



KOFOLA ČESKOSLOVENSKO A.S.
INTERIM REPORT 9M 2018





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KOFOLA GROUP

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



CZK 5.5 BN 9M18
REVENUES



8
PRODUCTION PLANTS



2 195
EMPLOYEES



LISTED ON
PRAGUE STOCK EXCHANGE



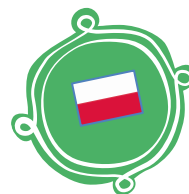
- ❖ no. 2 player in the soft drinks market



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



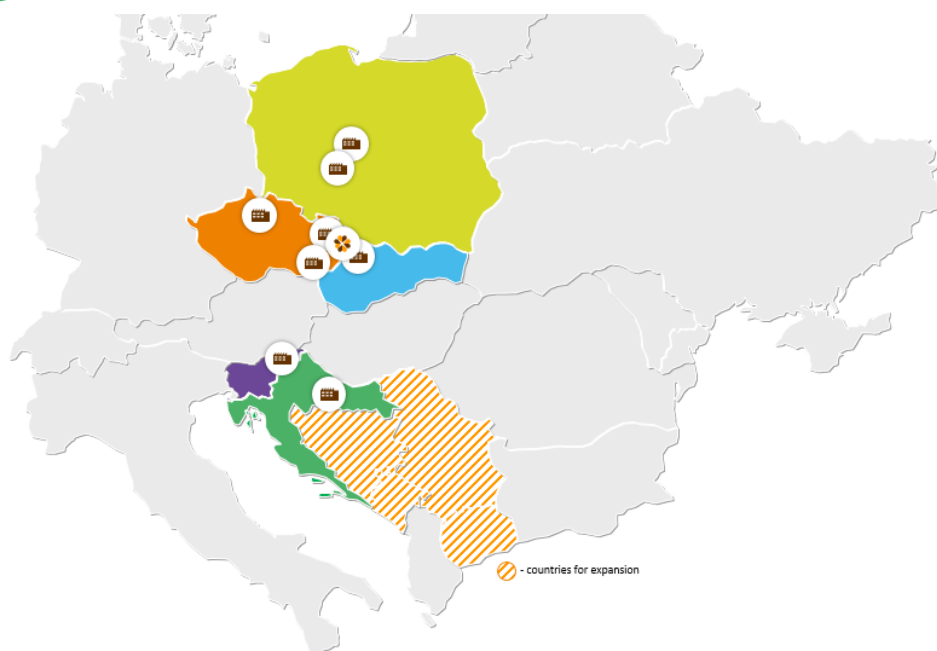
- ❖ no. 1 player in the soft drinks market in both Retail & HoReCa



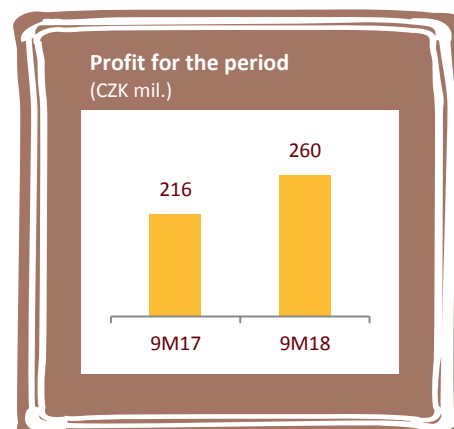
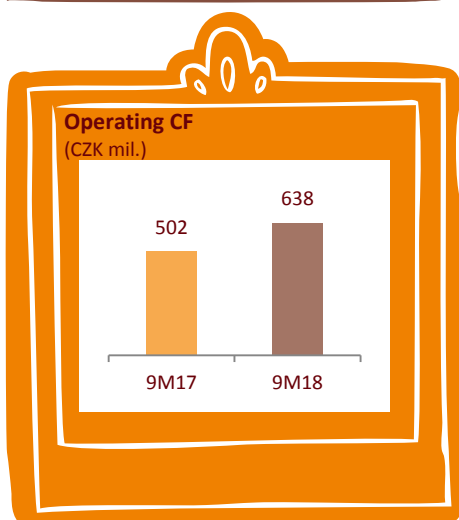
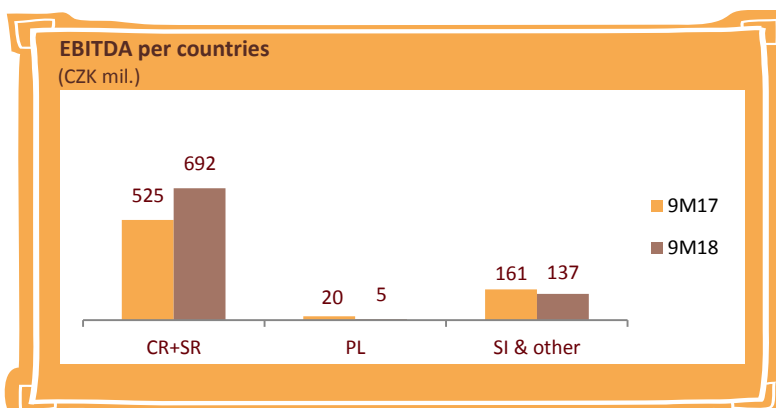
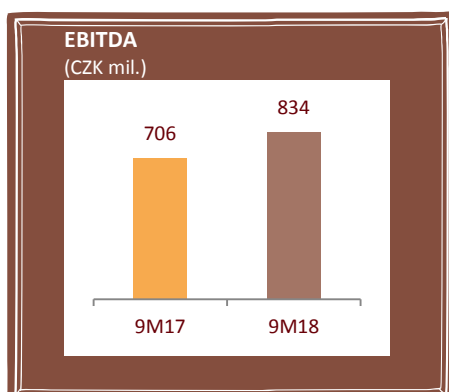
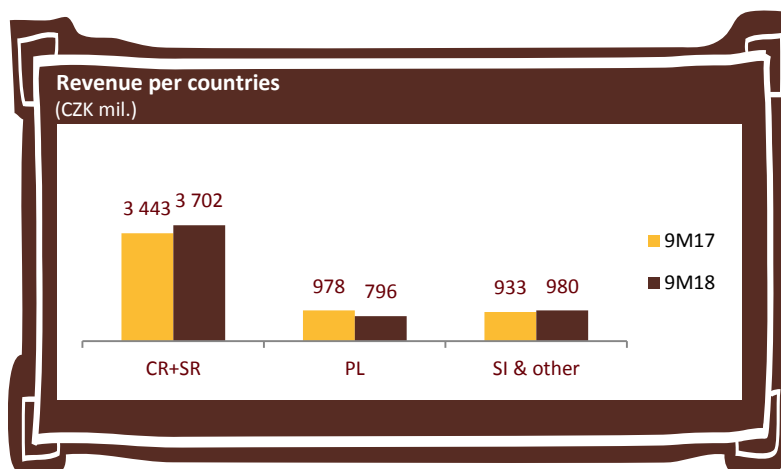
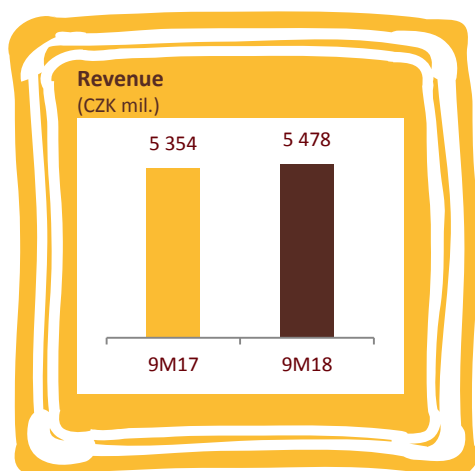
- ❖ no. 2 syrup brand
- ❖ no. 3 cola brand
- ❖ one of leading private label soft drinks producers



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



FOR THE 9M PERIOD

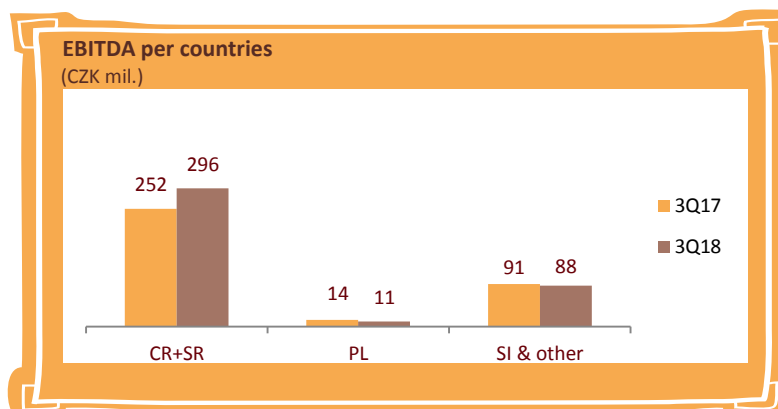
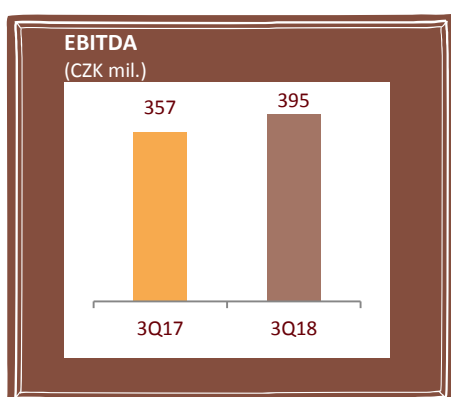
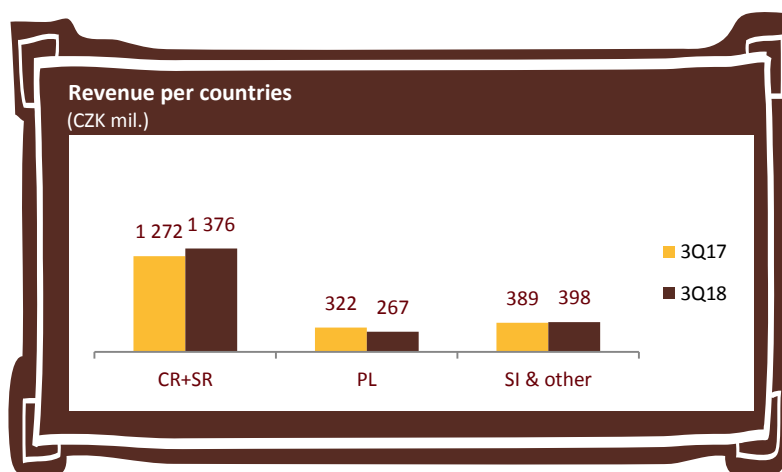
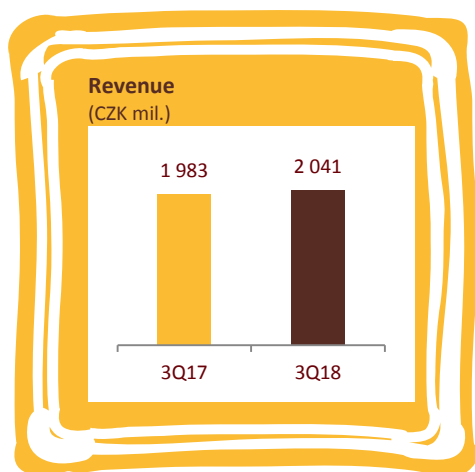


The results and ratios above are based on adjusted results. For details on financial performance and reconciliation of reported and adjusted results refer to section 3.1.

MAIN INFORMATION IN 9M18:

- GROUP'S ADJUSTED EBITDA WITHOUT POLAND INCREASED BY CZK 143 MIL. (20.8 %).
- GROUP'S REVENUE WITHOUT POLAND INCREASED BY CZK 305 MIL. (7.0%).
- ADJUSTED PROFIT AFTER TAX INCREASED BY CZK 45 MIL. (20.6 %).
- POSITIVE EFFECT OF THE END OF SUGAR IMPORT QUOTAS.

FOR THE 3Q 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.

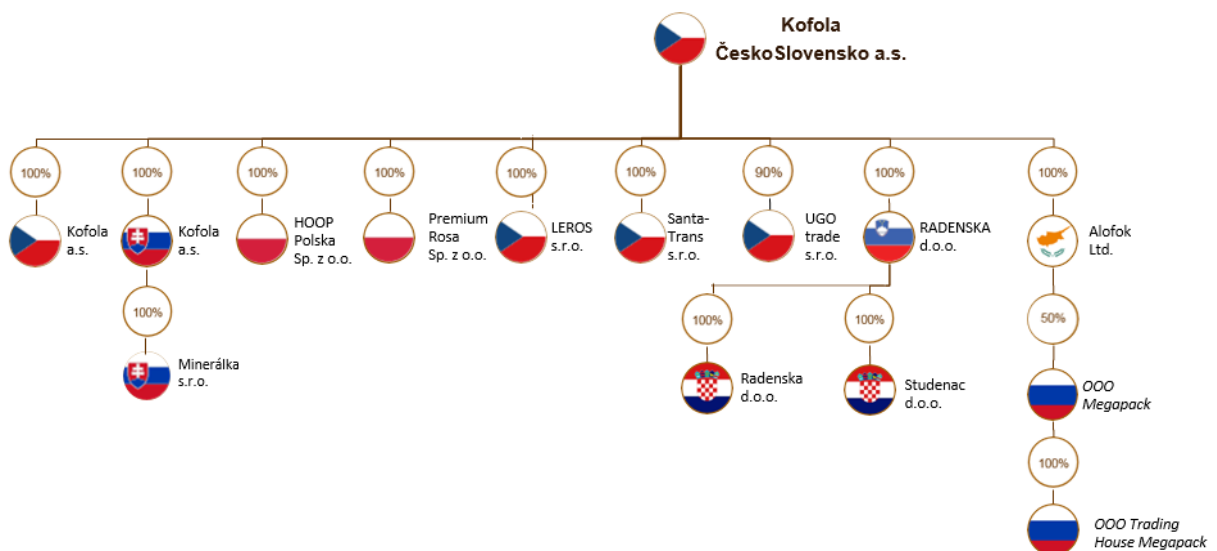
2. KOFOLA GROUP

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



2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 SEPTEMBER 2018



2. KOFOLA GROUP



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.9.2018	31.12.2017
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Alofok Ltd.	Cyprus	holding	100.00%	100.00%
Production and trading				
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	n/a	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
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
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%

Radenska Miral d.o.o. and RADENSKA d.o.o. merged on 3 August 2018. RADENSKA d.o.o. acts as a legal successor.

2. KOFOLA GROUP



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**.

Kofola won the award "**EFFIE**" - 1st place for the marketing campaign "**Pěňožrouti**" ("Foam-eaters").



3. BUSINESS OVERVIEW



3.1. BUSINESS OVERVIEW

OVERALL PERFORMANCE IN 9M2018

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 7.1%.

The Group's revenue on CzechoSlovak market increased by 7.5%, while in the Czech Republic we grew by excellent 10.1%. The increase was coming from all channels (retail, impuls, HoReCa). The growing revenues of key brands were 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 5.2%. 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 (83.4% in 9M18, 79.7% in 9M17).

The Group's revenue when compared to last year grew by 2.3% which is caused by increased revenues in all segments except Poland.

On 13 March 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 13 June 2018, Kofola purchased a subsidiary Minerálka s.r.o., the owner of mineral water brand Kláštorňá (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 (at 2017 year-end) 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 and decreased by 18.6% when compared with 9M17.

In 3Q18, the production plant in Bielsk Podlaski was sold. The production in Bielsk was closed at 2016 year-end.

CHANGE IN THE SHARES' OWNERSHIP STRUCTURE

CED Group s.à r.l, sold its entire stake (4 673 445 shares representing 20.96% of the Company's share capital) in the Company. The free float increased to 27%.

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 31 December 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 amounted CZK 16.20 per Company's share before tax.

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

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

DECREASE OF THE REGISTERED CAPITAL

On 13 August 2018, the general meeting approved reduction of registered capital in Kofola ČeskoSlovensko. The reason for the proposed decrease of the registered capital is to optimise the equity structure. The new structure shall ensure sufficient available resources for their future distribution to the shareholders, even in the event of potential revaluation adjustments of HOOP Polska Sp. z o.o. The decrease is expected to be effective (after the registration in the Commercial Register) by the 2018 - year end.

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	9M18	One-off adjustments	9M18 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	5 477 863	-	5 477 863
Cost of sales	(3 032 439)	1 129	(3 031 310)
Gross profit	2 445 424	1 129	2 446 553
Selling, marketing and distribution costs	(1 698 810)	856	(1 697 954)
Administrative costs	(334 978)	17 159	(317 819)
Other operating income / (costs), net	(18 011)	10 840	(7 171)
Operating profit	393 625	29 984	423 609
Depreciation and amortisation	410 571	-	410 571
EBITDA	804 196*	29 984	834 180**
Finance costs, net	(55 958)	-	(55 958)
Income tax	(106 648)	(610)	(107 258)
Profit for the period	231 019	29 374	260 393
- attributable to owners of Kofola ČeskoSlovensko a.s.	234 951	29 374	264 325

* 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 9-month period ended 30 September 2018 was affected by the following one-off items:

In Cost of sales:

- Severance costs – Croatian operation incurred costs of CZK 1 129 thousand (effect of changed Trade Union agreement).

In Selling, marketing and distribution costs:

- Severance costs – Czech operation incurred costs of CZK 856 thousand.

In Administrative costs:

- Severance costs – Czech operation incurred costs of CZK 425 thousand.
- Acquisition costs – Czech operation incurred costs of CZK 14 177 thousand, Slovak operation incurred costs of CZK 2 557 thousand (tax 21% applies).

In Other operating income / (costs), net:

- Net other operating income from the sale of production lines in Poland of CZK 4 550 thousand and CZK 1 595 thousand from the sale of a building in Czech segment.
- Net other operating costs of CZK 9 846 thousand from the sale of Bielsk Podlaski plant (in Polish segment) and loss of CZK 386 thousand from the sale of fixed assets in Czech segment.
- Costs connected with maintenance of closed Bielsk Podlaski plant of CZK 5 754 thousand (in Polish segment).
- Net costs connected with maintenance of closed Grodzisk Wielkopolski plant, release of provision and other restructuring costs of CZK 999 thousand (in Polish segment).

3. BUSINESS OVERVIEW



Adjusted consolidated financial results 2017	9M17	One-off adjustments	9M17 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	5 354 076	-	5 354 076
Cost of sales	(3 145 548)	-	(3 145 548)
Gross profit	2 208 528	-	2 208 528
Selling, marketing and distribution costs	(1 624 091)	-	(1 624 091)
Administrative costs	(296 007)	10 407	(285 600)
Other operating income / (costs), net	(3 358)	9 190	5 832
Operating profit	285 072	19 597	304 669
Depreciation and amortisation	401 069	-	401 069
EBITDA	686 141*	19 597	705 738**
Finance costs, net	(9 385)	-	(9 385)
Income tax	(78 764)	(664)	(79 428)
Profit for the period	196 923	18 933	215 856
- attributable to owners of Kofola ČeskoSlovensko a.s.	200 976	18 933	219 909

* 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 9-month period ended 30 September 2017 was affected by the following one-off items:

In Administrative costs:

- Costs connected with SAP implementation of CZK 4 780 thousand, tax 19% applies (in Slovenian segment).
- Acquisition costs – Czech operation incurred costs of CZK 5 627 thousand, tax 19% applies.

In Other operating income / (costs), net:

- Net revenue from the sale of warehouse of CZK 2 921 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 8 950 thousand.
- Costs connected with maintenance of Bielsk Podlaski plant of CZK 6 177 thousand.
- Costs connected with the closure of Grodzisk of CZK 43 869 thousand (in Polish segment).
- Revenues from compensation of CZK 35 747 thousand connected with prior years qualitative product complaints (in Polish segment).
- Acquisition costs – Czech operation incurred costs of CZK 4 930 thousand, tax 19% applies.

3. BUSINESS OVERVIEW



3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	9M18	9M17	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	5 477 863	5 354 076	123 787	2.3%
Cost of sales	(3 031 310)	(3 145 548)	114 238	(3.6%)
Gross profit	2 446 553	2 208 528	238 025	10.8%
Selling, marketing and distribution costs	(1 697 954)	(1 624 091)	(73 863)	4.5%
Administrative costs	(317 819)	(285 600)	(32 219)	11.3%
Other operating income / (costs), net	(7 171)	5 832	(13 003)	(223.0%)
Operating profit	423 609	304 669	118 940	39.0%
EBITDA	834 180	705 738	128 442	18.2%
Finance costs, net	(55 958)	(9 385)	(46 573)	496.2%
Income tax	(107 258)	(79 428)	(27 830)	35.0%
Profit for the period	260 393	215 856	44 537	20.6%
- attributable to owners of Kofola ČeskoSlovensko a.s.	264 325	219 909	44 416	20.2%

REVENUE

In 9M18, the Group's revenue amounted to CZK 5 477 863 thousand and increased by CZK 123 787 thousand or 2.3% from CZK 5 354 076 thousand in 9M17.

Revenue grew in all segments except Poland. Major part of the increase comes from the Czech segment (10.1%), thanks to sales of Kofola, Rajec, Vinea, Rauch and increased sales in Ugo. We managed to increase revenues in Slovakia (where we are No.1) by 3.0% (thanks to higher sales of Kofola). Sales in the Adriatic region increased by 5.2%, where sales in Croatia grew by 8.8%. Growth of Radenska and Pepsi sales in Croatia outperforms sales of Croatian brands (Studena, Studenac). Revenues in Slovenia grew by 3.6 % despite very cold June weather. In Poland, revenues from private labels keep falling, brand revenues are growing thanks to Nestea.

The following table sets forth revenues from sales split by category of products for 9M18 and 9M17.

Product lines	9M18		9M17	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Carbonated beverages	2 281 420	41.65%	2 262 538	42.26%
Non-carbonated beverages	577 272	10.54%	471 325	8.80%
Waters	1 594 724	29.11%	1 647 446	30.77%
Syrups	472 313	8.62%	500 583	9.35%
Fresh bars & Salads	288 987	5.28%	251 216	4.69%
Other	263 147	4.80%	220 968	4.13%
Total	5 477 863	100.00%	5 354 076	100.00%

The activities of the Group concentrate on the production of beverages in four market categories: carbonated beverages (including cola beverages), non-carbonated beverages (including Ugo bottles), bottled water and syrups. Together these categories accounted for 89.9% of the Group's sales revenue in 9M18.

The following table sets forth revenue from sales split by countries for 9M18 and 9M17. The allocation of revenue to a particular country segment is based on the geographical location of customers.

Geographical segments	9M18		9M17	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Czech Republic	2 407 583	43.95%	2 186 540	40.84%
Slovakia	1 294 633	23.63%	1 256 561	23.47%
Poland	796 125	14.53%	977 762	18.26%
Slovenia	594 758	10.86%	574 076	10.72%
Other*	384 764	7.03%	359 137	6.71%
Total	5 477 863	100.00%	5 354 076	100.00%

* including Croatia (9M18: 271 329, 9M17: 249 421 CZK thousand)

In CzechoSlovakia, the UGO's revenue grew by CZK 46 205 thousand to CZK 341 524 thousand (15.6%) and are becoming more important part of the Group's revenues. UGO operated 79 fresh bars and salad bars as at 30 September 2018.

3. BUSINESS OVERVIEW

Total Group's consolidated revenues without Polish segment grew by 7.0% (CZK 305 424 thousand) in comparison with 9M17.

COST OF SALES

In 9M18, the Group's adjusted cost of sales amounted to CZK 3 031 310 thousand and decreased by CZK 114 238 thousand or 3.6% from CZK 3 145 548 thousand in 9M17. Cost of sales/Revenue ratio shows a positive effect - decreased by 3.4 p.p. from 58.8% in 9M17 to 55.3% in 9M18. Decreased costs of sales are influenced by lower material costs (sugar).

GROSS PROFIT

In 9M18, the Group's adjusted gross profit amounted to CZK 2 446 553 thousand and increased by CZK 238 025 thousand or 10.8% from CZK 2 208 528 thousand in 9M17, this was influenced by increased gross profit mainly in Czechia (effect of sugar), improved performance in Ugo and gross profit from the new subsidiaries Premium Rosa and Leros which exceeded decreased gross profit in HOOP. Gross profit margin increased by 3.41 p.p. from 41.25% in 9M17 to 44.66% achieved in 9M18.

SELLING, MARKETING AND DISTRIBUTION COSTS

In 9M18, the Group's selling, marketing and distribution costs amounted to CZK 1 697 954 thousand and increased by CZK 73 863 thousand or 4.5% from CZK 1 624 091 thousand in 9M17. The increase is influenced by increased costs in Czechia (mainly from marketing and logistic costs), 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 0.7 p.p. (from 30.3% to 31.0%).

ADMINISTRATIVE COSTS

In 9M18, the Group's administrative costs amounted to CZK 317 819 thousand and increased by CZK 32 219 thousand or 11.3% from CZK 285 600 thousand in 9M17, the net increase is driven by administrative costs in LEROS and Premium Rosa (new acquisitions).

EBITDA

The following table sets forth information regarding EBITDA for 9M18 and 9M17.

Adjusted EBITDA	9M18	9M17
	CZK'000 / %	CZK'000 / %
EBITDA*	834 180	705 738
EBITDA margin**	15.23%	13.18%

* 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 9M18 and 9M17.

Adjusted EBITDA by countries	9M18		9M17	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
	CZK'000	%	CZK'000	%
Czech Republic	400 369	16.63%	248 750	11.38%
Slovakia	291 665	22.53%	275 918	21.96%
Poland	5 487	0.69%	19 575	2.00%
Slovenia	155 377	26.12%	158 341	27.58%
Other	(18 718)	(4.86%)	3 154	0.88%
Total	834 180	15.23%	705 738	13.18%

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

The Group's EBITDA margin growth of 2.05 p.p. to 15.23% in 9M18 comes mainly from Czechoslovakia. This is mainly influenced by lower prices of sugar. EBITDA in Poland is still declining, mainly due to lower sales of private labels. Slightly decreased EBITDA in Slovenia is influenced by current change of product portfolio - lower sales of water (2018 contract with the biggest customer under long negotiation, 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

3. BUSINESS OVERVIEW



by higher marketing costs (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 142 530 thousand (20.8%) in comparison with 9M17.

OPERATING PROFIT

Due to the reasons described above, in 9M18, the Group's adjusted operating profit amounted to CZK 423 609 thousand as compared to an operating profit of CZK 304 669 thousand in 9M17 – increase by 39.0%.

FINANCE COSTS, NET

In 9M18, the Group's net Finance costs amounted to CZK 55 958 thousand and increased by CZK 46 573 thousand as compared to net finance costs of CZK 9 385 thousand in 9M17. The biggest effect on lower financial result have lower foreign exchange gains (by CZK 32 million) and lower gains from revaluation of derivatives (by CZK 19 million). Net Finance costs include also the share in the profit of Russian associate that in 9M18 amounted to CZK 21 903 thousand compared to CZK 12 411 thousand in 9M17.

NET PROFIT FOR THE PERIOD

In 9M18, the Group's profit for the period amounted to CZK 260 393 thousand as compared to CZK 215 856 thousand in 9M17 – increase by 20.6 %.

3.1.3 FINANCIAL PERFORMANCE IN 3Q

Adjusted consolidated financial results	3Q18	3Q17	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	2 041 444	1 983 094	58 350	2.9%
Cost of sales	(1 079 103)	(1 114 691)	35 588	(3.2%)
Gross profit	962 341	868 403	93 938	10.8%
Selling, marketing and distribution costs	(593 494)	(566 699)	(26 795)	4.7%
Administrative costs	(104 035)	(79 860)	(24 175)	30.3%
Other operating income / (costs), net	(10 495)	3 615	(14 110)	(390.3%)
Operating profit	254 317	225 459	28 858	12.8%
EBITDA	394 987	356 801	38 186	10.7%
Finance costs, net	(20 723)	(11 950)	(8 773)	73.4%
Income tax	(58 825)	(47 656)	(11 169)	23.4%
Profit for the period	174 769	165 853	8 916	5.4%
- attributable to owners of Kofola ČeskoSlovensko a.s.	176 681	167 352	9 329	5.6%

In 3Q18, the Group's revenue increased by 2.9% compared to 3Q17, this was a net effect of decreased revenue in Poland in amount of cca CZK 55 308 thousand (17.2%) and increased revenue in the rest of the group. The Group's revenue without Poland increased by CZK 113 658 thousand (6.8%).

Selling, marketing and distribution costs increased by 4.7% (CZK 26 795 thousand), the biggest effect have increased marketing costs in Czechia and costs from the new subsidiary LEROS.

Administrative costs increased by 30.3% compared to 3Q17, mainly in Czechia.

Net finance result decreased by CZK 8 773 thousand, favourable 3Q17 result was influenced by foreign exchange gains and gains from revaluation of derivatives.

The Group's EBITDA without Poland increased by CZK 41 131 thousand (12.0%).

3. BUSINESS OVERVIEW

3.1.4 FINANCIAL POSITION

Consolidated statement of financial position	30.9.2018	31.12.2017	Change	Change
	CZK'000	CZK'000	CZK'000	%
Total assets	7 150 650	6 578 868	571 782	8.7%
Non-current assets, out of which:	4 736 069	4 786 195	(50 126)	(1.0%)
<i>Property, plant and equipment</i>	3 232 364	3 384 892	(152 528)	(4.5%)
<i>Intangible assets</i>	1 185 483	1 090 190	95 293	8.7%
<i>Goodwill</i>	93 466	86 302	7 164	8.3%
<i>Investment in associates</i>	68 030	70 260	(2 230)	(3.2%)
<i>Deferred tax assets</i>	67 039	81 531	(14 492)	(17.8%)
<i>Other</i>	89 687	73 020	16 667	22.8%
Current assets, out of which:	2 414 581	1 792 673	621 908	34.7%
<i>Inventories</i>	581 596	494 508	87 088	17.6%
<i>Trade and other receivables</i>	1 276 592	994 155	282 437	28.4%
<i>Cash and cash equivalents</i>	552 057	289 594	262 463	90.6%
<i>Other</i>	4 336	14 416	(10 080)	(69.9%)
Total equity and liabilities	7 150 650	6 578 868	571 782	8.7%
Equity	1 862 689	1 973 986	(111 297)	(5.6%)
Non-current liabilities	2 297 569	1 855 652	441 917	23.8%
Current liabilities	2 990 392	2 749 230	241 162	8.8%

ASSETS

At 30 September 2018, the Group's Property, plant and equipment amounted to CZK 3 232 364 thousand and decreased by CZK 152 528 thousand from CZK 3 384 892 thousand at the end of 2017. This change was mainly caused by sale of Bielsk Podlaski production plant (net book value of CZK 228 708 thousand and release of provision of CZK 138 454), additions and finance lease additions totalling CZK 275 914 thousand, additions from acquired subsidiary of CZK 113 220 thousand and on the other hand the depreciation charge of CZK 368 854 thousand. The additions comprise mainly cars and sales support equipment.

As at 30 September 2018, Intangible assets were of CZK 1 185 483 thousand and increased by CZK 95 293 thousand or 8.7% 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 41 717 thousand.

The Group's current assets as at 30 September 2018 amounted to CZK 2 414 581 thousand, of which 53% is represented by Trade and other receivables, 23% is represented by Cash and cash equivalents and 24% is formed by Inventories. The net increase of CZK 621 908 thousand or 35% is mainly attributable to increased receivables, cash increased by CZK 262 463 thousand.

Deferred tax asset decreased by CZK 14 492 thousand to CZK 67 039 thousand, of which CZK 53 312 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 September 2018, the Group's current and non-current liabilities amounted to CZK 5 287 961 thousand, which constitutes an 20% (CZK 683 079 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 2 163 462 (2017: 1 644 571 thousand) as at 30 September 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 9M18 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 2 620 358 thousand as at 30 September 2018, which represents an increase of CZK 244 486 thousand or 10 % 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 September 2018 was of 2.43 compared to 2.50 at the end of 2017.

The Group's provisions increased by CZK 21 963 thousand from CZK 126 303 thousand to CZK 148 266 thousand, which is mainly influenced by increase of provisions for employee bonuses.

3. BUSINESS OVERVIEW



3.1.5 CASH FLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 9M18, the Group's net cash flow from operating activities amounted to CZK 638 365 thousand and increased by CZK 136 021 thousand from CZK 502 344 thousand in 9M17. Increased operating cash flow in 9M18 is caused by higher profit before tax adjusted for non-cash movements (by CZK 138 million), lower tax paid (by CZK 22 million) and on the other hand by negative cash flow effect from working capital changes (by CZK 24 million) caused mainly by lower December 2017 receivables due to poor 2017 year-end sales.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 9M18, the Group's net cash outflow from investing activities amounted to CZK (424 516) thousand and increased by CZK 5 485 thousand from CZK (419 031) thousand in 9M17. 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 9M18, the Group's net cash inflow from financing activities amounted to CZK 47 949 thousand and increased by CZK 403 386 thousand from CZK (355 437) thousand in 9M17. This was mainly a result of higher net inflow from loans (by CZK 523 508 thousand) which exceeded higher outflow from dividends (by CZK 121 770 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. Once we will not succeed in enlarging our brand portfolio, a contingency plan assumes divestment of HOOP business. The decision has not been made yet.

We will integrate LEROS (Czechia) with Premium Rosa (Poland) 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
Gross profit	A+B=C	Statement of Profit or Loss	Gross profit
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 / (costs), net	F	Statement of Profit or Loss	Other operating income + Other operating expenses
Operating profit	C+D+E+F=G	Statement of Profit or Loss	Operating profit
Depreciation and amortisation	H	Statement of Cash Flows	Depreciation and amortization
EBITDA	G+H=I	-	-
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
Net debt	J+K+L-M=N	-	-
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. BUSINESS OVERVIEW



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.

3.2. SUBSEQUENT EVENTS

REPAYMENT OF BONDS

Bonds KOFOLA VAR/18 described in B 4.13 were repaid on their maturity date – on 4 October 2018.

CHANGE IN SUPERVISORY BOARD AND AUDIT COMMITTEE IN KOFOLA ČESKOSLOVENSKO A.S.

On 25 September 2018 Mr. Dariusz Prończuk and Bartosz Kwiatkowski, members of the Supervisory Board of the Company, submitted notices of resignation. Mr. Kwiatkowski resigned also as a member of the Audit Committee. Their positions expired on 25 October 2018.

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

4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

As at 30 September 2018, the registered 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.

On 13 August 2018, the general meeting approved a decrease of the registered capital (see B 1.5.). The decrease is expected to be effective (after the registration in the Commercial Register) by the 2018-year end.

4.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure		30.9.2018	
	Number of shares	Share	
	pcs	%	
AETOS a.s.	15 159 204	68.00%	
RADENSKA d.o.o.	1 114 109	5.00%	
Others	6 021 687	27.00%	
Total shares volume	22 295 000	100.00%	

Group shareholders structure		31.12.2017	
	Number of shares	Share	
	pcs	%	
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%	
Total shares volume	22 295 000	100.00%	

In 2017, 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 wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. KSM merged into AETOS a.s. on 31 August 2018. As of 30 September 2018, AETOS a.s. is the ultimate parent of the Company.

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 ("CED Group").

RADENSKA d.o.o. purchased in 2017 from CED Group 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, 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. On 20 September 2018, CED Group sold its remaining stake in the Company (2 768 445 shares representing 12.42% of the Company's share capital), at a price per share of CZK 255. The free float increased to 27%.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS 9M 2018
KOFOLA ČESKOSLOVENSKO A.S.

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 9-month period ended 30 September 2018 and 30 September 2017 in CZK thousand.

Consolidated statement of profit or loss	Note	9M18	3Q18	9M17	3Q17
		CZK'000	CZK'000	CZK'000	CZK'000
Revenue from the sale of finished products and services	4.1	5 028 860	1 902 711	4 952 107	1 847 853
Revenue from the sale of goods and materials	4.1	449 003	138 733	401 969	135 241
Revenue		5 477 863	2 041 444	5 354 076	1 983 094
Cost of products and services sold	4.2	(2 648 681)	(948 364)	(2 796 773)	(988 945)
Cost of goods and materials sold	4.2	(383 758)	(130 742)	(348 775)	(121 220)
Cost of sales		(3 032 439)	(1 079 106)	(3 145 548)	(1 110 165)
Gross profit		2 445 424	962 338	2 208 528	872 929
Selling, marketing and distribution costs	4.2	(1 698 810)	(594 350)	(1 624 091)	(566 699)
Administrative costs	4.2	(334 978)	(104 698)	(296 007)	(87 053)
Other operating income	4.3	159 120	140 908	62 895	29 167
Other operating expenses	4.4	(177 131)	(157 182)	(66 253)	(56 851)
Operating profit		393 625	247 016	285 072	191 493
Finance income	4.5	4 768	(7 519)	54 771	13 770
Finance costs	4.6	(82 629)	(24 432)	(76 567)	(32 113)
Share of profit / (loss) of associate	4.11	21 903	11 228	12 411	6 393
Profit before income tax		337 667	226 293	275 687	179 543
Income tax expense	4.7	(106 648)	(58 751)	(78 764)	(47 385)
Profit for the period		231 019	167 542	196 923	132 158
<i>Attributable to:</i>					
Owners of Kofola ČeskoSlovensko a.s.		234 951	169 454	200 976	133 657
Non-controlling interests		(3 932)	(1 912)	(4 053)	(1 499)
Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)					
Basic earnings per share	4.8	10.54	7.60	9.02	6.00
Diluted earnings per share	4.8	10.54	7.60	9.02	6.00

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 9-month period ended 30 September 2018 and 30 September 2017 in CZK thousand.

Consolidated statement of other comprehensive income	Note	9M18 CZK'000	3Q18 CZK'000	9M17 CZK'000	3Q17 CZK'000
Profit for the period		231 019	167 542	196 923	132 158
Other comprehensive income					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign subsidiaries		7 909	(4 992)	(110 319)	(49 043)
Exchange differences on translation of foreign associate	4.11	(8 109)	(4 072)	(7 173)	(1 459)
Derivatives - Cash flow hedges		14 099	13 552	-	-
Deferred tax from cash flow hedging		(2 679)	(2 575)	-	-
Other comprehensive income / (loss) for the period, net of tax		11 220	1 913	(117 492)	(50 502)
Total comprehensive income for the period		242 239	169 455	79 431	81 656
Attributable to:					
Owners of Kofola ČeskoSlovensko a.s.		246 171	171 367	83 484	83 155
Non-controlling interests		(3 932)	(1 912)	(4 053)	(1 499)

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 September 2018, 31 December 2017 and 30 September 2017 in CZK thousand.

Assets	Note	30.9.2018 CZK'000	31.12.2017 CZK'000	30.9.2017 CZK'000
Non-current assets		4 736 069	4 786 195	4 835 220
Property, plant and equipment	4.9	3 232 364	3 384 892	3 319 569
Goodwill	4.10	93 466	86 302	86 302
Intangible assets	4.10	1 185 483	1 090 190	1 208 792
Investment in associate	4.11	68 030	70 260	73 020
Other receivables		87 427	70 703	65 374
Other non-financial assets		2 260	2 317	2 353
Deferred tax assets		67 039	81 531	79 810
Current assets		2 414 581	1 792 673	3 015 910
Assets classified as held for sale		-	-	105 612
Current assets excl. Assets classified as held for sale		2 414 581	1 792 673	2 910 298
Inventories		581 596	494 508	615 527
Trade and other receivables		1 276 592	994 155	1 142 479
Income tax receivables		4 336	14 416	6 389
Cash and cash equivalents		552 057	289 594	1 145 903
Total assets		7 150 650	6 578 868	7 851 130
Liabilities and equity				
Equity attributable to owners of Kofola ČeskoSlovensko a.s.		1 870 305	1 977 670	2 518 673
Share capital	1.5	1 114 903	2 229 500	2 229 500
Share premium and capital reorganisation reserve	1.5	(848 274)	(1 962 871)	(1 962 871)
Other reserves	1.5	1 938 706	2 048 985	2 075 994
Foreign currency translation reserve	1.5	36 830	37 030	48 433
Own shares	1.5	(491 565)	(491 565)	(1 357)
Retained earnings	1.5	119 705	116 591	128 974
Equity attributable to non-controlling interests	1.5	(7 616)	(3 684)	(1 157)
Total equity	1.5	1 862 689	1 973 986	2 517 516
Non-current liabilities		2 297 569	1 855 652	2 129 342
Bank credits and loans	4.14	1 940 217	1 480 488	1 504 856
Bonds issued	4.13	-	-	328 271
Finance lease liabilities		85 487	112 867	126 512
Provisions		86 375	85 483	21 446
Other liabilities		2 142	-	388
Deferred tax liabilities		183 348	176 814	147 869
Current liabilities		2 990 392	2 749 230	3 204 272
Bank credits and loans	4.14	751 736	682 025	1 043 872
Bonds issued	4.13	345 516	332 513	15 046
Finance lease liabilities		49 459	57 573	52 899
Trade and other payables		1 724 524	1 630 999	1 804 947
Income tax liabilities		57 266	5 300	18 556
Other financial liabilities		-	-	87 838
Provisions		61 891	40 820	181 114
Total liabilities		5 287 961	4 604 882	5 333 614
Total liabilities and equity		7 150 650	6 578 868	7 851 130

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 9-month and 3-month period ended 30 September 2018 and 30 September 2017 in CZK thousand.

Consolidated statement of cash flows	Note	9M18 CZK '000	3Q18 CZK '000	9M17 CZK '000	3Q17 CZK '000
Cash flows from operating activities					
Profit before income tax	1.1	337 667	226 293	275 687	179 543
Adjustments for:					
Non-cash movements					
Depreciation and amortisation	4.2	410 571	140 670	401 069	131 342
Net interest	4.5, 4.6	60 244	21 922	54 999	19 515
Share on associate result	4.11	(21 903)	(11 228)	(12 411)	(6 393)
Change in the balance of provisions and impairments		(127 837)	(129 194)	17 668	47 654
Derivatives	4.5, 4.6	4 325	1 509	(14 524)	(8 388)
(Gain) / loss on sale of PPE and intangible assets	4.3, 4.4	148 948	156 688	(12 671)	668
Net exchange differences		2 832	5 615	(28 850)	1 863
Other		3 235	(7 389)	(659)	(3 772)
Cash movements					
Income taxes paid		(52 328)	(20 941)	(74 158)	(22 285)
Change in operating assets and liabilities					
Change in receivables		(194 673)	49 731	(75 008)	239 436
Change in inventories		(48 488)	53 335	(116 309)	(11 742)
Change in payables		115 772	(226 195)	87 511	(289 917)
Net cash inflow / (outflow) from operating activities		638 365	260 816	502 344	277 524
Cash flows from investing activities					
Sale of property, plant and equipment		22 185	5 114	25 545	4 419
Acquisition of property, plant and equipment and intangible assets		(346 270)	(114 357)	(387 588)	(135 050)
Purchase of subsidiaries, excluding cash from takeover		(116 591)	(2 867)	(57 029)	(57 029)
Dividends and interest received		16 160	13	41	(371)
Net cash inflow / (outflow) from investing activities		(424 516)	(112 097)	(419 031)	(188 031)
Cash flows from financing activities					
Finance lease payments		(40 904)	(13 804)	(46 079)	(18 623)
Proceeds from loans and bank credits		891 586	16 826	2 402 668	2 367 509
Repayment of loans and bank credits		(409 914)	(81 279)	(2 444 504)	(2 259 139)
Dividends paid to company's shareholders		(345 789)	(5 858)	(224 019)	(213 103)
Interest and bank charges paid		(47 325)	(17 592)	(43 061)	(15 794)
Purchase of own shares		-	-	(442)	-
Derivatives		295	(1 509)	-	-
Net cash inflow / (outflow) from financing activities		47 949	(103 216)	(355 437)	(139 150)
Net increase / (decrease) in cash and cash equivalents		261 798	45 503	(272 124)	(49 657)
Cash and cash equivalents at the beginning of the period		289 594	507 064	1 421 014	1 197 783
Effects of exchange rate changes on cash and cash equivalents		665	(510)	(2 987)	(2 223)
Cash and cash equivalents at the end of the period		552 057	552 057	1 145 903	1 145 903

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

or the 9-month and 3-month period ended 30 September 2018, 12-month period ended 31 December 2017 and 9-month period ended 30 September 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		
Balance as at 31 December 2017		2 229 500	(1 962 871)	2 048 985	37 030	(491 565)	116 591	1 977 670	(3 684)	1 973 986
IFRS 9 adjustment	3.7	-	-	-	-	-	7 594	7 594	-	7 594
Balance as at 1 January 2018		2 229 500	(1 962 871)	2 048 985	37 030	(491 565)	124 185	1 985 264	(3 684)	1 981 580
Profit / (loss) for the period	1.1	-	-	-	-	-	234 951	234 951	(3 932)	231 019
Other comprehensive income / (loss)		-	-	11 420	(200)	-	-	11 220	-	11 220
Total comprehensive income / (loss) for the period	1.2	-	-	11 420	(200)	-	234 951	246 171	(3 932)	242 239
Dividends		-	-	-	-	-	(361 130)	(361 130)	-	(361 130)
Capital restructuring		(1 114 597)	1 114 597	-	-	-	-	-	-	-
Transfer		-	-	(121 699)	-	-	121 699	-	-	-
Balance as at 30 September 2018		1 114 903	(848 274)	1 938 706	36 830	(491 565)	119 705	1 870 305	(7 616)	1 862 689
Balance as at 1 July 2018		2 229 500	(1 962 871)	2 049 428	45 894	(491 565)	(171 448)	1 698 938	(5 704)	1 693 234
Profit / (loss) for the period	1.1	-	-	-	-	-	169 454	169 454	(1 912)	167 542
Other comprehensive income / (loss)		-	-	10 977	(9 064)	-	-	1 913	-	1 913
Total comprehensive income / (loss) for the period	1.2	-	-	10 977	(9 064)	-	169 454	171 367	(1 912)	169 455
Capital restructuring		(1 114 597)	1 114 597	-	-	-	-	-	-	-
Transfer		-	-	(121 699)	-	-	121 699	-	-	-
Balance as at 30 September 2018		1 114 903	(848 274)	1 938 706	36 830	(491 565)	119 705	1 870 305	(7 616)	1 862 689

On 13 August 2018, the general meeting of the Company approved a reduction of the Company's share capital. The reduction will be made by cancelling 3 052 of own shares with a total nominal value of CZK 305 thousand and by reducing the nominal value of all the other shares of the Company by CZK 50, i.e. from CZK 100 to CZK 50.

The amount corresponding to the reduction of the registered shared capital, i.e. the amount of CZK 1 114 902 thousand will be used as follows:

- (i) a part amounting to CZK 496 266 thousand will be transferred to the Other reserves of the Company,
- (ii) a part amounting to CZK 618 331 thousand will be transferred to the newly created Company's Distribution fund and
- (iii) a part amounting to CZK 305 thousand will be recognized in the profit and loss.

As of 30 September 2018, the reduction has not been recorded in the Commercial register and 3 052 of own shares were not liquidated. Because the reduction was approved by the general meeting, we transferred CZK 1 114 597 thousand from the share capital to the capital reorganization reserve.

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		
Balance as at 1 January 2017		2 229 500	(1 962 871)	2 075 994	165 925	(915)	228 939	2 736 572	2 896	2 739 468
Profit / (loss) for the period	1.1	-	-	-	-	-	200 976	200 976	(4 053)	196 923
Other comprehensive income / (loss)		-	-	-	(117 492)	-	-	(117 492)	-	(117 492)
Total comprehensive income / (loss) for the period	1.2	-	-	-	(117 492)	-	200 976	83 484	(4 053)	79 431
Own shares purchase		-	-	-	-	(442)	-	(442)	-	(442)
Dividends		-	-	-	-	-	(300 941)	(300 941)	-	(300 941)
Balance as at 30 September 2017		2 229 500	(1 962 871)	2 075 994	48 433	(1 357)	128 974	2 518 673	(1 157)	2 517 516
Balance as at 1 January 2017		2 229 500	(1 962 871)	2 075 994	165 925	(915)	228 939	2 736 572	2 896	2 739 468
Profit / (loss) for the period	1.1	-	-	-	-	-	158 775	158 775	(6 580)	152 195
Other comprehensive income / (loss)		-	-	-	(128 895)	-	-	(128 895)	-	(128 895)
Total comprehensive income / (loss) for the period	1.2	-	-	-	(128 895)	-	158 775	29 880	(6 580)	23 300
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
Balance as at 31 December 2017		2 229 500	(1 962 871)	2 048 985	37 030	(491 565)	116 591	1 977 670	(3 684)	1 973 986

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 until 31 August 2018 part of the group controlled by KSM Investment S.A. („Group “). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. Since 31 August 2018, after the merger of KSM Investment S.A. to AETOS a.s., the ultimate parent of the Company is AETOS a.s. 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 September 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
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Jacek Woźniak
- Bartosz Kwiatkowski

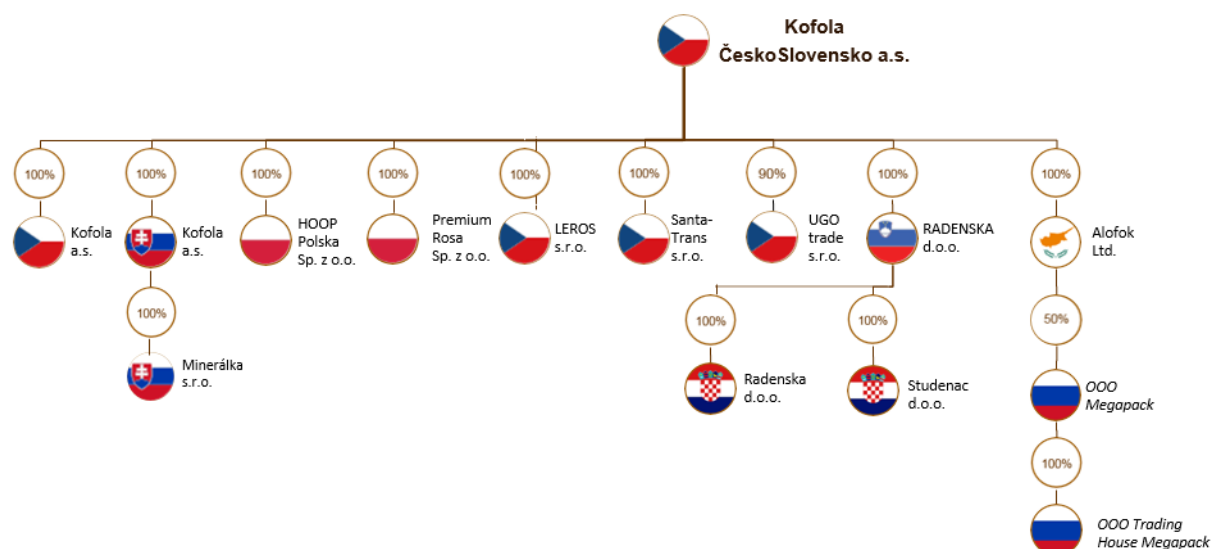
AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Pavel Jakubík
- Bartosz Kwiatkowski

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 SEPTEMBER 2018



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.9.2018	31.12.2017
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Alofok Ltd.	Cyprus	holding	100.00%	100.00%
Production and trading				
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	n/a	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
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
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%

Radenska Miral d.o.o. and RADENSKA d.o.o. merged on 3 August 2018. RADENSKA d.o.o. acts as a legal successor.

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 September 2018 and contain comparatives for the period ended 30 September 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	30.9.2018	31.12.2017	30.9.2017
CZK/EUR	25.715	25.540	25.975
CZK/PLN	6.011	6.114	6.035
CZK/RUB	0.334	0.368	0.381
CZK/USD	21.967	21.291	22.003
CZK/HRK	3.461	3.439	3.465

Average exchange rates	1.1.2018 - 30.9.2018	1.1.2017 - 31.12.2017	1.1.2017 - 30.9.2017
CZK/EUR	25.570	26.330	26.553
CZK/PLN	6.021	6.185	6.225
CZK/RUB	0.349	0.401	0.410
CZK/USD	21.424	23.382	23.907
CZK/HRK	3.447	3.528	3.568

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 except for accounting of derivatives which is described below.

FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This category includes derivative instruments in the Group's balance sheet. Financial assets / liabilities within this category serve for the hedging of risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period through other comprehensive income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within finance income / costs.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

When the financial asset / liability is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

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 September 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. SIGNIFICANT ACCOUNTING POLICIES



3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 12 November 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 nine-month period ended 30 September 2018 and in the comparative period ended 30 September 2017 that generated more than 10 % of the Group’s consolidated revenue.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



GEOGRAPHIC SEGMENTS

1.1.2018 – 30.9.2018	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
Revenue	2 603 311	1 586 240	842 446	631 973	484 152	6 148 122	(670 259)	-	5 477 863
External revenue	2 407 583	1 294 633	796 125	594 758	384 764	5 477 863	-	-	5 477 863
Inter-segment revenue	195 728	291 607	46 321	37 215	99 388	670 259	(670 259)	-	-
Operating expenses	(2 407 319)	(1 375 769)	(915 101)	(523 185)	(533 123)	(5 754 497)	670 259	-	(5 084 238)
Related to external revenue	(2 211 591)	(1 084 162)	(868 780)	(485 970)	(433 735)	(5 084 238)	-	-	(5 084 238)
Related to inter-segment revenue	(195 728)	(291 607)	(46 321)	(37 215)	(99 388)	(670 259)	670 259	-	-
Operating profit / (loss)	195 992	210 471	(72 655)	108 788	(48 971)	393 625	-	-	393 625
Finance income / (costs), net						251 959	(329 820)	-	(77 861)
- within segment						(77 861)	-	-	(77 861)
- between segments						329 820	(329 820)	-	-
Share of profit / (loss) of associate						-	-	21 903	21 903
Profit / (loss) before income tax						645 584	(329 820)	21 903	337 667
Income tax expense						(108 957)	2 309	-	(106 648)
Profit / (loss) for the period	393 888	159 201	(85 567)	104 902	(35 797)	536 627	(327 511)	21 903	231 019
EBITDA	386 120	289 108	(6 562)	155 377	(19 847)	804 196	-	-	804 196
One-offs (A 3.1.1)	14 249	2 557	12 049	-	1 129	29 984	-	-	29 984
Adjusted EBITDA (A 3.1.1)	400 369	291 665	5 487	155 377	(18 718)	834 180	-	-	834 180
Assets and liabilities									
Segment assets	7 351 868	1 436 845	1 410 330	1 393 097	335 572	11 927 712	(4 845 092)	68 030	7 150 650
Total assets	7 351 868	1 436 845	1 410 330	1 393 097	335 572	11 927 712	(4 845 092)	68 030	7 150 650
Segment liabilities	5 007 501	1 031 928	702 809	563 183	255 508	7 560 929	(2 272 968)	-	5 287 961
Equity									1 862 689
Total liabilities and equity									7 150 650
Other segment information									
Additions to PPE and Intangible assets	131 603	66 277	29 967	37 639	23 764	289 250	-	-	289 250
Depreciation and amortisation	190 128	78 637	66 093	46 589	29 124	410 571	-	-	410 571
Other Impairment losses	4 764	535	801	-	655	6 755	-	-	6 755
Other Impairment losses reversals	(8 228)	(2 149)	(146 051)	(4 935)	(617)	(161 980)	-	-	(161 980)

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2017 – 30.9.2017	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
Revenue	2 387 486	1 534 829	1 043 325	614 390	456 832	6 036 862	(682 786)	-	5 354 076
External revenue	2 186 540	1 256 561	977 762	574 076	359 137	5 354 076	-	-	5 354 076
Inter-segment revenue	200 946	278 268	65 563	40 314	97 695	682 786	(682 786)	-	-
Operating expenses	(2 340 249)	(1 346 516)	(1 090 957)	(508 173)	(465 895)	(5 751 790)	682 786	-	(5 069 004)
Related to external revenue	(2 139 303)	(1 068 248)	(1 025 394)	(467 859)	(368 200)	(5 069 004)	-	-	(5 069 004)
Related to inter-segment revenue	(200 946)	(278 268)	(65 563)	(40 314)	(97 695)	(682 786)	682 786	-	-
Operating profit / (loss)	47 237	188 313	(47 632)	106 217	(9 063)	285 072	-	-	285 072
Finance income / (costs), net						253 626	(275 422)	-	(21 796)
- within segment						(21 796)	-	-	(21 796)
- between segments						275 422	(275 422)	-	-
Share of profit / (loss) of associate						-	-	12 411	12 411
Profit / (loss) before income tax						538 698	(275 422)	12 411	275 687
Income tax expense						(78 956)	192	-	(78 764)
Profit / (loss) for the period	272 057	140 460	(61 336)	120 274	(11 713)	459 742	(275 230)	12 411	196 923
EBITDA	238 193	275 918	14 226	154 650	3 154	686 141	-	-	686 141
One-offs (A 3.1.1)	10 557	-	5 349	3 691	-	19 597	-	-	19 597
Adjusted EBITDA (A 3.1.1)	248 750	275 918	19 575	158 341	3 154	705 738	-	-	705 738
Assets and liabilities									
Segment assets	6 239 101	1 219 299	1 539 920	2 346 498	434 864	11 779 682	(4 001 572)	73 020	7 851 130
Total assets	6 239 101	1 219 299	1 539 920	2 346 498	434 864	11 779 682	(4 001 572)	73 020	7 851 130
Segment liabilities	3 775 691	842 061	690 224	504 150	292 858	6 104 984	(771 370)	-	5 333 614
Equity									2 517 516
Total liabilities and equity									7 851 130
Other segment information									
Additions to PPE and Intangible assets	163 517	30 563	94 559	97 423	26 360	412 422	-	-	412 422
Depreciation and amortisation	190 937	87 624	61 858	48 433	12 217	401 069	-	-	401 069
Other Impairment losses	2 495	345	1 849	3 239	218	8 146	-	-	8 146
Other Impairment losses reversals	(6 819)	(876)	(6 275)	-	(21)	(13 991)	-	-	(13 991)

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PRODUCT LINES

1.1.2018 - 30.9.2018	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	2 281 420	577 272	1 594 724	472 313	288 987	263 147	5 477 863

1.1.2017 - 30.9.2017	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	2 236 307	527 577	1 628 347	494 782	251 216	215 847	5 354 076

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	9M18 CZK'000	9M17 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	410 571	401 069
Employee benefits expenses (i)	1 026 079	930 807
Consumption of materials and energy	2 134 136	2 422 147
Cost of goods and materials sold	383 758	348 775
Services	984 590	966 634
Rental costs	91 831	92 803
Taxes and fees	50 856	57 748
Insurance costs	9 702	12 000
Change in allowance to inventory	(8 492)	(4 970)
Change in allowance to receivables	(5 389)	(2 759)
Other cost/(income)	16 856	16 405
Total expenses by nature*	5 094 498	5 240 659
Change in finished products and work in progress	(28 271)	(175 013)
Reconciliation of expenses by nature to expenses by function	5 066 227	5 065 646
Selling, marketing and distribution costs	1 698 810	1 624 091
Administrative costs	334 978	296 007
Costs of products and services sold	2 648 681	2 796 773
Cost of goods and materials sold	383 758	348 775
Total costs of products sold, merchandise and materials, sales costs and administrative costs	5 066 227	5 065 646

* excluding Other operating income, Other operating expenses and Impairment

(i) Employee benefits expenses

Employee benefits expenses	9M18 CZK'000	9M17 CZK'000
Salaries	761 265	702 803
Social security and other benefit costs	159 343	125 416
Pension benefit plan expenses	105 471	102 588
Total employee benefits expenses	1 026 079	930 807

4.3. OTHER OPERATING INCOME

Other operating income	9M18 CZK'000	9M17 CZK'000
Net gain from the sale of PPE and intangible assets	2 259	12 671
Release of impairment of PPE in Bielsk	138 454	-
Reinvoiced payments	2 582	1 686
Received subsidies	337	75
Compensation claims	46	37 447
Write-off liabilities	-	703
Received penalties and compensation for damages	1 868	6 841
Tax return	148	179
Release of provision	6 788	3 293
Sale of Bielsk production line	4 550	-
Other	2 088	-
Total other operating income	159 120	62 895

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.4. OTHER OPERATING EXPENSES

Other operating expenses	9M18 CZK'000	9M17 CZK'000
Net loss from disposal of PPE and intangible assets	3 180	-
Net loss from disposal of PPE in Bielsk	148 027	-
Loss from liquidation of PPE and intangible assets	-	32
Provided donations, sponsorship	6 172	7 454
Paid penalties and damages	4 054	-
Other tax expense	167	221
Creation of provisions - plant closure in Poland	-	49 854
Bialsk and Grodzisk maintenance expenses	13 377	-
Other	2 154	8 692
Total other operating expenses	177 131	66 253

4.5. FINANCE INCOME

Finance income	9M18 CZK'000	9M17 CZK'000
Interest from:		
– bank deposits	100	38
– credits and loans granted	-	715
Exchange gains	4 151	37 846
Gain from derivatives	-	15 505
Other	517	667
Total finance income	4 768	54 771

4.6. FINANCE COSTS

Finance costs	9M18 CZK'000	9M17 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	60 344	55 752
Exchange losses	6 983	8 996
Bank costs and charges	10 856	10 216
Loss from derivatives	4 325	981
Other	121	622
Total finance costs	82 629	76 567

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

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

Income tax expense	9M18 CZK'000	9M17 CZK'000
Current income tax	115 462	73 388
Current income tax on profits for the period	114 462	73 388
Deferred income tax	(8 814)	5 376
Related to arising and reversing of temporary differences	(21 602)	(7 752)
Related to tax losses	12 788	13 128
Income tax expense	106 648	78 764

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:

	9M18 CZK'000	9M17 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	234 951	200 976

	9M18 Pcs	9M17 pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(3 052)	(2 591)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 291 948	22 292 409
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 291 948	22 292 409

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

Basic earnings per share (CZK/share)	9M18 CZK'000	9M17 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	234 951	200 976
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 292 409
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	10.54	9.02

Diluted earnings per share (CZK/share)	9M18 CZK'000	9M17 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	234 951	200 976
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 291 948	22 292 409
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	10.54	9.02

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.9. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 389 212 thousand in 9M18 (including additions from acquisitions of subsidiaries and finance lease). Disposals influenced by sale of Bielsk Podlaski production plant (net book value of CZK 228 708 thousand).

The investment projects realised by the Group in 9M18 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 9M17 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, goodwill from acquisition of LEROS s.r.o. acquired in March 2018 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 September 2018, the additions to intangible assets were of CZK 150 721 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 nine-months ended 30 September 2017, the additions to intangible assets were of CZK 99 147 thousand. The most significant additions were connected with acquisition of Titbit and Premium Rosa.

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	9M18	2017	9M17
	CZK'000	CZK'000	CZK'000
Opening balance	70 260	67 782	67 782
Share of profit attributable to the Group	21 903	11 845	12 411
Dividend	(16 024)	-	-
Exchange difference	(8 109)	(9 367)	(7 173)
Closing balance	68 030	70 260	73 020

Statement of financial position	30.9.2018	31.12.2017	30.9.2017
	CZK'000	CZK'000	CZK'000
Current assets	317 163	255 469	262 764
Non-current assets	133 395	135 688	142 796
Current liabilities	(209 441)	(150 335)	(155 307)
Non-current liabilities	(28 174)	(15 723)	(16 975)
Net assets	212 943	225 099	233 278

Statement of profit or loss	9M18	2017	9M17
	CZK'000	CZK'000	CZK'000
Revenue	704 960	742 705	538 640
Profit for the period	43 806	23 690	24 822
Share of profit attributable to Kofola ČeskoSlovensko group	21 903	11 845	12 411

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.12. DIVIDENDS

Declared dividends	9M18	9M17
	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	30.9.2018	31.12.2017	30.9.2017	Interest terms	Maturity date
		CZK'000	CZK'000	CZK'000		
Bonds issued KOFOLA VAR/18	CZK	345 516	332 513	343 317	12M PRIBOR + margin	10/2018
Bonds issued total		345 516	332 513	343 317		

INDEBTEDNESS OF THE GROUP FROM ISSUED BONDS

As at 30 September 2018, the Group has a liability from issued bonds in the total amount of CZK 345 516 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 are disclosed in current liabilities. In October 2018, the bonds were refinanced by a bank loan.

As of 30 September 2018, terms and conditions of the issued bonds were met. Repayment of bonds on 4 October 2018 is described in B 4.20.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.14. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 30 September 2018, the Group's total bank loans and credits amounted to CZK 2 691 953 thousand (2017: CZK 2 162 513 thousand) and increased by CZK 529 440 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 2 163 462 thousand as at 30 September 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.

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

4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 September 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	3 219	82 774	12/2022	Santa-Trans.SK s.r.o.	third party*
Total guarantees issued as at 30.9.2018				82 774			

* 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 30 September 2018 is CZK 671 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. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.17. RELATED PARTY TRANSACTIONS

4.17.1 SHAREHOLDERS STRUCTURE

Share capital structure	30.9.2018			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.	-	-	-	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	6 021 687	27.00	28.42	1 348 242	6.04	6.35
Total	22 295 000	100.00	100.00	22 295 000	100.00	100.00

In 2017, 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 wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. KSM merged into AETOS a.s. on 31 August 2018. As of 30 September 2018, AETOS a.s. is the ultimate parent of the Company.

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 ("CED Group").

RADENSKA d.o.o. purchased in 2017 from CED Group 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, 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. On 20 September 2018, CED Group sold its remaining stake in the Company (2 768 445 shares representing 12.42% of the Company's share capital), at a price per share of CZK 255. The free float increased to 27 %.

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 9M18.

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	13 648	-	-	-	13 648
	Non-financial	716	-	-	-	716
Compensation for activities in the Company's Supervisory board	Financial	-	771	-	-	771
	Non-financial	-	-	-	-	-
Compensation for activities in the Company's Audit committee	Financial	-	-	108	-	108
	Non-financial	-	-	-	-	-
Compensation for other activities within the Group	Financial	5 726	3 174	-	8 425	17 325
	Non-financial	-	324	-	246	570

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



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.

30.9.2018	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	1 179 806	-	-	1 179 806
Cash and cash equivalents	552 057	-	-	552 057
Derivatives (i)	-	14 099	-	14 099
Bank credits and loans	-	-	(2 691 953)	(2 691 953)
Bonds issued	-	-	(345 516)	(345 516)
Trade and other payables	-	-	(1 481 148)	(1 481 148)
Total	1 731 863	14 099	(4 518 617)	(2 772 655)

(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.

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)
Total	1 185 532	4 620	(3 967 868)	(2 777 716)

(ii) Fair value of derivatives

The Group 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 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. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.19. ACQUISITION OF SUBSIDIARIES

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)
Total identifiable net assets acquired	4 915	106 196	111 111

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

Goodwill calculation	CZK'000
Consideration transferred	113 976
Net assets acquired	111 111
Goodwill	2 865

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.

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)
Total identifiable net assets acquired	(4 220)

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

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

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

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



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.

ACQUISITION OF SUBSIDIARY PREMIUM ROSA

Kofola ČeskoSlovensko a.s. acquired on 10 July 2017 a 100% business share in the company Premium Rosa Sp. z o.o based in Złotokłos, Poland. The company operates in the premium segment and produces high quality natural products such as syrups, juices and jams.

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	18 161	-	18 161
Intangible assets	1 909	57 657	59 566
Other financial assets	127	-	127
Deferred tax assets	-	-	-
Inventories	24 678	-	24 678
Trade receivables and other receivables	13 989	-	13 989
Cash and cash equivalents	4 951	-	4 951
Provisions	-	-	-
Bank credits and loans	(13 192)	-	(13 192)
Income tax liability	-	-	-
Trade liabilities and other liabilities	(13 507)	-	(13 507)
Other financial liabilities	(32 793)	-	(32 793)
Total identifiable net assets acquired	4 323	57 657	61 980

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

Goodwill calculation	CZK'000
Consideration transferred	61 980
Non-controlling interest	-
Net assets acquired	61 980
Goodwill	-

4.20. SUBSEQUENT EVENTS

REPAYMENT OF BONDS

Bonds KOFOLA VAR/18 described in B 4.13 were repaid on their maturity date – on 4 October 2018.

CHANGE IN SUPERVISORY BOARD AND AUDIT COMMITTEE IN KOFOLA ČESKOSLOVENSKO A.S.

On 25 September 2018 Mr. Dariusz Prończuk and Bartosz Kwiatkowski, members of the Supervisory Board of the Company, submitted notices of resignation. Mr. Kwiatkowski resigned also as a member of the Audit Committee. Their positions expired on 25 October 2018.

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 9M 2018
KOFOLA ČESKOSLOVENSKO A.S.

1. INTERIM SEPARATE FINANCIAL STATEMENTS

1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for 9-month period ended 30 September 2018 and 30 September 2017 in CZK thousand.

Separate statement of profit or loss	Note	9M18	9M17
		CZK'000	CZK'000
Revenue from the sale of finished products and services		315 835	312 211
Revenue from the sale of goods and materials		113	5
Revenue		315 948	312 216
Cost of products and services sold	4.2	(34 130)	(32 039)
Cost of sales		(34 130)	(32 039)
Gross profit		281 818	280 177
Selling, marketing and distribution costs	4.2	(138 681)	(159 757)
Administrative costs	4.2	(171 426)	(161 405)
Dividends		433 057	616 978
Other operating income	4.3	521	1 326
Other operating expenses	4.4	(1 296)	(7 322)
Operating profit		403 993	569 997
Finance income	4.5	9 571	23 896
Finance costs	4.6	(64 447)	(48 978)
Profit before income tax		349 117	544 915
Income tax (expense) / benefit	4.7	7 252	4 849
Profit for the period		356 369	549 764
Earnings / (loss) per share (in CZK)			
Basic earnings per share	4.8	15.99	24.66
Diluted earnings per share	4.8	15.99	24.66

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 9-month period ended 30 September 2018 and 30 September 2017 in CZK thousand.

Separate statement of other comprehensive income	Note	9M18	9M17
		CZK'000	CZK'000
Profit for the period		356 369	549 764
Other comprehensive income			
Derivatives - Cash flow hedges		14 099	-
Deferred tax from cash flow hedging		(2 679)	-
Other comprehensive income for the period, net of tax		11 420	-
Total comprehensive income for the period		367 789	549 764

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 September 2018, 31 December 2017 and 30 September 2017 in CZK thousand.

Assets		30.9.2018	31.12.2017	30.9.2017	
		CZK'000	CZK'000	CZK'000	
Non-current assets		4 562 243	4 283 072	4 371 513	
Property, plant and equipment	4.10	53 703	60 193	61 596	
Goodwill	4.11	30 675	30 675	30 675	
Intangible assets	4.11	342 172	350 158	351 978	
Investments in subsidiaries	4.9	2 859 428	2 745 452	3 433 358	
Other receivables		56 867	47 388	42 768	
Loans provided to related parties		1 219 198	1 049 006	450 938	
Other non-financial assets		200	200	200	
Current assets		709 922	306 200	731 955	
Trade and other receivables		693 093	292 263	721 557	
Income tax receivables		2 315	1 172	2 966	
Cash and cash equivalents		14 514	12 765	7 432	
Total assets		5 272 165	4 589 272	5 103 468	
Liabilities and equity		Note	30.9.2018	31.12.2017	30.9.2017
			CZK'000	CZK'000	CZK'000
Total equity			2 136 749	2 130 090	2 326 376
Share capital	1.5		1 114 903	2 229 500	2 229 500
Other reserves	1.5		14 230	(493 456)	(496 266)
Distribution fund	1.5		618 331	-	-
Own shares	1.5		(1 357)	(1 357)	(1 357)
Retained earnings	1.5		390 642	395 403	594 499
Non-current liabilities			1 952 908	1 489 890	1 787 128
Bank credits and loans	4.13		1 914 875	1 444 883	1 418 470
Bonds issued	4.12		-	-	328 271
Finance lease liabilities			3 506	5 907	6 776
Other liabilities			-	-	150
Deferred tax liabilities			34 527	39 100	33 461
Current liabilities			1 182 508	969 292	989 964
Bank credits and loans	4.13		738 279	550 716	773 841
Bonds issued	4.12		345 516	332 513	15 046
Finance lease liabilities			3 424	3 664	3 783
Trade and other payables			60 570	75 454	75 638
Other financial liabilities			-	-	87 838
Provisions			34 719	6 945	33 818
Total liabilities			3 135 416	2 459 182	2 777 092
Total liabilities and equity			5 272 165	4 589 272	5 103 468

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 9-month period ended 30 September 2018 and 30 September 2017 in CZK thousand.

Separate statement of cash flows	Note	9M18 CZK '000	9M17 CZK '000
Cash flows from operating activities			
Profit / (loss) before income tax	1.1	349 117	544 915
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.2	29 063	42 871
Net interest	4.5, 4.6	44 323	30 934
Dividends		(433 057)	(616 978)
Change in the balance of provisions and adjustments		27 774	(2 159)
Derivatives	4.5, 4.6	4 325	(15 505)
Gain on sale of PPE and intangible assets	4.4	(56)	(225)
Net exchange differences	4.5	1 036	-
Other		(908)	2 270
Cash movements			
Income tax		-	(165)
Change in operating assets and liabilities			
Change in receivables		(127 709)	(66 545)
Change in payables		(6 762)	194 422
Net cash inflow / (outflow) from operating activities		(112 854)	113 835
Cash flows from investing activities			
Sale of property, plant and equipment		165	449
Acquisition of property, plant and equipment and intangible assets		(16 350)	(25 716)
Acquisition of subsidiaries		(120 056)	(68 160)
Interest received		4 645	1
Dividends received		164 335	425 250
Proceeds from repaid loans		766	45 195
Loans granted		(171 473)	(694 523)
Net cash inflow / (outflow) from investing activities		(137 968)	(317 504)
Cash flows from financing activities			
Finance lease payments		(2 641)	(4 063)
Proceeds from loans and bank credits		891 586	2 238 407
Repayment of loans and bank credits		(235 145)	(1 801 087)
Dividends paid to the shareholders of the Company		(361 130)	(224 019)
Interest and bank charges paid		(40 394)	(25 444)
Purchase of own shares		-	(442)
Derivatives		295	-
Net cash inflow / (outflow) from financing activities		252 571	183 352
Net increase / (decrease) in cash and cash equivalents		1 749	(20 317)
Cash and cash equivalents at the beginning of the period		12 765	27 749
Cash and cash equivalents at the end of the period	1.3	14 514	7 432

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 9-month period ended 30 September 2018, 12-month period ended 31 December 2017 and 9-month period ended 30 September 2017 in CZK thousand.

Separate statement of changes in equity	Note	Share capital CZK'000	Other reserves CZK'000	Distribution fund CZK'000	Own shares CZK'000	Retained earnings CZK'000	Total equity CZK'000
Balance as at 1 January 2017		2 229 500	(496 266)	-	(915)	345 677	2 077 996
Profit for the period	1.1	-	-	-	-	549 764	549 764
Total comprehensive income for the period	1.2	-	-	-	-	549 764	549 764
Own shares purchase		-	-	-	(442)	-	(442)
Dividends		-	-	-	-	(300 941)	(300 941)
Balance as at 30 September 2017		2 229 500	(496 266)	-	(1 357)	594 499	2 326 376
Balance as at 1 January 2017		2 229 500	(496 266)	-	(915)	345 677	2 077 996
Profit for the period		-	-	-	-	350 667	350 667
Total comprehensive income for the period		-	-	-	-	350 667	350 667
Own shares purchase		-	-	-	(442)	-	(442)
Dividends		-	-	-	-	(300 941)	(300 941)
Option scheme		-	2 810	-	-	-	2 810
Balance as at 31 December 2017		2 229 500	(493 456)	-	(1 357)	395 403	2 130 090
Balance as at 1 January 2018		2 229 500	(493 456)	-	(1 357)	395 403	2 130 090
Profit for the period	1.1	-	-	-	-	356 369	356 369
Other comprehensive income	1.2	-	11 420	-	-	-	11 420
Total comprehensive income for the period	1.2	-	11 420	-	-	356 369	367 789
Capital restructuring		(1 114 597)	496 266	618 331	-	-	-
Dividends		-	-	-	-	(361 130)	(361 130)
Balance as at 30 September 2018		1 114 903	14 230	618 331	(1 357)	390 642	2 136 749

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

On 13 August 2018, the general meeting of the Company approved a reduction of the Company's share capital. The reduction will be made by cancelling 3 052 own shares with a total nominal value of CZK 305 thousand and by reducing the nominal value of all the other shares of the Company by CZK 50, i.e. from CZK 100 to CZK 50.

The amount corresponding to the reduction of the registered shared capital, i.e. the amount of CZK 1 114 902 thousand will be used as follows:

- (i) a part amounting to CZK 496 266 thousand will be transferred to the Other reserves of the Company,
- (ii) a part amounting to CZK 618 331 thousand will be transferred to the newly created Company's Distribution fund and
- (iii) a part amounting to CZK 305 thousand will be recognized in the profit and loss.

As of 30 September 2018, the reduction has not been recorded in the Commercial register. 3 052 of own shares were not liquidated and are still presented at cost of CZK 1 357 thousand as a negative amount as a separate component of equity.

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
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Jacek Woźniak
- Bartosz Kwiatkowski

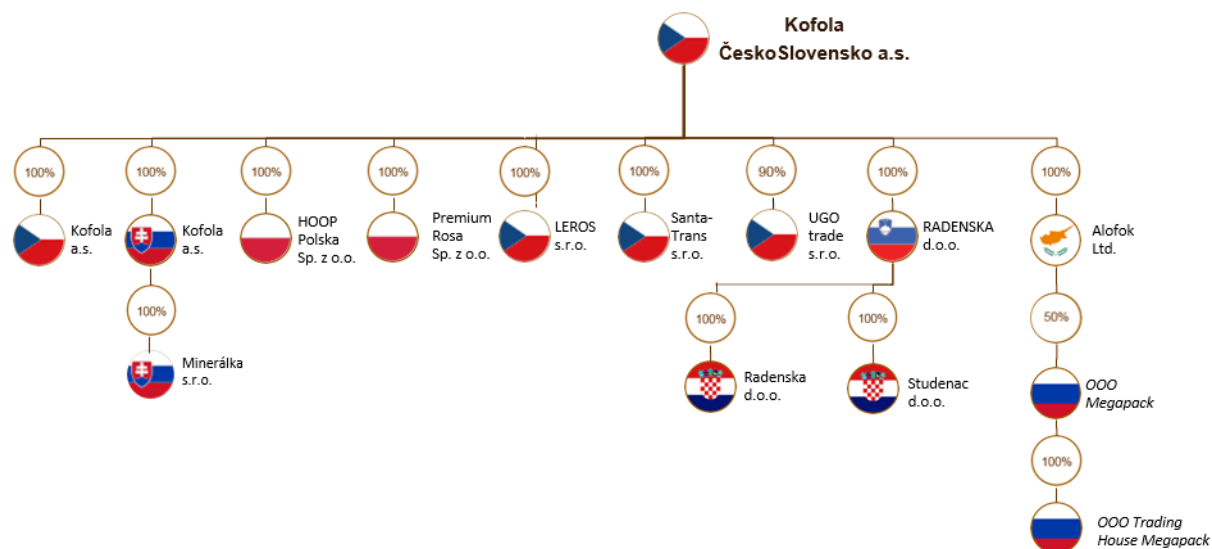
AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Pavel Jakubík
- Bartosz Kwiatkowski

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 SEPTEMBER 2018



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.9.2018	31.12.2017
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Alofok Ltd.	Cyprus	holding	100.00%	100.00%
Production and trading				
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	n/a	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
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
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%

Radenska Miral d.o.o. and RADENSKA d.o.o. merged on 3 August 2018. RADENSKA d.o.o. acts as a legal successor.

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 September 2018 and contains comparatives for the period ended 30 September 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.

3.3. 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	30.9.2018	31.12.2017	30.9.2017
CZK/EUR	25.715	25.540	25.975
CZK/PLN	6.011	6.114	6.035
CZK/RUB	0.334	0.368	0.381
CZK/USD	21.967	21.291	22.003
CZK/HRK	3.461	3.439	3.465

Average exchange rates	1.1.2018 - 30.9.2018	1.1.2017 - 31.12.2017	1.1.2017 - 30.9.2017
CZK/EUR	25.570	26.330	26.553
CZK/PLN	6.021	6.185	6.225
CZK/RUB	0.349	0.401	0.410
CZK/USD	21.424	23.382	23.907
CZK/HRK	3.447	3.528	3.568

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 except for accounting of derivatives which is described below.

FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This category includes derivative instruments in the Company's balance sheet. Financial assets / liabilities within this category serve for the hedging of risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period through other comprehensive income.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within finance income / costs.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months.

When the financial asset / liability is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES



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 September 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 12 November 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	9M18 CZK'000	9M17 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	29 063	42 871
Employee benefits expenses (i)	193 920	172 684
Consumption of materials and energy	6 394	6 344
Services	104 000	122 035
Rental costs	6 274	4 838
Taxes and fees	992	1 695
Insurance costs	1 339	1 065
Other costs	2 255	1 669
Total expenses by nature*	344 237	353 201
Reconciliation of expenses by nature to expenses by function	344 237	353 201
Selling, marketing and distribution costs	138 681	159 757
Administrative costs	171 426	161 405
Costs of products and services sold	34 130	32 039
Total costs of products sold, merchandise and materials, sales costs and administrative costs	344 237	353 201

* excluding Other operating income, Other operating expenses and Impairment

(i) Employee benefits expenses

Employee benefits expenses	9M18 CZK'000	9M17 CZK'000
Salaries	144 328	128 686
Social security and other benefit costs	26 005	18 982
Pension benefit plan expenses	23 587	25 016
Total employee benefits expenses	193 920	172 684

4.3. OTHER OPERATING INCOME

Other operating income	9M18 CZK'000	9M17 CZK'000
Net gain from the sale of PPE and intangible assets	56	225
Received penalties and damages	-	584
Other	465	517
Total other operating income	521	1 326

4.4. OTHER OPERATING EXPENSES

Other operating expenses	9M18 CZK'000	9M17 CZK'000
Provided donations, sponsorship	1 220	2 300
Paid penalties and damages	76	155
Other	-	4 867
Total other operating expenses	1 296	7 322

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.5. FINANCE INCOME

Finance income	9M18 CZK'000	9M17 CZK'000
Interest from:		
– bank deposits	-	1
– credits and loans granted	9 074	7 087
Gain from derivatives	-	15 505
Gain from guarantees	497	1 303
Total finance income	9 571	23 896

4.6. FINANCE COSTS

Finance costs	9M18 CZK'000	9M17 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	53 397	38 022
Exchange losses	1 036	5 672
Bank costs and charges	5 689	5 284
Loss from derivatives	4 325	-
Total finance costs	64 447	48 978

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

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

Income tax expense	9M18 CZK'000	9M17 CZK'000
Current income tax	-	-
Deferred income tax	(7 252)	(4 849)
Related to arising and reversing of temporary differences	(7 252)	(4 849)
Income tax expense/(benefit)	(7 252)	(4 849)

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:

	9M18 CZK'000	9M17 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	356 369	549 764
	9M18 pcs	9M17 pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(3 052)	(2 591)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 291 948	22 292 409
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 291 948	22 292 409

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

Basic earnings per share (CZK/share)	9M18 CZK'000	9M17 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	356 369	549 764
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 292 409
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	15.99	24.66
Diluted earnings per share (CZK/share)	9M18 CZK'000	9M17 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	356 369	549 764
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 291 948	22 292 409
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	15.99	24.66

4.9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries Name of entity	Ownership interest		Cost		Carrying amount	
	30.9.2018 %	31.12.2017 %	30.9.2018 CZK'000	31.12.2017 CZK'000	30.9.2018 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	113 976	n/a	113 976	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
Total investment in subsidiaries			4 733 314	4 619 338	2 859 428	2 745 452

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



4.10. PROPERTY, PLANT AND EQUIPMENT

In the reporting period of nine-months ended 30 September 2018, the additions to tangible assets were of CZK 6 141 thousand. The most significant additions were purchases of cars, computers and low-value equipment.

In the reporting period of nine-months ended 30 September 2017, the additions to tangible assets were of CZK 8 317 thousand. The most significant additions were purchases of cars, computers, land and low-value 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 nine-months ended 30 September 2018, the additions to intangible assets were of CZK 8 607 thousand. The most significant addition was investment to SAP.

In the reporting period of nine-months ended 30 September 2017, the additions to intangible assets were of CZK 5 317 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	30.9.2018 CZK'000	31.12.2017 CZK'000	Interest terms	Maturity date
Bonds issued KOFOLA VAR/18	CZK	345 516	332 513	12M PRIBOR + margin	10/2018
Bonds issued total		345 516	332 513		

INDEBTEDNESS OF THE COMPANY FROM ISSUED BONDS

As at 30 September 2018, the Company has a liability from issued bonds in the total amount of CZK 345 516 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 are disclosed in current liabilities. In October 2018, the bonds were refinanced by a bank loan.

As at 30 September 2018, terms and conditions of the issued bonds were met. Repayment of bonds on 4 October 2018 is described in C 4.18.

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 September 2018, the Company's total bank loans and credits amounted to CZK 2 653 154 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 2 163 462 thousand as at 30 September 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 September 2018.

4.14. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 September 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	3 219	82 774	12/2022	Santa-Trans.SK s.r.o.	third party*
ČeskoSlovensko a.s.	City-Arena PLUS a.s.	EUR	7	180	8/2020	UGO Trade s.r.o.	subsidiary
	PRO-FLEX S.A.	PLN	423	2 543	9/2019	Hoop Polska Sp. z o.o.	subsidiary
Total guarantees issued				85 497			

* 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.

30.9.2018	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	1 933 945	-	-	1 933 945
Cash and cash equivalents	14 514	-	-	14 514
Derivatives (i)	-	14 099	-	14 099
Bank credits and loans	-	-	(2 653 154)	(2 653 154)
Bonds issued	-	-	(345 516)	(345 516)
Trade and other financial payables	-	-	(38 926)	(38 926)
Total	1 948 459	14 099	(3 037 596)	(1 075 039)

(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	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)
Total	1 373 589	4 620	(2 384 621)	(1 006 412)

(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 were not traded in active markets, however all significant inputs required for fair value measurement were 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	30.9.2018			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.	-	-	-	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	6 021 687	27.00	28.42	1 348 242	6.04	6.35
Total	22 295 000	100.00	100.00	22 295 000	100.00	100.00

In 2017, 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 wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. KSM merged into AETOS a.s. on 31 August 2018. As of 30 September 2018, AETOS a.s. is the ultimate parent of the Company.

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 ("CED Group").

RADENSKA d.o.o. purchased in 2017 from CED Group 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, 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. On 20 September 2018, CED Group sold its remaining stake in the Company (2 768 445 shares representing 12.42% of the Company's share capital), at a price per share of CZK 255. The free float increased to 27 %.

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 9M18.

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	13 648	-	-	-	13 648
	Non-financial	716	-	-	-	716
Compensation for activities in the Company's Supervisory board	Financial	-	771	-	-	771
	Non-financial	-	-	-	-	-
Compensation for activities in the Company's Audit committee	Financial	-	-	108	-	108
	Non-financial	-	-	-	-	-
Compensation for other activities	Financial	-	2 362	-	5 666	8 028
	Non-financial	-	161	-	185	346

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	9M18		9M17	
	Profit or loss impact		Profit or loss impact	
	Revenue*	Costs	Revenue*	Costs
	CZK'000	CZK'000	CZK'000	CZK'000
Alofok Ltd	8	-	11	-
Hoop Polska Sp. z o.o.	8 925	(20)	17 542	(954)
Kofola a.s. (CZ)	288 604	(1 937)	486 265	(2 276)
Kofola a.s. (SK)	292 296	(3 634)	323 078	(13 721)
LEROS, s.r.o.	327	(18)	-	-
Premium Rosa Sp. z o.o.	605	-	64	-
RADENSKA d.o.o.	150 351	-	26 527	(633)
Radenska, d.o.o. (HR)	-	-	67 239	-
SANTA-TRANS s.r.o.	1 274	(432)	957	(338)
Studenac, d.o.o.	10 303	-	10 151	(5 528)
UGO trade s.r.o.	5 131	(357)	6 272	(68)
Total	757 824	(6 398)	938 106	(23 518)

* including finance income and dividends

Other related party transactions	30.9.2018		31.12.2017	
	Balance sheet impact		Balance sheet impact	
	Assets*	Liabilities	Assets*	Liabilities
	CZK'000	CZK'000	CZK'000	CZK'000
Alofok Ltd	3	-	1 200	-
Hoop Polska Sp. z o.o.	269 113	-	260 275	-
Kofola a.s. (CZ)	629 587	(93)	574 850	-
Kofola a.s. (SK)	448 304	(8)	145 258	-
LEROS, s.r.o.	67 593	-	30 944	-
Premium Rosa Sp. z o.o.	46 525	-	179 644	-
RADENSKA d.o.o.	308 169	-	-	-
SANTA-TRANS s.r.o.	22 520	(49)	21 791	(152)
Studenac, d.o.o.	10 712	-	11 839	(5 436)
UGO trade s.r.o.	67 741	(1)	69 934	(3)
Total	1 870 267	(151)	1 295 735	(5 591)

* including Loans provided to related parties (described below)

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



Receivables from Loans provided to related parties	30.9.2018		31.12.2017	
	Long-term CZK'000	Maturity	Long-term CZK'000	Maturity
Alofok Ltd.	-	-	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.	30 054	12/2022	30 570	12/2022
Premium Rosa Sp. z o.o.	15 500	12/2020	-	-
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
Total	1 219 198		1 049 006	

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. Previous 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 13 March 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

REPAYMENT OF BONDS

Bonds KOFOLA VAR/18 described in C 4.12 were repaid on their maturity date – on 4 October 2018.

CHANGE IN SUPERVISORY BOARD AND AUDIT COMMITTEE IN KOFOLA ČESKOSLOVENSKO A.S.

On 25 September 2018 Mr. Dariusz Prończuk and Bartosz Kwiatkowski, members of the Supervisory Board of the Company, submitted a notice of resignation. Mr. Kwiatkowski resigns as a member of the Audit Committee as well. Their positions will expire on 25 October 2018.

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 9M18 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 nine-month period ended 30 September 2018 and of the outlook for future development of the financial position, business activities and financial performance.

The 9M18 interim report was approved for publication on 12 November 2018.

12.11.2018	Janis Samaras	Chairman of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.11.2018	René Musila	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.11.2018	Tomáš Jendřejek	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.11.2018	Daniel Buryš	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.11.2018	Jiří Vlasák	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
12.11.2018	Marián Šefčovič	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

