

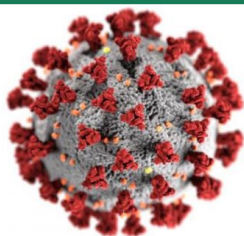
H12020 unaudited consolidated results

28 August 2020



Executive summary

Covid-19 impact



- Numerous measures identified to preserve liquidity
- HRK 1,511m of cash and cash equivalents at the end of H12020
- New covenant metrics agreed in principle with lenders and going through legal signing process

Profitability and market shares



- Focus on protecting profitability and market shares that either grew or remained stable in the key categories
- Croatian companies impacted due to reduced tourist season
- Serbian companies more resilient since less dependent on tourism

Operational performance in H12020¹



- Consolidated² revenues: HRK 9,910m (-7.5% vs H12019 due to impact of Covid-19)
- Adjusted consolidated EBITDA: HRK 531.9m

Asset transfer and sale



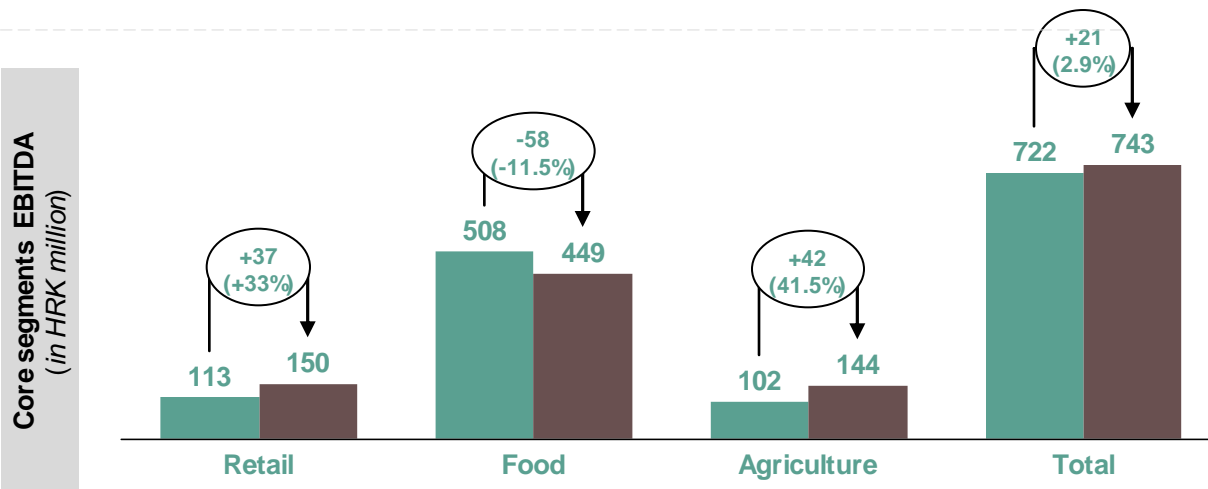
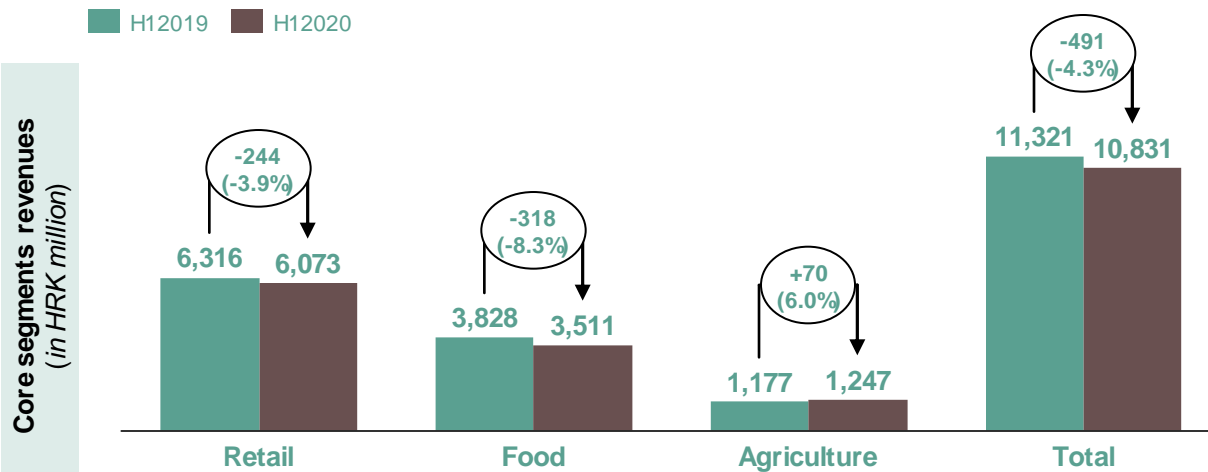
- *Mercator's transfer to FNG:*
 - Fine from AVK³ decreased from EUR 53.9m to EUR 1m
 - Decision issued to repeal AVK's seizure of Agrokor's shares in Mercator
- *Dijamant's transfer to FNG:*
 - Agrokor d.d. paid to Banca Intesa EUR 19.2m
 - Both transfers expected by the end of 2020
 - >HRK 250m expected by the end of 2020 from the sale of non-core assets

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³Slovenian Competition Agency


Non-consolidated Core segments H1 2020 performance




- Core segments¹ realized **lower net sales revenues (NSR) by 4.3%**, while **EBITDA was higher by 2.9%** compared to last year due to Covid-19 impact.
- Overall **Retail & Wholesale segments** achieved **lower NSR by 3.9%**, while **EBITDA was higher by 33%** compared to last year driven by good results in Q1 and implementation of recovery measures on the cost side in Q2.
- Food segment had lower NSR by 8.3%** with Beverages, Frozen and Roto Dinamic being the most Covid-19 impacted parts of the business. Lower NSR resulted in **lower EBITDA by 11.5%**.
- Agriculture companies** achieved **higher NSR by 6.0%** which resulted in **higher EBITDA by 41.5%** mostly as a result of higher pig prices.

¹Core segments include Retail and Wholesale (Konzum (Velpro was merged with Konzum), Konzum Sarajevo, Tisak), Food manufacturing (Jamnica, Sarajevski kiseljak, Roto dinamic, Ledo, Ledo Čitluk, Frikom, Zvijezda, Dijamant, PIK Vrbovec) and Agriculture division (Agrolaguna, Belje, PIK Vinkovci, Vupik). The results are aggregated and include intercompany trading.

Consolidated Financial Statements – Basis of Preparation



The presented preliminary unaudited consolidated financial statements comprise the financial statements of Fortenova grupa d.d. and its 95 subsidiaries



The accounting policies adopted in the preparation of the presented consolidated financial statements are consistent with all the International Financial Reporting Standards effective from 1 January 2019, including IFRS 16 Leases effective from 1 January 2019 and are consistent with that used in the Fortenova grupa d.d. audited consolidated annual financial statements for the year ended 31 December 2019

Consolidated Profit and Loss Statement

H1 2020

All amounts in HRK thousand, IFRS	1.1.-30.6.2020 (Fortenova Group)	1.1.-30.6.2019 Pro forma ¹
Revenue	9,720,445	10,550,507
Other income	189,332	167,230
Total income	9,909,777	10,717,736
Changes in inventories of finished goods and work in progress	(22,559)	(27,669)
Cost of materials and goods sold	(6,406,019)	(6,723,956)
Cost of services	(865,213)	(1,390,646)
Staff costs	(1,352,145)	(1,356,538)
Depreciation, amortisation and impairment	(470,469)	(360,679)
Depreciation of right of use assets	(243,550)	(292,451)
Other costs	(368,616)	(582,878)
Gains / (losses) on sale of properties	5,570	3,735
Total expenses	(9,723,001)	(10,731,081)
GROSS PROFIT / (LOSS)	186,776	(13,345)
Finance income	98,097	41,917
Finance expenses	(972,647)	(968,897)
Net financial result	(874,550)	(926,981)
Share of profit / (loss) of associates	-	-
PROFIT / (LOSS) BEFORE TAX	(687,773)	(940,326)
Income tax	(32,915)	(58,810)
PROFIT / (LOSS) FOR THE PERIOD	(720,688)	(999,136)
Fx differences	304,623	244,622
PROFIT / (LOSS) FOR THE PERIOD w/o FX diff.	(416,065)	(754,514)

Comments			
<ul style="list-style-type: none"> A decrease in revenues is a result of Covid-19 impact on the businesses Depreciation and amortisation is higher due to PPA effects in 2020 Net result from financial activities is HRK 52.4m lower, predominantly as a result of lower interest expenses on loan facilities by HRK 118.2m being partially offset by higher fx losses of HRK 60.0m If fx effect of HRK 304.6m is excluded, net loss for H1 2020 amounts to HRK -416.1m 			
In HRKm	H1 2020	H1 2019	Diff.
Interest expense on loans	406.0	524.2	(118.2)
Interest expense on lease liabilities	146.4	163.9	(17.5)
Fx differences	304.6	244.6	60.0
Other	17.5	(5.8)	23.3
Total	874.6	927.0	(52.4)

Consolidated Balance Sheet

30 June 2020 vs 2019

All amounts in HRK thousand, IFRS	30 June 2020	31 December 2019
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,129,149	7,178,046
Right of use assets	3,064,480	3,106,216
Investment property	921,933	1,057,655
Intangible assets	8,127,780	8,171,571
Biological assets	260,154	261,174
Investments in associates	163,903	160,611
Loans, deposits and other non-current financial assets	593,143	582,683
Deferred tax assets	125,982	125,186
Other non-current assets	35,336	22,112
TOTAL NON-CURRENT ASSETS	20,421,859	20,665,254
CURRENT ASSETS		
Inventories	2,518,248	2,601,896
Biological assets	516,143	353,146
Assets classified as held for sale	88,247	164,290
Loans and deposits	136,881	86,952
Trade receivables	1,846,098	1,774,982
Other current assets	1,642,821	1,595,702
Cash and cash equivalents	1,511,170	1,635,267
TOTAL CURRENT ASSETS	8,259,609	8,212,235
TOTAL ASSETS	28,681,468	28,877,489

All amounts in HRK thousand, IFRS	30 June 2020	31 December 2019
Share capital	200	200
Reserves	1,562,617	2,261,221
Loss for the period	(720,688)	(771,933)
	842,128	1,489,488
NON-CONTROLLING INTERESTS	137,582	138,324
TOTAL EQUITY	979,710	1,627,812
LIABILITIES		
NON-CURRENT LIABILITIES		
Profit participating loan	8,978,617	8,840,543
Borrowings	10,463,378	10,306,541
Lease liabilities	3,136,010	3,196,253
Provisions	445,932	448,295
Deferred tax liabilities	269,552	273,190
Other non-current liabilities	11,230	4,667
TOTAL NON-CURRENT LIABILITIES	23,304,719	23,069,489
CURRENT LIABILITIES		
Trade payables	2,562,219	2,448,176
Income tax payable	67,546	64,819
Borrowings	216,343	327,414
Lease liabilities	474,209	455,199
Other current liabilities	1,076,722	884,580
TOTAL CURRENT LIABILITIES	4,397,039	4,180,188
TOTAL LIABILITIES	27,701,758	27,249,677
TOTAL EQUITY AND LIABILITIES	28,681,468	28,877,489

Consolidated Cash Flows

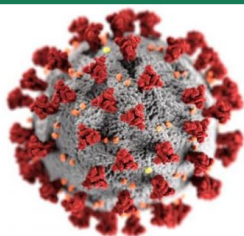
H1 2020

All amounts in HRK thousand, IFRS	1.1.-30.6.2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(687,773)
Adjustments to reconcile net earnings to net cash provided by operating activities	
Depreciation, amortisation and impairment of non-current asset (excluding goodwill)	470,469
Depreciation charged for right of use assets (IFRS 16)	243,550
Financial income	(98,097)
Financial expenses	972,647
Impairment of financial assets and other assets, net	1,390
Gain on sale of properties, net	(5,570)
Impairment loss on trade receivables, net	1,672
Provisions, net	(4,464)
Inventory shortages, net	19,114
Net cash flows from operating activities before changes in working capital	912,938
Increase in receivables	(162,571)
Decrease in inventories	(122,260)
Increase in liabilities towards creditors	114,043
Increase in other current assets	(56,039)
Increase in other current liabilities	129,978
Net cash inflow from operating activities before interest and taxes	816,089
Income taxes paid	(37,658)
Interest paid (IFRS 16)	(76,348)
Interest paid (other)	(385,130)
Short-term and/ or low-value lease payments	(8,713)
Net cash inflow/(outflow) from operating activities	308,239

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CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of subsidiaries, net of cash acquired	13,260
Purchase of property, plant and equipment and intangible assets	(173,770)
Proceeds from non-current financial investments	132
Outflow from non-current financial investments	(9,059)
Proceeds from sale of properties	39,467
Proceeds from sale of financial assets	20,603
Proceeds from loan receivables collection	4,709
Outflow from loans granted	(9,010)
Interest received	731
Dividends received	2,640
Net cash (outflow)/ inflow from investing activities	(110,297)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowings	8,225
Outflow from repayment of borrowings	(73,933)
Cash paid for leases (IFRS 16)	(256,331)
Net cash (outflow)/inflow from financing activities	(322,039)
NET DECREASE) IN CASH AND CASH EQUIVALENTS	(124,097)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,635,267
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	1,511,170

Focus in Q3 2020 will remain on liquidity and profitability preservation measures and finalization of asset transfer

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THANK YOU



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