

POSLOVNI SISTEM MERCATOR d.d.

**REPORT ON ALL TRANSACTIONS EFFECTED WITH THE MAJORITY
SHAREHOLDER – THE COMPANY AGROKOR d.d. – AND THE
COMPANIES AFFILIATED TO IT**

FOR THE PERIOD FROM NOVEMBER 1, 2018, TO JANUARY 31, 2019

Ljubljana, February 2019

Compiled in compliance with the **Act on Conditions for Appointment of Extraordinary Management Board Member in Companies of Systemic Importance to the Republic of Slovenia** (Official Journal of the RS, 23-1204/2017)

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	3
2. INTRODUCTION	4
3. TRANSACTIONS WITH THE AGROKOR GROUP COMPANIES	5
4. TRANSACTIONS WITH THE AGROKOR GROUP COMPANIES	6
4.1 PROCUREMENT AND SALE OF TRADE GOODS/MERCHANDISE	7
4.1.1 Procurement of trade goods/merchandise	7
4.1.2 Sale of trade goods/merchandise	9
4.2 FINANCING	10
4.2.1 Guarantees and warranties	10
4.2.2 Loans	10
4.3 REAL ESTATE	11
4.3.1 Property leased out	11
4.3.2 Investments into real property	11
4.4 MARKETING AND OTHER SERVICES	12
4.4.1 Provision of marketing services	12
4.4.2 Commissioning of marketing and other services	13
4.5 IT SERVICES	14
4.6 SERVICES RELATED TO THE PIKA CARD	15
5. RECEIVABLES FROM AND PAYABLES TO AGROKOR GROUP COMPANIES	16
5.1 RECEIVABLES	16
5.2 PAYABLES	17
COMPLIANCE OF COMPANY OPERATIONS WITH THE PROVISIONS OF THE ZIČUDSP	18
6. APPENDICES	19

1. EXECUTIVE SUMMARY

In the reporting period from November 1, 2018, to January 31, 2019, the company Poslovni sistem Mercator d.d. (hereinafter referred to as Mercator) continued to cooperate with the company Agrokor d.d. (hereinafter referred to as Agrokor) and the companies affiliated to it in a way that is clearly in compliance with the provisions of the law as laid down in the Act on Conditions for Appointment of Extraordinary Management Board Member in Companies of Systemic Importance to the Republic of Slovenia (hereinafter referred to as the ZIČUDSP).

In the period at hand, Mercator also complied with the commitments laid down in the Agreement on Mercator's Financial Restructuring and the Agreement on Sale and Purchase of Shares of the company Poslovni sistem Mercator d.d.

As all provisions of the law and all relevant commitments have been complied with in transactions with the company Agrokor and the companies affiliated to it, we find that the transactions effected and detailed hereinafter comply with the principles of diligence, good management and credibility, and that the company did not sustain any loss or damage with regard to any of the detailed transactions.

2. INTRODUCTION

Report on all transactions effected between Mercator, and majority shareholder the company Agrokor and the companies affiliated to it, is compiled pursuant to Article 6 of the Act on Conditions for Appointment of Extraordinary Management Board Member in Companies of Systemic Importance to the Republic of Slovenia (ZiČUDSP).

This report pertains to the period from November 1, 2018, to January 31, 2019.

Transactions that are the subject of this report pertain to purchase and sale of trade goods/merchandise, financing, real estate, marketing and other services, IT services, and services related to the Pika card. Balance of receivables from and payables to the Agrokor Group companies is presented in a separate chapter.

This report pertains only to Mercator as a company of systemic importance to the Republic of Slovenia, rather than on the entire Mercator Group.

Information for the year 2018, indicated in this report, is preliminary and non-audited.

3. TRANSACTIONS WITH THE AGROKOR GROUP COMPANIES

In the reporting period at hand, Mercator effected transactions with the following Agrokor Group Companies:

1. PIK Vrbovec d.d., Croatia
2. PIK Vinkovci d.d., Croatia
3. Agrolaguna d.d., Croatia
4. Belje d.d., Croatia
5. Solana Pag d.d., Croatia
6. Dijamant a.d., Serbia
7. mStart telekomunikacije d.o.o., Croatia
8. Jamnica d.o.o., Slovenia
9. Ledo d.o.o., Slovenia
10. Zvijezda d.o.o., Slovenia
11. Kompas d.d., Slovenia
12. Costella d.o.o., Slovenia
13. Konzum d.d., Croatia
14. Mondo-tera d.o.o., Croatia
15. Zvečevo d.d., Croatia

Agrokor Group companies with which Mercator did not effect any transactions in the reporting period at hand, but merely records receivables from as at January 31, 2019:

1. Agrokor d.d., Croatia
2. Agrokor AG ZUG, Switzerland
3. Agrokor Trgovina, Croatia
4. Jamnica d.d., Croatia
5. Ledo d.d., Croatia
6. Zvijezda d.d., Croatia

Transactions with the Agrokor Group companies took place in the following fields:

1. Procurement and sale of trade goods/merchandise
2. Financing
3. Real estate
4. Marketing and other services
5. IT services
6. Services related to the Pika card

4. TRANSACTIONS WITH THE AGROKOR GROUP COMPANIES

Each year, Mercator compiles a report on transactions with affiliated companies pursuant to the Companies Act and the Tax Procedure Act. The report is adopted and approved by the Mercator Management Board and it is also reviewed by the auditors. The report presents all transactions with the affiliated companies, the pricing principles or methods employed in each transaction, and proof of compliance with the arm's length principle, i.e. comparability of transfer prices with the current market prices. Functional analysis is conducted for each transaction (tasks performed relative to the assets/funds invested, or services and risks assumed), which is the tool for the observance of the arm's length principle and for specification of comparable market prices. Functional analysis is used to evaluate the differences in the contents of the transactions effected with affiliated companies and the transactions effected with non-affiliated companies, which is necessary for proving the regularity of transfer pricing.

Mercator has compiled the said report for 2018 as well; the report is yet to be approved by the Management Board and the Supervisory Board, and reviewed by the auditors.

In determining the prices in transactions with affiliated companies, Mercator observes its internal rules and Regulations on transfer pricing, and the arm's length principle as laid down by the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

For the reporting period at hand, it should be highlighted, that Agrokor is intensively engaged in activities to implement the settlement agreement. In the first stage, the companies to which the so-called Lex Agrokor pertains will be transferred. At the end of the year, all insolvent companies were renamed. Companies like Konzum, Jamnica, Zvijezda, Ledo etc. will now operate under new names of Konzum plus, Jamnica plus, Zvijezda plus, Ledo plus etc. At the end of January, an official procedure was also started at the Commercial Court in Zagreb, regarding the appointment of Management Boards or managing directors of the new companies. The next step is to announce an official date on which these companies will be transferred to the new company. Mercator and all other companies not under the so-called Lex Agrokor are expected to be transferred in the second stage.

Agrokor's extraordinary management appointed the Post-Merger Office (PMO) that has been intensively acquiring and analyzing Mercator's business data and information. The purpose of collection and analysis is to estimate potential savings and to optimize purchasing, or sourcing, at the Agrokor level.

We wish to note that the PMO was not appointed in compliance with the signed Synergies Framework Agreement (SFA), Article 16. The SFA was signed on December 24, 2014, and is valid until December 7, 2021. The SFA regulates the procedure of identifying and calculating the synergies. Article 16 specifies that the supervisory body supervising the project task forces for synergies at the Agrokor and Mercator Groups is a joint body called PMO consisting of experts from both corporate groups. Agrokor founded the PMO that currently only includes Agrokor representatives. Such state

of affairs is not consistent or compliant with the provisions of the SFA. Experts from both Mercator Group and Agrokor Group should be appointed to the SFA. Mercator's Management Board has the right to independently appoint its experts to the PMO. We have brought this case of non-compliance to the attention of Agrokor's representatives, and we are awaiting their proposal on how to remedy the situation and achieve compliance in this respect. If this is not done, activities and results of the work of the PMO that does not include Mercator's representatives could be damaging to Mercator, since Mercator is denied both equal access to information and the possibility to control or influence the work of the PMO.

4.1 PROCUREMENT AND SALE OF TRADE GOODS/MERCHANDISE

4.1.1 Procurement of trade goods/merchandise

In the reporting period, Mercator procured trade goods (or merchandise) from the following Agrokor Group companies: Konzum, Zvezda Slovenija, Ledo Slovenija, PIK Vrbovec, Jamnica Slovenija, Belje, Pik Vinkovci, Agrolaguna, Solana Pag, Dijamant, Costella, and Zvečevo.

In the reporting period, total turnover decreased relative to the equivalent period of the year before. Turnover increased with the suppliers Zvezda and Jamnica as a result of increased investment into marketing activities and an increase in market share in Slovenia. Turnover also increased with the supplier Dijamant that supplies oil under the Mercator private label. There are additional minor deviations in the overall sales structure and, as a result, in purchase values, due to seasonal component and different marketing activities of respective suppliers.

Procurement of trade goods/merchandise, fast-moving consumer goods, was consistent with the General Terms and Conditions of the company Mercator in Procurement of Goods, effective as of January 1, 2017, for all suppliers. General Terms and Conditions are a constituent part of the Goods Procurement Agreement signed by the company Mercator with suppliers of goods, non-affiliated and affiliated companies.

Pricing and proving the comparability of transfer prices to market prices (arm's length principle)

Mercator has access to comparable data on procurement prices of comparable goods from non-affiliated suppliers. Information on purchase prices, together with functional analysis, prove that the procurement prices in transactions with non-affiliated persons/entities are comparable to the procurement prices in transactions with affiliated persons/entities.

Table 1: Purchase of goods, value terms, in the years 2017 and 2018, in the period Nov 1, 2017–Jan 31, 2018, and in the period Nov 1, 2018–Jan 31, 2019

Goods procurement	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Companies in the Agrokori Group	32,737,115	3.1	28,298,199	3.0	7,536,040	2.8	6,807,446	3.0
Non-affiliated persons/entities	1,024,031,542	96.9	911,898,899	97.0	257,522,668	97.2	217,287,248	97.0
TOTAL	1,056,768,657	100.0	940,197,098	100.0	265,058,708	100.0	224,094,694	100.0

Seller	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Konzum	1,091,558	3.3	68,704	0.2	124,090	1.6	111,623	1.6
Zvezda Slovenia	4,007,676	12.2	4,148,394	14.7	1,065,807	14.1	1,174,407	17.3
Ledo Slovenia	5,138,529	15.7	4,766,674	16.8	754,127	10.0	606,530	8.9
PIK Vrbovec	15,253,335	46.6	14,322,477	50.6	4,329,060	57.4	3,889,880	57.1
Jamnica Slovenija	2,239,457	6.8	2,177,181	7.7	399,737	5.3	435,913	6.4
Belje	1,161,948	3.5	438,178	1.5	279,445	3.7	37,353	0.5
PIK Vinkovci	156,762	0.5	314,597	1.1	0	0.0	99,377	1.5
Agrolaguna	120,830	0.4	121,514	0.4	23,270	0.3	19,563	0.3
Solana Pag	89,254	0.3	94,097	0.3	23,350	0.3	23,796	0.3
Dijamant	1,976,596	6.0	1,291,955	4.6	277,200	3.7	288,096	4.2
Velpro-centar	155,097	0.5	13,529	0.0	6,927	0.1	0	0.0
Agrokori Trgovina	978,116	3.0	0	0.0	198,450	2.6	0	0.0
Costella	367,957	1.1	434,541	1.5	54,577	0.7	53,185	0.8
Zvečevo	0	0.0	106,358	0.4	0	0.0	67,723	1.0
TOTAL	32,737,115	100.0	28,298,199	100.0	7,536,040	100.0	6,807,446	100.0

4.1.2 Sale of trade goods/merchandise

In the reporting period, Mercator sold trade goods (or merchandise) to the following companies: PIK Vrbovec, Ledo Slovenija, Zvijezda Slovenija, and Jamnica Slovenija.

Mercator effected transactions with Agrokor Group companies, involving sale of ice cream toppings, PET packaging, and foil in transit. In the reporting period, sale to Agrokor Group companies was consistent with the adopted sales and payment conditions for agro and transit (opposite/offsetting transactions that hedge the credit risk due to the possibility of netting, reciprocity of payment terms, agreed mark-up on the purchase price of material), and it was conducted based on the effective purchase and sale agreements for the requirements of agro and transit sales for all customers for 2018.

Pricing and proving the comparability of transfer prices to market prices (arm's length principle)

Mercator has access to comparable data on sales prices of comparable goods for non-affiliated buyers. Information on sales prices, together with functional analysis, prove that the sales prices in transactions with non-affiliated persons/entities are comparable to the sales prices in transactions with affiliated persons/entities.

Table 2: Sale of goods/merchandise, value terms, in the years 2017 and 2018, in the period Nov 1, 2017–Jan 31, 2018, and in the period Nov 1, 2018–Jan 31, 2019

	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
Sale of goods	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Companies in the Agrokor Group	4,225,800	0.3	1,199,511	0.1	130,850	0.0	34,461	0.0
Non-affiliated persons/entities	1,209,432,880	99.7	1,141,739,238	99.9	292,617,752	100.0	285,155,024	100.0
TOTAL	1,213,658,680	100.0	1,142,938,749	100.0	292,748,602	100.0	285,189,485	100.0

	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
Buyer	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Konzum	125,010	3.0	0	0.0	2,553	2.0	0	0.0
Belje	257,731	6.1	0	0.0	0	0.0	0	0.0
PIK Vrbovec	1,202,752	28.5	457,012	38.1	44,426	34.0	13,238	38.4
Agrokor trgovina	2,412,479	57.1	0	0.0	0	0.0	0	0.0
Ledo Slovenia	180,952	4.3	561,529	46.8	80,167	61.3	21,055	61.1
Zvijezda Slovenia	21,380	0.5	7,968	0.7	0	0.0	11	0.0
Jamnica Slovenija	811	0.0	811	0.1	811	0.6	157	0.5
Kompas	129	0.0	228	0.0	56	0.0	0	0.0
Costella	24,556	0.6	171,963	14.3	2,837	2.2	0	0.0
TOTAL	4,225,800	100.0	1,199,511	100.0	130,850	100.0	34,461	100.0

4.2 FINANCING

4.2.1 Guarantees and warranties

In the reporting period, Mercator did not grant any guarantee, warranty, surety, or any other similar commitment to any Agrokor Group company.

Moreover, Agrokor Group companies did not grant any guarantee, warranty, surety, or any other similar commitment to Mercator in the reporting period.

4.2.2 Loans

In the reporting period, Mercator did not extend or grant to Agrokor Group companies any loan, advance payment or commodity credit, or pay them extra services that would require approval by the extraordinary Management Board member pursuant to ZIČUDSP.

On January 31, 2019, Agrokor submitted to all Agrokor Group companies a document titled "Politika upravljanja likvidnošću (Cash management group policy)". The policy and instructions in the document do not comply with the effective legislation in the Republic of Slovenia or with the Act on Conditions for Appointment of Extraordinary Management Board Member in Companies of Systemic Importance to the Republic of Slovenia (ZIČUDSP), and are not in line with the provisions of the agreements signed with Mercator's creditor banks, and the provisions of the agreements signed between Agrokor and Mercator in 2014. As a result, Mercator is not allowed to and cannot conduct the said instructions.

Moreover, Mercator did not receive any loan, advance payment or commodity credit from Agrokor Group companies. The only loan received by Mercator from the Agrokor Group is the long-term loan in the amount of EUR 20 million, granted by the company Agrokor upon acquisition on June 26, 2014.

Table 3: Balance of loans and borrowings as at December 31, 2017, December 31, 2018, and January 31, 2019

Company – creditor	Loans as at Dec 31, 2017 (in EUR)	Loans as at Dec 31, 2018 (in EUR)	Loans as at Jan 31, 2019 (in EUR)
Agrokor	20,000,000	20,000,000	20,000,000



Mercator

4.3 REAL ESTATE

4.3.1 Property leased out

Out of Agrokor Group companies, Mercator only leased out real property to the company Kompas and Jamnica Slovenija in the reporting period. Mercator leased out commercial premises (offices) to the company Kompas within its shopping centres based on signed lease agreements. Offices not used by Mercator were leased out to the company Jamnica Slovenija based on a signed lease agreement.

In determining or setting the prices for lease of real estate to affiliated companies, Mercator observes both market aspects that are relevant in determining the price of lease in relation to non-affiliated parties (arm's length principle) and other comparable circumstances. Mercator has opposite/offsetting transactions in place with both companies, which hedge the credit risk as they allow mutual netting.

Pricing and proving the comparability of transfer prices to market prices (arm's length principle)

Information on rent at which Mercator is leasing out commercial premises to affiliated companies proves, along with the functional analysis, that rent is at the level of market prices or comparable to rent at which Mercator leases out its real property to non-affiliated companies.

Table 4: Revenue from leasing out real estate in the years 2017 and 2018 and in the periods Nov 1, 2017–Jan 31, 2018 and Nov 1, 2018–Jan 31, 2019

Real estate lease-out	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Companies in the Agrokor Group	52,935	0.3	72,193	0.4	18,036	0.4	18,052	0.4
Non-affiliated persons/entities	18,660,972	99.7	18,860,403	99.6	4,744,391	99.6	4,706,238	99.6
TOTAL	18,713,907	100.0	18,932,596	100.0	4,762,427	100.0	4,724,290	100.0

Tenant	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Jamnica Slovenija	1,859	3.5	4,092	5.7	1,011	5.6	1,027	5.7
Kompas	51,076	96.5	68,101	94.3	17,025	94.4	17,025	94.3
TOTAL	52,935	100.0	72,193	100.0	18,036	100.0	18,052	100.0

4.3.2 Investments into real property

In the reporting period, Mercator did not purchase equipment or order services for investment into real estate from any Agrokor Group company.

4.4 MARKETING AND OTHER SERVICES

4.4.1 Provision of marketing services

In the reporting period, Mercator provided marketing services for the following Agrokor Group companies: Agrolaguna, Ledo Slovenija, Jamnica Slovenija, Zvezda Slovenija, PIK Vrbovec, Dijamant, Solana, Kompas, Zvečevo, and Costella. Services pertain to advertising in special offer campaign flyers, temporary lease of additional in-store exposure and refrigerators, promotional materials for stores, inclusion in marketing projects, introduction of new products and replacement of existing ones. Services were rendered and charged based on effective price lists. Mercator has opposite/offsetting transactions in place with all companies, which hedge the credit risk as they allow mutual netting.

Pricing and proving the comparability of transfer prices to market prices (arm's length principle)

Prices of marketing services provided by Mercator were based on relevant price lists. The same price list is used for both affiliated and non-affiliated persons/entities. The prices are based on comparable market prices or based on the actual ratio between supply and demand.

Table 5: Value of marketing services rendered in the years 2017 and 2018 and in the periods Nov 1, 2017–Jan 31, 2018 and Nov 1, 2018–Jan 31, 2019

Marketing services	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Companies in the Agrokor Group	1,274,413	4.3	1,869,637	5.8	408,625	3.9	425,239	4.1
Non-affiliated persons/entities	28,165,109	95.7	30,170,526	94.2	10,079,958	96.1	9,891,766	95.9
TOTAL	29,439,522	100.0	32,040,163	100.0	10,488,583	100.0	10,317,005	100.0

Buyer	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Ledo Slovenia	358,000	28.1	506,400	27.1	39,400	9.6	82,660	19.4
Jamnica Slovenija	268,347	21.1	502,879	26.9	91,597	22.4	77,827	18.3
Zvezda Slovenia	290,190	22.8	353,230	18.9	136,900	33.5	126,740	29.8
PIK Vrbovec	281,050	22.1	331,150	17.7	127,800	31.3	77,250	18.2
Agrolaguna	600	0.0	3,520	0.2	0	0.0	3,520	0.8
Dijamant	0	0.0	6,920	0.4	-4,200	-1.0	4,620	1.1
Velpro-centar	694	0.1	0	0.0	0	0.0	0	0.0
Kompas	36,004	2.8	30,289	1.6	1,900	0.5	6,211	1.5
Zvečevo	0	0.0	35,820	1.9	0	0.0	34,520	8.1
Solana Pag	0	0.0	875	0.0	0	0.0	875	0.2
Costella	39,528	3.1	98,554	5.3	15,228	3.7	11,016	2.6
TOTAL	1,274,413	100.0	1,869,637	100.0	408,625	100.0	425,239	100.0

4.4.2 Commissioning of marketing and other services

In the reporting period, Mercator only ordered marketing and other services from the company Kompas.

We ordered tourist arrangements from the company Kompas for awards given out as a part of our marketing activities, and other services related to marketing activities.

Pricing and proving the comparability of transfer prices to market prices (arm's length principle)

Affiliated companies charged the services to Mercator based on the price list that also applies to non-affiliated companies, or prices according to the arm's length principle. Information on prices, along with functional analysis, prove that the prices are actually determined based on market prices (at arm's length principle).

Table 6: Value of marketing and other services received in the years 2017 and 2018 and in the periods Nov 1, 2017–Jan 31, 2018 and Nov 1, 2018–Jan 31, 2019

Marketing services	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Companies in the Agrokor Group	347,786	9.4	66,385	1.7	42,044	3.7	180	0.0
Non-affiliated persons/entities	3,334,072	90.6	3,908,973	98.3	1,084,723	96.3	1,027,784	100.0
TOTAL	3,681,858	100.0	3,975,358	100.0	1,126,767	100.0	1,027,964	100.0

Seller	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Konzum	55,227	15.9	0	0.0	0	0.0	0	0.0
360 Marketing	226,003	65.0	0	0.0	0	0.0	0	0.0
Velpro-Centar	38,000	10.9	55,101	83.0	38,000	90.4	0	0.0
Kompas	27,840	8.0	11,284	17.0	3,328	7.9	180	100.0
Poliklinika Aviva	716	0.2	0	0.0	716	1.7	0	0.0
TOTAL	347,786	100.0	66,385	100.0	42,044	100.0	180	100.0

4.5 IT SERVICES

In the reporting period, Mercator ordered IT support services from Agrokor Group companies mStart, and Mondo-tera.

The services charged by the company mStart pertain to the IT solution in infrastructure, participation in the upgrade of the SAP ERP system, and introduction of new reporting systems: database maintenance, setting up the Agrokor security policy, and maintenance of the Remedy and SAP applications. Mercator ordered the said services based on relevant contracts. We started working with the company Mondo-tera in December 2017 on development of the "e-Invest" application that improves the monitoring and management of investment projects. We are paying the company Mondo-tera to maintain this software.

Pricing and proving the comparability of transfer prices to market prices (arm's length principle)

Service prices for IT solutions commissioned by Mercator from affiliated companies are comparable to market prices (the services are priced at arm's length), i.e. prices charged by non-affiliated service providers in the market.

Table 7: Value of IT support services received in the years 2017 and 2018 and in the periods Nov 1, 2017–Jan 31, 2018 and Nov 1, 2018–Jan 31, 2019

IT services	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
Companies in the Agrokor Group	467,805	3.7	637,267	4.9	170,080	4.5	348,978	6.6
Non-affiliated persons/entities	12,060,907	96.3	12,424,393	95.1	3,603,709	95.5	4,929,587	93.4
TOTAL	12,528,712	100.0	13,061,660	100.0	3,773,789	100.0	5,278,565	100.0

Seller	2017		2018		Nov 1, 2017–Jan 31, 2018		Nov 1, 2018–Jan 31, 2019	
	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)	Value (EUR)	Structure (%)
mStart	463,055	99.0	633,023	99.3	165,330	97.2	347,878	99.7
Mondo-tera	4,750	1.0	2,820	0.4	4,750	2.8	1,100	0.3
Konzum	0	0.0	1,424	0.2	0	0.0	0	0.0
TOTAL	467,805	100.0	637,267	100.0	170,080	100.0	348,978	100.0



4.6 SERVICES RELATED TO THE PIKA CARD

In the reporting period, Kompas was the only Agrokor Group company to use the Pika card. For both affiliated and non-affiliated companies included in the Pika card system, Mercator is providing certain card transaction services and renting out POS terminals that allow transactions with the Pika cards.

Pricing and proving the comparability of transfer prices to market prices (arm's length principle)

Mercator charges a fee for its services, and rent for the use of POS terminals. The amount of the fee depends on the transaction volume with the Pika card, and business arrangement with the business partner. Mercator charges the same rent for use of POS terminals to both affiliated and non-affiliated companies. The amount of such rent is calculated based on the amount of rent paid by Mercator to a non-affiliated company.

5. RECEIVABLES FROM AND PAYABLES TO AGROKOR GROUP COMPANIES

5.1 RECEIVABLES

All receivables originating from after the enactment of the so-called Lex Agrokor are effectively managed. Companies in the Agrokor Group mostly repay their liabilities within the agreed payment terms, mostly by due date.

With the finality of the settlement agreement, the claims reported and acknowledged in the Agrokor's extraordinary management procedure will be processed pursuant to the procedures laid down in the settlement agreement.

Table 8: Balance of trade receivables at December 31, 2017, December 31, 2018, and January 31, 2019; value in EUR

Company	Receivables as at Dec 31, 2017	Receivables as at Dec 31, 2018	Receivables as at Jan 31, 2019
Agrokor	3,952,663	3,952,663	3,952,663
Agrokor AG Zug	397,000	397,000	397,000
Agrokor Trgovina	1,861,343	1,861,343	1,861,343
Agrolaguna	0	3,520	0
Belje	151,363	151,363	151,363
Dijamant	39	2,559	39
Jamnica Croatia	32,296	32,296	32,296
Jamnica Slovenia	89,162	65,647	78,045
Konzum	1,334	6,755	6,755
Ledo Croatia	208,362	208,362	208,362
Ledo Slovenia	29,783	81,573	88,866
PIK Vrbovec	188,094	134,539	122,483
Solana Pag	0	875	0
Velpro-centar	1,694	1,694	1,694
Zvijezda Croatia	35,416	35,416	35,416
Zvijezda Slovenia	128,832	63,733	104,247
Kompas	5,032	-19,289	-62,691
Costella	10,282	60,454	38,890
Zvečevo	0	29,520	32,000
TOTAL	7,092,695	7,070,023	7,048,771

5.2 PAYABLES

Amount and changes in payables depend on the season. Dynamics of repayment of our payables is comparable to the dynamics of our payments to third parties from which Mercator is purchasing the same type of goods. Pursuant to the new provisions of the Agriculture Act, the payables, or payments of payables, to the companies of the Agrokor Group decreased considerably in January.

Table 10: Balance of trade payables at December 31, 2017, December 31, 2018, and January 31, 2019; value in EUR

Company	Payables as at Dec 31, 2017	Payables as at Dec 31, 2018	Payables as at Jan 31, 2019
Agrokor Trgovina	90,938	1,008	1,008
Agrolaguna	25,377	29,683	15,148
Belje	387,140	3,379	2,534
Dijamant	777,396	855,336	798,996
Jamnica Slovenia	627,942	689,772	482,303
Konzum	1,211,544	60,361	95,691
Ledo Slovenia	1,524,473	1,804,693	812,911
mStart	513,705	343,019	250,040
Pik Vinkovci	0	26,977	0
Pik Vrbovec	3,025,396	2,619,863	2,452,181
Solana Pag	28,383	35,308	25,010
Velpro-centar	44,695	1,336	0
Zvijezda Slovenia	1,526,488	1,750,235	1,144,546
Kompas	759,599	867,600	865,045
Costella	77,971	56,370	34,644
Mondo-tera	4,750	275	550
Zvečevo	0	36,418	33,202
TOTAL	10,625,797	9,181,633	7,013,809

COMPLIANCE OF COMPANY OPERATIONS WITH THE PROVISIONS OF THE ZIČUDSP

Based on the internal acts, covenants and commitments already implemented before the adoption of the ZIČUDSP, and based on the provisions of this Act, it can be determined that the company did not grant in the reporting period at hand any guarantees, loans, sureties or similar commitments to its majority shareholder (partner) or to any company affiliated to it.

Moreover, the company did not directly or indirectly approve or grant in the reporting period at hand any loan, advance payment, or similar instrument or commodity credit, and did not pay for any services to the majority shareholder or any company affiliated to it, without the consent of the extraordinary Management Board member.

In the reporting period at hand, the company did not participate in any payment or assume any debt or make any payment on behalf of or instead of its majority shareholder or any company affiliated to it.

In compliance with his powers and authorizations, the extraordinary Management Board member reviewed all transactions with the majority shareholder and the companies affiliated to it, and he was informed about all details required for evaluation of compliance of company operations with the ZIČUDSP.

The extraordinary Management Board member also very actively monitored the reporting and compliance of procedures for all managers and executives, in compliance with the organizational rules and other acts related indirectly or directly to the provisions of the ZIČUDSP.

Based on his powers and authorizations, the extraordinary Management Board member also supervised the execution and conditions of commercial agreements effective before the day of his appointment.

The extraordinary Management Board member also supervised the development of this report and all activities required for its development and compilation.

Based on all established facts, the company Management Board, managers and executives hereby declare that the company acted in compliance with the provisions of the ZIČUDSP in the reporting period at hand.

Mercator d.d.
Management Board

6. APPENDICES

- Appendix 1 – List of Agrokor Group companies

Company	Street	City	Country	Reg. number
360 MARKETING d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	76677251901
A.N.P. Energija d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	81033553099
A007 d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	42312821469
Adria retail d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	00776795695
Adriasense d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	87006524500
Adriatica net d.o.o.	Izidora Kršnjavog 1	Zagreb	Croatia	20350489217
Adriatica net Beograd d.o.o.	Kosovska 8/VI	Belgrade	Serbia	
Adriatica net s.r.o. Bratislava	Ventúrska 14	Bratislava	Slovakia	
Agkor d.o.o.	Bulevar umetnosti 4&7	New Belgrade	Serbia	
Agrokor AG Zug	Eschenring 3	Zug	Switzerland	
Agrokor d.d.	Trg Dražena Petrovića 3	Zagreb	Croatia	40715974731
Agrokor d.o.o. Grude	Kralja Tomislava 27	Grude	Bosnia and Herzegovina	
Agrokor-energija d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	43546169521
Agrokor-trgovina d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	40715974731
Agrolaguna d.d.	Mate Vlašića 34	Poreč	Croatia	84196188473
Aliquantum ulaganja d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	25317715808
Angropromet d.o.o.	Miloša Velikog 76	Kikinda	Serbia	
Ardeya Global Dubai	30-01-1280; Jewellery & Gemplex 3,	Dubai	Dubai	81160119
ATLAS d.d.	Vukovarska 19	Dubrovnik	Croatia	02041978827
Atlas Ambassador Doo	Kosovska 8	Belgrade	Serbia	
Atlas Ambassador Mođugorje	Dr. Ante Starčevića bb	Mostar	Bosnia and Herzegovina	4227234720006
Atlas d.d. Dubrovnik	Dr. Ante Starčevića 45	Dubrovnik	Croatia	02041978827
Atlas d.d. Croatia LLC	2929 Commercial Blvd	Ford Lauderdale	USA	L16000018924
Atlas Ambassador New York	66 West 38th street	New York	USA	
Aureum stella d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	92567161547
Backstage d.o.o.	Slavonska avenija 11a	Zagreb	Croatia	84411860203
Belje ABC d.o.o.	Imre Nagya 1	Beli Manastir	Croatia	00051870955

Company	Street	City	Country	Reg. number
Belje Agro-vet d.o.o.	Kokingrad 3	Darda	Croatia	78769491591
Belje d.d.	Svetog Ivana Krstitelja 1a	Darda	Croatia	92404445155
Beojana d.o.o.	Vojislava Ilića 28	Belgrade	Serbia	
Beokona d.o.o.	Autoput za Zagreb 11a	Belgrade	Serbia	
Beopana d.o.o.	Milutina Milankovića 19	Belgrade	Serbia	
Beoslana d.o.o.	Autoput 11	Belgrade	Serbia	
Beovona d.o.o.	Milutina Milankovića 19	Belgrade	Serbia	
Bio-zone d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	69838261198
Costella	Fara 30	Kostel	Slovenia	
Dalmare d.o.o.	Ul. Velimira Škorpika 23	Šibenik	Croatia	
Dalmarina d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	88061796935
Db kantun veleprodaja d.o.o.	Samoborska cesta 102	Zagreb	Croatia	57339268482
Dijamant a.d.	Temišvanski drum 14	Zrenjanin	Serbia	
Dora foods	ul. Składowa 30c	Chorzów	Poland	
Eko Biograd d.o.o.	Matije Gubca 130	Vinkovci	Croatia	42005576448
Energija gradec d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	83373928482
Euroviba d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	19818276224
Felix d.o.o.	Matije Gubca 130	Vinkovci	Croatia	94397504836
Fonyodi Kft.	Bezsenyi ut 1	Fonyod	Hungary	
Frikom d.o.o.	Zrenjaninski put bb	Belgrade	Serbia	
Frikom-Beograd dooel	Nikola Tesla 11	Skopje	Macedonia	
go.Adriatica d.o.o.	Izidora Kršnjavog 1	Zagreb	Croatia	75299430948
Gulliver travel d.o.o.	Obala Stejpana Radića 25	Dubrovnik	Croatia	25636115130
Hotel Forum d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	62755106142
Hoteli Koločep d.d.	Donje Čelo 45	Koločep	Croatia	30328587951
Hoteli Živošće d.d.	Porat 136	Živošće	Croatia	88429213928
HU-PO d.o.o.	Jelševačka cesta 154	Zagreb	Croatia	24143874559
Idea d.o.o.	Autoput za Zagreb 11a	New Belgrade	Serbia	
ID Riva GmbH	Neuhauser Str. 27,	München	Germany	
ID Riva Tours b.v	Gütchenster 14	Halle	Germany	
Iločki podrumi d.d.	Dr. Franje Tuđmana 72	Ilok	Croatia	38793818363

Company	Street	City	Country	Reg. number
Imex banka d.d.	Tolstojeva 6	Split	Croatia	99326633206
Industrija mesa d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	75501147946
INIT d.d.	Rajlovačka bb	Sarajevo	Bosnia and Herzegovina	
Investment International dooel	Ognjen Prica 1-3/28	Skopje	Macedonia	
Irida d.o.o.	Petra Zrinskog 24	Daruvar	Croatia	72383446154
Jamnica d.d.	Getaldićeva 3	Zagreb	Croatia	05050436541
Jamnica Mineralna Voda d.o.o.	Limbuška cesta 2	Limbuš	Slovenia	
Jana North America	461 Park Ave S #300,	New York	USA	
Jolly projekti jedan d.o.o.	Trg kralja Tomislava 2	Drniš	Croatia	17172717699
Karisma hotels adriatic d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	77301543615
KHA četiri d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	34678966530
KHA pet d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	83931898966
KHA tri d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	23699589651
Kikindski mlin a.d.	Svetozara Miletića 198	Kikinda	Serbia	
Kollander world Travel	761 E 200th St,	Cleveland	USA	
KOMPAS d.d.	Pražakova ulica 4	Ljubljana	Slovenia	
KOMPAS d.o.o.	Mate Vlašića 20	Poreč	Croatia	13785319050
KOMPAS Međugorje d.o.o.	Maršala Tita 8	Sarajevo	Bosnia and Herzegovina	
Kompas d.o.o. Srbija	Obilićev venac 26	Belgrade	Serbia	
Kompas USA	2929 E.Comercial Blvd. Suite 201	Fort Lauderdale	USA	
Kompas Nizozemska	Scheepmakershaven 32 D	Rotterdam	Netherlands	
Kompas Montenegro d.o.o.	22 November No. 15,	Budva	Montenegro	
Kompas Nordic Aps	M D Madsensvej 13	Allerød	Denmark	
Kompas Poland S.p.z.o.o.	Willowa 8/10/lok. 2,	Warsaw	Poland	
Kompas Prag	Rytířská 26,	Prague	Czech Republic	
Kompas Sarajevo d.o.o.	Maršala Tita 8	Sarajevo	Bosnia and Herzegovina	
Kompas s.r.l.	Piazza Brescia, 5,	Lido di Jesolo	Italy	
Kompas Touristik Espana	Carrer de París, 162	Barcelona	Spain	
Kompas T.R.GmbH	Anton-Baugartner Strasse 125/2/7	Vienna	Austria	
Kompas Turistik International	Rákóczi út 14.,	Budapest	Hungary	
Konsolidator d.o.o.	Nova Ves 11	Zagreb	Croatia	73678065415

Company	Street	City	Country	Reg. number
Konzum d.d.	Marija Čavića 1/a	Zagreb	Croatia	29955634590
Konzum d.o.o. Sarajevo	Rajlovačka bb	Sarajevo	Bosnia and Herzegovina	
Kor - Broker d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	05673278055
Krka d.o.o.	Bana Josipa Jelačića 813	Šibenik	Croatia	45256190469
Kron a.d.	Autroput za Zagreb 11a	New Belgrade	Serbia	
Latere Terram d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	68289779337
Ledo Čitluk d.o.o.	Tromeđa bb	Čitluk	Bosnia and Herzegovina	
Ledo d.d.	Čavićeva 1a	Zagreb	Croatia	87955947581
Ledo d.o.o. Ljubljana	Brnčičeva ulica 45,	Ljubljana	Slovenia	
Ledo d.o.o. Podgorica	Liuješe bb	Podgorica	Montenegro	
Ledo SH p.k. Pristine	Miosheve str.	Pristine	Kosovo	
Ledo Kft.	089/3 Hrsz.,	Szada	Hungary	
Lovno gospodarstvo Moslavina d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	55613437019
M - BL d.o.o.	Aleja Svetog Save 69,	Banja Luka	Bosnia and Herzegovina	
M - Energija, d.o.o.	Dunajska 115	Ljubljana	Slovenia	
Mercator - BH, d.o.o.	Blažuj bb	Sarajevo	Bosnia and Herzegovina	
Mercator - CG, d.o.o.	Put Radomira Ivanovića br. 2	Podgorica	Montenegro	
Mercator - Emba, d.d.	Tržaška cesta 2c	Logatec	Slovenia	
Mercator - H, d.o.o.	Ljudevita Posavskog 5	Sesvete	Croatia	10045107278
Mercator - S, d.o.o.	Temerinski put 50	Novi Sad	Serbia	
Mercator IP, d.o.o.	Dunajska 110	Ljubljana	Slovenia	
Mercator Macedonia, d.o.o.e.l.	Temerinski put 50	Novi Sad	Macedonia	
MERCATOR MAXI, d.o.o.	Trg republike 1	Ljubljana	Slovenia	
Mercator-Velpro, d.o.o.	Slovenčeva 25	Ljubljana	Slovenia	
Mg Mivela d.o.o.	Partizanske avijacije bb	New Belgrade	Serbia	
Mladina d.d.	Bana Josipa Jelačića 85	Jastrebarsko	Croatia	00233318664
Mliječno govedarstvo Klisa d.o.o.	Sajmište 113c	Vukovar	Croatia	03831063279
Moje domaće meso d.o.o.	Male sredice	Bjelovar	Croatia	60174244801
Mondo-tera d.o.o.	Republike Hrvatske 71	Grude	Bosnia and Herzegovina	
Mondo-tera d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	14072680184
Morso-Line doo	Autoput za Zagreb 11a	New Belgrade	Serbia	

Company	Street	City	Country	Reg. number
M-Profil SPV d.o.o.	Zrenjaninski put bb	Belgrade	Serbia	
mStart Business Solutions d.o.o.	Autoput za Zagreb 11a	New Belgrade	Serbia	
mStart d.o.o.	Slavonska avenija 11a	Zagreb	Croatia	19895453012
Multiplus card d.o.o.	Trg Dražena Petrovića 3	Zagreb	Croatia	18207737728
Napred projekt 52 d.o.o.	Knez Mihailova 7/II	Belgrade	Serbia	
Nova sloga d.o.o.	Kneginje Milice 81/1	Trstenik	Serbia	
Pet-prom ulaganja d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	77713684270
Photo boutique d.o.o.	Heinzelova 60/1	Zagreb	Croatia	73727912033
PIK BH d.o.o. Laktaši	Ulica Svetosavska bb	Laktaši	Bosnia and Herzegovina	
PIK Vrbovec d.d.	Zagrebačka 148	Vrbovac	Croatia	78909170415
PIK Vrbovec BiH d.o.o.	Veljka Lukića 22	Lukovac	Bosnia and Herzegovina	
PIK Vrbovec S d.o.o.	Autoput za Zagreb 11a	Belgrade	Serbia	
PIK-Vinkovci d.d.	Matije Gubca 130	Vinkovci	Croatia	17774531631
Platinum-A, d.o.o.	Dunajska 107	Ljubljana	Slovenia	
Platinum-B, d.o.o.	Dunajska 107	Ljubljana	Slovenia	
Platinum-C, d.o.o.	Dunajska 107	Ljubljana	Slovenia	
Platinum-D, d.o.o.	Dunajska 107	Ljubljana	Slovenia	
Plodovi podravine d.o.o.	Grgura Karlovčana 2/a	Ferdinandovac	Croatia	40177414551
Poliklinika Aviva	Nemetova	Zagreb	Croatia	01916835772
Poljoprivreda j.d.o.o.	Matije Gubca 130	Vinkovci	Croatia	06919626383
Poslovni sistem Mercator, d.d.	Dunajska 107	Ljubljana	Slovenia	
Projektgradnja d.o.o.	Vrbska ulica 3	Gornja Vrba	Croatia	19659143269
Rivijera d.d.	Liburnijska 46	Ičići	Croatia	80911267020
Roto dinamic d.o.o.	Samoborska cesta 102	Zagreb	Croatia	24723122482
Roto ulaganja d.o.o.	Tome Strižića 8	Rijeka	Croatia	28189962659
Sarajevski kiseljak d.d.	Kraljice mira br. 17	Kiseljak	Bosnia and Herzegovina	
Shutnell Limited Ltd. Cipar	Konstantinou. 9., Agios. Antreas	Nicosia	Cyprus	
SK-735 d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	81441487023
Sojara d.o.o.	Ulica 84 Gardijske bojne HV Termiti 40	Zagreb	Croatia	87720689078
Solana Pag d.d.	Svilno bb	Pag	Croatia	34949147151

Company	Street	City	Country	Reg. number
Super Kartica d.o.o.	Partizanske avijacije bb	New Belgrade	Serbia	
Super kartica d.o.o. Crna Gora	Put Radovana Ivanovića br. 2	Podgorica	Montenegro	
Super kartica d.o.o. BH	Ul. Ložionička br. 16	Sarajevo	Bosnia and Herzegovina	
Terra Argenta d.o.o.	Sajmište 113/c	Vukovar	Croatia	20453182684
Tesla štedna banka d.d.	Trg J.F. Kennedya 6 B	Zagreb	Croatia	82901735413
Tisak d.d.	Slavonska avenija 11a	Zagreb	Croatia	75917721668
Tisak d.o.o.	Jalijski put 6	Zenica	Bosnia and Herzegovina	
TISAK InPost d.o.o.	Slavonska avenija 11a	Zagreb	Croatia	21436767937
Tisak usluge d.o.o.	Slavonska avenija 11a	Zagreb	Croatia	85003955783
TPDC Sarajevo d.d.	Rajlovačka bb	Sarajevo	Bosnia and Herzegovina	
Velpro - centar d.o.o.	Marijana Čavića 1/a	Zagreb	Croatia	46660800468
VELPRO d.o.o. Sarajevo	Rajlovačka bb	Sarajevo	Bosnia and Herzegovina	
Vinarija Novigrad d.o.o.	Tome Stričića 8	Rijeka	Croatia	67539583469
Vinka	Jarminačka cesta 1	Vinkovci	Croatia	45295422526
Vjesnik-usluge d.o.o.	Slavonska avenija 4	Zagreb	Croatia	21825610728
Vupik d.d.	Sajmište 113/c	Zagreb	Croatia	06849543412
Zagreb plakat d.o.o.	Koturaška 51	Zagreb	Croatia	32111742300
Zvečevo d.d.	Kralja Zvonimira 1	Požega	Croatia	40479860551
Zvijezda d.d.	Marijan Čavića 1	Zagreb	Croatia	91492011748
Zvijezda d.o.o. Ljubljana	Breznikova ulica 26	Domžale	Slovenia	69722838
Zvijezda d.o.o. Sarajevo	Rajlovačka bb	Sarajevo	Bosnia and Herzegovina	
Zvijezda RS d.o.o Laktaši	Svetosavska bb Glamočani,	Laktaši	Bosnia and Herzegovina	
Žitnjak d.d.	Marija Čavića 8	Zagreb	Croatia	25435300118

Sources:

Monthly report of the economic and financial situation and implementation of measures of the extraordinary management Agrokor, d.d.

Publication of the Commercial Court of the Republic of Croatia of April 10, 2017