

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 JULY 2018 AND 10 AUGUST 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)

CONTENTS

1. Executive summary	4
2. State of companies under the Extraordinary Administration during the reporting period.....	6
2.1. Agrokor Group.....	8
2.2. Companies in the retail and wholesale sector.....	9
2.2.1. Companies in the retail and wholesale sector: Konzum d.d.	10
2.2.2. Companies in the retail and wholesale sector: Konzum BiH	11
2.2.3. Companies in the retail and wholesale sector: Tisak d.d.	12
2.2.4. Companies in the retail and wholesale sector: Velpro - Centar d.o.o.	13
2.3. Companies in the food sector.....	14
2.3.1. Companies in the Food sector: Jamnica d.d.	15
2.3.2. Companies in the Food sector: Roto dinamic d.o.o.	16
2.2.3. Companies in the Food sector: Sarajevski kiseljak d.d.	17
2.2.4. Companies in the Food sector: Ledo d.d.	18
2.2.5. Companies in the Food sector: Ledo Čitluk d.o.o.	19
2.2.6. Companies in the Food sector: Frikom d.o.o.	20
2.2.7. Companies in the Food sector: Zvijezda d.d.	21
2.2.8. Companies in the Food sector: Dijamant a.d.....	22
2.2.9. Companies in the Food sector: PIK Vrbovec d.d.	23
2.3. Companies in the agriculture sector.....	24
2.3.3. Companies in the agriculture sector: Belje d.d.	25
2.3.4. Companies in the agriculture sector: PIK Vinkovci d.d.	26
2.3.5. Companies in the agriculture sector: Vupik d.d.	27
3. Short-term cash position	28
4. Cost of Extraordinary Administration and operational business of Agrokor d.d.	30
5. Litigation.....	32
6. Temporary Creditors' Council	34

7. Registration of claims	35
8. Stakeholder relations and communications	36

1. Executive summary

This monthly report relates to the period from 11 July to 10 August, 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.

Over the first six months of 2018 the Agrokor Group generated operating profits of HRK 729.7m, outperforming budget by HRK 44.2m or 6.4 per cent. The key features, at the half year point, for the 16 key companies included in the monthly reports are the continuous focus on and decrease in operating costs and delivered efficiency improvement.

This particularly applies to the Retail and Wholesale sector, which over the first six months generated HRK 6.1bn in revenues and HRK 70.2m of operating profits(exceeding budget by HRK 32.6m). Of this, Konzum's revenues amounted to HRK 4.1bn or 3.1 per cent more than planned, while EBITDA in the six-monthly period reached HRK 103.5m or HRK 63.3m more than budgeted.

The Food sector continued the trend of outperforming the budgeted operating result (EBITDA) in June. Revenues of HRK 587m are almost at the budgeted level (HRK 588m), while EBITDA of HRK 132.7 exceeded plan by almost HRK 10m.

Revenues and EBITDA of the Agriculture sector were lower than planned for the half year, mostly due to the significant drop in prices of semi-hard cheese and pork on the commodity exchange markets. The Agriculture sector generated revenues of HRK 991m and EBITDA of HRK 74.6 m over the course of the six months. The drop in revenues was mitigated by intensifying other activities and with the good natural results (i.e. harvests) expected for the season the underperformance in the first half of the year is expected to be mitigated to some extent.

Once Agrokor's creditors had adopted the Settlement Plan on 4 July, 2018 the Commercial Court in Zagreb published the Minutes of the Settlement Plan Voting Hearing on 5 July, 2018 and on 6 July, 2018 published its Ruling to confirm the Settlement Plan. The deadline for lodging complaints against the Ruling confirming the Settlement Plan was 23 July, 2018, with the Commercial Court having received 92 creditors' complaints.

The complaints against the Ruling confirming the Settlement Plan will be decided upon by the High Commercial Court. Once the Settlement Plan becomes effective the process of its implementation will start and is planned to last between three and six months. All companies within the group have started preparations for this technically very demanding process, to be organized and controlled by the Extraordinary Administration, which will – according to the latest estimates – comprise more than 100,000 steps.

In the period under the review of this monthly report all companies of the Agrokor Group have published their annual financial statements for the year 2017 and started publishing the quarterly financial statements.

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 six 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 - June 2018 performance*

HRK m	Retail and Wholesale	Food	Agriculture
Revenue	6,128	3,832	991
EBITDA	70.2	584.9	74.6
EBITDA %	1.1%	15.3%	7.5%

- **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 six 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 6 months to June amounted to HRK 729.7m exceeding plan by 6.4%.

On-going improvement of the operational results of the retail and wholesale business continued in June. All the companies in this sector have lowered costs compared to budget. Business results of the whole sector have been on an upward trend and cumulative EBITDA is better than planned, as was the case in previous months. This is primarily due to lower operational costs and better commercial terms than planned.

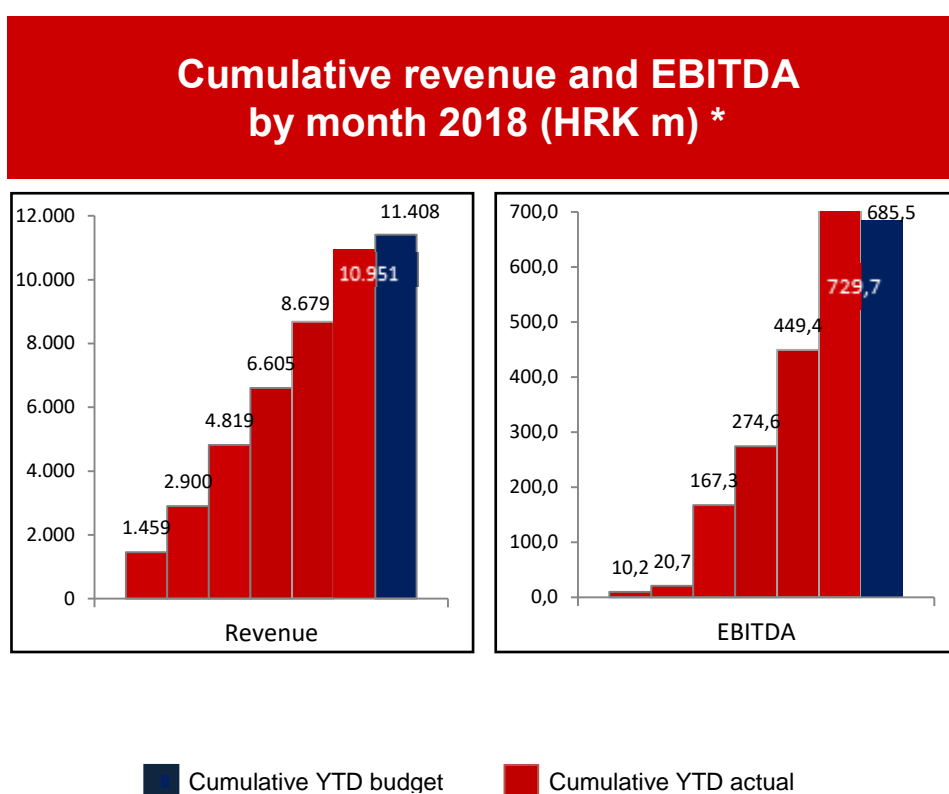
The Food sector in June continues the trend of achieving better operating results (EBITDA) than the plan as a result of the cost control program, despite a slight decline in sales revenue caused by unfavorable weather conditions,. The Beverages and Frozen groups achieved better operating result than planned as a result of increased efficiency and control of operating costs, despite the decline in sales revenues that were significantly affected by weather conditions. The excellent result of Zvijezda has eliminated the negative impact of pressure on sunflower oil prices on some markets, so the Oil segment achieved a better operating profit than planned. The Meat business group achieved higher operating results than planned, as a result of lower raw material prices and sales revenue hitting the plan.

The Agriculture sector has recorded 8.4% lower revenues compared to plan in June due to the continued low prices of semi-hard cheese and pork at the commodity exchanges. The increase in other activities has mitigated the shortfall in revenues but given the strong decline of prices on European commodity exchanges, EBITDA has continued to decrease. The significant loss resulting from the continued low market prices is expected to be set off by good harvest results and 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.



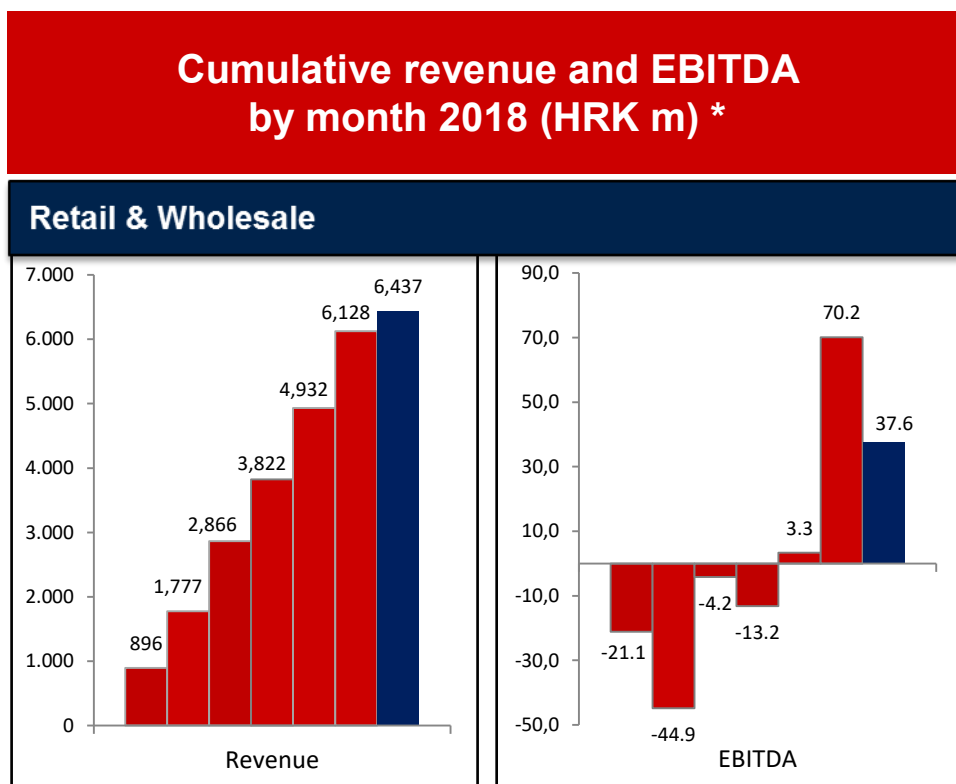
***NOTE: All results are preliminary.**

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.



Includes four companies' summarized results:

- *Retail:* Konzum Croatia, Konzum BiH, Tisak
- *Wholesale:* Velpro - Centar

***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-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	4,108	4,076
EBITDA	103.5	40.2
EBITDA %	2.5%	1.0%

**NOTE: All results are preliminary.*

2.2.1.2. Commentary on recent trading

- The positive trend in the return of customers to Konzum that began in the first part of this year continued in June, with more customers than anticipated.
- Numerous promotional activities with a high-quality offer and assortment have led to an increase in the average basket size, both in June and in the year-to-date.
- The growth trend of the number of customers and the average basket resulted in an increase in retail sales in June and in the cumulative year.
- Core business retail revenue is above budget by 3.1% in the first 6 months of the year, while in June it is above budget by 4.3%.
- Better communication and collaboration with suppliers and partners results in a total retail gross margin above budget on both a monthly and a cumulative basis for the year. The total retail margin in June was 7.6% higher than budgeted, while the year-on-year increase is 4.3%.
- The effects of various savings measures and activities aimed at increasing profitability at the end of last year and beginning of this year are visible through lower than budgeted operating costs, which were down by 5.9% in June, and by 3.6% in first six months of this year.
- With revenue and margins being higher and operating costs being below budget, the EBITDA in June is above budget and has been the case in each month of the year to date. EBITDA in June was HRK 19.1 million above plan whilst EBITDA for the first half of the year is above the budget by HRK 63.3 million.

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

2.2.2.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	631	663
EBITDA	-9.5	-5.6
EBITDA %	-1.5%	-0.8%

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

2.2.2.2. Commentary on recent trading

- Cumulative revenue from January to June is 4.7% below budget.
- LFL turnover is lower by 0.6% compared to the same period of the previous year due to a decline in footfall by 1.5%, whilst the average basket increased by 1%. Planned turnover for June is 14% lower than plan.
- Actual margin in its relative amount for June is better by 1.3 p.p., whilst the realized relative margin in the cumulative period is in line with budget.
- Actual costs and expenses in the period January-June 2018 were lower than budgeted by 2.2%, while the realized costs and expenses for June were 9.1% below budget. This has been accomplished by exceptional efforts in improving business effectiveness.
- June EBITDA was positive, while the realized EBITDA in the period January-June 2018 was slightly lower compared to the plan due to lower revenue.
- During June, many promotional marketing activities were implemented that contributed to realized growth by 7% compared to May. The key activities are as follows:
 - A specific catalogue that deals with the Bayram topics (offers everything needed for Bayram meals and cakes, Bayram gifts and an appropriate assortment)
 - Within the regular catalogue, we focused on the World Cup offering suitable assortment (fan requisites, TVs, different drinks and snacks, etc.)
 - Taking into consideration the summer season, we have repeated offers to customers on all things needed for vacation and beach (holiday suitable assortment, suitcases, sun creams, etc.) as well as pools and refreshment (ice cream, drinks, fruits, etc.).
 - Continuous media advertising has also been important (TV, radio, print and digital media) and puts Konzum as a leader in the retail industry in advertising.
 - Besides regular advertising, Konzum BiH specifically focused on advertising during the World Cup including regular prize games and rewarding customers through digital channels
 - Implemented special promotional offers through Facebook with the slogan “Tastes of the World Cup” which we offered products typical of the participating countries
- During July, the focus will be on marketing activities related to summer and the new school year, which will be covered by regular retail catalogues.

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-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	893	1.004
EBITDA	-9.5	5.8
EBITDA %	-1.1%	0.6%

**NOTE: All results are preliminary.*

2.2.3.2. Commentary on recent trading

- The gross margin percentage remained positive in June 2018, and as in previous months it was better than expected (the gross margin realized outperformed budget by 1.29 percentage points).
- EBITDA development continues to improve with the implementation of restructuring measures. The results for June of positive HRK 1.8 million was above budget. However, considering the one-off additional payment to employees of HRK 5 million, which was planned in June, and conducted in May, EBITDA is lower than planned by nearly HRK 5 million. However, the June result showed continued positive trends in profitability with the start of the tourist season, although still below planned profitability.
- Of the 3 key business segments, the largest retail segment tracked below budget up until March, after which it began to make gross margin above budget, with the greatest contribution being made from increased sales of tobacco products. However, revenue and gross margin decreases are the highest in the wholesale segment and in the package distribution).
- Fixed operating cost of HRK 39.2 million were realized in June. The costs were higher than the June 2018 budget by HRK 2.1m (however, expenses in June 2017 amounted to HRK 43.3m). The increase was mainly due to the impact of insurance premiums of HRK 0.8m that had not been accrued over the past six months and were paid in June, higher transport costs of HRK 0.7m, and higher advertising costs by HRK 0.5m.

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-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	496	695
EBITDA	-14.3	-2.7
EBITDA %	-2.9%	-0.4%

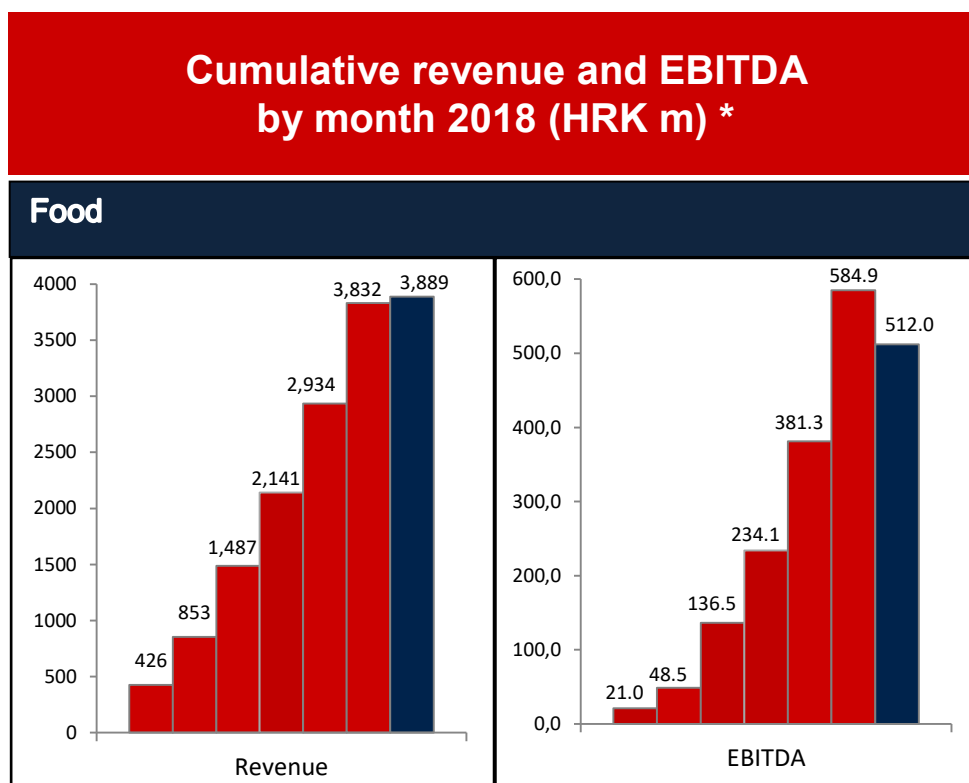
**NOTE: All results are preliminary.*

2.2.4.2. Commentary on recent trading

- June and YTD revenue remains below budget. This is mainly caused by market uncertainty but also by focusing on more profitable customers and more efficient debt collection.
- Expenses in June were 2% lower than budgeted and the YTD expenses are in line with the budget as a result of the thorough restructuring of the entire company
- The relative gross margin realized in June exceeded budget by 2.8 percentage points. Similarly, the aggregate relative gross margin also outperformed budget by 2.8 per cent.
- While positive EBITDA has been achieved in June, YTD EBITDA is still below the budget mainly because of lower revenues. Further positive trends are expected during the summer months.
- During May and July significant one-of income, such as rebates from 2017, has been achieved which, in combination with the lower restructuring costs than budgeted, resulted in net income above the budgeted value for the month and also YTD.
- The most significant business activities during the reporting period are as follows:
 - New contracts with some of the key trade unions
 - New marketing campaign – Radio and Press

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.



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-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	587	588
EBITDA	132.7	123.0
EBITDA %	22.6%	20.9%

**NOTE: All results are preliminary*

2.3.1.2. Commentary on recent trading

- The actual monthly EBITDA exceeded budget as a result of increased operational efficiency and increased revenues.
- Sales revenues in June were higher than budgeted, driven by the domestic market.
- The second phase of the campaign "Jana - Deep Above All", with the collaboration with Goran Čolak, the world record holder in diving, was released. The campaign is accompanied by a strong media mix, including TV spots and external advertising in both print and digital.
- As a result of the start of co-operation with Warner Bros & DC Comics in June, a limited edition version of Sky Cola was released which included the major heroes of the Justice League superhero franchise. The campaign includes TV spots with strong presence at the top selling points.
- In early June, Mg Mivela started with a new communication strategy "Some can do it all".

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-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	395	435
EBITDA	25.0	11.8
EBITDA %	6.3%	2.7%

**NOTE: All results are preliminary*

2.3.2.2. Commentary on recent trading

- Actual EBITDA in June exceeded budget, mostly due to higher gross margin. The operational gross margin has increased due to changes in the commercial policies of the company.
- As a consequence of the continued pressure from competition in the region of Zagreb and unfavourable weather conditions, monthly sales revenues were lower than budgeted.

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

2.3.3.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	164	167
EBITDA	34.2	32.9
EBITDA %	20.9%	19.8%

**NOTE: All results are preliminary.*

2.3.3.2. Commentary on recent trading

- Achieved EBITDA in June exceeded the budget due to increased operational efficiency and lower raw material prices.
- Monthly sales revenues are below budget due to the significant impact of unfavorable weather conditions and a decline in sales on export markets in the region.
- In June, an extended range of SKI products was launched on the market in PET packaging with new sizes and flavours.

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

2.3.4.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	555	520
EBITDA	114.4	110.1
EBITDA %	20.6%	21.2%

**NOTE: All results are preliminary.*

2.3.4.2. Commentary on recent trading

- Achieved monthly EBITDA is in line with the budget.
- Despite the unfavourable weather conditions in the second part of June, monthly sales revenues were on budget.
- Marketing communication in June was focused on all consumer groups which were targeted through individual brands; King, Maximo, Macho, kids concept Prvak svijeta, and the Quattro brand from the family ice cream category.
- TV and web campaign with Maximo brand started and will run until the end of July.

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

2.3.5.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	167	154
EBITDA	36.9	33.2
EBITDA %	22.1%	21.5%

**NOTE: All results are preliminary.*

2.3.5.2. Commentary on recent trading

- Monthly sales revenues in June were slightly below the budget, with ice cream as the main driver. Bad weather conditions have caused the decline in the revenues of the ice cream category, which generates the most sales in this period.
- Lower sales affected the monthly EBITDA, which is slightly below budget. Sales and EBITDA are cumulatively above budget

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

2.3.6.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	454	433
EBITDA	126.3	94.9
EBITDA %	27.8%	21.9%

**NOTE: All results are preliminary.*

2.3.6.2. Commentary on recent trading

- Achieved monthly EBITDA exceeded budget due to operational efficiency, a focus on profitable product groups and lower COGS levels.
- Lower sales revenues in June resulted from exceptionally bad weather conditions in the second half of the month, resulting in a decline in sales of the best-selling product category in this period of the year - ice cream. Cumulative sales revenues remain above budget.
- The drop in sales of ice cream in June is partially compensated by the growth in sales of other product categories, primarily fruit, vegetables and pastry.
- Significantly better positioning on the market is an important factor and has contributed to mitigation of the negative impact of bad weather on sales.

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

2.3.7.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	333	320
EBITDA	32.4	26.5
EBITDA %	9.7%	8.3%

**NOTE: All results are preliminary.*

2.3.7.2. Commentary on recent trading

- EBITDA in June is significantly higher than budget, due to improved operating efficiency, lower level of COGS and sales results in June which hit budget.
- Monthly sales revenues are in line with budget, and categories: mayonnaise, vinegar, canned vegetables and olives have achieved better than budgeted results.
- For the June to September period, 25% more ambient and 20% more cooling positions have been set up in retail stores with additional focus on seasonal and top selling outlets
- Zvijezda also launched a new product - peeled plum tomatoes sauce - in the red sauces category

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

2.3.8.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	346	428
EBITDA	14.1	19.4
EBITDA %	4.1%	4.5%

**NOTE: All results are preliminary.*

2.3.8.2. Commentary on recent trading

- In June, the pressure on prices of sunflower oil on the Serbian market continues, which is the cause of the lower monthly sales revenues compared to budget
- The price of sunflower meal continues to be higher than budgeted, which has a positive impact on the company's revenues and profitability.
- Due to the earlier than normal annual overhaul of the factory which took place in June for the new production cycle in August, fixed operating costs were higher than forecast so monthly EBITDA in June is lower than budgeted.

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

2.3.9.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	831	844
EBITDA	68.9	60.2
EBITDA %	8.3%	7.1%

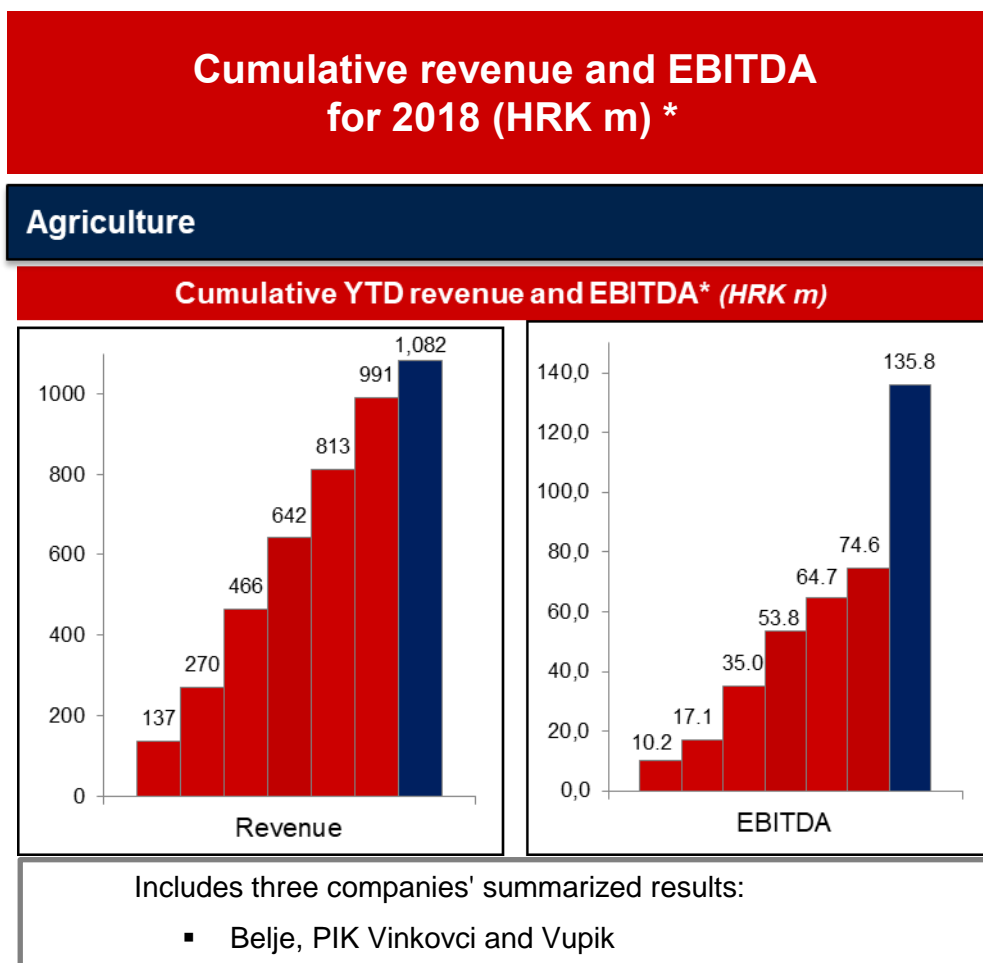
**NOTE: All results are preliminary.*

2.3.9.2. Commentary on recent trading

- Actual EBITDA in June exceeded budget due to lower level of COGS and sales revenues that were in line with budget. The lower level of COGS partially offset the impact of the sales price decrease.
- Monthly sales revenue is in line with budget, as the result of the growth of the domestic market. Marketing campaign was launched in May which has positively impacted the sales results on the domestic market.

2.4. 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

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

2.4.1.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	572	642
EBITDA	56.3	87.0
EBITDA %	9.9%	13.6%

**NOTE: All results are preliminary.*

2.4.1.2. 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 budgeted sales prices.
- The lower selling prices of finishers and semi-hard cheese is the main cause of EBITDA generated in the current period being below budget. The effect of the difference between the budgeted and realized prices amounted to HRK 15.1m on semi-hard cheese and HRK 19.1m on finishers.
- In spite of the total impact of lower finisher and semi-hard cheese prices on EBITDA being HRK 34.2m, the realized EBITDA is HRK 30.7m lower than budgeted due to cost optimization, i.e. reduced cost per unit of product.
- Significant savings were achieved on raw-material and material costs, mainly due to lower input prices of raw materials for animal feed production, agricultural crop seeds, plant protection chemicals and meat for the production of cured meat products.
- The establishment of a direct relationship with suppliers has also resulted in lower input prices of animal feed components and packaging.

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

2.4.2.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	313	314
EBITDA	11.3	16.9
EBITDA %	3.6%	5.4%

**NOTE: All results are preliminary.*

2.4.2.2. Commentary on recent trading

- In June as well as cumulatively for the first six months of 2018 the majority of sales revenues is accounted for through sales of cereal and oil crops, reproduction materials to contract farmers – mainly mineral fertilizers, sales of soya meal, piglets, fresh fruit and vegetables.
- Total sales revenue was as budgeted, except for piglet sales which due to both lower price and quantities experienced revenues and EBITDA lower than planned by HRK 6.7m.
- Higher sales revenues were the result of increased sales of cereal crops by 58.6% in financial terms against budget, soya meal sales by 39% against budget and reproduction material sales to contract farmers having exceeded budget by 12% financially.
- The difference in EBITDA against budget was also impacted by the slightly lower sales price and quantity of fresh vegetables sold, mainly onions, and the difference between the actual and the planned sales price.
- The trend of increased trading activities and faster stock rotation as well as the decline in DIO continued in June. The decline in DPO in June against the previous period is a result of the new statutory provisions and the shortening of payment maturities from 60 to 30 days, which mostly relates to suppliers providing fresh fruit and vegetables.
- In June DSO has increased slightly and is expected to reduce at end of harvest and the settling of receivables and liabilities to contract farmers.

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

2.4.3.1. Financial results YTD and KPIs

Financial results*	Jan-June 2018 (HRK m)	Budget 2018 (HRK m)
Revenue	106	126
EBITDA	6.9	31.9
EBITDA %	6.6%	25.4%

**NOTE: All results are preliminary.*

2.4.3.2. Commentary on recent trading

- In the first six months of 2018 revenues generated from sales of products and services were lower than budgeted, mostly due to the very low sales price of finishers and the abandoning of contract farming. Due to the weather conditions in June, the end of the wheat harvest and revenues from wheat sales are expected in July. Of agricultural crops, only oil seed rape was received and sold in June. Selling price of finishers is higher compared to the previous month which had a positive effect on EBITDA.
- Cumulative EBITDA of the company is lower than budgeted due to the currently very low market value of finishers. The total cumulative effect of the difference between the budgeted and the actual price of finishers is HRK 9.2m.
- Raw material, material and finished product inventories at the end of June were at approximately the same level as last month.

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 mid-July 2018, net funds of HRK 1.0 billion have been deployed into the businesses to assist with liquidity. In early July, the operating companies that had significant cash balances repaid some of their IC loans.

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 their seasonal 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:

CW29 Forecast - 19 Core Subsidiaries 13 Week STCF vs prior week (HRK m)		
	Current STCF (CW 29)	Prior week STCF (CW 27)
Minimum cash balance (13w)	491	423
Maximum cash balance (13w)	987	941
Minimum Liquidity covenant	296	296
Available liquidity	195 – 691	127 – 645

3.2. Supplier claims settlement

Basket for Payment of Pre-Petition Trade Claims

There are no changes since the last report and the pre-petition debt payments have been finalized. This section will not be reported going forward.

3.2.1. Border claims

There are no changes since the last report and the border debt payments have been finalized. This section will not be reported going forward.

3.2.2. 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 48.14m 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 June 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. 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 June 2018 was 90 and no severance payments have been made in the reporting period.

The largest contributor to the overall decrease in operational costs for June 2018 of HRK 65.0 million was the HRK 62.8 million decrease in legal costs and HRK 14.0 million decrease in Financial Consultant costs.

OPERATING COSTS of AGROKOR D.D.	Apr - Dec 17	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018	TOTAL
Total cost of salaries and fees								
Commissioner's fee	1,040,991.01 kn	118,970.40 kn	118,970.40 kn	118,970.40 kn	118,970.40 kn	118,970.40 kn	118,970.40 kn	1,754,813.41 kn
Employees and service contracts (Bruto II included) ³	53,190,186.24 kn	4,068,203.14 kn	4,082,330.36 kn	4,167,885.89 kn	4,576,878.09 kn	4,413,913.99 kn	6,061,046.47 kn	80,560,444.18 kn
Severance payments	24,960,182.17 kn	0.00 kn	0.00 kn	452,128.27 kn	0.00 kn	0.00 kn	0.00 kn	25,494,860.44 kn
	79,191,359.42 kn	4,187,173.54 kn	4,201,300.76 kn	4,738,984.56 kn	4,695,848.49 kn	4,615,434.39 kn	6,180,016.87 kn	107,810,118.03 kn
Consultant fees⁴								
Legal	81,513,524.11 kn	10,221,145.88 kn	7,838,671.88 kn	11,097,443.03 kn	8,184,446.05 kn	75,126,321.95 kn	12,369,593.45 kn	206,351,146.35 kn
Financial	31,579,402.77 kn	3,685,063.68 kn	1,911,455.14 kn	386,072.05 kn	2,058,233.55 kn	15,898,809.10 kn	1,885,859.92 kn	57,404,896.22 kn
Restructuring	116,997,520.22 kn	12,758,536.38 kn	14,873,767.74 kn	14,507,483.01 kn	12,239,724.32 kn	18,973,150.12 kn	25,219,206.04 kn	215,569,387.83 kn
Other (forensics, HR)	9,847,447.10 kn	1,902,976.60 kn	989,393.25 kn	1,272,985.37 kn	0.00 kn	562,566.56 kn	1,195,032.08 kn	15,770,400.95 kn
	239,937,894.20 kn	28,567,722.54 kn	25,613,288.01 kn	27,263,983.46 kn	22,482,403.92 kn	110,560,847.73 kn	40,669,691.49 kn	495,095,831.35 kn
Audit and tax services	10,026,886.69 kn	738,751.19 kn	3,717,381.35 kn	3,058,887.13 kn	1,246,048.98 kn	7,118,605.01 kn	5,489,581.53 kn	31,396,141.88 kn
Utilities costs	2,281,818.48 kn	195,547.28 kn	143,328.08 kn	270,253.80 kn	146,674.62 kn	237,542.67 kn	226,190.49 kn	3,501,355.42 kn
Material costs								
Transportation costs (insurance, maintenance, fuel, etc.)	5,261,724.02 kn	218,024.19 kn	359,075.91 kn	385,198.84 kn	364,956.63 kn	391,548.79 kn	410,817.52 kn	7,391,345.90 kn
Ongoing maintenance	3,126,412.00 kn	417,521.49 kn	561,197.98 kn	408,148.12 kn	306,668.21 kn	414,841.72 kn	469,820.13 kn	5,704,609.65 kn
Other	4,732,845.16 kn	54,536.55 kn	39,846.03 kn	996,523.82 kn	1,445,142.27 kn	4,006,573.46 kn	147,029.76 kn	11,422,497.05 kn
	13,120,981.18 kn	690,082.23 kn	960,119.92 kn	1,789,870.78 kn	2,116,767.11 kn	4,812,963.97 kn	1,027,667.41 kn	24,518,452.60 kn
Insurance costs - management liability insurance	14,971,418.78 kn	0.00 kn	0.00 kn	0.00 kn	0.00 kn	0.00 kn	11,716,670.88 kn	26,688,089.66 kn
Cost of new financing	47,018,273.11 kn	0.00 kn	0.00 kn	11,596,358.48 kn	1,794,011.22 kn	126.07 kn	2,097,404.14 kn	62,506,173.02 kn
Travel costs / education	402,597.03 kn	38,734.57 kn	27,017.02 kn	52,219.05 kn	55,793.95 kn	77,631.92 kn	22,472.67 kn	676,466.21 kn
Other costs⁵	46,605,780.41 kn	1,451,242.98 kn	218,781.96 kn	1,371,181.81 kn	2,548,091.19 kn	5,128,295.97 kn	85,776.82 kn	57,409,151.15 kn
Amortization / Depreciation	4,758,083.49 kn	0.00 kn	905,558.98 kn	452,779.38 kn	452,917.49 kn	452,371.48 kn	454,997.85 kn	7,476,708.67 kn
Total^{1,2}	458,315,092.80 kn	35,869,254.33 kn	35,786,776.08 kn	50,594,518.45 kn	35,538,556.97 kn	133,003,819.21 kn	67,970,470.15 kn	817,078,487.98 kn
(April 2017 adjusted for operating costs after April 2017)								

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 817,078,488).
- Total operating costs in the sum of HRK 817,078,488 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 June 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 Agrokor d.d. and a number of its affiliates.

There were no updates in England & Wales or Serbia during this period.

In Croatia, the Commercial Court of Zagreb approved the Settlement Plan on 6 July 2018. Since then, there have been approximately 92 appeals lodged with the court and the appeals review process is currently underway. The response to appeals and delivery of the court file to the appellate High Commercial Court for its deliberation and resolution of appeals is anticipated for the last week of August.

In Slovenia, the Constitutional Court rejected the extraordinary commissioner's application to suspend the effects of rejection of the recognition of the Extraordinary Administration proceeding in Slovenia. The Slovenian Constitutional Court decision on the rejection of Agrokor d.d.'s application for recognition has not yet been made.

In Montenegro, the Appellate Court of Montenegro reached a decision confirming the first instance court's decision to refuse recognition of the Extraordinary Administration proceeding in Montenegro. In the same judgment, the Appellate Court rejected Sberbank's application to be considered as an interested party in the recognition proceedings in Montenegro (overriding the first instance court's decision on this issue). The Extraordinary Commissioner is considering possible next steps with his legal advisers.

In Bosnia, 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. This decision is now final.

Also in Bosnia, the second instance court reached the same decision in each of the following enforcement proceedings: (i) proceedings issued by Sberbank Ljubljana against Jamnica d.d. (case no. 49 0 Ip 040942 18 Pž) and (ii) proceedings issued by Sberbank Zagreb against Jamnica d.d. (case no. 49 0 Ip 040938 18 Pž). The second instance court has postponed the enforcement proceedings while the same motions are considered in accordance with Bosnian civil procedure rules. The enforcement proceedings may be resumed or dismissed depending on the outcome of the civil proceedings in respect of each proceeding.

In the US, Agrokor d.d. applied for Chapter 15 recognition of the Extraordinary Administration proceedings and Settlement Plan on 12 July 2018. A case management hearing took place on 17 July and a full recognition hearing is

scheduled to be heard by Judge Glenn in the Southern District of New York on 27 August 2018.

6. Temporary Creditors' Council

During the reporting period there was no session of the Temporary Creditors' Council.

7. Registration of claims

On 6 July, 2018 the Zagreb Commercial Court passed the Ruling on accepting the adopted Settlement Plan. Since that date 92 creditors' complaints were lodged against the said Ruling.

Agrokor d.d. will respond to the complaints received whereupon the file will be forwarded to the High Commercial Court of the Republic of Croatia for its decision.

8. Stakeholder relations and communications

The Extraordinary Administration continues to pursue an intensive and transparent communication with key stakeholders in Croatia and other countries of Agrokor's operations.

The most important news of this reporting period relates to the publication of financial statements of individual companies within the Agrokor Group.

In the media communication segment, there was an intensive communication with the media including more than 50 media activities such as queries, releases, interviews, media statements and the like.

All communication as well as the activities related to cooperation with key stakeholders upon having achieved the settlement, are now directed towards the implementation of the settlement plan.

Report prepared by:

Fabris Peruško
Extraordinary Trustee
Agrokor d.d.