

AGROKOR

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**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 NOVEMBER AND 10 DECEMBER 2017

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 covers the financial and economic developments as well as the implementation of measures and activities in the Extraordinary Administration procedure in Agrokori d.d. and a number of its affiliates (the **Group**) in the period from 11 November 2017 to 10 December 2017. Demanding financial and operational restructuring processes of the Group's companies continue and have resulted in further improvements of the Group's overall economic and financial status in the reporting period. In accordance with the viability plans, the focus of each business division is on the profitability of the operational business activities as opposed to increasing revenues.

As stated in previous reports, retail performance in the first half of 2017 was suppressed by the Group's liquidity problems. Following on from the stability provided by the new financing in June 2017 the retail businesses showed consistent strength throughout the summer period, in line with seasonal expectations. As a direct result of the new financing, the summer stock levels required for successful business were reached and maintained, and jobs were preserved.

The retail division has faced further challenges in October as a consequence of an increasing focus on promotions and discounts to gain competitive advantage. Following a tough September due to adverse weather, footfall has stabilised throughout October and the average over YTD is the best yet. Restructuring initiatives have challenged Konzum BiH in October, which was to be expected.

The wholesale businesses have suffered as a consequence of Velpo store closures and the end of the summer season. However, Tisak's retail business reaped gross margin benefits in October as a result of successful supplier negotiations and implementation of its target pricing strategy.

The food companies have continued to deliver solid results for the ten months to October 2017. Sales revenues have improved compared to September, as a result of continued efforts targeted at optimization and adapting to the market dynamics. October results show a 10% increase in oil sales compared to September. EBITDA is in line with expected operational profit for October. Beverages and oil groups continue to implement cost excellence programs, with frozen food and meat focusing on profitable growth through portfolio optimization.

In the ten months to September 2017, the agricultural companies achieved positive EBITDA with margins for individual companies ranging from 2.3% to 20.8%. In absolute terms, Belje contributes over 60.0% to total EBITDA with an individual margin of 15.8%. The October margin was above average compared to prior months in 2017, mainly as a result of the cost optimization in all initiatives together with excellent natural indicators of livestock production, high yields of agricultural crops and high profitability

of dairy farms. In respect of sales revenue, October 2017 was the best month YTD for Belje who, together with Agrokor Trgovina, represent over 75.0% of total sales revenue. This is due to consistent increases in animal feed sales and fattening pigs, and the decreasing price trends in the market were compensated by increased sales.

On 9 November 2017, all data on claims examined in line with the legal procedure were published in tabular form at the e-bulletin board of the Commercial Court in Zagreb. The creditors filed claims amounting to HRK 504.0 billion, of which HRK 446.2 billion is accounted for by co-debtor claims (guarantees) and requests for the provision of funds, guarantees/co-debtorships and recourse rights for bills of exchange and assignments which are registered and bear no voting rights. The total value of verified claims is HRK 41.2 billion. Of this sum, voting rights are currently exercised by creditors with claims totalling HRK 29.6 billion as no voting rights are available to be exercised by affiliated persons subject to the Extraordinary Administration procedure (i.e. inter-group claims). During the processing and verification of filed claims, 1,102 claims which totalled HRK 16.5 billion were partially or entirely contested. Following disclosure of the tables of claims filed by creditors, individual creditors have requested the tables be amended or changed. So far, 13 registrations of claims have been received where the creditors presented a certificate to demonstrate that they have filed the claim in time, such claims having been subsequently examined and verified to total HRK 9.8 million and corrections were made for 36 creditors. A total of 15 submissions were received whereby creditors have contested claims filed by other creditors, relating to 173 claims in total.

The Temporary Creditors Council convened twice in the reporting period and approved the Group to vote in favour of accepting the restructuring plan in the Zvečevo d.d. pre-bankruptcy proceedings, in which the Group has an interest as a creditor. Also, a decision was approved to make payments of claims to small and other suppliers for debts due prior to the Act on Extraordinary Administration through additional approvals in relation to the list of payment from previous decisions in prior months.

The Extraordinary Administration continues to undertake all available legal actions in order to protect the Group's property and the property of its companies in Croatia and abroad. A detailed update describing the status of litigation proceedings can be found in section 7 of this report.

Regular, direct and formal communication with creditors, debtors, unions, employees, management and representatives of governments and institutions in the countries where the Group operates continues.

The Extraordinary Administration held several meetings in Belgrade with relevant stakeholders and visited production companies that operate in Serbia. A meeting was held in Ljubljana between the management of Mercator Group and the Group with

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suppliers from Slovenia and Croatia. Zdravko Počivalšek, Minister of Economy of Republic of Slovenia, attended the meeting.

The relocation of Agrokor d.d. employees from Cibona business tower to offices in Žitnjak was completed to better manage available resources, and to move central support services and the management team physically closer to the operational companies.

Settlement negotiations are on-going, and the focus is on developing a long-term sustainable proposal and updates will be provided in future monthly reports.

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

The financial information in the table below relates to the 10 months being the year-to-date (YTD) revenue, gross margin and EBITDA for certain key companies of the Group. Financial results for individual Group companies for the YTD included in this section of the report, are not audited.

The cluster of 12 key companies for which financial results were previously reported has been expanded to 17 entities, and the Extraordinary Administration will continue to report on all 17 entities in future monthly reports.

Jan - Oct 2017 performance*			
HRK m	Retail and Wholesale	Food	Agriculture
Revenue	12,568m	7,043m	2,286m
Gross margin	2,321m	2,459m	602m
Gross margin %	18.5%	34.9%	26.3%
EBITDA	-83m	1,026m	269m
EBITDA %	-0.7%	14,6%	11.8%

- **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 four companies summarized results:
 - Belje, PIK Vinkovci, Vupik and Agrokor Trgovina

- Summarized YTD results, i.e. no elimination of intercompany transactions and no consolidation adjustments
- Revenue includes sales of goods and services (domestic and foreign)
- EBITDA = EBIT + depreciation and amortization + value adjustments and impairments + provisions
- COGS calculated as cost of materials plus cost of goods sold +/- change in inventory
- Results of FY16 audit have been reflected in 10 months results; however, comparatives as well as data reported for the period from Mar – Aug 2017 mainly have not been restated

As stated in previous reports, retail performance in the first half of 2017 was suppressed by the Group's liquidity problems. Following on from the stability provided by the new financing in June 2017 the retail businesses showed consistent strength month-on-month throughout the summer period, in line with seasonal expectations. As a direct result of the new financing, summer stock levels required for successful business were reached and maintained, and jobs were preserved.

The retail division has faced further challenges in October as a consequence of an increasing focus on promotions and discounts to gain competitive advantage. Following a tough September due to adverse weather, footfall has stabilised throughout October and the average over YTD is the best yet. Restructuring initiatives have challenged Konzum BiH in October, which was to be expected.

The wholesale businesses have suffered as a consequence of Velpro store closures and the end of the summer season. However, Tisak's retail business reaped gross margin benefits in October as a result of successful supplier negotiations and implementation of its target pricing strategy.

The food companies have continued to deliver solid results for the ten months to October 2017. Sales revenues have improved compared to September, as a result of continued efforts targeted at optimization and adapting to the market dynamics.

EBITDA is in line with expected operational profit for October. Beverages and oil groups continue to implement cost excellence programs, with frozen food and meat focusing on profitable growth through portfolio optimization and ice cream and meat products sales. In October, oil sales grew by more than 10 % in comparison with September.

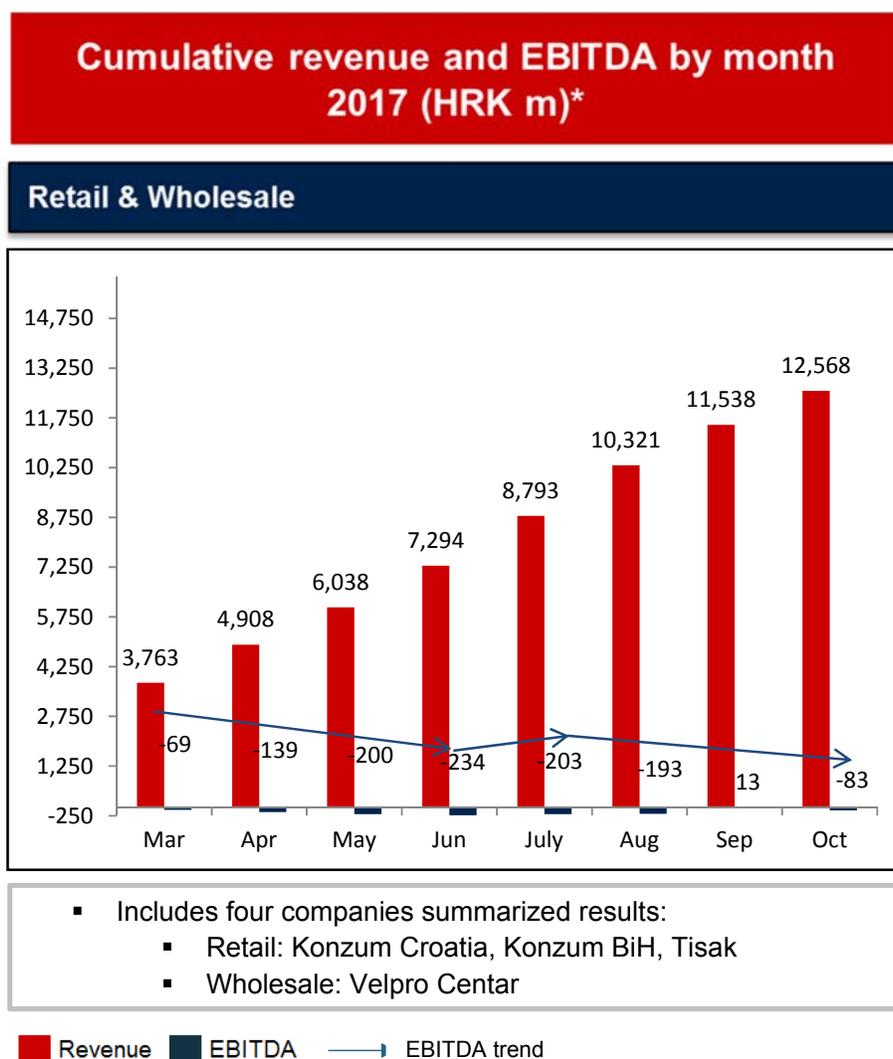
Roto Dinamic d.o.o. currently faces challenges due to strong competition activities following the summer season.

In the ten months to September 2017, the agricultural companies achieved positive EBITDA with margins for individual companies ranging from 2.3% to 20.8%. In absolute terms, Belje contributes over 60.0% to total EBITDA with an individual margin of 15.8%. The October margin was above average compared to prior months in 2017, mainly as a result of the cost optimization in all initiatives together with excellent natural indicators of livestock production, high yields of agricultural crops and high profitability of dairy farms.

In respect of sales revenue, October 2017 was the best month YTD for Belje who, together with Agrokori Trgovina, represent over 75.0% of total sales revenue. This is due to consistent increases in animal feed sales and fattening pigs, and the decreasing price trends in the market were compensated by increased sales.

2.1. 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 the individual companies portrayed in detail in subsections which follow.



***NOTE: All results are estimated.**

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

2.1.1.1. Financial results YTD and KPIs

Financial results*	Jan – Oct (HRK m)
Revenue	7,553
EBITDA	114
EBITDA %	1.9%
Key performance indicators	Jan – Oct 2017
Gross margin %	20.2%
DSO	15 days
DIO	36 days

**NOTE: All results are estimated.*

2.1.1.2. Commentary on recent trading

- Gross margin is lower than plan by 3.6%. This is due to an increase in share of promotions and lowering prices for competitiveness, all of which was designed to achieve better footfall and repeat custom.
- YTD footfall has shrunk compared to the nine months to September. Due of the seasonality of the business, the summer months always have an increased footfall compared to the annual average. October shows stabilization of footfall compared to the average footfall in 2017, with an increase of 2.1% like-for-like.
- Total revenue in October is lower than plan and the biggest impact on revenue is the reduction of the wholesales business. Retail revenue is lower than planned due to a decrease in the average basket in October compared to the 2017 average.
- The trend of declining DSO has continued which is expected due to reduction in the wholesale business.
- The increase in inventories compared to September is the result of an increase in supplier deliveries and the beginning of the Christmas season.

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

2.1.2.1. Financial results YTD and KPIs

Financial results*	Jan – Oct (HRK m)
Revenue	1,753
EBITDA	-79
EBITDA %	-4.5 %
Key performance indicators	Jan – Oct 2017
Gross margin %	16.1%
DSO	32 days
DIO	40 days

**NOTE: All results are estimated.*

2.1.2.2. Commentary on recent trading

- EBITDA was lower in October compared to Sept as a result of the restructuring process and the anticipated impact of the Mercator demerger.
- The combined impact of the Velpro BiH carve out and the Mercator demerger decreased revenue.
- The 'core' cost saving initiatives are well under way. These measures will see the company save HRK 57.1 million yearly, of which 90.0% is already implemented in advance of the 2018 plan.
- The company also commenced a recapitalization process and secured a loan from the Group. The loan will assist with the recapitalisation by Sarajevski Kiseljak and Ledo Čitluk. It will also result in an increase in the capital of Konzum d.o.o. by HRK 257.2 million.

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

2.1.3.1. Financial results YTD and KPIs

Financial results*	Jan – Oct (HRK m)
Revenue	1,721
EBITDA	-31
EBITDA %	-1.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	21.1%
DSO	22 days
DIO	21 days

*NOTE: All results are estimated.

2.1.3.2. Commentary on recent trading

- EBITDA development in the second half of 2017 YTD is in line with the mid-year restructuring plan, targeting positive EBITDA of HRK 10 million for October.
- In October 2017 the company managed to stabilize sales revenue after exiting from non-profitable points of sale in the retail network, non-profitable logistic services as well as lost contracts with telecom operators (from April 2017).
- In October the retail segment decreased by 3.2% mainly driven by the smaller retail network (approximately 10.0% smaller). The wholesale segment decreased by 48% mainly driven by lower sales of telecom vouchers. In addition, courier and transport services revenue decreased by 33.0% due to the planned exit from non-profitable leaflet distribution at the end of September 2017;
- Gross margin in October 2017 increased due to: (a) renegotiation with selected key suppliers and introduction of Philip Morris and Japan Tobacco assortment, (b) introduction of targeted pricing strategy in key segments such as drinks and ice-cream and (c) lower share of the low margin wholesale business.

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

2.1.4.1. Financial results YTD and KPIs

Financial results*	Jan – Oct (HRK m)
Revenue	1,419
EBITDA	-97
EBITDA %	-6.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	10.2%
DSO	62
DIO	19

**NOTE: All results are estimated.*

2.1.4.2. Commentary on recent trading

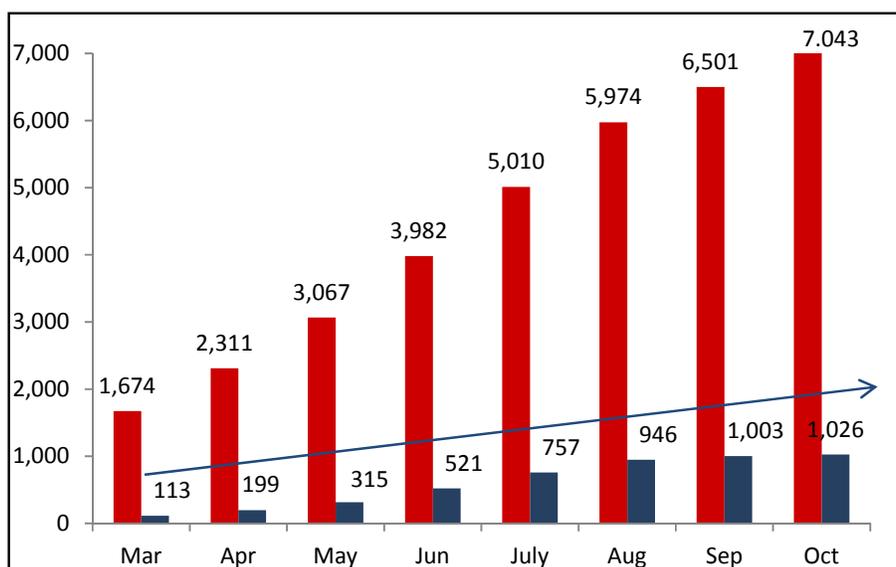
- EBITDA fell 0.3% to 6.8% compared to September, as a result of the restructuring process.
- Sales in October are down 26.0% compared to September 2017 due to the end of the summer season and closing of unprofitable centres.
- DSO decreased from 69 days in September to 62 days in October, mainly as a result of a more aggressive approach to collections.
- DIO also shows a declining trend due to the product mix optimization and clearance of slow moving stock.

2.2. 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 the individual companies portrayed in detail in subsections which follow.

Cumulative revenue and EBITDA by month 2017 (HRK m) *

Food



- Includes nine companies summarized results:
 - Beverage: Jamnica, Sarajevski Kiseljak and Roto Dinamic
 - Ice Cream, meat and frozen food: Ledo, Frikom and Ledo Čitluk
 - Oil: Zvijezda and Dijamant
 - Meat: PIK Vrbovec

■ Revenue ■ EBITDA → EBITDA trend

***NOTE: All results are estimated.**

2.2.1. Companies in the food sector: Jamnica d.d.

2.2.1.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	1,149
EBITDA	285
EBITDA %	24.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	53.7%
DSO	64 days
DIO	53 days

**NOTE: All results are estimated.*

2.2.1.2. Commentary on recent trading

- EBITDA in October is in line with expected operational profit for the month. Compared to September it is 27.0% lower due to seasonality that has a high impact on the beverages industry, and thus it is not directly comparable.
- Sales revenues are higher than expected due to increased sales of certain categories on the domestic market (Jana, Jana flavoured, Iced tea). Compared to September sales are 19.0% lower.
- Lower inventory levels compared to September 2017 follow sales seasonality, keeping inventory days at stable level of 53 days.
- Receivables in October have decreased compared to September which tracks the seasonality of sales. A further reduction is expected next month following typical post-season movements.

2.2.2. Companies in the food sector: Roto dinamic d.o.o.

2.2.2.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	870
EBITDA	48
EBITDA %	5.5%
Key performance indicators	Jan – Oct 2017
Gross margin %	19.4%
DSO	45 days
DIO	35 days

**NOTE: All results are estimated.*

2.2.2.2. Commentary on recent trading

- EBITDA has followed a similar trend to revenue – increasing during the season and then decreasing after it.
- Sales revenues in October are 10.0% lower than in September, as the company enters the post-season monthly decline.
- Inventory days has decreased a further five days since September, due to fluctuations in post-season inventory levels per centre.
- The annual target level of external receivables collections is 60 days. October has seen a six-day improvement in collections compared to September, however a reversal is expected following post-season movements.

2.2.3. Companies in the food sector: Sarajevski Kiseljak d.d.

2.2.3.1. Financial results YTD and KPIs

Financial results*	Jan – Oct (HRK m)
Revenue	309
EBITDA	66
EBITDA %	21.4%
Key performance indicators	Jan – Oct 2017
Gross margin %	44.1%
DSO	87 days
DIO	50 days

**NOTE: All results are estimated.*

2.2.3.2. Commentary on recent trading

- EBITDA follows a similar trend to revenue. It is higher in October than planned, and not directly comparable with September due to the high impact of seasonality in that month.
- Revenues in October are 2.0% higher than planned but 9.5% lower than September.
- After April, inventory days have stabilized at cca 50 days, and have been similar for each month thereafter.
- DSO is increasing due to the end of season. The targeted annual level is 60 days and in October it was 88 days, so there is an upwards trend towards the target.

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

2.2.4.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	949
EBITDA	207
EBITDA %	21.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	44.1%
DSO	66 days
DIO	77 days

**NOTE: All results are estimated.*

2.2.4.2. Commentary on recent trading

- The EBITDA margin in October 2017 has seen a slight decrease, which is to be expected for this time of year when entering into the post-season period.
- In the family ice cream category Ledo redesigned its premium ice cream brand, Grandissimo. As a result, this has had a positive impact on Grandissimo's income.
- In frozen foods new products have been introduced.
- DSO has reduced from 79 days to 66 days compared to last month.
- DIO has increased from 70 days to 77 days compared to last month due to increased production to meet demand over the Christmas period.

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

2.2.5.1. Financial results YTD and KPIs

Financial results*	Jan – Oct (HRK m)
Revenue	266
EBITDA	60
EBITDA %	22.5%
Key performance indicators	Jan – Oct 2017
Gross margin %	37.2%
DSO	141 days
DIO	42 days

**NOTE: All results are estimated.*

2.2.5.2. Commentary on recent trading

- EBITDA and EBITDA margin are slightly higher than expected in October.
- Sales for October fell by 17% compared to September and the reason for this is a planned change in the assortment that is being distributed. During this period, the ice cream season finished therefore sales decreased, whilst sales of fish and other frozen foods increased.
- DSO has decreased from 160 days to 141 days compared to September due to external customers.
- DIO are 12 days higher compared to September due to the purchase of larger quantities of fish which will be sold over an extended Christmas season.

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

2.2.6.1. Financial results YTD and KPIs

Financial results*	Jan - Oct 2017 (HRK m)
Revenue	697
EBITDA	144
EBITDA %	20.7%
Key performance indicators	Jan – Oct 2017
Gross margin %	46.2%
DSO	84 days
DIO	114 days

**NOTE: All results are estimated.*

2.2.6.2. Commentary on recent trading

- EBITDA is 5.2% less than planned as result of the points detailed below. Actual sales are lower than planned by 2.7% for October with a decrease in sales of frozen vegetables and fruits by 7.2% compared to plan for October.
- Gross margin is a result of a decline in selling prices of frozen vegetables and fruits, higher growth rate of wages for part-time workers, the price of electricity and raw material prices for October.
- There has been a stronger decline in the selling prices of frozen vegetables and fruits than expected due to tough market conditions, as the yield of vegetables has been significantly better than expected this year.
- Actual sales in all product categories except ice cream are significantly higher by 22.0% compared to September. Ice cream sales is highly sensitive to weather conditions and a significant decline in sales was expected in October.
- DSO for the YTD has improved.
- DIO for the YTD has increased.

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

2.2.7.1. Financial results YTD and KPIs

Financial results*	Jan - Oct 2017 (HRK m)
Revenue	549
EBITDA	49
EBITDA %	8.9%
Key performance indicators	Jan – Oct 2017
Gross margin %	27.7%
DSO	91 days
DIO	52 days

**NOTE: All results are estimated.*

2.2.7.2. Commentary on recent trading

- EBITDA has been slightly lower in October compared to September, mostly due to lower quantities sold combined with a lower average selling price, and more active marketing support (ketchup and launching new SKUs). This has resulted in higher operating expenses and subsequently lower earnings.
- Positive cash flow has ensured unobstructed production of consistent product quality, as well as stable procurement of raw materials at market prices, starting from mid-September.
- Thanks to the deficiency of butter in the market and its higher prices, margarine sales have increased in October.
- Italy has opened as a new export market in October which assists with planned expansion into new markets.
- Restocking of raw materials and finished goods in preparation for the Christmas season is in progress...
- Continuous service of crude oil refinement is in place to increase refinery capacity, and ensure additional income.

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

2.2.8.1. Financial results YTD and KPIs

Financial results*	Jan - Oct 2017 (HRK m)
Revenue	746
EBITDA	65
EBITDA %	8.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	23.1%
DSO	72 days
DIO	85 days

**NOTE: All results are estimated.*

2.2.8.2. Commentary on recent trading

- EBITDA is down by 11.0% compared to September, because of the higher than expected cost of processing sunflower seeds which are owned by suppliers but stored in silos of Dijamant.
- In October, oil sales increased by 27.0%, margarines by 2.0% and mayonnaise by 15.0%. Total sales growth is 15.0% compared to September due to the impact of seasonality.
- November and December are peak seasons for the company and revenue growth of both margarine and mayonnaise is expected.

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

2.2.9.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	1,509
EBITDA	102
EBITDA %	6.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	24.7%
DSO	117 days
DIO	37 days

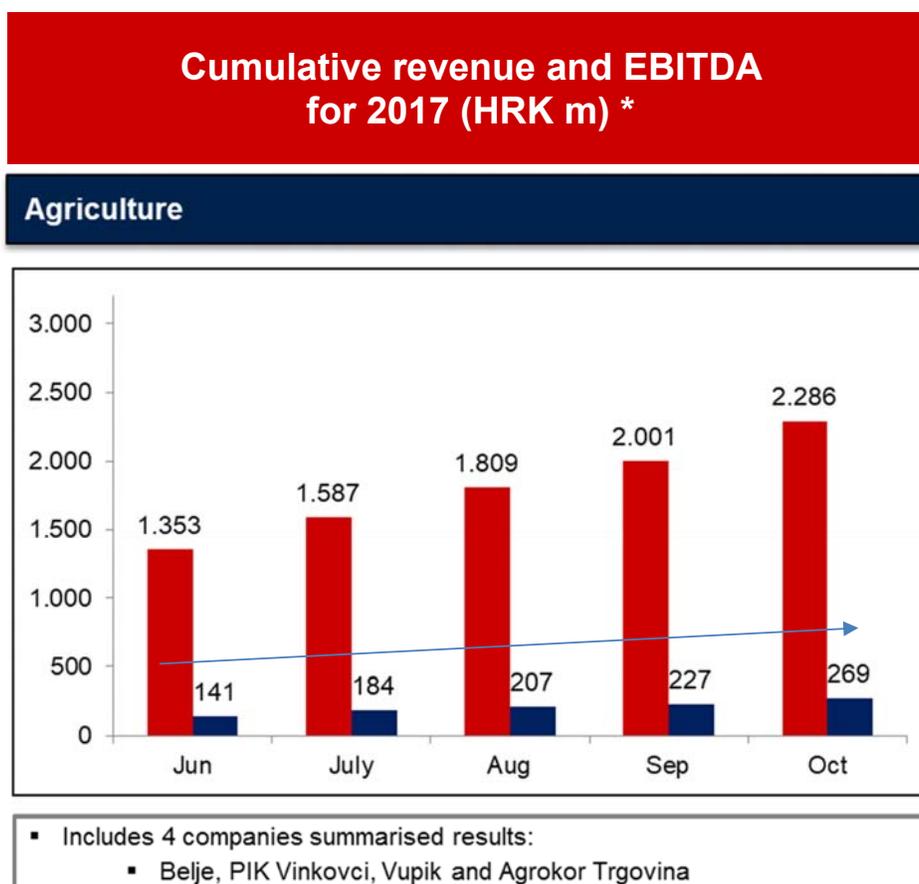
**NOTE: All results are estimated.*

2.2.9.2. Commentary on recent trading

- Gross profit margin and EBITDA remained high and are equal to the results achieved pre-season (June to October).
- Total revenues from sales of goods in October increased by 2% compared to September, and 6% compared to the average of the first nine months.
- The upcoming expected decrease in revenue off-season has been softened by the growth of export revenues by 33% compared to September.
- Domestic sales revenues have remained stable, i.e. equal to the average of sales revenues of the first nine months.
- Due to the ongoing processes of assortment optimization and improvement of production efficiency, productivity has increased in the fresh meat plant compared to September. Productivity of the processed meat plant has also increased by 3% compared to September and 4.26% compared to the average of first nine months. The effects of these increases are visible in the gross profit margin.

2.3. Companies in the agriculture sector

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



■ Revenue ■ EBITDA —→ EBITDA trend

***NOTE: All results are estimated.**

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

2.3.1.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	1,063
EBITDA	168
EBITDA %	15.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	33.6%
DSO	84 days
DIO	211 days

***NOTE: All results are estimated.**

2.3.1.2. Commentary on recent trading

- EBITDA margin in October is 17.1%, which is above the average realized EBITDA margin for the YTD of 15.8%, mainly due to cost savings, excellent natural indicators of livestock production, high yields of agricultural crops and the high profitability of dairy farms.
- Overall sales of goods and services in October are the highest monthly revenue in the current year. Sales of animal feed continue to increase, in October the company achieved the highest monthly sales in the YTD. October also saw the largest realisation of fattened pigs and, despite their negative trend of falling sales prices, sales revenue was greater than the average achieved in the YTD.
- Average days collection of receivables is continuously decreasing due to better payment relationships between companies.
- Inventory at the end of October is higher than at the end of September, mainly due to field crops which are stored on farms as animal feed or in the animal feed factory as raw materials for the production.

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

2.3.2.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	290
EBITDA	29
EBITDA %	10.0%
Key performance indicators	Jan – Oct 2017
Gross margin %	34.5 %
DSO	85 days
DIO	364 days

**NOTE: All results are estimated.*

2.3.2.2. Commentary on recent trading

- In October, the company achieved growth in EBITDA compared to September due to the fact that a significant part of production was completed in October, including: sunflower, sugar beet, mercantile soybean, silage corn, seed wheat processing. Most of the production has been sold and a proportion goes back to the production process internally, such as silage corn and straw for fattening cattle.
- In October, total sales were 118.0% higher than September, the most significant improvements relating to sunflower, sugar beet and soy mercantile sales. The sale of vegetables - onion, potatoes and other - was at a similar level to September. The sale of fruits and vegetables in October is also showing a growth trend which improves the situation compared to the nine months to September. The sale of wheat and barley seeds is, as expected, also significantly higher than in September. The sale of other goods is mainly at the level of the plan and we expect to realize the plan in the remaining months of 2017. The company expects an even better outcome for pig breeding in 2018.
- In October, inventories continued to decrease as a result of sales of significant portions of the produce after the autumn harvest, and the remaining parts of unfinished goods were put back into the production process.

2.3.3. Companies in the food sector: Vupik d.d.

2.3.3.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	270
EBITDA	56
EBITDA %	20.8%
Key performance indicators	Jan – Oct 2017
Gross margin %	36.9%
DSO	79 days
DIO	215 days

**NOTE: All results are estimated.*

2.3.3.2. Commentary on recent trading

- Due to the excellent yields of agricultural crops in October (sugar beet and carrots) and increased revenues from the reloading port, the YTD results show EBITDA growth.
- The company sold half of its annual sugar beet and carrot stock, as well as the entire quantity of barley and sunflower held in stock. In the coming months, it is expected that all mercantile corn will be sold as will the remaining 30.0% of sugar beet.
- Revenue from the reloading port on the Danube river (soybean oil, rapeseed) increased by 50% and sales of livestock (cattle and pigs) increased by 7.0%, compared to September. With the sales price of pigs lower than September, the company expects a lower inflow of income in the coming months.
- Customer receivables at the end of October were higher than in September due to the increased volume of deliveries of pigs and sugar beet.
- Stocks of raw materials, materials and finished products are similar to September levels.

2.3.4. Companies in the food sector: Agrokor trgovina d.o.o.

2.3.4.1. Financial results YTD and KPIs

Financial results*	Jan – Oct 2017 (HRK m)
Revenue	662
EBITDA	15
EBITDA %	2.3%
Key performance indicators	Jan – Oct 2017
Gross margin %	6.8%
DSO	53 days
DIO	12 days

**NOTE: All results are estimated.*

2.3.4.2. Commentary on recent trading

- In October 60.0% of revenues came from the oilseeds business. The business is still oriented towards the export of grains and oilseeds, with more than 40.0% of revenues coming from exports. Harvest demand in general logistics in Croatia mean that both trucks and trains are under increasing pressure, which has generally affected business activity and delayed some deliveries to international partners.
- EBITDA has decreased in October as a result of logistical difficulties which led to some failed deliveries resulting in those finished goods remaining in stock.
- Collection of receivables is still challenging from some buyers; however, improvements have been made in October related to this.

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 set and approved based on these forecasts. Starting on 24 November, the Croatian core non-retail companies have moved to a fortnightly payment run with only exceptional payments being approved on a weekly basis. In the period since the new finance was raised in June 2017 to November 2017 net funds of HRK 939.0 million have been deployed in the businesses to assist with liquidity.

As discussed in the previous monthly report, this cash was used primarily to unwind trade payables in relation to the period post 10 April 2017, and to restock the businesses.

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

CW43 Forecast 19 Core Subsidiaries 13 Week STCF vs prior week (HRK m)		
	Current STCF (CW 47)	Prior week STCF (CW 45)
Minimum cash balance (13w)	1,054	1,022
Maximum cash balance (13w)	1,383	1,314
Minimum Liquidity covenant	296	296
Undrawn facility	370	370
Available liquidity (incl. undrawn facility)	1.128 – 1.457	1.096 – 1.388

3.2. Supplier claims settlement

It was communicated publicly in the week ending 28 July 2017 that there would be a tranche of EUR 150.0 million made available for settlement of trade claims prior to the Act on Extraordinary Administration. This EUR 150.0 million tranche has been split into three pools:

- **Pool A (up to EUR 30 million):** Dedicated pool for 'micro' suppliers, defined as family farms (OPG), small entrepreneurs and micro-suppliers with annual

revenue less than HRK 5.2 million, a maximum of HRK 2.6 million in assets and up to 10 employees;

- **Pool B (EUR 110 – EUR 120 million):** This pool is open to all suppliers (except the Pool A micro-suppliers). Suppliers must confirm they will return to historic and/or industry standard terms of supply in order to be eligible; and
- **Pool C (up to EUR 10 million):** Discretionary pool for settlement of pre-petition trade suppliers in accordance with identified business needs.

3.2.1. Pool A update

To date, over 2,500 micro companies, craft trades and small farmers have received 100.0% settlement of their pre-petition debt with Pool A utilization now at EUR 21.4 million.

3.2.2. Pool B update

3.2.2.1. Allocation of funds

The funds in Pool B are to be allocated to suppliers based on their claims and ongoing support for the business, the overarching approach to allocation is split between the following two tranches:

- **Pro rata tranche (Tranche 1):** EUR 27.5 million distributed on a pro rata basis to all old debt suppliers that have filed their claims in the Extraordinary Administration; and
- **Proportional tranche (Tranche 2):** Up to EUR 92.5 million allocated on a proportional basis to suppliers holding old debt that have filed their claims in the Extraordinary Administration and have agreed to sign an agreement with the Group to return to historic supplier terms going forward.

3.2.2.2. Eligibility assessment process

In order to determine the amounts to be allocated in Pool B, a two-step process is being applied:

- i. Each Group company identified its important suppliers and offered new supply contracts;
- ii. Companies with signed contracts were eligible for allocation of EUR 92.5 million from Pool B.

3.2.2.3. Status update

At the Temporary Creditor's Council meeting on 6 December 2017, total additional funds of EUR 3.3 million were approved to be utilised with EUR 0.05 million and EUR 3.2 million allocated to Pool A and Pool B, respectively.

The EUR 0.05 million of Pool A funds will be used to finalise claims made by micro suppliers, craft trades and small farmers.

The EUR 3.2 million of Pool B funds has been allocated across the two tranches as done previously. Total funds approved to be utilised are EUR 83.8 million broken down as follows:.

- Tranche 1 of EUR 27.4 million (being the EUR 26.5 million previously approved and the additional EUR 0.9 million approved on 6 December 2017) has been allocated on a pro rata basis to all old debt suppliers that have filed their claims in the Extraordinary Administration. The maximum funds allocated to tranche 1 have now been approved to be utilized.
- Tranche 2 of EUR 56.4 million (being the EUR 54.1 million previously approved and the additional EUR 2.3 million approved on 6 December 2017) has been allocated on a proportional basis to suppliers holding old debt that have filed their claims in the Extraordinary Administration and have agreed to sign an agreement with the Group to return to historic supplier terms going forward; of which
 - 80.0% of the allocation will be paid after all requisite approvals have been received with payments commencing in the week commencing 25 September 2017; and
 - the balancing 20% will be paid on or before 31 March 2017.

Additional requests are expected, particularly from Konzum. Any residual unused funds from this EUR 150.0 million will become available for operational use within the Group.

3.2.2.4. Border claims

The Extraordinary Administration is expecting to make payments in respect of border claims that originated from the delivery of goods and services before the commencement of the Extraordinary Administration, where the invoices fell due after 10 April 2017. The payments would amount to a maximum of 28.0% of the supplier's border claim taking into account any amounts paid previously and are limited to a maximum EUR 35.0 million in total.

3.3. Trade finance facility

Expressions of interest for participation in the EUR 50.0 million trade finance facility were completed on 25 August 2017 with 305 indicative applications received. These applications exceeded the amount of the available facility. Allocation of the EUR 50.0 million pool is currently ongoing with a focus on eligible suppliers that have a high goods turnover.

Group companies are currently in the process of issuing term sheets to suppliers to finalize negotiations and secure the additional financing. This financing is anticipated to be provided via a combination of cash and goods. It is expected that this will be completed by the time of the next monthly report.

4. Business reviews

Implementation of the improvement measures as outlined in the viability plans is underway. All initiatives agreed in the viability plans will form part of an Initiative Implementation Support (“IIS”) program.

The top measures will be monitored across 11 workstreams (one workstream per business / division). Workstream leaders, responsible for the implementation and delivery of the effects have been nominated. Detailed monitoring and dedicated on-site implementation support has been set up to ensure benefits are realized and can be tracked. A detailed tracking and regular reporting process is currently being implemented, including defined maturity levels (degrees of implementation) and a traffic light system for ongoing monitoring.

Updates will be provided in future monthly reports.

5. Settlement negotiations

Work on the settlement plan is on-going and, under the terms of the Super Senior Financing Agreement (**SPFA**) dated 8 June 2017, a summary of the plan must be disclosed publicly by 12 January 2018. The Extraordinary Administration will meet this deadline and more detailed updates will be provided in future monthly reports.

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

Agrokor d.d. is in the process of transitioning into a Group service centre. As a result, operational business expenses continue to accrue, and these relate directly to the various centralized services provided throughout the Group. The Extraordinary Administration maintains control of these costs as part of the restructuring process.

An overview of the Group's operating costs paid to the end of October 2017, grouped by cost type, can be found in the table below. These cost categories include all advisors whether hired before or after the Extraordinary Administration commenced. A breakdown of advisors specifically engaged for the period of Extraordinary Administration and their scope of work can be found in the monthly report for the period from 11 October to 10 November 2017.

The costs detailed within the report for the period from 11 October to 10 November were inclusive of VAT for some consultants. To enhance the transparency of the true costs to the Group, the costs have been restated net of VAT below and this degree of transparency will be applied to all future reports.



OPERATING COSTS OF AGROKOR D.D.	April	May	June	July	August	September	October	Total
Total cost of salaries and fees								
Commissioner's fee	89,227.81 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	803,050.21 kn
Employees and service contracts (Bruto II included)	8,857,131.15 kn	6,887,930.32 kn	7,605,342.63 kn	5,749,269.00 kn	5,017,986.27 kn	5,116,399.86 kn	4,225,917.01 kn	43,459,976.24 kn
Severance payments	4,638,224.40 kn	4,079,058.16 kn	7,383,890.00 kn	1,619,978.66 kn	1,157,487.72 kn	2,753,741.52 kn	1,155,417.59 kn	22,787,798.05 kn
	13,584,583.36 kn	11,085,958.88 kn	15,108,203.03 kn	7,488,218.06 kn	6,294,444.39 kn	7,989,111.78 kn	5,500,305.00 kn	67,050,824.50 kn
Consultant fees*								
Legal	0.00 kn	9,918,186.64 kn	10,869,299.65 kn	6,016,692.79 kn	7,955,863.21 kn	9,244,591.84 kn	11,289,723.36 kn	55,294,357.50 kn
Financial	0.00 kn	0.00 kn	0.00 kn	18,972,462.71 kn	2,392,579.27 kn	3,149,658.63 kn	1,723,199.16 kn	26,237,899.76 kn
Restructuring	7,485,760.00 kn	7,929,422.25 kn	13,368,638.23 kn	12,615,094.21 kn	13,211,674.23 kn	11,561,373.01 kn	14,143,307.07 kn	80,315,269.00 kn
Other (forensics, HR)							4,656,250.00 kn	4,656,250.00 kn
	7,485,760.00 kn	17,847,608.89 kn	24,237,937.88 kn	37,604,249.72 kn	23,560,116.71 kn	23,955,623.48 kn	31,812,479.59 kn	166,503,776.27 kn
Audit and tax services	11,350.00 kn	0.00 kn	1,767,123.64 kn	513,790.55 kn	386,841.18 kn	348,505.55 kn	3,465,239.42 kn	6,492,850.34 kn
Utilities costs	294,624.78 kn	420,130.58 kn	202,881.53 kn	174,769.30 kn	117,832.47 kn	360,145.80 kn	90,252.45 kn	1,660,636.91 kn
Material costs								
Transportation costs (insurance, maintenance, fuel, etc.)	937,625.80 kn	517,849.78 kn	376,654.48 kn	892,930.94 kn	390,292.66 kn	475,216.82 kn	566,252.87 kn	4,156,823.35 kn
Ongoing maintenance	368,406.97 kn	277,779.54 kn	264,578.02 kn	289,476.27 kn	250,984.49 kn	287,855.94 kn	297,553.64 kn	2,036,634.87 kn
Other	0.00 kn	92,676.41 kn	61,627.15 kn	4,420,861.82 kn	47,872.51 kn	95,925.65 kn	195,563.94 kn	4,914,527.48 kn
	1,306,032.77 kn	888,305.73 kn	702,859.65 kn	5,603,269.03 kn	689,149.66 kn	858,998.41 kn	1,059,370.45 kn	11,107,985.70 kn
Insurance costs - management liability insurance	0.00 kn	1,448,383.95 kn	0.00 kn	2,963,608.00 kn	0.00 kn	10,559,426.83 kn	0.00 kn	14,971,418.78 kn
Cost of new financing	0.00 kn	0.00 kn	29,384,325.42 kn	4,417,730.37 kn	0.00 kn	0.00 kn	0.00 kn	33,802,055.79 kn
Travel costs / education	19,702.32 kn	24,583.10 kn	54,013.86 kn	57,927.76 kn	18,633.14 kn	44,956.25 kn	81,032.60 kn	300,849.03 kn
Other costs**	11,194,702.72 kn	10,727,246.97 kn	3,343,045.76 kn	6,299,039.28 kn	7,439,992.22 kn	9,855,059.95 kn	4,883,644.98 kn	53,742,731.88 kn
Amortization / Depreciation	533,202.75 kn	532,869.72 kn	543,566.37 kn	541,295.15 kn	541,365.36 kn	539,824.30 kn	532,884.72 kn	3,765,008.37 kn
Total	34,429,958.70 kn	42,975,087.82 kn	75,343,957.14 kn	65,663,897.22 kn	39,048,375.13 kn	54,511,652.35 kn	47,425,209.21 kn	359,398,137.57 kn

* consultant fees shown above are expressed as the sum of received invoices for the given month. This amount does not include VAT related costs (nepriznati dio PDV-a) and the total consultant expense will be somewhat higher on year-end calculation due to this.

**Comment relating to the category "Other costs": realized total "Other costs" for April amount to HRK 24.171.808,76, out of which, after 10/04/2017, amount of HRK 4.250.308,08 relates to intellectual services and amount of HRK 6.944.394,64 relates to all other costs of cost class 4.

Amount of HRK 12.435.740,68 relates to the period before 10/04/2017, therefore the total amount shown for April is HRK 11.194.702,72.

There was also a correction of Amortization / Depreciation amount for September 2017, which now stands corrected. Also VAT amounts were stripped from previous months on a number of local suppliers, but the amount was not significant.

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In October, legal fees are HRK 2.0 million higher than September as non-Croatian counsel have submitted invoices in respect of work completed for the Group YTD for the ongoing legal matters in various jurisdictions.

Similarly, restructuring costs in October have increased by HRK 2.5 million compared to September. This is mainly driven by costs accrued for services provided YTD but billed and paid in October.

New costs introduced in October is other costs totaling HRK 4.6 million, as shown above. These costs are in respect of forensic accounting and executive consultancy services which commenced in September and were invoiced and paid in October.

The overall headcount at Agrokor d.d. at the end of October was 90 compared to 97 at the end of September.

7. Litigation

The present reporting period saw some developments in the various litigation and enforcement proceedings formally issued against Agrokori d.d. and a number of its affiliates.

In Croatia, Sberbank of Russia sought to have the decision of the Temporary Creditors' Council dated 31 August 2017 which permitted the payment by the Extraordinary Administration of certain debts which pre-dated the Act on Extraordinary Administration (case no. St-1138/2017) declared null and void or, alternatively to have it annulled. This was defended by the Extraordinary Administration, and the Commercial Court of Zagreb dismissed the motion to declare the decision null and void and rejected the motion to annul the decision. The High Commercial Court has also rejected Sberbank's appeal against the Commercial Court's decision not to: 1) declare that certain provisions of the SPFA were null and void; 2) declare that the bond redemption at nominal value was null and void; 3) submit a request to the Constitutional Court to examine the constitutionality of articles 40 and 41 of the Act on Extraordinary Administration (case no. St-1138/2017).

In England and Wales, a hearing has been listed for 18 December 2017 to deal with the consequential issues arising from the Extraordinary Administration's successful application for recognition of the Extraordinary Administration process in England and Wales. That hearing will deal with any application by Sberbank of Russia for permission to appeal to the Court of Appeal, and the Court's order on payment by Sberbank of Russia of the Extraordinary Administration's costs caused by Sberbank's objection to the application.

In Slovenia, the District Court of Ljubljana has accepted the objections of Sberbank of Russia and Sberbank banka d.d. Ljubljana in the recognition proceedings, overturning the decision of the first instance court. The Court also rejected the objection of the Republic of Slovenia. The Extraordinary Administration has filed an appeal to this decision to the Supreme Court of Slovenia, including an expert report from Dr. Aleš Galič from the University of Ljubljana Faculty of Law and a further report from retired Judge of the Supreme Court of the Republic of Croatia, Andrija Eraković.

In Bosnia, the municipal court in Kiseljak has rejected the motion of Sberbank of Russia for a second time in their application for a temporary injunction in respect of Jamnica d.d.'s shares in Sarajevski Kiseljak d.d. Kiseljak (case no. 51 0 V 126516 17 MO). This may now be appealed again by Sberbank. Sberbank of Russia has also appealed the decision of the Municipal Court in Sarajevo to reject its application for a temporary injunction in respect of Agrokori d.d.'s shares in Konzum d.o.o. Sarajevo and Ambalažni servis d.o.o. Sarajevo, and the extraordinary commissioner will be filing a reply (case no. 65 0 Ps 656174 17 MO). The Cantonal Court in Sarajevo has also referred the

enforcement proceedings brought Sberbank d.d. Zagreb against Agrokor d.d. in respect of its shareholdings in Konzum d.o.o. Sarajevo, Ambalažni servis d.o.o. and Boreas d.o.o. Kreševo back to the first instance court (case no. 65 0 Ip 655636 17 Ip). Finally, in Bosnia, the Cantonal Court of Sarajevo has rejected the Extraordinary Administration's application for recognition of the Extraordinary Administration proceedings. This has been appealed and a decision is awaited.

In Serbia, all enforcement proceedings brought by Banca Intesa a.d. Beograd, Sberbank d.d. Zagreb and Sberbank bank d.d. Ljubljana have now been dismissed and the Extraordinary Administration is taking the necessary steps to remove the pledges registered against the relevant shareholdings in Serbia. The Serbian appeal court has also upheld all of the first instance decisions to impose temporary injunctions in favour of Sberbank of Russia. Additionally, in Serbia, the Commercial Court of Appeal has rejected the Extraordinary Administration's appeal in the recognition proceedings and confirming the first instance decision. The Extraordinary Administration is assessing the possible next steps in these proceedings.

A hearing was also attended on 30 November 2017 in respect of the litigation proceedings initiated by Banca Intesa in the Commercial Court in Belgrade (case no. P 3283/2017) against Konzum d.d., Jamnica d.d., Zvijezda d.d., Agrokor Trgovina d.o.o. and PIK Vrbovec Mesna Industrija d.d. The Court declined to decide on Banca Intesa's application for a temporary injunction over Konzum d.d.'s shares in Idea d.o.o. at the hearing and will make a decision subsequently. A further hearing will be listed when this decision has been reached. Further, the Commercial Court in Zrenjanin has also declared that it is not competent to hear the litigation proceedings commenced by Sberbank banka d.d. Ljubljana against Agrokor d.d. (case no. P 298/2017 former enforcement proceedings IIv 356/2017) following the unsuccessful enforcement proceedings. The unsuccessful enforcement proceedings brought by Sberbank d.d. Zagreb have also been forwarded to the litigation division of the Commercial Court in Zrenjanin (case no. P 297/2017 former enforcement proceedings Iiv 338/2017). Finally, a hearing has been listed for 6 February 2018 in the litigation proceedings brought by Sberbank d.d. Zagreb against Jamnica d.d. (case no. P 5726/2017, former enforcement proceedings IIv 3732/17) following the unsuccessful enforcement proceedings.

8. Temporary Creditors Council

The Temporary Creditors Council convened twice in the period from 11 November to 10 December (11th and 12th sessions).

The Temporary Creditors Council held its 11th meeting on 20 November 2017. The meeting was held by telephone and was attended by three out of five Council members.

By majority vote, the following item was approved:

1. The Group is approved to vote in favor of accepting the restructuring plan in the Zvečevo d.d. pre-bankruptcy proceedings, in which the Group is involved as a creditor.

The Temporary Creditors Council held its 12th meeting on 6 December 2017. The representative of Knighthood Capital Management LLC was not present, but voted by correspondence

By majority vote, the following items were approved:

1. Payment of claims to small suppliers for debts due prior to the Act on Extraordinary Administration - additional approvals in relation to the payments already approved by previous decisions.
2. Payment of claims to other suppliers for debts due prior to the Act on Extraordinary Administration - additional approvals in relation to the payments already approved by previous decisions.

9. Registration of claims

On 9 November 2017, all data on claims examined in line with the legal procedure were published in tabular form at the e-bulletin board of the Commercial Court in Zagreb. Since disclosure of the tables of claims filed by creditors of the second and higher payment priority, individual creditors have requested the tables be amended or changed. So far, 13 registrations of claims have been received where the creditors presented a certificate to demonstrate that they have filed the claim in time, such claims having been subsequently examined and verified in the total amount of HRK 9.8 million.

In addition to the above, corrections have been made on another 36 creditor claims, of which 10 changes related to previous incorrect categorisation (eg. request for security instead of recognition of claim and such like), 14 changes are of formal nature (errors in the Personal Identification Number / OIB, address, creditor name and such like) and 12 changes of merit, with the largest one related to the increase in the total claim recognized by Podravka d.d. against Konzum d.d. in the sum of HRK 80.1 million due to the creditor's error in the total sum of individual claims registered.

A total of 15 submissions were received whereby creditors have contested claims filed by other creditors, related to 173 claims in total. The contesting parties are Adris grupa d.d., Agram invest d.d., Alca Zagreb d.o.o., Bebra d.o.o., D.M.H. d.o.o., Ricardo d.o.o., Feniks radnička d.o.o. Agrolaguna d.d. and Euroherc osiguranje d.d.

According to information received from the Court, in the coming days the Group shall receive additional contestations and corresponding correction proposals which have already been filed with the Court.

10. Stakeholder relations and communications

Regular, direct and formal communication with all the key stakeholders across different communication channels has continued during the present reporting period. Through regular communication activities the Extraordinary Administration engaged with creditors, debtors, unions, employees, management and representatives of governments and institutions in the countries where the Group operates. Maintaining the highest possible level of systematic and transparent communications with all stakeholders continues to be a priority of the Extraordinary Administration.

Internal communications continue to be primarily focused on the development of the situation in retail, payment of suppliers, and further steps in operational restructuring of the Group. On 4 December the relocation of Agrokor d.d. employees from Cibona business tower to office in Žitnjak was completed in order to better manage available resources, and to move central support services and the management team physically closer to the operational companies.

The Temporary Creditors Council convened twice in the period (as reported in more detail in section 8).

Direct communication with the media has been maintained throughout the present reporting period, and the Extraordinary Administration was engaged in more than 130 media activities in countries in the region where the Group companies operate. These activities include press releases, interviews, statements for the press and a large number of responses to different media inquiries.

Key topics which have dominated the media during the reporting period include submitting received and processed claims of Agrokor creditors to the Commercial Court in Zagreb and the clarification of further procedures. Other topics include developments in the restructuring of the Group, positive business results for all the divisions of the Group in the first nine months and results of individual companies, the costs and fees incurred by the Extraordinary Administration, publication of the amount of claims and creditors structure, initial stages of the preparation of the settlement, encumbrance of trademarks of Belje, Ledo, Jamnica, Zvijezda and Vupik as collateral for the new financing, the announcement of the new wave of hiring in Group companies, as well as moving the Group headquarters closer to the operating group companies, and further developments in legal procedures and relevant court decisions in countries where the Group operates.

On 21st November 2017 the Extraordinary Administration held several meetings in Belgrade with relevant stakeholders and visited production companies that operate in Serbia. On 24th November a meeting was held in Ljubljana between the management

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of Mercator Group and the Group with suppliers from Slovenia and Croatia. Zdravko Počivalšek, Minister of Economy of Republic of Slovenia, attended the meeting.

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