

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

FOR THE PERIOD BETWEEN 11 DECEMBER AND 10 JANUARY 2019

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 is related to the period from 11 December to 10 January 2019. It is intended to provide an update of 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.

In the period I-XI/18 the companies have with their operations generated HRK 21,508m in revenues, while EBITDA for the period amounts to HRK 1,716m. The major contribution to the operating result is accounted for by the companies from the Food segment, with EBITDA exceeding the budget by HRK 67.6m, where almost all the companies have outperformed their budgeted profits. Retail and wholesale have also experienced an ongoing trend of increasing results, with the segment having generated higher-than-planned EBITDA by HRK 17.8m. The driver of operating profits in Retail is Konzum, having exceeded budgeted revenues by HRK 111m and increased its EBITDA by as much as HRK 157.9m or more than 60% as compared to the plan. Agriculture has continued to face decreasing revenues, primarily due to the continued trend of declining pork and semi-hard cheese prices, which is partly set-off by intensified other activities and cost optimization.

With the execution at the Commercial Court of Zagreb it has become official that all future mirror companies of the Agrokor Group other than Agrokor d.d, which were so far registered as companies under generic names, have with the last day of the year 2018 got new names. The new names of the companies, that will start their operations once the implementation of the Settlement Plan of Agrokor's creditors is completed, consist of the old name and the addition 'plus'.

Thus, for example, Konzum shall after the implementation operate under the name Konzum plus, Jamnica under the name Jamnica plus, Zvijezda as Zvijezda plus, Ledo under the name Ledo plus etc. In the transitional stage the registered seats of all the new companies will be in Zagreb and once the Settlement Plan implementation is completed, they will be returned to the respective cities in Croatia where they are seated now. The old names have been retained in the names of the new companies to preserve the values of their strong brands that will continue to be present on the market under their current brand names after the implementation as well. Unlike the mirror companies, the parent company Agrokor d.d. will get a completely new name by the end of January and will not use the name „Agrokor“ any more.

At its session held on 17 December 2018 the Supervisory Board of Ledo made the decision that as of 1 January 2019 the position as Member of the Ledo Management Board in charge of finance will be assumed by Mr. Filip Mutić. Mutić comes from the Atlantic Group, where he was in charge of strategic financial management, controlling and IT at the operating companies of the Atlantic Group in the Adria region. He gained his business experience, amongst others, in the international financial management and advisory companies PWC and Deloitte in Croatia and the region, working on complex financial and acquisition projects. He holds ACCA and ASA certificates. This career path has provided him with great experience in organizational management and team work as well as in building internal and external partnership relations. At Ledo he will replace Mrs. Ankica Slobodanac, who resigned from the position as head of finance and will stay with the company until retirement as advisor and 'mentor-associate' to Mr. Mutić. His focus will be on improving the processes of business and financial planning, corporate governance and reporting, as well as risk management.

Along with all the regular activities mentioned above, intensive work on the Settlement Plan implementation is under way across the Agrokor Group. The Settlement Plan implementation process is run by the Project Management Office within the Group which together with the expert teams, the project teams at operating company level and the advisors run and develops the Settlement implementation Plan. Over the course of December 2018 the agreed coordination of the entire project continued in the form of steering committee meetings, central implementation management office meetings, expert team meetings as well as workshops and meetings with the project management teams at operational level.

At the meeting of the Interim Creditors' Council held on 20 December 2018 the Settlement Plan implementation status and the preliminary assessment of readiness for the Settlement Plan implementation were presented. The Settlement Plan implementation project is expected to be completed in the first half of 2019.

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 eleven 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 not audited. Please note that all actual results are compared to the viability plans.

Results I-XI / 2018

HRK million	Retail and Wholesale	Food	Agriculture
Revenue	12,086m	7,370m	2,052m
EBITDA (before management fee)	398.6m	1,145.4m	172.3m
EBITDA %	3.3%	15.5%	8.4%

***NOTE: All results are estimated**

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 exclude revenues from services not related to regular operating activities.

EBITDA = EBIT + amortization/depreciation + value adjustments and impairments + provisions + management and restructuring fees.

Source - management report.

Results are preliminary YTD.

The presented budget data are related to:

- last approved budgets for the year 2018 for companies from the Food segment .
- approved viability plans for retail, wholesale and agriculture companies for 2018.

A monthly budget allocation for the year 2018 has been prepared.

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

Within the scope of this report the Agrokor Group comprises 16 companies in three business segments: Retail and Wholesale, Food and Agriculture. Revenues generated at Agrokor Group level are lower than planned, with HRK 46m lower-than-budgeted EBITDA.

The Retail and Wholesale segment generated lower cumulative sales revenues than planned for the period I-XI/2018, but exceeded the budgeted relative gross margin. Total gross profits were slightly lower than planned due to the lower revenues, which was set off by the lower-than planned operating costs, resulting in both EBITDA and EBITDA margin exceeding budgeted values. The Retail and Wholesale segment saw a 0.3 p.p. higher EBITDA margin and 4.7% higher EBITDA.

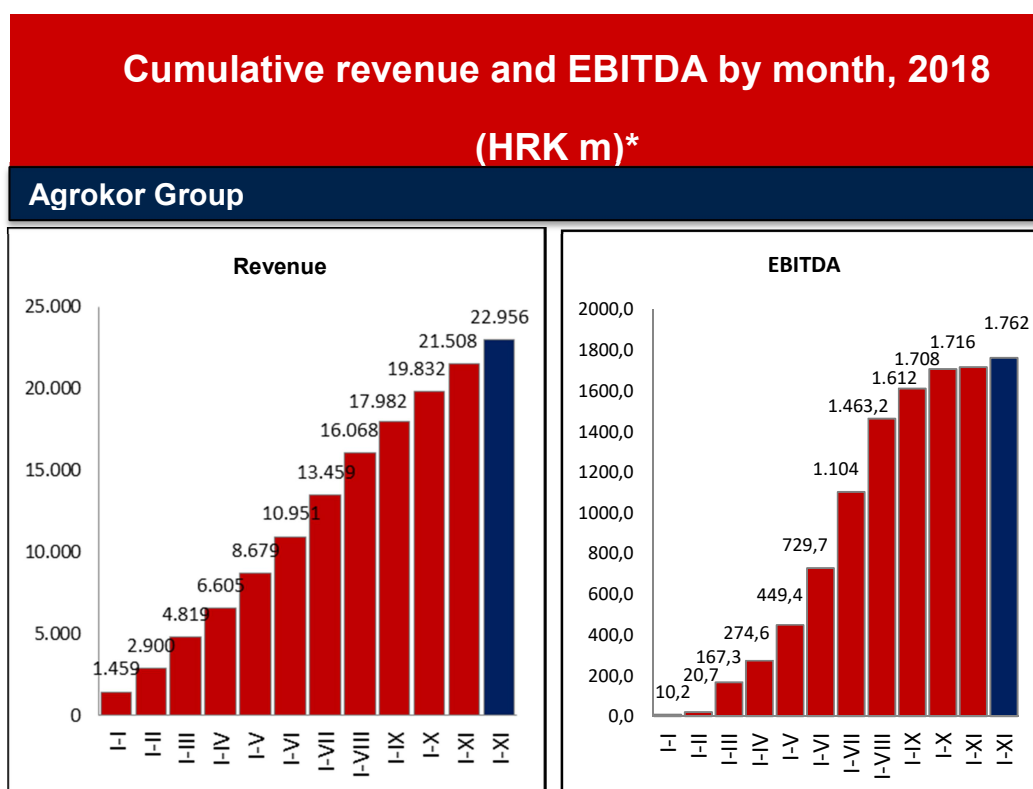
The focusing on profitable products and categories and the seasonal assortment reset resulted in lower-than-budgeted monthly sales revenues. Thus generated sales revenues and one-off costs in November affected the actual EBITDA to be lower than planned for the Food segment. Efficiency improvement measures, lower input costs and better sales during seasonal months resulted in EBITDA exceeding the budget by 6% on an annual level.

The Agriculture segment keeps experiencing a decline in revenues as against plan in November due to the ongoing trend of decreasing pork prices at the European commodity exchange and the continued drop of semi-hard cheese prices. By intensifying other activities, optimizing and controlling costs, the impact of the price drop on operating revenues was successfully reduced, while operating profits keep lagging behind the budgeted values. Currently there is an increasing trend in the prices of weaned piglets, but the pork price is stagnant.

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 oils* – Zvijezda, Dijamant and *Meat* – PIK Vrbovec) and Agriculture (Belje, PIK Vinkovci and Vupik).

The table shows the summarized results of aggregated 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:

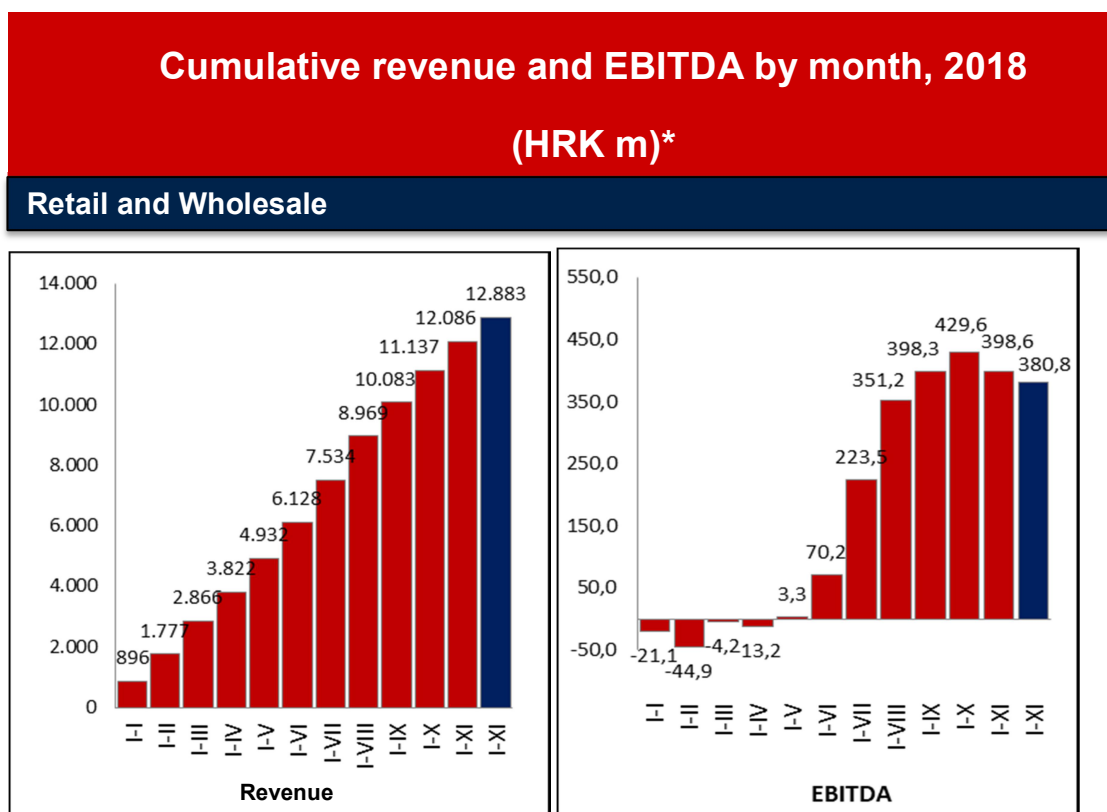
- Retail and Wholesale (four companies): Konzum Croatia, Tisak, Konzum BiH and Velpro centar
- Food (nine companies: Beverages – Jamnica, Roto dinamic, Sarajevski kiseljak, Ice cream and frozen food – Ledo, Frikom, Ledo Čitluk, Edible oils – Zvijezda, Dijamant and Meat – PIK Vrbovec)
- Agriculture (three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

***NOTE: All results are estimated**

■ Cumulative I.-XI. actual ■ Cumulative plan

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 subsections which follow.



Includes summarized results for four companies:

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

***NOTE: The results are estimated**

■ Cumulative I.-XI. actual ■ Cumulative plan

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. - XI. 2018. (HRK m)	I. - XI. Plan 2018. (HRK m)
Revenue	8,113	8,002
EBITDA	420.7	262.8
EBITDA %	5.2%	3.3%

*NOTE: All results are estimated

2.2.1.2. Commentary on recent trading

- November performance continued to be above sales revenue. Achieved sales revenue in the first eleven months exceeded the plan by 1.4%. Sales revenue from Retail operations has outperformed the plan by 4.5% on an annual level.
- Higher than planned sales revenue in November is a result of higher number of transactions and larger average basket than anticipated. This positive trend is a result of strong promotional activities and assortment quality. This increase has resulted in revenue exceeding the plan both in November as well as on cumulative level.
- Strict control and management of operating costs has resulted in lower than planned operating expenses both in November and in the first eleven months.
- Exceeding planned revenues as combined with operating expenses being lower than budgeted has resulted in higher-than-planned EBITDA in November. Continued positive performance resulted in EBITDA margin exceeding the plan by 1.9 p.p. for the cumulative 11 month period.

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.-XI. 2018. (HRK m)	I. - XI. Plan 2018. (HRK m)
Revenue	1,164	1,318
EBITDA	-20.2	14.5
EBITDA %	-1.7%	1.1%

***NOTE: All results are estimated**

2.2.2.2. Commentary on recent trading

- YtD realized revenues from sale of goods is lower than planned by 12%. Realized revenues in November 2018 are lower than planned by 17%. Restructuring results in October and November are evident, cooperation with suppliers and business partners is restored completely, with maximum cooperation in accepting and implementing new cooperation conditions
- YtD realized relative gross margin rate is higher than planned. Realized absolute margin is lower than planned due to not achieving planned revenues from sale of goods
- YtD costs and expenses experienced slight deviation from the plan due to warehouse write-offs (regular inventory check and evaluation of merchandise inventory)
- Realized EBITDA is significantly better compared to the same period of the previous year, but due to lower achieved revenues, as well as cost increase, is worse compared to the plan
- During November, different marketing and promotional activities were implemented, which resulted in better positioning and business performance of the company.

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.-XI. 2018. (HRK m)	I.-XI. Plan 2018. (HRK m)
Revenue	1,779	2,006
EBITDA	14.6	59.5
EBITDA %	0.8%	3.0%

*NOTE: All results are estimated

2.2.3.2. Commentary on recent trading

- In November 2018 actual EBITDA was negative HRK 14.1m. The main reason is receivables and loan write off made on one major customer in the amount of HRK 9.3m. Furthermore, the plan was largely unrealized due to unrealized margins in all three segments, as certain targets were not achieved.
- Revenues in November 2018 are still lower than planned, which continues the whole year trend of not realizing planned revenues. However, in November retail sales, as the largest business segment of Tisak, were above the plan, thus continuing the growth trend of that segment more than expected (especially since March 2018). Lower revenues were realized in the wholesale segment due to the lack of expansion of the sales assortment.
- In November, operating costs were slightly below the plan. Saving initiatives have been realized but certain expenses were higher than expected.
- In November 2018, a negative EBITDA without receivable write off was HRK 4.8m, which is better than the EBITDA realized in November 2017 of negative HRK 5.6m. In addition, the cumulative EBITDA without write off realized in the period from January to November 2018 amounts to HRK 23.9m, which is a significant improvement compared to the comparable period of the previous year, when it amounted to negative HRK 19.8m.

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.-XI. 2018. (HRK m)	I.-XI. Plan 2018. (HRK m)
Revenue	1,030	1,556
EBITDA	-16.5	43.9
EBITDA %	-1.6%	2.8%

*NOTE: All results are estimated

2.2.4.2. Commentary on recent trading

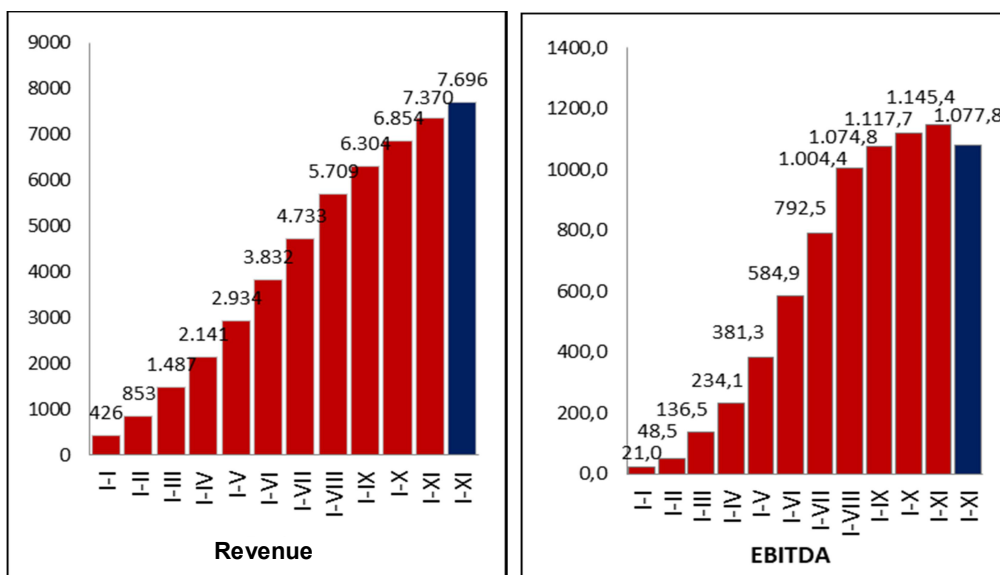
- November and YTD revenue is still below the plan. This is mainly caused by focusing on more profitable customers and collection.
- Expenses in November were higher than planned while the YTD expenses are back to the trend held in previous periods and are only slightly above the plan.
- Monthly and YTD EBITDA is still significantly below the plan mostly as a result of the lower revenues than planned but great improvement over the previous period has been made.
- The most significant business activities during the reporting period are as follows:
 - Incorporating new approach for HoReCa customers
 - Supplier days – intensive promotional activities in cooperation with suppliers

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, 2018 (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.**

■ Cumulative I.-XI. actual ■ Cumulative plan

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

2.3.1.1. Financial results YTD and KPI's

Financial results*	I.-XI. 2018. (HRK m)	I.-XI. 2018. Plan (HRK m)
Revenue	1,200	1,218
EBITDA	292.4	286.0
EBITDA %	24.4%	23.5%

* NOTE: All results are estimated

2.3.1.2. Commentary on recent trading

- Total sales revenues generated in November were in accordance with the budget. Sales revenues on the local market were in line with the budget, while foreign market revenues were slightly below budgeted values.
- The month saw the start of the campaign for the new brand Sensation Energy (Wake up what you are), mainly on digital channels and social networks. Jamnica is partner to Chef David Skoko's culinary show „Stari gušti, nova kužina“ (Old Joys, New Cuisine) on 24 Kitchen, Croatia's first chef to get his own show on this global channel. The Mimara Museum features the exhibition „Museum of Friendship“ with Jana as partner brand.
- Monthly EBITDA is slightly below plan due to one-off cost.
- Annual EBITDA has exceeded the budget, while sales revenues were slightly lower than budgeted.

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.-XI. 2018. (HRK m)	I.-XI. 2018.Plan (HRK m)
Revenue	835	911
EBITDA	58.9	49.3
EBITDA %	7.1%	5.4%

*** NOTE: All results are estimated**

2.3.2.2. Commentary on recent trading

- Sales revenue generated in November was below budget. The continental regions have continued the trend of approaching budgeted revenue and consolidating the market position, while the coastal regions recorded a slight drop as against the budget.
- Monthly EBITDA is lagging behind the budget as a consequence of lower sales revenues and higher distribution and sales costs.
- Annual EBITDA has exceeded the budget, while sales revenues are slightly below the budget, with a positive trend in the previous months.

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.-XI. 2018. (mil. HRK)	I.-XI. 2018. Plan (mil.HRK)
Revenue	321	332
EBITDA	72.8	72.9
EBITDA %	22.7%	21.9%

*** NOTE: All results are estimated**

2.3.3.2. Commentary on recent trading

- Sales revenues in November were lower than budgeted due to lower sales to affiliated companies on the local market and weaker exports.
- Monthly EBITDA is lower than planned as a consequence of weaker sales.
- Annual EBITDA is in line with the budget, while sales revenues are slightly below the budget.

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

2.3.4.1. Financial results YTD and KPI's

Financial results*	I.-XI. 2018. (HRK m)	I.-XI. 2018. Plan (HRK m)
Revenue	1,046	1,046
EBITDA	209.5	201.2
EBITDA %	20.0%	19.2%

** NOTE: All results are estimated*

2.3.4.2. Commentary on recent trading

- With reduced promotional sales and cost management, monthly EBITDA has outperformed the budget.
- Sales revenues generated in November were slightly lower than planned as a consequence of the reduced share of promotional sales, supported by the campaigns „Nougat/Milk Dumplings“ (double stuffing) and „This is why I choose Ledo“, scheduled to last throughout December.
- Annual EBITDA has exceeded the budget, while sales revenues are in accordance with the budget.

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.- XI. 2018. (HRK m)	I.- XI. 2018. Plan (HRK m)
Revenue	293	280
EBITDA	63.2	61.2
EBITDA %	21.6%	21.8%

* **NOTE: All results are estimated**

2.3.5.2. Commentary on recent trading

- Ledo Čitluk continues to generate good results in November. Monthly EBITDA exceeded budget as a consequence of cost management and sales realization.
- Sales revenues in November exceeded budget as a result of intensified marketing activities and weekend promotions, as well as continued activities with customers.
- Annual EBITDA and sales revenues have outperformed budget.

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.-XI. 2018. (HRK m)	I.- XI. 2018. Plan (HRK m)
Revenue	753	759
EBITDA	178.0	152.5
EBITDA %	23.6%	20.1%

** NOTE: All results are estimated*

2.3.6.2. Commentary on recent trading

- Sales revenues in November are in line with the budget. Growth has been achieved in the categories of best selling product groups: ice cream, fruit and vegetables. A significant increase in off-season ice cream consumption is still present.
- The seasonal assortment reset at the points of sale took place with numerous discounts for the customers, resulting in lower-than-planned monthly EBITDA.
- Frikom has introduced its new frozen vegetables campaign. The campaign addresses the modern woman who wants healthy food but has no time for daily shopping, chopping and hours spent in the kitchen. This is why she has Frikom frozen vegetables, suitable to prepare international food as well as traditional specialties.
- EBITDA is significantly higher than planned for the YTD period, primarily as a result of improved operating efficiency, focusing on profitable product groups and the lower level of COGS, while sales revenues were slightly lower than budgeted.

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

2.3.7.1. Financial results YTD and KPI's

Financial results*	I.-XI. 2018. (HRK m)	I.-XI. 2018. Plan (HRK m)
Revenue	656	638
EBITDA	68.9	58.9
EBITDA %	10.5%	9.2%

** NOTE: All results are estimated*

2.3.7.2. Commentary on recent trading

- Sales revenues in accordance with the budget, increased operating efficiency and cost management have resulted in higher-than-planned monthly EBITDA.
- The generated sales revenues were in line with the budget both on the local and the export markets and both in the own product and merchandise segments.
- The most intensive activities were set for the key holiday categories – mayonnaise and margarine and accordingly all activities were finalized with the key customers – additional positioning and merchandising, as reflected in the positive realization.
- The Margo product line campaign was reactivated in November. The campaign was aimed at nursery school children with a focus on vitamin D and the importance thereof. Mayonnaise and table margarine campaigns are active as well.
- The end of November saw the completion of the three-months Gastro Zvijezda project, where the best food bloggers in 6 different categories were selected.
- Zvijezda took part at the Infogamer Reebot Fair, visited by more than 140,000 visitors at the Zagreb Fair, with Zvijezda KetchUp.
- Annual EBITDA and sales revenues have outperformed budget.

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

2.3.8.1. Financial results YTD and KPI's

Financial results*	I.-XI. 2018. (HRK m)	I.-XI. 2018. Plan (HRK m)
Revenue	672	812
EBITDA	53.6	57.6
EBITDA %	8.0%	7.1%

* **NOTE: All results are estimated**

2.3.8.2. Commentary on recent trading

- Monthly and annual EBITDA are lower than budgeted due to the marked pricing pressure on sunflower oil since the beginning of the year. The positive trend of mitigating the difference in annual EBITDA generation continues as a result of lower COGS due to the significantly lower price of the key raw-material.
- Although the categories of mayonnaise, dressings, merchandize and soya and sunflower meal have generated revenues in line with or exceeding the budget, due to the continued pressure on the sunflower oil prices on the Serbian market, total sales revenues in November were lower than budgeted.

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.-XI. 2018. (HRK m)	I.-XI. 2018. Plan (HRK m)
Revenue	1,595	1,699
EBITDA	148.1	138.3
EBITDA %	9.3%	8.1%

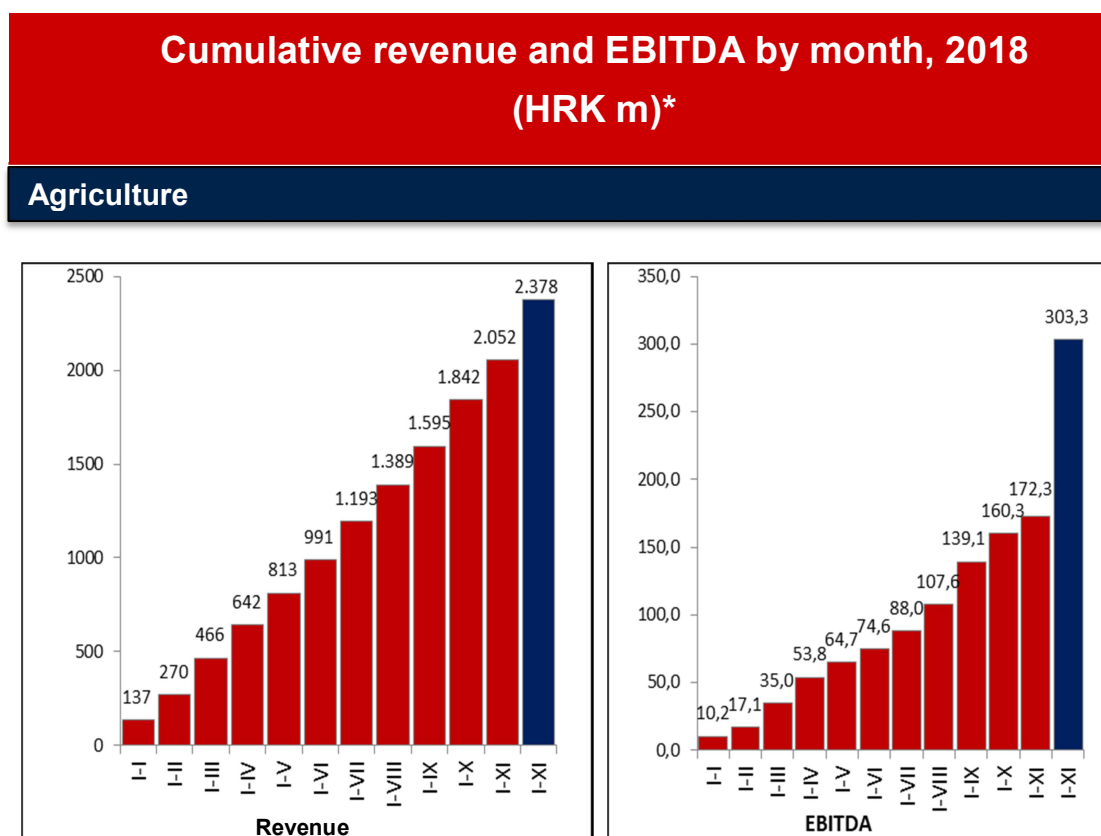
* NOTE: All results are estimated

2.3.9.2. Commentary on recent trading

- EBITDA generated in November outperformed budget as a consequence of permanent cost control and continued operating efficiency improvement in all segments of the company.
- Monthly sales revenues were slightly lower than planned, still as a consequence of lower-than-planned raw-material price as the main factor in pricing/forming the selling price.
- Annual EBITDA has exceeded the budget, while sales revenues were lower than budgeted.

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.



***NOTE: All results are estimated**

Includes summarized results of three companies:
Belje, PIK Vinkovci and Vupik

■ Cumulative I.-XI. actual ■ Cumulative plan

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

2.4.1.1. Financial results YTD and KPI's

Financial results*	I.-XI. 2018. (HRK m)	I.-XI. 2018 Plan (HRK m)
Revenue	1,166	1,297
EBITDA	138.9	211.3
EBITDA %	11.9%	16.3%

* NOTE: All results are estimated

2.4.1.2. Commentary on recent trading

- Generated revenues from products and services in the current period are below the budgeted values, mainly due to the actual prices of finishers, semi-hard cheese and sugar beet, which are significantly lower than the budgeted selling prices.
- Due to the lower-than-budgeted selling prices of finishers, semi-hard cheese and sugar beet EBITDA generated in the current period is lower than planned. The effect of the difference between the planned and the actual price amounted to HRK 23.3m on semi-hard cheese, HRK 35.2m on finishers and HRK 8.7m on sugar beet.
- The total effect of lower actual finishers, semi-hard cheese and sugar beet prices as well as lower insurance revenue (HRK 6.1m) on EBITDA is HRK 73.3m, while the generated EBITDA is HRK 72.4m lower than planned, mainly due to cost optimization.
- Within the scope of the cost management system, including the costs of business processes as one of its significant aspects, the work on cost optimization has continued, which has resulted in lower costing price per product unit.
- Significant savings were made in raw material and production material costs, mainly due to lower input prices of raw materials for the animal feed production, agricultural crop seeds, plant protection chemicals and meat for the production of cured meat products.

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.-XI. 2018. (HRK m)	I.-XI. 2018 Plan (HRK m)
Revenue	652	777
EBITDA	11	29.7
EBITDA %	2%	3.8%

* NOTE: All results are estimated

2.4.2.2. Commentary on recent trading

- Sales revenues generated in the current period were 16% lower than budgeted. At the same time, sales revenues were 53% better than the revenues generated in the same period last year.
- Higher sales revenues were realized in the segment of cereal crop sales by 13.8%, in soya meal sales by 45% and in cattle sales by 26% as against the budget. Lower-than-budgeted sales revenues were achieved in the segments of fresh fruit and vegetables by 40%, piglets by 45% and in sales of production materials to contract farmers by 14%.
- The lower EBITDA is mainly accounted for by the decline in revenues from piglet sales due to the drop in piglet prices on the relevant exchanges, reduced deliveries of piglets because of a fire on a farm – the negative effect being approx. HRK 2.7m and consequently the lower selling price as compared to the budget, with the negative effect on EBITDA amounting to HRK 12.9m.
- November saw the continued trend of intensified trading activities and faster stock rotation with lower DIO. Both DPO and DSO have dropped as compared to October. Payments of liabilities and collection of receivables take place as due.

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

2.4.3.1. Financial results YTD and KPI's

Financial results*	I.-XI. 2018. (HRK m)	I.-XI. 2018 Plan (HRK m)
Revenue	234	303
EBITDA	22.4	62.3
EBITDA %	9.6%	20.5%

* NOTE: All results are estimated

2.4.3.2. Commentary on recent trading

- Over the period I-XI/18 generated revenues from sales of products and services were below budget, mostly due to the very low selling price of finishers. The selling price of finishers in November continues to decline, having dropped by 2% compared to the previous month.
- The month of November saw revenues from sales of seed cultures. Corn yields have exceeded the budget, resulting in increased operating volumes at the PC Reloading Port. The reloading of corn, wheat, soybeans and oil rape on ships and the corn drying service at the PC Reloading Port have had a positive effect on the company's EBITDA. The silo storage received 70% of the entire corn yield, with sales expected to take place in the forthcoming months.
- The company's cumulative EBITDA is lower than budgeted due to the currently very low market value of finishers. The total cumulative effect of the difference between and budgeted and the actual finisher price amounts to HRK 24m.
- The level of raw-material, production material and finished product inventories at the end of the current period has increased compared to last month due to the reception of corn from crop husbandry production.

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-December 2018, net funds of HRK 943 million 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 fund their operations and working capital required to meet their seasonal sales targets. 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:

Forecast for CW51 – 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 (CW51)	Short-term cash flow in previous week (CW 49)
Minimum cash balance (13 weeks)	602	569
Maximum cash balance (13 weeks)	1,113	1,071
Minimum liquidity obligation	296	296
Available liquidity	306 – 817	273 – 775

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 for the entire Group.

An overview of the operating costs of Agrokor by the end November 2018 broken down by the type of costs is presented in the operating costs table shown below. Expense categories for the period of extraordinary administration include all advisors and all other operating expenses, regardless of whether they were engaged before or after the start of the extraordinary administration procedure.

Invoices are still credited and paid on an ad hoc basis, in accordance with the services provided and the agreed restructuring process timeline. All is in accordance to schedule.

The total operating costs for the month of November 2018 were lower than in October 2018 by the amount of HRK 160,973,512.85, primarily due to the amount of success fees in October, with the total operating costs in November 2018 amounting to HRK 26,091,633.87.

Overall, for the entire period from 10 April 2017 until 30 November 2018, Agrokor's operating costs amount to HRK 1,303 billion.

The total number of employees at the end of November 2018 was 102, and there was no severance pay in November 2018.

OPERATING COSTS of AGROKOR D.D.		Total IV-XII 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018	August 2018	September 2018	October 2018	November 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	118.970,40 kn	118.970,40 kn	118.970,40 kn	118.970,40 kn	118.970,40 kn	2.349.665,41 kn
Employees and service contracts (Bruto II included)		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	4.352.340,00 kn	4.627.604,69 kn	4.578.779,07 kn	4.421.090,45 kn	4.730.386,16 kn	103.270.644,55 kn
Severance payments		24.960.182,17 kn	0,00 kn	0,00 kn	452.128,27 kn	0,00 kn	82.550,00 kn	0,00 kn	412.310,01 kn	464.191,57 kn	0,00 kn	0,00 kn	0,00 kn	26.371.362,02 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	4.883.620,41 kn	5.210.766,66 kn	4.697.749,47 kn	4.540.060,85 kn	4.849.356,56 kn	131.991.671,98 kn
Consultant fees*														
Legal		81.513.524,11 kn	10.391.395,89 kn	7.838.671,88 kn	11.097.443,03 kn	8.184.446,05 kn	75.126.321,95 kn	13.878.770,29 kn	12.239.695,97 kn	4.735.052,50 kn	6.335.214,81 kn	8.476.782,44 kn	5.646.250,31 kn	245.463.569,23 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	63.536,36 kn	17.997,20 kn	0,00 kn	72.857.256,75 kn	0,00 kn	130.343.686,52 kn
Restructuring		116.997.520,22 kn	12.588.286,37 kn	14.873.767,74 kn	14.507.483,01 kn	12.239.724,32 kn	18.973.150,12 kn	24.984.674,90 kn	18.657.881,02 kn	5.743.583,96 kn	18.239.888,85 kn	82.062.606,09 kn	13.758.885,11 kn	353.627.451,71 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	130.248,20 kn	0,00 kn	101.781,60 kn	0,00 kn	0,00 kn	16.002.430,76 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	41.944.337,19 kn	31.091.361,55 kn	10.496.633,66 kn	24.676.885,26 kn	163.396.645,28 kn	19.405.135,42 kn	745.437.138,21 kn
Audit and tax services		6.386.934,91 kn	0,00 kn	1.141.457,22 kn	443.357,82 kn	443.365,93 kn	0,00 kn	53.458,57 kn	488.354,58 kn	0,00 kn	88.961,34 kn	0,00 kn	0,00 kn	9.045.890,37 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	339.406,90 kn	170.826,85 kn	258.440,71 kn	252.041,22 kn	290.385,06 kn	4.812.456,16 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	221.306,55 kn	408.555,30 kn	434.495,01 kn	376.662,47 kn	447.527,17 kn	9.279.892,40 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	731.948,30 kn	314.911,53 kn	532.500,07 kn	306.373,23 kn	549.859,85 kn	8.140.202,63 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	605.045,67 kn	598.807,53 kn	48.997,04 kn	-170.572,11 kn	224.453,98 kn	12.729.229,16 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	1.558.300,52 kn	1.322.274,36 kn	1.015.992,12 kn	512.463,59 kn	1.221.841,00 kn	30.149.324,19 kn
Insurance costs - management liability insurance		4.876.555,81 kn	0,00 kn	0,00 kn	0,00 kn	1.615.206,84 kn	764.863,45 kn	3.222.551,29 kn	0,00 kn	0,00 kn	36.311,86 kn	-269.201,14 kn	0,00 kn	10.246.288,11 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	165.429.052,44 kn	0,00 kn	-38,02 kn	258,11 kn	0,00 kn	227.935.445,55 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	23.146,85 kn	133.698,17 kn	92.924,98 kn	66.652,77 kn	89.718,38 kn	1.082.607,36 kn
Other costs **		60.340.595,16 kn	2.189.994,17 kn	2.794.706,09 kn	3.986.711,12 kn	1.735.567,40 kn	11.482.037,53 kn	12.741.373,67 kn	7.805.230,01 kn	4.977.914,76 kn	6.332.925,56 kn	18.099.506,39 kn	-231.906,15 kn	132.254.655,72 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	455.274,21 kn	528.055,57 kn	467.841,81 kn	466.719,65 kn	467.103,60 kn	9.861.703,51 kn
Total (April adjusted for operating costs after 10/04/2017)***		458.315.092,79 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	212.073.747,47 kn	22.840.170,03 kn	37.667.995,09 kn	187.065.146,72 kn	26.091.633,87 kn	1.302.817.181,16 kn
Adjustment for April - first 10 days before extraordinary mana		27.865.276,91 kn												

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 1,330,682,458.08 (this is the SAP figure that includes the entire month of April 2017).
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, the costs included are 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, resulting in changes to the historic data. 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.
11. *** Pursuant to the above, the respective „yellow“ category is now the best representation of auditing and tax services for the entire Extraordinary Administration period.
12. The cost of financing for July 2018 includes a total of HRK 165.4m of costs related to the new financing.
13. 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.
14. October operating costs include the success fees for certain suppliers who had such a fee agreed.
15. 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.

5. Litigation

In Bosnia and Herzegovina, in cases Jamnica vs. Sberbank Zagreb and Jamnica vs. Sberbank Ljubljana decisions on termination of litigation procedures have been obtained. However, the decisions on termination of the enforcement procedures have not yet been received. Furthermore, in December the decision on termination of enforcement procedure in case Agrokor vs. Sberbank Ljubljana has been obtained.

In Serbia, in the case no. P-3283/2017 (Banca Intesa against Konzum, Jamnica and others) the hearing was held on 27th December 2018. The court decided that new independent financial expertise should be conducted and the new expert and the scope of assignment was defined by the court. The next hearing is scheduled for March 21st 2019.

In the case no. P – 6465/2017 (Banca Intesa against Agrokor) after receiving the Economic and financial report, the submission was filed with the consideration of the findings from the report on 6th December 2018. The hearing that was scheduled for December 21st 2018 was postponed due to the procedural reasons. Next hearing is scheduled for 28th January 2019. Furthermore, there have been three decisions regarding Sberbank's temporary injunctions:

- 1) In case no. li 1052/2017 Commercial Court in Belgrade rendered a decision dated 3 December 2018 by which Sberbank's temporary injunction over Konzum d.d's shares in IDEA d.o.o. was terminated;
- 2) In case no. I 99/2017 Commercial Court in Belgrade rendered a decision dated 3 December 2018 by which Sberbank's temporary injunction over Ledo d.d's shares in Frikom d.o.o. was terminated; and
- 3) In case no. li 1053/2017 Commercial Court in Belgrade rendered a decision dated 26 November 2018, by which Sberbank's temporary injunction over Agrokor d.d's shares in KRON d.o.o. and M Profil SPV d.o.o. was terminated.

Since 8 days deadline for filing of the appeal(s) against the above decisions (and the termination decisions in cases li 51/2017 and R 111/2017 brought by competent Serbian courts in November 2018, as we updated before) passed and as it seems that no appeal(s) were lodged within such deadline, all of the aforementioned decisions should be final now.

In Slovenia, In the enforcement case (case no. is VL 60340/2017) initiated by the creditor Sberbank banka d.d. (Ljubljana), following a joint motion of the creditor and the debtor to terminate the proceeding on 4 December 2018 the court issued a decision by which it terminated the proceeding. The decision has become final, since both parties have waived their rights to file appeals.

In the injunction case (case no. is Zg 12/2018) initiated by the creditor Karisma Resort International S.A. on 4 December 2018 the extraordinary commissioner received a decision of the Higher Court in Koper no. II Cp 188/2018 dated 8 November 2018, by which the court rejected an appeal, filed by the creditor for issuance of a temporary injunction. The court also decided that the creditor is obliged to reimburse Agrokor's costs of the proceeding. With the decision of the second instance court the proceeding has been finally terminated. There are no further regular legal remedies available to the creditor.

In the proceeding with the constitutional appeal against the decision of the Supreme Court to reject the application for recognition of the extraordinary administration proceedings in Slovenia, the commissioner filed an additional pleading with some additional arguments that have arisen after the constitutional appeal was filed (i.e. recognition in the United States, adding of the EA proceeding to the list of insolvency proceeding under EU Insolvency Regulation, final confirmation of the settlement plan by the Croatian courts).

6. Interim Creditors' Council

Over the course of the reporting period the 24th session of the Interim Creditors' Council was held on 20 December 2018. The only point on the agenda was the report on the status of the Settlement Plan implementation process, where the Extraordinary Administration presented the new developments as well as the progress of preparations for the Settlement Plan implementation to the ICC members.

7. Settlement Plan implementation

Over the course of December 2018 the Agrokor Group continued its intensive work on the process of planning the Settlement Plan implementation. In all the key pillars of the implementation planning, consisting of legal implementation, operational implementation, IT implementation and implementation in the fields of accounting/finance/taxes, comprehensive 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 within the Group which together with the expert teams, the project teams across the operating companies and the advisors runs and develops the Settlement Plan implementation schedule.

2. Status of the implementation planning

Project coordination

- During December 2018 the agreed coordination of the entire project has continued by way of supervisory/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 Interim Creditors' Council meeting held on 20 December 2018 the status of the Settlement Plan implementation and the preliminary assessment of the Group's readiness for the Settlement Plan implementation were presented to its members.

Preparation of the implementation plan

- The non-viable companies, planned to undergo a business unit transfer to the new mirror companies, are in the process of finalizing their implementation plans based on the implementation plans prepared at Ledo and Konzum.
- Within the scope of the legal aspects of the Settlement Plan implementation planning the Agrokor Group has changed the names of the new mirror companies.

- The process of planning the transfer of different types of the companies' assets has been continued, which involves a large number of stakeholders, including state authorities (ministries, agencies etc.). The coordination activities with the state authorities were intensified in December, with a number of separate meetings held with individual ministries and agencies as well as a coordination meeting with the group of key ministries.

8. Stakeholder relations and communication

Over the course of this reporting period the Extraordinary Administration continued the trend of intensive and systematic communication and active management of all key stakeholder relations, with an increased number of media queries, releases, statements and interviews.

On account of closing the current and announcing the new business year Extraordinary Commissioner Fabris Peruško and his Deputy Irena Weber took part in the business columns of various newspapers, presenting their expectations and plans for the Agrokor Group with regards to the forthcoming business year.

Irena Weber, Deputy Extraordinary Commissioner at Agrokor, participated as a guest in the HRT TV-broadcast „Good Morning, Croatia“, where she reflected upon the Extraordinary Administration Procedure at Agrokor, dragging the system out of crisis and plans for the next year.

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