

Q12020 unaudited consolidated results

1 July 2020



Executive summary

Strong operational performance in Q12020¹



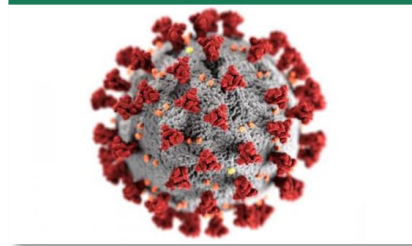
- Consolidated² revenues: HRK 4,814m
- Adjusted consolidated EBITDA: HRK 93.6m
- Core segments³ unconsolidated net sales revenues 8.1% higher than in 2018
- Core segments unconsolidated EBITDA 90.6% higher than in 2018

Strong liquidity position in Q12020



- HRK 1,400m of cash and cash equivalents at the end of Q12020
- Adjusted leverage as of 31.3.2020 amounted to 6.0x

Covid-19 impact



- Strong liquidity position
- Companies operating in full, but impacted due to reduced tourist season
- Recovery plan in place to minimize Covid impact
- New covenant metrics to be agreed with lenders
- Delay in financial reporting due to Covid-19

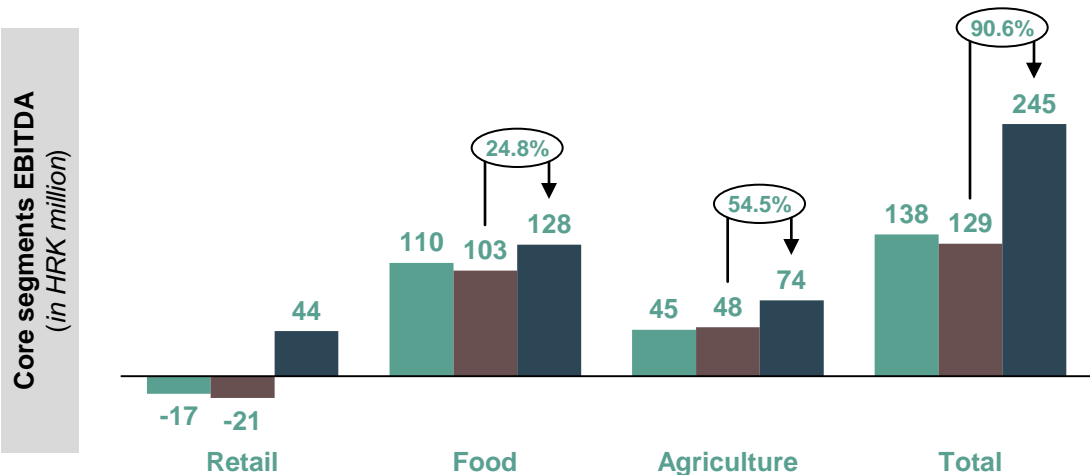
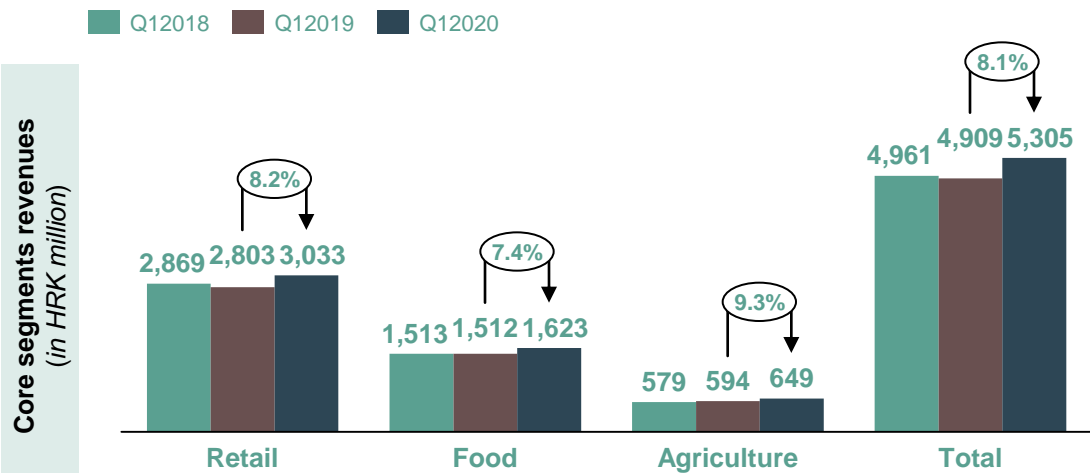
¹All financials presented in this document **exclude Mercator**

²Consolidated financial statements comprise the financial statements of Fortenova grupa d.d. and its 102 subsidiaries

³Core segments include Retail and Wholesale (Konzum (Velpro 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.


Core segments Q1 2020 – Best results in the last three years




- **Consolidated revenues for Q1 2020** amounted to **4,814 HRK million**, while **adjusted consolidated EBITDA** amounted to **93.6 HRK million**.
- Core segments¹ realized **higher net sales revenues (NSR) by 8.1%**, while **EBITDA was higher by 90.6%** compared to last year mostly due to great results of Konzum Croatia, Oil group and Agri division.
- Overall **Retail & Wholesale segments** achieved **higher NSR by 8.2%**, while **EBITDA was higher by 65.3 HRK million** compared to last year as a result of great performance in Jan-Feb, as well as the high sales in March due to Covid-19 panic.
- **Food segment had higher NSR by 7.4%** which resulted in **higher EBITDA by 24.8%**, mostly due to great performance of Oil group in both KPI's. Beverage and Frozen sub-divisions were below the last year mostly due to influence of Covid-19 (changing of consumers habits and closing of Horeca channel). Meat sub-division realized higher NSR by 18% compared to last year, while EBITDA was slightly below due to lower Gross Margin.
- **Agriculture companies** achieved **higher NSR by 9.3%** which resulted in **higher EBITDA by 54.5%** 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 102 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

Consolidated Profit and Loss Statement

Q1 2020

All amounts in HRK thousand, IFRS	1.1.-31.3.2020 (Fortenova Group)	1.1.-31.3.2019 (Agrokor Group)
Revenue	4,755,865	4,484,972
Other income	58,316	112,611
Total income	4,814,181	4,597,583
Changes in inventories of finished goods and work in progress	11,810	(49,472)
Cost of materials and goods sold	(3,217,650)	(3,012,220)
Cost of services	(453,492)	(606,716)
Staff costs	(675,170)	(647,776)
Depreciation, amortisation and impairment	(227,326)	(185,151)
Depreciation of right of use assets	(139,501)	(140,290)
Other costs	(196,229)	(281,170)
Gains/ (losses) on sale of properties	1,335	1,460
Total expenses	(4,896,224)	(4,921,335)
Finance income	18,026	13,679
Finance expenses	(718,643)	(664,411)
Net financial result	(700,617)	(650,732)
Share of profit/(loss) of associates	-	-
LOSS BEFORE TAX	(782,660)	(974,484)
Income tax	(17,710)	(25,037)
LOSS FOR THE PERIOD	(800,370)	(999,521)

Comments
<ul style="list-style-type: none"> An increase in revenues is a result of higher net sales revenues in Konzum, Oil and Meat division and Agriculture segment Cost of services and Other costs are higher in Q1 2019 due to impact of Settlement implementation cost Depreciation and amortisation is higher due to PPA effects in 2020 Financial expenses are higher as a result of fx and higher interest rate

Consolidated Balance Sheet

31 March 2020 vs 2019

All amounts in HRK thousand, IFRS	31 March 2020	31 December 2019
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,182,360	7,178,046
Right of use assets	3,110,092	3,106,216
Investment property	975,187	1,057,655
Intangible assets	8,197,939	8,171,571
Biological assets	260,446	261,174
Investments in associates	156,205	160,611
Loans, deposits and other non-current financial assets	599,241	582,683
Deferred tax assets	128,370	125,186
Other non-current assets	30,218	22,112
TOTAL NON-CURRENT ASSETS	20,640,059	20,665,254
CURRENT ASSETS		
Inventories	2,757,428	2,601,896
Biological assets	435,946	353,146
Assets classified as held for sale	96,849	164,290
Loans and deposits	151,646	86,952
Trade receivables	1,721,926	1,774,982
Other current assets	1,640,253	1,595,702
Cash and cash equivalents	1,399,984	1,635,267
TOTAL CURRENT ASSETS	8,204,032	8,212,235
TOTAL ASSETS	28,844,091	28,877,489

All amounts in HRK thousand, IFRS	31 March 2020	31 December 2019
Share capital	200	200
Reserves	1,578,796	2,261,221
Loss for the period	(800,370)	(771,933)
	778,626	1,489,488
NON-CONTROLLING INTERESTS	140,886	138,324
TOTAL EQUITY	919,512	1,627,812
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	19,566,191	19,147,084
Lease liabilities	3,201,791	3,196,253
Provisions	476,781	448,295
Deferred tax liabilities	274,912	273,190
Other non-current liabilities	8,923	4,667
TOTAL NON-CURRENT LIABILITIES	23,528,597	23,069,489
CURRENT LIABILITIES		
Trade payables	2,559,708	2,448,176
Income tax payable	53,435	64,819
Borrowings	274,490	327,414
Lease liabilities	468,090	455,199
Other current liabilities	1,040,260	884,580
TOTAL CURRENT LIABILITIES	4,395,982	4,180,188
TOTAL LIABILITIES	27,924,579	27,249,677
TOTAL EQUITY AND LIABILITIES	28,844,091	28,877,489

Consolidated Cash Flows

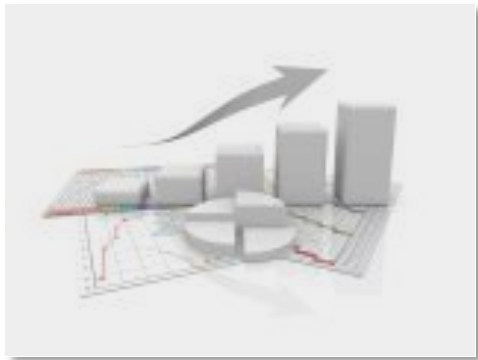
Q1 2020

All amounts in HRK thousand, IFRS	1.1.-31.3.2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	(782,660)
Adjustments to reconcile net earnings to net cash provided by operating activities	
Depreciation, amortisation and impairment of non-current asset (excl.goodwill)	227,326
Depreciation charged for right of use assets (IFRS 16)	139,501
Financial income	(18,026)
Financial expenses	718,643
Impairment of financial assets and other assets, net	176
Gain on sale of properties, net	(1,335)
Impairment loss on trade receivables, net	(4,096)
Provisions, net	(708)
Inventory shortages, net	6,546
Net cash flows from operating activities before changes in working capital	285,369
Change in receivables	97,580
Change in inventories	(256,516)
Change in liabilities towards creditors	84,755
Change in other current assets	(68,016)
Change in other current liabilities	88,717
Net cash inflow from operating activities before interest and taxes	231,888
Income taxes paid	(24,688)
Interest paid (IFRS 16)	(32,976)
Interest paid (other)	(204,092)
Short-term and/ or low-value lease payments	(2,126)
Net cash inflow/(outflow) from operating activities	(31,994)

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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	(77,133)
Outflow from non-current financial investments	(6,674)
Proceeds from sale of properties	30,485
Proceeds from sale of financial assets	3,909
Proceeds from loan receivables collection	4,475
Outflow from loans granted	(7,355)
Interest received	349
Net cash (outflow)/ inflow from investing activities	(38,685)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowings	5,633
Outflow from repayment of borrowings	(39,869)
Cash paid for leases (IFRS 16)	(130,369)
Net cash (outflow)/inflow from financing activities	(164,604)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(235,283)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,635,267
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	1,399,984

Strong focus on business, optimization of capital and legal structure and Mercator's integration

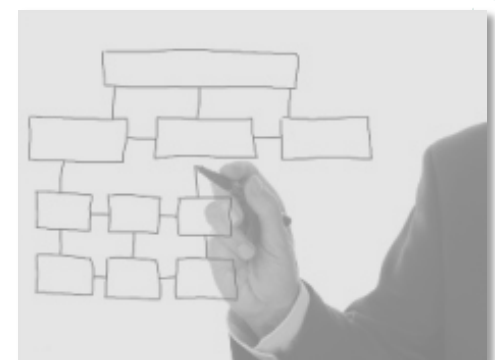
1 Strong focus on business



2 Maintain strong liquidity



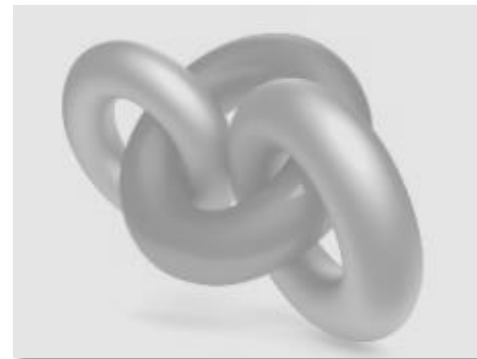
3 Optimization of legal structure



4 Redefinition of covenants as a result of COVID-19



5 Mercator transfer and refinancing



THANK YOU



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GRUPA