



KOFOLA ČESKOSLOVENSKO A.S.  
INTERIM REPORT 3M 2020 (UNAUDITED)





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## KOFOLA GROUP

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



**CZK 1.3 BN 2020**  
REVENUES



**9**  
PRODUCTION PLANTS

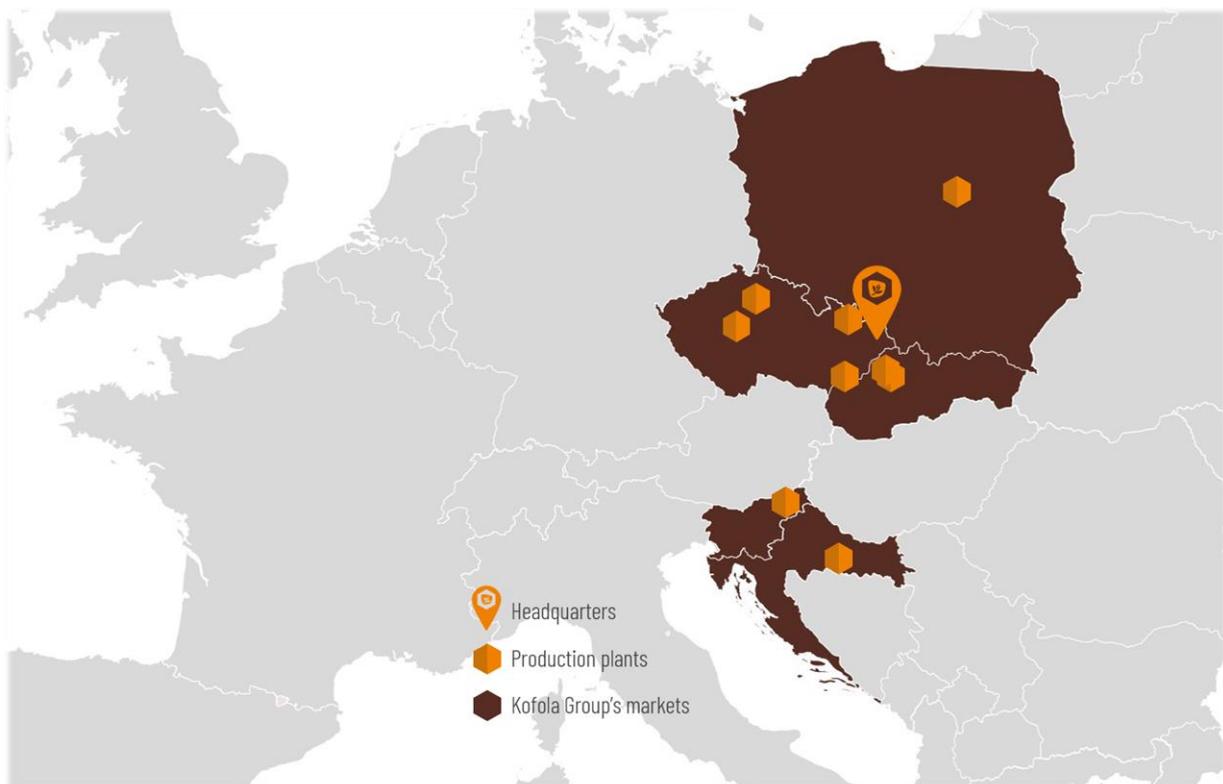


**2,005**  
EMPLOYEES

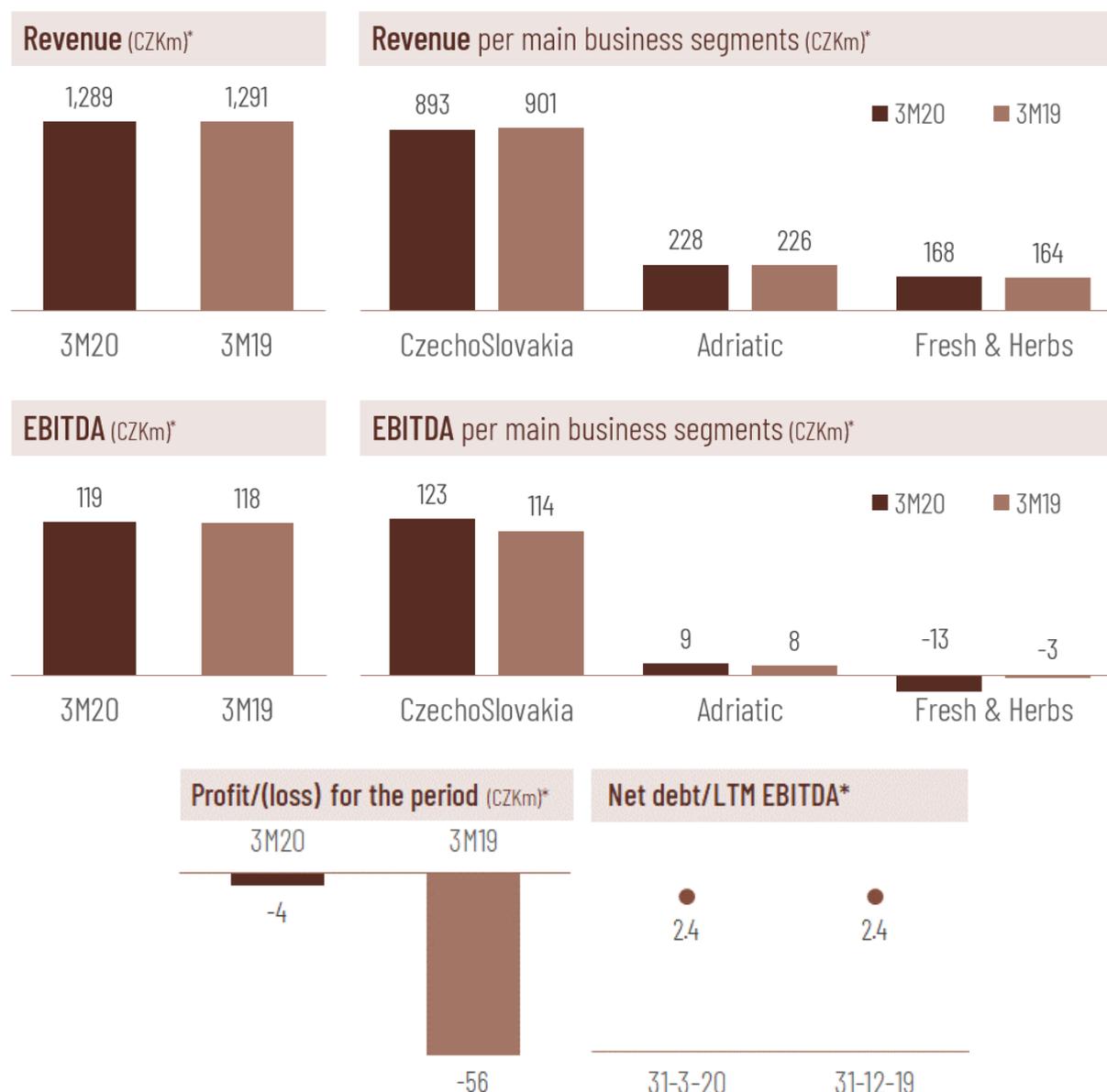


**LISTED ON**  
PRAGUE STOCK EXCHANGE

CZECHIA	SLOVAKIA	SLOVENIA	CROATIA
<b>No. 2</b> player in the soft drinks market	<b>No. 1</b> player in the soft drinks market	<b>No. 1</b> player in the soft drinks market <b>No. 1</b> water brand	<b>No. 2</b> water brand



## FOR THE 3M PERIOD



\* Continuing operations

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 3M20:

- DESPITE COMPLICATED COVID SITUATION IN MARCH 2020, GROUP'S REVENUE FROM CONTINUING OPERATIONS REMAINED FLAT, WITHOUT F.H.PRAGER AND ESPRESSO ACQUISITION EFFECTS SLIGHTLY DECREASED BY CZK 18.1 MIL. (1.4%).
- GROUP'S EBITDA FROM CONTINUING OPERATIONS ALSO REMAINED FLAT.
- SUCCESSFUL RESULTS CONSIDERING THE EMERGENCY SITUATION DUE TO COVID-19 (IN CZ AND SK FROM THE SECOND HALF OF MARCH 2020).
- LOWER OPERATING RESULT MAINLY DUE TO CLOSED UGO STORES AND OUTAGE OF HORECA PORTFOLIO SALES IN SECOND HALF OF MARCH 2020. NEGATIVE EFFECT PARTIALLY COMPENSATED BY SAVINGS FROM LOWER PRICES OF PET AND MARKETING SAVINGS.
- PROFIT FROM CONTINUING OPERATIONS INCREASED BY CZK 52.4 MIL., MAINLY EFFECT OF UNREALIZED FX GAINS ON EUR RECEIVABLES.
- ENTRY INTO CIDERS AND CRAFTED SODAS SEGMENT THANKS TO F.H.PRAGER ACQUISITION.
- KLÁŠTORNÁ KALCIA HAS ENTERED THE CZECH MARKET.

## 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 produces its products with care and love in nine main production plants located in the Czech Republic (four plants), Slovakia (two plants), Slovenia (one plant), Croatia (one plant) and Poland (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.



#### KEY BRANDS

Key own brands include carbonated beverages Kofola and Vinea, waters Radenska, Studenac, Rajec and Kláštorná Kalcia, syrup Jupí, beverages for children Jupík, Semtex energy drink, UGO fresh juices and salads, Leros teas and coffee brand Café Reserva. In selected markets, the Group distributes among others Rauch, Evian, Badoit, Vincentka or Dilmah products and under the licence produces Royal Crown 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.

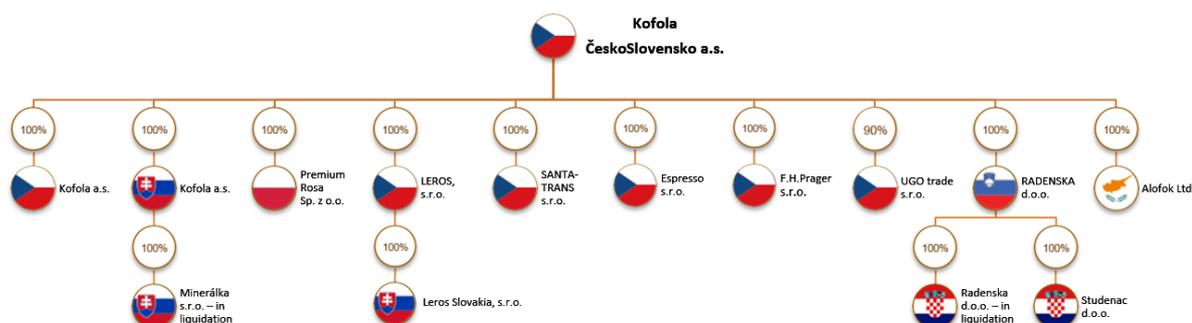
Main brands by categories are shown in the visualisation below:

Categories	Main own brands	Distributed & licenced brands
Carbonated beverages		
Waters		
Non-Carbonated beverages		
Syrups		
Fresh&Salad bars		
Other		

## 2. KOFOLA GROUP

### 2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2020



#### DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Segment (Note B 4.1)	Principal activities	Ownership interest and voting rights	
				31.3.2020	31.12.2019
<b>Holding companies</b>					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company	100.00%	100.00%
Alofok Ltd	Cyprus	n/a	holding	100.00%	100.00%
<b>Production and trading</b>					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of Fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o. - in liquidation	Croatia	Adriatic	in liquidation	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	Fresh & Herbs	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Leros Slovakia, s.r.o.	Slovakia	Fresh & Herbs	distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Espresso s.r.o.**	Czech Republic	Fresh & Herbs	distribution of high quality coffee and teas	100.00%	100.00%
F.H. Prager s.r.o.*	Czech Republic	CzechoSlovakia	production and distribution of ciders	100.00%	n/a
Minerálka s.r.o. - in liquidation	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
<b>Transportation</b>					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%

\* Acquired on 7 January 2020. \*\* Merged to LEROS, s.r.o. on 15 April 2020.

## 2. KOFOLA GROUP



### 2.4. SUCCESSES AND AWARDS IN 2020



**PROKOP 2019**

**PROKOP 2019** – first Prize in Corporate Communication for the Kamilka Project.

**Zlatá pecka** – Best of Best from Association of Czech Advertising Agencies and Marketing Communication (Acra-mk) for the legendary Christmas TV Kofola Advertisement.



## 3. BUSINESS OVERVIEW AND OTHER MATTERS



### 3.1. BUSINESS OVERVIEW

#### REVENUES DEVELOPMENT IN 3M20 (CONTINUING OPERATIONS)

Year 2020 is and will be connected with the global impacts of COVID-19 situation. Governments of the Czech Republic, Slovak Republic, Slovenia and Croatia have announced an emergency situation and prohibited the operation of pubs, restaurants and hotels and also limited the free cross-border travelling (in the biggest CzechoSlovakia business segment since second half of March 2020). Despite this fact, the sales from continuing operations (in 3M19 sales of Hoop Polska till its disposal on 18 March 2019 presented within discontinued operations) remained flat reaching CZK 1,289.3 million. Without the acquisition effect of F.H.Prager's revenue growth (acquisition in January 2020) and Espresso's revenue growth (acquisition in July 2019), the revenues decreased by CZK 18.1 million (1.4%).

The Group's revenue in the CzechoSlovakia segment decreased by CZK 7.6 million (0.8%) due to outage in the HoReCa distribution channel since second half of March 2020.

The sales in the Adriatic region increased by CZK 2.0 million (0.9%), mainly due to our good market position, double digit increase of sales in Retail and later governmental precautions in relation to COVID-19 (after 1Q20).

The total sales of CzechoSlovakia and Adriatic segments represented 87.0% of total Group sales (87.3% in 3M19).

The revenue growth in the Fresh & Herbs segment of CZK 3.7 million (2.2%) is mainly attributable to the acquisition of Espresso in July 2019 (effect of CZK 15.0 million). Decrease of sales in UGO due to closure of stores based on the state decision was partially compensated by increased sales in LEROS (mainly thanks to higher revenues in the Pharmacy segment).

#### ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group for the 3 months period ended 31 March 2020. It should be read along with the financial statements and with other financial information contained in the attached consolidated 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. Please note that due to the sale of Hoop Polska in March 2019, the income statement effects attributable to this former subsidiary are presented within discontinued operations. As a part of discontinued operations are presented also transactions related to Megapack due to its sale in December 2019. Because the sale of Megapack was realized in 4Q19, the Condensed consolidated statement of profit or loss and the Condensed consolidated statement of other comprehensive income have been re-presented.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results 3M20	3M20 CZK' 000 000	One-off adjustments CZK' 000 000	3M20 adjusted CZK' 000 000
Revenue	1,289.3	-	1,289.3
Cost of sales	(738.9)	-	(738.9)
<b>Gross profit</b>	<b>550.4</b>	-	<b>550.4</b>
Selling, marketing and distribution costs	(457.1)	-	(457.1)
Administrative costs	(116.3)	-	(116.3)
Other operating income/(costs), net	(7.2)	8.7	1.5
<b>Operating profit/(loss)</b>	<b>(30.2)</b>	<b>8.7</b>	<b>(21.5)</b>
Depreciation and amortisation	143.5	(3.1)	140.4
<b>EBITDA</b>	<b>113.3*</b>	<b>5.6</b>	<b>118.9**</b>
Finance income/(costs), net	33.0	-	33.0
Income tax	(15.4)	-	(15.4)
<b>Profit/(loss) for the period (continuing operations)</b>	<b>(12.6)</b>	<b>8.7</b>	<b>(3.9)</b>
<b>Profit/(loss) for the period (discontinued operations)</b>	-	-	-
<b>Profit/(loss) for the period (continuing + discontinued operations)</b>	<b>(12.6)</b>	<b>8.7</b>	<b>(3.9)</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	(8.9)	8.7	(0.2)

\* EBITDA refers to operating profit/(loss) 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 non-current assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current assets, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

The Operating profit/(loss) of the Kofola Group for the 3-month period ended 31 March 2020 was affected by the following one-off items:

*In Other operating income/(costs), net – Continuing operations:*

- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 5.0 million (Fresh & Herbs segment).
- Severance costs in LEROS (Fresh & Herbs segment) of CZK 0.7 million.
- Restructuring costs of CZK 0.7 million (Fresh & Herbs segment) and of CZK 0.6 million (CzechoSlovakia segment).
- Loss on sold items of Property, plant and equipment (mainly machines) of CZK 0.3 million recognized in the Adriatic segment.
- Advisory costs – CzechoSlovakia segment incurred costs of CZK 1.4 million.

### 3. BUSINESS OVERVIEW AND OTHER MATTERS

Adjusted consolidated financial results 3M19	3M19 (re-presented) CZK'000 000	One-off adjustments CZK'000 000	3M19 adjusted (re-presented) CZK'000 000
Revenue	1,291.2	-	1,291.2
Cost of sales	(733.4)	-	(733.4)
<b>Gross profit</b>	<b>557.8</b>	-	<b>557.8</b>
Selling, marketing and distribution costs	(463.0)	-	(463.0)
Administrative costs	(106.5)	-	(106.5)
Other operating income/(costs), net	(6.9)	6.6	(0.3)
<b>Operating profit/(loss)</b>	<b>(18.6)</b>	<b>6.6</b>	<b>(12.0)</b>
Depreciation and amortisation	130.2	-	130.2
<b>EBITDA</b>	<b>111.6*</b>	<b>6.6</b>	<b>118.2**</b>
Finance income/(costs), net	(26.0)	-	(26.0)
Income tax	(19.1)	0.8	(18.3)
<b>Profit/(loss) for the period (continuing operations)</b>	<b>(63.7)</b>	<b>7.4</b>	<b>(56.3)</b>
<b>Profit/(loss) for the period (discontinued operations)</b>	<b>79.7</b>	<b>(89.4)</b>	<b>(9.7)</b>
<b>Profit/(loss) for the period (continuing + discontinued operations)</b>	<b>16.0</b>	<b>(82.0)</b>	<b>(66.0)</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	17.9	(82.0)	(64.1)

\* EBITDA refers to operating profit/(loss) 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 non-current assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current assets, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

The Operating profit/(loss) of the Kofola Group for the 3-month period ended 31 March 2019 was affected by the following one-off items:

*In Other operating income/(costs), net – Continuing operations:*

- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 2.1 million (Fresh & Herbs segment).
- Gain on sold items of Property, plant and equipment (mainly machines) of CZK 4.7 million recognized in the Adriatic segment (tax 19% applies).
- Acquisition advisory costs – CzechoSlovakia segment incurred costs of CZK 9.2 million.

*In Other operating income/(costs), net – Discontinued operations:*

- Gain on sale of Hoop Polska of CZK 8.0 million.
- Gain of CZK 81.4 million arising from the release of the cumulated foreign currency translation reserve related to the historical consolidation of the disposed subsidiary.

### 3. BUSINESS OVERVIEW AND OTHER MATTERS

#### 3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	3M20	3M19	Change	Change
	CZK'000 000	(re-presented) CZK'000 000	CZK'000 000	%
Revenue	1,289.3	1,291.2	(1.9)	(0.1%)
Cost of sales	(738.9)	(733.4)	(5.5)	0.7%
<b>Gross profit</b>	<b>550.4</b>	<b>557.8</b>	<b>(7.4)</b>	<b>(1.3%)</b>
Selling, marketing and distribution costs	(457.1)	(463.0)	5.9	(1.3%)
Administrative costs	(116.3)	(106.5)	(9.8)	9.2%
Other operating income/(costs), net	1.5	(0.3)	1.8	600.0%
<b>Operating profit/(loss)</b>	<b>(21.5)</b>	<b>(12.0)</b>	<b>(9.5)</b>	<b>(79.2%)</b>
<b>EBITDA</b>	<b>118.9</b>	<b>118.2</b>	<b>0.7</b>	<b>0.6%</b>
Finance income/(costs), net	33.0	(26.0)	59.0	226.9%
Income tax	(15.4)	(18.3)	2.9	(15.8%)
<b>Profit/(loss) for the period (continuing operations)</b>	<b>(3.9)</b>	<b>(56.3)</b>	<b>52.4</b>	<b>93.1%</b>
<b>Profit/(loss) for the period (discontinued operations)</b>	<b>0.0</b>	<b>(9.7)</b>	<b>9.7</b>	<b>100.0%</b>
<b>Profit/(loss) for the period (continuing + discontinued operations)</b>	<b>(3.9)</b>	<b>(66.0)</b>	<b>62.1</b>	<b>94.1%</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	(0.2)	(64.1)	63.9	99.7%

#### REVENUE (CONTINUING OPERATIONS)

Without the acquisition effect, total revenues from continuing operations decreased by CZK 18.1 million (1.4%) which is mainly due to current COVID-19 situation.

The following table sets forth revenue split by business segments for 3M20 and 3M19.

Business segments	3M20		3M19		Change	
	Revenue	Share	Revenue	Share	CZK'000 000	%
	CZK'000 000	%	CZK'000 000	%		
CzechoSlovakia	893.2	69.3%	900.8	69.8%	(7.6)	(0.8%)
Adriatic	227.9	17.7%	225.9	17.5%	2.0	0.9%
Fresh & Herbs	168.2	13.0%	164.5	12.7%	3.7	2.2%
<b>Total</b>	<b>1,289.3</b>	<b>100.0%</b>	<b>1,291.2</b>	<b>100.0%</b>	<b>(1.9)</b>	<b>(0.1%)</b>

CzechoSlovakia segment sales decreased mainly in the HoReCa distribution channel with a partial compensation by increased Retail sales (mainly Jupí syrups, Klášťorná Kalcia and Semtex).

Sales realized by the Adriatic segment grew mainly due to increased sales of Waters (Radenska, Studenac, Studena) in Retail.

Fresh & Herbs segment sales without the acquisition effect decreased by CZK 11.3 million (6.9%). Better sales in LEROS didn't compensate decreased UGO sales due to closed stores in second half of March 2020.

The following table sets forth sales split by category of products for 3M20 and 3M19.

Product lines	3M20		3M19		Change	
	Revenue	Share	Revenue	Share	CZK'000 000	%
	CZK'000 000	%	CZK'000 000	%		
Carbonated beverages	503.2	39.0%	519.9	40.3%	(16.7)	(3.2%)
Waters	348.9	27.1%	332.7	25.8%	16.2	4.9%
Non-carbonated beverages	147.8	11.5%	170.1	13.2%	(22.3)	(13.1%)
Syrups	108.1	8.4%	105.6	8.2%	2.5	2.4%
Fresh bars & Salads	81.0	6.3%	95.4	7.4%	(14.4)	(15.1%)
Other	100.3	7.7%	67.5	5.1%	32.8	48.6%
<b>Total</b>	<b>1,289.3</b>	<b>100.0%</b>	<b>1,291.2</b>	<b>100.0%</b>	<b>(1.9)</b>	<b>(0.1%)</b>

The Group achieved revenue growth in the Retail distribution channel due to increased sales of Waters (Radenska, Studenac, Studena, Klášťorná Kalcia), Syrups (Jupí) and Other (Café Reserva from Espresso – acquisition effect, Semtex).

Other segments decreased mainly as a result of current COVID-19 situation.

### 3. BUSINESS OVERVIEW AND OTHER MATTERS

The following table contains information about the geographical areas.

Sales by countries (per end customer)	3M20		3M19		Change	
	Revenue	Share	Revenue	Share	CZK'000 000	%
	CZK'000 000	%	CZK'000 000	%		
Czech Republic	682.2	52.9%	685.7	53.1%	(3.5)	(0.5%)
Slovakia	349.5	27.1%	348.0	27.0%	1.5	0.4%
Slovenia	150.3	11.7%	148.9	11.5%	1.4	0.9%
Croatia	58.8	4.6%	56.5	4.4%	2.3	4.1%
Poland	21.8	1.7%	24.0	1.9%	(2.2)	(9.2%)
Other	26.7	2.0%	28.1	2.1%	(1.4)	(5.0%)
<b>Total</b>	<b>1,289.3</b>	<b>100.0%</b>	<b>1,291.2</b>	<b>100.0%</b>	<b>(1.9)</b>	<b>(0.1%)</b>

The allocation of revenue to a particular country segment is based on the geographical location of customers.

Increased sales in the Adriatic region are described in the sections above. Growth in Slovakia is attributable to the sales of Klášťorná Kalcia (brought on market at the end of first quarter 2019).

#### COST OF SALES (CONTINUING OPERATIONS)

No major changes in Cost of sales.

#### GROSS PROFIT (CONTINUING OPERATIONS)

Due to above described and slight revenues decrease, the Gross profit margin decreased by 0.5 p.p. to 42.7%.

#### SELLING, MARKETING AND DISTRIBUTION COSTS (CONTINUING OPERATIONS)

Selling, marketing and distribution costs decreased mainly due to lower logistic costs and savings in marketing.

#### ADMINISTRATIVE COSTS (CONTINUING OPERATIONS)

The Group's Administrative costs increased mainly due to increased depreciation expense, higher payroll expense and Espresso acquisition effect.

#### OPERATING PROFIT/(LOSS) (CONTINUING OPERATIONS)

Due to the reasons described above, in 3M20, the Group's adjusted Operating loss amounted to CZK 21.5 million as compared to adjusted Operating loss of CZK 12.0 million in 3M19.

#### EBITDA (CONTINUING OPERATIONS)

The following table sets forth information regarding adjusted EBITDA for 3M20 and 3M19.

Adjusted EBITDA	3M20	3M19
	CZK'000 000/%	CZK'000 000/%
EBITDA*	118.9	118.2
EBITDA margin**	9.2%	9.2%

\* EBITDA refers to operating profit/(loss) plus depreciation and amortisation.

\*\* Calculated as (EBITDA/Revenue)\*100%.

The following table sets forth information regarding adjusted EBITDA split by business segments for 3M20 and 3M19.

Adjusted EBITDA by business segments	3M20		3M19		Change	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin	CZK'000 000	%
	CZK'000 000	%	CZK'000 000	%		
CzechoSlovakia	123.0	13.8%	113.7	12.6%	9.3	8.2%
Adriatic	9.0	3.9%	7.5	3.3%	1.5	20.0%
Fresh & Herbs	(13.0)	(7.7%)	(2.5)	(1.5%)	(10.5)	(420.0%)
Other	(0.1)	-	(0.5)	-	0.4	80.0%
<b>Total</b>	<b>118.9</b>	<b>9.2%</b>	<b>118.2</b>	<b>9.2%</b>	<b>0.7</b>	<b>0.6%</b>

The adjusted EBITDA in the CzechoSlovakia segment increased mainly as a result of lower PET prices and marketing savings.

Adriatic segment's adjusted EBITDA increased mainly due to increased Retail sales compensating decrease of sales in HoReCa and savings in Administrative expenses.

### 3. BUSINESS OVERVIEW AND OTHER MATTERS



The adjusted EBITDA of the Fresh & Herbs segment decreased mainly due to UGO which has closed stores from 14 March 2020.

The Group's EBITDA margin remained stable achieving 9.2%.

FINANCE INCOME/(COSTS), NET (CONTINUING OPERATIONS)

Significant increase of finance result is mainly an effect of unrealized FX gains arising on Company's EUR receivables.

INCOME TAX (CONTINUING OPERATIONS)

No major changes in Income tax.

NET PROFIT/(LOSS) FOR THE PERIOD (CONTINUING OPERATIONS)

Mainly due to significant unrealized FX gains, the Group's adjusted loss amounted to CZK 3.9 million as compared to the adjusted loss of CZK 56.3 million in 3M19.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.1.3 FINANCIAL POSITION

Consolidated statement of financial position	31.3.2020	31.12.2019	Change	Change
	CZK'000 000	CZK'000 000	CZK'000 000	%
<b>Total assets</b>	<b>6,652.4</b>	<b>6,916.4</b>	<b>(264.0)</b>	<b>(3.8%)</b>
<b>Non-current assets</b>	<b>4,606.1</b>	<b>4,394.0</b>	<b>212.1</b>	<b>4.8%</b>
Property, plant and equipment	3,261.7	3,127.0	134.7	4.3%
Intangible assets	975.3	956.8	18.5	1.9%
Goodwill	109.2	105.5	3.7	3.5%
Deferred tax assets	39.8	38.9	0.9	2.3%
Other	220.1	165.8	54.3	32.8%
<b>Current assets</b>	<b>2,046.3</b>	<b>2,522.4</b>	<b>(476.1)</b>	<b>(18.9%)</b>
Inventories	547.8	485.3	62.5	12.9%
Trade and other receivables	972.3	1,247.0	(274.7)	(22.0%)
Cash and cash equivalents	503.4	774.5	(271.1)	(35.0%)
Other	22.8	15.6	7.2	46.2%
<b>Total equity and liabilities</b>	<b>6,652.4</b>	<b>6,916.4</b>	<b>(264.0)</b>	<b>(3.8%)</b>
<b>Equity</b>	<b>1,550.2</b>	<b>1,513.6</b>	<b>36.6</b>	<b>2.4%</b>
<b>Non-current liabilities</b>	<b>2,782.1</b>	<b>2,842.5</b>	<b>(60.4)</b>	<b>(2.1%)</b>
Bank credits and loans	2,119.4	2,229.2	(109.8)	(4.9%)
Lease liabilities	316.4	314.4	2.0	0.6%
Deferred tax liabilities	198.8	190.9	7.9	4.1%
Other	147.5	108.0	39.5	36.6%
<b>Current liabilities</b>	<b>2,320.1</b>	<b>2,560.3</b>	<b>(240.2)</b>	<b>(9.4%)</b>
Bank credits and loans	594.6	783.8	(189.2)	(24.1%)
Lease liabilities	112.2	105.4	6.8	6.5%
Trade and other payables	1,526.6	1,497.0	29.6	2.0%
Other	86.7	174.1	(87.4)	(50.2%)

#### ASSETS

Property, plant and equipment increased mainly due to additions (including lease additions and additions from acquisition of subsidiary) of CZK 155.2 million and significant upward FX revaluation of foreign Group entities's assets being higher than depreciation charge of CZK 123.8 million and disposals of assets with immaterial carrying amount. The most significant additions realized by the Group in 3M20 were represented by investments into the production machinery, warehouse and the returnable packages.

Other non-current assets contain mainly government grant, advances, principals and purchased bonds. Increase is attributable mostly to reclassification of current part of government grant due to postponed investment into new administrative premises.

Trade and other receivables decreased mainly due to payment of receivable from sales of Hoop Polska (CZK 138.5 million) and Megapack (CZK 113.9 million).

#### LIABILITIES

Increase of trade and other payables was mainly a net result of increased payables to employees (in relation to 2019 bonuses) and decreased government grant (reclassification of current part due to postponed investment into new administrative premises).

Other current liabilities contain mainly income tax liabilities and provisions which decreased as a result of provision for bonuses due to payment or reclassification to employee payables.

The Group's consolidated Net debt (calculated as total non-current and current liabilities relating to credits, loans, leases and other debt instruments less cash and cash equivalents) amounted to CZK 2,639.2 million as at 31 March 2020, which represents a decrease of CZK 19.1 million compared to CZK 2,658.3 million as at 31 December 2019.

The Group's consolidated Net debt/Adjusted LTM EBITDA as at 31 March 2020 was of 2.4 and therefore remained the same in comparison with the balance as at 31 December 2019.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS



### 3.1.4 CASHFLOWS

#### NET CASH FLOW FROM OPERATING ACTIVITIES

In 3M20, the Group's net cash flow from operating activities amounted to CZK (39.1) million and increased by CZK 86.5 million which is mainly a net effect of higher receivables outflows in 3M19 (increase of trade receivables as of 31 March 2019 as compared to 31 December 2018) and decrease of trade payables in 3M20.

#### NET CASH FLOW FROM INVESTING ACTIVITIES

In 3M20, the Group's net cash flow from investing activities amounted to CZK 122.7 million and increased by CZK 121.6 million due to 3M20 received payments of receivables from the sale of Hoop Polska (CZK 138.5 million) and Megapack (CZK 113.9 million) being higher than cash inflow from repaid loans in 3M19.

#### NET CASH FLOW FROM FINANCING ACTIVITIES

In 3M20, the Group's net cash flow from financing activities amounted to CZK (369.8) million and decreased by CZK 402.9 million. This is mainly an effect of higher loan repayments in 3M20 and loan drawings in 3M19. From the total balance of Repayment of loans and bank credits presented within the Condensed consolidated statement of cash flows (Note B 1.4), amount of CZK 188.9 million represents decrease of Group's overdraft.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.1.5 ALTERNATIVE PERFORMANCE INDICATORS

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

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

\* In both current and non-current liabilities.

#### PURPOSE OF APM:

##### A. EBITDA

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

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

##### B. NET DEBT

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

##### C. NET DEBT/EBITDA

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

### 3.1.6 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.

The Company used the Czech government protection for the bank loans ending on 31 October 2020. In the meantime, a decision about a new dividend policy and current dividend is prohibited. We expect an annual shareholder meeting to decide on 2019 dividend and dividend policy from 2020 to take place in November 2020.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS



### 3.2. SUBSEQUENT EVENTS

Acquisition of ONDŘÁŠOVKA and Karlovarská Korunní was finalized on 15 April 2020. Price will be disclosed in 2Q20 due to non-disclosure agreement.

On 20 March 2020, the Company as a borrower together with Kofola a.s. (CZ), Kofola a.s. (SK) and UGO trade s.r.o. as co-borrowers concluded with the Česká spořitelna, a.s. and Československá obchodní banka, a. s. Amendment Agreement no. 4 in connection with the Original Facilities Agreement that increased the Total Commitments by up to CZK 1,138 million. The total balance of CZK 1,138 million was drawn in April 2020.

On 15 April 2020, Espresso s.r.o. merged into LEROS, s.r.o. with the effective date 1 January 2020. This transaction doesn't have any impact on Group's financial statements.

On 1 April 2020, Mr. Pavel Jakubík ceased to be, and Mr. Martin Pisklák became a new member of the Company's Board of Directors.

#### COVID-19

Due to current and also expected negative effects of COVID-19 related emergency situation, the Group has decided to implement economical measures that will lead to significant savings across all relevant Group activities, including unpleasant partial reduction of the number of Group employees. We tightly manage our costs and allocate resources to the areas where it can be the most effective. Capital expenditure has been paused or is used for what is essential or has already been committed.

As of the date of this report, the production is in operation, we have continuing supplies of materials (we are in close contact with our key suppliers), we have increased hygienic precautions in our production plants where we have forbidden any visits.

As at the date of the issue of this report, the exact estimate of the financial effect cannot be made, overall assessment of impacts will be possible after the termination of the emergency situation and depends on the pace of macroeconomic recovery. Though we anticipate a material impact to Group's revenue and EBITDA in 2Q20, we remain optimistic on seeing improvement in the second half of 2020.

On 27 April 2020, the Company utilized the governmental measure related to COVID-19 situation and has prolonged the bank loan repayment schedule by 6 months. So called "protection period" will end on 31 October 2020. As a result, planned repayments of CZK 108.8 million in 2Q20 and CZK 108.8 million in 3Q20 will be postponed.

We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook.

Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

## 4. CORPORATE GOVERNANCE



### 4.1. SHARES AND SHAREHOLDERS

#### 4.1.1 SHARE CAPITAL

As at 31 March 2020, the registered share capital of Kofola ČeskoSlovensko a.s. totalled CZK 1,114,597,400 (as at 31 December 2019: CZK 1,114,597 400) and comprised 22,291,948 (as at 31 December 2019: 22,291,948) common registered shares with a nominal value of CZK 50 (as at 31 December 2019: CZK 50) each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

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

#### 4.1.2 SHAREHOLDERS STRUCTURE

Share capital structure	31.3.2020			31.12.2019		
	Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital
AETOS a.s.	14,984,204	67.22	70.75	14,984,204	67.22	70.75
RADENSKA d.o.o.	1,114,010	5.00	0.00	1,114,010	5.00	0.00
Others	6,193,734	27.78	29.25	6,193,734	27.78	29.25
<b>Total</b>	<b>22,291,948</b>	<b>100.00</b>	<b>100.00</b>	<b>22,291,948</b>	<b>100.00</b>	<b>100.00</b>

For shares transactions refer to Note B 4.15.1.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS 3M 2020  
KOFOLA ČESKOSLOVENSKO A.S.  
(UNAUDITED)

# 1. CONSOLIDATED FINANCIAL STATEMENTS



## 1.1. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 3-month period ended 31 March 2020 and 31 March 2019 in CZK thousand.

Condensed consolidated statement of profit or loss	Note	3M20 CZK'000	3M19 Re-presented (note 4.18) CZK'000
<b>Continuing operations</b>			
Revenue	4.1, 4.2	1,289,321	1,291,170
Cost of sales	4.3	(738,918)	(733,413)
<b>Gross profit</b>		<b>550,403</b>	<b>557,757</b>
Selling, marketing and distribution costs	4.3	(457,123)	(463,041)
Administrative costs	4.3	(116,297)	(106,519)
Other operating income	4.4	6,379	9,115
Other operating expenses	4.5	(13,593)	(15,834)
<b>Operating profit/(loss)</b>		<b>(30,231)</b>	<b>(18,522)</b>
Finance income	4.6	66,281	4,915
Finance costs	4.7	(33,341)	(30,986)
<b>Profit/(loss) before income tax</b>		<b>2,709</b>	<b>(44,593)</b>
Income tax expense	4.8	(15,350)	(19,065)
<b>Profit/(loss) from continuing operations</b>		<b>(12,641)</b>	<b>(63,658)</b>
<b>Discontinued operations</b>			
<b>Profit/(loss) from discontinued operations</b>	4.18	-	<b>79,665</b>
<b>Profit/(loss) for the period (continuing and discontinued operations)</b>	1.2	<b>(12,641)</b>	<b>16,007</b>
<i>Attributable to:</i>			
Owners of Kofola ČeskoSlovensko a.s.	1.5	(8,943)	17,858
Non-controlling interests	1.5	(3,698)	(1,851)
<b>Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company (in CZK)</b>			
Basic earnings/(loss) per share (continuing operations)	4.9	(0.40)	(2.77)
Basic earnings/(loss) per share (continuing and discontinued operations)	4.9	(0.40)	0.80

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS



## 1.2. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2020 and 31 March 2019 in CZK thousand.

Condensed consolidated statement of other comprehensive income (continuing and discontinued operations)	Note	3M20 CZK'000	3M19 Re-presented (note 4.18) CZK'000
<b>Profit/(loss) for the period (continuing and discontinued operations)</b>	1.1	<b>(12,641)</b>	<b>16,007</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		74,432	(81,793)
- from continuing operations		74,432	(371)
- from discontinued operation	4.18	-	(81,422)
Exchange differences on translation of foreign equity accounted investee		-	6,537
- from discontinued operation	4.18	-	6,537
Derivatives - Cash flow hedges		(25,946)	1,110
Deferred tax from Cash flow hedges	4.8	4,930	(211)
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>53,416</b>	<b>(74,357)</b>
<b>Total comprehensive income/(loss) for the period</b>	1.5	<b>40,775</b>	<b>(58,350)</b>
<b>Attributable to:</b>			
Owners of Kofola ČeskoSlovensko a.s.		44,473	(56,499)
- from continuing operations		44,473	(61,279)
- from discontinued operations		-	4,780
Non-controlling interests		(3,698)	(1,851)

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS



## 1.3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2020 and 31 December 2019 in CZK thousand.

Assets	Note	31.3.2020	31.12.2019
		CZK' 000	CZK' 000
<b>Non-current assets</b>		<b>4,606,155</b>	<b>4,393,998</b>
Property, plant and equipment	4.10	3,261,732	3,127,018
Goodwill	4.11	109,159	105,506
Intangible assets	4.11	975,321	956,832
Other receivables		217,733	163,518
Other assets		2,389	2,236
Deferred tax assets		39,821	38,888
<b>Current assets</b>		<b>2,046,296</b>	<b>2,522,440</b>
Inventories		547,797	485,313
Trade and other receivables		972,326	1,247,034
Income tax receivables		22,785	15,598
Cash and cash equivalents		503,388	774,495
<b>Total assets</b>		<b>6,652,451</b>	<b>6,916,438</b>
<b>Liabilities and equity</b>			
Equity attributable to owners of Kofola ČeskoSlovensko a.s.	Note	31.3.2020	31.12.2019
		CZK' 000	CZK' 000
<b>Equity attributable to owners of Kofola ČeskoSlovensko a.s.</b>	1.5	<b>1,570,410</b>	<b>1,530,030</b>
Share capital	1.5	1,114,597	1,114,597
Share premium and capital reorganisation reserve	1.5	(1,962,871)	(1,962,871)
Other reserves	1.5	2,439,403	2,463,337
Foreign currency translation reserve	1.5	107,443	33,011
Own shares	1.5	(491,339)	(490,164)
Retained earnings/(Accumulated deficit)	1.5	363,177	372,120
<b>Equity attributable to non-controlling interests</b>	1.5	<b>(20,178)</b>	<b>(16,480)</b>
<b>Total equity</b>	1.5	<b>1,550,232</b>	<b>1,513,550</b>
<b>Non-current liabilities</b>		<b>2,782,139</b>	<b>2,842,503</b>
Bank credits and loans	4.12	2,119,394	2,229,162
Lease liabilities		316,392	314,396
Provisions		39,914	37,600
Other liabilities		107,630	70,408
Deferred tax liabilities		198,809	190,937
<b>Current liabilities</b>		<b>2,320,080</b>	<b>2,560,385</b>
Bank credits and loans	4.12	594,601	783,800
Lease liabilities		112,152	105,395
Trade and other payables		1,526,638	1,496,952
Income tax liabilities		55,855	59,420
Provisions		30,834	114,818
<b>Total liabilities</b>		<b>5,102,219</b>	<b>5,402,888</b>
<b>Total liabilities and equity</b>		<b>6,652,451</b>	<b>6,916,438</b>

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS



## 1.4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 3-month period ended 31 March 2020 and 31 March 2019 in CZK thousand.

Condensed consolidated statement of cash flows	Note	3M20 CZK '000	3M19 CZK '000
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax	1.1	2,709	35,072
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.3	143,507	133,748
Net interest	4.6, 4.7	29,277	27,110
Share of equity accounted investee result		-	(3,637)
Change in the balance of provisions		(22,977)	(51,113)
Change in the balance of other impairments		750	(1,119)
(Gain)/loss on realized derivatives	4.6, 4.7	(749)	(543)
Realized (gain)/loss on sale of Property, plant and equipment and Intangible assets	4.4, 4.5	(2,071)	(6,036)
Net exchange differences		(57,670)	(2,215)
Profit on sale of subsidiary	4.18	-	(7,979)
Gain on release of the foreign currency translation reserve - subsidiary	4.18	-	(81,422)
Other		2	2,963
Cash movements			
Income taxes paid		(18,949)	(19,210)
Change in operating assets and liabilities			
Change in receivables		(5,657)	(127,908)
Change in inventories		(40,390)	(25,055)
Change in payables		(66,876)	1,733
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(39,094)</b>	<b>(125,611)</b>
<b>Cash flows from investing activities</b>			
Sale of Property, plant and equipment		2,762	7,694
Acquisition of Property, plant and equipment and Intangible assets		(129,449)	(132,081)
Proceeds from sale of subsidiary, net of cash disposed		138,492	21,117
Proceeds from sale of equity accounted investee		113,899	-
Acquisition of subsidiary, net of cash acquired	4.17	(2,971)	-
Dividends and interest received		7	141
Proceeds from repaid loans		-	104,206
<b>Net cash inflow/(outflow) from investing activities</b>		<b>122,740</b>	<b>1,077</b>
<b>Cash flows from financing activities</b>			
Lease payments		(28,633)	(26,755)
Proceeds from loans and bank credits		520	185,695
Repayment of loans and bank credits		(300,979)	(99,367)
Interest paid		(29,601)	(27,035)
Purchase of own shares		(4,410)	-
Derivatives		749	543
Payments of acquired subsidiary's liabilities to former owners		(6,942)	-
Other		(485)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(369,781)</b>	<b>33,081</b>
Net increase/(decrease) in cash and cash equivalents		(286,135)	(91,453)
<b>Cash and cash equivalents at the beginning of the period</b>	1.3	<b>774,495</b>	<b>619,300</b>
Effects of exchange rate changes on cash and cash equivalents		15,028	273
<b>Cash and cash equivalents at the end of the period</b>	1.3	<b>503,388</b>	<b>528,120</b>

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS

## 1.5. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 3-month period ended 31 March 2020 and 31 March 2019 in CZK thousand.

Condensed consolidated statement of changes in equity (continuing and discontinued operations)	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.							Total	Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Distribution fund	Own shares	Retained earnings/ (Accumulated deficit)			
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000			
<b>Balance as at 31 December 2018</b>		<b>1,114,597</b>	<b>(1,962,871)</b>	<b>2,438,776</b>	<b>28,954</b>	<b>618,331</b>	<b>(490,208)</b>	<b>(215,910)</b>	<b>1,531,669</b>	<b>(8,156)</b>	<b>1,523,513</b>
Effect of initial application of IFRS 16		-	-	-	-	-	-	1,346	1,346	-	1,346
<b>Balance as at 1 January 2019</b>		<b>1,114,597</b>	<b>(1,962,871)</b>	<b>2,438,776</b>	<b>28,954</b>	<b>618,331</b>	<b>(490,208)</b>	<b>(214,564)</b>	<b>1,533,015</b>	<b>(8,156)</b>	<b>1,524,859</b>
Profit/(loss) for the period	1.1	-	-	-	-	-	-	17,858	17,858	(1,851)	16,007
Other comprehensive income/(loss)	1.2	-	-	899	6,166	-	-	-	7,065	-	7,065
Release of the cumulated foreign currency translation reserve attributable to disposed operation	1.2, 4.18	-	-	-	(81,422)	-	-	-	(81,422)	-	(81,422)
<b>Total comprehensive income/(loss) for the period</b>	1.2	-	-	<b>899</b>	<b>(75,256)</b>	-	-	<b>17,858</b>	<b>(56,499)</b>	<b>(1,851)</b>	<b>(58,350)</b>
<b>Balance as at 31 March 2019</b>		<b>1,114,597</b>	<b>(1,962,871)</b>	<b>2,439,675</b>	<b>(46,302)</b>	<b>618,331</b>	<b>(490,208)</b>	<b>(196,706)</b>	<b>1,476,516</b>	<b>(10,007)</b>	<b>1,466,509</b>
<b>Balance as at 1 January 2020</b>		<b>1,114,597</b>	<b>(1,962,871)</b>	<b>2,463,337</b>	<b>33,011</b>	-	<b>(490,164)</b>	<b>372,120</b>	<b>1,530,030</b>	<b>(16,480)</b>	<b>1,513,550</b>
Profit/(loss) for the period	1.1	-	-	-	-	-	-	(8,943)	(8,943)	(3,698)	(12,641)
Other comprehensive income/(loss)	1.2	-	-	(21,016)	74,432	-	-	-	53,416	-	53,416
<b>Total comprehensive income/(loss) for the period</b>	1.2	-	-	<b>(21,016)</b>	<b>74,432</b>	-	-	<b>(8,943)</b>	<b>44,473</b>	<b>(3,698)</b>	<b>40,775</b>
Own shares purchase		-	-	-	-	-	(4,410)	-	(4,410)	-	(4,410)
Option scheme		-	-	317	-	-	-	-	317	-	317
Shares transfer to option scheme participants		-	-	(3,235)	-	-	3,235	-	-	-	-
<b>Transactions with owners in their capacity as owners</b>		-	-	<b>(2,918)</b>	-	-	<b>(1,175)</b>	-	<b>(4,093)</b>	-	<b>(4,093)</b>
<b>Balance as at 31 March 2020</b>		<b>1,114,597</b>	<b>(1,962,871)</b>	<b>2,439,403</b>	<b>107,443</b>	-	<b>(491,339)</b>	<b>363,177</b>	<b>1,570,410</b>	<b>(20,178)</b>	<b>1,550,232</b>

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS



## RELEASE OF THE CUMULATED FOREIGN CURRENCY TRANSLATION RESERVE ATTRIBUTABLE TO DISPOSED OPERATIONS

Release of the cumulated foreign currency translation reserve represented the total balance of cumulated foreign exchange differences arising on the consolidation of Hoop Polska within the Group consolidated financial statements. These differences arise when the functional currency of the consolidated subsidiary differs from the presentation currency of the consolidated financial statements. These differences were recognized since the acquisition of the subsidiary within other comprehensive income and they were reclassified from equity to the profit or loss on the disposal of the subsidiary. The gain of CZK 81,422 thousand for 3M19 (which compensates the loss of CZK 81,422 thousand recorded in the Other comprehensive income in 3M19) related to Hoop Polska is presented under discontinued operations (see Note 4.18).

## 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 2020 was holding of the subsidiaries and 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 the parent of the Kofola Group. Besides the traditional markets of the Czech Republic and Slovakia, the Group is also present in Slovenia, Croatia and in Poland. The Group produces drinks in nine production plants and key trademarks include Kofola, Jupí, Jupík, Rajec, Radenska, Semtex energy drink and Vinea. On selected markets, the Group distributes among others Rauch, Evian, Badoit, Café Reserva and Dilmah products and under the licence produces Royal Crown Cola or Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the ultimate parent of the Company is AETOS a.s. The ownership structure is described in section 4.15.1.

#### STOCK EXCHANGE LISTING

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

#### MANAGEMENT

As at 31 March 2020, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

##### *BOARD OF DIRECTORS*

- Janis Samaras – Chairman
- René Musila – Vice-Chair
- Daniel Buryš – Vice-Chair
- Pavel Jakubík
- Jiří Vlasák
- Marián Šefčovič

##### *SUPERVISORY BOARD*

- René Sommer – Chairman
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Petr Pravda

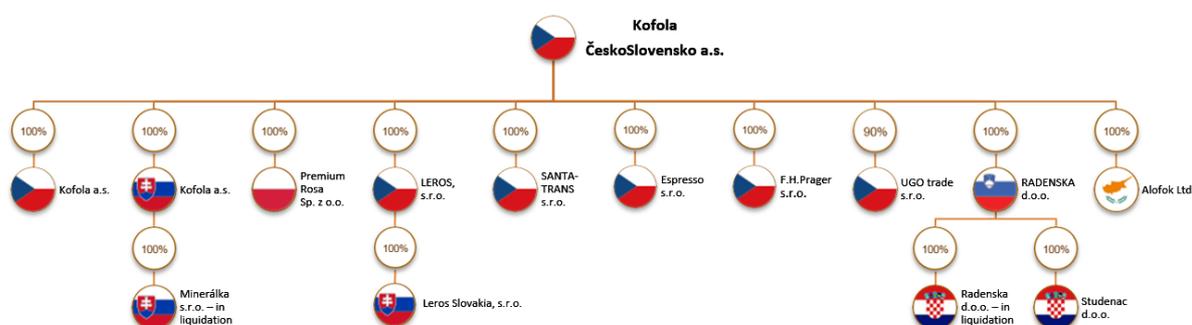
##### *AUDIT COMMITTEE*

- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

## 2. GENERAL INFORMATION

### 2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2020



#### DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Segment (Note 4.1)	Principal activities	Ownership interest and voting rights	
				31.3.2020	31.12.2019
<b>Holding companies</b>					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company		
Alofok Ltd	Cyprus	n/a	holding	100.00%	100.00%
<b>Production and trading</b>					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of Fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o. - in liquidation	Croatia	Adriatic	in liquidation	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	Fresh & Herbs	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Leros Slovakia, s.r.o.	Slovakia	Fresh & Herbs	distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Espresso s.r.o.**	Czech Republic	Fresh & Herbs	distribution of high quality coffee and teas	100.00%	100.00%
F.H. Prager s.r.o.*	Czech Republic	CzechoSlovakia	production and distribution of ciders	100.00%	n/a
Minerálka s.r.o. - in liquidation	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
<b>Transportation</b>					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%

\* Acquired on 7 January 2020. \*\* Merged to LEROS, s.r.o. on 15 April 2020.

### 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 on 1 January 2020.

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, employee benefits measured at fair value and the assets, liabilities and contingent liabilities of the acquiree which are measured at their acquisition-date fair values as required by IFRS 3.

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

The Group’s consolidated financial statements cover the period of three months ended 31 March 2020 and contain comparatives for the period of three months ended 31 March 2019 and 31 December 2019 (condensed consolidated statement of financial position). The comparative condensed consolidated statement of profit or loss and condensed consolidated statement of other comprehensive income have been re-presented due to the sale of Megapack in December 2019 which is presented as a part of discontinued operations (Note 4.18).

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 exercises 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 are disclosed in section 3.7.

### 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES



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

Closing exchange rates	31.3.2020	31.12.2019	31.3.2019
CZK/EUR	27.325	25.410	25.800
CZK/PLN	6.005	5.970	5.998
CZK/RUB	0.318	0.363	0.354
CZK/USD	24.943	22.621	22.968
CZK/HRK	3.587	3.414	3.470

Average exchange rates	1.1.2020 - 31.3.2020	1.1.2019 - 31.12.2019	1.1.2019 - 31.3.2019
CZK/EUR	25.631	25.672	25.682
CZK/PLN	5.927	5.973	5.970
CZK/RUB	0.349	0.354	0.343
CZK/USD	23.253	22.934	22.613
CZK/HRK	3.421	3.461	3.461

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,
- cash-flow 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.

Foreign exchange gains and losses recognized in profit or loss are offset on individual company level.

#### 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 2019.

#### 3.5. ACCOUNTING METHODS

The accounting policies adopted are consistent with those used in the annual consolidated financial statements for the twelve-month period ended 31 December 2019. Information about the adoption of new and amended standards is set out below.

#### 3.6. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim consolidated financial statements of the Group.

#### 3.7. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

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 experience. For this reason, the estimates made as at 31 March 2020 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of CGU, goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates
Useful life of trademarks	The history of the trademark 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
Impairment of receivables	Historical experience, credit assessment, current and forward-looking information available to the management
Deferred tax asset from tax losses	Historical experience, current and forward-looking information available to the management

#### 3.8. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### 3.9. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the presented consolidated financial statements for publication on 14 May 2020.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### 4.1. SEGMENT INFORMATION (CONTINUING OPERATIONS)

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. Three main business segments are presented within these financial statements. These are:

- CzechoSlovakia,
- Adratic,
- Fresh & Herbs.

Division of particular Group companies between the segments is outlined in the section 2.2.

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, tea, coffee, ciders, transportation and other services).

In compliance with the relevant requirements of IFRS 8 Operating Segments, the management presents also the distribution of revenues and non-current assets (other than financial instruments and deferred tax assets) distributed into geographical areas.

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.

Column Other in the segment information below represents a reconciling item to get to the consolidated financial statements.

The Group did not identify any customer in the period of three months ended 31 March 2020 and in the comparative period of three months ended 31 March 2019 that generated more than 10% of the Group’s consolidated revenue.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### BUSINESS SEGMENTS (CONTINUING OPERATIONS)

1.1.2020 – 31.3.2020	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
<b>Revenue</b>	<b>926,126</b>	<b>228,216</b>	<b>175,288</b>	-	<b>1,329,630</b>	<b>(40,309)</b>	<b>1,289,321</b>
External revenue – excl. services	885,173	227,005	163,665	-	1,275,843	-	1,275,843
External revenue – services	8,065	937	4,476	-	13,478	-	13,478
Inter-segment revenue	32,888	274	7,147	-	40,309	(40,309)	-
<b>Operating expenses</b>	<b>(886,443)</b>	<b>(245,634)</b>	<b>(227,605)</b>	<b>(179)</b>	<b>(1,359,861)</b>	<b>40,309</b>	<b>(1,319,552)</b>
Related to external revenue	(853,555)	(245,360)	(220,458)	(179)	(1,319,552)	-	(1,319,552)
Related to inter-segment revenue	(32,888)	(274)	(7,147)	-	(40,309)	40,309	-
<b>Operating profit/(loss)</b>	<b>39,683</b>	<b>(17,418)</b>	<b>(52,317)</b>	<b>(179)</b>	<b>(30,231)</b>	-	<b>(30,231)</b>
Finance income/(costs), net	185,623	6,202	(4,676)	851	188,000	(155,060)	32,940
- within segment	27,164	7,072	(2,147)	851	32,940	-	32,940
- inter-segment	158,459	(870)	(2,529)	-	155,060	(155,060)	-
<b>Profit/(loss) before income tax</b>	<b>225,306</b>	<b>(11,216)</b>	<b>(56,993)</b>	<b>672</b>	<b>157,769</b>	<b>(155,060)</b>	<b>2,709</b>
Income tax (expense)/benefit	(12,437)	(4,152)	1,239	-	(15,350)	-	(15,350)
<b>Profit/(loss) for the period</b>	<b>212,869</b>	<b>(15,368)</b>	<b>(55,754)</b>	<b>672</b>	<b>142,419</b>	<b>(155,060)</b>	<b>(12,641)</b>
<b>EBITDA**</b>	<b>121,011</b>	<b>8,644</b>	<b>(16,200)</b>	<b>(179)</b>	<b>113,276</b>	-	<b>113,276</b>
One-offs (A 3.1.1)	2,022	325	3,233	-	5,580	-	5,580
<b>Adjusted EBITDA (A 3.1.1)</b>	<b>123,033</b>	<b>8,969</b>	<b>(12,967)</b>	<b>(179)</b>	<b>118,856</b>	-	<b>118,856</b>

\* Other doesn't represent a separate segment, but reconciling item to the Consolidated statement of profit or loss.

\*\* EBITDA refers to operating profit/(loss) plus depreciation and amortisation.

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other	Subtotal	Consolidation adjustments	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets*	77,316	41,549	39,855	-	158,720	-	158,720
Depreciation and amortisation	81,328	26,062	36,117	-	143,507	-	143,507
Other Impairment losses	1,100	-	183	-	1,283	-	1,283
Other Impairment losses reversals	(125)	(292)	(116)	-	(533)	-	(533)
Provisions - Increase due to creation	25,125	-	4,570	-	29,695	-	29,695
Provisions - Decrease due to usage/release	(37,272)	(10,394)	(5,006)	-	(52,672)	-	(52,672)

\* excluding acquisitions, including lease additions

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



1.1.2019 – 31.3.2019	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Total
Re-presented	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
<b>Revenue</b>	<b>931,740</b>	<b>226,460</b>	<b>164,690</b>	-	<b>1,322,890</b>	<b>(31,720)</b>	<b>1,291,170</b>
External revenue – excl. services	896,072	224,564	157,114	-	1,277,750	-	1,277,750
External revenue – services	4,691	1,342	7,387	-	13,420	-	13,420
Inter-segment revenue	30,977	554	189	-	31,720	(31,720)	-
<b>Operating expenses</b>	<b>(908,438)</b>	<b>(236,617)</b>	<b>(195,968)</b>	<b>(389)</b>	<b>(1,341,412)</b>	<b>31,720</b>	<b>(1,309,692)</b>
Related to external revenue	(877,461)	(236,063)	(195,779)	(389)	(1,309,692)	-	(1,309,692)
Related to inter-segment revenue	(30,977)	(554)	(189)	-	(31,720)	31,720	-
<b>Operating profit/(loss)</b>	<b>23,302</b>	<b>(10,157)</b>	<b>(31,278)</b>	<b>(389)</b>	<b>(18,522)</b>	-	<b>(18,522)</b>
Finance income/(costs), net	(21,747)	(1,306)	(2,530)	30	(25,553)	(518)	(26,071)
- within segment	(23,365)	(1,033)	(1,703)	30	(26,071)	-	(26,071)
- inter-segment	1,618	(273)	(827)	-	518	(518)	-
<b>Profit/(loss) before income tax</b>	<b>1,555</b>	<b>(11,463)</b>	<b>(33,808)</b>	<b>(359)</b>	<b>(44,075)</b>	<b>(518)</b>	<b>(44,593)</b>
Income tax (expense)/benefit	(17,933)	(1,156)	24	-	(19,065)	-	(19,065)
<b>Profit/(loss) for the period</b>	<b>(16,378)</b>	<b>(12,619)</b>	<b>(33,784)</b>	<b>(359)</b>	<b>(63,140)</b>	<b>(518)</b>	<b>(63,658)</b>
<b>EBITDA**</b>	<b>104,485</b>	<b>12,168</b>	<b>(4,597)</b>	<b>(389)</b>	<b>111,667</b>	-	<b>111,667</b>
One-offs (A 3.1.1)	9,176	(4,671)	2,061	-	6,566	-	6,566
<b>Adjusted EBITDA (A 3.1.1)</b>	<b>113,661</b>	<b>7,497</b>	<b>(2,536)</b>	<b>(389)</b>	<b>118,233</b>	-	<b>118,233</b>

\* Other doesn't represent a separate segment, but reconciling item to the consolidated statement of profit or loss.

\*\* EBITDA refers to operating profit/(loss) plus depreciation and amortisation.

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other	Subtotal	Consolidation adjustments	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets*	165,887	22,040	159,270	-	347,197	-	347,197
Depreciation and amortisation	81,183	22,325	26,681	-	130,189	-	130,189
Other Impairment losses	1,368	-	197	-	1,565	-	1,565
Other Impairment losses reversals	(209)	(266)	(289)	-	(764)	-	(764)
Provisions - Increase due to creation	23,039	-	3,149	-	26,188	-	26,188
Provisions - Decrease due to usage/release	(64,145)	(6,964)	(5,476)	-	(76,585)	-	(76,585)

\* excluding acquisitions, including lease additions

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### PRODUCT LINES (CONTINUING OPERATIONS)

1.1.2020 - 31.3.2020	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
<b>Revenue</b>	<b>503,204</b>	<b>147,839</b>	<b>348,887</b>	<b>108,063</b>	<b>81,033</b>	<b>100,295</b>	<b>1,289,321</b>
External revenue – excl. services	503,204	147,839	348,887	108,063	77,454	90,396	1,275,843
External revenue – services	-	-	-	-	3,579	9,899	13,478
1.1.2019 - 31.3.2019	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
<b>Revenue</b>	<b>519,859</b>	<b>170,071</b>	<b>332,678</b>	<b>105,632</b>	<b>95,431</b>	<b>67,499</b>	<b>1,291,170</b>
External revenue – excl. services	519,859	170,071	332,678	105,632	88,129	61,381	1,277,750
External revenue – services	-	-	-	-	7,302	6,118	13,420

### INFORMATION ABOUT GEOGRAPHICAL AREAS — REVENUE PER END CUSTOMER (CONTINUING OPERATIONS)

1.1.2020 - 31.3.2020	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
<b>Revenue</b>	<b>682,155</b>	<b>349,536</b>	<b>150,293</b>	<b>58,795</b>	<b>21,809</b>	<b>26,733</b>	<b>1,289,321</b>
External revenue – excl. services	674,276	345,031	149,199	58,795	21,809	26,733	1,275,843
External revenue – services	7,879	4,505	1,094	-	-	-	13,478
1.1.2019 - 31.3.2019	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
<b>Revenue</b>	<b>685,678</b>	<b>347,959</b>	<b>148,860</b>	<b>56,543</b>	<b>23,991</b>	<b>28,139</b>	<b>1,291,170</b>
External revenue – excl. services	676,895	344,936	147,526	56,543	23,991	27,859	1,277,750
External revenue – services	8,783	3,023	1,334	-	-	280	13,420
Non-current assets (excluding financial assets and deferred tax assets)	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
31.3.2020	2,190,647	1,120,025	686,818	219,858	231,541	-	4,448,889
31.12.2019	2,179,259	1,008,033	644,678	191,099	235,760	-	4,258,829

### SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

#### SEASONALITY

Seasonality is associated with periodic deviations in demand and supply and has certain effect on 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 2019, about 20.1% (19.5% in 2018) of revenue from continuing operations was earned in the 1st quarter, with 27.2% (28.1% in 2018), 29.0% (29.1% in 2018) and 23.7% (23.3% in 2018) of the annual consolidated revenue 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".

#### KOFOLA ČESKOSLOVENSKO GROUP

Interim consolidated financial statements for the three-month period ended 31 March 2020  
In accordance with IAS 34 as adopted by EU

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.2. REVENUE (CONTINUING OPERATIONS)

Revenue streams, Timing of revenue recognition	3M20 CZK'000	3M19 CZK'000
<b>Revenue from contracts with customers</b>		
- Sales of finished products/goods/materials (transferred at a point in time)	1,275,843	1,277,750
- Sales of transportation services (transferred over time)	3,689	2,621
- Franchise licences (transferred over time)	3,578	7,307
- Sales of other services (transferred over time)	6,211	3,492
<b>Total revenue</b>	<b>1,289,321</b>	<b>1,291,170</b>

Revenue from contracts with customers is represented by finished products, goods and materials sold and is recognized at a point of time. For further allocation between particular segments refer to section 4.1.

Loss allowances on receivables arising from contracts with customers are not material.

Group doesn't have any material contract assets, contract liabilities or performance obligations satisfied (or partially satisfied) in previous periods.

### 4.3. EXPENSES BY NATURE (CONTINUING OPERATIONS)

Expenses by nature	3M20 CZK'000	3M19 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	143,507	130,189
Employee benefits expenses (i)	327,296	309,993
Consumption of materials and energy, cost of goods and materials sold	592,773	587,574
Services	240,288	253,252
Rental costs	20,133	17,870
Taxes and fees	15,306	13,422
Insurance costs	3,575	3,689
Inventory write-down/(back)	(233)	(502)
Change in allowance to receivables	1,127	1,303
Change in finished products and work in progress	(31,169)	(15,634)
Other costs	2,870	2,856
<b>Total expenses by nature*</b>	<b>1,315,473</b>	<b>1,304,012</b>
Depreciation recognized in Other operating expenses	(3,135)	(1,039)
<b>Reconciliation of expenses by nature to expenses by function</b>	<b>1,312,338</b>	<b>1,302,973</b>
Costs of sales	738,918	733,413
Selling, marketing and distribution costs	457,123	463,041
Administrative costs	116,297	106,519
<b>Total costs of products and services sold, merchandise and materials, sales costs and administrative costs</b>	<b>1,312,338</b>	<b>1,302,973</b>

\* Excluding Other operating expenses (except for depreciation) and Impairment.

Higher personnel expenses are connected with the increased number of employees and higher wages.

#### (i) Employee benefits expenses

Employee benefits expenses	3M20 CZK'000	3M19 CZK'000
Salaries	240,791	228,764
Social security and other benefit costs (including healthcare insurance)	40,213	37,817
Pension benefit plan expenses	46,292	43,412
<b>Total employee benefits expenses</b>	<b>327,296</b>	<b>309,993</b>

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.4. OTHER OPERATING INCOME (CONTINUING OPERATIONS)

Other operating income	3M20 CZK'000	3M19 CZK'000
Net gain from the sale of PPE and Intangible assets	2,530	6,096
Release of allowance to receivables	-	5
Reinvoiced payments	857	658
Grants	-	230
Donation	74	-
Compensation claims	758	375
Write-off liabilities	-	30
Penalties and compensation for damages	118	47
Other tax income	3	92
Release of provisions	-	375
Other	2,039	1,207
<b>Total other operating income</b>	<b>6,379</b>	<b>9,115</b>

### 4.5. OTHER OPERATING EXPENSES (CONTINUING OPERATIONS)

Other operating expenses	3M20 CZK'000	3M19 CZK'000
Net loss from disposal of PPE and Intangible assets	459	60
Costs connected with inactive plant in Poland*	5,051	3,100
Provided donations, sponsorship	1,009	1,952
Penalties and damages	354	540
Other tax expenses	12	97
Services	3,339	9,176
Other	3,369	909
<b>Total other operating expenses</b>	<b>13,593</b>	<b>15,834</b>

\* Mainly depreciation expense, property taxes, consumption of energy.

### 4.6. FINANCE INCOME (CONTINUING OPERATIONS)

Finance income	3M20 CZK'000	3M19 CZK'000
Interest from:		
– bank deposits	7	141
– bonds	317	538
Exchange gains	65,106	3,553
Derivatives	749	543
Other	102	140
<b>Total finance income</b>	<b>66,281</b>	<b>4,915</b>

### 4.7. FINANCE COSTS (CONTINUING OPERATIONS)

Finance costs	3M20 CZK'000	3M19 CZK'000
Interest from:		
– bank loans and credits	26,315	24,981
– lease	3,286	2,377
Exchange losses	527	1,035
Bank costs and charges	3,127	2,586
Other	86	7
<b>Total finance costs</b>	<b>33,341</b>	<b>30,986</b>

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.8. INCOME TAX (CONTINUING OPERATIONS)

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

Main income tax elements for the three-month period ended 31 March 2020 and 31 March 2019 were as follows:

Income tax	3M20 CZK'000	3M19 CZK'000
<b>Current income tax expense/(benefit)</b>	<b>9,258</b>	<b>11,634</b>
Current income tax on profits for the periods	7,977	10,143
Adjustments for current income tax of prior periods	1,281	1,491
<b>Deferred income tax expense/(benefit)</b>	<b>6,092</b>	<b>7,431</b>
Related to arising and reversing of temporary differences	4,223	10,919
Related to tax losses	1,869	(3,488)
<b>Income tax expense/(benefit)</b>	<b>15,350</b>	<b>19,065</b>

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

#### 4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the three-month period ended 31 March 2020 and 31 March 2019 were as follows:

Income tax recognised directly in equity	3M20 CZK'000	3M19 CZK'000
<b>Deferred income tax</b>	<b>(4,930)</b>	<b>211</b>
Tax from Cash flow hedges	(4,930)	211
<b>Income tax recognised directly in equity</b>	<b>(4,930)</b>	<b>211</b>

### 4.9. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit/(loss) 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/(loss) 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). The diluted earnings per share ratio is not applicable to the Group because it didn't issue any of above-mentioned financial instruments.

Information used to calculate basic earnings per share is presented below:

Weighted average number of ordinary shares	3M20 Pcs	3M19 Pcs
Weighted average number of ordinary shares for EPS calculation	22,291,948	22,291,948
Effect of own shares in possession of the Company	(3,592)	-
<b>Weighted average number of ordinary shares used to calculate basic earnings per share</b>	<b>22,288,356</b>	<b>22,291,948</b>

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

Basic earnings per share (continuing operations)	3M20	3M19
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK '000)	(8,943)	(61,807)
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22,288,356	22 291 948
<b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)</b>	<b>(0.40)</b>	<b>(2.77)</b>

Basic earnings per share (continuing and discontinued operations)	3M20	3M19
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK '000)	(8,943)	17 858
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22,288,356	22 291 948
<b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)</b>	<b>(0.40)</b>	<b>0.80</b>

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### 4.10. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 155,175 thousand in the reporting period of three-months ended 31 March 2020 (including the net book value of assets arising due to acquisition of subsidiaries and lease additions).

The most significant additions realized by the Group in 3M20 were represented by investments into the production machinery, warehouse and the returnable packages.

The additions to Property, plant and equipment were of CZK 342,115 thousand in the three-month period ended 31 March 2019 (including lease additions). The most significant additions were mainly caused by the effect of the initial application of IFRS 16, purchases of cars, technical equipment and returnable packages.

### 4.11. INTANGIBLE ASSETS

The Goodwill consists of the goodwill from acquisition of PINELLI spol. s r.o. 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. in March 2018, goodwill from acquisition of Minerálka s.r.o. in June 2018, goodwill from acquisition of Espresso s.r.o. in July 2019 and goodwill from acquisition of F.H.Prager s.r.o. in January 2020.

Amortisation of trademarks with finite useful lives is charged to Selling, marketing and distribution costs. The main 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, Citrocola, Semtex energy drink, Erektus, UGO, Premium Rosa, Leros, Café Reserva and Prager ciders and lemonades.

In the reporting period of three-months ended 31 March 2020, the additions to intangible assets were of CZK 15,670 thousand (including the net book value of assets arising due to acquisition of subsidiaries). The most significant additions were connected with the acquisition of F.H.Prager s.r.o. and investments to SAP.

In the reporting period of three-months ended 31 March 2019, the additions to intangible assets were of CZK 5,082 thousand. The most significant addition was technical enhancement of SAP software.

### 4.12. BANK CREDITS AND LOANS

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

As at 31 March 2020, the Group's total bank loans and credits amounted to CZK 2,713,995 thousand (as at 31 December 2019: CZK 3,012,962 thousand). Decrease of the balance is attributable to regular repayments. From the total balance of Repayment of loans and bank credits presented within the Condensed consolidated statement of cash flows (Note 1.4), amount of CZK 188,904 thousand represents the decrease of Group's overdraft.

The Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2,543,815 thousand as at 31 March 2020 (as at 31 December 2019: CZK 2,651,759 thousand) 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.

In relation to financing of ONDRÁŠOVKA and Karlovarská Korunní acquisitions, the Group has concluded a new loan agreement with Česká spořitelna, a.s. and Československá obchodní banka, a. s. in the amount of CZK 1,138,000 thousand in March 2020. Loan was drawn in April 2020.

#### CREDIT TERMS AND TERMS AND CONDITIONS

Based on credit agreements, the Group 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.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

As at 31 March 2020, 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	2,083	56,918	12/2022	SANTA-TRANS.SK, s.r.o.	third party*
<b>Total guarantees issued as at 31.3.2020</b>				<b>56,918</b>			

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

As at 31 December 2019 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	2,272	57,732	12/2022	SANTA-TRANS.SK, s.r.o.	third party*
<b>Total guarantees issued as at 31.12.2019</b>				<b>57,732</b>			

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

### 4.14. 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. This denationalisation claims have been in the process of being decided on from the year 1993 onward. After several turns in the process the Constitutional court in 2018 reversed the decisions of the authorities adopted by then which prevented the denationalization beneficiaries from denationalization for legal reasons and returned the matter to the first instance authority. Upon such decision the administrative unit Gornja Radgona as the first instance authority resumed with the process in 2018. In the resumed process the authority found the denationalization beneficiaries are entitled to denationalization, however, not in the form of in-kind return of property, for which RADENSKA would be liable, but merely in the form of compensation, which is paid from the Republic of Slovenia and neutral with respect to RADENSKA. Such decision effectively means that the beneficiary is not entitled to in-kind return of property and therefore neither RADENSKA nor Kofola are obliged to any compensation payment. However, we note that such decisions are not final and thus in theory there's still the risk that RADENSKA's enterprise would need to be returned to the beneficiaries together with significant compensation payments, if the current decisions would be reversed later in the process.

#### 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 significant 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, a material effect on the financial position or profitability of the Company and/or the Group.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.15. RELATED PARTY TRANSACTIONS

#### 4.15.1 SHAREHOLDERS STRUCTURE

Share capital structure	31.3.2020			31.12.2019		
	Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital
AETOS a.s.	14,984,204	67.22	70.75	14,984,204	67.22	70.75
RADENSKA d.o.o.	1,114,010	5.00	0.00	1,114,010	5.00	0.00
Others	6,193,734	27.78	29.25	6,193,734	27.78	29.25
<b>Total</b>	<b>22,291,948</b>	<b>100.00</b>	<b>100.00</b>	<b>22,291,948</b>	<b>100.00</b>	<b>100.00</b>

On 14 August 2019, 99 shares have been granted from own shares (in possession of RADENSKA) to the external providers as a compensation for services provided by these external parties. These shares were originally purchased by RADENSKA in a public tender offer on the stock market mainly from CED GROUP S.à r.l. with an individual share price of CZK 440.

On 26 March 2019, AETOS a.s. sold 175,000 shares of the Company to a Czech investor at a price per share of CZK 311. The free float increased to 27.78%.

#### COURSE OF PURCHASE OF OWN SHARES

On 5 March 2020, the Company announced the share buy-back programme for the purpose of share option plan.

The sole purpose of the acquisition of own shares by the Company was to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the Company or of an associate companies.

Maximum number of shares to be acquired amounted up to 19,759 shares of the Company which may had been acquired for a maximum total consideration (excluding incidental transaction charges) of up to CZK 5,600,000. The shares could have been acquired up until April 30, 2020.

The Company has concluded a contract with Česká spořitelna, a.s. for the purpose of execution of the acquisitions of its own shares. Pursuant to this contract, execution of the acquisitions of its own shares took place independently of the Company and without its influence, and only on regulated markets in accordance with the respective legal regulations and rules of these markets.

Course of purchase with a total purchase price of CZK 4,410 thousand was completed on March 20, 2020:

- Purchases 5 March-12 March 2020 (purchased 12,547 shares – 63.5%), weighted average price CZK 233.7 per share.
- Purchases 13 March-20 March 2020 (purchased 7,212 shares – 36.5%), weighted average price CZK 200.3 per share.

In March 2020, 15,048 shares with costs of CZK 3,235 thousand have been granted to the participants of the share option plan.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Presented below is the structure of the remuneration paid out to persons with executive authority in 3M20 and 3M19.

Decrease in remuneration was caused by postponement of payment of 2019 annual bonuses for selected key management.

Remuneration of the Group's key management personnel 3M20		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
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	3,780	-	-	-	3,780
	Non-financial	934	-	-	-	934
Amounts paid for activities in the Company's Supervisory Board	Financial	-	300	-	-	300
	Non-financial	-	72	-	-	72
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	1,396	-	1,307	274	2,977
	Non-financial	969	-	400	14	1,383

Remuneration of the Group's key management personnel 3M19		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
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	11,215	-	-	-	11,215
	Non-financial	229	-	-	-	229
Amounts paid for activities in the Company's Supervisory Board	Financial	-	300	-	-	300
	Non-financial	-	54	-	-	54
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	2,180	3,507	440	4,686	10,813
	Non-financial	-	90	14	-	104

### 4.15.3 OTHER RELATED PARTY TRANSACTIONS

There were no transactions concluded with the Group's related parties (those outside the consolidation group) in 3M20 and 3M19.

## 4.16. FINANCIAL INSTRUMENTS

### 4.16.1 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.

31.3.2020	Financial assets at amortized cost	Derivatives at fair value through OCI	Financial liabilities at amortized cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	915,167	-	-	915,167
Cash and cash equivalents	503,388	-	-	503,388
Derivatives (i)	-	(19,159)	-	(19,159)
Bank credits and loans	-	-	(2,713,995)	(2,713,995)
Lease liabilities	-	-	(428,544)	(428,544)
Trade and other payables	-	-	(1,263,066)	(1,263,066)
<b>Total</b>	<b>1,418,555</b>	<b>(19,159)</b>	<b>(4,405,605)</b>	<b>(3,006,209)</b>

#### (i) Fair value of derivatives

In 2018, the Group concluded an interest rate swaps (IRS) contract and established a hedge accounting and revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income.

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

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31.12.2019	Financial assets at amortised cost CZK'000	Derivatives at fair value through OCI CZK'000	Financial liabilities at amortised cost CZK'000	Total CZK'000
Trade and other financial receivables	1,148,603	-	-	1,148,603
Cash and cash equivalents	774,495	-	-	774,495
Derivatives (ii)	-	6,786	-	6,786
Bank credits and loans	-	-	(3,012,962)	(3,012,962)
Lease liabilities	-	-	(419,791)	(419,791)
Trade and other financial liabilities	-	-	(1,311,659)	(1,311,659)
<b>Total</b>	<b>1,923,098</b>	<b>6,786</b>	<b>(4,744,412)</b>	<b>(2,814,528)</b>

### (ii) Fair value of derivatives

In 2018, the Group concluded an interest rate swaps (IRS) contract and established a hedge accounting and revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income.

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

## 4.17. ACQUISITION OF SUBSIDIARIES

### ACQUISITION OF SUBSIDIARY F.H.PRAGER

On January 7, 2020, the Company concluded an agreement to purchase a 100% stake in F.H.Prager s.r.o., a producer and distributor of cider drinks.

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 CZK'000	Fair value adjustments CZK'000	Fair value CZK'000
Property, plant and equipment	766	-	766
Intangible assets	-	8,027	8,027
Inventories	1,856	-	1,856
Trade receivables and other receivables	461	-	461
Cash and cash equivalents	29	-	29
Bank credits and loans	(443)	-	(443)
Deferred tax liability	-	(1,525)	(1,525)
Trade liabilities and other liabilities	(9,360)	-	(9,360)
Provisions	(144)	-	(144)
<b>Total identifiable net assets acquired</b>	<b>(6,835)</b>	<b>6,502</b>	<b>(333)</b>

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

Goodwill calculation	CZK'000
Consideration transferred	3,000
Net assets acquired	(333)
<b>Goodwill</b>	<b>3,333</b>

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

Revenue and result for the period since the acquisition are not presented in this note because they are immaterial.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### ACQUISITION OF SUBSIDIARY ESPRESSO

On July 9, 2019, the Company concluded an agreement to purchase a 100% stake in Espresso s.r.o., a distributor of high-quality coffee (Café Reserva) and teas (Dilmah).

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	10,459	-	10,459
Intangible assets	-	67,200	67,200
Deferred tax assets	269	(269)	-
Inventories	18,091	(3,137)	14,954
Trade receivables and other receivables	5,802	(624)	5,178
Cash and cash equivalents	3,196	-	3,196
Lease liabilities	(6,976)	-	(6,976)
Other liabilities	(5,029)	-	(5,029)
Deferred tax liability	-	(12,768)	(12,768)
Trade liabilities and other liabilities	(9,725)	(835)	(10,560)
<b>Total identifiable net assets acquired</b>	<b>16,087</b>	<b>49,567</b>	<b>65,654</b>

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

Goodwill calculation	CZK'000
Consideration transferred	77,745
Net assets acquired	65,654
<b>Goodwill</b>	<b>12,091</b>

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

### 4.18. DISCONTINUED OPERATIONS

#### 4.18.1 HOOP POLSKA

On 18 March 2019, the Group sold Hoop Polska Sp. z o.o. to ZMB Capital Sp. z o.o. Based on this fact, the consolidated statement of profit or loss is divided into continuing and discontinued operations. Profit from discontinued operations for the period of three months ended 31 March 2019 contains the loss attributable to Hoop Polska Sp. z o.o. for the period since 1 January 2019 till 18 March 2019 of CZK 13,373 thousand, the income arising from the release of the cumulated foreign currency translation reserve attributable to Hoop Polska Sp. z o.o. of CZK 81,422 thousand and the gain on sale of CZK 7,979 thousand. Transaction price was received in February 2020.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

Financial information relating to the discontinued operation for the period to the date of disposal and for the three months ended 31 March 2019 is set out below.

Analysis of the result from discontinued operation	3M19 CZK'000
Revenue	157,203
Expenses	(170,576)
Gain on sale of the subsidiary	7,979
Income on release of the foreign currency translation reserve ("FCTR")	81,422
<b>Profit before tax from discontinued operation</b>	<b>76,028</b>
<b>Profit from discontinued operation</b>	<b>76,028</b>
Exchange differences on translation of discontinued operation	(81,422)
<b>Other comprehensive income from discontinued operation</b>	<b>(81,422)</b>
<b>Earnings per share for profit from discontinued operation attributable to the ordinary equity holders of the Company (in CZK)</b>	<b>3.41</b>

Analysis of the cash flows from discontinued operation	3M19 CZK'000
Cash flows from operating activities	29,850
Cash flows from investing activities	(1,716)
Cash flows from financial activities	(2,655)

### DETAILS OF THE SALE OF THE SUBSIDIARY

Analysis of gain on sale	CZK'000
Total consideration	210,422
Carrying amount of net assets sold	202,443
<b>Gain on sale</b>	<b>7,979</b>

#### 4.18.2 MEGAPACK

OOO MEGAPACK was sold on 18 December 2019 (sale transaction became effective on 25 December 2019). As such, the transactions related to Megapack were also presented as a part of discontinued operations. Profit from discontinued operations for the period of three months ended 31 March 2019 contains Share of profit of equity accounted investee of CZK 3,637 thousand. Transaction price was received in January 2020.

Financial information relating to the discontinued operation for the three months ended 31 March 2019 is set out below.

Equity accounted investee's revenue and result	3M19 CZK'000
Revenue	98,239
Profit/(loss) for the period	7,274
<b>Share of profit/(loss) attributable to Kofola ČeskoSlovensko group</b>	<b>3,637</b>

Analysis of the result from discontinued operation	3M19 CZK'000
Share of profit of equity accounted investee	3,637
<b>Profit before tax from discontinued operation</b>	<b>3,637</b>
<b>Profit from discontinued operation</b>	<b>3,637</b>
Exchange differences on translation of discontinued operation	6,537
<b>Other comprehensive income from discontinued operation</b>	<b>6,537</b>
<b>Earnings per share for profit from discontinued operation attributable to the ordinary equity holders of the Company (in CZK)</b>	<b>0.16</b>

Earnings per share for profit attributable to the ordinary equity holders of the Company in relation to Megapack and Hoop Polska discontinued operations for 3M19 amounted to CZK 3.57 per share.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### 4.19. SUBSEQUENT EVENTS

Acquisition of ONDRÁŠOVKA and Karlovarská Korunní was finalized on 15 April 2020. Price will be disclosed in 2Q20 due to non-disclosure agreement.

On 20 March 2020, the Company as a borrower together with Kofola a.s. (CZ), Kofola a.s. (SK) and UGO trade s.r.o. as co-borrowers concluded with the Česká spořitelna, a.s. and Československá obchodní banka, a. s. Amendment Agreement no. 4 in connection with the Original Facilities Agreement that increased the Total Commitments by up to CZK 1,138,000 thousand. The total balance of CZK 1,138,000 thousand was drawn in April 2020.

On 15 April 2020, Espresso s.r.o. merged into LEROS, s.r.o. with the effective date 1 January 2020. This transaction doesn't have any impact on Group's financial statements.

On 1 April 2020, Mr. Pavel Jakubík ceased to be, and Mr. Martin Pisklák became a new member of the Company's Board of Directors.

#### COVID-19

Due to current and also expected negative effects of COVID-19 related emergency situation, the Group has decided to implement economical measures that will lead to significant savings across all relevant Group activities, including unpleasant partial reduction of the number of Group employees. We tightly manage our costs and allocate resources to the areas where it can be the most effective. Capital expenditure has been paused or is used for what is essential or has already been committed.

As of the date of this report, the production is in operation, we have continuing supplies of materials (we are in close contact with our key suppliers), we have increased hygienic precautions in our production plants where we have forbidden any visits.

As at the date of the issue of this report, the exact estimate of the financial effect cannot be made, overall assessment of impacts will be possible after the termination of the emergency situation and depends on the pace of macroeconomic recovery. Though we anticipate a material impact to Group's revenue and EBITDA in 2Q20, we remain optimistic on seeing improvement in the second half of 2020.

On 27 April 2020, the Company utilized the governmental measure related to COVID-19 situation and has prolonged the bank loan repayment schedule by 6 months. So called "protection period" will end on 31 October 2020. As a result, planned repayments of CZK 108,825 thousand in 2Q20 and CZK 108,825 thousand in 3Q20 will be postponed.

We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook.

Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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.

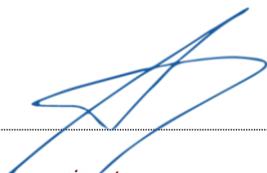
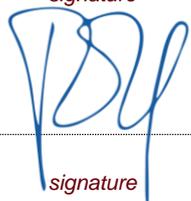
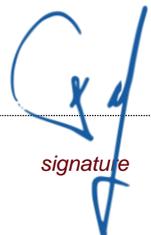
# STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION



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

To the best of our knowledge, the 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 Group for the three-month period ended 31 March 2020.

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES

<b>14.5.2020</b>	<b>Janis Samaras</b>	<b>Chairman of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>14.5.2020</b>	<b>René Musila</b>	<b>Vice-Chair of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>14.5.2020</b>	<b>Daniel Buryš</b>	<b>Vice-Chair of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>14.5.2020</b>	<b>Martin Pisklák</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>14.5.2020</b>	<b>Jiří Vlasák</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>14.5.2020</b>	<b>Marián Šefčovič</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

