



KOFOLA ČESKOSLOVENSKO A.S.  
INTERIM REPORT 1H 2018





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## KOFOLA GROUP

a leading producer of branded non-alcoholic beverages in Central and Eastern Europe



**CZK 3.4 BN 6M18**  
REVENUES



**8**  
PRODUCTION PLANTS



**2 184**  
EMPLOYEES



**LISTED ON**  
PRAGUE STOCK EXCHANGE



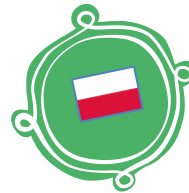
- ❖ no. 2 player in the soft drinks market



- ❖ no. 1 player in the soft drinks market in Slovenia
- ❖ no. 1 water brand in both Retail & HoReCa



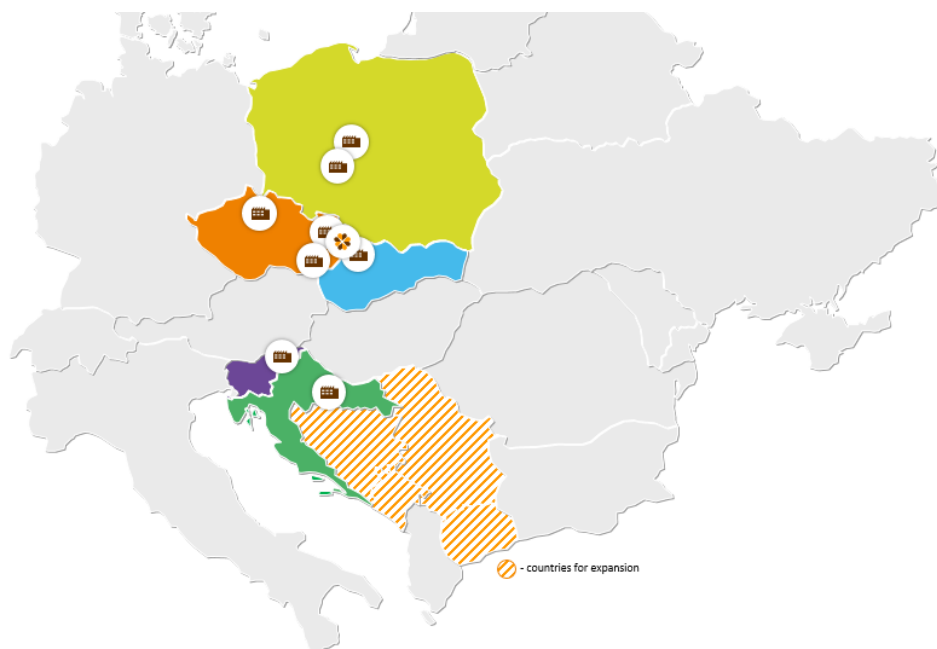
- ❖ no. 1 player in the soft drinks market in both Retail & HoReCa



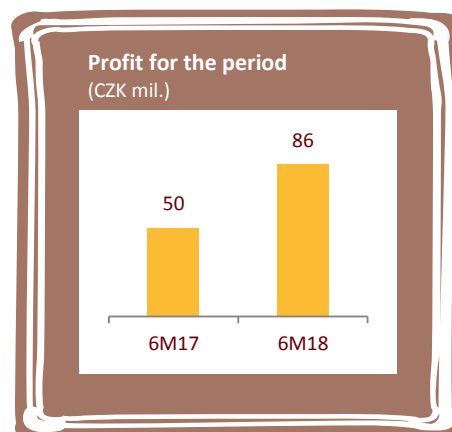
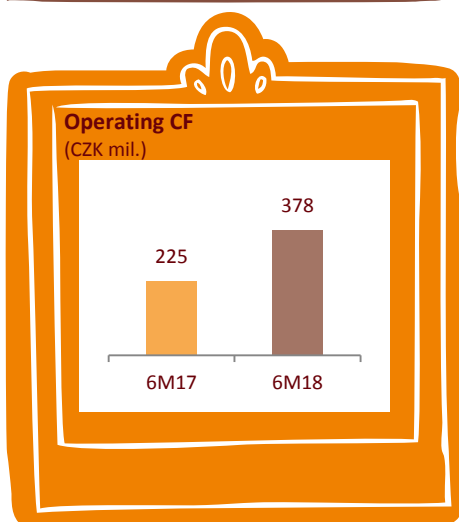
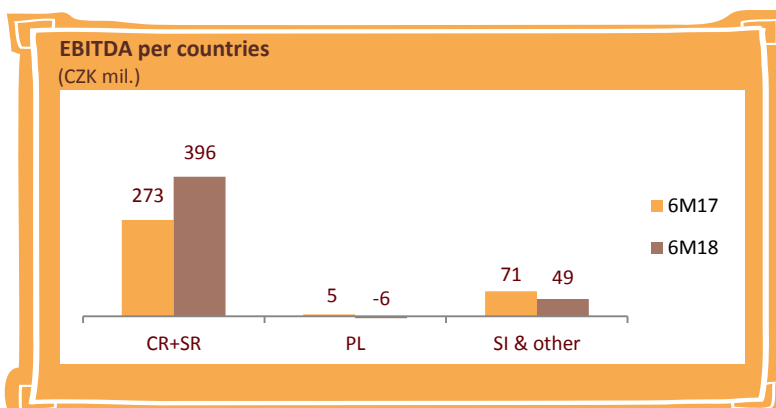
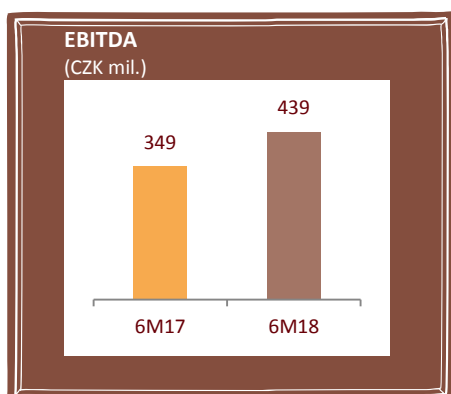
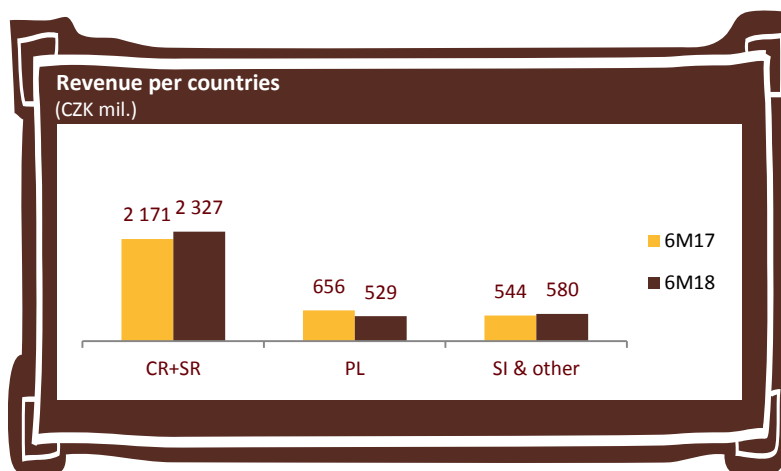
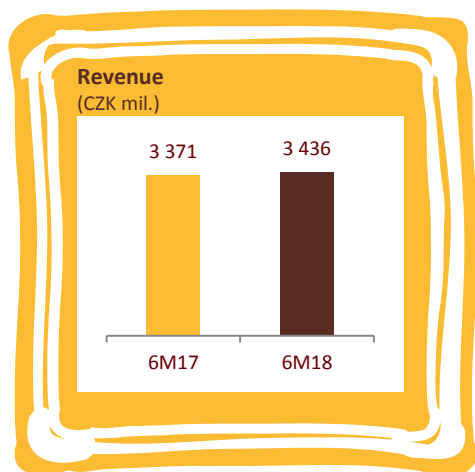
- ❖ no. 2 syrup brand
- ❖ no. 3 cola brand
- ❖ one of leading private label soft drinks producers



- ❖ production and distribution of PepsiCo products
- ❖ no. 3 water brand
- ❖ no. 2 syrup brand



## FOR THE 6M PERIOD

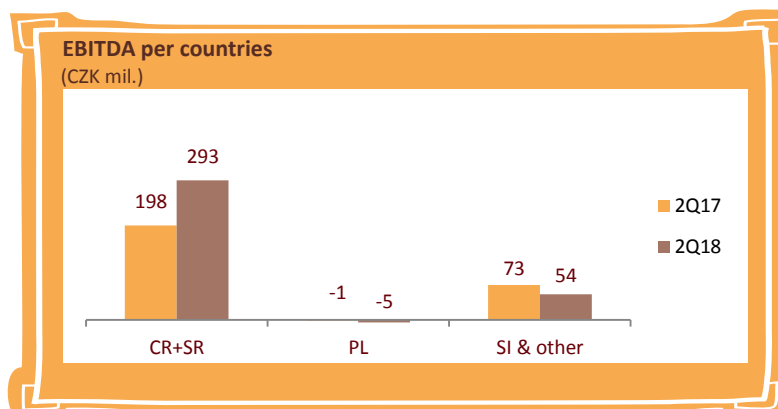
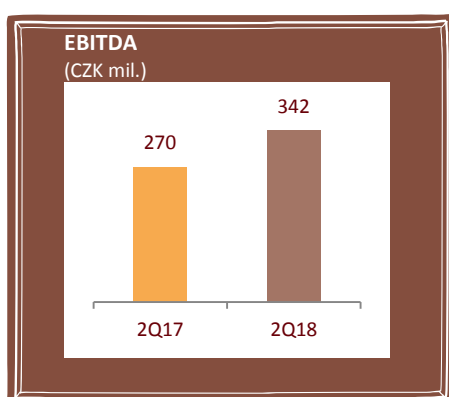
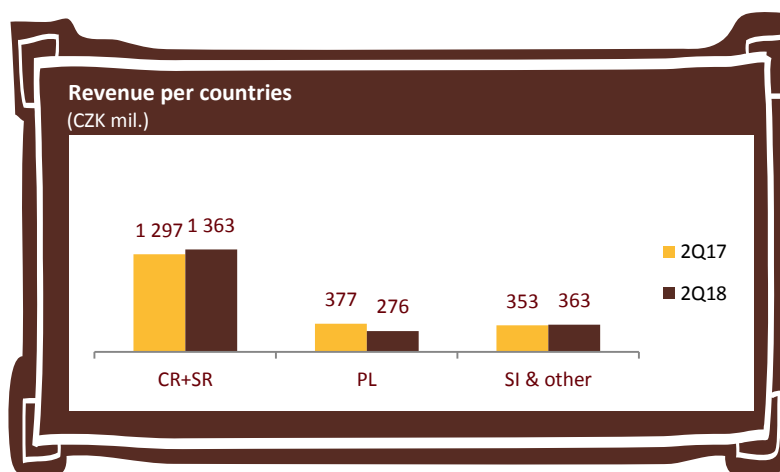
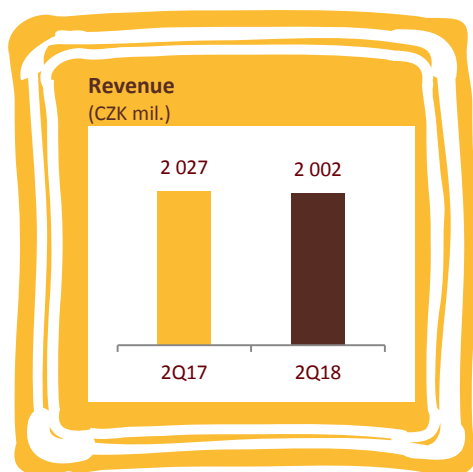


The results and ratios above are based on adjusted results. For details on financial performance and reconciliation of reported and adjusted results refer to section 3.1.

## MAIN ISSUES IN 6M18:

- GROUP'S EBITDA WITHOUT POLAND INCREASED BY CZK 101 399 THOUSAND (29.5 %).
- GROUP'S REVENUE WITHOUT POLAND INCREASED BY CZK 191 766 THOUSAND (7.1 %).
- GROSS PROFIT INCREASED BY CZK 144 087 THOUSAND (10.8 %)
- POSITIVE EFFECT OF THE END OF SUGAR IMPORT QUOTAS

## FOR THE 2Q PERIOD



*The results and ratios above are based on adjusted results. For details on financial performance and reconciliation of reported and adjusted results refer to section 3.1.*



## 2. KOFOLA GROUP



### 2.1. KOFOLA ČESKOSLOVENSKO

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030. LEI: 3157005DO9L5OWHBQ359.

### 2.2. KOFOLA GROUP

#### BASIC INFORMATION



Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. The Group has a leading market position on the CzechoSlovak market and is targeting to replicate its success in other CEE markets. The Group has limited activities in Russia.

The Group produces its products with care and love in eight main production plants located in the Czech Republic (three plants), Slovakia (one plant), Poland (two plants), Slovenia (one plant) and Croatia (one plant).

The Group distributes its products using a wide variety of packaging, including kegs that are used in the HoReCa channel to serve our widely popular drink „Kofola Draught" and keep its high-quality standard. The Group distributes its products through Retail HoReCa and Impulse channels. We have successfully implemented a direct distribution concept in the Czech Republic and Slovakia.

#### KEY BRANDS

Key own brands include carbonated beverages Kofola, Vinea and Hoop Cola, waters Radenska, Studenac and Rajec, syrups Jupí and Paola, beverages for children Jupík, energy drinks Semtex and UGO fresh juices and salad bars. In selected markets, the Group distributes among others Rauch, Evian, Badoit or Vincentka products and under the licence produces RC Cola, Orangina, Rauch or Pepsi. The Group also produces and distributes water, carbonated and non-carbonated beverages and syrups under private labels for third parties, mostly big retail chains.

Despite the fact that the Group's portfolio includes more than 30, mostly well-established and recognisable brands with a wide market, the Group's key brand is Kofola.

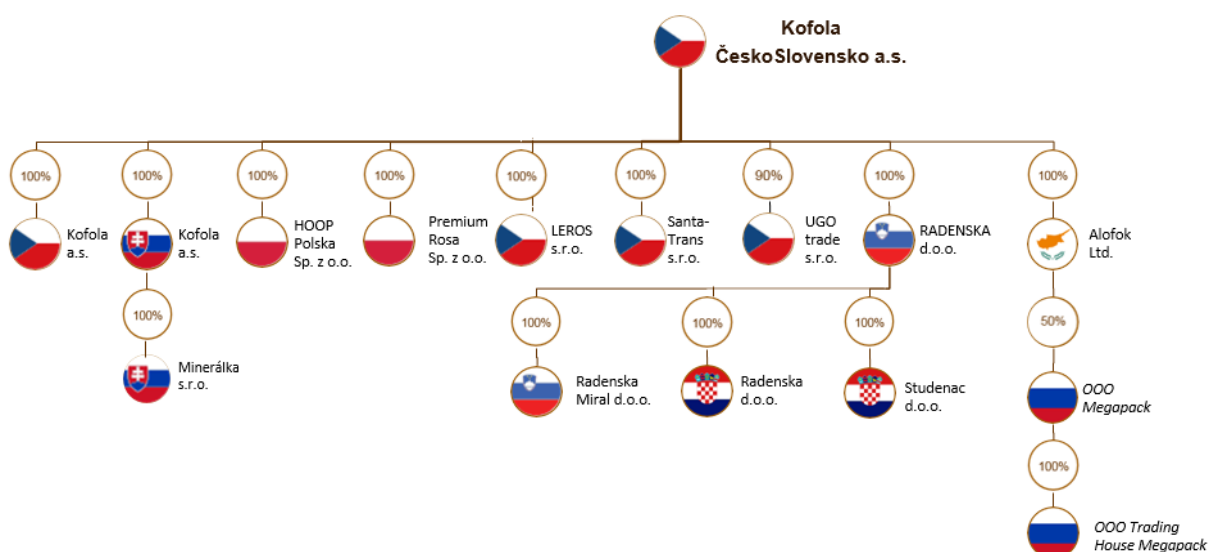
## 2. KOFOLA GROUP

Main brands by main markets are shown in the visualisation below:



## 2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2018





## 2. KOFOLA GROUP



### DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.6.2018	31.12.2017
<b>Holding companies</b>				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Alofok Ltd.	Cyprus	holding	100.00%	100.00%
<b>Production and trading</b>				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	sales support and administration	100.00%	100.00%
Radenska Miral d.o.o.	Slovenia	trademark licensing	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	production and distribution of products from medicinal plants and quality natural teas	100.00%	n/a
Minerálka s.r.o.	Slovakia	inactive	100.00%	n/a
<b>Transportation</b>				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
<b>Associated companies</b>				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

## 2. KOFOLA GROUP



### 2.4. SUCCESSES AND AWARDS IN 2018



**Czech TOP 100** – Kofola ČeskoSlovensko a.s. the fourth most admired company in the Czech Republic in 2018. Repeatedly in top 5 since 2007.

**Randstad Award** - Kofola in top 10 most attractive employers in the Czech Republic



Royal Crown Cola awarded **Packaging of the year 2018**

Paola won the award "**Złoty Paragon**", which is granted by owners and managers of grocery and industrial stores from all over Poland and selects products and services that have a particular impact on the development of retail trade in Poland.



Radenska bezeg won **AGRA grand gold medal**.

Oaza breskev won **AGRA gold medal**.



Naturelle won **AGRA silver medal**.

## 3. BUSINESS OVERVIEW



### 3.1. BUSINESS OVERVIEW

#### OVERALL PERFORMANCE IN 6M2018

Kofola Group managed to increase sales in its core markets in the CzechoSlovakia and Adriatic region – when total consolidated revenue in these countries grew significantly by 7.0 %.

The Group's revenue on CzechoSlovak market increased by 7.1 %. The increase was coming from all channels (retail, impuls, gastro). The good performance of key brands was further supported by healthy and fresh UGO products, which are gaining on their importance in the Group.

Adriatic region (Slovenia+Croatia) showed revenues growth by 6.6 %. We continue in building our presence in Adriatic countries outside of Slovenia through own sales and a distribution organisation where we extend the brand support. CzechoSlovak and Adriatic markets have growing share on overall Group revenue (82.5 % in 6M18, 78.5 % in 6M17).

The Group's revenue when compared to last year grew by 1.9 % which is caused by increased revenues in all segments except Poland.

On March 13, 2018, Kofola purchased a subsidiary LEROS, s.r.o., a producer of high quality products from medicinal plants and quality natural teas. In 2017, LEROS reached sales exceeding CZK 130 million. This step will create another segment for Kofola based on herbs and authentic healthy raw materials.

On June 13, 2018 Kofola purchased a subsidiary Minerálka s.r.o., the owner of mineral water brand Klášťorná (Slovak segment). We want to add to our Slovak portfolio a quality mineral water.

To strengthen our competitiveness in the Polish market, we discontinued the production in Grodzisk Wielkopolski and concentrated the whole production in HOOP Polska in one modern plant in Kutno. To reverse the situation on the Polish market, in addition to continuing branding and innovation to healthier drinks, HOOP Polska has concluded an agreement with Nestea ice tea owner, Nestle S.A. From 2018, HOOP Polska distributes these beverages for the Polish market. Nevertheless, the revenues in Poland continue to fall, decreased by 19.3 % when compared with 1H17.

#### CHANGE IN THE SHARES' OWNERSHIP STRUCTURE

On 20 June 2018, CED Group s.à r.l, a subsidiary of PEF VI managed by Enterprise Investors ("CED Group"), sold 1 905 000 shares of the Company, corresponding to 8.5 % of the Company's share capital, at a price per share of CZK 270. As a result of the sale, CED Group now owns 2 768 445 shares of the Company (12.42 % of the Company's share capital, at YE2017 CED Group owned 20.96 %). The free float increased to 14.58 %.

#### DIVIDEND PAYMENT FROM FY2017

The general meeting held on 18 May 2018 approved to pay out the Company's after tax profit recognised in the ordinary financial statements of the Company as at December 31, 2017 in amount of CZK 350 667 thousand and part of undistributed profits of previous years in amount of CZK 10 512 thousand to the Company's shareholders. The dividend thus amounts CZK 16.20 per Company's share, before tax.

The relevant date for exercising the right to dividend was May 11, 2018.

The dividend is payable from June 18, 2018 to June 18, 2021.

## 3. BUSINESS OVERVIEW

### ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group in 2018. It should be read along with the financial statements and with other financial information contained in the attached consolidated financial statements and separate financial statements. The Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events in the following sections of part A.

#### 3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results 2018	6M18	One-off adjustments	6M18 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	3 436 419	-	3 436 419
Cost of sales	(1 953 333)	1 126	(1 952 207)
<b>Gross profit</b>	<b>1 483 086</b>	<b>1 126</b>	<b>1 484 212</b>
Selling, marketing and distribution costs	(1 104 460)	-	(1 104 460)
Administrative costs	(230 280)	16 496	(213 784)
Other operating income, net	(1 737)	5 061	3 324
<b>Operating profit</b>	<b>146 609</b>	<b>22 683</b>	<b>169 292</b>
Depreciation and amortisation	269 901	-	269 901
<b>EBITDA</b>	<b>416 510*</b>	<b>22 683</b>	<b>439 193**</b>
Finance costs, net	(35 235)	-	(35 235)
Income tax	(47 897)	(536)	(48 433)
<b>Profit for the period</b>	<b>63 477</b>	<b>22 147</b>	<b>85 624</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	65 497	22 147	87 644

\* EBITDA refers to operating profit plus depreciation and amortisation.

\*\* Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature, including in particular results from the sale of fixed assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of fixed assets, financial assets, goodwill and intangible assets, relocation costs and the costs of group layoffs.

The operating profit of the Kofola Group for the 6-month period ended 30 June 2018 was affected by the following one-off items:

- Net other operating income from the sale of production lines in Poland of CZK 4 567 thousand.
- Costs connected with maintenance of closed Bielsk Podlaski plant of CZK 3 925 thousand (in Polish segment).
- Costs connected with maintenance of closed Grodzisk Wielkopolski plant and other restructuring costs of CZK 5 703 thousand (in Polish segment).
- Acquisition costs – Czech operation incurred costs of CZK 13 946 thousand, Slovak operation incurred costs of CZK 2 550 CZK (tax 21 % applies).
- Severance costs – Croatian operation incurred costs of CZK 1 126 thousand (effect of changed Trade Union agreement).

Adjusted consolidated financial results 2017	6M17	One-off adjustments	6M17 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	3 370 982	-	3 370 982
Cost of sales	(2 035 383)	4 526	(2 030 857)
<b>Gross profit</b>	<b>1 335 599</b>	<b>4 526</b>	<b>1 340 125</b>
Selling, marketing and distribution costs	(1 057 392)	-	(1 057 392)
Administrative costs	(208 954)	3 214	(205 740)
Other operating income, net	24 326	(22 109)	2 217
<b>Operating profit</b>	<b>93 579</b>	<b>(14 369)</b>	<b>79 210</b>
Depreciation and amortisation	269 727	-	269 727
<b>EBITDA</b>	<b>363 306*</b>	<b>(14 369)</b>	<b>348 937**</b>
Finance costs, net	2 565	-	2 565
Income tax	(31 379)	(393)	(31 772)
<b>Profit for the period</b>	<b>64 765</b>	<b>(14 762)</b>	<b>50 003</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	67 319	(14 762)	52 557

\* EBITDA refers to operating profit plus depreciation and amortisation.

\*\* Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature, including in particular results from the sale of fixed assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of fixed assets, financial assets, goodwill and intangible assets, relocation costs and the costs of group layoffs.

### 3. BUSINESS OVERVIEW

The operating profit of the Kofola Group for the 6-month period ended 30 June 2017 was affected by the following one-off items:

- Net revenue from the sale of warehouse of CZK 2 946 thousand, tax 19 % applies (in Slovenian segment).
- Costs connected with SAP implementation of CZK 3 214 thousand, tax 19% applies (in Slovenian segment).
- Group costs connected with the liquidation of an inactive subsidiary in Sieldorfer of CZK 1 832 thousand, tax 19% applies.
- Net result from the sale of production line in Poland of CZK 9 021 thousand.
- Costs connected with maintenance of Bielsk production hall of CZK 4 526 thousand.
- Revenues from compensation of CZK 11 974 connected with prior years qualitative product complaints (in Polish segment).

#### 3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	6M18	6M17	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	3 436 419	3 370 982	65 437	1.9%
Cost of sales	(1 952 207)	(2 030 857)	78 650	(3.9%)
<b>Gross profit</b>	<b>1 484 212</b>	<b>1 340 125</b>	<b>144 087</b>	<b>10.8%</b>
Selling, marketing and distribution costs	(1 104 460)	(1 057 392)	(47 068)	4.5%
Administrative costs	(213 784)	(205 740)	(8 044)	3.9%
Other operating income, net	3 324	2 217	1 107	49.9%
<b>Operating profit</b>	<b>169 292</b>	<b>79 210</b>	<b>90 082</b>	<b>113.7%</b>
<b>EBITDA</b>	<b>439 193</b>	<b>348 937</b>	<b>90 256</b>	<b>25.9%</b>
Finance costs, net	(35 235)	2 565	(37 800)	(1 473.7%)
Income tax	(48 433)	(31 772)	(16 661)	52.4%
<b>Profit for the period</b>	<b>85 624</b>	<b>50 003</b>	<b>35 621</b>	<b>71.2%</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	87 644	52 557	35 087	66.8%

#### REVENUE

In 6M18, the Group's revenue amounted to CZK 3 436 419 thousand and increased by CZK 65 437 thousand or 1.9 % from CZK 3 370 982 thousand in 6M17.

Revenue grew in all segments except Poland. Major part of the increase comes from the Czech segment, thanks to sales of Kofola, Rajec, Vinea, Rauch and increased sales in Ugo. Sales in the Adriatic region increased by 6.6 %, where sales in Croatia grew by 16.3 %.

In 6M18, the Group's revenue from sales of finished products and services amounted to CZK 3 126 149 thousand and increased by CZK 21 895 thousand or 0.7 % from CZK 3 104 254 thousand in 6M17.

In 6M18, the Group's revenue from sales of goods and materials amounted to CZK 310 270 thousand and increased by CZK 43 542 thousand (16.3 %) from CZK 266 728 thousand in 6M17. The increase in revenue from sale of goods and materials was attributable mostly to sales of Rauch products.

The following table sets forth revenues from sales split by category of products for 6M18 and 6M17.

Product lines	6M18		6M17	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Carbonated beverages	1 390 902	40.48%	1 416 893	42.03%
Non-carbonated beverages	364 162	10.60%	299 816	8.89%
Waters	990 979	28.84%	1 026 277	30.44%
Syrups	322 310	9.38%	339 131	10.06%
Fresh bars & Salads	196 530	5.72%	155 747	4.62%
Other	171 536	4.98%	133 118	3.96%
<b>Total</b>	<b>3 436 419</b>	<b>100.00%</b>	<b>3 370 982</b>	<b>100.00%</b>

The activities of the Group concentrate on the production of beverages in four market categories: carbonated beverages (including cola beverages), non-carbonated beverages, types of bottled water and syrups. Together these categories accounted for 89.3 % of the Group's sales revenue in 6M18.

### 3. BUSINESS OVERVIEW

The following table sets forth revenue from sales split by countries for 6M18 and 6M17. The allocation of revenue to a particular country segment is based on the geographical location of customers.

Geographical segments	6M18		6M17	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Czech Republic	1 507 470	43.87%	1 384 478	41.07%
Slovakia	819 166	23.84%	786 988	23.35%
Poland	529 439	15.41%	655 768	19.45%
Slovenia	364 574	10.61%	353 307	10.48%
Other*	215 770	6.27%	190 441	5.65%
<b>Total</b>	<b>3 436 419</b>	<b>100.00%</b>	<b>3 370 982</b>	<b>100.00%</b>

\* including Croatia (6M18: 142 828, 6M17: 122 838 CZK thousand)

In CzechoSlovakia, the UGO's revenue grew by CZK 44 465 thousand to CZK 229 334 thousand (24.1 %) and are becoming more important part of the Group's revenues. UGO operated 78 fresh bars and salad bars as at 30 June 2018.

In comparison with 6M17, there was a decrease in revenue from sales in Poland driven by lower sales of private labels. Sales in Slovenia grew despite very cold June weather.

Total Group's consolidated revenues without Polish segment grew by 7.1 % (CZK 191 766 thousand) in comparison with 6M17.

#### COST OF SALES

In 6M18, the Group's adjusted cost of sales amounted to CZK 1 952 207 thousand and decreased by CZK 78 650 thousand or 3.9 % from adjusted CZK 2 030 857 thousand in 6M17. Cost of sales/Revenue ratio shows a positive effect - decreased by 3.4 p.p. from 60.2 % in 6M17 to 56.8 % in 6M18.

In 6M18, the Group's cost of products and services sold amounted to CZK 1 699 191 thousand and decreased by CZK 104 111 thousand or 5.8 % when compared with 6M17.

In 6M18, the Group's cost of goods and materials sold amounted to CZK 253 016 thousand and increased by CZK 25 461 thousand or 11.2 % from CZK 227 555 thousand in 6M17. The increase in the cost of goods and materials sold was attributable mostly to the sale of Rauch products.

#### GROSS PROFIT

In 6M18, the Group's adjusted gross profit amounted to CZK 1 484 212 thousand and increased by CZK 144 087 thousand or 10.8 % from adjusted CZK 1 340 125 thousand in 6M17, this was influenced by increased gross profit mainly in Czechia thanks to decreased material costs (sugar), improved performance in Ugo and gross profit from the new subsidiary Premium Rosa which exceeded decreased gross profit in HOOP. Gross profit margin increased by 3.44 p.p. from 39.75 % in 6M17 to 43.19 % achieved in 6M18.

#### SELLING, MARKETING AND DISTRIBUTION COSTS

In 6M18, the Group's selling, marketing and distribution costs amounted to CZK 1 104 460 thousand and increased by CZK 47 068 thousand or 4.5 % from CZK 1 057 392 thousand in 6M17. The increase is influenced by increased costs in Czechia (mainly from marketing), UGO (mainly from selling overheads including personnel costs) and Studenac (marketing) which were partly compensated by lower costs in Poland. Selling, marketing and distribution cost/Revenue ratio increased only by 0.8 p.p. (from 31.4 % to 32.1 %).

#### ADMINISTRATIVE COSTS

In 6M18, the Group's administrative costs amounted to CZK 213 784 thousand and increased by CZK 8 044 thousand or 3.9 % from CZK 205 740 thousand in 6M17, the net increase is driven by admin costs in LEROS and Premium Rosa (new acquisitions, not in 6M17 PL).

#### EBITDA

The following table sets forth information regarding EBITDA for 6M18 and 6M17.



### 3. BUSINESS OVERVIEW

Adjusted EBITDA	6M18	6M17
	CZK'000 / %	CZK'000 / %
EBITDA*	439 193	348 937
EBITDA margin**	12.78%	10.35%

\* EBITDA refers to operating profit plus depreciation and amortisation  
 \*\* Calculated as (EBITDA/Revenue) \*100%

The following table sets forth information regarding EBITDA split by countries for 6M18 and 6M17.

Adjusted EBITDA by countries	6M18		6M17	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
	CZK'000	%	CZK'000	%
Czech Republic	229 740	15.24%	117 372	8.48%
Slovakia	165 958	20.26%	155 250	19.73%
Poland	(5 748)	(1.09%)	5 395	0.82%
Slovenia	72 794	19.97%	78 217	22.14%
Other	(23 551)	(10.91%)	(7 297)	(3.83%)
<b>Total</b>	<b>439 193</b>	<b>12.78%</b>	<b>348 937</b>	<b>10.35%</b>

The net increase of EBITDA is caused by increased performance in Czechia and Slovakia.

The Group's EBITDA margin growth of 2.43 p.p. to 12.78 % in n 6M18 comes from CzechoSlovakia. This is mainly influenced by lower prices of sugar. EBITDA in Poland is still declining, due to lower sales of private labels. Decreased EBITDA in Slovenia is influenced by current change of product portfolio - lower sales of water (2018 contract with the biggest customer is still negotiated, promoting activities were suspended) and higher sales of CSD (Pepsi) that bring lower contribution compared to water. Decreased EBITDA in the Other segment comes from Croatia – this is caused by higher marketing costs in 2Q18 (TV and radio campaigns), higher energy costs (growing electricity prices in the whole Adriatic region) and higher number of employees.

The Group's adjusted EBITDA without Poland increased by CZK 101 399 thousand (29.5 %) in comparison with 6M17.

#### OPERATING PROFIT

Due to the reasons described above, in 6M18, the Group's adjusted operating profit amounted to CZK 169 292 thousand as compared to an operating profit of CZK 79 210 thousand in 6M17 – increase by 113.7%.

#### FINANCE COSTS, NET

In 6M18, the Group's net Finance costs amounted to CZK 35 235 thousand and increased by CZK 37 800 thousand as compared to net finance revenue of CZK 2 565 thousand in 6M17. The biggest effect on lower financial result have lower foreign exchange gains (by CZK 28 million) and lower gains from revaluation of derivatives (by CZK 9 million). Net Finance costs include also the share in the profit of associate that in 6M18 amounted to CZK 10 675 thousand compared to CZK 6 018 thousand in 6M17.

#### NET PROFIT FOR THE PERIOD

Due to the reasons described above, in 6M18, the Group's profit for the period amounted to CZK 85 624 thousand as compared to CZK 50 003 thousand in 6M17 – increase by 71.2 %.

## 3. BUSINESS OVERVIEW

### 3.1.3 FINANCIAL PERFORMANCE IN 2Q

Adjusted consolidated financial results	2Q18	2Q17	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	2 002 467	2 027 454	(24 987)	(1.2%)
Cost of sales	(1 057 935)	(1 157 554)	99 619	(8.6%)
<b>Gross profit</b>	<b>944 532</b>	<b>869 900</b>	<b>74 632</b>	<b>8.6%</b>
Selling, marketing and distribution costs	(624 901)	(616 553)	(8 348)	1.4%
Administrative costs	(114 003)	(117 550)	3 547	(3.0%)
Other operating income, net	906	1 112	(206)	(18.5%)
<b>Operating profit</b>	<b>206 534</b>	<b>136 909</b>	<b>69 625</b>	<b>50.9%</b>
<b>EBITDA</b>	<b>341 921</b>	<b>269 975</b>	<b>71 946</b>	<b>26.6%</b>
Finance costs, net	(7 769)	15 404	(23 173)	(150.4%)
Income tax	(45 081)	(33 826)	(11 255)	33.3%
<b>Profit for the period</b>	<b>153 684</b>	<b>118 487</b>	<b>35 197</b>	<b>29.7%</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	154 493	120 009	34 484	28.7%

In 2Q18, the Group's revenue decreased slightly by 1.2 % compared to 2Q17, this was a net effect of decreased revenue in Poland in amount of cca CZK 100 822 thousand (26.8 %) and increased revenue in the rest of the group. The Group's revenue without Poland increased by CZK 75 835 thousand (4.6%).

Selling, marketing and distribution costs increased by 1.4 % (CZK 8 348 thousand), the biggest effect have increased marketing costs in Studenac, costs from new subsidiaries LEROS and Premium Rosa and increased costs in UGO, all almost compensated by lower costs in HOOP Polska.

Administrative costs decreased by 3.0 % compared to 2Q17, mainly in Czechia, Ugo – the decrease exceeded costs from new subsidiaries LEROS and Premium Rosa.

Net finance result decreased by CZK 23 173 thousand, good 2Q17 result was influenced by foreign exchange gains and gains from revaluation of derivatives.

The Group's EBITDA without Poland increased by CZK 75 465 thousand (27.8%).

## 3. BUSINESS OVERVIEW

### 3.1.4 FINANCIAL POSITION

Consolidated statement of financial position	30.6.2018	31.12.2017	Change	Change
	CZK'000	CZK'000	CZK'000	%
<b>Total assets</b>	<b>7 305 949</b>	<b>6 578 868</b>	<b>727 081</b>	<b>11.1%</b>
Non-current assets, out of which:	<b>4 903 918</b>	<b>4 786 195</b>	<b>117 723</b>	<b>2.5%</b>
<i>Property, plant and equipment</i>	<i>3 401 305</i>	<i>3 384 892</i>	<i>16 413</i>	<i>0.5%</i>
<i>Intangible assets</i>	<i>1 201 053</i>	<i>1 090 190</i>	<i>110 863</i>	<i>10.2%</i>
<i>Goodwill</i>	<i>91 633</i>	<i>86 302</i>	<i>5 331</i>	<i>6.2%</i>
<i>Investment in associates</i>	<i>60 874</i>	<i>70 260</i>	<i>(9 386)</i>	<i>(13.4%)</i>
<i>Deferred tax assets</i>	<i>75 516</i>	<i>81 531</i>	<i>(6 015)</i>	<i>(7.4%)</i>
<i>Other</i>	<i>73 537</i>	<i>73 020</i>	<i>517</i>	<i>0.7%</i>
Current assets, out of which:	<b>2 402 031</b>	<b>1 792 673</b>	<b>609 358</b>	<b>34.0%</b>
<i>Inventories</i>	<i>634 842</i>	<i>494 508</i>	<i>140 334</i>	<i>28.4%</i>
<i>Trade and other receivables</i>	<i>1 254 942</i>	<i>994 155</i>	<i>260 787</i>	<i>26.2%</i>
<i>Cash and cash equivalents</i>	<i>507 064</i>	<i>289 594</i>	<i>217 470</i>	<i>75.1%</i>
<i>Other</i>	<i>5 183</i>	<i>14 416</i>	<i>(9 233)</i>	<i>(64.0%)</i>
<b>Total equity and liabilities</b>	<b>7 305 949</b>	<b>6 578 868</b>	<b>727 081</b>	<b>11.1%</b>
Equity	1 693 234	1 973 986	(280 752)	(14.2%)
Non-current liabilities	2 395 017	1 855 652	539 365	29.1%
Current liabilities	3 217 698	2 749 230	468 468	17.0%

#### ASSETS

At 30 June 2018, the Group's Property, plant and equipment amounted to CZK 3 401 305 thousand and decreased by CZK 16 413 thousand from CZK 3 384 892 thousand at the end of 2017. This change was mainly caused by additions and finance lease additions totalling CZK 208 190 thousand, additions from acquired subsidiary of CZK 113 220 thousand and on the other hand the depreciation charge of CZK 245 220 thousand. The additions comprise mainly cars and sales support equipment.

As at 30 June 2018, Intangible assets were of CZK 1 201 053 thousand and increased by CZK 110 863 thousand or 10.2 % in comparison with 31 December 2017 mainly because of additions in amount of CZK 129 458 thousand connected with the acquisition of Leros. Amortization amounted CZK 24 689 thousand.

The Group's current assets as at 30 June 2018 amounted to CZK 2 402 031 thousand, of which 53 % is represented by Trade and other receivables, 21 % is represented by Cash and cash equivalents and 26 % is formed by Inventories. The net increase of CZK 609 358 thousand or 34 % is mainly attributable to increased receivables, cash increased by CZK 217 470 thousand.

Deferred tax asset decreased by CZK 6 015 thousand to CZK 75 516 thousand, of which CZK 60 965 thousand is a deferred tax asset of RADENSKA d.o.o., resulting mainly from tax losses that are expected to be utilised in future.

#### LIABILITIES

As at 30 June 2018, the Group's current and non-current liabilities amounted to CZK 5 612 715 thousand, which constitutes an 29.8 % (CZK 1 007 833 thousand) increase compared to CZK 4 604 882 thousand at the end of December 2017. The new Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 243 682 (2017: 1 644 571 thousand) as at 30 June 2018 is a main component of Group's liabilities. The reason for the execution of the Facility loan agreement was a consolidation of group financing to ensure strategic development, taking advantage of the favourable conditions of financial market and reduction of total financial cost. In 6M18 the refinancing of the Group continued – the Group withdrawn another part of Facility loan of CZK 750 779 thousand.

The Group's consolidated net debt (calculated as total non-current and current liabilities relating to credits, loans, bonds, leases and other debt instruments less cash and cash equivalents) amounted to CZK 2 740 785 thousand as at 30 June 2018, which represents an increase of CZK 364 913 thousand or 15.4 % compared to CZK 2 375 872 thousand as at 31 December 2017. This increase is mainly influenced by payment of dividends.

The Group's consolidated net debt / Adjusted EBITDA as at 30 June 2018 was of 2.63 compared to 2.50 at the end of 2017.

The Group's provisions increased by CZK 12 441 thousand from CZK 126 303 thousand to CZK 138 744 thousand, which is mainly influenced by increase of provisions for bonuses.

## 3. BUSINESS OVERVIEW



### 3.1.5 CASH FLOWS

#### NET CASH FLOW FROM OPERATING ACTIVITIES

In 6M18, the Group's net cash flow from operating activities amounted to CZK 377 549 thousand and increased by CZK 152 729 thousand from CZK 224 820 thousand in 6M17. Increased operating cash flow in 6M18 is caused by higher profit before tax adjusted for non-cash movements (by CZK 95 million), by balanced cash flow effect from working capital changes (by CZK 37 million), and lower tax paid (by CZK 20 million).

#### NET CASH FLOW FROM INVESTING ACTIVITIES

In 6M18, the Group's net cash outflow from investing activities amounted to CZK (312 419) thousand and increased by CZK 81 419 thousand from CZK (231 000) thousand in 6M17. The outflow increase is a net effect of higher cash outflow in 2018 due to purchase of Leros and Minerálka subsidiaries and lower CAPEX.

#### NET CASH FLOW FROM FINANCING ACTIVITIES

In 6M18, the Group's net cash inflow from financing activities amounted to CZK 151 165 thousand and increased by CZK 367 452 thousand from CZK (216 287) thousand in 6M17. The higher inflow was mainly a result of higher net inflow from loans (by CZK 696 331 thousand) which exceeded higher outflow of dividends (by CZK 329 015 thousand).

### 3.1.6 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

Kofola Group will continue to deliver its products across Central and Eastern Europe, improve the efficiency of direct distribution in the Czech Republic and extend sales support in the Adriatic region.

In the Adriatic region, in next 6 months, we will enlarge distribution index of current products in Croatia and work on higher rotation of our products on shelves. Our key goal remains to significantly increase Studenac market share in Croatia.

Polish segment will carry on its business activities with focus on branded products. Product portfolio has been redesigned to meet consumers' demand and current trends. Nevertheless, our brands are not sufficient for building a strong position on demanding Polish market. We necessarily need to fill in our portfolio. This is why we concluded a contract of distribution of ice teas with Nestea and we actively search for acquisition opportunities in the Polish market. Once we will not succeed in this area in year 2018, we will consider other strategic options.

In Czechia, we will integrate LEROS with Premium Rosa and build our new segment based on authentic healthy raw materials. In Ugo, we have ended the phase of expansion and now we would focus on economic efficiency.

In Slovakia, we will integrate our latest acquisition of Klášťorná mineral water to our business with an aim to start the production in 2019.

## 3. BUSINESS OVERVIEW

### 3.1.7 ALTERNATIVE PERFORMANCE INDICATORS

Even though ESMA (European Securities and Markets Authority) does not require a reconciliation of Alternative Performance Indicators (APM) to financial statements if the APM can be defined from the financial statements, we add such a reconciliation for better understanding of our calculation of EBITDA and Net Debt.

Definition and reconciliation of APM to the financial statements (FS)		FS	Line in FS
Revenue	A	Statement of Profit or Loss	Revenue
Cost of sales	(B)	Statement of Profit or Loss	Cost of sales
<b>Gross profit</b>	<b>A+B=C</b>	Statement of Profit or Loss	<b>Gross profit</b>
Selling, marketing and distribution costs	(D)	Statement of Profit or Loss	Selling, marketing and distribution costs
Administrative costs	(E)	Statement of Profit or Loss	Administrative costs
Other operating income, net	F	Statement of Profit or Loss	Other operating income + Other operating expenses
<b>Operating profit</b>	<b>C+D+E+F=G</b>	Statement of Profit or Loss	<b>Operating profit</b>
Depreciation and amortisation	H	Statement of Cash Flows	Depreciation and amortization
<b>EBITDA</b>	<b>G+H=I</b>	-	-
Bank credits and loans	J	Statement of Financial Position	Bank credits and loans*
Bonds issued	K	Statement of Financial Position	Bonds issued
Finance lease liabilities	L	Statement of Financial Position	Finance lease liabilities*
Cash and cash equivalents	M	Statement of Financial Position	Cash and cash equivalents
<b>Net debt</b>	<b>J+K+L-M=N</b>	-	-
Net debt/ EBITDA	N/I	-	-

\* in both current and non-current liabilities

#### PURPOSE OF APM:

##### A. EBITDA

The Company uses EBITDA because it is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Company's depreciation and amortization policy, capital structure and tax treatment. EBITDA indicator is also treated as a good approximation for operating cash flow. Additionally, it is one of the fundamental indicators used by companies worldwide to set their key financial and strategic objectives.

The Company uses EBITDA indicator also in budgeting process, benchmarking with its peers and as a basis for remuneration for key management staff. Such indicator is also used by stock exchange and bank analysts.

##### B. NET DEBT

The Company uses Net debt indicator because it shows the real level of a Company's financial debt, i.e. the nominal amount of debt net of cash, cash equivalents, and highly liquid financial assets held by the Company. The indicator allows assessing the overall indebtedness of the Company.

##### C. NET DEBT/EBITDA

The Company uses Net debt / EBITDA indicator because it indicates a Company's capability to pay back its debt as well as its ability to take on additional debt to grow its business. Additionally, the Company uses this indicator to assess the adequacy of its capital structure and stability of its expected cash flows. Such indicator is also used by stock exchange and bank analysts.

### 3.1.8 DIVIDEND POLICY

On General Meeting held on 21 June 2017, the Company announced the change in the dividend policy with the aim of distributing of a dividend to the shareholders of Kofola of at least 60% of its consolidated net profit achieved in each financial year from 2017 until 2020, subject to sufficient distributable profits.

## 3. BUSINESS OVERVIEW



### 3.2. SUBSEQUENT EVENTS

#### DECREASE OF SHARE CAPITAL

The General Meeting of the Company held on 13 August 2018 approved a decrease of the registered capital. The proposal for a decision on the reduction of the registered capital of the Company is described in the published invitation to the General Meeting.

No other events have occurred after the end of the reporting period that would require disclosures in the Board of directors' report.



## 4. CORPORATE GOVERNANCE



### 4.1. SHARES AND SHAREHOLDERS

#### 4.1.1 SHARE CAPITAL

As at 30 June 2018, the share capital of Kofola ČeskoSlovensko a.s. totalled CZK 2 229 500 000 and comprised 22 295 000 common registered shares with a nominal value of CZK 100 each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

The Share capital of the Company is fully paid up. The shares have been admitted for trading on the Prague Stock Exchange.

#### 4.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure	30.6.2018	
	Number of shares pcs	Share %
AETOS a.s.	15 159 204	68.00%
CED GROUP S. a r.l.	2 768 445	12.42%
RADENSKA d.o.o.	1 114 109	5.00%
Others	3 253 242	14.58%
<b>Total shares volume</b>	<b>22 295 000</b>	<b>100.00%</b>

Group shareholders structure	31.12.2017	
	Number of shares pcs	Share %
AETOS a.s.	15 159 204	68.00%
CED GROUP S. a r.l.	4 673 445	20.96%
RADENSKA d.o.o.	1 114 109	5.00%
Others	1 348 242	6.04%
<b>Total shares volume</b>	<b>22 295 000</b>	<b>100.00%</b>

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. As of 10 August 2017, AETOS a.s. purchased 2 675 400 shares of Kofola representing 12 % of Kofola's share capital from CED GROUP S.à r.l. AETOS a.s., owned by the Samaras family and other founders owns 68 % of Kofola's shares as of 30 June 2018.

RADENSKA d.o.o. purchased in 2017 in a public tender offer 1 114 109 shares of the Company (which represents 5.0 % of the Company's share capital) in the total value of CZK 490 208 thousand (CZK 440 per share). In compliance with the relevant legal provisions, the voting rights attached to the shares owned by the Company and by RADENSKA d.o.o. cannot be exercised.

On 20 June 2018, CED Group s.à r.l, a subsidiary of PEF VI managed by Enterprise Investors ("CED Group"), sold 1 905 000 shares of the Company, corresponding to 8.5 % of the Company's share capital, at a price per share of CZK 270. As a result of the sale, CED Group now owns 2 768 445 shares of the Company (approx. 12.42 % of the Company's share capital, at YE2017 CED Group owned 20.96 %). The free float increased to 14.58 %

Subsequently, KSM intends to merge into AETOS a.s.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS 6M 2018  
KOFOLA ČESKOSLOVENSKO A.S.

# 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2018 and 30 June 2017 in CZK thousand.

Consolidated statement of profit or loss	Note	6M18	6M17
		CZK'000	CZK'000
Revenue from the sale of finished products and services	4.1	3 126 149	3 104 254
Revenue from the sale of goods and materials	4.1	310 270	266 728
<b>Revenue</b>		<b>3 436 419</b>	<b>3 370 982</b>
Cost of products and services sold	4.2	(1 700 317)	(1 807 828)
Cost of goods and materials sold	4.2	(253 016)	(227 555)
<b>Cost of sales</b>		<b>(1 953 333)</b>	<b>(2 035 383)</b>
<b>Gross profit</b>		<b>1 483 086</b>	<b>1 335 599</b>
Selling, marketing and distribution costs	4.2	(1 104 460)	(1 057 392)
Administrative costs	4.2	(230 280)	(208 954)
Other operating income	4.3	18 212	33 728
Other operating expenses	4.4	(19 949)	(9 402)
<b>Operating profit</b>		<b>146 609</b>	<b>93 579</b>
Finance income	4.5	12 287	41 001
Finance costs	4.6	(58 197)	(44 454)
Share of profit of associate	4.11	10 675	6 018
<b>Profit before income tax</b>		<b>111 374</b>	<b>96 144</b>
Income tax expense	4.7	(47 897)	(31 379)
<b>Profit for the period</b>		<b>63 477</b>	<b>64 765</b>
<i>Attributable to:</i>			
Owners of Kofola ČeskoSlovensko a.s.		65 497	67 319
Non-controlling interests		(2 020)	(2 554)
<b>Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)</b>			
Basic earnings per share	4.8	2.94	3.02
Diluted earnings per share	4.8	2.94	3.02

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

# 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2018 and 30 June 2017 in CZK thousand.

Consolidated statement of other comprehensive income	Note	6M18 CZK'000	6M17 CZK'000
<b>Loss for the period</b>		<b>63 477</b>	<b>64 765</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		12 901	(61 276)
Exchange differences on translation of foreign associate	4.11	(4 037)	(5 714)
Derivatives - Cash flow hedges		547	-
Deferred tax from cash flow hedging		(104)	-
<b>Other comprehensive income for the period, net of tax</b>		<b>9 307</b>	<b>(66 990)</b>
<b>Total comprehensive income for the period</b>		<b>72 784</b>	<b>(2 225)</b>
<b>Attributable to:</b>			
Owners of Kofola ČeskoSlovensko a.s.		74 804	329
Non-controlling interests		(2 020)	(2 554)

*The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.*

# 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2018, 31 December 2017 and 30 June 2017 in CZK thousand.

Assets	Note	30.6.2018 CZK'000	31.12.2017 CZK'000	30.6.2017 CZK'000
<b>Non-current assets</b>		<b>4 903 918</b>	<b>4 786 195</b>	<b>4 851 498</b>
Property, plant and equipment	4.9	3 401 305	3 384 892	3 382 080
Goodwill	4.10	91 633	86 302	86 302
Intangible assets	4.10	1 201 053	1 090 190	1 166 396
Investment in associate	4.11	60 874	70 260	68 086
Other receivables		71 182	70 703	58 618
Other non-financial assets		2 355	2 317	2 371
Deferred tax assets		75 516	81 531	87 645
<b>Current assets</b>		<b>2 402 031</b>	<b>1 792 673</b>	<b>3 277 390</b>
Assets classified as held for sale		-	-	108 331
<b>Current assets excl. Assets classified as held for sale</b>		<b>2 402 031</b>	<b>1 792 673</b>	<b>3 169 059</b>
Inventories		634 842	494 508	588 498
Trade and other receivables		1 254 942	994 155	1 374 478
Income tax receivables		5 183	14 416	8 300
Cash and cash equivalents		507 064	289 594	1 197 783
<b>Total assets</b>		<b>7 305 949</b>	<b>6 578 868</b>	<b>8 128 888</b>
<b>Liabilities and equity</b>				
	Note	30.6.2018 CZK'000	31.12.2017 CZK'000	30.6.2017 CZK'000
<b>Equity attributable to owners of Kofola ČeskoSlovensko a.s.</b>		<b>1 698 938</b>	<b>1 977 670</b>	<b>2 435 518</b>
Share capital	1.5	2 229 500	2 229 500	2 229 500
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)	(1 962 871)
Other reserves	1.5	2 049 428	2 048 985	2 075 994
Foreign currency translation reserve	1.5	45 894	37 030	98 935
Own shares	1.5	(491 565)	(491 565)	(1 357)
Retained earnings	1.5	(171 448)	116 591	(4 683)
<b>Equity attributable to non-controlling interests</b>	1.5	<b>(5 704)</b>	<b>(3 684)</b>	<b>342</b>
<b>Total equity</b>	1.5	<b>1 693 234</b>	<b>1 973 986</b>	<b>2 435 860</b>
<b>Non-current liabilities</b>		<b>2 395 017</b>	<b>1 855 652</b>	<b>1 431 710</b>
Bank credits and loans	4.14	2 023 943	1 480 488	786 718
Bonds issued	4.13	-	-	327 867
Finance lease liabilities		94 142	112 867	139 692
Provisions		87 629	85 483	21 984
Other liabilities		2 227	-	7 864
Deferred tax liabilities		187 076	176 814	147 585
<b>Current liabilities</b>		<b>3 217 698</b>	<b>2 749 230</b>	<b>4 261 318</b>
Bank credits and loans	4.14	735 384	682 025	1 612 132
Bonds issued	4.13	341 134	332 513	11 212
Finance lease liabilities		53 246	57 573	54 985
Trade and other payables		2 013 556	1 630 999	2 153 568
Income tax liabilities		23 263	5 300	3 152
Other financial liabilities		-	-	300 941
Provisions		51 115	40 820	125 328
<b>Total liabilities</b>		<b>5 612 715</b>	<b>4 604 882</b>	<b>5 693 028</b>
<b>Total liabilities and equity</b>		<b>7 305 949</b>	<b>6 578 868</b>	<b>8 128 888</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2018 and 30 June 2017 in CZK thousand.

Consolidated statement of cash flows	Note	6M18 CZK '000	6M17 CZK '000
<b>Cash flows from operating activities</b>			
Profit before income tax	1.1	111 374	96 144
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.2	269 901	269 727
Net interest	4.5, 4.6	38 322	35 484
Share of result of associate	4.11	(10 675)	(6 018)
Change in the balance of provisions and adjustments		1 357	(29 986)
Derivatives	4.5, 4.6	2 816	(6 136)
Gain on sale of PPE and intangible assets	4.3, 4.4	(7 740)	(13 339)
Net exchange differences		(2 783)	(30 713)
Other		10 624	3 113
Cash movements			
Income taxes paid		(31 387)	(51 873)
Change in operating assets and liabilities			
Change in receivables		(244 404)	(314 444)
Change in inventories		(101 823)	(104 567)
Change in payables		341 967	377 428
<b>Net cash inflow from operating activities</b>		<b>377 549</b>	<b>224 820</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant and equipment		17 071	21 126
Acquisition of property, plant and equipment and intangible assets		(231 913)	(252 538)
Purchase of subsidiary, excluding cash from takeover		(113 724)	-
Dividends and interest received		16 147	412
<b>Net cash outflow from investing activities</b>		<b>(312 419)</b>	<b>(231 000)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(27 100)	(27 456)
Proceeds from loans and bank credits		874 760	35 159
Repayment of loans and bank credits		(328 635)	(185 365)
Dividends paid to company's shareholders		(339 931)	(10 916)
Interest and bank charges paid		(29 733)	(27 267)
Purchase of own shares		-	(442)
Derivatives		1 804	-
<b>Net cash outflow from financing activities</b>		<b>151 165</b>	<b>(216 287)</b>
Net increase (decrease) in cash and cash equivalents		216 295	(222 467)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>289 594</b>	<b>1 421 014</b>
Effects of exchange rate changes on cash and cash equivalents		1 175	(764)
<b>Cash and cash equivalents at the end of the period</b>		<b>507 064</b>	<b>1 197 783</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2018, 12-month period ended 31 December 2017 and 6-month period ended 30 June 2017 in CZK thousand.

Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.							Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings	Total		
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000		
<b>Balance as at 31 December 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 048 985</b>	<b>37 030</b>	<b>(491 565)</b>	<b>116 591</b>	<b>1 977 670</b>	<b>(3 684)</b>	<b>1 973 986</b>
IFRS 9 adjustment	3.7	-	-	-	-	-	7 594	7 594	-	7 594
<b>Balance as at 1 January 2018</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 048 985</b>	<b>37 030</b>	<b>(491 565)</b>	<b>124 185</b>	<b>1 985 264</b>	<b>(3 684)</b>	<b>1 981 580</b>
Profit / (loss) for the period	1.1	-	-	-	-	-	65 497	65 497	(2 020)	63 477
Other comprehensive income		-	-	443	8 864	-	-	9 307	-	9 307
<b>Total comprehensive income / (loss) for the period</b>	1.2	-	-	<b>443</b>	<b>8 864</b>	-	<b>65 497</b>	<b>74 804</b>	<b>(2 020)</b>	<b>72 784</b>
Dividends		-	-	-	-	-	(361 130)	(361 130)	-	(361 130)
<b>Balance as at 30 June 2018</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 049 428</b>	<b>45 894</b>	<b>(491 565)</b>	<b>(171 448)</b>	<b>1 698 938</b>	<b>(5 704)</b>	<b>1 693 234</b>

# 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.							Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings	Total		
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000		
<b>Balance as at 1 January 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 075 994</b>	<b>165 925</b>	<b>(915)</b>	<b>228 939</b>	<b>2 736 572</b>	<b>2 896</b>	<b>2 739 468</b>
Profit / (loss) for the period	1.1	-	-	-	-	-	67 319	67 319	(2 554)	64 765
Other comprehensive (loss)		-	-	-	(66 990)	-	-	(66 990)	-	(66 990)
<b>Total comprehensive income / (loss) for the period</b>	1.2	-	-	-	<b>(66 990)</b>	-	<b>67 319</b>	<b>329</b>	<b>(2 554)</b>	<b>(2 225)</b>
Own shares purchase		-	-	-	-	(442)	-	(442)	-	(442)
Dividends		-	-	-	-	-	(300 941)	(300 941)	-	(300 941)
<b>Balance as at 30 June 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 075 994</b>	<b>98 935</b>	<b>(1 357)</b>	<b>(4 683)</b>	<b>2 435 518</b>	<b>342</b>	<b>2 435 860</b>
<b>Balance as at 1 January 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 075 994</b>	<b>165 925</b>	<b>(915)</b>	<b>228 939</b>	<b>2 736 572</b>	<b>2 896</b>	<b>2 739 468</b>
Profit / (loss) for the period	1.1	-	-	-	-	-	158 775	158 775	(6 580)	152 195
Other comprehensive (loss)		-	-	-	(128 895)	-	-	(128 895)	-	(128 895)
<b>Total comprehensive income / (loss) for the period</b>	1.2	-	-	-	<b>(128 895)</b>	-	<b>158 775</b>	<b>29 880</b>	<b>(6 580)</b>	<b>23 300</b>
Dividends		-	-	-	-	-	(300 941)	(300 941)	-	(300 941)
Own shares purchase		-	-	-	-	(490 650)	-	(490 650)	-	(490 650)
Transfers		-	-	(29 818)	-	-	29 818	-	-	-
Option scheme		-	-	2 809	-	-	-	2 809	-	2 809
<b>Balance as at 31 December 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 048 985</b>	<b>37 030</b>	<b>(491 565)</b>	<b>116 591</b>	<b>1 977 670</b>	<b>(3 684)</b>	<b>1 973 986</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## 2. GENERAL INFORMATION



### 2.1. CORPORATE INFORMATION

#### GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. (“the Company”) is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company’s websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030. LEI: 3157005DO9L5OWHBQ359.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2018 was providing certain services for the other companies in Kofola Group, e.g. strategic services, services related to products, shared services and holding of licences and trademarks.

Kofola ČeskoSlovensko a.s. is a parent of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland, Slovenia and Croatia with limited activities in Russia. The Group produces drinks with care and love in seven production plants and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets, the Group distributes among others Pepsi, Rauch, Evian or Badoit products and under the licence produces RC Cola and Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for the whole reported period part of the group controlled by KSM Investment S.A. („Group “). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. The ownership structure is described in section B 4.17.1.

#### STOCK EXCHANGE LISTING

Kofola ČeskoSlovensko a.s. is listed on Prague Stock Exchange (ticker KOFOL).

#### MANAGEMENT

As at 30 June 2018, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

##### *BOARD OF DIRECTORS*

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Marián Šefčovič

##### *SUPERVISORY BOARD*

- René Sommer – Chairman
- Dariusz Prończuk
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Bartosz Kwiatkowski

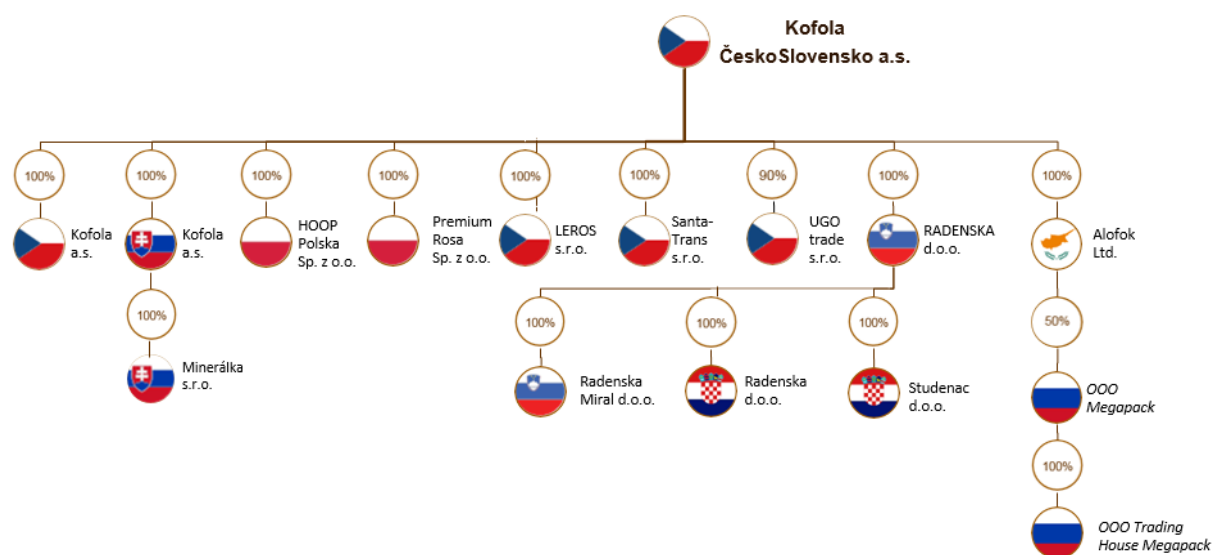
##### *AUDIT COMMITTEE*

- Petr Šobotník – Chairman
- Pavel Jakubík
- Bartosz Kwiatkowski

## 2. GENERAL INFORMATION

### 2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2018



#### DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.6.2018	31.12.2017
<b>Holding companies</b>				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Alofok Ltd.	Cyprus	holding	100.00%	100.00%
<b>Production and trading</b>				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	sales support and administration	100.00%	100.00%
Radenska Miral d.o.o.	Slovenia	trademark licensing	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	production and distribution of products from medicinal plants and quality natural teas	100.00%	n/a
Minerálka s.r.o.	Slovakia	inactive	100.00%	n/a
<b>Transportation</b>				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
<b>Associated companies</b>				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

### 3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

#### BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) adopted by the European Union, published and effective for reporting periods beginning 1 January 2018.

The consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition as required by IFRS 3.

The consolidated financial statements include the consolidated statement of the financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes.

The Group’s consolidated financial statements cover the period ended 30 June 2018 and contain comparatives for the period ended 30 June 2017.

The consolidated financial statements are presented in Czech crowns (“CZK”), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in section 3.6.

#### ADOPTION OF CHANGES TO STANDARDS

In May 2014, the International Accounting Standards Board (“IASB”) issued IFRS 15 - Revenue from Contracts with Customers which was subsequently endorsed by the European Union in September 2016. IFRS 15 establishes a framework for determining whether, how much and when revenue is recognised from contracts with customers. IFRS 15 supersedes existing standards and interpretations related to revenue. It defines a new five-step model to recognise revenue from customer contracts. The Group applies the new standard from 1 January 2018. No prior period financial information needs to be restated. The Group has undertaken a review of the main types of commercial arrangements used with customers under this model and has tentatively concluded that the application of IFRS 15 would not have a material impact on the consolidated results or financial position. The Group have already applied in the past the “trade money concept” when accounting for certain payments to customers, such as bonuses, listing fees and marketing support expenses was recorded as reduction of revenue.

In July 2014, the IASB issued IFRS 9 – Financial Instruments which was subsequently endorsed by the EU in November 2016. The standard addresses the accounting principles for the financial reporting of financial assets and financial liabilities, including classification, measurement, impairment, derecognition and hedge accounting. The standard contains three classification categories: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL) and eliminates the existing IAS 39 categories: loans and receivables, held to maturity and available for sale. It is mandatory for the accounting period beginning on 1 January 2018. The Group has performed a review of the business model and decided to apply the modified retrospective approach with the effect of the change accounted in retained earnings as of 1 January 2018, 2017 comparative numbers will not be restated. The Group has assessed the impact of IFRS 9 and concluded that it would have an effect on the valuation of impairment to trade receivables. The effect of expected loss model on trade receivables which requires the identification of the credit risk concluded that the bad debt provision should be lower with the after-tax effect recorded in equity as of 1 January 2018 is described in section B 3.7.

IFRS 16 Leases – the new standard will be applied for the accounting period beginning on 1 January 2019. The Group is in the process of assessing the impact of the standard which is likely to result in changes to EBITDA and finance cost but is not expected to have a material impact on profit before tax. In addition, there is expected to be an increase in property, plant and equipment with a corresponding increase in liabilities as applicable leases are brought onto the balance sheet.

Other new standards and amendments are not relevant to the Group or do not have material effect on its financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES



### 3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency.

### 3.3. FOREIGN CURRENCY TRANSLATION

The financial statements items of the group entities are measured using their functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the closing exchange rate announced by the Czech National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- cost of sales – for trading operations,
- finance income and costs – for financial operations.

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are stated at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were remeasured to the fair value.

Exchange differences on loans granted to subsidiaries forming a part of an investment are transferred, as part of consolidation adjustments, from profit or loss to other comprehensive income and accumulated in Foreign currency translation reserve in equity.

The following exchange rates were used for the preparation of the financial statements:

Closing exchange rates	30.6.2018	31.12.2017	30.6.2017
CZK/EUR	26.020	25.540	26.195
CZK/PLN	5.950	6.114	6.199
CZK/RUB	0.356	0.368	0.388
CZK/USD	22.318	21.291	22.952
CZK/HRK	3.524	3.439	3.535

Average exchange rates	1.1.2018 - 30.6.2018	1.1.2017 - 31.12.2017	1.1.2017 - 30.6.2017
CZK/EUR	25.500	26.330	26.784
CZK/PLN	6.043	6.185	6.274
CZK/RUB	0.355	0.401	0.427
CZK/USD	21.080	23.382	24.753
CZK/HRK	3.438	3.528	3.596

The results and financial position of foreign operations are translated into CZK as follows:

- assets and liabilities for each statement of financial position presented at closing exchange rates announced by the Czech National Bank for the balance sheet date,
- income and expense for each statement of profit or loss at average exchange rates announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions,
- the resulting exchange differences are recognised in other comprehensive income and accumulated in equity,
- cashflow statement items at the average exchange rate announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions. The resulting foreign exchange differences are recognized under the "Effects of exchange rate changes on cash and cash equivalents" item of the cash-flow statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## 3. SIGNIFICANT ACCOUNTING POLICIES



### 3.4. CONSOLIDATION METHODS

The consolidation methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2017.

### 3.5. ACCOUNTING METHODS

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2017.

### 3.6. SIGNIFICANT ESTIMATES

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group's management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors considered at their calculation, new information or past experiences. For this reason, the estimates made as at 30 June 2018 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Impairment of investment in associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Useful life of trade marks	The history of the trade mark on the market, market position, useful life of similar products, the stability of the market segment, competition.
Income tax	Assumptions used to recognise deferred income tax assets.

### 3.7. RESTATEMENTS AND CORRECTION OF ERRORS

The Group has assessed the impact of IFRS 9 and concluded that it would have an effect on the valuation of impairment to trade receivables. The Group uses a modified retrospective approach with the effect of the change accounted in retained earnings as of 1 January 2018, 2017 comparative numbers will not be restated.

The effect of expected loss model on trade receivables which requires the identification of the credit risk concluded that the bad debt provision should be lower with the after-tax effect recorded in equity as of 1 January 2018 in amount of CZK 7 594 thousand.

### 3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 13 August 2018.



## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.1. SEGMENT INFORMATION

The Board of Directors of Kofola ČeskoSlovensko a.s. is the chief operating decision maker (“CODM”) responsible for operational decision-making and uses segment results to decide on the allocation of resources to the segments and to assess segments’ performance. The Board of Directors examine the group’s performance from a product and geographic perspective and has identified the following reportable business segments:

#### Geographic segments

- Czech Republic
- Slovakia
- Poland
- Slovenia
- Other

Furthermore, CODM monitors revenue, but not a profit measure, from the following product lines:

- Carbonated beverages
- Non-carbonated beverages (incl. UGO fresh bottles)
- Waters
- Syrups
- Fresh bars & Salads
- Other (e.g. energy drinks, isotonic drinks, transportation and other services)

The Group applies the same accounting methods to all segments. These policies are also in line with the accounting methods used in the preparation of these consolidated financial statements. Transactions between segments are eliminated in the consolidation process.

The segment Other represents an aggregation of few other countries mainly in Europe with similar economic characteristics.

The Group did not identify any customer in the six-month period ended 30 June 2018 that generated more than 10 % of the Group’s consolidated revenue (Group’s revenue from significant customer in 6M17: CZK 327 124 thousand).

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### GEOGRAPHIC SEGMENTS

1.1.2018 – 30.6.2018	Czech Republic	Slovakia	Poland	Slovenia	Other	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
<b>Revenue</b>	1 630 197	1 006 116	561 176	388 549	272 021	3 858 059	(421 640)	-	3 436 419
External revenue	1 507 470	819 166	529 439	364 574	215 770	3 436 419	-	-	3 436 419
Inter-segment revenue	122 727	186 950	31 737	23 975	56 251	421 640	(421 640)	-	-
<b>Operating expenses</b>	(1 537 792)	(894 528)	(616 904)	(346 712)	(315 514)	(3 711 450)	421 640	-	(3 289 810)
Related to external revenue	(1 415 065)	(707 578)	(585 167)	(322 737)	(259 263)	(3 289 810)	-	-	(3 289 810)
Related to inter-segment revenue	(122 727)	(186 950)	(31 737)	(23 975)	(56 251)	(421 640)	421 640	-	-
<b>Operating profit/(loss)</b>	<b>92 405</b>	<b>111 588</b>	<b>(55 728)</b>	<b>41 837</b>	<b>(43 493)</b>	<b>146 609</b>	-	-	<b>146 609</b>
Finance income/(costs), net						283 856	(329 766)	-	(45 910)
- within segment						(45 910)	-	-	(45 910)
- between segments						329 766	(329 766)	-	-
Share of profit of associate						-	-	10 675	10 675
<b>Profit/(loss) before income tax</b>						430 465	(329 766)	10 675	111 374
Income tax expense						(48 847)	950	-	(47 897)
<b>Profit/(loss) for the period</b>	<b>336 732</b>	<b>85 660</b>	<b>(69 208)</b>	<b>56 448</b>	<b>(28 014)</b>	<b>381 618</b>	<b>(328 816)</b>	<b>10 675</b>	<b>63 477</b>
<b>EBITDA</b>	<b>215 794</b>	<b>163 408</b>	<b>(10 809)</b>	<b>72 794</b>	<b>(24 677)</b>	<b>416 510</b>	-	-	<b>416 510</b>
One-offs (A 3.1.1)	13 946	2 550	5 061	-	1 126	22 683	-	-	22 683
<b>Adjusted EBITDA (A 3.1.1)</b>	<b>229 740</b>	<b>165 958</b>	<b>(5 748)</b>	<b>72 794</b>	<b>(23 551)</b>	<b>439 193</b>	-	-	<b>439 193</b>
<b>Assets and liabilities</b>									
Segment assets	6 525 442	1 398 253	1 481 324	1 420 908	394 964	11 220 891	(3 975 816)	60 874	7 305 949
<b>Total assets</b>	<b>6 525 442</b>	<b>1 398 253</b>	<b>1 481 324</b>	<b>1 420 908</b>	<b>394 964</b>	<b>11 220 891</b>	<b>(3 975 816)</b>	<b>60 874</b>	<b>7 305 949</b>
Segment liabilities	4 249 894	1 070 818	757 758	609 032	305 870	6 993 372	(1 380 657)	-	5 612 715
Equity									1 693 234
<b>Total liabilities and equity</b>									<b>7 305 949</b>
<b>Other segment information</b>									
Additions to PPE and Intangible assets	88 871	58 268	26 777	30 804	16 080	220 800	-	-	220 800
Depreciation and amortisation	123 389	51 820	44 919	30 957	18 816	269 901	-	-	269 901
Other Impairment losses	521	866	815	-	-	2 202	-	-	2 202
Other Impairment losses reversals	(6 544)	(153)	(6 425)	-	(609)	(13 731)	-	-	(13 731)

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2017 – 30.6.2017	Czech Republic	Slovakia	Poland	Slovenia	Other	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
<b>Revenue</b>	<b>1 513 444</b>	<b>960 638</b>	<b>705 008</b>	<b>379 742</b>	<b>242 943</b>	<b>3 801 775</b>	<b>(430 793)</b>	-	<b>3 370 982</b>
External revenue	1 384 478	786 988	655 768	353 307	190 441	3 370 982	-	-	3 370 982
Inter-segment revenue	128 966	173 650	49 240	26 435	52 502	430 793	(430 793)	-	-
<b>Operating expenses</b>	<b>(1 523 565)</b>	<b>(866 075)</b>	<b>(724 640)</b>	<b>(335 927)</b>	<b>(257 989)</b>	<b>(3 708 196)</b>	<b>430 793</b>	-	<b>(3 277 403)</b>
Related to external revenue	(1 394 599)	(692 425)	(675 400)	(309 492)	(205 487)	(3 277 403)	-	-	(3 277 403)
Related to inter-segment revenue	(128 966)	(173 650)	(49 240)	(26 435)	(52 502)	(430 793)	430 793	-	-
<b>Operating profit/(loss)</b>	<b>(10 121)</b>	<b>94 563</b>	<b>(19 632)</b>	<b>43 815</b>	<b>(15 046)</b>	<b>93 579</b>	-	-	<b>93 579</b>
Finance income/(costs), net						198 825	(202 278)	-	(3 453)
- within segment						(3 453)	-	-	(3 453)
- between segments						202 278	(202 278)	-	-
Share of loss of associate						-	-	6 018	6 018
<b>Profit/(loss) before income tax</b>						<b>292 404</b>	<b>(202 278)</b>	<b>6 018</b>	<b>96 144</b>
Income tax expense						(31 351)	(28)	-	(31 379)
<b>Profit/(loss) for the period</b>	<b>175 631</b>	<b>67 528</b>	<b>(29 349)</b>	<b>63 019</b>	<b>(15 776)</b>	<b>261 053</b>	<b>(202 306)</b>	<b>6 018</b>	<b>64 765</b>
<b>EBITDA</b>	<b>117 372</b>	<b>155 250</b>	<b>21 864</b>	<b>76 117</b>	<b>(7 297)</b>	<b>363 306</b>	-	-	<b>363 306</b>
One-offs (A 3.1.1)	-	-	(16 469)	2 100	-	(14 369)	-	-	(14 369)
<b>Adjusted EBITDA (A 3.1.1)</b>	<b>117 372</b>	<b>155 250</b>	<b>5 395</b>	<b>78 217</b>	<b>(7 297)</b>	<b>348 937</b>	-	-	<b>348 937</b>
<b>Assets and liabilities</b>									
Segment assets	6 445 012	1 311 629	1 626 114	2 364 777	402 101	12 149 633	(4 088 831)	68 086	8 128 888
<b>Total assets</b>	<b>6 445 012</b>	<b>1 311 629</b>	<b>1 626 114</b>	<b>2 364 777</b>	<b>402 101</b>	<b>12 149 633</b>	<b>(4 088 831)</b>	<b>68 086</b>	<b>8 128 888</b>
Segment liabilities	4 072 112	1 006 194	729 555	497 051	257 986	6 562 898	(869 870)	-	5 693 028
Equity									2 435 860
<b>Total liabilities and equity</b>									<b>8 128 888</b>
<b>Other segment information</b>									
Additions to PPE and Intangible assets	101 831	25 659	24 255	95 083	26 344	273 172	-	-	273 172
Depreciation and amortisation	127 493	60 687	41 496	32 302	7 749	269 727	-	-	269 727
Other Impairment losses	4 800	27	709	2 625	438	8 599	-	-	8 599
Other Impairment losses reversals	(1 111)	(884)	(4 837)	-	-	(6 832)	-	-	(6 832)

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### PRODUCT LINES

1.1.2018 - 30.6.2018	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Revenue	1 390 902	364 162	990 979	322 310	196 530	171 536	3 436 419

1.1.2017 - 30.6.2017	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Revenue	1 416 893	299 816	1 026 277	339 131	155 747	104 763	3 370 982

### SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

#### SEASONALITY

Seasonality is associated with periodic deviations in demand and supply, of certain significance in the shaping of the Kofola Group's general sales trends. Beverage sales peak appears in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the year ended 31 December 2017, about 19 % (21 % in 2016) of revenue from the sales of finished products and services was earned in the 1st quarter, with 29 % (29 % in 2016), 29 % (28 % in 2016) and 23 % (22 % in 2016) of the annual consolidated revenues earned in the 2nd, 3rd and 4th quarters, respectively.

#### CYCLICAL NATURE

The Group's results are to certain extent dependent on economic cycles, in particular on fluctuations in demand and in the prices of raw materials, so-called "commodities".

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.2. EXPENSES BY NATURE

Expenses by nature	6M18 CZK'000	6M17 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	269 901	269 727
Employee benefits expenses (i)	682 396	614 130
Consumption of materials and energy	1 388 524	1 539 740
Cost of goods and materials sold	253 016	227 555
Services	646 454	651 258
Rental costs	60 970	61 169
Taxes and fees	31 417	36 432
Insurance costs	6 144	8 489
Change in allowance to inventory	(6 076)	(4 901)
Change in allowance to receivables	(5 453)	4 933
Other cost/(income)	7 425	18 141
<b>Total expenses by nature*</b>	<b>3 334 718</b>	<b>3 426 673</b>
Change in finished products and work in progress	(46 645)	(124 944)
<b>Reconciliation of expenses by nature to expenses by function</b>	<b>3 288 073</b>	<b>3 301 729</b>
Selling, marketing and distribution costs	1 104 460	1 057 392
Administrative costs	230 280	208 954
Costs of products and services sold	1 700 317	1 807 828
Cost of goods and materials sold	253 016	227 555
<b>Total costs of products sold, merchandise and materials, sales costs and administrative costs</b>	<b>3 288 073</b>	<b>3 301 729</b>

\* excluding Other operating income, Other operating expenses and Impairment

#### (i) Employee benefits expenses

Employee benefits expenses	6M18 CZK'000	6M17 CZK'000
Salaries	503 272	458 176
Social security and other benefit costs	108 879	86 700
Pension benefit plan expenses	70 245	69 254
<b>Total employee benefits expenses</b>	<b>682 396</b>	<b>614 130</b>

### 4.3. OTHER OPERATING INCOME

Other operating income	6M18 CZK'000	6M17 CZK'000
Net gain from the sale of PPE and intangible assets	9 280	13 339
Reinvoiced payments	1 865	1 289
Received subsidies	224	50
Compensation claims	71	656
Write-off liabilities	-	708
Received penalties and compensation for damages	1 826	13 107
Tax return	26	48
Release of provision	164	3 293
Other	4 756	1 238
<b>Total other operating income</b>	<b>18 212</b>	<b>33 728</b>

### 4.4. OTHER OPERATING EXPENSES

Other operating expenses	6M18 CZK'000	6M17 CZK'000
Net loss from disposal of PPE and intangible assets	1 540	-
Provided donations, sponsorship	3 812	5 485
Paid penalties and damages	3 204	-
Other tax expense	124	158
Other	11 269*	3 759
<b>Total other operating expenses</b>	<b>19 949</b>	<b>9 402</b>

\* mainly in HOOP Polska Sp.z.o.o. (described in A-3.1.1.)

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.5. FINANCE INCOME

Finance income	6M18 CZK'000	6M17 CZK'000
Interest from:		
– bank deposits	86	8
– credits and loans granted	-	138
Exchange gains	11 840	32 428
Gain from revaluation of derivatives	-	7 976
Other	361	451
<b>Total finance income</b>	<b>12 287</b>	<b>41 001</b>

### 4.6. FINANCE COSTS

Finance costs	6M18 CZK'000	6M17 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	38 322	35 630
Exchange losses	9 057	1 715
Bank costs and charges	7 822	5 123
Derivatives	2 816	1 840
Other	180	146
<b>Total finance costs</b>	<b>58 197</b>	<b>44 454</b>

### 4.7. INCOME TAX

#### 4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the six-month period ended 30 June 2018 and 30 June 2017 were as follows:

Income tax expense	6M18 CZK'000	6M17 CZK'000
<b>Current income tax</b>	<b>58 957</b>	<b>33 560</b>
Current income tax on profits for the year	58 957	33 560
Adjustments for current income tax of prior periods	-	-
<b>Deferred income tax</b>	<b>(11 060)</b>	<b>(2 181)</b>
Related to arising and reversing of temporary differences	(16 503)	(17 341)
Related to tax losses	5 443	15 160
<b>Income tax expense</b>	<b>47 897</b>	<b>31 379</b>

The income tax rate applicable to the majority of the Group's 2018 and 2017 income is 19 %.

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.8. EARNINGS PER SHARE

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

	6M18 CZK'000	6M17 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	<b>65 497</b>	<b>67 319</b>

	6M18 Pcs	6M17 pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(3 052)	(2 356)
<b>Weighted average number of ordinary shares used to calculate basic earnings per share</b>	<b>22 291 948</b>	<b>22 292 644</b>
Dilution adjustments	-	-
<b>Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share</b>	<b>22 291 948</b>	<b>22 292 644</b>

Based on the above information, the basic and diluted earnings per share amounts to:

Basic earnings per share (CZK/share)	6M18 CZK'000	6M17 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	<b>65 497</b>	<b>67 319</b>
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 292 644
<b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>2.94</b>	<b>3.02</b>

Diluted earnings per share (CZK/share)	6M18 CZK'000	6M17 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	<b>65 497</b>	<b>67 319</b>
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 291 948	22 292 644
<b>Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>2.94</b>	<b>3.02</b>



## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.9. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 321 410 thousand in 1H18 (including additions from acquisitions of subsidiaries).

The investment projects realised by the Group in 1H18 comprise primarily additions to a production machinery, mainly in Czechia and Slovenia, assets from acquisition of LEROS, Minerálka and sales support equipment in CzechoSlovakia.

The investment projects realised by the Group in 1H17 comprise primarily additions to a production line in Slovenia, acquisition of Titbit and sales support equipment in CzechoSlovakia.

### 4.10. INTANGIBLE ASSETS

The Goodwill consists of the goodwill from acquisition of PINELLI spol. s r.o. acquired in April 2011, goodwill from acquisition of production part of Klimo s.r.o. by Kofola a.s. (Czech Republic) in 2006 and goodwill from acquisition of Minerálka s.r.o. acquired in June 2018.

Amortisation of trademarks with definite useful lives is charged to Selling, marketing and distribution costs. Most of the trademarks are not amortized – such trademarks with indefinite useful lives are tested for impairment.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Radenska, Hoop Cola, Paola, Citrocola, Semtex, Erektus and UGO.

In the reporting period ended 30 June 2018, the additions to intangible assets were of CZK 147 400 thousand (including additions from acquisitions of subsidiaries). The most significant additions were connected with acquisition of LEROS, acquisition of Minerálka, investment to SAP in Kofola ČeskoSlovensko and cash register system in UGO.

In the reporting period of six-months ended 30 June 2017, the additions to intangible assets were of CZK 36 848 thousand. The most significant additions were connected with acquisition of Titbit.

### 4.11. INVESTMENT IN ASSOCIATE

#### 4.11.1 000 MEGAPACK

The main activities of the Megapack Group are the provision of beverage bottling services to third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation.

Investment in associate	6M18	2017	6M17
	CZK'000	CZK'000	CZK'000
<b>Opening balance</b>	<b>70 260</b>	<b>67 782</b>	<b>67 782</b>
Share of profit attributable to the Group	10 675	11 845	6 018
Dividend	(16 024)	-	-
Exchange difference	(4 037)	(9 367)	(5 714)
<b>Closing balance</b>	<b>60 874</b>	<b>70 260</b>	<b>68 086</b>

Statement of financial position	30.6.2018	31.12.2017	30.6.2017
	CZK'000	CZK'000	CZK'000
Current assets	382 314	255 469	216 013
Non-current assets	132 250	135 688	135 481
Current liabilities	(287 721)	(150 335)	(130 639)
Non-current liabilities	(23 275)	(15 723)	(15 445)
<b>Net assets</b>	<b>203 568</b>	<b>225 099</b>	<b>205 410</b>

Statement of profit or loss	6M18	2017	6M17
	CZK'000	CZK'000	CZK'000
Revenue	441 359	742 705	250 385
Profit for the period	21 350	23 690	12 036
<b>Share of (loss) attributable to Kofola ČeskoSlovensko group</b>	<b>10 675</b>	<b>11 845</b>	<b>6 018</b>

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.12. DIVIDENDS

Declared dividends	6M18	6M17
	CZK'000	CZK'000
Declared dividend*	361 130	300 941
Dividend per share (CZK/share) **	16.20	13.50

\* net of dividend to own shares

\*\* declared dividend divided by the number of shares outstanding as of dividend record date

### 4.13. BONDS

On 4 October 2013, according to the resolution of the Board of Directors from 12 August 2013, amended on 25 September 2013, KOFOLA S.A. issued 110 pieces of bonds denominated in Czech crowns with total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not subject to public offering,
- were offered in private placements through underwriters, i.e. Česká spořitelna a.s. and PPF banka a.s., based on a subscription agreement from 3 October 2013,
- nominal value of one bond was CZK 3 000 000,
- issue price of one bond represented 99.0 % of the nominal value,
- maturity of bonds was 60 months from the date of issue, i.e. 4 October 2018,
- interest shall be calculated annually, the end of the first interest period was planned for 4 October 2014,
- interest rate – 12M PRIBOR plus a margin of 415 basis points,
- purpose of the bond issue was to obtain funds which will be used primarily to diversify the sources of financing and refinance part of the existing debt of the Group.

Bonds issued have been put on the regulated market of the Prague Stock Exchange, the first listing took place on 7 October 2013.

Own bonds issued	Currency	30.6.2018	31.12.2017	30.6.2017	Interest terms	Maturity date
		CZK'000	CZK'000	CZK'000		
Bonds issued KOFOLA VAR/18	CZK	341 134	332 513	339 079	12M PRIBOR + margin	10/2018
<b>Bonds issued total</b>		<b>341 134</b>	<b>332 513</b>	<b>339 079</b>		

#### INDEBTEDNESS OF THE GROUP FROM ISSUED BONDS

As at 30 June 2018, the Group has a liability from issued bonds in the total amount of CZK 341 134 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 are disclosed in current liabilities. In 2018, the bonds will be refinanced by a bank loan.

Terms and conditions of the issued bonds were met as at 30 June 2018.

### 4.14. BANK CREDITS AND LOANS

#### INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 30 June 2018, the Group's total bank loans and credits amounted to CZK 2 759 327 thousand (2017: CZK 2 162 513 thousand) and increased by CZK 596 814 thousand compared to 31 December 2017.

The new Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 243 682 thousand as at 30 June 2018 is a main component of liabilities of Kofola ČeskoSlovensko a.s. The reason for the execution of the Facility loan agreement was a consolidation of group financing to ensure strategic development, taking advantage of the favourable conditions of financial market and reduction of total financial cost.

#### CREDIT TERMS AND TERMS AND CONDITIONS

Based on credit agreements, the Company is required to meet specified covenants. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year makes it necessary to classify such liabilities as current.

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



All bank loan covenants were met as at 30 June 2018.

### 4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2018 the Group companies provided the following guarantees for third party entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR	3 408	88 681	12/2022	Santa-Trans.SK s.r.o.	third party*
<b>Total guarantees issued as at 31.3.2018</b>				<b>88 681</b>			

\* The fair value of the guarantees is close to zero (fair valuation in level 3).

### 4.16. LEGAL AND ARBITRATION PROCEEDINGS

#### DENATIONALISATION PROCEEDINGS AGAINST RADENSKA

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of RADENSKA d.o.o. – Wilhelmina Höhn Šarič and Ante Šarič. Although the denationalisation claims have been in the process of being decided on for many years (some for more than two decades), the competent authorities have still not ruled. Although the current decisions are favourable for RADENSKA d.o.o., there is a possible risk that they are ill-founded and could therefore be reversed as there is no relevant case law. Therefore, the legal outcome of these proceedings remains highly unclear and uncertain. The value of net assets in RADENSKA d.o.o. as of 31 March 2018 is CZK 703 mil (after exclusion of Kofola shares owned by Radenska).

#### OTHER PROCEEDINGS

Some of the Group companies are routinely involved in legal proceedings which arise in the ordinary course of the Group's business but which are not material to the Group. The Company is not involved in any judicial, administrative or arbitration proceedings and has not conducted such proceedings in the past.

Apart from the above denationalisation proceedings, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company and/or Group is aware, including any claims against the directors of the Company) which may have, or have had during the 12 months prior to the date of these financial statements, an effect on the financial position or profitability of the Company and/or the Group.

### 4.17. RELATED PARTY TRANSACTIONS

#### 4.17.1 SHAREHOLDERS STRUCTURE

Share capital structure Name of entity	30.6.2018			31.12.2017		
	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	15 159 204	68.00	71.58	15 159 204	68.00	71.58
CED GROUP S. a r.l.	2 768 445	12.42	13.07	4 673 445	20.96	22.07
RADENSKA d.o.o.	1 114 109	5.00	0.00	1 114 109	5.00	0.00
Others	3 253 242	14.58	15.35	1 348 242	6.04	6.35
<b>Total</b>	<b>22 295 000</b>	<b>100.00</b>	<b>100.00</b>	<b>22 295 000</b>	<b>100.00</b>	<b>100.00</b>

As of 30 June 2018, the ultimate controlling party is KSM Investment S.A., with registered office Rue de Neudorf 560A, L-2220 Luxembourg.

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. As of 10 August 2017, AETOS a.s. purchased 2 675 400 shares of Kofola representing 12 % of Kofola's share capital from CED GROUP S.à r.l. AETOS a.s., owned by the Samaras family and other founders owns 68 % of Kofola's shares as of 30 June 2018.

RADENSKA d.o.o. purchased in 2017 in a public tender offer 1 114 109 shares of the Company (which represents 5.0 % of the Company's share capital) in the total value of CZK 490 208 thousand (CZK 440 per share). In compliance with the relevant legal provisions, the voting rights attached to the shares owned by the Company and by RADENSKA d.o.o. cannot be exercised.

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



On 20 June 2018, CED Group s.à r.l, a subsidiary of PEF VI managed by Enterprise Investors ("CED Group"), sold 1 905 000 shares of the Company, corresponding to 8.5 % of the Company's share capital, at a price per share of CZK 270. As a result of the sale, CED Group now owns 2 768 445 shares of the Company (12.42 % of the Company's share capital, at YE2017 CED Group owned 20.96 %). The free float increased to 14.58 %.

Subsequently, KSM intends to merge into AETOS a.s.

### 4.17.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section 2.2.

### 4.17.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration of Group's key management personnel in 6M18.

Remuneration of the Group's key management personnel	compensation	Members of the Company's Board of Directors	Members of the Company's Supervisory board	Members of the Company's Audit committee	Other key management personnel of the Group	Total
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Compensation for activities in the Company's Board of Directors	Financial	10 081	-	-	-	10 081
	Non-financial	471	-	-	-	471
Compensation for activities in the Company's Supervisory board	Financial	-	514	-	-	514
	Non-financial	-	-	-	-	-
Compensation for activities in the Company's Audit committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Compensation for other activities within the Group	Financial	3 923	2 122	-	4 137	10 182
	Non-financial	-	216	-	101	317

## 4.18. FINANCIAL INSTRUMENTS

### 4.18.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

30.6.2018	Financial assets at amortised cost	Derivatives at fair value through other comprehensive income	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	1 155 568	-	-	1 155 568
Cash and cash equivalents	507 064	-	-	507 064
Derivatives (i)	-	547	-	547
Bank credits and loans	-	-	(2 759 327)	(2 759 327)
Bonds issued	-	-	(341 134)	(341 134)
Trade and other payables	-	-	(1 721 084)	(1 721 084)
<b>Total</b>	<b>1 662 632</b>	<b>547</b>	<b>(4 821 545)</b>	<b>(3 158 366)</b>

#### (i) Fair value of derivatives

The Group has concluded interest rate swaps. These derivatives are classified as cash flow hedges accounted for at fair value through other comprehensive income.

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Group has included this instrument in Level 2 of fair value hierarchy levels.

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



31.12.2017	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	895 938	-	-	895 938
Cash and cash equivalents	289 594	-	-	289 594
Derivatives (ii)	-	4 620	-	4 620
Bank credits and loans	-	-	(2 162 513)	(2 162 513)
Bonds issued	-	-	(332 513)	(332 513)
Trade and other payables	-	-	(1 472 842)	(1 472 842)
<b>Total</b>	<b>1 185 532</b>	<b>4 620</b>	<b>(3 967 868)</b>	<b>(2 777 716)</b>

### (ii) Fair value of derivatives

Measured derivatives were not traded in active markets, however all significant inputs required for fair value measurement were observable and as such the Group had included this instrument in Level 2 of fair value hierarchy levels.

## 4.19. ACQUISITION OF SUBSIDIARY

### ACQUISITION OF SUBSIDIARY LEROS

On March 13, 2018, the Company concluded an agreement to purchase a 100% stake in LEROS, s.r.o., producer of high quality products from medicinal plants and quality natural teas.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Fair value of assets and liabilities	Book value	Fair value adjustments	Fair value
	CZK'000	CZK'000	CZK'000
Property, plant and equipment	27 416	-	27 416
Intangible assets	104	126 373	126 477
Inventories	27 477	-	27 477
Trade receivables and other receivables	32 844	-	32 844
Cash and cash equivalents	3 595	-	3 595
Other non-current liabilities	(8 356)	-	(8 356)
Bank credits and loans	(39 500)	-	(39 500)
Deferred tax liability	-	(20 177)	(20 177)
Trade liabilities and other liabilities	(38 665)	-	(38 665)
<b>Total identifiable net assets acquired</b>	<b>4 915</b>	<b>106 196</b>	<b>111 111</b>

The following table summarizes the consideration transferred, non-controlling interest, net assets acquired and goodwill.

Goodwill calculation	CZK'000
Consideration transferred	111 111
Net assets acquired	111 111
<b>Goodwill</b>	<b>-</b>

The valuation of net assets was prepared on the provisional basis due to the timing of the transaction. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

## 4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### ACQUISITION OF SUBSIDIARY MINERÁLKA

On June 13, 2018, Kofola a.s., SK concluded an agreement to purchase a 100% stake in Minerálka s.r.o., producer of mineral water.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Fair value of assets and liabilities		CZK'000
Property, plant and equipment		28 942
Trade receivables and other receivables		48
Non-current liabilities		(31 224)
Trade liabilities and other liabilities		(1 986)
<b>Total identifiable net assets acquired</b>		<b>(4 220)</b>

The following table summarizes the consideration transferred, net assets acquired and goodwill.

Goodwill calculation		CZK'000
Consideration transferred		130
Net assets acquired		(4 220)
<b>Goodwill</b>		<b>4 350</b>

The valuation of net assets was prepared on the provisional basis due to the timing of the transaction. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

### 4.20. SUBSEQUENT EVENTS

#### DECREASE OF THE REGISTERED CAPITAL

The General Meeting of the Company held on 13 August 2018 approved a decrease of the registered capital. The proposal for a decision on the reduction of the registered capital of the Company is described in the published invitation to the General Meeting.

No other events have occurred after the end of the reporting period that would require adjusting the amounts recognised and disclosures made in the consolidated financial statements.



INTERIM SEPARATE FINANCIAL STATEMENTS 6M 2018  
KOFOLA ČESKOSLOVENSKO A.S.



# 1. INTERIM SEPARATE FINANCIAL STATEMENTS



## 1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2018 and 30 June 2017 in CZK thousand.

Separate statement of profit or loss	Note	6M18	6M17
		CZK'000	CZK'000
Revenue from the sale of finished products and services		205 700	200 700
Revenue from the sale of goods and materials		-	-
<b>Revenue</b>		<b>205 700</b>	<b>200 700</b>
Cost of products and services sold	4.2	(23 248)	(20 601)
Cost of goods and materials sold		-	-
<b>Cost of sales</b>		<b>(23 248)</b>	<b>(20 601)</b>
<b>Gross profit</b>		<b>182 452</b>	<b>180 099</b>
Selling, marketing and distribution costs	4.2	(95 287)	(102 866)
Administrative costs	4.2	(118 018)	(114 092)
Dividends		433 057	549 764
Other operating income	4.3	465	945
Other operating expenses	4.4	(832)	(1 655)
<b>Operating profit</b>		<b>401 837</b>	<b>512 195</b>
Finance income	4.5	10 468	15 169
Finance costs	4.6	(40 235)	(26 174)
<b>Profit before income tax</b>		<b>372 070</b>	<b>501 190</b>
Income tax (expense)/benefit	4.7	2 327	1 995
<b>Profit for the period</b>		<b>374 397</b>	<b>503 185</b>
<b>Earnings/ (loss) per share (in CZK)</b>			
Basic earnings per share	4.8	16.80	22.57
Diluted earnings per share	4.8	16.80	22.57

The above separate statement of profit or loss should be read in conjunction with the accompanying notes.

## 1.2. SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2018 and 30 June 2017 in CZK thousand.

Separate statement of other comprehensive income	Note	6M18	6M17
		CZK'000	CZK'000
<b>Profit for the period</b>		<b>374 397</b>	<b>503 185</b>
<b>Other comprehensive income</b>			
Derivatives - Cash flow hedges		547	-
Deferred tax from cash flow hedging		(104)	-
<b>Other comprehensive income for the period, net of tax</b>		<b>443</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>374 840</b>	<b>503 185</b>

The above separate statement of other comprehensive income should be read in conjunction with the accompanying notes.

# 1. INTERIM SEPARATE FINANCIAL STATEMENTS



## 1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2018, 31 December 2017 and 30 June 2017 in CZK thousand.

Assets		30.6.2018	31.12.2017	30.6.2017
		CZK'000	CZK'000	CZK'000
<b>Non-current assets</b>		<b>4 538 459</b>	<b>4 283 072</b>	<b>3 856 624</b>
Property, plant and equipment	4.10	55 024	60 193	61 555
Goodwill	4.11	30 675	30 675	30 675
Intangible assets	4.11	348 118	350 158	355 442
Investments in subsidiaries	4.9	2 856 563	2 745 452	3 365 198
Other receivables		43 315	47 388	42 768
Loans provided to related parties		1 204 564	1 049 006	786
Other non-financial assets		200	200	200
<b>Current assets</b>		<b>819 342</b>	<b>306 200</b>	<b>911 631</b>
Trade and other receivables		811 828	292 263	904 980
Income tax receivables		1 172	1 172	2 802
Cash and cash equivalents		6 342	12 765	3 849
<b>Total assets</b>		<b>5 357 801</b>	<b>4 589 272</b>	<b>4 768 255</b>
<b>Liabilities and equity</b>	<b>Note</b>	<b>30.6.2018</b>	<b>31.12.2017</b>	<b>30.6.2017</b>
		CZK'000	CZK'000	CZK'000
<b>Total equity</b>		<b>2 143 800</b>	<b>2 130 090</b>	<b>2 279 797</b>
Share capital	1.5	2 229 500	2 229 500	2 229 500
Other reserves	1.5	(493 013)	(493 456)	(496 266)
Own shares	1.5	(1 357)	(1 357)	(1 357)
Retained earnings	1.5	408 670	395 403	547 920
<b>Non-current liabilities</b>		<b>2 036 411</b>	<b>1 489 890</b>	<b>997 208</b>
Bank credits and loans	4.13	1 995 271	1 444 883	617 697
Bonds issued	4.12	-	-	327 867
Finance lease liabilities		4 263	5 907	7 650
Other liabilities		-	-	7 679
Deferred tax liabilities		36 877	39 100	36 315
<b>Current liabilities</b>		<b>1 177 590</b>	<b>969 292</b>	<b>1 491 250</b>
Bank credits and loans	4.13	721 993	550 716	1 077 278
Bonds issued	4.12	341 134	332 513	11 212
Finance lease liabilities		3 529	3 664	4 138
Trade and other payables		86 489	75 454	74 424
Other financial liabilities		-	-	300 941
Provisions		24 445	6 945	23 257
<b>Total liabilities</b>		<b>3 214 001</b>	<b>2 459 182</b>	<b>2 488 458</b>
<b>Total liabilities and equity</b>		<b>5 357 801</b>	<b>4 589 272</b>	<b>4 768 255</b>

The above separate statement of financial position should be read in conjunction with the accompanying notes.

# 1. INTERIM SEPARATE FINANCIAL STATEMENTS

## 1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2018 and 30 June 2017 in CZK thousand.

Separate statement of cash flows	Note	6M18 CZK '000	6M17 CZK '000
<b>Cash flows from operating activities</b>			
Profit / (loss) before income tax	1.1	372 070	501 190
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.2	19 492	32 574
Net interest	4.5, 4.6	27 541	19 656
Dividends		(433 057)	(549 764)
Change in the balance of provisions and adjustments		17 499	(12 720)
Derivatives	4.5, 4.6	2 816	(7 976)
Gain on sale of PPE and intangible assets	4.4	109	-
Net exchange differences	4.5	(4 234)	(1 397)
Other		4 796	(3 404)
Cash movements			
Income tax		-	-
Change in operating assets and liabilities			
Change in receivables		(77 674)	(50 367)
Change in payables		4 712	194 960
<b>Net cash (outflow) from operating activities</b>		<b>(65 930)</b>	<b>122 752</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(9 985)	(16 201)
Acquisition of subsidiary		(117 191)	-
Interest received		2 927	1
Dividends received		-	81 000
Loans granted		(156 358)	(121 559)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(280 607)</b>	<b>(56 759)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1 779)	(2 833)
Proceeds from loans and bank credits		874 757	-
Repayment of loans and bank credits		(154 581)	(59 455)
Dividends paid to the shareholders of the Company		(355 273)	(10 916)
Interest and bank charges paid		(24 813)	(16 247)
Purchase of own shares		-	(442)
Derivatives		1 804	-
<b>Net cash inflow / (outflow) from financing activities</b>		<b>340 115</b>	<b>(89 893)</b>
Net increase/(decrease) in cash and cash equivalents		(6 423)	(23 900)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>12 765</b>	<b>27 749</b>
<b>Cash and cash equivalents at the end of the period</b>	1.3	<b>6 342</b>	<b>3 849</b>

The above separate statement of cash flows should be read in conjunction with the accompanying notes.

# 1. INTERIM SEPARATE FINANCIAL STATEMENTS



## 1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2018, 12-month period ended 31 December 2017 and 6-month period ended 30 June 2017 in CZK thousand.

Separate statement of changes in equity	Note	Share capital CZK'000	Other reserves CZK'000	Own shares CZK'000	Retained earnings / (Accumulated losses) CZK'000	Total equity CZK'000
<b>Balance as at 1 January 2017</b>		<b>2 229 500</b>	<b>(496 266)</b>	<b>(915)</b>	<b>345 677</b>	<b>2 077 996</b>
Profit for the period	1.1	-	-	-	503 185	503 185
<b>Total comprehensive income for the period</b>	1.2	-	-	-	<b>503 185</b>	<b>503 185</b>
Own shares purchase		-	-	(442)	-	(442)
Dividends		-	-	-	(300 941)	(300 941)
<b>Balance as at 30 June 2017</b>		<b>2 229 500</b>	<b>(496 266)</b>	<b>(1 357)</b>	<b>547 920</b>	<b>2 279 797</b>
<b>Balance as at 1 January 2017</b>		<b>2 229 500</b>	<b>(496 266)</b>	<b>(915)</b>	<b>345 677</b>	<b>2 077 996</b>
Profit for the period		-	-	-	350 667	350 667
<b>Total comprehensive income for the period</b>		-	-	-	<b>350 667</b>	<b>350 667</b>
Own shares purchase		-	-	(442)	-	(442)
Dividends		-	-	-	(300 941)	(300 941)
Option scheme		-	2 810	-	-	2 810
<b>Balance as at 31 December 2017</b>		<b>2 229 500</b>	<b>(493 456)</b>	<b>(1 357)</b>	<b>395 403</b>	<b>2 130 090</b>
<b>Balance as at 1 January 2018</b>		<b>2 229 500</b>	<b>(493 456)</b>	<b>(1 357)</b>	<b>395 403</b>	<b>2 130 090</b>
Profit for the period	1.1	-	-	-	374 397	374 397
Other comprehensive income	1.2	-	443	-	-	443
<b>Total comprehensive income for the period</b>	1.2	-	<b>443</b>	-	<b>374 397</b>	<b>374 840</b>
Dividends		-	-	-	(361 130)	(361 130)
<b>Balance as at 30 June 2018</b>		<b>2 229 500</b>	<b>(493 013)</b>	<b>(1 357)</b>	<b>408 670</b>	<b>2 143 800</b>

*The above separate statement of changes in equity should be read in conjunction with the accompanying notes.*

## 2. GENERAL INFORMATION



### 2.1. CORPORATE INFORMATION

#### GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030. LEI: 3157005DO9L5OWHBQ359.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2018 was holding of the subsidiaries.

Kofola ČeskoSlovensko a.s. is the parent of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland, Slovenia and in Croatia with limited activities in Russia. The Group produces drinks with care and love in eight production plants (incl. Croatia) and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets, the Group distributes among others Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

#### STOCK EXCHANGE LISTING

Kofola ČeskoSlovensko a.s. is listed on Prague Stock Exchange (ticker KOFOL).

#### MANAGEMENT

##### *BOARD OF DIRECTORS*

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Marián Šefčovič

##### *SUPERVISORY BOARD*

- René Sommer – Chairman
- Dariusz Prończuk
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Bartosz Kwiatkowski

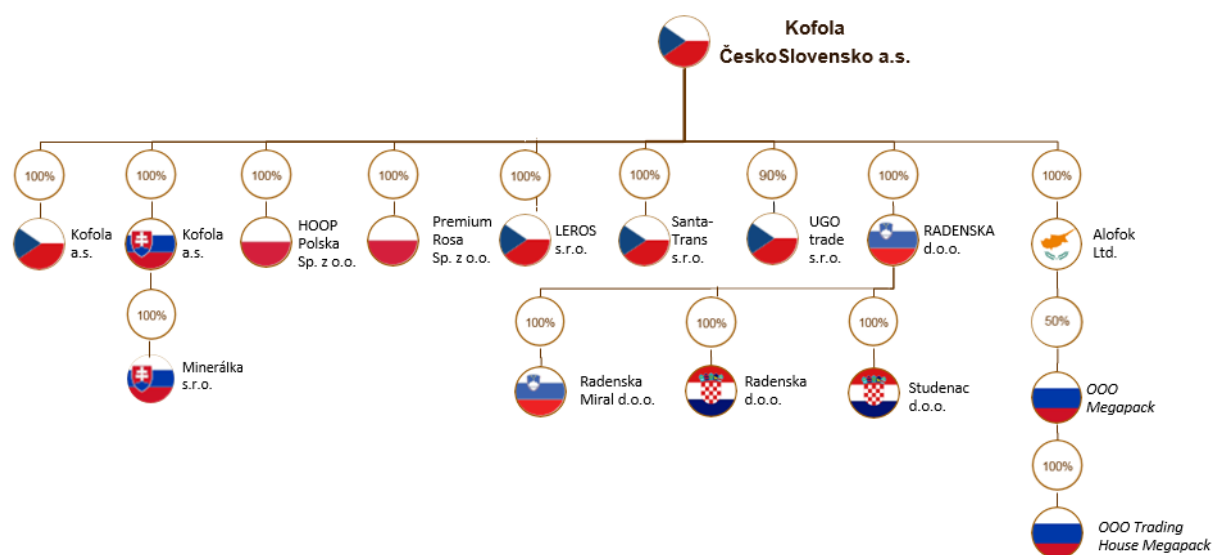
##### *AUDIT COMMITTEE*

- Petr Šobotník – Chairman
- Pavel Jakubík
- Bartosz Kwiatkowski

## 2. GENERAL INFORMATION

### 2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2018



#### DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.6.2018	31.12.2017
<b>Holding companies</b>				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Alofok Ltd.	Cyprus	holding	100.00%	100.00%
<b>Production and trading</b>				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	sales support and administration	100.00%	100.00%
Radenska Miral d.o.o.	Slovenia	trademark licensing	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	production and distribution of products from medicinal plants and quality natural teas	100.00%	n/a
Minerálka s.r.o.	Slovakia	inactive	100.00%	n/a
<b>Transportation</b>				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
<b>Associated companies</b>				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

### 3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

#### BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) adopted by the European Union, published and effective for reporting periods beginning 1 January 2018.

The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition.

The separate financial statements include the separate statement of the financial position, separate statement of profit or loss, separate statement of other comprehensive income, separate statement of changes in equity, separate statement of cash flows and explanatory notes.

The separate financial statements cover the period ended 30 June 2018 and contains comparatives for the period ended 30 June 2017.

The separate financial statements are presented in Czech crowns (“CZK”), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements as disclosed in section C 3.5.

#### ADOPTION OF CHANGES TO STANDARDS

The Company has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2018. The Company has not early-adopted any standard.

In May 2014, the International Accounting Standards Board (“IASB”) issued IFRS 15 - Revenue from Contracts with Customers which was subsequently endorsed by the European Union in September 2016. IFRS 15 establishes a framework for determining whether, how much and when revenue is recognised from contracts with customers. IFRS 15 supersedes existing standards and interpretations related to revenue. It defines a new five-step model to recognise revenue from customer contracts. The standard does not have effect on accounting of revenues in the Company.

In July 2014, the IASB issued IFRS 9 – Financial Instruments which was subsequently endorsed by the EU in November 2016. The standard addresses the accounting principles for the financial reporting of financial assets and financial liabilities, including classification, measurement, impairment, derecognition and hedge accounting. The standard contains three classification categories: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL) and eliminates the existing IAS 39 categories: loans and receivables, held to maturity and available for sale. It is mandatory for the accounting period beginning on 1 January 2018. The Company has assessed the impact of IFRS 9 and concluded that it does not have a material effect on the financial statements.

IFRS 16 Leases – the new standard will be applied for the accounting period beginning on 1 January 2019. The Company is in the process of assessing the impact of the standard which is likely to result in changes to EBITDA and finance cost but is not expected to have a material impact on profit before tax. In addition, there is expected to be an increase in property, plant and equipment with a corresponding increase in liabilities as applicable leases are brought onto the balance sheet.

Other new standards and amendments are not relevant to the Company or will not have material effect on its financial statements.

### 3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The separate financial statements are presented in Czech crowns (CZK), which is the Company’s functional and presentation currency.



## 3. SIGNIFICANT ACCOUNTING POLICIES



### 3.3. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the closing exchange rate announced by the Czech National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under finance income and costs – for financial operations.

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are stated at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were remeasured to the fair value.

The following exchange rates were used for the preparation of the financial statements:

Closing exchange rates	30.6.2018	31.12.2017	30.6.2017
CZK/EUR	26.020	25.540	26.195
CZK/PLN	5.950	6.114	6.199
CZK/RUB	0.356	0.368	0.388
CZK/USD	22.318	21.291	22.952
CZK/HRK	3.524	3.439	3.535

Average exchange rates	1.1.2018 - 30.6.2018	1.1.2017 - 31.12.2017	1.1.2017 - 30.6.2017
CZK/EUR	25.500	26.330	26.784
CZK/PLN	6.043	6.185	6.274
CZK/RUB	0.355	0.401	0.427
CZK/USD	21.080	23.382	24.753
CZK/HRK	3.438	3.528	3.596

### 3.4. ACCOUNTING METHODS

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual separate financial statements for the twelve-month period ended 31 December 2017.

### 3.5. SIGNIFICANT ESTIMATES

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company's management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors considered at their calculation, new information or past experiences. For this reason, the estimates made as at 30 June 2018 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Impairment of investments in subsidiaries and associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Income tax	Assumptions used to recognise deferred income tax assets.

### 3.6. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 13 August 2018.

## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.1. SEGMENT INFORMATION

The Board of Directors of the Company, as the chief decision maker, does not use segment results of the Company, neither in the decision-making process nor in the allocation of resources and assessment of the performance.

### 4.2. EXPENSES BY NATURE

Expenses by nature	6M18 CZK'000	6M17 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	19 492	32 574
Employee benefits expenses (i)	135 854	114 362
Consumption of materials and energy	4 275	4 252
Services	70 356	80 093
Rental costs	4 334	3 079
Taxes and fees	635	1 364
Insurance costs	559	670
Other costs	1 048	1 165
<b>Total expenses by nature*</b>	<b>236 553</b>	<b>237 559</b>
<b>Reconciliation of expenses by nature to expenses by function</b>	<b>236 553</b>	<b>237 559</b>
Selling, marketing and distribution costs	95 287	102 866
Administrative costs	118 018	114 092
Costs of products and services sold	23 248	20 601
<b>Total costs of products sold, merchandise and materials, sales costs and administrative costs</b>	<b>236 553</b>	<b>237 559</b>

\* excluding Other operating income, Other operating expenses and Impairment

#### (i) Employee benefits expenses

Employee benefits expenses	6M18 CZK'000	6M17 CZK'000
Salaries	100 902	85 094
Social security and other benefit costs	18 720	11 371
Pension benefit plan expenses	16 232	17 897
<b>Total employee benefits expenses</b>	<b>135 854</b>	<b>114 362</b>

### 4.3. OTHER OPERATING INCOME

Other operating income	6M18 CZK'000	6M17 CZK'000
Other	465	945
<b>Total other operating income</b>	<b>465</b>	<b>945</b>

### 4.4. OTHER OPERATING EXPENSES

Other operating expenses	6M18 CZK'000	6M17 CZK'000
Net loss from disposal of non-financial assets	109	-
Provided donations, sponsorship	723	1 651
Paid penalties and damages	-	4
<b>Total other operating expenses</b>	<b>832</b>	<b>1 655</b>

## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 4.5. FINANCE INCOME

Finance income	6M18 CZK'000	6M17 CZK'000
Interest from:		
– bank deposits	-	1
– credits and loans granted	5 894	4 929
Exchange gains	4 234	1 397
Gain from revaluation of derivatives	-	7 976
Other	340	866
<b>Total finance income</b>	<b>10 468</b>	<b>15 169</b>

### 4.6. FINANCE COSTS

Finance costs	6M18 CZK'000	6M17 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	33 434	24 586
Exchange losses	-	-
Bank costs and charges	3 985	1 588
Derivatives	2 816	-
<b>Total finance costs</b>	<b>40 235</b>	<b>26 174</b>

### 4.7. INCOME TAX

#### 4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the six-month period ended 30 June 2018 and 30 June 2017 were as follows:

Income tax expense	6M18 CZK'000	6M17 CZK'000
<b>Current income tax</b>	-	-
<b>Deferred income tax</b>	<b>(2 327)</b>	<b>(1 995)</b>
Related to arising and reversing of temporary differences	(2 327)	(1 995)
Related to tax losses	-	-
<b>Income tax expense/(benefit)</b>	<b>(2 327)</b>	<b>(1 995)</b>

The income tax rate applicable to the Company in 2018 and 2017 income is 19%.

## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.8. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share ratio is calculated by dividing the profit for the period attributable to ordinary shareholders (after deducting the interest on redeemable preferred shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted by the effect of diluting options and own shares not subject to dividends).

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

	6M18 CZK'000	6M17 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	374 397	503 185
	6M18 pcs	6M17 pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(3 052)	(2 356)
<b>Weighted average number of ordinary shares used to calculate basic earnings per share</b>	<b>22 291 948</b>	<b>22 292 644</b>
Dilution adjustments	-	-
<b>Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share</b>	<b>22 291 948</b>	<b>22 292 644</b>

Based on the above information, the basic and diluted earnings per share amounts to:

Basic earnings per share (CZK/share)	6M18 CZK'000	6M17 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	374 397	503 185
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 292 644
<b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>16.80</b>	<b>22.57</b>
Diluted earnings per share (CZK/share)	6M18 CZK'000	6M17 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	374 397	503 185
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 291 948	22 292 644
<b>Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>16.80</b>	<b>22.57</b>

### 4.9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries Name of entity	Ownership interest		Cost		Carrying amount	
	30.6.2018 %	31.12.2017 %	30.6.2018 CZK'000	31.12.2017 CZK'000	30.6.2018 CZK'000	31.12.2017 CZK'000
Alofok Ltd.	100.00%	100.00%	354 450	354 450	68 531	68 531
Hoop Polska Sp. z o.o.	100.00%	100.00%	2 460 176	2 460 176	872 209	872 209
Kofola a.s. (CZ)	100.00%	100.00%	197 498	197 498	197 498	197 498
Kofola a.s. (SK)	100.00%	100.00%	51 023	51 023	51 023	51 023
LEROS, s.r.o.	100.00%	n/a	111 111	n/a	111 111	n/a
Premium Rosa Sp.z o.o.	100.00%	100.00%	68 160	68 160	68 160	68 160
RADENSKA d.o.o.	100.00%	100.00%	1 324 280	1 324 280	1 324 280	1 324 280
SANTA-TRANS s.r.o.	100.00%	100.00%	8 760	8 760	8 760	8 760
UGO Trade s.r.o.	90.00%	90.00%	154 401	154 401	154 401	154 401
Option scheme (Kofola a.s. (SK))	n/a	n/a	590	590	590	590
<b>Total investment in subsidiaries</b>			<b>4 730 449</b>	<b>4 619 338</b>	<b>2 856 563</b>	<b>2 745 452</b>

## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.10. PROPERTY, PLANT AND EQUIPMENT

In the reporting period of six-months ended 30 June 2018, the additions to tangible assets were of CZK 3 642 thousand. The most significant additions were purchases of cars, computers and low-cost equipment.

The investment projects realised by the Company in 6M17 comprise primarily low-cost equipment.

### 4.11. INTANGIBLE ASSETS

The Goodwill arose on merger with Pinelli spol. s r.o. Amortisation of trademarks and other rights is charged to Selling, marketing and distribution costs.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Citrocola, Semtex and Erektus.

In the reporting period of six-months ended 30 June 2018, the additions to intangible assets were of CZK 8 803 thousand. The most significant addition was investment to SAP.

In the reporting period of six-months ended 30 June 2017, the additions to intangible assets were of CZK 3 373 thousand. The most significant additions were purchases of software licence.

### 4.12. BONDS

On 4 October 2013, according to the resolution of the Board of Directors from 12 August 2013, amended on 25 September 2013, KOFOLA S.A. issued 110 pieces of bonds denominated in Czech crowns with total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not subject to public offering,
- were offered in private placements through underwriters, i.e. Česká spořitelna a.s. and PPF banka a.s., based on a subscription agreement from 3 October 2013,
- nominal value of one bond was CZK 3 000 000,
- issue price of one bond represented 99.0% of the nominal value,
- maturity of bonds was 60 months from the date of issue, i.e. 4 October 2018,
- interest shall be calculated annually, the end of the first interest period was planned for 4 October 2014,
- interest rate – 12M PRIBOR plus a margin of 415 basis points,
- purpose of the bond issue was to obtain funds which will be used primarily to diversify the sources of financing and refinance part of the existing debt of the Group.

Bonds issued have been put on the regulated market of the Prague Stock Exchange, the first listing took place on 7 October 2013.

Own bonds issued	Currency	30.6.2018 CZK'000	31.12.2017 CZK'000	Interest terms	Maturity date
Bonds issued KOFOLA VAR/18	CZK	341 134	332 513	12M PRIBOR + margin	10/2018
<b>Bonds issued total</b>		<b>341 134</b>	<b>332 513</b>		

#### INDEBTEDNESS OF THE COMPANY FROM ISSUED BONDS

As at 30 June 2018, the Company has a liability from issued bonds in the total amount of CZK 341 134 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 are disclosed in current liabilities. In 2018, the bonds will be refinanced by a bank loan.

Terms and conditions of the issued bonds were met as at 30 June 2018.

## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 4.13. BANK CREDITS AND LOANS

#### INDEBTEDNESS OF THE COMPANY FROM THE CREDITS AND LOANS

As at 30 June 2018, the Company's total bank loans and credits amounted to CZK 2 717 264 thousand.

The new Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 243 682 thousand as at 30 June 2018 is a main component of Company's liabilities. The reason for the execution of the Facility loan agreement was a consolidation of group financing to ensure strategic development, taking advantage of the favourable conditions of financial market and reduction of total financial cost.

#### CREDIT TERMS AND TERMS AND CONDITIONS

Based on credit agreements, the Company is required to meet specified covenants. Credit agreements ended in the current reporting period have been extended for the next periods. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year makes it necessary to classify such liabilities as current.

All bank loan covenants were met as at 30 June 2018.

### 4.14. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2018 the Company provided the following guarantees for other entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola	Unicredit Bank a.s.	EUR	3 408	88 681	12/2022	Santa-Trans.SK s.r.o.	third party*
ČeskoSlovensko a.s.	City-Arena PLUS a.s.	EUR	7	182	8/2020	UGO Trade s.r.o.	subsidiary
<b>Total guarantees issued</b>				<b>88 863</b>			

\* The fair value of the guarantees is close to zero (fair valuation in level 3).

### 4.15. FINANCIAL INSTRUMENTS

#### 4.15.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

30.6.2018	Financial assets at amortised cost	Derivatives at fair value through other comprehensive income	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other financial receivables	2 037 688	-	-	2 037 688
Cash and cash equivalents	6 342	-	-	6 342
Derivatives (i)	-	547	-	547
Bank credits and loans	-	-	(2 717 264)	(2 717 264)
Bonds issued	-	-	(341 134)	(341 134)
Trade and other financial payables	-	-	(52 960)	(52 960)
<b>Total</b>	<b>2 044 030</b>	<b>547</b>	<b>(3 111 358)</b>	<b>(1 066 781)</b>

#### (i) Fair value of derivatives

The Company has concluded interest rate swaps. These derivatives are classified as cash flow hedges accounted for at fair value through other comprehensive income.

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Company has included this instrument in Level 2 of fair value hierarchy levels.

## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



31.12.2017	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	
Trade and other financial receivables	1 360 824	-	-	1 360 824
Cash and cash equivalents	12 765	-	-	12 765
Derivatives (ii)	-	4 620	-	4 620
Bank credits and loans	-	-	(1 995 599)	(1 995 599)
Bonds issued	-	-	(332 513)	(332 513)
Trade and other financial payables	-	-	(56 509)	(56 509)
<b>Total</b>	<b>1 373 589</b>	<b>4 620</b>	<b>(2 384 621)</b>	<b>(1 006 412)</b>

### (ii) Fair value of derivatives

The Company had concluded interest rate swaps. These derivatives were classified as held for trading and accounted for at fair value through profit or loss.

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Company has included this instrument in Level 2 of fair value hierarchy levels.

## 4.16. RELATED PARTY TRANSACTIONS

### 4.16.1 SHAREHOLDERS STRUCTURE

Share capital structure	30.6.2018			31.12.2017		
	Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital
AETOS a.s.	15 159 204	68.00	71.58	15 159 204	68.00	71.58
CED GROUP S. a r.l.	2 768 445	12.42	13.07	4 673 445	20.96	22.07
RADENSKA d.o.o.	1 114 109	5.00	0.00	1 114 109	5.00	0.00
Others	3 253 242	14.58	15.35	1 348 242	6.04	6.35
<b>Total</b>	<b>22 295 000</b>	<b>100.00</b>	<b>100.00</b>	<b>22 295 000</b>	<b>100.00</b>	<b>100.00</b>

As of 30 June 2018, the ultimate controlling party is KSM Investment S.A., with registered office Rue de Neudorf 560A, L-2220 Luxembourg.

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. As of 10 August 2017, AETOS a.s. purchased 2 675 400 shares of Kofola representing 12 % of Kofola's share capital from CED GROUP S.à r.l. AETOS a.s., owned by the Samaras family and other founders owns 68 % of Kofola's shares as of 30 June 2018.

RADENSKA d.o.o. purchased in 2017 in a public tender offer 1 114 109 shares of the Company (which represents 5.0 % of the Company's share capital) in the total value of CZK 490 208 thousand (CZK 440 per share). In compliance with the relevant legal provisions, the voting rights attached to the shares owned by the Company and by RADENSKA d.o.o. cannot be exercised.

On 20 June 2018, CED Group s.à r.l., a subsidiary of PEF VI managed by Enterprise Investors ("CED Group"), sold 1 905 000 shares of the Company, corresponding to 8.5 % of the Company's share capital, at a price per share of CZK 270. As a result of the sale, CED Group now owns 2 768 445 shares of the Company (12.42 % of the Company's share capital, at YE2017 CED Group owned 20.96 %). The free float increased to 14.58 %.

Subsequently, KSM intends to merge into AETOS a.s.

### 4.16.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section 2.2.

## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

### 4.16.3 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration of Company's key management personnel in 6M18.

Remuneration of the Company's key management personnel	compensation	Members of the Company's Board of Directors	Members of the Company's Supervisory board	Members of the Company's Audit committee	Other key management personnel	Total
		CZK' 000	CZK' 000	CZK' 000	CZK' 000	CZK' 000
Compensation for activities in the Company's Board of Directors	Financial	10 081	-	-	-	10 081
	Non-financial	471	-	-	-	471
Compensation for activities in the Company's Supervisory board	Financial	-	514	-	-	514
	Non-financial	-	-	-	-	-
Compensation for activities in the Company's Audit committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Compensation for other activities	Financial	-	1 583	-	4 137	5 720
	Non-financial	-	107	-	101	208

### 4.16.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Company's related parties:

Other related party transactions Profit or loss impact	6M18		6M17	
	Revenues*	Costs	Revenues*	Costs
	CZK' 000	CZK' 000	CZK' 000	CZK' 000
Alofok Ltd	7	-	-	-
Hoop Polska Sp. z o.o.	7 384	(15)	6 934	(138)
Kofola a.s. (CZ)	235 296	(1 190)	438 096	(1 516)
Kofola a.s. (SK)	249 581	(2 399)	280 812	(8 959)
LEROS, s.r.o.	107	(18)	-	-
Premium Rosa Sp. z o.o.	389	-	-	-
RADENSKA d.o.o.	142 069	-	17 627	-
Radenska, d.o.o. (HR)	-	-	25	-
SANTA-TRANS s.r.o.	816	(371)	638	(282)
Studenac, d.o.o.	5 441	-	4 616	-
UGO trade s.r.o.	3 461	(48)	3 945	(68)
<b>Total</b>	<b>644 551</b>	<b>(4 041)</b>	<b>752 693</b>	<b>(10 963)</b>

\* including financial revenues and dividends

Other related party transactions Balance sheet impact	30.6.2018		31.12.2017	
	Assets*	Liabilities	Assets*	Liabilities
	CZK' 000	CZK' 000	CZK' 000	CZK' 000
Alofok Ltd	1 633	-	1 200	-
Hoop Polska Sp. z o.o.	267 590	-	260 275	-
Kofola a.s. (CZ)	743 030	(4)	574 850	-
Kofola a.s. (SK)	440 196	(8)	145 258	-
LEROS, s.r.o.	67 340	-	30 944	-
Premium Rosa Sp. z o.o.	30 496	-	179 644	-
RADENSKA d.o.o.	312 729	-	-	-
SANTA-TRANS s.r.o.	22 102	(49)	21 791	(152)
Studenac, d.o.o.	16 408	(5 538)	11 839	(5 436)
UGO trade s.r.o.	71 038	-	69 934	(3)
<b>Total</b>	<b>1 972 562</b>	<b>(5 599)</b>	<b>1 295 735</b>	<b>(5 591)</b>

\* including Loans provided to related parties (described below)



## 4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



Receivables from Loans provided to related parties	30.6.2018		31.12.2017	
	Long-term CZK'000	Maturity	Long-term CZK'000	Maturity
Alofok Ltd.	1 170	9/2019	766	9/2019
Hoop Polska Sp. z o.o.	255 679	12/2020	255 679	12/2020
Kofola a.s. (CZ)	355 373	12/2020	355 373	12/2020
Kofola a.s. (CZ)	134 608	8/2024	134 608	8/2024
Kofola a.s. (SK)	169 146	8/2024	80 491	8/2024
LEROS, s.r.o.	17 000	12/2020	-	-
LEROS, s.r.o.	7 319	12/2023	-	-
LEROS, s.r.o.	43 000	8/2024	-	-
Premium Rosa Sp. z o.o.	29 750	12/2022	30 570	12/2022
RADENSKA d.o.o.	114 769	12/2020	114 769	12/2020
SANTA-TRANS s.r.o.	20 035	12/2020	20 035	12/2020
SANTA-TRANS s.r.o.	1 754	8/2024	1 754	8/2024
UGO trade s.r.o.	54 961	12/2020	54 961	12/2020
<b>Total</b>	<b>1 204 564</b>		<b>1 049 006</b>	

Interest rates from loans provided to related parties are concluded at market terms and fixed. The loans are not pledged. Loans provided to related parties are connected with the new Facility loan agreement which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition. The reason for the execution of the Facility Loan Agreement was a consolidation of Group financing. Current bank loans in Company's subsidiaries were repaid and refinanced by a loan from the Company. All transactions with related parties have been concluded at market terms.

### 4.17. ACQUISITION OF SUBSIDIARY

#### ACQUISITION OF SUBSIDIARY LEROS

On March 13, 2018, the Company concluded an agreement to purchase a 100% stake in LEROS, s.r.o., producer of high quality products from medicinal plants and quality natural teas. The acquisition is described in section B 4.19.

### 4.18. SUBSEQUENT EVENTS

#### DECREASE OF SHARE CAPITAL

The General Meeting of the Company held on 13 August 2018 approved a decrease of the registered capital. The proposal for a decision on the reduction of the registered capital of the Company is described in the published invitation to the General Meeting.

No other events have occurred after the end of the reporting period that would require adjusting the amounts recognised and disclosures made in the separate financial statements.

# STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION

## STATUTORY DECLARATION OF PERSONS RESPONSIBLE FOR THE INTERIM REPORT OF KOFOLA ČESKOSLOVENSKO A.S.

To the best of our knowledge, the 6M18 interim report of Kofola ČeskoSlovensko a.s. gives a true and fair view of the financial position, business activities and financial performance of Kofola ČeskoSlovensko a.s. and its group for the six-month period ended 30 June 2018 and of the outlook for future development of the financial position, business activities and financial performance.

The 6M18 interim report was approved for publication on 13 August 2018.

<b>13.8.2018</b>	<b>Janis Samaras</b>	<b>Chairman of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>13.8.2018</b>	<b>René Musila</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>13.8.2018</b>	<b>Tomáš Jendřejek</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>13.8.2018</b>	<b>Daniel Buryš</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>13.8.2018</b>	<b>Jiří Vlasák</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>13.8.2018</b>	<b>Marián Šefčovič</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

