products.
- Higher-than-planned profits were generated in selling ABS cheese and sunflower, as well as from other revenues.

2.4.2. Companies in the Agriculture segment: PIK Vinkovci d.d.

2.4.2.1. Financial results YTD and KPI's

Financial results*	I-2019 (mil. HRK)	Plan I-2019 (mil. HRK)
Revenue	67	24
EBITDA	2.4	3
EBITDA %	4%	13%

*NOTE: All results are estimated

2.4.2.2. Commentary on recent trading

- Actual sales revenue generated in the current period was 179% higher than planned. Sales revenues as well exceeded those generated in the same period last year by 146%.
- Higher sales revenues were realized in the cereal sales segment, exceeding budget by HRK 11.8m, in oil crop sales by HRK 16.5m and in reproduction material sales. Revenues from sales of fresh fruit and vegetables were at the planned level.
- The lower EBITDA generation results from the difference in the planned and actual selling price of piglets and the monthly cost dynamics, with significant deviations in goods transportation costs.
- Trading activities in January significantly exceeded planned values, with faster goods rotation. DPO was at last month's level and DSO went down compared to last month. Both payments and debt collection take place within maturity.

2.4.3. Companies in the Agriculture segment: Vupik d.d.

2.4.3.1. Financial results YTD and KPI's

Financial results*	I-2019 (mil. HRK)	Plan I-2019 (mil. HRK)
Revenue	34	35
EBITDA	3.3	0.5
EBITDA %	9.9%	1.3%

*NOTE: All results are estimated

2.4.3.2. Commentary on recent trading

- Actual revenues from sales of products and services were close to the planned values. Sales of finisher exceeded the budget by 12% in quantity, although the selling price was 6% lower than planned. The market value of finishers is still low with high impact on the operating result.
- January 2019 saw sales of remaining inventories of mercantile corn and the majority of sunflower stocks from 2018.
- Actual EBITDA generated in January 2019 outperformed the budget due to the higher selling price of mercantile corn from last year's inventories.
- The levels of inventories in raw materials, production materials and finished products at the end of the period were reduced compared to last month due to inventories of mercantile corn and sunflower having been sold.

3. Short-term cash position

3.1. Cash management

The Group has continued to actively manage its liquidity, with the cash flow forecasts being updated on a fortnightly basis and the weekly/fortnightly payment plans being established on that basis. The requests of the Croatian companies within the Group for payments are being reviewed and approved for the purpose of making the payments. In the period since June 2017, when new funds for the financing were raised, until mid February 2019 net funds in the amount of HRK 695m have been deployed into the operating activities to support liquidity.

As discussed in previous monthly reports, these funds were primarily used to settle post-petition suppliers' claims from the period after 10 April 2017 and to replenish inventories at the operating companies. This makes it possible for the Group's operating companies to continue financing their operating activities and working capital requirements for the realization of targeted seasonal sales. This is considered to be one of the most important achievements of the entire restructuring process over the course of the Extraordinary Administration Procedure.

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

Forecast for CW9 – short-term cash flow for 13 weeks for 19 major subsidiaries as compared to the previous week (in HRK m)

	Current short-term cash flow (CW9)	Short-term cash flow in previous week (CW7)
Minimum cash balance (13 weeks)	412	387
Maximum cash balance (13 weeks)	748	749
Minimum liquidity obligation	222-296	296
Available liquidity	158 – 452	91 – 453

4. Extraordinary Administration costs and operating expenses of Agrokor d.d.

As in previous months, the Extraordinary Administration continues to manage the incurred operating costs. These costs are fully and directly linked to the various centralized services provided across the Group.

An overview of the operating costs of Agrokor as at 31 January 2019, broken down by the type of cost, is presented in the operating costs table shown below. Expense categories for the period of Extraordinary Administration include the details of all advisors and all other operating expenses, regardless of whether they were engaged before or after the start of the extraordinary administration procedure, for the respective period.

Invoices are debited and paid on an ad hoc basis, in accordance with the services provided and the agreed restructuring process timeline.

The total operating costs in January 2019 exceeded those in December 2018 by HRK 10,123,606.80, amounting in total to HRK 42,838,306.35.

The total headcount in January 2019 was 104, with no severance pay made over the course of this reporting period.

OPERATING COSTS of AGROKOR D.D.	Total IV-XII 2017	Total I-XII 2018	January 2019	TOTAL
Total cost of salaries and fees				
Commissioner's fee	1.040.991,01 kn	1.427.644,80 kn	118.970,40 kn	2.587.606,21 kn
Employees and service contracts (Bruto II included)	53.190.186,24 kn	54.855.134,75 kn	5.191.267,78 kn	113.236.588,77 kn
Severance payments	24.960.182,17 kn	1.411.179,85 kn	0,00 kn	26.371.362,02 kn
	79.191.359,42 kn	57.693.959,40 kn	5.310.238,18 kn	142.195.557,00 kn
Consultant fees*				
Legal	81.513.524,11 kn	171.833.415,75 kn	13.281.509,38 kn	266.628.449,24 kn
Financial	31.579.402,77 kn	98.764.283,75 kn	11.618.753,09 kn	141.962.439,61 kn
Restructuring	116.997.520,22 kn	247.380.324,37 kn	7.362.914,76 kn	371.740.759,34 kn
Other (forensics, HR)	9.847.447,10 kn	6.154.983,65 kn	0,00 kn	16.002.430,76 kn
	239.937.894,20 kn	524.133.007,52 kn	32.263.177,23 kn	796.334.078,95 kn
Audit and tax services	6.386.934,91 kn	2.658.955,46 kn	115.923,17 kn	9.161.813,54 kn
Utilities costs	2.281.818,48 kn	2.798.865,35 kn	304.261,71 kn	5.384.945,54 kn
Material costs				
Transportation costs (insurance, maintenance, fuel, etc.)	5.261.724,02 kn	4.360.986,97 kn	309.755,98 kn	9.932.466,97 kn
Ongoing maintenance	3.126.412,00 kn	5.297.979,16 kn	450.393,39 kn	8.874.784,55 kn
Other	4.732.845,16 kn	8.320.394,89 kn	486.079,06 kn	13.539.319,11 kn
	13.120.981,18 kn	17.979.361,02 kn	1.246.228,43 kn	32.346.570,63 kn
Insurance costs - management liability insurance	4.876.555,81 kn	5.369.732,30 kn	0,00 kn	10.246.288,11 kn
Cost of new financing	47.018.273,11 kn	180.917.172,44 kn	664,15 kn	227.936.109,70 kn
Travel costs / education	402.597,03 kn	722.281,09 kn	53.830,58 kn	1.178.708,70 kn
Other costs **	60.340.595,16 kn	66.203.120,10 kn	3.075.553,81 kn	129.619.269,07 kn
Amortization / Depreciation	4.758.083,49 kn	5.571.121,09 kn	468.429,09 kn	10.797.633,67 kn
TOTAL	458.315.092,79 kn	864.047.575,76 kn	42.838.306,35 kn	1.365.200.974,91 kn

Adjustment for April 2017 (the first 10 days prior to activating the Extraordinary Administration): HRK 27,865,276.91

Comments to the operating costs table for the company Agrokor d.d.:

1. Total operating costs for the company Agrokor d.d. over the course of the Extraordinary Administration Procedure (stated without adjustment for or deduction of costs for the period from 1 April 2017 to 10 April 2017) amount to HRK 1,393,066,251.82.

2. The total amount of operating costs stated in the table above is the best representation of operating costs of the company Agrokor d.d. since activation of the Extraordinary Administration Procedure (total amount less costs for the first ten days of April). The amount of adjustment of HRK 27,865,276.91 pertains to the first ten days of April (operating costs for the period from 1 April to 10 April 2017).

3.* Advisors' costs have been adjusted to state the portion of their costs with regards to the VAT regime in which Agrokor d.d. operates, ie. the pro-rata system. The stated amounts of costs have been adjusted for the unrecognized VAT amount, which is the best representation of actual operating costs.

4.* Advisors' costs from May onwards include new consultants hired for the final stage of the process. These new consultants include McKinsey (for restructuring), PJT&FTI (for finance) and AKIN Gump (legal advisors).

5.** Other costs include all other operating costs, ie. other supplier entries from SAP which have not been stated as a separate category in the operating cost table. The amount can be negative due to credit notes or exchange rate, depending on the period.

6.*** Consequently, included are the costs related to other suppliers not stated in the advisors' costs, ie. including suppliers after 10 April 2017 that are not stated under basic advisory fees (advisors' costs).

7. Due to the variable nature of the accounting entries it is possible for operating costs for a certain month to be entered with a delay in time or for some costs to be canceled. Agrokor d.d. states the actual operating costs at the point of preparing this report.
8. Subsequent entries or changes will be adjusted upon realization and may affect the data for the entire period under review, ie. the costs of individual periods from the past may be corrected/adjusted.
9. This operating cost report is prepared on a continuous basis on various dates in the month and hence the currency exchange rate may vary for the period under review. For the sake of convenience/easier analysis, the cost analysis model related to this report uses the fixed exchange rate of 7.45 HRK/EUR for the entire period.
10. *** The data for Auditing and Tax Services have been revised for the entire Extraordinary Administration period, as they had erroneously included some costs which did not belong thereto and have now been reclassified, with the category „Auditing and Tax Services“ now only including the costs related thereto. In accordance with the above, the respective category is now the best representation of auditing and tax services for the entire period of the Extraordinary Administration.
11. The cost of financing for July 2018 includes a total of HRK 165.4m of costs related to the new financing.
12. The cost of D&O managers in September 2018 has been revised, ie. the manager insurance cost re-invoiced to the companies has been removed from the operating costs of Agrokor d.d. Consequently, the cost is actually lower than it was stated until including September 2018.
13. October operating costs include the success fees for certain suppliers who had agreed such fee.
14. Agrokor d.d. operating costs are set in line with the costs as at the day of preparing the report. All subsequent entries may change the position by individual group of costs. The Accounting Department is taking care for the total operating cost stated to be divided into the given cost distribution categories.
15. The operating costs are exclusive of the accounts 45400000 to 45499999 – value adjustments (account of write-off of other financial assets), amounting in 2018 to HRK 84,900,536.93, which indicates that accounts 40000000 to 49999999 totalled HRK 991,563,217.56 in 2018, with operating costs in 2018 amounting to HRK 906,662,680.63.
16. It is important to note that entries for the year 2018 are still under way, with the stated operating costs related to the day of preparing this report. In the January 2019 report it is important to note that advisory costs were adjusted compared to the numbers disclosed in the December 2018 report. The adjustment was made in the cost report for January 2019, with the total advisors' cost amount lower by HRK 2.97m, as corrected and stated in this latest report.

5. Litigation

In Serbia, on 19 February 2019 the BRA enacted the decision no. BD 17967/2019, by which the notice on temporary injunction against Agrokor d.d.'s shareholding in M-Profil SPV, which was brought by Sberbank Russia before the Commercial Court in Belgrade by case no. li 1053/2017, was removed. Appeal can be filed against the above decision within 30 days deadline commencing as of the day of publishing of such decision at the BRA i.e. as of 19 February 2019.

6. Interim Creditors' Council

The Interim Creditors' Council held its 25th session on 28 February 2019 with one point on the agenda. The session saw the decision being passed on the proposed Settlement Plan Implementation Commencement Date, with the Members of the Council unanimously adopting 1 April 2019 as the Implementation Commencement Date.

7. Settlement Plan Implementation

In February 2019 the Agrokor Group continued to pursue intensive activities in the process of planning the Settlement Plan implementation. In all the key pillars of planning the implementation, comprising legal implementation, operational implementation, IT implementation and implementation in the areas of accounting/finance/taxes, final planning activities are under way.

1. Organizational structure of the Settlement Plan implementation

The Settlement Plan implementation process is organized through the Project Management Office of the Group which, together with the expert teams, the project teams at operating companies' level and the advisors, runs and develops the Settlement Plan Implementation Schedule.

2. Implementation Planning Status

Project coordination

- In February 2019 the agreed coordination of the entire project has continued through steering committee meetings, meetings of the central implementation management office, expert team meetings as well as workshops and meetings with the project management teams at operational level.
- Moreover, at the session held on 28 February 2019 the Interim Creditors' Council of Agrokor, in consent with Agrokor's Extraordinary Commissioner, decided to request from the Commercial Court of Zagreb to set 1 March 2019 as the Public Announcement Date of the Settlement Plan implementation and to determine the Implementation Commencement Date to be 1 April 2019.

Preparation of the implementation plan and execution

Legal implementation

- The non-viable companies, planned to undergo the process of business entity transfer to the new mirror companies, have prepared implementation plans/steps for the transfer of assets.
- The implementation of plans has started with the announcement of the Settlement Plan Implementation Commencement Date.

Operational implementation (operations, IT, accounting/finance/taxes, communications)

- Detailed operational Settlement Plan implementation plans have been prepared for all insolvent companies
- The initial communication with all Agrokor Group partners is under way.

8. Stakeholder relations and communication

The Extraordinary Administration has kept to pursue a dynamic and transparent communication in Croatia and other countries of the region where Agrokor operates. The focus of communication has been on preparing communication plans and activities related to the Settlement Plan implementation across the Agrokor Group, including internal and external communication with all key stakeholders.

In the internal communication segment, for the purpose of informing employees on the course of the implementation, Agrokor and mStart have developed an application called Aconnect for direct two-way internal communication with over 50,000 employees. The application is intended to contribute to better internal understanding of the Settlement Plan implementation process as well as to an overall efficient way of informing about the companies' operations. It is a two-way internal communication platform reaching to the broadest circle of recipients, ie. employees. Namely, a great number of the Group's employees do not work at offices and have no continuous access to computers, emails or the Internet and thus the communication with them has so far been limited to information passed to them by their immediate superiors or through other indirect channels. Aconnect has been developed to enable direct access to content for all employees, as well as their feedback. All employees will be provided with user data to activate the application on their mobile phone or computer. The usage of the application is voluntary and the activation of users will be realized in several stages. Although it has been developed to help employees in understanding the implementation process, the application will remain an important channel through which the New Group will continue the internal communication with its employees going forward. Each company will be able to publish content important to their employees. Given that the application was developed entirely by mStart, it can be extended and serve as the basis for the Group's future closed social network.

Also in the internal communication segment, a short animated film was prepared to explain the Settlement Plan implementation through a number of practical, simple and understandable examples. The film is yet another way to explain the most important elements of the implementation to employees, while pointing out the importance of each individual employee in the process. The film is available at Agrokor's website: https://youtu.be/5ycpSWoKz_E.

In the media communication segment, intensive communication with the media is still present, including more than 60 various media activities such as interviews to international news agencies, media queries, releases, media statements and the like.

Fabris Peruško attended the TMA East European Event Conference held on 26 February 2019, within the scope of which he held a lecture on Agrokor's restructuring case. This presentation was followed by a panel discussion with Irena Weber, Deputy Extraordinary Commissioner, Alastair Beveridge from Alix Partners, Goran Horvat from KPMG Croatia and dr. Wolfram Prusko from Kirkland and Ellis taking part.

After the Interim Creditors' Council, in consent with the Extraordinary Commissioner of Agrokor, at the session held on 28 February 2019 had requested from the Commercial Court of Zagreb to set the Implementation Commencement Date on 1 April 2019, Fabris Peruško, Extraordinary Commissioner and Irena Weber, his Deputy, publicly presented the Settlement Plan implementation schedule, the new name of the company and the new corporate structure of Fortenova Group.

They as well had appearances in TV and radio broadcasts, presenting these topics to the broader public. Fabris Peruško appeared in the Daily News (*Dnevnik*) at the Croatian national television and Irena Weber at *RTL Direkt*. On 1 March 2019 Irena Weber also appeared in the Croatian Radio's broadcast „*U mreži prvog*“ and on 5 March at N1 Studio live. An interview with Fabris Peruško was published in *Večernji list* on 2 March and an interview with Irena Weber in *Jutarnji list*. There has as well been intensive communication with Slovenian media, with Fabris Peruško giving an interview to *Dnevnik*, Slovenian TV (*RTV Slovenija*), to *Slovenska tiskovna agencija* (Slovenian Press Agency) and POP TV.

Zvonimir Mršić, Advisor to the Extraordinary Administration for the Food segment, on 26 February 2019 took part in a round table and panel discussion on the topic „Challenges of the Croatian Economy in 2019“, organized by the Croatian Alumni Association of the Zagreb University's School of Economics.

Irena Weber, Deputy Extraordinary Commissioner, also participated in the round table „Developing and Retaining Talents“ on the occasion of presenting the research „Women in Business“ held on 7 March 2019 and organized by Deloitte and the Croatian Employers' Association.

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