KOFOLA ČESKOSLOVENSKO A.S. CONSOLIDATED ANNUAL FINANCIAL REPORT OF THE ISSUER 2023

BOARD OF DIRECTORS REPORT

This version of consolidated annual report has not been prepared in a single electronic reporting format (“the ESEF“) and represents unofficial version of the official consolidated annual report published in accordance with ESEF in XHTML format. The Company made all the steps to ensure this version fully corresponds with the original version, except for usage of machine readable XBRL tagging, which are included only in the official XHTML version. In case of any difference in the presented information, opinions or interpretations the official version in XHTML format is legally binding.

The official consolidated annual report prepared in ESEF format is accessible on the following link: https://investor.kofola.cz.

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1. KOFOLA AT A GLANCE

KOFOLA GROUP

one of top producers of branded non-alcoholic beverages in Central and Eastern Europe

CZK 8.7 BN 2023
REVENUES

11
PRODUCTION PLANTS

2,037
EMPLOYEES

LISTED ON
PRAGUE STOCK EXCHANGE

CZECHIA

No. 2
PLAYER IN THE SOFT DRINKS MARKET

No. 2
WATER BRAND

SLOVAKIA

No. 1
PLAYER IN THE SOFT DRINKS MARKET

No. 1
WATER BRAND

SLOVENIA

No. 1
PLAYER IN THE SOFT DRINKS MARKET

No. 1
WATER BRAND

CROATIA

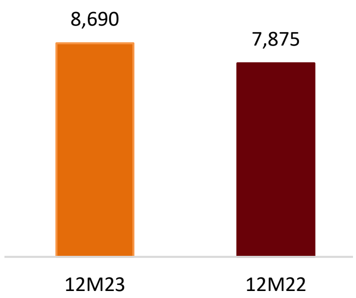
No. 4
PLAYER IN THE SOFT DRINKS MARKET

No. 2
WATER BRAND

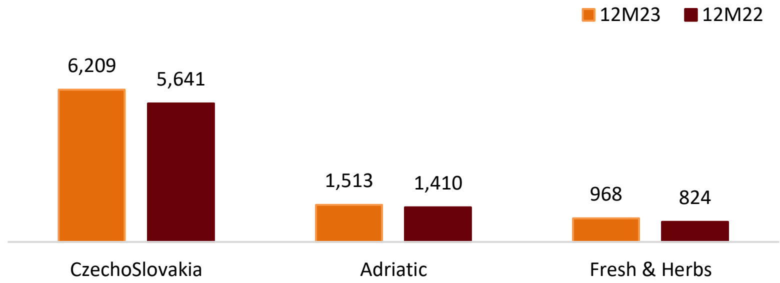
1. KOFOLA AT A GLANCE

FOR THE 12M PERIOD

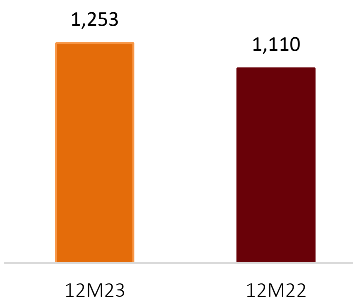
Revenue (CZKm)



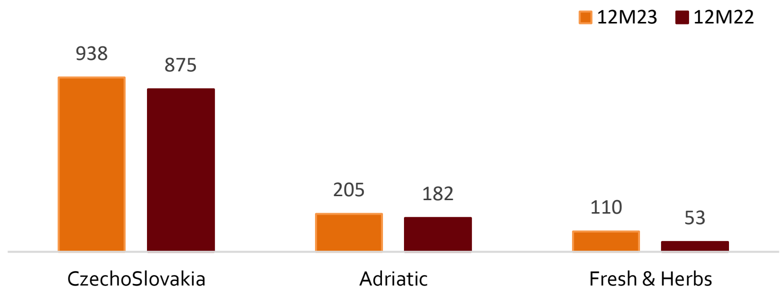
Revenue per main business segments (CZKm)



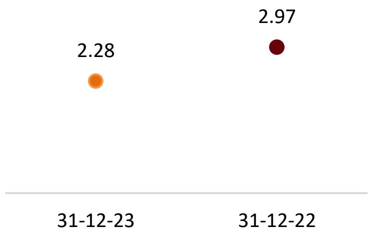
EBITDA (CZKm)



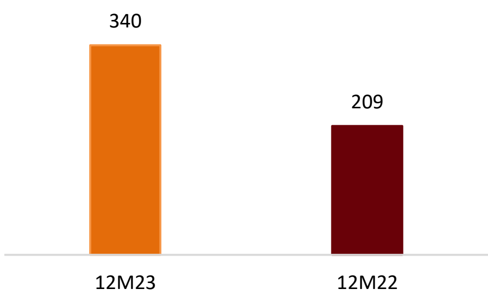
EBITDA per main business segments (CZKm)



Net debt/LTM EBITDA



Profit/(loss) for the period (CZKm)



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 4.1.

1. KOFOLA AT A GLANCE

MAIN INFORMATION IN 2023*:

- Group´s revenue increased by CZK 814.8 mil. (10.3%).
- Group´s EBITDA increased by CZK 143.0 mil. (12.9%).
- Very good results driven by sales in main season.
- Net profit increased by CZK 131.0 mil.
- Demonstration of strength of the Group’s portfolio and customers’ loyalty to Kofola brands.
- Entrance into new business segments (breweries, apple orchards, coffee plantations).

**Based on adjusted results.*

2. CHAIRMAN´S STATEMENT

Dear shareholders,

I'm pleased to begin this year's commentary by saying that nothing unusual happened in 2023. This is something we have almost forgotten over the past three years. After years of Covid, the energy crisis and inflation, we have been able to focus fully on growing our business. As you will see on the following pages of our annual report, it has been a very good year.

At the beginning, we expected a 10-12% decline in soft drinks consumption and adjusted our cost structures accordingly. For most of the year, it looked like we would not be far off the mark, but we had a very good season and ended the year with a 7.9% decline in volumes compared to 2022. The reasons for our volume decline are mainly two - rising cost reflecting input prices and inflation in mandated household spending coupled with a decline in household purchasing power. This has been particularly felt in our traditional beverage divisions. On the other hand, LEROS and UGO trade showed strong volume growth with very solid margins.

I was also happy to see the fulfilment of our vision. In 2023, we laid the foundation stone of our agricultural division. We want to understand our raw material base, so we have invested in an area that is unusual for us. Approximately 60 hectares of orchards and an 25% interest in 200 hectares of coffee plantations in Colombia are the first step into a new world. We need to get our feet wet first, but we believe this is the right way to go.

The CzechoSlovakia segment, I believe, has bounced back from the bottom. The margin we have achieved in 2023 is very promising, but we are still a long way from our pre-2020 performance. Novelties like Targa Florio and Jupí popsicles, as well as stalwarts like Kofola on tap, are performing well.

The Adriatic region grew by 7.3% in sales, with Slovenia performing particularly well. We launched the functional water ALL based on Radenska mineral water. In Croatia, our spring water Studena is gaining in popularity among consumers, with its very provocative advertising campaign attracting the attention of the younger generation in particular. At the end of the year, we succeeded in installing the first photovoltaic power plant in the Group on the roof of the Radenci production plant.

LEROS completed its post-acquisition five-year run exactly as projected. All key channels were strong and sales for 2023 grew by approximately 8%. Our e-shop performed well and we opened our first store in Černý Most shopping centre at the end of the year.

UGO is undoubtedly the rising star of the year. Strong revenue growth of almost 24% accompanied by strong profitability and an increase in satisfied customers was and is the picture of UGO in the last year. Drivers were the new rice-based Superbowls as well as the collaboration with F.H.Prager on Kombucha on tap. UGO still has huge potential and we have big plans for it in the coming years.

Overall, we grew on an EBITDA level by CZK 143 million. We thus reached the upper end of our expected range of CZK 1.25 billion. We are projecting an EBITDA range of CZK 1.55 – 1.80 billion for 2024. This range considers not only the impact of the new acquisitions but also the further growth of the current Group.

At the end of the year, we announced our entry into the beer segment - the acquisition of Pivovary CZ Group, which represents the breweries Zubr, Holba and Litovel. Overall, the fifth largest player on the Czech beer market with a long tradition, countless quality awards and strong distribution especially in central Moravia. Beer is the family silver, it is the strongest segment in FMCG, it has been here for 500 years and I believe it will be here for another 500 years. We are approaching the acquisition with great humility and will therefore keep this segment as a separate unit from Kofola's non-alcoholic division. In 2024, beer sales could account for around 15% of the entire Kofola Group.

Finally, I want to thank everyone who pulled together with us in 2023: our employees, suppliers, customers, shareholders and consumers. We couldn't have done it without you. Thank you.

Jannis Samaras
Chairman of the Board of Directors
Kofola ČeskoSlovensko a.s.

3. KOFOLA GROUP

3.1. KOFOLA ČESKOSLOVENSKO

Kofola ČeskoSlovensko a.s. (“the Company”) is a joint-stock company and was registered on 12 September 2012 in the Czech Republic. Its registered office is Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava, Czech Republic and the identification number is 24261980. Ostrava is also a Company’s principal place of business. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava (Czech Republic), 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.

3.2. KOFOLA GROUP

Basic information

Nature of Group's operations and principal activities is production and sale of non-alcoholic beverages.

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 that belongs to the top players in CzechoSlovakia.

The Group produces its products with care and love in eleven production plants located in the Czech Republic (six 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" distributed in KEG which is considered as one of our most environmentally friendly packaging. The Group distributes its products through Retail, HoReCa and Impulse channels.

Besides traditional non-alcoholic drink segment, Group is also entering new smaller segments through the acquisition of coffee plantations and apple orchards, but with its latest acquisition of Pivovary CZ Group a.s. realized in March 2024, at is also entering the beer segment.

Key brands

Key own brands include carbonated beverages Kofola and Vinea, waters Radenska, Studenac, Rajec, Ondrášovka, Korunní and Kláštorná Kalcia, syrup Jupí, beverages for children Jupík, Semtex energy drink, UGO fresh juices and salads, Leros teas and coffee brands Café Reserva and Trepallini. In selected markets, the Group distributes among others Rauch, Evian, 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:

CATEGORY	MAIN OWN BRANDS	DISTRIBUTED AND LICENSED BRANDS
Waters	Rajec, Radenska, Kláštorná Kalcia, Studenac, studena, Korunní, Ondrášovka	evian, Vincentka
Non-carbonated beverages	Jupík, Premium Rosa, Nasze Domowe	Rauch
Carbonated beverages	kofola, Vinea, Top Topic, Targa Florio, Ora, Inka, nara	Royal Crown Cola, Pepsi, Orangina
Syrups	Jupí	
Fresh Bars & Salateries	UGO	
Other	Semtex, Leros, Café Reserva, Prager, Trepallini	Dilmah

3. KOFOLA GROUP

3.3. GROUP STRUCTURE

Group structure chart as at 31 December 2023

Description of the group companies

Name of entity	Place of business	Segment Section B.4.1	Principal activities	Ownership interest and voting rights	
				31.12.2023	31.12.2022
Holding companies					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company		
Cafe Dorado s.r.o.*	Czech Republic	Fresh & Herbs	holding company	50.00%	n/a
PIVOVARY TRIANGL s.r.o.***	Czech Republic	n/a	holding company	51.00%	n/a
Bilgola fresh s.r.o.*****	Czech Republic	Fresh & Herbs	holding company	100.00%	n/a
Production and trading					
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%
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%
F.H.Prager s.r.o.	Czech Republic	CzechoSlovakia	production and distribution of ciders and kombucha	100.00%	100.00%
Semtex Republic s.r.o.	Czech Republic	CzechoSlovakia	marketing activities	100.00%	100.00%
Zahradní OLLA s.r.o.**	Czech Republic	n/a	production and distribution of self-watering clay pots	34.00%	n/a
FILIP REAL a.s.***	Czech Republic	n/a	hotel operation	100.00%	n/a
Bylinkárna s.r.o.	Czech Republic	Fresh & Herbs	products completion and packaging	100.00%	100.00%
General Plastic, a. s.****	Slovakia	CzechoSlovakia	production of hot-washed PET flakes and PET preforms	33.33%	n/a
AGRITROPICAL S.A.S.*****	Colombia	n/a	coffee plantations	25.00%	n/a
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%

* Established in Jun 2023. ** Acquired in Sep 2023. *** Established in Nov 2023. **** Acquired in May 2023. ***** Acquired in Dec 2023.
****** Effective share of Kofola Group in UGO trade s.r.o. is 100% after the acquisition of Bilgola fresh s.r.o. in Dec 2023.

3.4. SUCCESSES AND AWARDS

PROKOP PR awards

The Public Relations Association of the Slovak Republic has announced the winning entries of the 13th annual PROKOP competition, which recognizes the best Slovak PR projects and campaigns of the past year. Kofola received 6 awards, including the main prize of Client of the Year.

UGO Czech Superbrands

Consumers and the expert jury of the Superbrands Brand Council of the Czech Republic awarded the UGO brand with the Czech Superbrands 2023 award. Superbrands is the most respected worldwide brand evaluation programme. The evaluation and nomination of brands for Superbrands awards is based on identical criteria in more than 90 countries worldwide, including the Czech Republic.

CZECH TOP 100

Kofola has once again been ranked among the 100 admired companies in the Czech Republic.

Golden Wedge

In the Slovak advertising competition “Zlatý klínec”, which annually recognises and supports creativity and innovation in the field of advertising, communication and marketing, Kofola won two awards for its campaign “Láskyplný páteček”. We won 2nd and 3rd place in the categories Creativity in PR Campaign and Campaign. Among the brands Rajec scored as well, winning 2nd place in the Film category for its Meditation campaign.

Randstad Award 2023: Kofola is the winner among employers in the FMCG category

Kofola ČeskoSlovensko was ranked, again, among the Top 10 most attractive employers in the Czech Republic in 2023, with an overall finish of 5th place. In the FMCG category, it beat all competitors to win. Companies are selected based on the results of the Employer Brand Research preference survey.

Kofola is the most trusted brand among carbonated soft drinks

Kofola was named the most trusted brand in the carbonated soft drinks category. Czech consumers rated nearly 900 brands in an independent survey. Brands are nominated on the basis of sales. This ensures that the awarded brands are truly strong and trustworthy.

4. BUSINESS OVERVIEW AND OTHER MATTERS

4.1. BUSINESS OVERVIEW

Revenue development in 2023

Year 2023 was connected with the continuing unprecedented inflation, nevertheless, the price increase covered the decrease of volumes sold (in some categories there were even increases of volumes sold, mainly due to very good summer season). As a result, the Group's sales increased year over year by CZK 814.8 million (10.3%).

Revenue in the CzechoSlovakia business segment increased by CZK 568.2 million (10.1%) which is the biggest growth in the absolute terms and also a very satisfactory growth in percentage terms. Increase was driven mainly by summer season and, also, by very good sales in 4Q23.

Adriatic region contributed to 2023 Group's revenue as well, it grew by CZK 102.8 million (7.3%), mainly due to very good main tourist season with a support of sales from novelties, such as new functional drinks.

The total sales of CzechoSlovakia and Adriatic segments represented 88.9% of total Group sales (89.5% in 2022). Decrease of percentage is mainly due to very positive sales growth rate of Fresh & Herbs segment, because this segment grew the most in percentage terms, by 17.5% (CZK 143.8 million), mainly thanks to UGO (which is on a very positive business trajectory) and LEROS (organic growth resulting from the consistent effort in all company areas).

Adjustments of reported performance and position

Presented below is a description of the financial performance and financial position of Kofola Group in 2023. 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.

4. BUSINESS OVERVIEW AND OTHER MATTERS

4.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results	2023	One-off adjustments	2023 adjusted
	CZK´000 000	CZK´000 000	CZK´000 000
Revenue	8,690.1	-	8,690.1
Cost of sales	(4,802.7)	-	(4,802.7)
Gross profit	**3,887.4**	**-**	**3,887.4**
Selling, marketing and distribution costs	(2,487.8)	-	(2,487.8)
Administrative costs	(707.1)	-	(707.1)
Other operating income/(costs), net	54.7	(28.2)	26.5
Operating profit/(loss)	**747.2**	**(28.2)**	**719.0**
Depreciation and amortisation	540.4	(6.0)	534.4
EBITDA	***1,287.6**	**(34.2)**	****1,253.4**
Finance income/(costs), net	(265.3)	-	(265.3)
Income tax	(112.9)	(0.8)	(113.7)
Profit/(loss) for the period	**369.0**	**(29.0)**	**340.0**
- attributable to owners of Kofola ČeskoSlovensko a.s.	365.4	(29.0)	336.4

* 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 property, plant and equipment, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

The result of the Kofola Group for the 12-month period ended 31 December 2023 was affected by the following one-off items:

In Other operating income/(costs), net:

- Advisory costs of CZK 6.6 million (CzechoSlovakia and Adriatic segments).
- Net costs connected with the closed Grodzisk Wielkopolski plant of CZK 3.4 million (Fresh & Herbs segment).
- Restructuring costs of CZK 2.3 million (Fresh & Herbs segment).
- Net gain on sold items of Property, plant and equipment of CZK 10.6 million recognized in all business segments, mainly Fresh & Herbs.
- Gain on sale of the closed Grodzisk Wielkopolski plant of CZK 29.9 million (Fresh & Herbs segment).

4. BUSINESS OVERVIEW AND OTHER MATTERS

Adjusted consolidated financial results	2022	One-off adjustments	2022 adjusted
	CZK´000 000	CZK´000 000	CZK´000 000
Revenue	7,875.3	-	7,875.3
Cost of sales	(4,564.0)	-	(4,564.0)
Gross profit	**3,311.3**	**-**	**3,311.3**
Selling, marketing and distribution costs	(2,330.0)	-	(2,330.0)
Administrative costs	(466.5)	-	(466.5)
Other operating income/(costs), net	(32.2)	50.0	17.8
Operating profit/(loss)	**482.6**	**50.0**	**532.6**
Depreciation and amortisation	586.1	(8.3)	577.8
EBITDA	***1,068.7**	**41.7**	****1,110.4**
Finance income/(costs), net	(82.8)	(126.6)	(209.4)
Income tax	(135.9)	21.7	(114.2)
Profit/(loss) for the period	**263.9**	**(54.9)**	**209.0**
- attributable to owners of Kofola ČeskoSlovensko a.s.	269.1	(54.9)	214.2

* 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 property, plant and equipment, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

The result of the Kofola Group for the 12-month period ended 31 December 2022 was affected by the following one-off items:

In Other operating income/(costs), net:

- Impairment of CZK 33.1 million in relation to plant Grodzisk Wielkopolski (Fresh & Herbs segment).
- Advisory costs of CZK 7.9 million (mainly CzechoSlovakia and Adriatic segment).
- Restructuring costs of CZK 7.0 million (mainly CzechoSlovakia segment).
- Net costs connected with the closed Grodzisk Wielkopolski plant of CZK 4.6 million (Fresh & Herbs segment).
- Costs connected with the support provided to parties impacted by the Ukraine war of CZK 1.4 million (CzechoSlovakia segment).
- Costs arising on integration of acquired subsidiaries of CZK 0.1 million (CzechoSlovakia segment).
- Release of impairment to items of Property, plant and equipment of CZK 1.0 million (CzechoSlovakia segment).
- Net gain on sold items of Property, plant and equipment of CZK 3.1 million recognized in all business segments.

In Finance income/(costs), net:

- Gain on terminated derivatives of CZK 126.6 million (CzechoSlovakia segment).

4.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	2023	2022	Change	Change
	CZK´000 000	CZK´000 000	CZK´000 000	%
Revenue	8,690.1	7,875.3	814.8	10.3%
Cost of sales	(4,802.7)	(4,564.0)	(238.7)	5.2%
Gross profit	**3,887.4**	**3,311.3**	**576.1**	**17.4%**
Selling, marketing and distribution costs	(2,487.8)	(2,330.0)	(157.8)	6.8%
Administrative costs	(707.1)	(466.5)	(240.6)	51.6%
Other operating income/(costs), net	26.5	17.8	8.7	48.9%
Operating profit/(loss)	**719.0**	**532.6**	**186.4**	**35.0%**
EBITDA	**1,253.4**	**1,110.4**	**143.0**	**12.9%**
Finance income/(costs), net	(265.3)	(209.4)	(55.9)	26.7%
Income tax	(113.7)	(114.2)	0.5	(0.4%)
Profit/(loss) for the period	**340.0**	**209.0**	**131.0**	**62.7%**
- attributable to owners of Kofola ČeskoSlovensko a.s.	336.4	214.2	122.2	57.0%

Revenue

Increase of Group's revenue demonstrates the strength of its brands in their local markets where the customers' demand acted well on our well managed focus on our strong brands.

	2023		2022		Change	
Business segments	Revenue	Share	Revenue	Share		
	CZK´000 000	%	CZK´000 000	%	CZK´000 000	%
CzechoSlovakia	6,209.4	71.5%	5,641.2	71.6%	568.2	10.1%
Adriatic	1,513.1	17.4%	1,410.3	17.9%	102.8	7.3%
Fresh & Herbs	967.6	11.1%	823.8	10.5%	143.8	17.5%
Total	**8,690.1**	**100.0%**	**7,875.3**	**100.0%**	**814.8**	**10.3%**

CzechoSlovakia segment sales grew in all packaging formats. On premise (drinks in KEGs and glass bottles) grew the most, mainly thanks to very positive summer season sales of draught Kofola. On the go (drinks in cans and 1l- packaging) and At home (syrups and drinks in 1.5l+ packaging) formats sales grew as well, with double digit growth rate. On premise format sales grew also volume wise. Kofola, Royal Crown Cola, Vinea and Korunní brands grew the most in percentage terms.

Sales realized by the Adriatic segment grew mainly due to successful tourist season and also due to support of novelties, such as Radenska FunctionALL. The biggest increase was achieved by Radenska, Ora, Studena and Pepsi brands.

Fresh & Herbs segment revenue was driven by UGO and LEROS. UGO is on an excellent business trajectory. LEROS has experienced excellent performance in e-shop that was supported by growth also in other distribution channels.

	2023		2022		Change	
Product lines	Revenue	Share	Revenue	Share		
	CZK´000 000	%	CZK´000 000	%	CZK´000 000	%
Carbonated beverages	3,396.7	39.1%	2,962.6	37.6%	434.1	14.7%
Waters	2,831.1	32.6%	2,639.4	33.5%	191.7	7.3%
Non-carbonated beverages	707.4	8.1%	682.6	8.7%	24.8	3.6%
Syrups	543.6	6.3%	514.0	6.5%	29.6	5.8%
Fresh bars & Salads	481.6	5.5%	394.1	5.0%	87.5	22.2%
Other	729.7	8.4%	682.6	8.7%	47.1	6.9%
Total	**8,690.1**	**100.0%**	**7,875.3**	**100.0%**	**814.8**	**10.3%**

The activities of the Group concentrate on the production of beverages in four market categories: carbonated beverages (including cola beverages), non-carbonated beverages, types of bottled water and syrups. Together these categories accounted for 86.1% of the Group's revenue in 2023 (in 2022: 86.3%).

Increase of sales of Carbonated beverages was driven by sales of Kofola, Vinea and Royal Crown Cola.

4. BUSINESS OVERVIEW AND OTHER MATTERS

Sales by countries (per end customer)	2023 Revenue	2023 Share	2022 Revenue	2022 Share	Change	Change
	CZK´000 000	%	CZK´000 000	%	CZK´000 000	%
Czech Republic	4,897.6	56.4%	4,430.9	56.3%	466.7	10.5%
Slovakia	2,103.5	24.2%	1,869.9	23.7%	233.6	12.5%
Slovenia	960.3	11.1%	878.2	11.2%	82.1	9.3%
Croatia	426.7	4.9%	417.0	5.3%	9.7	2.3%
Poland	109.3	1.3%	88.1	1.1%	21.2	24.1%
Other	192.7	2.1%	191.2	2.4%	1.5	0.8%
Total	**8,690.1**	**100.0%**	**7,875.3**	**100.0%**	**814.8**	**10.3%**

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

Revenue in Croatia grew less than in other countries because the price increase combined with country's transition to EUR lead to bigger decrease of volumes sold than in other countries of the Group.

Other represents the Group's export.

Cost of sales

Group's Cost of sales increased less than sales due to savings in energy but also due to fact that there was a positive sales mix and decreasing sugar consumption.

Selling, marketing and distribution costs

Selling, marketing and distribution costs increased mainly as a result of increased marketing costs (there were savings in prior year) but also sales costs (salaries).

Administrative costs

Administrative costs increased mainly as a result of increased employee bonuses and the increase of the share based payment reserve (overall income statement effect of CZK 180.6 million) due to positive business results and increase of the expected Equity Value (EBITDA multiple decreased by the Net debt) as of 31-12-26 which is the end of vesting period for the performance part of the share based payment program.

EBITDA

Adjusted EBITDA	2023	2022
	CZK´000 000/%	CZK´000 000/%
EBITDA*	1,253.4	1,110.4
EBITDA margin**	14.4%	14.1%

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

Adjusted EBITDA by business segments	2023 EBITDA	2023 EBITDA margin	2022 EBITDA	2022 EBITDA margin	Change	Change
	CZK´000 000	%	CZK´000 000	%	CZK´000 000	%
CzechoSlovakia	938.0	15.1%	875.1	15.5%	62.9	7.2%
Adriatic	204.7	13.5%	181.8	12.9%	22.9	12.6%
Fresh & Herbs	110.7	11.4%	53.5	6.5%	57.2	106.9%
Total	**1,253.4**	**14.4%**	**1,110.4**	**14.1%**	**143.0**	**12.9%**

Czechoslovakia business segment results are influenced by the effect of change in the share based payment reserve which increased due to positive results which were driven by all business segments. Increase in Fresh & Herbs segments was driven by UGO and further supported by positive development of LEROS.

Finance income/(costs), net

Worse financial result was influenced mainly by higher interest expense from bank credits and loans (by CZK 31.6 million) due to higher interest rates but also due to increased loan balance. There was also a negative FX effect of CZK 34.7 million, mainly from Group's bank credits and loans.

Income tax

Income tax remained flat which is mainly due to recognition of the deferred tax asset on tax losses in UGO due to its positive business development.

4.1.3 FINANCIAL POSITION

Consolidated statement of financial position	31.12.2023	31.12.2022	Change	Change
	CZK´000 000	CZK´000 000	CZK´000 000	%
Total assets	**8,027.6**	**7,503.4**	**524.2**	**7.0%**
Non-current assets	**5,130.3**	**5,089.0**	**41.3**	**0.8%**
Property, plant and equipment	3,113.3	3,098.5	14.8	0.5%
Intangible assets	1,159.8	1,177.7	(17.9)	(1.5%)
Goodwill	662.3	648.0	14.3	2.2%
Investments in equity accounted investees	75.7	-	75.7	n/a
Deferred tax assets	38.6	-	38.6	n/a
Other	80.6	164.8	(84.2)	(51.1%)
Current assets	**2,897.3**	**2,414.4**	**482.9**	**20.0%**
Inventories	706.2	766.4	(60.2)	(7.9%)
Trade and other receivables	1,119.9	998.0	121.9	12.2%
Cash and cash equivalents	1,071.1	626.4	444.7	71.0%
Other	0.1	23.6	(23.5)	(99.6%)
Total equity and liabilities	**8,027.6**	**7,503.4**	**524.2**	**7.0%**
Equity	**1,457.9**	**1,287.6**	**170.3**	**13.2%**
Non-current liabilities	**3,762.7**	**3,664.0**	**98.7**	**2.7%**
Bank credits and loans	3,153.9	3,058.2	95.7	3.1%
Lease liabilities	215.9	252.6	(36.7)	(14.5%)
Deferred tax liabilities	264.5	303.8	(39.3)	(12.9%)
Other	128.4	49.4	79.0	159.9%
Current liabilities	**2,807.0**	**2,551.8**	**255.2**	**10.0%**
Bank credits and loans	447.3	491.8	(44.5)	(9.0%)
Lease liabilities	113.7	118.9	(5.2)	(4.4%)
Trade and other payables	1,982.4	1,832.8	149.6	8.2%
Other	263.6	108.3	155.3	143.4%

ASSETS

Property, plant and equipment remained relatively flat as a net result of additions (incl. acquisitions) of CZK 531.5 million, depreciation charge of CZK 472.0 million, upward FX revaluation of foreign Group entities' assets of CZK 35.5 million and net book value of assets sold/disposed of CZK 90.5 million arising mainly from the sale of closed Grodzisk Wielkopolski plant. The most significant additions realized by the Group in 2023 were represented by investments into the production machinery and buildings and constructions.

Intangible assets decreased mainly as a result of amortization charge of CZK 76.3 million.

Investments in equity accounted investees represent mainly the Group's share in General Plastic and Cafe Dorado.

Deferred tax asset represents mainly the asset from tax losses which was recognized in UGO trade.

Other non-current assets contain mainly prepayments and deferred expenses. Derivatives balance decreased by CZK 67.6 million due to change in the yield curves.

Trade and other receivables increased mainly due to higher trade receivables (CZK 135.7 million) which was driven by increased sales.

Inventories decreased due to higher sales at the end of 2023.

LIABILITIES

Increase of the Bank credits and loans is a result of the regular loan repayment (CZK 294.9 million), overdraft and CAPEX tranche drawing (CZK 285.8 million) and upward FX revaluation (CZK 57.7 million).

Lease liabilities decreased mainly as a result of lease repayments (CZK 137.3 million) that were higher than lease additions (CZK 95.6 million).

The Group´s provisions increased mainly as a result of provisions for employee bonuses and provisions related to share based payment.

Trade and other payables increased mainly due to higher trade payables (CZK 75.1 million) but also due to deferred/contingent liabilities related to acquisition of FILIP REAL and Bilgola fresh.

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 2,859.7 million as at 31 December 2023, which represents a decrease of CZK 435.3 million. Decrease is attributable mainly to positive Group results but was influenced also by cash inflow from the sold Grodzisk Wielkopolski plant of CZK 119.0 million.

The Group´s consolidated net debt / Adjusted LTM EBITDA as at 31 December 2023 was of 2.28 (as of 31 December 2022: 2.97).

4.1.4 CASHFLOWS

Cash flows from operating activities were higher by CZK 561.9 million mainly due positive Group results but also due to changes in working capital (effect of CZK 110.7 million).

Cash flows from investing activities were relatively flat and decreased by CZK 13.9 million which is a net effect of increased cash inflows from sale of Property, plant and equipment (sale of the closed Grodzisk Wielkopolski plant described above) and increased cash outflows in relation to acquisitions.

Cash flows from financing activities were lower by CZK 360.0 million mainly due lower loan drawings and higher loan repayments. There was also the cash inflow in 2022 resulting from sold derivatives (CZK 126.6 million).

From the total balances in relation to repayments and drawings of loans and bank credits presented within the Consolidated statement of cash flows, amount of CZK 112.2 million represents the decrease of Group's overdraft (in 2022: increase of CZK 166.7 million).

4.1.5 TRANSACTIONS WITH RELATED PARTIES THAT SUBSTANTIALLY INFLUENCED FINANCIAL PERFORMANCE

There were no transactions with related parties that substantially influenced financial performance for the reported period ended 31 December 2023.

4.1.6 MAIN RISKS AND UNCERTAINTIES IN SUBSEQUENT PERIOD

The continuance of war keeps risks and uncertainties for our daily operations and foreseeable future on the table. We have seen historical increases of energy prices that impact not only our production costs. Due to increasing prices of our inputs in prior years (mainly sweeteners, PET, logistics and energy), we have already significantly increased prices to our customers. It is worth to be mentioned that we don't see any significant decrease in demand for our products yet. Higher prices reflected in higher inflation rate have many adverse effects. As they decrease the value of savings and change purchasing habits, our consumers can still be expected to decrease the amount of their non-mandatory expenses (e.g. by less visits of pubs and restaurants).

Higher inflation led also to a significant increase of interest rates in prior year. As a reaction, we have transferred 60% of our bank credits and loans to EUR in June 2022 from which we realize significant savings on interest expense. The substantial part however remains in Czech Crowns and as such is subject to risk of interest rate fluctuation.

Currently, we have very solid financial position. We have sufficient cash balances and flexibility in our expenses. We also closely monitor the situation and create scenarios during our regular top management meetings. Still, we believe that the war ends soon and with it also risks of continuing price increases, and the uncertainty about upcoming development in general.

4.1.7 EXPECTED DEVELOPMENT IN SUBSEQUENT PERIOD

In 2024, the CzechoSlovakia segment will continue to build and further enhance its competence of being comprehensive supplier with the complete offer of beverages. In the Retail channel, CzechoSlovakia segment will mainly support its most significant brands Kofola, Rajec, Jupí and others while the focus will also be given on the further development of mineral waters Kláštorná Kalcia and new functional Korunní water in can. In the HoReCa channel, the priority will again be given to draught Kofola, further support will be provided to Royal Crown Cola brand and to tea business represented by brands Leros and Dilmah, as well as the latest portfolio innovations represented by Targa Florio tonic. The CzechoSlovakia segment will manage continuously increasing costs translating them into sales prices and seeking further internal optimizations.

In 2024, Adriatic is poised to deliver steady performance without significant surprises. We observe a notable decline in electricity and gas prices, while the stabilization of raw material costs is expected to enhance profitability across both markets. Notably, successful business negotiations have been finalized with two key customers in Croatia, making new collaborations compared to the previous year. Nevertheless, challenges persist due to the escalation of wages and labor costs, particularly in Croatia. Furthermore, we are expanding our product portfolio by introducing two new flavors of Radenska functional waters, supported with strong marketing campaign. Additionally, we plan to relaunch the instant beverage category by mid-year.

In LEROS, according to the first three months of 2024, revenues are on the right track and we should deliver budgeted revenue and EBITDA. There are three main tasks ahead of LEROS in 2024. First, we should build our own sales team for pharmacy which will boost our pharma revenue in the future. Second, we will continue in developing our own retail (shops and pop-up shops) which will enable us to diversify our revenue portfolio. Thirds, we will install a new production line that will help us to upgrade our "SUKL" (certified medicaments) portfolio in the future.

In Premium Rosa, we are also on a good revenue track. The company is working well after significant restructuring in the second half of 2023. Budgeted revenue and EBITDA should be delivered. We expect to widen the portfolio of products sold by Premium Rosa (with products of Kofola Group) as well as we will be seeking for new customers on the domestic market (in Poland) and abroad.

UGO continues to grow in transactions and revenues in all segments. UGO QSR (Quick Service Restaurants) is planning in 2024 to optimize the restaurant portfolio by closing four weak locations and openning four new better and bigger ones. Due to successful QSR development, there is a higher interest from franchise partners, both current and new. As such, further development could be announced in the second half of 2024. UGO is growing also in the retail segment due to higher interest from retailers and end consumers for the pascalized fresh juices, smoothies, lemonades and newly kombuchas. New wraps & sandwiches segment is developing for the food production plant of UGO.

We will further continue in our significant contributions to the environmental protection and we take ESG as a very important part of our business. We plan to further support a development of our own brands and also a distribution of our partners' brands with focus on CEE region.

We will also focus on the successful takeover and further development of newly acquired companies, see note 4.10.

There can still be some unexpected challenges in place because of the war at Ukraine.

4.1.8 ALTERNATIVE PERFORMANCE INDICATORS

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

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

4.1.9 DIVIDEND POLICY

On 21 October 2021, the Board of Directors of the Company approved the Company's dividend policy for the periods of 2021 to 2023. The intention of the Board of Directors is to maintain the current trend and distribute approximately CZK 300 million to shareholders in each financial year. This currently represents approximately CZK 13.46 per share before tax. The realisation of this intention is conditional on sufficient funds being available for distribution (distributable resources) without jeopardising the Company's financial stability. This dividend policy was announced at the General Meeting on 29 November 2021.

The actual amounts of dividends for 2023 and 2022 are described in section B.1.5.

4.2. AUDITORS REMUNERATION

The amounts charged by professional advisors and auditors are presented within sections B.4.32 and C.4.30.

4.3. INTELLECTUAL PROPERTY AND LICENCES

Intellectual property and licenses

The Group relies on the strength of its brands which are registered trademarks protected by local legislation in its countries of operation. The Group has also registered a number of industrial designs (drink bottles and other beverage packaging).

Kofola ČeskoSlovensko a.s. owns the most licenses, trademarks for branded beverages and similar copyrights, for the use of which the other Group companies pay royalties. The Vinea and Kláštorná Kalcia trademarks are the exception and are owned by Kofola a.s. (SK). Slovenian brands Radenska and Ora are owned by RADENSKA d.o.o. and are mainly sold in the Adriatic region. Café Reserva is owned by LEROS, s.r.o.

Some of the key trademarks and industrial designs are also protected at international level as (i) Community Trade Marks (CTMs) (e.g. the Kofola, Rajec and Vinea trademarks) or Registered Community Designs (RCDs), which are registered through EUIPO and protected in the EU as a whole, or (ii) international trademarks (IRTs) (e.g. the Jupík, Vinea trademarks), which are registered through WIPO and protected in a number of other specific export countries (e.g. Italy and Switzerland).

The Group uses a number of registered Internet domains, including "kofola.cz" & "kofola.sk", "jupik.com", "rajec.com", "ugo.cz" & "ugo.sk", "radenska.si", "ondrasovka.cz", "korunni.cz", "semtex-energy.cz" or "targaflorio.cz" and "targaflorio.sk".

The Group entered into the following main licensor and distribution agreements:

- distribution agreements under which the Group has the exclusive right to distribute Rauch's products in the territory of the Czech Republic and Slovakia,
- distribution agreement under which the Group has the exclusive right to distribute Evian products (water) in the territory of the Czech Republic and Slovakia,
- distribution agreement under which the Group has the exclusive right to distribute Vincentka (natural mineral water) in the territory of the Czech Republic,
- licensor agreement under which the Group has the exclusive right to purchase beverage concentrates to manufacture, bottle and sell carbonated beverage RC Cola,
- licensor agreement under which the Group has the exclusive right to purchase beverage concentrates to manufacture, bottle and sell carbonated beverage Orangina,
- licensor and distribution agreement under which the Group has the exclusive right to produce and distribute the PepsiCo portfolio products in the Slovenian market and since January 2016 also in the Croatian market.

In the Company´s opinion, there are no other patents or licences, industrial, commercial or financial contracts or new manufacturing processes which would be material to the Company´s or the Group's business or profitability and which are not included in the annual report.

4.4. RESEARCH AND DEVELOPMENT AND OTHER INFORMATION

In 2023, the Group carried out research and development activities and incurred costs of CZK 6.6 million (2022: CZK 5.6 million).

The Company does not operate an organisational unit abroad.

4.5. TECHNOLOGY AND PRODUCTION AND OTHER NON-CURRENT ASSETS

The Group manufactures its products in eleven main production plants located in the Czech Republic (six plants – Krnov, Mnichovo Hradiště, Strážnice, Jažlovice, Ondrášov and Stráž nad Ohří), Slovakia (two plants - Rajecká Lesná, Kláštor pod Znievom), Poland (one plant - Zlotoklos), Slovenia (one plant - Radenci) and Croatia (one plant - Lipik).

The Group uses state-of-the-art, modern production equipment. Total CAPEX (excluding acquisitions, including lease addition) in the last 3 years amounted to CZK 1,445.5 million. The Group has also invested substantial amounts in equipment used in the HoReCa distribution channel, supporting further growth in this channel (kegs, fridges etc.). As a consequence, the Group's manufacturing facilities do not need major investments in the next few years. In addition, the Group has spare production capacities that allow, if necessary, quickly increase its production. Production lines are constructed by renowned producers such as Sidel, KHS and Kronnes. The Group has implemented modern management methodologies: WCM (World Class Management), SPC (Statistics Process Control) and TPM (Total Productive Maintenance).

In addition, the Group's production plants are used as main logistic centres for distribution. Distribution is realised partly by external logistic providers, but also by our own logistic company SANTA-TRANS s.r.o., which operates approximately 70 trucks and vans.

The Group's material assets are primarily production, distribution and storage facilities. Accordingly, the Group's material assets consist primarily of buildings, warehouses and other constructions, as well as real estate properties (plots of land) on which these constructions are located and machinery and equipment in these constructions (e.g. production lines).

4.6. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES AND THEIR CONDITION

The Group finances its operations by cash flows from its operating activities, long- and short-term loans and leases.

Additions of Property, plant, equipment (PPE) and Intangible assets (IA)*	2021	2022	2023
	CZK´000 000	CZK´000 000	CZK´000 000
Land	8.2	12.2	3.3
Buildings and constructions	76.9	64.6	73.0
Plant and equipment	168.7	278.6	206.7
Vehicles	76.0	31.9	47.2
Leasehold improvement	0.1	1.3	1.9
Returnable packages	21.1	65.4	34.4
Other non-current assets	0.2	0.1	0.6
Non-current assets under construction, Prepayments for PPE	54.3	41.2	103.4
Software	7.3	11.4	27.5
Trademarks and other rights	1.7	0.4	1.6
Intangible assets under development, Prepayments for IA	2.1	3.3	18.9
Total	**416.6**	**510.4**	**518.5**

* excluding acquisitions, including lease additions

Allocation of Property, plant, equipment and Intangible assets additions*	2021	2022	2023
	CZK´000 000	CZK´000 000	CZK´000 000
Czech Republic	293.1	334.0	337.0
Slovakia	80.8	88.9	83.8
Slovenia	30.0	60.7	54.6
Croatia	12.0	25.4	40.3
Poland	0.7	1.4	2.8
Total	**416.6**	**510.4**	**518.5**

* excluding acquisitions, including lease additions

Condition of Group’s assets is in line with their useful life, they are subject to regular maintenance and replacement at the end of their useful life.

Future investments are expected to be on the similar level as in prior periods and will comprise mainly investments into the production, warehousing, vehicles and returnable packaging.

4.7. CAPITAL SOURCES

Group's activities are financed through various sources of capital as presented within the statement of financial position. Particular material balances are further described in part B and part C of this report. Bank credits and loans represent the significant source of finance to both Company and Group and payment schedules of already provided bank loans are dependent on Group’s fulfilment of specified financial indicators (covenants).

4.8. REGULATORY ENVIRONMENT

The Group produces and distributes non-alcoholic beverages in many countries. As a consequence, the Group’s operations are subject to the regulation of various legal systems. In particular, this refers to taxation (including VAT rates), labour law, social insurance regulations, matters relating to the granting of licences and permits, advertisement regulation, beverage industry regulations, etc.

Since the Company´s shares have been admitted to trading on the Prague Stock Exchange, the shareholders have certain disclosure requirements arising from the provisions of the Czech Capital Markets Act. The financial statements have to be prepared in line with International Financial Reporting Standards (“IFRS Accounting Standards”) and the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) as adopted by the EU.

The Company is also subject to supervision of relevant regulatory authorities (such as Czech National Bank). Moreover, the Company is subject to certain aspects of the European Union regulations.

The ESEF (European Single Electronic Format) Regulation requires that all issuers with securities listed on an EU regulated market prepare their annual financial reports in xHTML and mark-up the consolidated financial statements contained therein using XBRL tags and the iXBRL technology. However, the users will be still able to find also standard pdf format version of this annual report on the Company’s website https://investor.kofola.cz/en.

The Company is obliged to prepare also a non-financial report (see note 6) and remuneration report which is issued as a separate document and will be available for download on the above provided website link.

4.9. UKRAINE CRISIS

War in Ukraine brought new risks and uncertainty to our business. The Group’s management is very closely monitoring the development of the war conflict between Russia and Ukraine. The Group has already provided various forms of support to Ukrainian civilians and intends to continue in these activities as it cares about people in need. The whole situation impacts people, companies and states all around the world. The Group has no material direct exposure either to Russia or Ukraine. The war however impacts whole European economy and led to price increases which was perceived also by the Group. Increasing input prices do not, however, represent a threat to the Group’s ability to continue as a going concern as it has sufficient financial resources and is able to control its costs (e.g. by savings in marketing expenses) to a certain level. In case of the ongoing cost pressure, the Group may also increase the output prices to ensure profitability level expected by its stakeholders.

As of the date of this report, the production is in operation, we have continuing supplies of materials and energy (we are in close contact with our key suppliers). There were optimizations in CAPEX and OPEX and we plan to continue in this trend in the upcoming period based on actual development.

The Group updates its risk matrix on a regular basis and is aware of increased risks in connection with the war in Ukraine (such as already mentioned input prices). There can also be an increased frequency of cyber-attacks but we haven’t been subject to any such attack that would impact our daily operations or would lead to leakage of the sensitive information. Our IT department monitors the situation on the daily basis and executes necessary steps to continue in the defence of our data and systems.

The Group believes to have sufficient resources from current cash balance and overdrafts. We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook regularly.

Based on the above analysis and assumptions, including the severe but plausible scenarios, management concluded that the Group will have sufficient resources to continue its business for a period of at least 12 months from the reporting date. As a result, the Group used the going concern basis of accounting in preparing these financial statements.

4.10. SUBSEQUENT EVENTS

In January 2024, the Company has acquired a 49% stake in MIXA VENDING s.r.o., a company focused on the operation of beverage and food vending machines. The agreement includes a three-year option for Kofola to acquire a majority stake in the company. In 2022, MIXA VENDING s.r.o. reached a turnover of over CZK 170 million and EBITDA over CZK 36 million.

In January 2024, the Company has established a new subsidiary Supplo s.r.o. which is intended for B2B sales of products and services through the Marketplace model.

In January 2024, the Company has acquired a 100% share in PRAGEROVY SADY LIBINA s.r.o., a company that owns apple orchards in the Úsovsko region.

In February 2024, the Company has drawn the remaining balance of CAPEX loan tranche of CZK 130 million.

In March 2024, PIVOVARY TRIANGL s.r.o. ("TRIANGL") became a 100% owner of Pivovary CZ Group a.s. and FONTÁNA PCZG s.r.o. The shareholders of TRIANGL are Kofola ČeskoSlovensko a.s. (51%), RSJ PE SICAV a.s. (29%) and ÚSOVSKO a.s. (20%). Company Pivovary CZ Group a.s. develops the traditional beer brands Holba, Zubr and Litovel. The Kofola Group can thus enter another category at the regional level in which it can use its business, distribution and marketing know-how. In 2022, Pivovary CZ Group a.s. reached a turnover of over CZK 1,300 million and EBITDA over CZK 250 million.

In March 2024, the Group has drawn a loan of CZK 500 million in connection with the acquisition of Pivovary CZ Group.

TRIANGL has received a capital contribution of CZK 800 million (from all shareholders on a pro rata basis), intercompany loans of CZK 315 million (from all shareholders on a pro rata basis) and bank loan of CZK 300 million in March 2024.Interest rate swaps have been concluded in relation to EUR part of recently drawn loans intended for CAPEX purposes in January 2024 and March 2024.

In March 2024, company P.H.Lager s.r.o. was established. The company's purpose is to focus on the production of F.H.Prager's portfolio.

Kofola ČeskoSlovensko a.s. has purchased 36,997 shares of its own shares (which represents 0.17% of the Company´s share capital) in the total value of CZK 10,063 thousand (CZK 272 per share) from RADENSKA d.o.o. in March 2024. The individual share price was determined based on the price quoted at Prague Stock Exchange. As such, the contract was concluded at market terms. The shares have nominal value of CZK 50 per individual share. 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 company. Substantial majority of shares has been transferred to option scheme participants in March 2024.

The settlement agreement on CZK 90 million was concluded between the Company and RADENSKA d.o.o. that settled the outstanding loan payable by the Company and part of the dividend payble by RADENSKA.

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

5. RISK MANAGEMENT

5.1. PRINCIPAL RISKS FACED BY THE GROUP

Activities of the Group companies, their financial position and financial performance are subject to and may in the future be subject to negative changes as a result of the occurrence of any of the risk factors described below. Occurrence of even some of these risk factors may have a materially adverse effect on the business, financial position and financial performance of the Company or the Group as a whole, and in consequence the trading price and liquidity of the shares may decline. The factors presented below represent the key risks. Most of those risk factors are of contingent nature and may or may not occur and the Company is not able to express its view on their probability of occurrence. The order in which they are presented is not an indication as to their significance, or probability of occurrence or of the potential impact on the Group. Other risks, factors and uncertainties than those described below, including also those which the Group is not currently aware of or which are considered to be minor, may also have an important negative impact on the Group's operations, financial position and financial performance in future.

Key risks are monitored. The Board is ultimately responsible for the effective risk management and internal control system. For these risks, preventive actions are taken to reduce their vulnerability and reduce their potential impact on the Group.

The Group operates on mature markets in a highly competitive industry

The Group operates mainly in the non-alcoholic beverages industry where the major part of its revenues come from, mainly in the Czech Republic, Slovakia, Slovenia and Croatia, which, apart from certain exceptions, are markets where the non-alcoholic beverages industry has been stagnant and where both multinational and local producers compete against each other by offering a wide range of products. This creates a risk of decreasing selling prices and/or a possibility of losing market share in the individual product categories or in the overall soft drinks market and may lead to a decrease in the Group's sales and could have an adverse effect on the Group's financial condition and the result of operations.

Key mitigations:

The Group protects itself against this type of risk primarily by building a strong brand loyalty of its end consumers and by introducing new products in the market. Additionally, the Group mitigates this risk by increasing the percentage share of sales in the HoReCa sector (that is less prone to promotions), as well as by promoting impulse products (with higher margins) or introducing new products, for which no aggressive pricing promotions have to be used (thanks to absence of competitors' products). The Group also eliminates this risk by investing into new businesses not dependent on the soft drinks' categories.

Changes in the shopping habits of end customers may have a negative impact on the Group's sales

In recent years, there have been changes in the shopping habits of end consumers. Retail discounter changed their behaviour and changed consumers' habits and very effectively made themselves a more attractive place to shop. This has redirected trading volumes to the fast-developing discount chains, which diminishes the significance of independent convenience stores. In addition, large retail chains tend to put pressure on prices and resist price increases. There is a risk of an inability to transfer increases in raw materials´ costs to end consumers. Due to Covid-19 pandemics there were changes in consumer behaviour, retail customers make less visits to shops but buy bigger volumes when there is a higher risk of getting the disease, also, digitalization trend is faster.

Key mitigations:

The companies from the Kofola Group try to minimise this risk by negotiations with major customers about price increases, adjusting its cost structure, implementing innovations leading to higher margins and by proper packing and sale channel tactics. The Group also invested into its own retail chain through UGO Freshbars & Saladbars. The Group entered a whole new distribution channel of Pharmacies via the company LEROS. The risk of changed consumer behaviour is mitigated by customized presentation on shelves, increased share of multipacks and volume discounts. The Group now operates its own e-shops and commenced its digital transformation.

Unfavourable changes in the prices of raw materials may have an adverse effect on the Group's financial result

Changes in the prices of raw materials may have an effect on the costs of raw materials purchased by the Group and, as a consequence, on the margins earned on the sale of products. In addition, the costs of production and the delivery of the Group's products depend to a certain extent on the prices of commodities such as fuel and electricity. This may have (and during the adverse development of macroeconomic situation already had) a material adverse effect on the Group's business, financial condition and the results of operations.

Key mitigations:

When it is effective, the Group's central purchasing department aims to sign mid-term contracts with the key suppliers, which helps to guarantee purchase prices. However, in the case of some commodities, agreeing a purchase price is only possible for relatively short terms. Therefore, the Group maintains multiple sources of supply with robust suppliers' strategy, selection, monitoring and management processes. The Group closely monitors and analyses the trends and prices of the key raw materials to understand the cost drivers. During the adverse macroeconomic development, the Group implements wide range of saving precautions (such as focusing on key activities, savings in marketing, energy consumption and many other areas, including personnel costs when it is unavoidable) as a response.

The Group may be exposed to product liability claims or product recalls

Intentional or unintentional product contamination or defectiveness may result in a loss of reputation of a brand or manufacturer which, in consequence, may adversely impact the sales of such a brand or, in extreme case, all products manufactured by that manufacturer in the particular market leading to a necessity to recall the products from the market. Moreover, product contamination or defectiveness may lead to personal injuries of end consumers and, as a consequence, liability claims against the Group. In addition, product liability claims could result in negative publicity that could materially affect the Group's sales.

Key mitigations:

The Group protects itself against this risk by performing detailed controls of raw materials, suppliers´ assurance and by regular controls of the production processes by Group´s laboratories. Product recall procedures are tested regularly.

The Group's operations are subject to various EU directives & Country regulations and unfavourable changes may have a negative impact on the Group's business

Unfavourable changes to the applicable laws and regulations may affect various aspects of the Group's operations and results and/or cause an increase in the costs of the Group. Future changes may cause the Group to incur compliance costs or otherwise negatively affect its operations.

Key mitigations:

These affect all companies in the sector and do not severely affect competition. The Group monitors the changes in legal regulations and adapts to them in advance. Group works closely with external advisors and trade and industry associations regarding current and future legislation changes with impact upon the business and is an active member of various legislation processes as commenting authority.

Failure of IT systems could materially affect the Group's business

The Group relies on IT systems for a variety of functions. Despite the implementation of security and back-up measures, the IT systems used by the Group may be vulnerable to physical or electronic intrusions, computer viruses, hacker attacks and/or other disruptions.

Key mitigations:

The Group protects against this type of risk by establishing back data centre, daily backups, disks in mirroring and continued articulation and implementation of information security policies. Disaster recovery plans are tested on regular basis. Central IT governance and decision-making process exists for system changes. IT security standards are closely monitored to protect systems and information.

Failure of implementation of new ERP system

The Group uses SAP as its main ERP system which is undergoing the major update. Many unexpected situations may happen during this process and as a result, there may be disruptions in data consistency or unplanned system downtime that may affect production and supply chain processes, which may result in non-deliveries to the customer.

Key mitigations:

The Group has established a senior project implementation team that closely cooperates with the responsible people from particular departments. Selected external supplier is a sound partner which has sufficient experience. Both new and current version are going to work simultaneously until the Group has sufficient confidence that all necessary steps were taken, all data were transferred appropriately and all areas are functioning as intended. The Group has chosen a conservative migration approach, including a comfortable timeline to allow for proper testing of all critical features.

Cyber security risks

With the increasing digitalization, there can be an increased frequency of cyber-attacks that may lead to difficulties of system operations or thefts of the Group's resources.

Key mitigations:

Our IT department closely monitors the situation on the daily basis and executes necessary steps to continue in its sufficient regular SW updates, employee trainings and other ways of mitigation that ensure sufficient defence of Group's data and systems.

Continued growth of the Group depends, in part, on its ability to identify, acquire and integrate businesses, brands and/or products

If the Group is unable to identify and acquire businesses, brands or products to support its growth in accordance with its strategy, or if the Group is unable to successfully integrate acquisitions, or if a failure by the acquired company to comply with the law or to administer good business practice and policies prior to an acquisition has a material adverse effect on the value of such an acquired company, the Group may not be able to obtain the advantages that the acquisitions were intended to create.

Key mitigations:

The Group has a solid acquisition strategy and limits this risk by continued monitoring of progress against the integration plan, including frequent and regular tracking of key performance indicators and senior leadership involved in monitoring progress and in making key decisions. The Group has a track of successful acquisitions within the last years and cooperates with advisors on a long-term basis which gives them good knowledge about sectors where the Group operates. Additionally, proven integration processes, procedures and practices are applied to ensure delivery of expected returns.

The Group is exposed to the risk of currency exchange fluctuations and interest rate risk

More than half of the raw materials (mostly sugar) used by the Group for production are purchased in EUR or in local currencies but with the pricing derived from EUR. Significant share of Group's income is denominated in local currencies other than EUR. Therefore, the results of the Group are subject to fluctuations in the foreign exchange rates of EUR against the local currencies. The Group might not be able to mitigate all the currency risks, in particular over longer periods. Additionally, the Group uses external financing facilities to finance its long-term assets and working capital needs. More than half of those facilities are denominated in EUR. Most of the EUR part is hedged against fluctuations in interest rates, however remaining part denominated in CZK is at variable interest rates based on PRIBOR. As a consequence, the Group is also exposed to the risk of negative interest rate fluctuations.

Key mitigations:

The Group closely monitors its results and cash flows to ensure sufficient amount of money necessary for its business activities in both short and long-term. To limit the exposure to adverse movements in interest rates, the Group concluded interest rate swaps for selected bank debts with longest maturity.

The Group is exposed to the liquidity risk

The Group generates sufficient financial resources to be able to finance its standard daily operations, capital expenditures, loan repayments and dividends. It however sometimes needs also external resources to finance bigger and one-off expenditures like acquisitions of subsidiaries. As a result, it is subject to risk of inability to obtain such resources from banks and other external parties. Payment schedules of already provided bank loans are dependent on Group's fulfilment of specified financial indicators (covenants) and in case of breach of these covenants the financing bank can request earlier repayment of provided loans.

Key mitigations:

The Group closely monitors its business results and cash flows and on regular basis prepares both short and long-term financial projections to prevent any liquidity issues or breach of covenants. The Group has also available undrawn credit line in case of need of extra ad hoc financing.

Ongoing legal proceedings regarding the denationalisation of Radenska

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of RADENSKA. The legal outcome of these proceedings remains unclear and uncertain.

Key mitigations:

RADENSKA intensively defends against any claims of former owners. Current situation is described in section B.4.23.

The Group may be exposed to sugar tax

In Slovakia, a national discussion about sugar tax started and in Croatia a change to the current sugar tax system was introduced in 2020. There is a risk that the tax will be paid by producers and that the Group is not able to pass these costs to end customers.

Key mitigations:

At the moment, we do not know when the sugar tax is implied and who will bear the tax in Slovakia. The Group continuously reformulates the products to have lower sugar content as well as focuses on water based soft drinks. The Group opened new categories through acquisitions – such as tea & coffee – outside the traditional soft drinks business, that are not subjects to sugar tax. We have also spread our Waters portfolio through the acquisition of ONDRÁŠOVKA and Karlovarská Korunní in 2020.

The Group is not able to pass costs of PET bottles deposit system to end customers

In Slovakia, PET and aluminium bottles deposit system started in 2022. There is a risk that part of the cost will be carried by producers and the Group is not able to pass these costs to end customers.

Key mitigations:

The Group was an active member of the implementation group in Slovakia. Since the initial application, there are not any material adverse effect on consumers' demand.

The Group will be negatively affected by the anti-plastic trend

The world as we know it today is changing. Environmental pollution is being discussed on all levels and climate change is rather a fact than an ecological fiction. One of the negative symbols of this movement is plastic material. Because the Group uses a lot of plastic material in various formats (PET bottles), it may be strongly affected not only by regulations but also by a change in consumer behaviour.

Key mitigations:

The Group is monitoring and thoroughly analysing all movements and is deeply immersed into this matter. The Group believes, that plastic is very relevant material and, in some cases, there is no better solution at this moment with the biggest share of recycled PET as possible. The Group is an active member in industrial activities educating consumers and a member of the Association for the deposit system for PET and cans in the Czech Republic.

At the same time, the Group is taking progressive steps to reduce the volume of new plastic packaging, for example by using recycled rPET materials. The Group's management has also decided to support the introduction of deposit system for returnable PET bottles, which it considers to be the best solution in this area. This will help to sort out more used bottles. Most importantly, it will close the PET bottle management system. The used packaging will be turned into new packaging. In Slovakia, the system has already been in place since the beginning of 2022. In the Czech Republic, the discussion about introducing the system was opened two years ago thanks to the Initiative for deposit system, of which Kofola is a founding active member. The Group signed an agreement on the purchase of one third of the shares in General Plastic, a.s., a producer of hot-washed PET flakes and PET preforms in Slovakia, for the production of which it uses recycled PET bottles.

Nevertheless, The Group also focuses on other packaging formats to be in line with the anti-plastic trend, such as drafted products, syrups and returnable glass bottles (as supported by our Cirkulka project that brings a returnable glass back to Retail). The Group also invests into non-plastic businesses – tea & coffee segment.

The Group will deal with water pollution

Water pollution is one of the key topics of today. Agriculture is using chemical fertilizers and pesticides, that negatively affect water sources and there is a risk that in a decade most of the surface water and some of the spring waters will no longer meet the limits for drinking water.

Key mitigations:

The Group is actively cooperating with the state authorities and agricultural segment, so that our spring water sources will not be affected. We believe that our sources are in well preserved localities so that we can protect them effectively. To protect its water resources in the future, the Group has launched a project to create certified BIO localities around its production plants. The first such locality was created close to the Rajecká Lesná plant, the second near Moravský Beroun and Ondrášov. The BIO certified localities are being created in cooperation with local farmers and local authorities.

The Group carries higher costs due to lack of water

There is risk of draughts leading to higher costs from water consumption.

Key mitigations:

The Group mitigates the risk by building own water wells and takes deep care of current water sources it manages.

The Group carries higher costs due to public pressure on environmental projects

Because climate change and environmental issues are now very trendy and there is significant demand from customers and consumers, the Group might be forced to proceed with some ecological measures to remain competitive. Implementation of this policy is rather expensive with a longer payback period.

Key mitigations:

The Group monitors the market and tries to proactively apply steps, that are easy to proceed with high impact on the environment. In general, we closely focus on the ratio between effectiveness and financial demands so that the outcome of our projects is both cost effective and environmentally friendly. It is an integral part of our CAPEX policy to have all new projects validated through the eco-friendly criteria. We also work on educating our consumers to better understand our perspective.

Climate related matters have no material impact on the cash flow projections or discount rates used in the Group's tests on recoverable values of non-current assets.

There will be no sustainably grown ingredients to meet demanding consumer expectations

With the Group´s approach to deliver to consumers best quality products from authentic ingredients, it could happen that there will be no ingredients of such quality or that their price will be tremendously unaffordable. There is also possible rise of costs for laboratories for quality tests.

Key mitigations:

The Group´s quality standards are already above legal requirements. The Group has started to cooperate with local farmers, local authorities and other stakeholders to produce authentic ingredients for affordable price and to build good, valuable and healthy relationships that all parts can benefit from. This cooperation brings added value to all parts of the supply chain and is real example of circular economy. The Group also cooperates intensively with testing institutes and cooperates with proven suppliers with quality certificates.

Changes in end consumer preferences may have a negative impact on the Group's sales

End consumer preferences, tastes and behaviours are evolving over time. If the Group does not successfully anticipate these changing end consumer preferences or fails to address them by swiftly developing new products or product extensions through innovation, the Group's sales could be negatively affected.

Key mitigations:

The Group diversifies this risk through acquisitions, that are organic part of its strategy to have a wide range of products, not only on the soft drinks market, but also in the field of tea & coffee or newly also beers. In the soft drinks sector, the Group offers a broad range of products with different flavours and in various packaging formats which offers a choice to the end consumer. The Group closely monitors consumer trends in order to anticipate changes in preferences and offers diversified portfolio of its products. The Group regularly develops its products to be able to meet consumer needs.

The Group may be negatively affected by the anti-sugar movement

One of the social issues of today is definitely, whether soft drinks as such could be an integral part of healthy lifestyle. There are very strong movements against the intake of sugar. Non-alcoholic beverages are named as one of the significant donors to the rise in obesity of population. The soft drinks companies are blamed for influencing researches about the correlation between soft-drinks drinking and obesity. This might lead to negative social image of the Group´s products as well as legal restrictions, which could mean a significant drop in the sale of soft drinks with added sugars.

Key mitigations:

The Group takes this issue very seriously and proactively self-regulates itself to prevent official regulations. The Group has all various beverages in its portfolio – from no sugar to soft-drinks with 12g of sugar in 100ml. Our key brand is Kofola, that has 30% less sugar than average cola beverage. Where it is possible and where it makes sense, we reformulate the amount of sugar (Kofola has in prior year reduced the amount of sugar in its flavoured variants by 30 %) or add sugar-free variants (Kofola, Royal Crown Cola). We offer a wide range of water-based products and also focus on small packaging, that means smaller amount of sugar in one portion. We do not support or initiate any study proving that drinking soft drinks does not affect obesity because we believe, that any drink can be part of healthy lifestyle if drunk in a moderate way. The Group supports many events with physical activity (running, cycling) especially in connection to its spring/mineral water brands (Rajec, Radenska, Studena).

The Group may be negatively affected by sales regulations of specific product groups

There are attempts on national, but also on the EU level to regulate the sale of specific product ranges of drinks to children or teenagers, especially energy drinks or other soft drinks that contain caffeine or high amount of added sugar. There is also a trend to prohibit the sale of these products in schools. The risk of implementing such regulations on some markets is not negligible.

Key mitigations:

The Group closely monitors this issue especially through its memberships in various professional organisations. As a responsible producer, we also naturally self-regulate our operations in this matter. We do not promote soft-drinks with higher amount of added sugar (above 4g/100ml) or caffeine to children and we do not sell them in schools in shops or vending machines. The regulation of sale of soft drinks with higher than 5g/100ml sugar content was already implemented in Czechia and the Group´s sales of restricted product groups were not affected by this law. We do not promote our products with higher amount of added sugar to kids in any of our markets. We never promote drinking energy drinks with alcohol. If any regulation of the sale of drinks steps into force, the Group is not likely to be affected because according to its strategy of comprehend portfolio, it has a wide range of drinks that comply with above mentioned regulations. However, we are certain that there is no regulation needed and we proactively act and cooperate with state authorities to prevent any restrictions taking place.

There will be new restrictions in the use of preservatives

European Food Safety Authority (EFSA) is re-evaluating the current recommended daily amount of harmless preservatives intake and there is a reasonable assumption that there might be further restriction in the use of preservatives in beverages that might affect the Group´s beverages recipes.

Key mitigations:

It is in the Group´s strategy to limit the use of preservatives to technological minimum. The Group only cooperates with proven suppliers to have good quality raw materials with detailed content sheet. Since 2010, the Group has invested a significant amount of money into technologies to produce soft drinks without preservatives (i.e. hot fill, pascalization and aseptic line). Nevertheless, the number of used conservatives in the Group´s products, where it is not at the moment technologically possible to produce without preservatives, is in minimal amounts far from recommended daily maximum intake, so that it will not be affected by reasonable tightening of the limits.

The Group may be unable to attract, retain and motivate qualified personnel (employment issue)

The Group's future success will also depend on its continuing ability to attract, retain and motivate highly qualified sales, production, technical, customer support, financial, accounting, marketing, promotional and managerial personnel. The Group may be unable to retain or attract the necessary personnel.

Key mitigations:

The Group limits this risk by sustaining a strong culture of accountability, empowerment, benefit scheme and personal development as well as by building the Group's leadership talent pipeline through strategic people resourcing. The Group continuously tracks the conditions within but also outside the company on the labour market and acts promptly according to the situation. The Group structures its compensation packages in a manner consistent with the market standard.

The Group faces growing personal costs

Because of still very low unemployment rate and high inflation, the Group may be facing pressure on rising personal costs.

Key mitigations:

The Group works on this matter very deeply. The Group implemented segmented reward system as well as individual approach to wages based on employee's role and competence, without flat levelling. The Group invests into labour market data and works with those intensively to carefully benchmark itself with the labour market. The Group regularly optimizes the systemisation of jobs and also works on robotization and automation of activities.

The Group may deal with cultural and multi-age differences in the employee's structure

The employees cultural and age diversity could lead to various problems, that could lead to higher fluctuation and lower employee satisfaction, which could cause lower productivity of the Group.

Key mitigations:

In all countries and companies that belong to the Group, we try to be as local as possible with respect to local culture and environment. We support the diversity and healthy self-confidence of our employees. We have and cherish our open multicultural (especially in the Adriatic region) and age diversive environment that does not limit or discriminate individuals by gender, age, race, or any handicap. We take care of the individual's life and personal situation and the needs of our employees. We seek for talents in our employees and push them forward. We support internal promotions and career changes of our employees, especially with expats programme, management positions replacements, new projects and acquisitions, where we fully rely on our well experienced staff. We are developing our people individually through programs and activities.

Employees of the Group may face discrimination or corruption

There might be some discrimination acts in the workplace or some employees might be corrupted and act against the Group.

Key mitigations:

The Group believes in its own people. In the unlikely event of discrimination, all employees are informed who to turn to. We have an open-door policy in this matter. All employees can refer to any member of management with any request and they will be treated with respect and nothing is forgotten or left unsolved. We also have a very strict policy regarding not accepting bribes or other special benefits by our employees. When selecting business partners, we follow procurement policy, when there are always at least two members of our staff and we do not favour anyone and decide honestly and transparently according to predetermined factors and rules. All money transfers are carefully monitored and need to be multi-stage approved. All our employees need to go through various trainings and are repeatedly informed about above mentioned.

The group may not be able to pass inflation driven increased costs to its customers

Recent economic development lead to a significant increase of the inflation rate. Higher prices significantly increase all types of business expenses and put pressure on transferring these costs into the product prices. The Group however may not be successful in the price negotiations with its customers and it may be the case that higher input costs are not fully transferred to the customers.

Key mitigations:

The Group management deeply monitors the products margin and overall business profitability. It builds on long-term relationship with its customers and respectfully utilizes its negotiation power. The Group also continuously searches for efficiencies in its production and other internal processes.

Ukraine crisis

Refer to section B.4.31.

5.2. APPROACH TO MARKET TRENDS AND DEVELOPMENT

The following part summarizes the main market trends identified by the Group and the steps the Group takes as a response to these trends.

Healthy food and beverages

- gradual conversion of products to preservative-free, healthy innovations,
- promotion of healthy life style,
- reformulation – process of changing the sugar content of a product (Flavoured Kofola LessMore has 30% less sugar, Royal Crown Cola without sugar),
- more healthy beverages (water, children's beverages) with lower sugar content compared to other competitors and beverages with herbs and tree extracts (UGO juices, Rajec flavoured, fresh drinks),
- drinks with stevia (natural sweetener - without calories) - Kofola bez cukru (Sugar free), Jupík with stevia,
- hot filling and aseptic line allowing the new products without preservatives (for example: high fruit content drinks, functional drinks),
- use of high-pressure technology (pascalisation) - all nutritional values of fruit and vegetables in our 100% juices are retained,
- water category and small packaging focus to naturally eliminate sugar intake for consumers,
- nutritionally rich products,
- presence in segment of herbs, tea & coffee mixtures and use of own herbs from certified BIO localities near the plants.

Environmental protection

- carbon footprint elimination (green energy, CNG trucks, CO_{2e} offset project), towards carbon neutrality in 2030,
- water sources protection,
- energy saving policies,
- afforestation,
- cooperation with suppliers, especially local farmers,
- 100% recyclability and biodegradability of packaging and Eco modulation,
- support for a deposit system for returnable PET bottles and cans,
- packaging elimination (drafted products, syrup category focus, big volume packaging, reusable returnable packaging),
- green offices and operations policy application,
- returnable glass in Retail ("Cirkulka" project),
- single use packaging elimination.

Increasing amount of outdoor activities

- focus on impulse products (portfolio enhancement),
- development of the impulse channels,
- development of cooperation with hotels, restaurants and cafés (HoReCa),
- entrance to the impulse market (kiosks, vending machines, gyms, schools, work places etc.),
- increasing share of small formats in the product portfolio (most of the new formats are up to 0.5 litre),
- increasing number of supplied restaurants (direct distribution in Slovakia since 2009, in the Czech Republic since 2014),
- dedicated sales team for HoReCa clients in the Czech Republic.

Consolidation of retail and drift of volume to retail trade channel

- strengthening brands to be more important for retailers,
- focus on terms and conditions with retailers,
- proper pack/channel tactics,
- operational excellence,
- opening own retail chain of UGO Freshbars & Saladbars,
- e-commerce focus,
- entering market of pharmacies via LEROS.

Globalisation and growing individualism

- rollout of successful brands to other markets where the Group companies operate,
- purchasing and/or creation of brands with functional/emotional features,
- using production/distribution licenses, introduction of global brands (Rauch, Orangina, Royal Crown Cola, Evian),
- engaging the customers in the promotion of positive emotions related to the Group's brands.

6. NON-FINANCIAL INFORMATION

6.1. NON-FINANCIAL INFORMATION

Non-financial information will be issued as a separate document till 30 June 2024 on the following link: https://investor.kofola.cz.

7. CORPORATE GOVERNANCE REPORT

7.1. SHARES AND SHAREHOLDERS

7.1.1 SHARE CAPITAL

As at 31 December 2023, the registered share capital of Kofola ČeskoSlovensko a.s. totalled CZK 1,114,597,400 (as at 31 December 2022: CZK 1,114,597,400) and comprised 22,291,948 (as at 31 December 2022: 22,291,948) common registered shares with a nominal value of CZK 50 (as at 31 December 2022: 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 in October 2015.

The General Meeting held outside of the meeting during 4 – 19 September 2023 has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 300,941 thousand (CZK 286,601 thousand in the Group financial statements due to shares owned by RADENSKA).

The General Meeting held outside of the meeting during 5 – 20 September 2022 has approved a distribution of dividends in the amount of CZK 11.3 per share, i.e. CZK 251,899 thousand (CZK 239,896 thousand in the Group financial statements due to shares owned by RADENSKA).

7.1.2 SHAREHOLDERS STRUCTURE

Share capital structure		31.12.2023			31.12.2022	
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14,984,204	67.22	70.58	14,984,204	67.22	70.58
RADENSKA d.o.o.	1,062,236	4.77	0.00	1,062,236	4.77	0.00
Others	6,245,508	28.01	29.42	6,245,508	28.01	29.42
Total	**22,291,948**	**100.00**	**100.00**	**22,291,948**	**100.00**	**100.00**

For transactions with shares refer to section Equity in the Consolidated financial statements and Separate financial statements.

7.1.3 RIGHTS ATTACHED TO THE SHARES

Each share in the Company ranks pari passu in all respects with all other shares. The same rights are incorporated into all the Company's shares including the right to attend the General Meeting, to require and receive explanations of matters concerning the Company that are part of the agenda of the General Meeting, to submit proposals and counterproposals, and to receive a dividend and share in the liquidation surplus. In compliance with the relevant legal provisions, the voting rights attached to the shares owned by RADENSKA d.o.o. cannot be exercised. The Company does not own its own shares.

The rights attached to the shares arise from the provisions of Czech Companies Act and Company´s Articles of Association. The Company duly complied with the obligation to register its beneficial owners.

Since the Company´s shares have been admitted to trading on the Prague Stock Exchange, the shareholders have certain disclosure requirements arising from the provisions of the Czech Capital Markets Act.

The Company didn't issue any convertible or other shares of similar kind. Company has only concluded a program for long-term remuneration of senior managers of the Group, as described in the section 7.2 (k).

7.1.4 SHARES IN POSSESSION OF PERSONS WITH EXECUTIVE AUTHORITY

Shares in possession of persons with executive authority	31.12.2023
	pcs
Members of the Board of Directors	15,049,412
Members of the Supervisory Board	-
Other persons with executive authority	78,960
Persons related to those with executive authority	-
Total	**15,128,372**

7.1.5 DIVIDEND POLICY

On 21 October 2021, the Board of Directors of the Company approved the Company's dividend policy for the periods of 2021 to 2023. The intention of the Board of Directors is to maintain the current trend and distribute approximately CZK 300 million to shareholders in each financial year. This currently represents approximately CZK 13.46 per share before tax. The realisation of this intention is conditional on sufficient funds being available for distribution (distributable resources) without jeopardising the Company's financial stability.

The actual amounts of dividends for 2023 and 2022 are described in section B.1.5.

7.2. INFORMATION PURSUANT TO CAPITAL MARKETS ACT SECTION 118.5A-K

(a) Figures and information about the structure of the equity

The equity structure is as follows:

Equity structure	31.12.2023
	CZK´000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.	**1,457,845**
Share capital	1,114,597
Share premium and capital reorganisation reserve	(1,962,871)
Other reserves	2,614,776
Foreign currency translation reserve	(1,193)
Own shares	(467,382)
Retained earnings/(Accumulated deficit)	159,918
Equity attributable to non-controlling interests	**5**
Total equity	**1,457,850**

As at 31 December 2023, the share capital of Kofola ČeskoSlovensko a.s. totalled CZK 1,114,597,400 and comprised 22,291,948 common registered shares with a nominal value of 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.

The Company has not purchased any own shares (treasury shares) in 2023. For purchases in 2022 refer to section B.4.16.3.

The Company as at 31 December 2023 didn´t hold any treasury shares (as at 31 December 2022: nil shares).

RADENSKA d.o.o. as at 31 December 2023 owned 1,062,236 (as at 31 December 2022: 1,062,236) shares of the Company (which represented 4.77% of the Company´s share capital as at 31 December 2023 and 4.77% as at 31 December 2022) in total value as at 31 December 2023 of CZK 467,382 thousand (as at 31 December 2022: CZK 467,382 thousand). The shares were purchased by RADENSKA d.o.o. in a public tender offer on the stock market mainly from CED GROUP S.à r.l. for the total value of CZK 490,208 thousand (CZK 440 per share). At the date of acquisition, the shares had nominal value of CZK 100 each. Nominal value of shares owned by RADENSKA d.o.o as at 31 December 2023 was CZK 53,112 thousand (as at 31 December 2022: CZK 53,112 thousand).

Part of the shares owned by RADENSKA is intended for the management incentive programme. RADENSKA is considering the sale of its whole share (1,062,236 shares as of 31 December 2023). A decision of exact timing of such sale has not been taken yet, however, might occur shortly, subject to market conditions. Proceeds from the sale will be used to finance Group's growth opportunities.

In compliance with the relevant legal provisions, the voting rights attached to the treasury shares and shares owned by RADENSKA d.o.o. cannot be exercised.

(b) Information about limitations on the transferability of securities

The shares issued by the Company are transferable without any restrictions pursuant to Article 5 par. 5.3 of the Company´s Articles of Association.

(c) Figures and information about significant direct and indirect participation in the Company´s voting rights

Significant shareholders as at 31 December 2023:

Significant shareholders (all with direct participation)	Proportion of the voting rights	Participation percentage
AETOS a.s., Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava, registration No. 06167446	70.58%	67.22%
RADENSKA, družba za polnitev mineralnih voda in brezalkoholnih pijač, d.o.o., Boračeva 37, 9252 Radenci, Republic of Slovenia, registration No. 5056152000	0.00%	4.77%
Total	**70.58%**	**71.99%**

Significant shareholders as at 31 December 2022:

Significant shareholders (all with direct participation)	Proportion of the voting rights	Participation percentage
AETOS a.s., Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava, registration No. 06167446	70.58%	67.22%
RADENSKA, družba za polnitev mineralnih voda in brezalkoholnih pijač, d.o.o., Boračeva 37, 9252 Radenci, Republic of Slovenia, registration No. 5056152000	0.00%	4.77%
Total	**70.58%**	**71.99%**

The above-mentioned entities dispose of the rights of the qualified shareholders arising from Section 365 and foll. of the Act No. 90/2012 Coll., Business Corporations Act, especially of the right to request convocation of the General Meeting of the Company for discussion of the items proposed by them, request inclusion of the item determined by them on the agenda of the General Meeting, request the Supervisory Board to review the exercise of powers by the Board of Directors in the matter specified in the request as well as file a shareholder action on behalf of the Company.

The structure of the significant direct participation in the voting rights of the Company as at 31 December 2023 is known to the Company only in the case of the controlling entity AETOS a.s. and the controlled company RADENSKA d.o.o. and is described within the Report on relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity for the year 2023. As for the other entities, their direct and indirect participation and shares in their possession are based on the notification delivered to the Czech National Bank. There were no notifications submitted from 1 January 2023 up to the date of this report.

Until the end of the year 2023 and throughout the year 2024 (until the cut-off date of the annual report), the Company has not been informed about any other change of participation in the voting rights that would have met the legislative limits for the reporting.

Except for the above mentioned natural and legal persons, the Company is not aware of any other significant direct and indirect participation in the Company´s voting rights or of any Company´s shareholders whose participation in the Company´s voting rights reached at least 1%.

The controlled company RADENSKA is entitled to exercise rights of the qualified shareholder but not the voting rights attached to the shares of the Company.

(d) Information about the owners of securities with special rights, including the description of such rights

There are not any special rights attached to the securities issued by the Company.

(e) Information about limitations on voting rights

The voting rights attached to the Company´s shares may only be limited or excluded where stipulated by law. According to the legal provisions, the voting rights attached to the 1,062,236 shares owned by the controlled company RADENSKA cannot be exercised. Starting from June 2021, new obligations arising from the Act. No. 37/2021 Coll., on the register of beneficial owners, have been introduced. Shareholders – legal entities having registered office in the Czech Republic who do not have their beneficial owner registered in the register of beneficial owners cannot exercise their voting right. The Company is not aware of any other restrictions on or exclusions of the voting rights attached to the shares issued by the Company.

(f) Information about agreements between the shareholders that may reduce the transferability of shares or the transferability of the voting rights, if known to the issuer

The Company is not aware of any agreements between the shareholders of the Company that may reduce the transferability of shares of the Company or of the voting rights attached to the shares of the Company.

(g) Information about special rules regulating election and recalling of members of the statutory body and changes to the Articles of Association of the issuer

The statutory body of the Company is six-member Board of Directors. The members of the Board of Directors are elected and recalled pursuant to Article 15 par. 15.5 of the Article of Association of the Company by the Supervisory Board. The Supervisory Board of the Company has 5 members. The Supervisory Board has the quorum if majority of its members is present or otherwise takes part in a meeting. The Supervisory Board takes a decision by a majority of votes of present or otherwise participating members. In case of equality of votes the vote of a chairman of the Supervisory Board is decisive. The Supervisory Board may also take decisions per rollam (outside the meeting).

Approval by a majority of at least two thirds of the votes of the shareholders present at the General Meeting is required to adopt a decision amending the Articles of Association of the Company. The General Meeting has the quorum if the shareholders present hold shares with the par value exceeding 50% of the share capital of the Company. The latest amendments to the Articles of Association of the Company relating to the Company's corporate bodies and the way in which the decisions are taken (i.e. increase in the number of members of the Supervisory Board by 1 and the introduction of decision-making by rollam) were approved by the annual General meeting of the Company held on 28 June 2021.

Any special rules regulating election and recalling of the members of the Board of Directors of the Company and amendments and changes to the Articles of Association of the Company don´t apply.

(h) Information about special powers of the statutory body pursuant to the Business Corporations Act

The members of the Board of Directors of the Company do not hold any special powers. The Board of Directors takes decisions on all Company matters unless they are reserved for the General Meeting, Supervisory Board or other Company´s body.

(i) Information about significant agreements to which the issuer is a party and which will become effective, change or cease to exist in the event of a change of control of the issuer as a result of a take-over bid, and about the effects arising from such agreements, with the exception of agreements whose disclosure would cause harm to the issuer

The Company has not entered into any significant agreement that will become effective, change or cease to exist in the event of a change of control of the Company as a result of a take-over bid.

(j) Information about agreements between the issuer and the members of its statutory body or employees that bind the issuer to take on any commitments in the event of the termination of their offices or employment in connection with a take-over bid

The Company has not entered into any agreement with the members of the Board of Directors that bind the Company to take on any commitments in the event of the termination of their offices in connection with a take-over bid.

The Company has not entered into any agreement with any employee that bind the Company to take on any commitments in the event of the termination of its employment in connection with a take-over bid.

(k) Information on the systems of control of a scheme under which members of the statutory body or the employees of the Company may acquire participating securities of the Company, options concerning such securities or any other rights related to these securities if they do not exercise those right themselves

The scheme (Share based payment Plan) under which the members of the statutory body and the employees of the Company may acquire participating securities of the Company is reviewed and approved by the Supervisory Board of the Company.

Pursuant to Section 121m of the Capital Market Undertakings Act the Company may pay remuneration, inter alia, to members of the statutory body of the Company or their direct subordinate employees only in accordance with the approved remuneration policy. Approval of the remuneration policy falls within the authority of the General Meeting of the Company.

On 23 April 2021, the Supervisory Board of the Company approved the Share based payment Plan for 2021-2026. The Share based payment Plan enhances the dependence of the eligibility to Kofola shares on the profit of the Kofola Group. Based on the approved Share based payment Plan, the statutory body prepared an amendment to the remuneration policy incorporating the remuneration in the form of shares (approved Share based payment Plan) which was presented to the shareholders for their approval at the General Meeting which was held on 28 June 2021. Amended remuneration policy was approved by the General Meeting under para 8 of the agenda.

Under the obligations arising from the Capital Market Undertakings Act the Company must establish a report on remuneration of the members of the bodies of the Company and submit it to the General Meeting. The report must be submitted to the General Meeting of the Company for its approval. The report gives a full account of remuneration including all benefits in any form granted to the members of bodies of the Company (incl. shares). The remuneration report for 2022 was approved by the General Meeting on 28 June 2023.

The remuneration policy as well as all the remuneration reports are available on the Company´s website https://investor.kofola.cz/en.

Share based payment program is described in sections B.3.5.14, B.4.21, C.3.4.15 and C.4.21.

7.3. CORPORATE GOVERNANCE CODE

Czech Corporate Governance

The Company is listed on the Prague Stock Exchange (“PSE”). In the Czech Republic, the Company is required to submit to the PSE a declaration on the code of corporate governance stating that the issuer willingly or voluntarily complies with the same form as is a part of the Company´s annual report. However, due to the fact that there was no binding corporate governance regime in the Czech Republic, which the Company had to comply with, the Company, as at the date of the annual financial report, did not commit to comply with any specific corporate governance regime in the Czech Republic.

Nevertheless, the Company and the companies within the Group are firmly committed to maintaining an effective framework for the control and management of the Group’s business. The Company puts much emphasis on respecting all statutory rights of shareholders, including the equal treatment of shareholders in a similar position. The Company strictly adheres to the principle of disclosure and transparency not only in relation to convening a General Meeting but also in relation to informing of corporate events, including financial results and relations with related parties. The members of the bodies of the Company regularly attend the General Meetings of the Company and are available to the shareholders during teleconferences. The Company follows in particular Business Corporations Act, Civil Code, Corporate Criminal Liability Act and Capital Market Undertakings Act.

Information about policies and procedures, internal controls and the rules of the risks in relation to the accounting process is contained in section 7.6.

7.4. BODIES OF THE COMPANY

Kofola ČeskoSlovensko a.s. had the following bodies in 2023:

- General Meeting,
- Board of Directors,
- Supervisory Board,
- Audit Committee.

7.4.1 GENERAL MEETING

Overall information

The General Meeting is the supreme body of the Company. The General Meeting is, according to the Articles of Association, authorised to:

- decide on changes of the Articles of Association, unless it is a change which occurred as a result of an increase in the registered capital by the authorised Board of Directors or a change which occurred as a result of other legal facts,
- adopt Procedural Rules of the General Meeting, if the Company desires to provide more details on the course of a General Meeting of the Company besides the rules stipulated by the law or the Articles of Association,
- elect and recall members of the Supervisory Board and approve their agreement on performance of office including their remuneration,
- appoint and recall a liquidator and approve its agreement on the performance of office including its remuneration,
- approve a transfer, lease or pledge of the Company's enterprise or such a part thereof that would imply a significant change of the existing structure of the enterprise or a significant change of the scope of business or activity of the Company,
- decide on matters which are submitted by the Board of Directors to the General Meeting to be resolved by the General Meeting,
- grant instructions to the Board of Directors and Supervisory Board and approve the operating principles of the Board of Directors and the Supervisory Board, provided that these are not contrary to the law; the General Meeting may also prohibit a member of the Board of Directors and Supervisory Board from taking certain actions, if such a prohibition is in the interest of the Company,
- decide on the distribution of profit, including the distribution of dividends, or of other own sources, or decide on the settlement of loss,
- approve the Company's auditor,
- approve the remuneration policy and the reports on remuneration under the Capital Market Undertakings Act;
- approve significant transaction under Section 121s et. Seq. of the Capital Market Undertakings Act; and
- decide on any other issues falling under the powers of the General Meeting by virtue of the Czech Companies Act or the Articles of Association.

The General Meeting must be held at least once in a financial year of the Company, no later than six months from the last day of the previous financial year at the request of the Board of Directors (or, in exceptional cases, also at the request of a member of the Board of Directors, of a qualified shareholder, or at the request of the Supervisory Board).

The General Meeting is to be convened at least 30 days (if the General Meeting is not requested by a qualified shareholder or if the General Meeting is not requested as a substitute General Meeting) before the General Meeting, by publishing an invitation to the General Meeting on the Company's website https://investor.kofola.cz/en. Sending of the invitation to the shareholders is replaced by publishing of the invitation in the Commercial Journal. The invitation shall contain all information required by law. If a qualified shareholder requests the Board of Directors to convene the General Meeting, it shall be convened in a manner and period prescribed by the Czech Companies Act. If all the shareholders agree, the General Meeting may be held without fulfilling the requirements set out by law and the Articles of Association.

Any decision within the competence of the General Meeting except decisions on the amendment of the Articles of Association of the Company can also be adopted outside the General Meeting (remotely). The Board of Directors defines the terms of remote vote and specifies them in the draft resolution. Announcement of upcoming remote vote shall be published on Company´s website at least 10 days before the day the draft resolution is delivered to the shareholders. The draft resolution is delivered to the shareholders by publishing in the Commercial Journal as well as Company´s website. The period for delivery of votes is 15 days after the day of delivery of the draft resolution. If a shareholder will not vote on the draft resolution, he shall be deemed to have voted against. The seventh day before the day the draft resolution is delivered to all shareholders is considered as the decisive date for the remote vote. In 2023, the General Meeting adopted a decision on profit distribution outside the General Meeting (remotely).

There is no provision of the Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Company.

Voting at General Meeting

Shareholders may participate in the General Meeting and exercise their voting right personally or by proxy. It is also allowed to exercise voting right by correspondence in compliance with Article 14 par. 14.2. and following of the Articles of Association of the Company.

Each share in the capital of the Company confers the right to cast one vote, subject to the relevant provisions of the Articles of Association. The total number of votes in the Company is 22,291,948 votes. As the date of the annual report, the total number of votes in the Company is reduced by number of votes attached to the Company´s shares by which is not possible to exercise the voting right (shares owned by the company RADENSKA controlled by the Company) and amounted to 21,229,712 votes. None of the Participating Shareholders has different voting rights.

Every holder of the Company's share(s) and every other party entitled to attend the General Meeting who derives his rights from such share(s), is entitled to attend the General Meeting in person, or be represented by a person holding a written power of attorney unless provided by the legal provisions or the Articles of Association of the Company otherwise, to address the General Meeting and, as far as he/she has voting rights, to vote at the meeting. For this purpose, Czech law prescribes a mandatory record date to establish which shareholders are entitled to attend and vote at the General Meeting.

Such record date is fixed at the seventh day before said General Meeting. The invitation to the General Meeting shall state the record date, the place and the manner in which registration shall take place. According to Article 8 par. 8.2 of the Articles of Association of the Company the list of shareholders is replaced by a book-entry securities register issued by the Central Securities Depository. The book-entry securities register shall be used for identification of attendance at the General Meeting. The Company requests an extract of book-entry securities register for such purpose.

The General Meeting constitutes a quorum if the shareholders present at the General Meeting own shares with an aggregate face value exceeding 50% of the share capital. All resolutions are adopted by a simple majority of votes unless otherwise specified in the legal provisions. Shareholders vote by raising a voting card indicating the number of votes pertaining to the respective shareholder. Shareholders may also cast votes by correspondence voting. In such case, shareholders cast their votes in writing at least one business day before a General Meeting is opened. The Company records the voting results for each resolution adopted at a General Meeting.

Detailed information regarding participation and voting at General Meetings is being included in the invitation to the General Meeting published in accordance with relevant Czech legislation.

Decision making of the General meeting

The General Meeting of the Company is quorate if the present shareholders hold shares with the par value which exceeds 50% of the share capital. The General Meeting adopts decision by a majority of votes of the present shareholders, unless a different majority is required by the law. The Articles of Association do not require any majorities that differ from the majorities required by the law.

According to the Czech Companies Act, decisions adopted remotely are approved by majority of all the shareholders of the Company.

General Meetings in 2023

During the year 2023, one ordinary General Meeting was held by the Company.

On 28 June 2023, the ordinary General Meeting took place which in particular:

- heard the Report of the Board of Directors on business activities of the Company and state of its assets for the year 2022 and Summary explanatory report regarding the matters pursuant to Section 118 subsec. 5 par. a) to k) of the Capital Market Undertakings Act and Conclusions of the Report on relations between controlling entity and controlled entity and between controlled entity and entities controlled by the same controlling entity for the year 2022;
- heard the Report of the Supervisory Board on the results of the control activities including information about review of the Report on relations;
- approved the financial statements of the Company for the year 2022 and Consolidated financial statements of Kofola ČeskoSlovensko Group for the year 2022;
- approved the Report on remuneration for 2022;
- approved the change in the Articles of Association (to bring a specification of Company's scope of business in line with the relevant case law of the Supreme Court of the Czech Republic and its interpretation by the competent Registry Court);
- re-elected two members of the Audit Committee.

On 21 August 2023, the Board of Directors of the Company announced adopting of the resolution on distribution of profit for 2022 outside the General Meeting. The vote took place from 4 to 19 September 2023. The shareholders approved the Board of Directors´ proposal to distribute part of the profit generated in 2022 in the amount of CZK 300,941,298 among the shareholders of the Company and to transfer the rest of the profit in the amount of CZK 99,911,199.21 to the account of undistributed profit of previous years. The dividend per share amounted to CZK 13.50 before taxation.

7.4.2 BOARD OF DIRECTORS

Board of Directors

The Board of Directors of the Company has 6 members.

The Board of Directors is responsible for the day-to-day management of the Company's operations under the supervision of the Supervisory Board. Status, powers, composition, decision-making and other basic rights and obligations as well as rules of procedure are included in Art. 15 of the Articles of Associations of the Company. The Board of Directors is required to keep the Supervisory Board informed, to consult with the Supervisory Board on important matters and to submit certain important decisions to the Supervisory Board for its approval, as more fully described below. The members of the Board of Directors are elected by the Supervisory Board.

A member of the Board of Directors is appointed for a period of five years. A member of the Board of Directors may be reappointed. The Supervisory Board may also dismiss any member of the Board of Directors at any time.

The Board of Directors appoints a Chair and two Vice-Chairs from amongst its members.

The Board of Directors constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. It takes a decision by a majority of votes of the present or otherwise participating members. In case of a tie, the vote of the Chair decides. Resolutions of the Board of Directors require the approval of the General Meeting when these relate to an important change in the identity or character of the Company or its business.

The Board of Directors acts on behalf of the Company towards third parties, in which case the Chair of the Board of Directors together with one member of the Board of Directors or Vice-Chair of the Board of Directors together with one member of the Board of Directors shall act jointly.

Meetings of the Board of Directors are convened as the need arises.

Members of the Board of Directors

As at the date of the Report, the Board of Directors is composed of six members. The table below sets forth the names, positions, election date, and terms of office of the current members of the Board of Directors:

Members of the Board of Directors	Position	Appointment date	Expiration of the office term
Janis Samaras	Chairman of the Board of Directors – Chief Executive Officer	18 September 2015	30 June 2025
Daniel Buryš	Vice-Chair of the Board of Directors – General Director of CS operation	17 June 2015	30 June 2025
René Musila	Vice-Chair of the Board of Directors – Chief Operations Officer of Kofola Group	16 June 2015	30 June 2025
Marián Šefčovič	Member of the Board of Directors – Chief Executive Officer of Adriatic operation	21 June 2017	30 June 2025
Martin Pisklák	Member of the Board of Directors – Chief Financial Officer of Kofola Group	1 April 2020	1 April 2025
Martin Mateáš	Member of the Board of Directors – Chief Executive Officer of LEROS	30 June 2020	30 June 2025

Janis Samaras

Janis Samaras is the Chairman of the Board of Directors and the CEO of the Company. He received secondary education and gained a CIMA certificate from the Czech Institute of Marketing in 2010. He was awarded Entrepreneur of the Year 2011 in the Czech Republic. In 1991, together with his father, Mr. Samaras established a company, SANTA NÁPOJE, Krnov, a.s. that took over the Kofola trademark in 2002. Starting from 1996, Mr. Samaras has held various managerial positions at

SANTA NÁPOJE and thereafter in the Kofola Group, including being CEO and Chairman of the Board of Directors of Kofola a.s. (CZ), Kofola a.s. (SK), Kofola CS a.s. and KOFOLA S.A. (PL).

Daniel Buryš

Daniel Buryš is the Vice-Chair of the Board of Directors and the Chief Executive Officer for the matters of Kofola a.s. (CZ) and Kofola a.s. (SK). In 1993, he graduated in automatic control in economy from the Technical University of Ostrava, Czech Republic. He also completed an MBA programme at Liverpool JMU School organized by Technical University of Ostrava, Czech Republic in 2008. Mr. Buryš joined the Kofola Group in 2010 as the CFO of Czech operations. Prior to joining the Kofola Group, Mr. Buryš was CFO at Štěrkovny spol. s r. o. (2000-2004), Severomoravská energetika, a. s. (2004-2007) and Elektrociepłownia Chorzów „ELCHO" S.A. (ČEZ Group).

René Musila

René Musila is the Vice-Chair of the Board of Directors and the Chief Operations Officer of Kofola Group. He received secondary education. He has been present in the beverage industry since 1993 when he started to work at SP VRACHOS, which was taken over by SANTA NÁPOJE, the predecessor of the Kofola Group. Since 1996, he has been the Operating Director at Kofola CS responsible for production, purchasing and quality. In the following years, he became responsible for managing production plants, investments and new technologies in the whole Group.

Marián Šefčovič

Since 1999, Marián Šefčovič acted as a regional salesman in SANTA DRINKS a.s. (currently Kofola a.s. Slovakia). During 2001-2002, he was a sales manager of Kofola a.s. (SK). Between 2002-2007, he acted as a sales director of Kofola a.s. (SK) where he was responsible for the entire sales force and sales strategy in Slovakia. During 2007-2011, he acted as general director of Kofola a.s. (SK). Since September 2011 until April 2015, he also acted in the position of the sales director responsible for sales in all channels of Kofola brand in the Czech Republic and Slovakia. Since March 2015, Mr. Šefčovič has been acting as CEO of Adriatic business.

Martin Pisklák

Martin Pisklák graduated in Business Finance and Accounting at Masaryk University in Brno in 2005. During his studies, he spent one semester studying International Business Relations at the Austrian FH Burgenland. He joined Kofola in December 2010. From 2011 – 2014 he was Head of Controlling, and from 2015 – 2019 he was Chief Financial Officer and Vice Chairman of the Board of Directors of RADENSKA and Studenac in the Adriatic region. Prior to joining Kofola, Martin was a transaction advisor at PwC (2008-2010), and a financial auditor at PwC (2005-2008).

Martin Mateáš

Martin Mateáš has a university degree in Management. He worked in companies ST. NICOLAUS – trade CZ and Heineken in the past, and in 2005, he joined the Kofola Group. After his first position as a Brand manager of favourite mineral water Rajec, he became a CMO of the whole Group. In 2010, he moved to Poland where for the next five years he led the entire Polish branch as its General Manager. He has been LEROS CEO since 2018.

Directorships of Members of the Board of Directors

The following table sets forth the past and current directorships held by the current members of the Board of Directors in the past five years:

Directorships of the Board of Directors members	Current and former directorships
Janis Samaras	Chairman of the BoD, Kofola ČeskoSlovensko a.s., since 2015 Chairman of the BoD, Kofola a.s. (CZ), since 2011 BoD Member, Alofok Ltd (liquidated in 2021), 2012-2021 Chairman of the BoD, Kofola a.s. (SK), since 2004 (Chairman of the BoD since 2015) Statutory representative UGO trade s.r.o., since 2018 Chairman of the BoD, AETOS a.s., since 2017 Statutory representative and Shareholder, Palác Silesia s.r.o., since 2016 SB member, Nadační fond proti korupci, 2012-2021 Member of statutory body, Nadační fond Bez-DOMOVA, since 2016 Shareholder, Afton s.r.o., since 2006 Shareholder (joint property of spouses), TIERRA VERDE s.r.o., since 2021 Shareholder (joint property of spouses), TIERRA NUEVA s.r.o., since 2021 Statutory representative Bilgola fresh s.r.o., since 2023 SB member, FILIP REAL a.s., since 2023 Statutory representative PIVOVARY TRIANGL s.r.o., since 2023 Chairman of the SB, General Plastic, a. s., since 2023
Daniel Buryš	Vice-Chair of the BoD, Kofola ČeskoSlovensko a.s., since 2015 (Vice-Chair of the BoD since 2018) Member of the BoD Kofola a.s. (SK) since 2011, Vice-Chair of the BoD since 2019 Vice-Chair of the BoD, Kofola a.s. (CZ), since 2010 (Vice-Chair of the BoD since 2018) Statutory representative, F.H. Prager s.r.o., 2020-2021 Chairman of the BoD, ONDRÁŠOVKA a.s., 2020-2021 Statutory representative, Karlovarská Korunní s.r.o., 2020-2021 Statutory representative and liquidator, Minerálka s.r.o. (SK), 2020-2021 Member of the SB, REMA AOS, a.s., since 2020 Statutory representative, Semtex Republic s.r.o., since 2021
René Musila	Vice-Chair of the BoD, Kofola ČeskoSlovensko a.s., since 2015 (Vice Chairman of the BoD since 2018) Statutory representative, SANTA-TRANS s.r.o., since 2004 Vice-Chair of the BoD, Kofola a.s. (CZ), 2015-2018, since 2022 SB Member, Kofola a.s. (SK), 2018-2022 BoD Member, AETOS a.s., since 2017 Shareholder, Afton s.r.o., since 2006 Vice-Chair of the BoD, Kofola a.s. (SK), since 2022 BoD member, FILIP REAL a.s., since 2023 Statutory representative, Cafe Dorado s.r.o., since 2023 Statutory representative, PIVOVARY TRIANGL s.r.o., since 2023
Marián Šefčovič	BoD Member, Kofola ČeskoSlovensko a.s., since 2017 Chairman of the BoD, RADENSKA d.o.o., since 2015 Chairman of the BoD, Studenac d.o.o., since 2016
Martin Pisklák	BoD Member, Kofola ČeskoSlovensko a.s., since 2020 BoD Member, RADENSKA d.o.o., 2015-2020 BoD Member, Studenac d.o.o., 2015-2020 BoD Member, Radenska d.o.o. (liquidated in 2020), 2015-2020 Shareholder, Zahradní OLLA s.r.o., since 2023
Martin Mateáš	BoD Member, Kofola ČeskoSlovensko a.s., since 2020 Statutory representative, Espresso s.r.o., 2019-2020 Statutory representative, LEROS s.r.o., since 2018 Statutory representative (and shareholder), DENTU s.r.o. (SK), 2017-2019 Statutory representative, Leros Slovakia, s.r.o. (SK), since 2018 Statutory representative, PREMIUM FOODS s.r.o. v likvidácii (SK), 2020-2021 Statutory representative (and shareholder), GAUDIN MONK s.r.o. (SK), since 2019 Statutory representative, Bylinkárna s.r.o., since 2022

Above mentioned activities are considered as significant.

7.4.3 SUPERVISORY BOARD

The Supervisory Board is responsible for supervising the conduct of and providing advice to the Board of Directors and for supervising the Company's business generally. In performing its duties, the Supervisory Board is required to consider the interests of the Company's business. Status, powers, composition, decision-making and other basic rights and obligations as well as rules of procedure are included in Art. 16 of the Articles of Association of the Company. The members of the Supervisory Board are not authorised to represent the Company in dealings with third parties, unless they are explicitly appointed by the Supervisory Board to represent the Company in courts and other authorities' proceedings against a member of the Board of Directors of the Company. The members of the Supervisory Board are elected by the General Meeting.

A member of the Supervisory Board is appointed for a period of five years. A member of the Supervisory Board may be reappointed. The General Meeting may elect alternate member/s for filling free posts of members of the Supervisory Board according to the predefined order. If the alternate members are not elected, the Supervisory Board, in which the number of members elected by the General Meeting has not decreased by more than one half, may appoint substitute member until the next General Meeting. The term of office of a substitute member of the Supervisory Board shall not be applied towards the term of office of a member of the Supervisory Board.

The Supervisory Board consists of five members. The Supervisory Board shall appoint a chairperson from amongst its members. The General Meeting may at any time suspend or dismiss Supervisory Board members.

The Supervisory Board constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. It takes a decision by a majority of votes of the present or otherwise participating members. In case of a tie, the vote of the chairman decides.

The Supervisory Board holds at least one meeting every calendar quarter. The Supervisory Board may also take decisions per rollam.

Members of the Supervisory Board

As at the date of the Report, the Supervisory Board is composed of five members. The table below sets forth the names, positions, election date, and terms of office of the current members of the Supervisory Board:

Members of the Supervisory Board	Position	Appointment date	Expiration of the office term
René Sommer	Chairman of the Supervisory Board	17 June 2015	5 August 2025
Moshe Cohen-Nehemia	Member of the Supervisory Board	15 September 2015	5 August 2025
Tomáš Jendřejek	Member of the Supervisory Board	30 November 2018	5 August 2025
Ladislav Sekerka	Member of the Supervisory Board	28 June 2021	28 June 2026
Alexandros Samaras	Member of the Supervisory Board	28 June 2021	28 June 2026

A brief description of the qualifications and professional experience of the members of the Supervisory Board is presented below.

René Sommer

René Sommer is the Chairman of the Supervisory Board of the Company. In 1992, Mr. Sommer started to cooperate with SP VRACHOS, which was taken over by SANTA NÁPOJE, the predecessor of the Kofola Group. Mr. Sommer held many different positions in the Group's structures in financial, HR and legal departments. He also held the position of CEO in Kofola a.s. (CZ). Prior to joining the Kofola Group, he worked, among others, as the Project Manager of Production for ČKD Polovodiče Praha, a.s. (until 1990) and ran his own grocery chain (starting from 1990).

Moshe Cohen-Nehemia

Moshe Cohen-Nehemia is a member of the Supervisory Board of the Company. He graduated from the Faculty of Economics at the Open University in Israel in 1995 and completed an MBA program at Ben Gurion University in 2000. Mr. Cohen-Nehemia joined the Kofola Group in 2014 as a member of the Supervisory Board of KOFOLA S.A. (PL). Mr. Cohen-Nehemia gained professional experience in the beverages industry at Jafora Tabori in Israel (1997-2004), RC Cola International in USA (2005-2018), being the Managing Director responsible for the entire commercial operation, Beverage Partners International a global beverage company in Israel (from 2019) as a Chief Operation Officer.

Tomáš Jendřejek

Tomáš Jendřejek is a member of the Supervisory Board of the Company. He received secondary education and gained a CIMA certificate from the Czech Institute of Marketing in 2010. He established his relationship with Kofola in 1994 as a Sales representative and after several promotions he became the Sales Director in 2002. Since 2006, he has been responsible for procurement of the Group. Before joining the Group, he had worked for eight years in the plant producing the tannery industry machines.

Ladislav Sekerka

Ladislav Sekerka is a partner at Consilium Family Office after a decade at UBS Wealth Management out of Zurich and Vienna. As an Executive Director, he advised HNWI, UHNW and family office clients across Central Europe. He has professional experience in the international banking environment as well as on the buy-side. He had several senior roles in the wealth management industry and has experience from retail, corporate and investment banking, and asset management. He is a Harvard Business School Alumnus and holds a Master´s degree from Masaryk University (Law) and Brno University of Technology (Economics).

Alexandros Samaras

Alexandros Samaras is a Programme Manager of EU funds, responsible for the Cooperation Programmes of Greece with North Macedonia and with the Black Sea Basin at the Ministry of Economy & Finance, Greece. He has an experience in Finance, Controlling and Accounting and holds a Master ́s Degree in Public Law and Political Science (LL.M) and Degree in Law from Democritus University of Thrace and a degree in Economics from University of Macedonia.

Directorships of the Members of the Supervisory Board

The following table sets forth the past and current directorships held by the current members of the Supervisory Board in the past five years:

Directorships of the Supervisory Board members	Current and former directorships
René Sommer	Chairman of the SB, Kofola ČeskoSlovensko a.s., since 2015 Chairman of the SB, AETOS a.s., since 2017 Statutory representative, Palác Silesia s.r.o., since 2016 Chairman of the SB, REMA AOS, a.s., 2015-2020 Chairman of the SB, Kofola a.s. (CZ), since 2023 (since 2019 SB Member) Shareholder, Afton s.r.o., since 2006 SB Member, Kofola a.s. (SK), since 2022
Moshe Cohen-Nehemia	SB Member, Kofola ČeskoSlovensko a.s., since 2015 Managing director, RC Cola International, 2017-2019 CEO, Beverage Partners International, since 2019
Tomáš Jendřejek	SB Member, Kofola ČeskoSlovensko a.s., since 2018 SB Member, Kofola a.s. (CZ), since 2015 Statutory representative, UGO trade s.r.o., since 2018 Statutory representative, SANTA-TRANS s.r.o., since 2013 SB Member, AETOS a.s., since 2017 BoD Member, Kofola a.s. (SK), since 2018 Shareholder, Afton s.r.o., since 2006 SB Member, ONDRÁŠOVKA a.s., 2020-2021
Alexandros Samaras	SB Member, Kofola ČeskoSlovensko a.s., since 2021
Ladislav Sekerka	SB Member, Kofola ČeskoSlovensko a.s., since 2021 SB Member, BioVendor – Laboratorní medicína a.s., since 2017 Statutory representative (and shareholder), SECO Invest s.r.o., since 2018 Statutory representative, ConsilEng s.r.o., since 2017 Statutory representative (and shareholder), DLI project I s.r.o., since 2020 Statutory representative, DLI Panorama s.r.o., since 2021 Member of the management board, Nadace rodiny Vlčkových, since 2021 Shareholder, Alts Partner s.r.o. since 2022 Statutory representative, Úněšovský statek a.s., since 2023 Statutory representative (and shareholder), RDC Alfa s.r.o., since 2023 Statutory representative (and shareholder), RDC Beta s.r.o., since 2023 Statutory representative (and shareholder), RDC Finance s.r.o., since 2023

Above mentioned activities are considered as significant.

7.4.4 AUDIT COMMITTEE

Competences of the Audit Committee are laid down by the law. The Audit Committee assists the Supervisory Board in supervising the activities of the Board of Directors with respect to:

- recommending to the Supervisory Board the selection of an auditor of the financial statements of the Company and of the Group companies, and of the consolidated financial statements,
- monitoring the audit of the Company's financial statements and the consolidated financial statements for the previous financial year; becoming familiar with the details of the results of these audits at their various stages,
- presenting to the Board of Directors its findings and recommendations relating to the audit and evaluation of the financial statements and consolidated financial statements for the previous financial year, as well as the Board of Director's proposed distribution of profit or coverage of loss,
- presenting to the Board of Directors its findings and recommendations on granting a discharge to the member of the Board of Directors in charge of the economic and finance department for the duties he/she performed,
- performing other tasks determined by the Board of Directors depending on the needs arising from the Company's current situation,
- submitting to the Board of Directors annual reports on the Audit Committee's operations, and
- other matters as specified in Article 41 of Directive No. 2006/43/EC passed by the European Parliament on 17 May 2006.

The members of the Audit Committee are elected by the General Meeting from among the whole Group or third parties.

From August 2022, the function of an internal auditor has been temporarily suspended for personal reasons. The agenda has been transferred to relevant employees to mitigate potential risks. Furthermore, the work was overviewed by a Supervisory board member. From Feb 2024, the Group already has an internal auditor.

Members of the Audit Committee

As at the date of the Report, the Audit Committee is composed of three members. The table below sets forth the names, positions, election date, and terms of office of the current members of the Audit Committee:

Members of the Audit Committee	Position	Appointment date	Expiration of the office term
Petr Šobotník	Member of the Audit Committee	21 June 2017	21 June 2027
Zuzana Prokopcová	Chairman of the Audit Committee	30 November 2018	30 November 2028
Lenka Frostová	Member of the Audit Committee	30 November 2018	30 November 2028

Zuzana Prokopcová became a Chairman of the Audit Committee in November 2023.

A brief description of the qualifications and professional experience of the members of the Audit Committee is presented below.

Petr Šobotník

Petr Šobotník is a member and former Chairman of the Audit Committee. He has more than 20 years' experience in audit profession, in 1995-2010 he was an audit Partner in Coopers & Lybrand and PricewaterhouseCoopers. Up to his early retirement from PwC in 2010, he functioned in various performing positions focusing mainly on local market development. Petr Šobotník also served as the President of the Chamber of Auditors of the Czech Republic in years 2007-2014, from 2014-2016 he was a member of the Supervisory Board of the Chamber of Auditors of the Czech Republic.

Zuzana Prokopcová

Zuzana Prokopcová was elected the new Chairman of the Audit Committee. Zuzana Prokopcová graduated from the University of Economics in Prague, Faculty of finance and accounting. She has experience as an auditor in international advisory company and in the management of large companies. Zuzana began her professional career at the international consulting company PricewaterhouseCoopers (PwC) in 1998, where she served as an auditor, focusing mainly on financial institutions. Subsequently, she held the same position for one year in Russia and for two and half years in Kazakhstan, again within the framework of her work at PwC. For 2014-2016, she was the Vice-Chairman of the Board of Directors and CFO of Czech Aeroholding, the leading company in the field of air transport in the Czech Republic, where she was responsible for treasury, accounting, tax, controlling, internal audit and risk management areas. Zuzana is a Certified member of the Association of Chartered Certified Accountants.

Lenka Frostová

Lenka Frostová is a member of the Audit Committee. Lenka Frostová graduated from the Technical University of Ostrava with a specialisation in management. She became a member of the Association of Chartered Certified Accountants in 2000. She joined the Kofola Group in 2016 as Group reporting manager, and in 2018 she assumed the role of Financial manager. Previous to joining the Kofola Group, she was an audit supervisor at Ernst & Young Audit, s.r.o. (1996-2005) and later joined OKD, a.s. as an IFRS Accounting Standards specialist, before becoming Accounting manager (2005-2016).

Directorships of the Members of the Audit Committee

The following table sets forth the past and current directorships held by the current members of the Audit Committee in the past five years:

Directorships of the Audit Committee members	Current and former directorships
Petr Šobotník	AC member, Kofola ČeskoSlovensko a.s., since 2017 (2017-2023 Chairman) Vice-Chair of the AC, Severomoravské vodovody a kanalizace Ostrava a.s., since 2017 Chairman of the AC, ČEPRO, a.s., since 2016 Vice-Chair of the AC, Letiště Praha, a.s., since 2023 (2014-2023 Chairman) Chairman of the AC, Československá obchodní banka, a.s., 2016-2023 Statutory representative (and shareholder), AFITEC s.r.o. (earlier Šobotník & Partners, s.r.o.), 2010-2020 Member of the SB, Letiště Praha, a. s., since 2017 Chairman of the AC, Českomoravská stavební spořitelna, a.s., 2019-2022 Chairman of the AC, ČSOB Penzijní společnost, a. s., member of group ČSOB, 2016-2022 ViceChairman of the AC, MERO ČR, a.s., since 2021 Member of the AC, Phillip Morris ČR a.s., since 2021
Zuzana Prokopcová	Chairman of the AC, Kofola ČeskoSlovensko a.s., since 2023 (since 2018 Member) AC member, MONETA Money Bank, a.s., since 2017 AC member, MONETA Stavební spořitelna, a.s., since 2020 Member of the management board, Nadace MONETA Clementia, since 2021 Member of the SB, PPF Group N.V., since 2021 Member of the AC, PPF Financial Holdings a.s., since 2021
Lenka Frostová	AC Member, Kofola ČeskoSlovensko a.s., since 2018 Shareholder, Zahradní OLLA s.r.o., since 2023

Above mentioned activities are considered as significant.

7.4.5 PERSONS WITH EXECUTIVE AUTHORITY

Definition

The Company regards as persons with executive authority those persons that are either:

- a member of the Board of Directors of the Company, or
- a member of the Supervisory Board of the Company, or
- a member of the Audit Committee of the Company, or
- a participant of the Group Share Share based payment Plan, or
- other top management members who both make decisions within the Company or Group that can affect future development and strategy of the Company and the Group and who have an access to inside information.

Identification

The following persons qualified as persons with executive authority:

Members of the board of directors

- Janis Samaras
- Daniel Buryš
- René Musila
- Martin Pisklák
- Martin Mateáš
- Marián Šefčovič

Members of the supervisory board

- René Sommer
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Alexandros Samaras
- Ladislav Sekerka

Members of the audit committee

- Petr Šobotník
- Zuzana Prokopcová
- Lenka Frostová

Other persons with the executive authority

Karel Hrbek

Karel Hrbek was a marketing director responsible for Group activities in Czech and Slovak region till October 2019. He is a marketing director in LEROS since November 2019.

Jure Zrilić

Jure Zrilić is a sales director in Company's subsidiaries RADENSKA and Studenac.

René Novotný

René Novotný is a CEO of SANTA-TRANS s.r.o.

Petr Kulovaný

Petr Kulovaný is a Procurement Director of Kofola CS (Kofola CZ and Kofola SK).

Jaroslav Vích

Jaroslav Vích is a Sales Director of Kofola CS.

Karel Teichmann

Karel Teichmann is an Operations Director of Kofola CS.

Martin Rosypal

Martin Rosypal is a CFO of Kofola CS.

Egle Wehle

Egle Wehle is a Marketing Director in Adriatic.

Marek Farník

Marek Farník is a General Director of UGO trade.

František Beneš

František Beneš is a CFO of LEROS and Premium Rosa.

Pavol Chalupka

Pavol Chalupka is a Marketing Director of Kofola CS.

No person with managerial responsibilities has been convicted of crime or fraud in the past five years, they were not connected with any proceedings of bankruptcy or liquidation, nor were they involved in any public accusation from official authorities. No person with managerial responsibilities was rendered incapable of acting as a member of management or supervisory bodies of any company in the past five years.

No person with managerial responsibilities is in the conflict of powers with the Group activities.

Remuneration principles

The persons with executive authority, aside from regular salaries that are based on individual employment contracts, receive variable compensation based on the Group´s results. Some of them are also participants in the Share based payment Plan. Remuneration for explicit work in the Board of Directors and Supervisory Board, as well as in Audit Committee is paid only to Non-executive members. The remuneration level is given by the General Meeting resolution. No members of the administrative, management or supervisory body of the Company or any of its subsidiaries have any service contracts with the Company or the respective Company's subsidiary which would provide benefits upon termination of the member's services with the Company or the respective Company's subsidiary.

All members of administrative, management and supervisory bodies of the Company and of its subsidiaries work for the Company or the respective subsidiary on the basis of standard employment contracts and the relationship between these members and the Company or the respective Company's subsidiary is governed by the local employment law. Accordingly, all members of the administrative, management and supervisory bodies of the Company work on the basis of an individual employment contract governed by the applicable law.

The remuneration of persons with executive authority consists of a fixed and a variable component related to each particular position and the management level. Remuneration is paid in the form of salaries for work performed under employment contracts. The level of salaries is based on qualified benchmarking studies on manager´s remuneration in the respective countries and reflects both managerial and professional potential as well as competencies. The variable component amounts 0 – 100% of the basic monthly salaries and is paid yearly in relation to the level of planned EBITDA performance. The payment execution is not a subject of any further approval of the Board of Directors, until the variable component amount exceeds the limit stated in the Articles of Association.

In addition to financial income, persons with executive authority are entitled to an income in kind, which includes:

1. right to use a business car for private purposes;
2. accommodation costs, eventual costs associated with relocation;
3. air ticket expenditures according to internal regulation;
4. fuel consumption for private purposes.

This income in kind is adjusted by the internal regulation and depends on the level of managerial position.

The remuneration system is approved by the Board of Directors. The variable component related to planned EBITDA is amended individually for each year by the Board of Directors as well.

The Company has not entered into any work or other agreement with a person with executive authority that would grant such person any special entitlements (e.g. severance payment), except for the ones granted by the legal provisions. According to the Czech law, an employee is entitled to a severance payment upon termination of his/her employment (by agreement or notice) only if:

1. the employer or a portion of the employer's organization is dissolved or relocated, or
2. the employee becomes redundant because of a decision by the employer or the respective body to change the employer's tasks or technical set-up, to reduce the number of employees for the purpose of raising work productivity, or to make other organizational changes. If one of the above conditions is met, the employee should receive from the employer a severance payment based on his/her years of service as set out in the table below:

Duration of employment relationship	Amount of severance payment
less than 1 year	at least 1 multiple of the employee's average monthly earnings
at least 1 year but less than 2 years	at least 2 multiples of the employee's average monthly earnings
at least 2 years	at least 3 multiples of the employee's average monthly earnings

If the reason for employment termination (by agreement or notice) is a work-related injury, work-related sickness or threat of work-related sickness, the employee is then entitled to receive from the employer a severance payment in the amount of at least 12 multiples of the employee's average monthly earnings.

With respect to the members of the Board of Directors and the Supervisory Board the Group transfers mandatory social security contributions being part of the national pension systems in the countries where the Group is obliged to make such contributions. No other amounts are set aside to provide pension or retirement benefits to the members of the Board of Directors and the Supervisory Board.

Remuneration of key management personnel of the Group and Company is described in sections B.4.24.2 and C.4.25.3.

7.5. DESCRIPTION OF DIVERSITY POLICY APPLIED TO GOVERNANCE BODIES

Due to the fact that there is no binding diversity policy regime in the Czech Republic, which the Company has to comply with, the Company, as at the date of the annual report, did not commit to comply with any specific diversity policy (as defined in Capital Markets Act section 118.4h).

Regardless of age, gender or other indicators the Company places main emphasis on search and appointment of the most suitable candidates into the governance bodies of the Company (Board of Directors, Supervisory Board or Audit Committee) taking account on their background, experience and qualification for performance of the position of a member of the relevant governance body of the Company. The Company also assess candidates´ knowledge in the business field of the Company or nature of activities of the relevant body.

All the persons suitable for the positions in the governance bodies of the Company are chosen in a non-discriminatory manner. The Company´s long-term effort is to build a corporate culture that is professionally open to everyone, regardless of gender, race, colour, nationality, ethnic, origin, worldview, religion, health, age or sexual orientation.

7.6. FINANCIAL REPORTING PROCESS

Entities in the Kofola Group keep their accounting primarily in accordance with the local accounting standards. The Group companies maintain a parallel general ledger according to International Financial Reporting Standards as adopted by the European Union (IFRS Accounting Standards) for consolidation purposes, as well as for the Group management who periodically evaluates results prepared in line with IFRS Accounting Standards.

Individual Group companies are reporting their statutory annual financial results according to local accounting standards, except for Kofola ČeskoSlovensko a.s. (as the issuer of publicly traded instruments), that reports separate results annually and consolidated results quarterly and annually based on IFRS Accounting Standards.

The Group maintains the Group Accounting Manual that complies with IFRS Accounting Standards that contains general principles to prepare the consolidation packages and consolidated financial statements. All the Group entities follow the Group Accounting Manual and as such the Group accounting policies are unified.

The accounting is partly carried out at individual entities and partly is centralised. The shared service is maintained by Kofola ČeskoSlovensko a.s. in Ostrava.

The accounting is processed in enterprise information system SAP that is implemented in all major Group companies. The Company and the Group follow the internal guidelines and internal directives with respect to e.g. the circulation of accounting documents, approval processes or orders.

The approval procedures are specified in internal guidelines that specify the transaction limits that particular employees can approve. The Group has implemented a three-way match policy to pair order, receipt note (or other confirmation of transaction) and the invoice. The payments are made only if approved by a specified employee, the treasury function is personally separated from accounting function.

The information system access rights are granted after approval by persons specified in internal guidelines only to authorised employees and only to limited parts of the system valid for the employee´s job specification.

The accounting is under an oversight of controlling department that is separated from accounting department both personally and in terms of organization structure. Also, the Group has established an internal processes review function in order to assess and improve the design, implementation and operating effectiveness of the internal controls and processes. The accounting is also subject to external audit, both on individual and on consolidated basis, with the Audit Committee overseeing the audit process and findings.

8. REPORT ON RELATIONS

REPORT ON RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY FOR THE ACCOUNTING PERIOD OF 2023

Pursuant to Section 82 of Act No. 90/2012 Coll., on business corporations, the Board of Directors of Kofola ČeskoSlovensko a.s., with its registered office at Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava, Czech Republic, identification number 24261980, in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735 („Controlled entity“ or „Company“) has prepared the following Report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity for the accounting period of twelve months ended 31 December 2023 („Indicated period“).

8.1. STRUCTURE OF RELATIONS BETWEEN RELATED PARTIES AND THE DESCRIPTION OF THE ENTITIES

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for the whole Indicated period part of the group controlled by AETOS a.s. („Group“). Data about the entities that were part of the Group are valid as of 31 December 2023, based on the information known to the Board of Directors acting with due care.

8.1.1 INFORMATION ABOUT THE GROUP ENTITIES

Controlled entity

Kofola ČeskoSlovensko a.s.

Identification number: 24261980
Registered office: Nad Porubkou 2278/31a, 708 00 Ostrava, Czech Republic

Controlling entity

AETOS a.s.

Identification number: 06167446
Registered office: Nad Porubkou 2278/31a, 708 00 Ostrava, Czech Republic

Other entities controlled by controlling entity

Kofola a.s.

Identification number: 27767680
Registered office: Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic

Kofola a.s.

Identification number: 36319198
Registered office: súp. č. 1, 013 15 Rajecká Lesná, Slovakia

UGO trade s.r.o.

Identification number: 27772659
Registered office: Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic

Bilgola fresh s.r.o.

Identification number: 29453941
Registered office: Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic

SANTA-TRANS s.r.o.

Identification number: 25377949
Registered office: Ve Vrbině 592/1, 794 01 Krnov - Pod Cvilínem, Czech Republic

RADENSKA d.o.o.

Identification number: 5056152
Registered office: Boračeva 37, 9502 Radenci, Slovenia

Studenac d.o.o.

Identification number: 42128028
Registered office: Matije Gupca 120, 34551 Lipik, Croatia

Premium Rosa Sp. z o.o.

Identification number: 0000295231
Registered office: ul. Św. Andrzeja Boboli 20, 05-504 Złotokłos, Poland

LEROS, s.r.o.

Identification number: 61465810
Registered office: U Národní galerie 470, Zbraslav, 156 00 Praha 5, Czech Republic

Leros Slovakia, s.r.o.

Identification number: 36230561
Registered office: súp. č. 1, 013 15 Rajecká Lesná, Slovakia

Bylinkárna s.r.o.

Identification number: 17235979
Registered office: U Národní galerie 470, Zbraslav, 156 00 Praha 5, Czech Republic

F.H.Prager s.r.o.

Identification number: 29153379
Registered office: U Národní galerie 470, Zbraslav, 156 00 Praha 5, Czech Republic

Semtex Republic s.r.o.

Identification number: 08325448
Registered office: U Národní galerie 470, Zbraslav, 156 00 Praha 5, Czech Republic

Cafe Dorado s.r.o.

Identification number: 19405642
Registered office: U Národní galerie 470, Zbraslav, 156 00 Praha 5, Czech Republic

PIVOVARY TRIANGL s.r.o.

Identification number: 19883218
Registered office: Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic

FILIP REAL a.s.

Identification number: 27886557
Registered office: U Národní galerie 471, Zbraslav, 156 00 Praha 5, Czech Republic

8. REPORT ON RELATIONS

8.2. STRUCTURE OF RELATIONS AND OWNERSHIP INTERESTS BETWEEN RELATED ENTITIES AS AT 31 DECEMBER 2023

AETOS a.s. holds 67.22% share in the Company, the remaining shareholdings are presented in the chart below.

8.3. ROLE OF THE CONTROLLED ENTITY IN THE ORGANISATIONAL STRUCTURE

The Company became part of the Group in 2015. The Company is the parent company of the Kofola Group. The main assets of the Company are the direct and indirect shareholdings in the Group companies. Company also provides certain services for the other companies in Kofola Group. This comprises, in particular, the provision of:

- strategic services, including: cooperation in the preparation of business, marketing, production, investment and financing plans, management of subsidiaries, including their financing;
- services related to products (quality department), including: central product development, innovation process management, costing and pricing, production and logistics planning, quality control;
- shared services, including: controlling and reporting, IT services, legal services, central purchasing department, back office services, supply chain, call centre, internal audit;
- licenses and trademarks: Kofola ČeskoSlovensko a.s. owns most licenses, trademarks for branded beverages and similar copyrights for the products distributed on the CzechoSlovak market, for which the other Group companies pay royalties.

The Company is listed at Prague Stock Exchange.

8.4. METHOD AND MEANS OF CONTROL

With the implementation of the Articles of Association of the Company dated 15 September 2015 as amended on 2 December 2015, 30 May 2016, 20 December 2018, 1 January 2021, 1 January 2022 and 28 June 2023, the control of the Company is exercised above all through decision taken by the General Meeting of the Company, especially through appointment and removal of members of the Supervisory Board which is according to the Articles of Association of the Company entitled to appoint and remove members of the Board of Directors of the Company.

8.5. LIST OF ACTS WITH VALUE EXCEEDING 10% OF EQUITY OF CONTROLLED ENTITY

Equity value of the Company as of 31 December 2022 was CZK 1,717,627 thousand.

The Company distributed a dividend to AETOS a.s. of CZK 202,287 thousand.

8.6. LIST OF MUTUAL CONTRACTS BETWEEN CONTROLLED ENTITY AND CONTROLLING ENTITY OR BETWEEN CONTROLLED ENTITIES

In the Indicated period, the following contracts were concluded or amended between controlled entity and controlling entity or between controlled entities:

- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 1.1.2023,
- car rental agreement concluded between UGO trade s.r.o. and Kofola ČeskoSlovensko a.s. on 16.1.2023,
- contract for the transfer of rights to trademark applications concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 19.1.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 24.1.2023 (2x),
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 3.1.2022, as amended on 1.2.2023,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 1.2.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 1.2.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 1.2.2023,
- car purchase agreement concluded between Kofola ČeskoSlovensko a.s. and SANTA-TRANS s.r.o. on 21.2.2023,
- car rental agreement concluded between LEROS, s.r.o. and Kofola ČeskoSlovensko a.s. on 9.3.2023,
- car rental agreement concluded between LEROS, s.r.o. and Kofola ČeskoSlovensko a.s. on 10.3.2023,
- car rental agreement concluded between LEROS, s.r.o. and Kofola ČeskoSlovensko a.s. on 20.3.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 12.4.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Leros Slovakia, s.r.o. on 2.5.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 17.5.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and Premium Rosa Sp. z o.o. on 1.9.2022, as amended on 17.5.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and Premium Rosa Sp. z o.o. on 16.12.2022, as amended on 17.5.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 24.5.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 1.6.2023,
- loan agreement concluded between RADENSKA d.o.o. and Kofola ČeskoSlovensko a.s. on 26.6.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 27.5.2021, as amended on 1.8.2023,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 26.10.2023,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 1.11.2023 (2x),
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 16.9.2022, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 1.12.2022, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 18.1.2023, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 3.4.2023, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 3.5.2023, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 26.7.2023, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 1.9.2022, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 1.9.2022, as amended on 20.11.2023,

8. REPORT ON RELATIONS

- loan agreement concluded between Kofola ČeskoSlovensko a.s. and UGO trade s.r.o. on 1.9.2022, as amended on 20.11.2023,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 6.12.2023,
- share purchase agreement in relation to share in Bilgola fresh s.r.o. concluded between Kofola ČeskoSlovensko a.s. and Lukáš Prauss on 22.12.2023,
- share purchase agreement in relation to share in Bilgola fresh s.r.o. concluded between Kofola ČeskoSlovensko a.s. and Marek Farník on 22.12.2023.

Provided guarantees:

Entity providing guarantees	Entity receiving guarantees	Currency (CY)	Guarantee amount	Guarantee amount	Guarantee period	Guarantees provided for	Relationship
			CY´000	CZK´000			
Kofola ČeskoSlovensko a.s.	City-Arena PLUS a.s.	EUR	8	198	8/2025	UGO trade s.r.o.	subsidiary
	ORLEN Unipetrol Doprava s.r.o.	CZK	130	130	Until the end of contract	UGO trade s.r.o.	subsidiary
	Fatra, a.s.	CZK	100	100	Until the end of contract	UGO trade s.r.o.	subsidiary
	Raiffeisen - Leasing, s.r.o.	CZK	484	484	1/2025	LEROS, s.r.o.	subsidiary
	Raiffeisen - Leasing, s.r.o.	CZK	265	265	1/2025	LEROS, s.r.o.	subsidiary
	Leasing České spořitelny, a.s.	CZK	891	891	11/2027	UGO trade s.r.o.	subsidiary
	Leasing České spořitelny, a.s.	CZK	558	558	11/2027	LEROS, s.r.o.	subsidiary

The following contracts concluded between controlled entity and controlling entity or between controlled entities were effective in the Indicated period:

- licence agreement concluded between Kofola Holding a.s. (predecessor of Kofola CS a.s.) and Kofola a.s. (CZ) on 1.11.2006,
- service agency agreement concluded between Kofola Holding a.s. (predecessor of Kofola CS a.s.) and Kofola a.s. (CZ) on 1.11.2006,
- licence agreement concluded between Kofola Holding a.s. (predecessor of Kofola CS a.s.) and Kofola a.s. (SK) on 1.11.2006,
- service agency agreement concluded between Kofola Holding a.s. (predecessor of Kofola CS a.s.) and Kofola a.s. (SK) on 1.11.2006,
- licence agreement concluded between PINELLI spol. s r.o. (successor of PINELLI spol. s r.o. after merger is Kofola ČeskoSlovensko a.s.) and Kofola a.s. (CZ) on 16.5.2011,
- service agreement concluded between Kofola CS a.s. and Kofola a.s. (SK) on 20.1.2012,
- master inter-group service agreement concluded between Kofola CS a.s. and Radenska d.d. Radenci (original company name of RADENSKA d.o.o.) on 18.3.2015, as amended on 31.3.2015,
- management services agreement concluded between Kofola CS a.s. and Radenska d.d. Radenci (original company name of RADENSKA d.o.o.) on 1.1.2016,
- agreement on the temporary assignment concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 1.2.2017,
- agreement on the temporary assignment concluded between Kofola ČeskoSlovensko a.s. and RADENSKA d.o.o. on 1.2.2017,
- agreement on the temporary assignment concluded between Kofola ČeskoSlovensko a.s. and Studenac d.o.o. on 1.2.2017,
- accounting services agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 2.1.2018,
- accounting services agreement concluded between Kofola ČeskoSlovensko a.s. and UGO trade s.r.o. on 2.1.2018,
- accounting, financial, administrative and management services agreement concluded between Kofola ČeskoSlovensko a.s. and AETOS a.s. on 2.1.2019,
- service agreement (controlling, financial, purchasing activities) concluded between Kofola ČeskoSlovensko a.s. and SANTA-TRANS s.r.o. on 1.12.2018, as amended on 1.1.2020,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 7.5.2021,
- agreement on reimbursement of costs in Kofola Group senior management long-term remuneration program concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 1.6.2021,
- agreement on reimbursement of costs in Kofola Group senior management long-term remuneration program concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 1.6.2021,
- agreement on reimbursement of costs in Kofola Group senior management long-term remuneration program concluded between Kofola ČeskoSlovensko a.s. and RADENSKA d.o.o. on 1.6.2021,

- agreement on reimbursement of costs in Kofola Group senior management long-term remuneration program concluded between Kofola ČeskoSlovensko a.s. and SANTA-TRANS s.r.o. on 1.6.2021,
- agreement on reimbursement of costs in Kofola Group senior management long-term remuneration program concluded between Kofola ČeskoSlovensko a.s. and UGO trade s.r.o. on 1.6.2021,
- car rental agreement concluded between UGO trade s.r.o. and Kofola ČeskoSlovensko a.s. on 29.6.2021,
- master service agreement and contract of mandate concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ), Kofola a.s. (SK), ONDRÁŠOVKA a.s., Karlovarská Korunní s.r.o., UGO trade s.r.o., LEROS, s.r.o., Premium Rosa Sp. z o.o., RADENSKA d.o.o., SANTA-TRANS s.r.o., Brute s.r.o. on 2.1.2021, as amended on 1.7.2021,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 15.7.2021,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 2.8.2021,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 1.11.2021,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 15.11.2021,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 1.1.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 1.1.2022 (2x),
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 1.1.2022 (9x),
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 1.1.2022 (9x),
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and RADENSKA d.o.o. on 1.1.2022 (2x),
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and UGO trade s.r.o. on 1.1.2022 (4x),
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 10.1.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 14.1.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 1.2.2022,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 18.2.2022,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 25.2.2022,
- share purchase agreement concluded between Kofola ČeskoSlovensko a.s. and RADENSKA d.o.o. on 7.3.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 15.3.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 4.4.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 29.4.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 6.5.2022,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 12.5.2022,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 1.1.2022, as amended on 1.7.2022,
- car rental agreement concluded between Kofola a.s. (SK) and Kofola ČeskoSlovensko a.s. on 8.7.2022,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 19.7.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 19.7.2022,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and F.H.Prager s.r.o. on 3.8.2022,
- loan agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 1.9.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (SK) on 1.1.2022, as amended on 21.10.2022,
- framework agreement - use of the Kofola Group´s fleet concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ), Kofola a.s. (SK), LEROS, s.r.o., Leros Slovakia, s.r.o., UGO trade s.r.o. on 1.1.2021, as amended on 1.1.2022 and 1.11.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 14.11.2022,
- car rental agreement concluded between Kofola a.s. (CZ) and Kofola ČeskoSlovensko a.s. on 1.12.2022 (2x),
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ) on 1.12.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and LEROS, s.r.o. on 1.12.2022,
- car rental agreement concluded between Kofola ČeskoSlovensko a.s. and Premium Rosa Sp. z o.o. on 1.12.2022.

All described contractual relationships between the Company and controlling entity or controlled entities were established under standard contractual terms and conditions when the agreed and provided performance or consideration corresponded to the conditions of a standard business relation. Some transactions were realized based on purchase orders or oral agreements.

8.7. ASSESSMENT OF ADVANTAGES AND DISADVANTAGES ARISING FROM RELATIONS BETWEEN RELATED ENTITIES

Controlled entity has advantages from relations with Group entities coming mainly from synergies from optimisation of processes and costs throughout the Group and from possibility to exploit access to financial, knowledge and technical potential of individual entities.

Controlled entity has no disadvantages from relations with Group entities.

The Company is not exposed to any specific risk from relations with Group entities except those arising from standard participation in international business group.

The Company has not suffered loss from contracts and agreements concluded in the Indicated period between the Company and other Group companies, or from other acts and measures that were concluded by the Company in the Indicated period based on instruction or in the interest of other Group entities.

In Ostrava, on 29 March 2024

René Musila Vice-Chair of the Board of Directors	Martin Pisklák Member of the Board of Directors

9. STATUTORY DECLARATION

Statutory declaration of persons responsible for the annual report of Kofola ČeskoSlovensko a.s.

To the best of our knowledge, the Separate Financial Statements and the Consolidated Financial Statements of Kofola ČeskoSlovensko a.s. („issuer“) and its Group for the reported year ended 31 December 2023, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position, and results of operations of the issuer and the entities included in the consolidation taken as a whole, and the Consolidated Annual Financial Report under the accounting law gives a true and fair view of the development and performance of the issuer and the position of the issuer and the entities included in the consolidation as a whole, including a description of the principal risks and uncertainties that they face.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

11.4.2024	**Janis Samaras**	**Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**René Musila**	**Vice-Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Daniel Buryš**	**Vice-Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Martin Pisklák**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Marián Šefčovič**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*

10. INDEPENDENT AUDITOR'S REPORT

KPMG Česká republika Audit, s.r.o.
Pobřežní 1a
186 00 Praha 8
Czech Republic
+420 222 123 111
www.kpmg.cz

This document is an unsigned version of an independent auditor's report that we issued on 11 April 2024 on the statutory separate and consolidated financial statements included in the annual financial report of Kofola ČeskoSlovensko a.s., prepared in accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements. The accompanying annual financial report has not been prepared in accordance with the ESEF Regulation and therefore does not represent a statutory annual financial report. Consequently, neither it nor this copy of the auditor's report is a legally binding document. We did not audit the consistency of the accompanying annual financial report with the statutory and legally binding annual financial report under the ESEF Regulation in English, and therefore we do not provide an opinion on the accompanying annual financial report.

Independent Auditor's Report

to the Shareholders of Kofola ČeskoSlovensko a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kofola ČeskoSlovensko a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information. Information about the Group is set out in Note 2 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of trademarks

As at 31 December 2023, the carrying amount of Trademarks and other rights:

MCZK 1 097; related impairment loss: nil;

Refer to significant accounting policies, section 3.5.4 and 3.5.5 and chapter 4.11 of the notes to the consolidated financial statements.

Description of key audit matter

Included within intangible assets are trademarks with both finite and indefinite useful life (such as, primarily, Kofola, Radenska, Vinea, ONDRÁŠOVKA, Karlovarská Korunní trademarks). Pursuant to the relevant provisions of the financial reporting standards, annual impairment testing is required for intangible assets with an indefinite useful life, irrespective of whether or not any impairment triggers were identified for such assets.

In estimating the recoverable amount of the assets in question, the Group applied the relief from royalty method to arrive at their estimated fair value. A complex model is applied in the impairment test, relying on adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Significant judgment is required in making key assumptions applied in the model, including those in respect of royalty rate, growth rate, terminal growth rate and discount rate.

Complex models using forward-looking assumptions tend to be prone to greater risk of management bias, error and inconsistent application. These conditions necessitate our additional attention in the audit, in particular to address the objectivity of sources used for assumptions, and their consistent application.

In addition, for particular trademarks, the Group applied the option stipulated in the financial reporting standards allowing not to re-estimate the recoverable amount provided certain conditions are met. In these instances, the recoverable amount from the prior year can be used in the current year impairment testing. Applying these conditions also requires management judgement.

Due to the above factors, this area required our increased attention in the audit and was considered by us to be a key audit matter.

Our audit approach to the key audit matter

Our audit procedures in the area included, among other things:

- We considered the appropriateness of the method and model applied by the Group in performing the annual impairment test, against the relevant requirements of the financial reporting standards;
- We assessed the integrity of the impairment model, including the accuracy of the underlying calculation formulas. We also tested design and implementation of selected internal controls within the impairment process, including those relating to the management's review and validation of the key assumptions underlying the impairment model and the outcome of the testing, including their evaluation of the business/operating and liquidity risks arising from the current economic situation, and plans for further actions in response to the risks identified;
- We assessed the appropriateness of the level (CGU vs. individual asset) at which the assets were tested for impairment, based on our understanding of the assets in question and the Group's

operations;

- We evaluated the quality of the Group's forecasting by comparing historical projections with current year's actual outcomes;
- Assisted by our own valuation specialists, we challenged the Group's key assumptions and judgments used in estimating the assets' recoverable amount, including:
  - discount rate - by reference to publicly available market inputs, such as risk-free rate, size premium, inflation and country premium;
  - other key assumptions such as royalty rate, growth rate and terminal growth rate – to publicly available market information and the Management Board-approved forecasts, challenged by us by reference to the Group's supporting documentation and via corroborating inquiries of the Management Board;
  - we also assessed whether the forecast revenues applied in the model properly excluded the amounts not associated with the trademarks in question.
- We considered the sensitivity of the impairment model and its outcome to reasonably possible changes in the key assumptions, such as discount rate, revenues and growth rate, to identify the assumptions at higher risk of bias or inconsistency in application;
- We challenged the management´s evaluation of conditions for applying the option allowing not to re-estimate the recoverable amount for particular trademarks and use the prior year recoverable amount for the current year impairment testing, mainly focusing on:
  - lack of observable indications that the asset's value has declined during the period significantly,
  - lack of significant changes with an adverse effect on the Group, which have taken place during the period, or will take place in the near future,
  - evaluating, assisted by our own valuation specialists, that no components of discount rate changed significantly leading to an increase in discount rate used in calculating an asset's fair value and decrease the asset's recoverable amount materially,
  - lack of evidence from internal reporting indicating that the economic performance of an asset is, or will be, worse than expected;
- We assessed impairment-related disclosures in the consolidated financial statements against the requirements of the financial reporting standards.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual financial report ("the annual report") other than the separate and the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board, in collaboration with Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the

Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying separate financial statements of Kofola ČeskoSlovensko a.s. ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2023, and the separate statement of profit or loss, the separate statement of other comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and notes to the separate financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note 2 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of trademarks

As at 31 December 2023, the carrying amount of Trademarks and other rights:

MCZK 233; related impairment loss: nil;

Refer to significant accounting policies, section 3.4.4 and 3.4.7 and chapter 4.12 of the notes to the separate financial statements.

Description of key audit matter

Included within intangible assets are trademarks with both finite and indefinite useful life (such as, primarily, Kofola and Semtex trademarks). Pursuant to the relevant provisions of the financial reporting standards, annual impairment testing is required for intangible assets with an indefinite useful life, irrespective of whether or not any impairment triggers were identified for such assets.

In 2023, the Company applied the option stipulated in the financial reporting standards allowing not to re-estimate the recoverable amount provided certain conditions are met. In these instances, the recoverable amount from the prior year can be used in the current year impairment testing. Applying these conditions requires management judgement.

In estimating the recoverable amount of the assets in question, the Company applied the relief from royalty method to arrive at their estimated fair value in the prior year. A complex model was applied in the impairment test, relying on adjusted historical performance, and a range of internal and external sources as inputs to the assumptions.

Due to the above factors, this area required our increased attention in the audit and was considered by us to be a key audit matter.

Our audit approach to the key audit matter

Our audit procedures in the area included, among other things:

- We considered the appropriateness of the method and model applied by the Company in performing the annual impairment test, against the relevant requirements of the financial reporting standards;
- We assessed the integrity of the impairment model, including the accuracy of the underlying calculation formulas. We also tested design and implementation of selected internal controls within the impairment process, including those relating to the management's review and validation of the utilization of prior year recoverable amount within the impairment model;
- We assessed the appropriateness of the level (CGU vs. individual asset) at which the assets were tested for impairment, based on our understanding of the assets in question and the Company's operations;
- We evaluated the quality of the Company's forecasting by comparing historical projections with current year's actual outcomes;
- We considered the sensitivity of the impairment model and its outcome to reasonably possible changes in the key assumptions, such as discount rate, revenues and growth rate, to identify the assumptions at higher risk of bias or inconsistency in application;
- We challenged the management´s evaluation of conditions for applying the option allowing not to re-estimate the recoverable amount for trademark and use the prior year recoverable amount for the current year impairment testing, mainly focusing on:

- lack of observable indications that the asset's value has declined during the period significantly,
- lack of significant changes with an adverse effect on the Group, which have taken place during the period, or will take place in the near future,
- evaluating, assisted by our own valuation specialists, that no components of discount rate changed significantly leading to an increase in discount rate used in calculating an asset's fair value and decrease the asset's recoverable amount materially,
- lack of evidence from internal reporting indicating that the economic performance of an asset is, or will be, worse than expected;

— We assessed impairment-related disclosures in the separate financial statements against the requirements of the financial reporting standards.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual financial report ("the annual report") other than the separate and the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the separate financial statements does not cover the other information. In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the separate financial statements is, in all material respects, consistent with the separate financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board, in collaboration with Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor´s report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company and the Group by the General Meeting of Shareholders on 28 June 2021 and our uninterrupted engagement has lasted for 6 years.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 9 April 2024 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

In addition to the statutory audit, the following services were provided by us to the Company and its controlled undertakings that have not been disclosed in notes to the separate and consolidated financial statements or annual report:

Name	Description of services provided
Kofola ČeskoSlovensko a.s.	Work related to report on remuneration

Report on Compliance with the ESEF Regulation

We have undertaken a reasonable assurance engagement on the compliance of all financial statements included in the annual report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements.

Responsibilities of the Statutory Body

The Company's statutory body is responsible for the preparation of financial statements that comply with the ESEF Regulation. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation;
- the preparation of all financial statements included in the annual report in the applicable XHTML format; and
- the selection and application of XBRL mark-ups as required by the ESEF Regulation.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements included in the annual report comply, in all material respects, with the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000").

The nature, timing and extent of procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with the above standard will always detect any existing material non-compliance with the ESEF Regulation.

Our selected procedures included:

- obtaining an understanding of the requirements of the ESEF Regulation;
- obtaining an understanding of the Company's internal control relevant to the application of the ESEF Regulation;
- identifying and assessing the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- based on the above, designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to evaluate whether:

- the financial statements included in the annual report were prepared in the applicable XHTML format;
- the disclosures in the consolidated financial statements as specified in the ESEF Regulation were marked up, with all mark-ups meeting the following requirements:
    - the XBRL mark-up language was used;
    - the elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
    - the mark-ups complied with the common rules on mark-ups specified in the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company's financial statements for the year ended 31 December 2023 included in the annual report are, in all material respects, in compliance with the ESEF Regulation.

Other Matter

Given the possible technical limitations of the tools used in preparing the consolidated financial statements in compliance with the requirements of the ESEF Regulation, the content of some block tags in the machine-readable format of the notes to these consolidated financial statements may not be reproducible in the same form as in the human-readable layer of the audited consolidated financial statements.

Statutory Auditor Responsible for the Engagement

Blanka Dvořáková is the statutory auditor responsible for the audit of the separate and consolidated financial statements of Kofola ČeskoSlovensko a.s. as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
11 April 2024

KPMG Česká republika Audit, s.r.o.
Registration number 71

UNSIGNED VERSION

Blanka Dvořáková
Partner
Registration number 2031

CONSOLIDATED FINANCIAL STATEMENTS 2023

Kofola ČeskoSlovensko a.s.

1. CONSOLIDATED FINANCIAL STATEMENTS

1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

Consolidated statement of profit or loss	Note	2023	2022
		CZK´000	CZK´000
Revenue	4.2	8,690,103	7,875,284
Cost of sales	4.3	(4,802,651)	(4,564,018)
Gross profit		**3,887,452**	**3,311,266**
Selling, marketing and distribution costs	4.3	(2,487,765)	(2,329,973)
Administrative costs	4.3	(707,052)	(466,509)
Other operating income	4.4	89,917	47,858
Other operating expenses	4.5	(35,349)	(80,002)
Operating profit/(loss)		**747,203**	**482,640**
Finance income	4.6	34,256	158,282
Finance costs	4.7	(295,532)	(241,078)
Share of profit/(loss) of equity accounted investees	4.12	(3,985)	-
Profit/(loss) before income tax		**481,942**	**399,844**
Income tax (expense)/benefit	4.8	(112,965)	(135,925)
Profit/(loss) for the period	1.2	**368,977**	**263,919**
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.	1.5	365,397	269,150
Non-controlling interests	1.5	3,580	(5,231)
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company (in CZK)			
Basic earnings/(loss) per share	4.9	16.39	12.07

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

1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

Consolidated statement of other comprehensive income	Note	2023	2022
		CZK´000	CZK´000
Profit/(loss) for the period	1.1	**368,977**	**263,919**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences		**28,882**	**(29,345)**
Exchange differences on translation of foreign subsidiaries		27,221	(29,345)
Exchange differences on translation of foreign equity accounted investees		1,661	-
Derivatives accounted through Other comprehensive income		**(60,478)**	**(5,143)**
Derivatives - Cash flow hedges		(74,384)	(6,350)
Deferred tax from Cash flow hedges	4.8	13,906	1,207
Other comprehensive income/(loss) for the period, net of tax		**(31,596)**	**(34,488)**
Total comprehensive income/(loss) for the period	1.5	**337,381**	**229,431**
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.	1.5	333,801	234,662
Non-controlling interests	1.5	3,580	(5,231)

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

1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023 and 31 December 2022 in CZK thousand.

Assets	Note	31.12.2023	31.12.2022
		CZK´000	CZK´000
Non-current assets		**5,130,248**	**5,088,930**
Property, plant and equipment	4.10	3,113,262	3,098,477
Goodwill	4.11	662,318	647,969
Intangible assets	4.11	1,159,796	1,177,692
Investments in equity accounted investees	4.12	75,696	-
Other receivables	4.14	80,569	164,792
Deferred tax assets	4.8	38,607	-
Current assets		**2,897,353**	**2,414,503**
Inventories	4.13	706,191	766,437
Trade and other receivables	4.14	1,119,938	997,989
Income tax receivables		125	23,635
Cash and cash equivalents	4.15	1,071,099	626,442
Total assets		**8,027,601**	**7,503,433**

Liabilities and equity	Note	31.12.2023	31.12.2022
		CZK´000	CZK´000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.	1.5	**1,457,845**	**1,332,365**
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	2,614,776	2,516,742
Foreign currency translation reserve	1.5	(1,193)	(30,075)
Own shares	1.5	(467,382)	(467,382)
Retained earnings/(Accumulated deficit)	1.5	159,918	161,354
Equity attributable to non-controlling interests	1.5	**5**	**(44,736)**
Total equity	1.5	**1,457,850**	**1,287,629**
Non-current liabilities		**3,762,652**	**3,664,098**
Bank credits and loans	4.18, 4.26.1	3,153,945	3,058,226
Lease liabilities	4.22, 4.26.1	215,891	252,594
Provisions	4.17	51,505	32,613
Other liabilities	4.19	76,847	16,825
Deferred tax liabilities	4.8	264,464	303,840
Current liabilities		**2,807,099**	**2,551,706**
Bank credits and loans	4.18, 4.26.1	447,315	491,799
Lease liabilities	4.22, 4.26.1	113,652	118,863
Provisions	4.17	182,248	100,509
Trade and other payables	4.19	1,982,385	1,832,832
Income tax liabilities		81,499	7,703
Total liabilities		**6,569,751**	**6,215,804**
Total liabilities and equity		**8,027,601**	**7,503,433**

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

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

Consolidated statement of cash flows	Note	2023	2022
		CZK´000	CZK´000
Cash flows from operating activities*			
Profit/(loss) before income tax	1.1	481,942	399,844
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.3	540,421	586,096
Net interest	4.6, 4.7	242,935	209,973
Share of result of equity accounted investees, net of tax	4.12	3,985	-
Impairment/(Release of impairment) of non-current assets	4.10.1	-	32,209
Change in the balance of provisions	4.17	98,846	7,052
Change in the balance of other impairments		12,674	(15,115)
Derivatives	4.6, 4.7	(19,752)	(127,841)
Realised (gain)/loss on sale of Property, plant and equipment and Intangible assets	4.4, 4.5	(40,502)	(3,085)
Net exchange differences		23,311	(16,536)
Share based payment	4.21	158,512	(1,508)
Other		702	(4,995)
Cash movements			
Income taxes paid		(83,644)	(97,881)
Change in operating assets and liabilities			
Change in receivables		(74,731)	(140,964)
Change in inventories		64,522	(135,341)
Change in payables		75,429	230,865
Net cash inflow/(outflow) from operating activities		**1,484,650**	**922,773**
Cash flows from investing activities			
Sale of Property, plant and equipment		7,340	31,447
Sale of the closed Grodzisk Wielkopolski plant		119,025	-
Acquisition of Property, plant and equipment and Intangible assets		(417,083)	(413,683)
Acquisition of subsidiaries, net of cash acquired		(22,677)	-
Acquisition of equity accounted investees		(40,424)	-
Interest received		211	47
Loans granted		(4,870)	-
Proceeds from repaid loans		500	-
Capital contributions		(38,083)	-
Net cash inflow/(outflow) from investing activities		**(396,061)**	**(382,189)**
Cash flows from financing activities			
Lease payments	4.26.1	(137,343)	(143,451)
Proceeds from loans and bank credits	4.26.1	285,807	400,915
Repayment of loans and bank credits	4.26.1	(294,868)	(214,663)
Dividends paid to Company´s shareholders		(286,601)	(253,012)
Interest paid		(240,528)	(207,177)
Realised derivatives	4.6, 4.7	19,752	1,219
Terminated derivatives	4.6, 4.7	-	126,622
Dividends not drawn		-	2,643
Transaction costs connected with loan financing		-	(7,482)
Other		(2,510)	(1,938)
Net cash inflow/(outflow) from financing activities		**(656,291)**	**(296,324)**
Net increase/(decrease) in cash and cash equivalents		**432,298**	**244,260**
Cash and cash equivalents at the beginning of the period	1.3	**626,442**	**391,517**
Effects of exchange rate changes on cash and cash equivalents		12,359	(9,335)
Cash and cash equivalents at the end of the period	1.3	**1,071,099**	**626,442**

** The Group has elected to present cash flows from operating activities using the indirect method.*
The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

		Equity attributable to owners of Kofola ČeskoSlovensko a.s.										
Consolidated statement of changes in equity	**Note**	**Share capital**	**Share premium and capital reorganisation reserve**	**Interest rate swaps**	**Share based payment**	**Other funds**	**Foreign currency translation reserve**	**Own shares**	**Retained earnings/ (Accumulated deficit)**	**Total**	**Equity attributable to non-controlling interests**	**Total equity**
		CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Balance as at 1 January 2023		**1,114,597**	**(1,962,871)**	**69,413**	**18,567**	**2,428,762**	**(30,075)**	**(467,382)**	**161,354**	**1,332,365**	**(44,736)**	**1,287,629**
Profit/(loss) for the period	1.1	-	-	-	-	-	-	-	365,397	**365,397**	3,580	**368,977**
Other comprehensive income/(loss)	1.2	-	-	(60,478)	-	-	28,882	-	-	**(31,596)**	-	**(31,596)**
Total comprehensive income/(loss) for the period		**-**	**-**	**(60,478)**	**-**	**-**	**28,882**	**-**	**365,397**	**333,801**	**3,580**	**337,381**
Dividends	4.16.4	-	-	-	-	-	-	-	(286,601)	**(286,601)**	-	**(286,601)**
Share based payment	4.21	-	-	-	158,512	-	-	-	-	**158,512**	-	**158,512**
Acquisition of NCI without change in control	4.30	-	-	-	-	-	-	-	(80,718)	**(80,718)**	41,156	**(39,562)**
Acquisition of subsidiary with NCI		-	-	-	-	-	-	-	-	**-**	5	**5**
Dividends not collected		-	-	-	-	-	-	-	486	**486**	-	**486**
Transactions with owners in their capacity as owners		**-**	**-**	**-**	**158,512**	**-**	**-**	**-**	**(366,833)**	**(208,321)**	**41,161**	**(167,160)**
Balance as at 31 December 2023		**1,114,597**	**(1,962,871)**	**8,935**	**177,079**	**2,428,762**	**(1,193)**	**(467,382)**	**159,918**	**1,457,845**	**5**	**1,457,850**

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

Dividend distribution

The General Meeting held outside of the meeting during 4 – 19 September 2023 has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 286,601 thousand in the consolidated financial statements.

1. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.									Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Interest rate swaps	Share based payment	Other funds	Foreign currency translation reserve	Own shares	Retained earnings/ (Accumulated deficit)	Total		
		CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	**CZK´000**	CZK´000
Balance as at 1 January 2022		**1,114,597**	**(1,962,871)**	**74,556**	**30,026**	**2,428,762**	**(730)**	**(477,333)**	**129,457**	**1,336,464**	**(39,505)**	**1,296,959**
Profit/(loss) for the period	1.1	-	-	-	-	-	-	-	269,150	**269,150**	(5,231)	**263,919**
Other comprehensive income/(loss)	1.2	-	-	(5,143)	-	-	(29,345)	-	-	**(34,488)**	-	**(34,488)**
Total comprehensive income/(loss) for the period		**-**	**-**	**(5,143)**	**-**	**-**	**(29,345)**	**-**	**269,150**	**234,662**	**(5,231)**	**229,431**
Dividends	4.16.4	-	-	-	-	-	-	-	(239,896)	**(239,896)**	-	**(239,896)**
Shares transfer to share based payment participants	4.16.2	-	-	-	(9,951)	-	-	9,951	-	**-**	-	**-**
Share based payment	4.21	-	-	-	(1,508)	-	-	-	-	**(1,508)**	-	**(1,508)**
Dividends not collected		-	-	-	-	-	-	-	2,643	**2,643**	-	**2,643**
Transactions with owners in their capacity as owners		**-**	**-**	**-**	**(11,459)**	**-**	**-**	**9,951**	**(237,253)**	**(238,761)**	**-**	**(238,761)**
Balance as at 31 December 2022		**1,114,597**	**(1,962,871)**	**69,413**	**18,567**	**2,428,762**	**(30,075)**	**(467,382)**	**161,354**	**1,332,365**	**(44,736)**	**1,287,629**

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

Dividend distribution

The General Meeting held outside of the meeting during 5 – 20 September 2022 has approved a distribution of dividends in the amount of CZK 11.3 per share, i.e. CZK 239,896 thousand in the consolidated financial statements.

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, in the Czech Republic. The Company´s websites are https://www.kofola.cz/ and the phone number is +420 595 601 030. LEI: 3157005DO9L5OWHBQ359. Company’s principal place of business is Ostrava.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2023 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 eleven production plants and key trademarks include Kofola, Jupí, Jupík, Rajec, Radenska, Semtex energy drink, Vinea, Ondrášovka and Korunní. On selected markets, the Group distributes among others Rauch, Evian, Café Reserva and Dilmah products and under the licence produces Royal Crown Cola or Orangina. Besides traditional non-alcoholic drink segment, Group is also entering new smaller segments through the acquisition of coffee plantations and apple orchards, but with its latest acquisition of Pivovary CZ Group a.s. realized in March 2024, at is also entering the beer segment.

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. AETOS a.s. is also an ultimate parent of the Group. The ownership structure is described in section 4.24.1.

Stock exchange listing

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

MANAGEMENT

As at 31 December 2023, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chair
- René Musila – Vice-Chair
- Daniel Buryš – Vice-Chair
- Martin Pisklák
- Martin Mateáš
- Marián Šefčovič

SUPERVISORY BOARD

- René Sommer – Chair
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Alexandros Samaras
- Ladislav Sekerka

AUDIT COMMITTEE

- Zuzana Prokopcová – Chair
- Petr Šobotník
- Lenka Frostová

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

Group structure chart as at 31 December 2023

Description of the group companies

Name of entity	Place of business	Segment (section 4.1)	Principal activities	Ownership interest and voting rights	
				31.12.2023	31.12.2022
Holding companies					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company		
Cafe Dorado s.r.o.*	Czech Republic	Fresh & Herbs	holding company	50.00%	n/a
PIVOVARY TRIANGL s.r.o.***	Czech Republic	n/a	holding company	51.00%	n/a
Bilgola fresh s.r.o.*****	Czech Republic	Fresh & Herbs	holding company	100.00%	n/a
Production and trading					
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%
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%
F.H.Prager s.r.o.	Czech Republic	CzechoSlovakia	production and distribution of ciders and kombucha	100.00%	100.00%
Semtex Republic s.r.o.	Czech Republic	CzechoSlovakia	marketing activities	100.00%	100.00%
Zahradní OLLA s.r.o.**	Czech Republic	n/a	production and distribution of self-watering clay pots	34.00%	n/a
FILIP REAL a.s.***	Czech Republic	n/a	hotel operation	100.00%	n/a
Bylinkárna s.r.o.	Czech Republic	Fresh & Herbs	products completion and packaging	100.00%	100.00%
General Plastic, a. s.****	Slovakia	CzechoSlovakia	production of hot-washed PET flakes and PET preforms	33.33%	n/a
AGRITROPICAL S.A.S.*****	Colombia	n/a	coffee plantations	25.00%	n/a
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%

* Established in Jun 2023. ** Acquired in Sep 2023. *** Established in Nov 2023. **** Acquired in May 2023. ***** Acquired in Dec 2023.
****** Effective share of Kofola Group in UGO trade s.r.o. is 100% after the acquisition of Bilgola fresh s.r.o. in Dec 2023.

3. MATERIAL ACCOUNTING POLICIES

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 Accounting Standards"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2023.

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 share-based payments measured at grant date fair value and contingent consideration relating to business combinations at fair value.

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

The Group's consolidated financial statements cover the year ended 31 December 2023 and the year ended 31 December 2022 (comparatives).

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 Accounting Standards 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 National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- operating income and expense – 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.

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

Closing exchange rates	31.12.2023	31.12.2022
CZK/EUR	24.725	24.115
CZK/PLN	5.694	5.152
CZK/HRK	n/a	3.200

Average exchange rates	1.1.2023 - 31.12.2023	1.1.2022 - 31.12.2022
CZK/EUR	24.007	24.565
CZK/PLN	5.290	5.245
CZK/HRK	n/a	3.260

Croatia is part of Eurozone since 1 January 2023, as such, the balances of Studenac d.o.o. have been translated to CZK from EUR.

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

3.4.1 SUBSIDIARIES

General methods

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and initially recognized non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share of the acquired carrying value of net assets of the subsidiary is recorded in retained earnings. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value as at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.4.2 ASSOCIATES AND EQUITY ACCOUNTED INVESTEES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint venture or Joint operation is an investment where the Group has a joint control over the investment. Equity accounted investees are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the net assets of the investee after the date of acquisition. The Group's investment in equity accounted investees includes goodwill identified on acquisition.

If the ownership interest is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in profit or loss and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an investment equals or exceeds its interest in the investment, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment.

The foreign investments are retranslated using foreign exchange rate valid at the balance sheet date and any resulting difference is recognised in Other comprehensive income.

The Group determines as at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount adjacent to share of profit/(loss) of investment in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its investments are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the investments. Unrealised gains and losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the investments have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.5. ACCOUNTING METHODS

3.5.1 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses. Items acquired in a business combination are measured at their acquisition-date fair values. The costs of non-current assets consist of their acquisition price plus all costs directly associated with the asset's acquisition and adaptation for use. The costs also include the cost of replacing parts of machines and equipment as they are incurred, if the recognition criteria are met. Costs incurred after the asset is given over for use, such as maintenance and repairs, are charged to the income statement as they are incurred.

If circumstances occurred during the preparation of the financial statements indicating that the carrying value of item of property, plant and equipment may not be recoverable, the said asset is tested for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there are indications that impairment might have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units to which the assets belong is reduced to the value of the recoverable amount. The recoverable value corresponds to the higher of the following two values: the fair value less costs of disposal, or the value in use. When determining value in use, the estimated future cash flows are discounted to the present value using a post-tax discount rate reflecting the current market assessments of the time value of money and the risk associated with the given asset component. If the asset component does not generate income sufficiently independently, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment write downs are recognised in the income statement under other operating costs or in the separate row if material.

A given tangible non-current asset is derecognised from the balance sheet when it is sold or if no economic benefits are anticipated from its continued use. All profits and losses arising from the derecognition (calculated as the difference between the potential proceeds from the sale and the balance sheet value of a given item) are recognised in the income statement in the period in which the derecognition was performed.

Assets under construction consist of non-current assets that are being constructed or assembled and are stated at acquisition price or cost of production. Non-current assets under construction are not depreciated until the construction is completed and the assets given over for use.

Returnable packages in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss. Returnable packages allocated at customers are covered by advances received and are further described in section 3.5.6. When the advances received are written-off, the respective returnable packages are derecognized.

The balance sheet value, the useful life and the depreciation method of non-current assets are verified, and, if need to be, adjusted, at the end of each financial year.

Items of income and expense related to sold property, plant and equipment are offset on individual company level.

Depreciation

Items of property, plant and equipment, or their significant and separate components, are depreciated using the straight-line method to allocate their costs to their residual values over their economic useful lives. Land is not depreciated. Depreciation of returnable packages is recorded to write them off over the course of their economic life. The Group assumes the following economic useful lives for the following categories of non-current assets:

Asset category	Useful life
Buildings and constructions	20 – 40 years
Technical improvement on leased property	9 years in average
Plant and equipment	2 – 15 years
Vehicles	4 – 10 years
Returnable packages	2 – 10 years

3.5.2 LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration on the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset (RoUA) and a lease liability at the lease commencement date. The RoUA is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The RoUA is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the RoUA reflects that the Group will exercise a purchase option. In that case the RoUA will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the RoUA is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses interest rate implicit in the lease for the vehicle leases and its incremental borrowing rate for other leases.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the RoUA, or is recorded in profit or loss if the carrying amount of the RoUA has been reduced to nil.

The Group presents RoUA that do not meet a definition of investment property in Property, plant and equipment and lease liabilities on separate rows in the statement of financial position.

The Group leases mainly the head office administrative building, premises for Fresh and Salad bars, production equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options or may be longer in case of rents of lands. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension options relate mainly to long-term contracts and in most cases are not expected to be utilized due to length of the period and associated future uncertainties in macroeconomic and microeconomic development.

Short-term leases and leases of low-value assets

The Group has elected not to recognise RoUA and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease paymets associated with the leases as an expense on a straight-line basis over the lease term.

3.5.3 GOODWILL

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination.

Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Any impairment of goodwill cannot be subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

3.5.4 INTANGIBLE ASSETS

Intangible assets acquired in a separate transaction are initially stated at acquisition price. The acquisition price of intangible assets acquired in a business combination is equal to their fair value as at the date of the combination. After their initial recognition, intangible assets are stated at their historical price or production costs less accumulated amortisation and impairment write downs. Expenditures on internal research and development, except for capitalised development costs of identifiable intangible assets, are not capitalised and are recognised in the income statement of the period in which they were incurred.

The Group determines whether the economic useful life of an intangible asset is finite or indefinite. A significant part of the Group's intangible assets constitute trademarks, for most of them the Group has determined that they have an indefinite useful life. The Group companies are the owners of some of the leading trademarks in non-alcoholic beverages in Central Europe. As a result, these trademarks are generating positive cash flows and the Group owns the trademarks for the long term. The Board considered several factors and circumstances in concluding that these trademarks have indefinite useful lives, such as size, diversification and market share of each trademark, the trademark's past performance, long-term development strategy, any laws or other local regulations which may affect the life of the assets and other economic factors, including the impact of competition and market conditions. The Group's management expects that it will hold and promote trademarks for an indefinite period through marketing and promotional support. The trademarks with indefinite useful lives are tested for impairment at least annually. The Group has reassessed useful lives of assets with indefinite useful life and concluded that current events and circumstances continue to support an indefinite useful life assessment.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there are impairment indicators. Useful life and method of amortisation of intangible assets with finite lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Intangible assets with finite useful lives are assessed for impairment whenever there are impairment indicators.

Intangible assets are amortised using the straight-line method over their useful lives:

Asset category	Useful life
Software licences	3 – 16 years
Computer software	3 – 6 years
Other licences	5 – 7 years
Valuable rights	5 – 10 years

3.5.5 RECOVERABLE VALUE OF NON-FINANCIAL ASSETS

For its non-financial assets, except for inventory and deferred tax assets, the Group evaluates its assets whether indicators of impairment are present as at each balance sheet date. For goodwill and indefinite life intangible assets, the Group performs a formal estimate of the recoverable amount annually, for remaining assets the estimate is performed in case of presence of impairment indicators. If the carrying value of a given asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and written down to its recoverable amount. The recoverable amount corresponds to the higher of the following two values: the fair value less costs of disposal, or the value in use of a given asset or cash generating unit. When determining value in use, the estimated future cash flows are discounted to the present value using a post-tax discount rate reflecting the current market assessments of the time value of money and the risk associated with the given asset component. Impairment write downs are recognised in the income statement under other operating costs or in the separate row if material. The impairment loss recognised, except for impairment of goodwill, may be reversed in future periods if the asset's value recovers.

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If there isn't any such cash-generating unit, as a CGU is considered the whole entity and any impairment loss is allocated to the particular entity's assets respecting the IFRS Accounting Standards requirements on order of the impairment loss allocation.

3.5.6 FINANCIAL INSTRUMENTS

Financial instrument is any formal agreement that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity.

The most significant assets that are subject to the financial instruments accounting policies are:

- derivative instruments (swap contracts),
- other financial receivables,
- trade receivables,
- cash.

The most significant liabilities that are subject to the financial instruments accounting policies:

- loan payables,
- derivative instruments (swap contracts),
- trade payables,
- advances received for the returnable packages,
- contingent/deferred consideration liabilities,
- lease liabilities.

The Group's financial assets/liabilities are classified to the following categories:

- measured at amortized costs,
- fair value through other comprehensive income (FVTOCI), and
- fair value through profit and loss (FVTPL).

Classification is based on the nature of the assets/liabilities and management intention. The Group classifies its assets/liabilities at their initial recognition.

Financial assets/liabilities

Financial assets are initially recognised at fair value, except for trade receivables which are initially recognised based on IFRS 15 transaction price. Their initial valuation is increased by transaction costs, with the exception of financial assets stated at fair value through profit or loss. The transaction costs payable in case of a possible disposal of the asset are not deducted from subsequent measurement of financial assets. The asset is recognised in the balance sheet when the Group becomes a party to the agreement (contract), out of which the financial asset arises.

Financial liabilities are initially recognised at fair value. Transaction costs are deducted from the amount at initial recognition, except for financial liabilities at fair value through the profit or loss. The transaction costs payable upon a transfer of a financial liability are not added to the subsequent valuation of financial liabilities. The financial liabilities are recognised in the balance sheet when the Group becomes a party to the agreement, out of which the financial liability arises.

Financial assets/liabilities measured at amortized costs

Financial assets measured at amortized costs include primarily trade receivables, bank deposits and other cash funds. Depending on their maturity date, they are included in non-current assets (assets due in more than 1 year after the end of the reporting period) or current assets (assets due within 1 year after the end of the reporting period). The assets included in this category are stated at amortised cost using the effective interest method.

Financial liabilities include primarily trade payables, advances received for the returnable packages, leases and loans. The liabilities included in this category are stated at amortised cost using the effective interest method.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial liabilities are measured at mortised costs under the effective interest method. Interest expense expense and foreign exchange gains and losses are recognised in profit or loss.

Financial liabilities include also advances received from customers for the returnable packages (e.g. bottles, crates, pallets, KEGs). These are recognized when the cash advance for the returnable packages is received. Such liabilities are derecognized when the returnable packages are returned to the Group. Liabilities from advances received for the returnable packages are payable on demand and as such are presented within current liabilities undiscounted. Some of returnable packages are never returned to the Group and advances related to these packages are regularly written-off against profit or loss. The amount of write-offs is based on management historical experience with the rate of return of particular types of packages.

Financial assets/liabilities measured at fair value through other comprehensive income

Except for interest rate swaps for which the hedge accounting is applied, the Group doesn't have any assets/liabilities measured at fair value through other comprehensive income.

Derivative financial instruments and hedge accounting

This category includes derivative instruments in the Group's balance sheet. The Group holds derivative financial instruments to hedge its interest rate risk exposures. Financial assets/liabilities within this category serve for the hedging of risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges) and are presented within other receivables/other payables.

At the inception of the hedging relationship, there is a formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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

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

Amount accumulated in the hedging reserve and the cost of hedging reserve are reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 1 year after the end of the reporting period.

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

Financial assets/liabilities measured at fair value through profit or loss

This category in general includes two groups of assets: financial assets held for trading and financial assets designated initially at fair value through profit or loss. A financial asset is included in the held for trading category if it was acquired in order to be sold in the near term, or if it is part of a portfolio in which a pattern or short-term trading exists, or if it is a derivative instrument with a positive fair value and not designated for hedges.

Assets classified as financial assets designated at fair value through profit or loss are stated as at each reporting date at fair value, and all gains or losses are recognised as financial income or costs. Derivative financial instruments are stated at fair value as at the balance sheet date and as at the end of each reporting period based on valuations performed by the banks realising the transactions which are accepted by the management. Other financial assets designated at fair value through profit or loss are valued using stock exchange prices, and in their absence, using appropriate valuation techniques, such as: the use of the prices in recent transactions, comparisons with similar instruments, option valuation models. The fair value of debt instruments represents primarily future cash flows discounted at the current market interest rate applicable to similar instruments.

This category includes two groups of liabilities: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss. Financial liabilities held for trading are liabilities that: have been issued primarily to be transferred or repurchased in near term or are a component of a portfolio of financial instruments that are managed together with a purpose of generating a profit from short-term fluctuations in price or trader's margin or constitute derivative instruments.

Financial liabilities at fair value through profit or loss are measured at their fair value at the end of each reporting period, and all gains or losses are recognised as finance income or costs. Derivative instruments are measured at fair value at the end of each reporting period based on valuations performed by the banks realising the transactions which are accepted by the management. The fair value of debt instruments represents future cash flows discounted at the current market interest rate applicable to similar instruments.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortized costs. For trade receivables, the Group measures loss allowances at an amount equal to lifetime ECLs. For other financial assets the Group measures loss allowances at amount equal to either 12-month ECL or lifetime ECL (when the credit risk of an asset has increased significantly).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort (mainly historical experience, credit assessment, current and forward-looking information available to the management).

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime expected credit losses are those that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses constitute the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade. The Group considers this to be Ba1 or higher per rating of agency Moody's.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Derecognition of financial assets/liabilities

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

The Group derecognises financial liability (or part of a financial liability) when it extinguishes, i.e. when the obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. However, the offsetting is not possible if it cannot be legally enforced in the normal course of business, in the event of default or in the event of insolvency or bankruptcy of the entity or any of the counterparties.

3.5.7 INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventory is written down to bring the carrying value of inventory to the net realisable value. Inventory write downs are recognised in the income statement under the “cost of goods sold” item. Reversals of inventory write downs are recorded as a decrease of the cost of goods sold. The amount of a write down decreases the carrying value of the inventory.

3.5.8 TRADE AND OTHER RECEIVABLES

Trade and other financial receivables are carried at amortised cost (i.e. present value discounted using the effective interest rate) net of impairment write downs.

In cases when the effect of the time value of money is significant, the carrying value of a receivable is determined by discounting the expected future cash flows to the present value, using a discount rate that reflects the current market assessments of the time value of money. Unwinding of the effects of discounting increasing the receivable is recorded as finance income.

An impairment loss is recognised in profit or loss at the difference between an asset´s carrying amount and the present value of the estimated cash flows discounted at the asset´s original effective interest rate. For the measurement of loss allowance for financial assets refer to section 3.5.6.

Non-financial receivables are assessed at each reporting date to determine whether there is an objective evidence of impairment. Such evidence includes:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation,
- default or delinquency by the debtor.

3.5.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, as well as highly liquid investments that can be readily convertible to known amount of cash and are subject to insignificant changes in the value.

The balance of cash and cash equivalents presented in the consolidated statement of cash flows consists of cash at bank and in hand, as well as short-term deposits with original maturity up to 3 months.

3.5.10 EQUITY

Equity is classified by category and in accordance with binding legal regulations and the Company's Statute.

Share capital is carried at the amount stated in the Statute and in the National Court Register.

Declared but unpaid capital contributions are recorded as unpaid share capital. Treasury shares and unpaid share capital are deducted from the Company's equity.

Other elements of equity are: Share premium and capital reorganisation reserve, Other reserves, Foreign currency translation reserve, Own shares, Retained earnings and Non-controlling interest. Balance of the Foreign currency translation reserve is adjusted for exchange differences arising from the translation of financial statements of subsidiaries with functional currency different from Group's presentation currency.

Own shares of the Company acquired by the Group are recorded at cost as a negative amount as a separate component of equity.

Retained earnings/Accumulated deficit consist of accumulated profit or uncovered loss from previous years and the profit/loss for the period.

Dividends are recognised as liabilities in the period in which they were approved.

Non-controlling interest

Non-controlling interest is measured:

- based on the share on the acquired net identifiable assets; and
- subsequently increased/decreased by non-controlling interest's share of profit, dividends paid, share in other comprehensive income and effects of changes in ownership.

3.5.11 INTEREST-BEARING BANK CREDITS AND LOANS

At initial recognition, all bank credits and loans are recorded at their fair value, which corresponds to the received cash funds, less the costs of obtaining the credit or loan.

After their initial recognition, interest bearing credits and loans are stated at amortised cost by applying the effective interest rate method.

Amortised cost is determined by taking into account the costs of obtaining the credit or loan, as well as discounts and bonuses received or settlement fees charged at the settlement of the liability.

3.5.12 TRADE LIABILITIES AND OTHER LIABILITIES

Financial liabilities constitute a current obligation arising out of past events, the fulfilment of which is expected to result in an outflow of cash or other financial assets.

Financial liabilities other than financial liabilities stated at fair value through profit or loss are measured at amortised cost (i.e. discounted using the effective interest rate).

Exchange rate differences resulting from the balance sheet remeasurement of trade payables are recognised in cost of sales.

Non-financial current liabilities are measured at amounts due.

3.5.13 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are created when the Group has a present obligation (legal or constructive) arising out of past events, and when it is likely that the fulfilment of this obligation will result in an outflow of economic benefits, and when the amount of the obligation can be reliably measured. If the Group has a right to be reimbursed for the costs covered by the provision, for example based on an insurance policy, then the reimbursement is recognised as a separate asset, but only if it is virtually certain that the reimbursement will be received. The costs relating to a given provision are presented in the income statement net of any reimbursements. If the time value of money is material, the carrying amount of the provision is determined by discounting the forecasted future cash flows to their present values using a pre-tax discount rate reflecting the current market assessments of the time value of money and any risks associated with the given obligation. Subsequent increases of the provision due to unwinding of discount are presented as interest expense.

Contingent liability is an obligation of sufficient uncertainty that it does not qualify for recognition as a provision, unless it is assumed in a business combination.

3.5.14 EMPLOYEE BENEFITS

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity or to a state pension plan. Obligations for contributions to defined contribution plans are expensed as the related service is provided. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. The liability recognised in respect of defined benefit pension plans represents the amount of estimated future benefit that employees have earned in the current and prior periods, net of the fair value of any plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the corresponding pension obligation.

Material actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the Group recognises costs for a restructuring that is within the scope of IAS 37 and the restructuring involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes of such/these conditions.

The fair value of shares granted is based on the stock market share price as of the grant date that was adjusted for the expected fulfilment of non-vesting conditions and market conditions, expected dividend payments and shares restrictions.

In terms of non-vesting conditions, it is expected that all participants will fulfil the set administrative tasks and also period of holding the shares after their acquisition. In terms of Pair shares, new share based payment program participants are expected to utilize the annual gross salary limit in 75%. Participants from the previous share based payment program that are also participants in this share based payment program are expected to utilize the annual gross salary limit in 100%. Market condition is represented mainly by the expected share price on Prague Stock Exchange. The projection of the share price was determined using the Monte Carlo simulation that is based on historical data (starting from June 2018) from which the average growth rate as well as standard deviation are determined. These, together with the random input from normal distribution, serve as a base for the projection of share price development in particular future months. Expected dividends were for the purpose of valuation determined in line with the historical resolutions. And due to existing time limitations on sale, the fair value was decreased by approximately 15% which is a discount rate reflecting the overall market restriction discounts, Group's market capitalization, industry and shares holding period.

Share based payment Plan 2021 - 2026

In the year 2021, the Group introduced a new program for long-term remuneration of senior managers of the Group. By entering into agreement on participation in the Program, the participants are entitled to acquire Kofola shares free of charge, subject the fulfilment of set conditions. The new Share based payment Plan is based on the ended Share based payment Plan for years 2017 - 2019 and enhances the dependence of the eligibility to Kofola shares on the Group results. The new Share based payment Plan has been approved for the period to 31 December 2026.

The Plan consists of two separate, though complementary plans:

1) Share Acquisition Plan granting the participants the opportunity to buy Kofola shares on the market (Investment Shares) and to acquire the corresponding number of Kofola Pair Shares free of charge under defined conditions. The maximal number of eligible Investment Shares cannot exceed the specified limit corresponding to the number of shares which can be purchased on the regulated market for 40% of the basic annual gross salary/remuneration the participant is entitled to under contract(s) concluded with Kofola Group companies in the corresponding calendar year (i. e. from January 1, 2021 to December 31, 2021, from January 1, 2022 to December 31, 2022, from January 1, 2023 to December 31, 2023, from January 1, 2024 to December 31, 2024, from January 1, 2025 to December 31, 2025 and from January 1, 2026 to December 31, 2026). The calculation of the Limit of Investment Shares is based on the average price of Kofola shares on the regulated market. Under the Share Acquisition Plan, there are two vesting periods (2021 – 2023 and 2021 – 2026). To be eligible for the acquisition of Pair Shares, they must be employed with any of Kofola Group companies or be a member of any of Kofola Group companies' bodies throughout the entire vesting period, and at the same time, Kofola Group Equity Value (EBITDA multiple decreased by the Net debt) must not be lower than in the previous calendar year. Provided that the set conditions are met, pair shares will be transferred to the participants gradually up until 2029. The participant must hold the Investment Shares for a set minimum period (two years following the end of the calendar year that served as reference for the yearly limit). Participants are obliged to hold the Pair Shares at least until 31 January of the calendar year following the calendar year in which they were transferred to the participant.

2) Performance Shares Plan providing the participant the opportunity to acquire a predetermined amount of Kofola shares (Performance Shares) free of charge provided that Kofola Group has met performance targets. The period relevant for the Performance Shares Plan starts on 1 January 2021 and terminates on 31 December 2026. The total amount of Performance Shares to be distributed among the participants is composed of two parts. The first part depends on the price of Kofola shares as of 31 December 2026 and the related market capitalization on the regulated market; the second part depends on the Equity Value of Kofola Group as of the last day of the relevant period. To be eligible for the acquisition of Performance Shares, the participant must be employed with any of Kofola Group companies or to be a member of any of Kofola Group companies' bodies from the start of the participant's participation in the Plan to the end of the relevant period provided that they participated in the Program for at least three years (with an exception set in the conditions of the Plan) and must hold Kofola shares of the set minimal value equal to the yearly basic gross wage/remuneration (or the double of yearly basic gross wage/remuneration) of the participant in the last complete calendar year the participant complied with the condition of employment or membership in any of Kofola Group companies and their bodies. Performance Shares will be transferred to participants eligible under the conditions of the Plan by 31 May 2027. Participants are obliged to hold 50% of the Performance Shares at least until 31 January 2028.

3.5.15 PERFORMANCE OBLIGATIONS AND REVENUE RECOGNITION POLICIES

Revenue is recognised at the amount of the transaction price (which excludes estimates of variable consideration), and when the amount of revenue can be measured reliably. Revenue is measured excluding value added tax (VAT), excise tax and rebates (discounts, bonuses and other price reductions, i.e. possible price reductions assumed by the management).

The amount of revenue is measured at the fair value of the consideration received or receivable. Revenue is stated at net present value when the effect of the time value of money is material (in case of payment after 360 days, such transactions contain a significant financing component). If revenue is measured at discounted amount, the discount is recognised using the effective interest method as an increase in receivables, and as financial income in profit or loss.

Foreign exchange rate differences resulting from the realisation or the remeasurement of trade receivables are recognised in profit or loss.

Revenue is also recognised in accordance with the criteria specified below.

Recognition, measurement, presentation or disclosure of Group's revenue doesn't bear any significant judgements or assumptions. Group's transactions are rather clear.

Sale of goods and products

Revenue is recognised when the performance obligation is satisfied and control passes to the customer, and when the amount of revenue may be measured reliably. The amount of revenue recognised is adjusted for expected discounts, bonuses and other price reductions which are determined based on actual deliveries for the year and the contracted terms.

Provision of services

Revenue from the provision of services (mainly transportation services) is recognised when the service was performed with reference to the percentage of completion of the service obligation.

Franchise fees are recognized on monthly basis based on contracts with franchisants. Variable part of revenue is recognized to extend to which it is probable that the franchisant will meet the contracted turnover.

Interest

Interest income is recognised gradually using the effective interest method.

3.5.16 GOVERNMENT GRANTS

The Group recognises government grants once there is a reasonable assurance that the subsidy will be received and that all of the related conditions will be complied with. Both of the above criteria must be met for a government subsidy to be recognised.

The Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, reducing the income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits.

3.5.17 INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and equity accounted investees, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.5.18 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Segment revenue, expenses and assets are measured in the same way as in the consolidated financial statements.

3.5.19 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

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).

3.6. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The following standards, amendments and interpretations applied for the first time in 2023.

IFRS 17 Insurance Contracts

There is not any material impact on the Group's financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

There is not any material impact on the Group's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

There is not any material impact on the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

There is not any material impact on the Group's financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

There is not any material impact on the Group's financial statements.

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 December 2023 may be changed in the future. The main estimates pertain to the following matters:

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.	4.10.1, 4.11.1
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.	3.5.4, 4.11
Deferred tax asset from tax losses	Historical experience, current and forward-looking information available to the management.	4.8
Income tax	Assumptions used to recognise deferred income tax assets (other than Deferred tax asset from tax losses).	4.8
Impairment of receivables	Historical experience, credit assessment, current and forward-looking information available to the management.	4.14
Share based payment	Key assumptions used to determine the share based payment reserve: Expected EBITDA and Net debt as of 31-12-26.	4.21

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.

Forthcoming requirements

Non-current Liabilities with Covenants – Amendments to IAS 1

There is not expected any material impact on the Group’s financial statements.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

There is not expected any material impact on the Group’s financial statements.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

There is not expected any material impact on the Group’s financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

There is not expected any material impact on the Group’s financial statements.

Lack of Exchangeability – Amendments to IAS 21

There is not expected any material impact on the Group’s financial statements.

3.9. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 11 April 2024.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1. SEGMENT INFORMATION

The Board of Directors of Kofola ČeskoSlovensko a.s. is the chief operating decision maker ("CODM") responsible for operational decision-making and uses segment results to decide on the allocation of resources to the segments and to assess segments' performance. Three main business segments are presented within these financial statements. These are:

- CzechoSlovakia,
- Adriatic,
- 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, 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.

The Group did not identify any customer in the year ended 31 December 2023 and in the comparative year ended 31 December 2022 that generated more than 10% of the Group's consolidated revenue.

Business segments

1.1.2023 – 31.12.2023	CzechoSlovakia	Adriatic	Fresh & Herbs	Subtotal	Consolidation adjustments	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Revenue	**6,314,707**	**1,514,892**	**1,026,918**	**8,856,517**	**(166,414)**	**8,690,103**
External revenue – excl. services	6,188,291	1,496,594	944,836	8,629,721	-	8,629,721
External revenue – services	21,073	16,502	22,807	60,382	-	60,382
Inter-segment revenue	105,343	1,796	59,275	166,414	(166,414)	-
Operating expenses	**(5,689,640)**	**(1,397,110)**	**(1,022,564)**	**(8,109,314)**	**166,414**	**(7,942,900)**
Related to external revenue	(5,584,297)	(1,395,314)	(963,289)	(7,942,900)	-	(7,942,900)
Related to inter-segment revenue	(105,343)	(1,796)	(59,275)	(166,414)	166,414	-
Operating profit/(loss)	**625,067**	**117,782**	**4,354**	**747,203**	**-**	**747,203**
Finance income/(costs), net	(229,646)	12,718	(32,159)	(249,087)	(12,189)	(261,276)
- within segment	*(254,413)*	*(1,971)*	*(4,892)*	*(261,276)*	-	*(261,276)*
- inter-segment	*24,767*	*14,689*	*(27,267)*	*12,189*	*(12,189)*	-
Share of profit/(loss) of equity accounted investees	(3,985)	-	-	(3,985)	-	(3,985)
Profit/(loss) before income tax	**391,436**	**130,500**	**(27,805)**	**494,131**	**(12,189)**	**481,942**
Income tax (expense)/benefit	(128,368)	(29,820)	45,223	(112,965)	-	(112,965)
Profit/(loss) for the period	**263,068**	**100,680**	**17,418**	**381,166**	**(12,189)**	**368,977**
EBITDA*	**933,855**	**204,375**	**149,394**	**1,287,624**	**-**	**1,287,624**
One-offs (4.26)	4,146	347	(38,713)	(34,220)	-	(34,220)
Adjusted EBITDA (4.26)	**938,001**	**204,722**	**110,681**	**1,253,404**	**-**	**1,253,404**

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

Other segment information (1.1.2023 – 31.12.2023)	CzechoSlovakia	Adriatic	Fresh & Herbs	Subtotal	Consolidation adjustments	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Additions to PPE and Intangible assets*	343,658	94,877	79,921	518,456	-	**518,456**
Depreciation and amortisation	308,788	86,593	145,040	540,421	-	**540,421**
Other Impairment losses	22,698	3,961	6,967	33,626	-	**33,626**
Other Impairment losses reversals	(5,769)	(7,850)	(87,488)	(101,107)	-	**(101,107)**
Provisions - Increase due to creation	162,774	10,971	26,295	200,040	-	**200,040**
Provisions - Decrease due to usage/release	(78,942)	(6,674)	(15,578)	(101,194)	-	**(101,194)**

* excluding acquisitions, including lease additions

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1.2022 – 31.12.2022	CzechoSlovakia	Adriatic	Fresh & Herbs	Subtotal	Consolidation adjustments	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Revenue	**5,735,854**	**1,413,483**	**876,848**	**8,026,185**	**(150,901)**	**7,875,284**
External revenue – excl. services	5,618,207	1,391,070	802,108	7,811,385	-	7,811,385
External revenue – services	22,974	19,215	21,710	63,899	-	63,899
Inter-segment revenue	94,673	3,198	53,030	150,901	(150,901)	-
Operating expenses	**(5,206,733)**	**(1,338,555)**	**(998,257)**	**(7,543,545)**	**150,901**	**(7,392,644)**
Related to external revenue	(5,112,060)	(1,335,357)	(945,227)	(7,392,644)	-	(7,392,644)
Related to inter-segment revenue	(94,673)	(3,198)	(53,030)	(150,901)	150,901	-
Operating profit/(loss)	**529,121**	**74,928**	**(121,409)**	**482,640**	**-**	**482,640**
Finance income/(costs), net	(23,786)	5,696	(30,713)	(48,803)	(33,993)	(82,796)
- within segment	*(77,176)*	*(2,541)*	*(3,079)*	*(82,796)*	-	*(82,796)*
- inter-segment	*53,390*	*8,237*	*(27,634)*	*33,993*	*(33,993)*	-
Profit/(loss) before income tax	**505,335**	**80,624**	**(152,122)**	**433,837**	**(33,993)**	**399,844**
Income tax (expense)/benefit	(114,576)	(26,146)	4,797	(135,925)	-	(135,925)
Profit/(loss) for the period	**390,759**	**54,478**	**(147,325)**	**297,912**	**(33,993)**	**263,919**
EBITDA*	**865,910**	**177,975**	**24,851**	**1,068,736**	**-**	**1,068,736**
One-offs (4.26)	9,234	3,789	28,672	41,695	-	41,695
Adjusted EBITDA (4.26)	**875,144**	**181,764**	**53,523**	**1,110,431**	**-**	**1,110,431**

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

Other segment information (1.1.2022 – 31.12.2022)	CzechoSlovakia	Adriatic	Fresh & Herbs	Subtotal	Consolidation adjustments	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Additions to PPE and Intangible assets*	344,300	86,113	79,952	510,365	-	**510,365**
Depreciation and amortisation	336,789	103,047	146,260	586,096	-	**586,096**
Other Impairment losses	8,047	6,441	44,685	59,173	-	**59,173**
Other Impairment losses reversals	(29,654)	(4,730)	(18,346)	(52,730)	-	**(52,730)**
Provisions - Increase due to creation	79,762	5,305	16,111	101,178	-	**101,178**
Provisions - Decrease due to usage/release	(72,831)	(14,976)	(10,556)	(98,363)	-	**(98,363)**

* excluding acquisitions, including lease additions

Product lines

1.1.2023 - 31.12.2023	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Fresh bars & Salads	Other	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Revenue	**3,396,722**	**707,391**	**2,831,107**	**543,569**	**481,633**	**729,681**	**8,690,103**
External revenue – excl. services	3,396,722	707,391	2,831,107	543,569	464,648	686,284	8,629,721
External revenue – services	-	-	-	-	16,985	43,397	60,382

1.1.2022 - 31.12.2022	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Fresh bars & Salads	Other	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Revenue	**2,962,643**	**682,641**	**2,639,373**	**513,973**	**394,108**	**682,546**	**7,875,284**
External revenue – excl. services	2,962,643	682,641	2,639,373	513,973	379,100	633,655	7,811,385
External revenue – services	-	-	-	-	15,008	48,891	63,899

Information about geographical areas – revenue per end customer

1.1.2023 - 31.12.2023	Czech Republic	Slovakia	Slovenia	Croatia	Poland	Other	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Revenue	**4,897,617**	**2,103,454**	**960,316**	**426,721**	**109,253**	**192,742**	**8,690,103**
External revenue – excl. services	4,871,898	2,095,336	943,837	426,697	107,553	184,400	8,629,721
External revenue – services	25,719	8,118	16,479	24	1,700	8,342	60,382

1.1.2022 - 31.12.2022	Czech Republic	Slovakia	Slovenia	Croatia	Poland	Other	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Revenue	**4,430,881**	**1,869,935**	**878,221**	**417,031**	**88,079**	**191,137**	**7,875,284**
External revenue – excl. services	4,409,419	1,857,687	859,036	417,000	87,004	181,239	7,811,385
External revenue – services	21,462	12,248	19,185	31	1,075	9,898	63,899

Non-current assets (excluding financial assets and deferred tax assets)	Czech Republic	Slovakia	Slovenia	Croatia	Poland	Other	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
31.12.2023	3,265,930	964,244	578,123	149,067	44,283	-	**5,001,647**
31.12.2022	3,215,921	952,955	566,175	129,363	138,810	-	**5,003,224**

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 2023, about 19.7% (19.1% in 2022) of revenue was earned in the 1st quarter, with 26.9% (28.1% in 2022), 29.5% (29.8% in 2022) and 23.8% (23.0% in 2022) 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.

4.2. REVENUE

Revenue streams, Timing of revenue recognition	2023	2022
	CZK´000	CZK´000
Revenue from contracts with customers		
- Sales of finished products/goods/materials (transferred at a point in time)	8,629,721	7,811,385
- Sales of transportation services (transferred over time)	11,186	14,245
- Franchise licences (transferred over time)	16,969	15,007
- Sales of other services (transferred over time)	32,227	34,647
Total revenue	**8,690,103**	**7,875,284**

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.

Changes of loss allowances on receivables arising from contracts with customers are presented in section 4.14.

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

Expenses by nature	2023	2022
	CZK´000	CZK´000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	540,421	586,096
Employee benefits expenses (i)	1,817,851	1,509,911
Consumption of materials and energy, cost of goods and materials sold	3,892,998	3,792,347
Services	1,528,977	1,373,224
Rental costs	98,431	94,318
Taxes and fees	72,910	80,951
Insurance costs	17,183	18,040
Inventory write-down/(back)	7,854	797
Change in allowance to receivables	12,802	(12,366)
Change in finished products and work in progress	4,146	(80,202)
Other costs	9,942	5,695
Total expenses by nature*	**8,003,515**	**7,368,811**
Depreciation recognized in Other operating expenses	(6,047)	(8,311)
Reconciliation of expenses by nature to expenses by function	**7,997,468**	**7,360,500**
Cost of sales	4,802,651	4,564,018
Selling, marketing and distribution costs	2,487,765	2,329,973
Administrative costs	707,052	466,509
Total costs of products and services sold, merchandise and materials, sales costs and administrative costs	**7,997,468**	**7,360,500**

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

Depreciation decreased due to end of useful life of several assets during 2022. Employee benefits expenses increased mainly due to revaluation of the share based payment reserve (mainly due to increase of expected Equity Value (EBITDA multiple decreased by the Net debt) as of 31-12-26), but also due to higher wages and employee bonuses which were influenced by positive results. Direct material costs, costs of goods sold, energy costs and services increased less than revenue due to savings in energy, there is also a positive sales mix and decreasing sugar consumption. Higher services were driven mainly by higher revenue but there were also more expenses on marketing in 2023. Change in finished products and work in progress in 2022 resulted from higher production at the end of prior year in comparison to 2021. Change in allowance to receivables is represented mainly by specific allowances created to customers with business difficulties.

In 2023, the Group carried out research and development activities and incurred costs of CZK 6,573 thousand (2022: CZK 5,593 thousand).

(i) Employee benefits expenses

Employee benefits expenses	2023	2022
	CZK´000	CZK´000
Salaries	1,224,152	1,121,657
Share based payment	158,512	(1,508)
Social security and other benefit costs (including healthcare insurance)	216,196	183,912
Pension benefit plan expenses	218,991	205,850
Total employee benefits expenses	**1,817,851**	**1,509,911**

4.4. OTHER OPERATING INCOME

Other operating income	2023	2022
	CZK´000	CZK´000
Net gain from the sale of PPE and Intangible assets	10,617	8,099
Gain on sale of Grodzisk Wielkopolski plant	29,883	-
Release of impairment of Property, plant and equipment	-	993
Reinvoiced payments	4,227	2,920
Subsidies, grants and government support*	19,055	6,613
Rent discounts	-	973
Compensation claims	4,555	3,591
Penalties and compensation for damages	11,023	11,755
Other tax income	1,053	1,718
Write-off of advances received for the returnable packages	-	5,440
Liabilities write-off	43	420
Other	9,461	5,336
Total other operating income	**89,917**	**47,858**

* Subsidies are, in accordance with IAS 20, presented as other operating income. There are no unfulfilled conditions in relation to these subsidies.

In 2023, the Subsidies, grants and government support contain mainly the compensation for high energy prices. In 2023, the Group has sold the Grodzisk Wielkopolski plant which resulted in the gain on sale of CZK 29,883 thousand.

4.5. OTHER OPERATING EXPENSES

Other operating expenses	2023	2022
	CZK´000	CZK´000
Net loss from disposal of PPE and Intangible assets	-	5,014
Net costs connected with inactive plant in Poland*	3,359	4,568
Impairment of PPE	-	33,124
Provided donations, sponsorship	8,258	8,542
Penalties and damages	6,048	1,733
Advisory services	5,782	6,843
Restructuring costs**	2,328	7,006
Support to parties impacted by war in Ukraine	-	1,431
Other tax expense	2,276	2,795
Litigations	-	1,248
Other	7,298	7,698
Total other operating expenses	**35,349**	**80,002**

* Mainly depreciation expense, property taxes, consumption of energy, net of rental income. ** Mainly payroll expenses.

Impairment of Property, plant and equipment in 2022 resulted mainly from the decrease of the expected value of the closed Grodzisk Wielkopolski plant (determined as fair value less costs of disposal).

4.6. FINANCE INCOME

Finance income	2023	2022
	CZK´000	CZK´000
Interest from:		
– bank deposits	97	47
– other	114	-
Exchange gains	14,118	15,431
Realized derivatives (new derivatives in EUR)	19,752	-
Realized derivatives (original derivatives in CZK)	-	16,116
Gain on derivatives termination (original derivatives in CZK)	-	126,622
Other	175	66
Total finance income	**34,256**	**158,282**

With the amendment on bank loans in June 2022, also new IRS contracts were concluded (only in relation to EUR part of the loan) with interest 2.149% p.a. + margin. At the same time, the existing IRS were terminated and sold with realized gain of CZK 126,622 thousand.

4.7. FINANCE COSTS

Finance costs	2023	2022
	CZK´000	CZK´000
Interest from:		
– bank loans and credits	229,406	197,811
– lease	13,591	12,046
– other	149	163
Exchange losses	38,931	5,534
Bank costs and charges	12,631	10,355
Realized derivatives (new derivatives in EUR)	-	14,897
Other	824	272
Total finance costs	**295,532**	**241,078**

Increased interest expense from bank loans and credits is caused by drawings of CAPEX tranche and higher interest rates. FX losses arose mainly from Group's EUR part of bank credits and loans.

4.8. INCOME TAX

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the twelve-month period ended 31 December 2023 and 31 December 2022 were as follows:

Income tax	2023	2022
	CZK´000	CZK´000
Current income tax expense/(benefit)	**178,728**	**92,304**
Current income tax on profits for the year	177,894	92,173
Adjustments for current income tax of prior periods	834	131
Deferred income tax expense/(benefit)*	**(65,763)**	**43,621**
Related to arising and reversing of temporary differences other than tax losses	(59,583)	13,071
Related to tax losses	(6,180)	30,550
Income tax expense/(benefit)	**112,965**	**135,925**

* Deferred tax recognized in the profit or loss statement doesn't reconcile to the difference between the values recognized in the statement of financial position which is caused mainly by the foreign exchange differences arising on consolidation of foreign subsidiaries.

The income tax rate applicable to the majority of the Group's 2023 and 2022 income is 19%. Since 1 January 2024, the tax rate applicable in the Czech Republic is 21%. Current income tax expense increased as a result of higher taxable profits. Deferred income tax benefit is resulting mainly from the recognition od deferred tax asset from share based payment and from tax losses in UGO trade which has positive business results.

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the twelve-month period ended 31 December 2023 and 31 December 2022 were as follows:

Movement of income tax recognised directly in equity	2023	2022
	CZK´000	CZK´000
Deferred income tax	**(13,906)**	**(1,207)**
Tax from Cash flow hedges	(13,906)	(1,207)
Movement of income tax recognised directly in equity	**(13,906)**	**(1,207)**

Change in tax from Cash flow hedges in 2023 results from downward revaluation due to decrease of expected future interest rates.

4.8.3 EFFECTIVE TAX RECONCILIATION

Effective tax	2023	2022
	CZK´000	CZK´000
Profit/(loss) before income tax	**481,942**	**399,844**
Tax at the rate of 19% valid in the Czech Republic	(91,569)	(75,970)
Tax effect of:		
Non-deductible expenses	(48,055)	(51,269)
Non-recognition of deferred tax assets	(18,080)	(24,619)
Investment incentives	2,026	2,434
Non-taxable income	3,724	7,956
Current tax of prior periods	4,484	(703)
Deferred tax adjustments relating to prior periods	3,577	1,297
Previously unrecognized deferred tax asset/liability	47,696	9,494
Difference in tax rates of subsidiaries operating in other jurisdictions	(3,822)	(4,545)
Change in the tax rate	(12,189)	-
Share of results of equity accounted investees	(757)	-
Income tax expense	**(112,965)**	**(135,925)**
Effective tax rate	**23.4%**	**34.0%**

The deferred tax asset was not recognized on tax losses for which the utilisation in future periods was not probable according to the tax planning of the particular Group companies.

4.8.4 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities			31.12.2023
	Deferred tax assets	Deferred tax liabilities	Net amount
	CZK´000	CZK´000	CZK´000
Temporary differences attributable to:			
Property, plant and equipment and Intangible assets	-	(343,407)	(343,407)
Inventories	3,149	-	3,149
Receivables	5,331	-	5,331
Tax losses	17,166	-	17,166
Trade and other liabilities and provisions	54,373	-	54,373
Deferred tax from Cash flow hedges	-	(2,376)	(2,376)
Share based payment	39,907	-	39,907
Deferred tax assets/(liabilities)	**119,926**	**(345,783)**	**(225,857)**
Presentation offsetting	(81,319)	81,319	-
Deferred tax assets/(liabilities)	**38,607**	**(264,464)**	**(225,857)**

Deferred tax assets and liabilities	Deferred tax assets	Deferred tax liabilities	Net amount
			31.12.2022
	CZK´000	CZK´000	CZK´000
Temporary differences attributable to:			
Property, plant and equipment and Intangible assets	-	(332,397)	(332,397)
Inventories	1,876	-	1,876
Receivables	3,088	-	3,088
Tax losses	11,036	-	11,036
Trade and other liabilities and provisions	25,427	-	25,427
Deferred tax from Cash flow hedges	-	(16,282)	(16,282)
Share based payment	3,412	-	3,412
Deferred tax assets/(liabilities)	**44,839**	**(348,679)**	**(303,840)**
Presentation offsetting	(44,839)	44,839	-
Deferred tax assets/(liabilities)	**-**	**(303,840)**	**(303,840)**

Based on management assessment and tax projections, the Group didn't recognize as of 31 December 2023 the deferred tax asset of CZK 89,955 thousand (as of 31 December 2022: CZK 113,814 thousand) that arose from tax losses. Tax losses can be utilized up to 2028. The deferred tax asset from tax losses was not recognized in those cases when the particular entity has no sufficient taxable temporary differences or there is not convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised.

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	2023	2022
	Pcs	Pcs
Total number of ordinary shares issued by the Company	22,291,948	22,291,948
Effect of own shares in possession of the Company	-	(124)
Weighted average number of ordinary shares used to calculate basic earnings per share	**22,291,948**	**22,291,824**

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

Basic earnings per share	2023	2022
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK´000)	365,397	269,150
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22,291,948	22,291,824
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)	**16.39**	**12.07**

4.10. PROPERTY, PLANT AND EQUIPMENT

The additions (including acquisition) to Property, plant and equipment were of CZK 531,505 thousand in the year ended 31 December 2023.

The most significant additions realized by the Group in 2023 were represented by investments into the production machinery, and buildings and constructions.

In 2023, Group has sold the closed Grodzisk Wielkopolski plant and realized gain on sale of CZK 29,883 thousand.

The additions to Property, plant and equipment were of CZK 495,177 thousand in the year ended 31 December 2022.

The most significant additions realized by the Group in 2022 were represented by investments into the production machinery, buildings and constructions and returnable packages.

Impairment in 2022 is resulting mainly from the decrease of the expected value of the closed Grodzisk Wielkopolski plant (determined as fair value less costs of disposal).

Movements in Property, plant and equipment (PPE)	Land	Buildings and constructions	Plant and equipment	Vehicles	Leasehold improvement	Returnable packages	Other non-current assets	Non-current assets under construction, Advances	Total
1.1.2023 - 31.12.2023	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost - opening	**268,515**	**2,860,202**	**4,683,360**	**486,252**	**94,560**	**731,642**	**4,347**	**123,732**	**9,252,610**
Acquisition of subsidiary	4,913	67,263	1,079	-	-	-	-	-	73,255
Additions	1,059	22,343	199,715	11,456	1,885	34,430	610	103,298	374,796
Transfers from non-current assets under construction	-	4,397	39,735	-	697	1,902	-	(46,731)	-
Lease additions	2,255	50,661	6,913	35,774	-	-	-	-	95,603
Other increases	-	-	635	-	-	1,603	-	-	2,238
Sale	(13,863)	(284,555)	(73,025)	(12,702)	-	(1,917)	(87)	-	(386,149)
Disposal	-	(9,858)	(122,489)	(18,544)	(668)	(31,858)	(120)	-	(183,537)
Exchange differences	5,553	39,354	79,095	4,895	(116)	9,459	197	1,539	139,976
Cost - closing	**268,432**	**2,749,807**	**4,815,018**	**507,131**	**96,358**	**745,261**	**4,947**	**181,838**	**9,368,792**
Accumulated depreciation - opening	**(3,835)**	**(1,234,329)**	**(3,803,954)**	**(344,850)**	**(58,274)**	**(605,961)**	**(3,815)**	**-**	**(6,055,018)**
Acquisition of subsidiary	-	(11,176)	(972)	-	-	-	-	-	(12,148)
Depreciation charge	(1,193)	(135,447)	(232,627)	(53,393)	(9,731)	(39,428)	(205)	-	(472,024)
Sale	-	150,170	65,914	12,356	-	1,693	87	-	230,220
Disposal	-	7,503	121,438	18,180	667	29,961	120	-	177,869
Exchange differences	(26)	(24,764)	(62,757)	(2,180)	51	(7,130)	(179)	-	(96,985)
Accumulated depreciation - closing	**(5,054)**	**(1,248,043)**	**(3,912,958)**	**(369,887)**	**(67,287)**	**(620,865)**	**(3,992)**	**-**	**(6,228,086)**
Impairment allowance - opening	**-**	**(68,336)**	**(30,772)**	**-**	**-**	**(7)**	**-**	**-**	**(99,115)**
Sale	-	70,244	854	-	-	-	-	-	71,098
Release	-	4,999	3,045	-	-	7	-	-	8,051
Exchange differences	-	(6,907)	(571)	-	-	-	-	-	(7,478)
Impairment allowance - closing	**-**	**-**	**(27,444)**	**-**	**-**	**-**	**-**	**-**	**(27,444)**
Net book value - opening	**264,680**	**1,557,537**	**848,634**	**141,402**	**36,286**	**125,674**	**532**	**123,732**	**3,098,477**
Net book value - closing	**263,378**	**1,501,764**	**874,616**	**137,244**	**29,071**	**124,396**	**955**	**181,838**	**3,113,262**

Movements in Property, plant and equipment (PPE)	Land	Buildings and constructions	Plant and equipment	Vehicles	Leasehold improvement	Returnable packages	Other non-current assets	Non-current assets under construction, Advances	Total
1.1.2022 - 31.12.2022	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost - opening	**266,015**	**2,837,411**	**4,569,562**	**508,972**	**93,608**	**701,235**	**4,230**	**119,122**	**9,100,155**
Additions	6,147	17,402	266,176	4,848	1,298	65,380	50	41,188	402,489
Transfers from non-current assets under construction	-	9,797	27,084	-	10	2,841	-	(39,732)	-
Lease additions	6,019	47,234	12,418	27,017	-	-	-	-	92,688
Other increases	-	-	116	-	-	985	-	-	1,101
Sale	(1,342)	-	(32,460)	(42,008)	-	(4,028)	-	-	(79,838)
Disposal	-	(10,589)	(72,963)	(6,500)	(355)	(21,889)	-	-	(112,296)
Other decreases	(2,548)	-	(42)	(952)	-	(65)	-	-	(3,607)
Exchange differences	(5,776)	(41,053)	(86,531)	(5,125)	(1)	(12,817)	67	3,154	(148,082)
Cost - closing	**268,515**	**2,860,202**	**4,683,360**	**486,252**	**94,560**	**731,642**	**4,347**	**123,732**	**9,252,610**
Accumulated depreciation - opening	**(3,393)**	**(1,128,551)**	**(3,710,126)**	**(318,813)**	**(48,554)**	**(591,643)**	**(3,664)**	**-**	**(5,804,744)**
Depreciation charge	(1,418)	(133,627)	(267,657)	(55,561)	(10,074)	(47,999)	(281)	-	(516,617)
Sale	-	-	32,411	20,342	-	3,920	-	-	56,673
Disposal	-	8,935	72,880	6,362	355	21,794	-	-	110,326
Other movements	954	427	-	952	-	(911)	-	-	1,422
Exchange differences	22	18,487	68,538	1,868	(1)	8,878	130	-	97,922
Accumulated depreciation - closing	**(3,835)**	**(1,234,329)**	**(3,803,954)**	**(344,850)**	**(58,274)**	**(605,961)**	**(3,815)**	**-**	**(6,055,018)**
Impairment allowance - opening	**-**	**(39,739)**	**(32,545)**	**-**	**-**	**(15)**	**-**	**(1,693)**	**(73,992)**
Impairment loss	-	(33,124)	-	-	-	-	-	-	(33,124)
Release	-	3,539	1,662	-	-	7	-	1,693	6,901
Exchange differences	-	988	111	-	-	1	-	-	1,100
Impairment allowance - closing	**-**	**(68,336)**	**(30,772)**	**-**	**-**	**(7)**	**-**	**-**	**(99,115)**
Net book value - opening	**262,622**	**1,669,121**	**826,891**	**190,159**	**45,054**	**109,577**	**566**	**117,429**	**3,221,419**
Net book value - closing	**264,680**	**1,557,537**	**848,634**	**141,402**	**36,286**	**125,674**	**532**	**123,732**	**3,098,477**

Depreciation charge for years 2023 and 2022 is presented in the tables above.

4.10.1 IMPAIRMENT TESTING

In 2023, no impairment loss was charged to the items of Property, plant and equipment.

In 2022, the impairment in the amount of CZK 33,124 thousand was charged to the items of Property, plant and equipment related to the closed Grodzisk Wielkopolski plant (determined as fair value less costs of disposal based on most up to date available information).

In case of Studenac d.o.o., the value of selected items of Property, plant and equipment as of 31 December 2023 were supported by the external valuation report issued in January 2024.

4.11. INTANGIBLE ASSETS

Movements in Intangible assets (IA) 1.1.2023 - 31.12.2023	Goodwill	Patents, licenses	Software	Trademarks and other rights	IA under development, Advances	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost - opening	**647,969**	**846**	**291,096**	**1,530,821**	**4,035**	**2,474,767**
Acquisition of subsidiary	14,248	-	-	-	-	14,248
Additions	-	-	27,482	1,627	18,948	48,057
Transfer from IA under development	-	-	3,182	629	(3,811)	-
Sale	-	-	(31)	-	-	(31)
Disposal	-	-	(7,017)	(17)	-	(7,034)
Exchange differences	102	44	1,971	13,550	1	15,668
Cost - closing	**662,319**	**890**	**316,683**	**1,546,610**	**19,173**	**2,545,675**
Accumulated amortisation - opening	**-**	**(811)**	**(259,591)**	**(388,704)**	**-**	**(649,106)**
Amortisation charge	-	(36)	(18,537)	(57,776)	-	(76,349)
Sale	-	-	31	-	-	31
Disposal	-	-	7,017	17	-	7,034
Exchange differences	-	(43)	(2,132)	(2,996)	-	(5,171)
Accumulated amortisation - closing	**-**	**(890)**	**(273,212)**	**(449,459)**	**-**	**(723,561)**
Net book value - opening	**647,969**	**35**	**31,505**	**1,142,117**	**4,035**	**1,825,661**
Net book value - closing	**662,319**	**-**	**43,471**	**1,097,151**	**19,173**	**1,822,114**
Of which:						
Goodwill						662,318
Intangible assets						1,159,796

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: Kofola, Vinea, Radenska, Citrocola, Semtex energy drink, Erektus, UGO, Premium Rosa, Leros, Café Reserva, Prager ciders and lemonades, Ondrášovka and Korunní.

In 2023, the additions (including acquisition) to intangible assets were of CZK 62,305 thousand. The most significant additions were connected with the investments to SAP.

In 2022, the additions to intangible assets were of CZK 15,188 thousand. The most significant additions were connected with the investments to SAP.

Amortization charge for years 2023 and 2022 is presented in the tables above.

Movements in Intangible assets (IA) 1.1.2022 - 31.12.2022	Goodwill	Patents, licenses	Software	Trademarks and other rights	IA under development, Advances	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost - opening	**648,093**	**7,191**	**291,939**	**1,535,742**	**2,371**	**2,485,336**
Additions	-	-	11,421	382	3,385	15,188
Transfer from IA under development	-	-	858	864	(1,722)	-
Sale	-	-	(11)	-	-	(11)
Disposal	-	-	(10,440)	(213)	-	(10,653)
Reclassification to other categories	-	-	(250)	250	-	-
Other decreases	-	(6,314)	-	6,260	-	(54)
Exchange differences	(124)	(31)	(2,421)	(12,464)	1	(15,039)
Cost - closing	**647,969**	**846**	**291,096**	**1,530,821**	**4,035**	**2,474,767**
Accumulated amortisation - opening	**-**	**(6,914)**	**(257,645)**	**(323,272)**	**-**	**(587,831)**
Amortisation charge	-	(114)	(14,806)	(60,467)	-	(75,387)
Sale	-	-	1	-	-	1
Disposal	-	-	10,411	213	-	10,624
Reclassification to other categories	-	6,192	-	(6,296)	-	(104)
Exchange differences	-	25	2,448	1,118	-	3,591
Accumulated amortisation - closing	**-**	**(811)**	**(259,591)**	**(388,704)**	**-**	**(649,106)**
Net book value - opening	**648,093**	**277**	**34,294**	**1,212,470**	**2,371**	**1,897,505**
Net book value - closing	**647,969**	**35**	**31,505**	**1,142,117**	**4,035**	**1,825,661**
Of which:						
Goodwill						647,969
Intangible assets						1,177,692

4.11.1 IMPAIRMENT TESTING

In the impairment testing of goodwill, management of the Group has decided to use value in use method. For the purpose of trademarks valuation, the relief-from-royalty method was used (fair value method). Due to the fact that management is not aware of comparable market transactions, the calculation of value in use for goodwill is based on discounted free cash flows and estimated cash-flow projections based on financial plans approved by management of the Group for the period until 2028.

Main assumptions used in financial plans and cash-flow projections:

Trademarks

The main trademarks with indefinite useful life:

2023	Ondrášovka	Korunní	Kofola	Vinea	Radenska
Country of trademark	Czechia	Czechia	Czechia	Slovakia	Slovenia
Royalty rate	4.5%	3.0%	n/a	6.0%	n/a
Average revenue growth rate	2.9%	3.7%	n/a	2.7%	n/a
Perpetuity growth rate	2.0%	2.0%	n/a	2.0%	n/a
Discount rate post-tax (avg. in explicit period)	8.2%	8.2%	n/a	8.0%	n/a
Discount rate post-tax (perpetuity)	7.6%	7.6%	n/a	7.6%	n/a

2022	Ondrášovka	Korunní	Kofola	Vinea	Radenska
Country of trademark	Czechia	Czechia	Czechia	Slovakia	Slovenia
Royalty rate	4.5%	3.0%	6.0%	6.0%	6.0%
Average revenue growth rate	3.3%	1.5%	4.2%	5.2%	4.0%
Perpetuity growth rate	2.0%	2.0%	2.0%	2.0%	2.0%
Discount rate post-tax (avg. in explicit period)	9.5%	9.5%	9.5%	9.0%	9.0%
Discount rate post-tax (perpetuity)	8.3%	8.3%	8.3%	8.3%	8.3%

The detailed calculations made in 2022 of the recoverable amount of the Kofola and Radenska trademarks were used for the purpose of 2023 impairment test because all of the criteria set by IAS 36, par. 24 were met. These criteria are:

- the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation;

- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

Carrying value of all trademarks per country

	Czech Republic	Slovakia	Slovenia	Poland	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
31 December 2023	739,742	206,676	124,494	21,188	**1,092,100**
31 December 2022	785,902	201,577	121,422	23,964	**1,132,865**

Value of trademarks decreased as a result of regular amortization.

In 2023 and 2022, no impairment was charged.

Impairment considerations in relation to cash-generating units

In 2023, due to favourable business development, there were no impairment indicators in relation to UGO trade s.r.o. or any other CGU within the Group.

In 2022, impairment indicators were identified by management only in case of UGO trade s.r.o. as remaining cash generating units within the Group were generating sufficient cash flows. UGO trade s.r.o. has three main product lines which are QSR (Quick Service Restaurants), FOOD (production of salads) and PET (UGO juices packed in bottles). These were for the purpose of impairment testing considered as separate CGUs.

Results of CGUs QSR, PET and FOOD were expected to return to profitability in the projected explicit period (the next 5 years) and the total recoverable amounts determined as value in use exceeded the carrying amounts of these CGUs as of 31 December 2022. Therefore, no impairment was recognized in relation to these CGUs in 2022.

The assumptions of the impairment tests were as follows:

2022	QSR	PET	FOOD
WACC (avg. in explicit period)	9.1%	9.1%	9.1%
WACC (perpetuity)	7.6%	7.6%	7.6%
Average revenue growth rate*	9.7%	9.2%	9.7%
Perpetuity growth rate	2.0%	2.0%	2.0%
Average EBITDA margin for 2023-2027	17.7%	8.5%	5.8%
CGU carrying amount in CZK thousand	80,146	13,727	6,539

* Growth rate used for the purpose of the impairment testing from 2023 till the end of the explicit period.

QSR sensitivity analysis

In 2022, management believed that, in relation to value in use calculations, no reasonable change in the adopted assumptions would result in the recoverable amount being lower than the carrying amount.

PET sensitivity analysis

In 2022, management believed that, in relation to value in use calculations, no reasonable change in the adopted assumptions would result in the recoverable amount being lower than the carrying amount.

FOOD sensitivity analysis

In 2022, management believed that, in relation to value in use calculations, no reasonable change in the adopted assumptions would result in the recoverable amount being lower than the carrying amount.

Goodwill

The Goodwill arose on acquisition of PINELLI spol. s r.o., Klimo s.r.o., LEROS, s.r.o., Minerálka s.r.o, Espresso s.r.o., F.H.Prager s.r.o., ONDRÁŠOVKA a.s., Karlovarská Korunní s.r.o. and FILIP REAL a.s.

Goodwill on acquisition of LEROS, s.r.o. of CZK 2,865 thousand and Goodwill on acquisition of Espresso s.r.o. of CZK 12,091 thousand relate to Fresh & Herbs business segment. Goodwil on acquisition of FILIP REAL a.s. of CZK 14,248 thousand doesn't relate to any of Group's segments. The remaining amount of Goodwill presented in the Consolidated statement of financial position relates to the CzechoSlovakia business segment. The Goodwill is monitored by the management at the segment level. Table below summarizes the key inputs for impairment testing in relation to Goodwill attributable to CzechoSlovakia business segment.

The assumptions of the impairment tests of Goodwill in the CzechoSlovakia business segment	2022
	CZK´000/%
EBITDA margin	15.5%
Perpetuity growth rate	2.0%
Discount rate post-tax (avg. in explicit period)	9.1%
Discount rate post-tax (perpetuity)	7.6%

The detailed calculation made in 2022 of the recoverable amount of the CzechoSlovakia business segment's Goodwill was used for the purpose of 2023 impairment test because all of the criteria set by IAS 36, par. 99 were met. These criteria are:

- the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation;
- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

Main assumptions adopted by the management are based on past experience and expectations as for the future market development. Discount rates used are in line with those used when preparing the Group's results assumptions. Discount rates are post-tax and include risk related to respective operating segments and trademarks.

The Group's management believes that the main assumptions used in impairment tests of cash generating units as at 31 December 2023 and 31 December 2022 are rational and based on the past experience, the Group's development strategy and on market forecasts. The Group's forecasts of future financial results are based on series of assumptions, where those relating to macroeconomic factors and actions taken by the competition, such as foreign exchange rates, prices of raw materials and interest rates are beyond the Group's control.

Sensitivity analysis

Management believes that, in relation to value in use calculations for trademarks (except for Ondrášovka, as stated below) and for Goodwill monitored at segment level, no reasonable change in the adopted assumptions would result in their recoverable amounts being lower than their carrying amounts.

In 2023, value in use for Ondrášovka brand was close to its carrying amount, however no impairment was charged to any brand.

In 2022, value in use for Ondrášovka brand was close to its carrying amount, however no impairment was charged to any brand despite unprecedent increase in WACC rates.

4.12. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Tables below summarizes Group's equity accounted investees.

Equity accounted investees	31.12.23
	CZK´000
General Plastic, a. s.	40,433
Cafe Dorado s.r.o.	34,060
Zahradní OLLA s.r.o.	1,203
Total	**75,696**

4.12.1 GENERAL PLASTIC, A. S. (JOINT VENTURE)

On May 16, 2023, the acquisition date, the Group became a 33.33% owner of General Plastic, a. s., a Slovak producer of hot-washed PET flakes and PET preforms used for production of PET bottles. The acquisition is a logical step towards fulfilling the Group's commitment for usage of recycled rPET and is also part of our sustainable packaging approach.

General Plastic is structured as a separate vehicle and the Group has a residual interest in its net assets.

The following table summarises the financial information of General Plastic as included in its own financial statements. The table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition and as of the balance sheet date. 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 below amounts, or any additional provisions that existed at the date of acquisition, the accounting for the acquisition will be revised.

Equity accounted investee's assets and liabilities	31.12.2023	16.5.2023
	CZK´000	CZK´000
Non-current assets	321,136	236,512
Current assets	151,834	184,785
Non-current liabilities	(155,369)	(118,303)
Current liabilities	(224,473)	(214,170)
Net assets (100%)	**93,128**	**88,824**
Group's share of net assets (33.33%)	31,043	29,608
Consideration transferred	n/a	38,693
Goodwill attributable to the Group	**n/a**	**9,085**

Equity accounted investee's revenue and profit/(loss)	16.5.2023 – 31.12.2023
	CZK´000
Revenue	295,321
Profit/(loss) for the period	(11,955)

4.12.2 CAFE DORADO S.R.O. (ASSOCIATE)

The Group has acquired a 50% share in Cafe Dorado s.r.o. in June 2023 for CZK 10 thousand. It is a holding company which has acquired a 50% share in AGRITROPICAL S.A.S., a company owning Columbian coffee plantations, in December 2023. In 2023, the Group has provided capital contributions to Cafe Dorado s.r.o. amounting to CZK 34,050 thousand.

Equity accounted investee's assets and liabilities	31.12.2023	1.6.2023
	CZK´000	CZK´000
Non-current assets	58,463	-
Current assets	18,016	20
Current liabilities	(9,429)	-
Net assets (100%)	**67,050**	**20**
Group's share of net assets (50.00%)	33,525	10

4.13. INVENTORIES

Inventories	31.12.2023	31.12.2022
	CZK´000	CZK´000
Inventories not written-down	**733,606**	**787,724**
Material	392,972	426,430
Goods	97,710	97,804
Work in progress	32,407	36,338
Finished products	210,517	227,152
Inventories write-down	**(27,415)**	**(21,287)**
Inventories total	**706,191**	**766,437**

Inventories write-down movement table	2023	2022
	CZK´000	CZK´000
As at 1 January	**21,287**	**21,184**
Increase due to creation	9,583	5,423
Decrease due to usage/(write-back)	(3,738)	(5,047)
Exchange differences	283	(273)
As at 31 December	**27,415**	**21,287**

4.14. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables	31.12.2023		31.12.2022	
	Current	Non-current	Current	Non-current
	CZK´000	CZK´000	CZK´000	CZK´000
Financial assets within Trade receivables and other receivables				
Trade receivables	969,829	-	834,123	-
Loss allowance for trade receivables	(51,902)	-	(50,216)	-
Derivatives (i)	22,239	-	18,101	67,595
Other financial receivables*	69,221	15,791	56,672	20,495
Loss allowance for other financial receivables	(36,633)	(1,493)	(32,240)	(2,384)
Total	**972,754**	**14,298**	**826,440**	**85,706**
Non-financial assets within Trade receivables and other receivables				
VAT receivable	40,068	-	38,145	-
Deferred expenses	51,457	16,012	57,641	15,600
Prepayments	56,699	50,100	74,883	63,326
Other non-financial receivables	1,439	159	1,453	160
Loss allowance for non-financial receivables	(2,479)	-	(573)	-
Total	**147,184**	**66,271**	**171,549**	**79,086**
Trade receivables and other receivables total	**1,119,938**	**80,569**	**997,989**	**164,792**

* Mainly paid principals.

Loss allowance for trade and other financial receivables	2023		2022	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
	CZK´000	CZK´000	CZK´000	CZK´000
As at 1 January	**50,216**	**34,624**	**66,127**	**30,643**
Exchange differences	859	536	(1,226)	(546)
Increase due to creation	22,629	13,750	9,312	14,082
Decrease due to usage/release	(21,802)	(10,784)	(23,997)	(9,555)
As at 31 December	**51,902**	**38,126**	**50,216**	**34,624**

(i) Derivatives

The Group has established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income (refer to section 3.4.2 for more details).

With the amendment on bank loans in June 2022, also new IRS contracts were concluded (only in relation to EUR part of the loan) with interest 2.149% p.a. + margin. At the same time, the existing IRS were terminated and sold (refer to section 4.6).

Trade receivables increased mainly as a result of increased sales. Derivatives balance decreased due to decrease of expected future interest rates.

Further information on transactions with related parties is presented in section 4.24.

Trade receivables are not interest bearing and are usually payable within 30-60 days of recognition.

The risks associated with trade and other receivables, as well as the Group's policy relating to managing such risks, are described in section 4.25.

Information on liens established on receivables to secure credits and loans is presented in section 4.18.

4.15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2023	31.12.2022
	CZK´000	CZK´000
Cash in bank and in hand	1,071,099	626,367
Other	-	75
Total cash and cash equivalents	**1,071,099**	**626,442**

Free funds are held at bank and invested in the form of term and overnight deposits, primarily with variable interest rates.

Split by currency	31.12.2023	31.12.2022
	CZK´000	CZK´000
in CZK	370,504	218,055
in EUR	682,186	333,030
in PLN	16,464	3,503
in HRK	-	63,083
other	1,945	8,771
Total cash and cash equivalents	**1,071,099**	**626,442**

4.16. EQUITY

4.16.1 SHARE CAPITAL

SHARE CAPITAL STRUCTURE

Share capital structure	2023		2022	
Type of shares	Shares	Par value	Shares	Par value
	pcs	CZK´000	pcs	CZK´000
Ordinary shares of Kofola ČeskoSlovensko a.s.	22,291,948	1,114,597	22,291,948	1,114,597
Total	**22,291,948**	**1,114,597**	**22,291,948**	**1,114,597**

Ordinary shares of Kofola ČeskoSlovensko a.s. have a par value of CZK 50 (as of 31 December 2022 value of CZK 50). Each share ranks pari passu in all respects with all other shares. The same rights are incorporated into all shares including the right to attend the General Meeting, to require and receive explanations of matters concerning the Company that are part of the agenda of the General Meeting, to submit proposals and counterproposals, and to receive a dividend and share in the liquidation surplus. In compliance with the relevant legal provisions, the voting rights attached to the shares owned by RADENSKA d.o.o. cannot be exercised.

All of the issued shares have been fully paid up.

4.16.2 OTHER RESERVES

Other reserves are created based on statutory requirements (in accordance with binding legal regulations) or voluntarily (in accordance with the entity's by-laws) using funds from decreased share capital, generated profits and contributions made by the shareholders. It is used to cover losses, refund capital contributions, and redeem shares. Other reserves also contain balances accounted based on IFRS Accounting Standards requirements (e.g. share based payment).

Other reserves contain balances related to:

- share based payment programme, and
- valuation of the interest rate swaps (hedge accounting).

The Group has made a disaggregation of Other reserves in both 2023 and 2022. Total balances in 2022 remain the same as reported.

4.16.3 OWN SHARES

The Company didn't have any own shares as of 31 December 2023 and 31 December 2022.

RADENSKA d.o.o. as at 31 December 2023 owned 1,062,236 (as at 31 December 2022: 1,062,236) shares of the Company (which represents 4.77% of the Company´s share capital, as of 31 December 2022: 4.77%) in total value of CZK 467,382 thousand (treasury shares) (as at 31 December 2022: CZK 467,382 thousand).

COURSE OF PURCHASE OF OWN SHARES IN 2022 (transaction performed within the Group)

The Board of Directors of the Company resolved to implement the acquisition of own shares by the Company on 7 March 2022. 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 company.

The conditions for the acquisition of own shares by the Company:

a) the acquisition took place outside the regulated market, directly from the company RADENSKA d.o.o., a subsidiary company of the Company;

b) number of shares that were acquired amounted to 22,615 shares of the Company which represented 0.10% of the Company´s share capital; and

c) the acquisition was settled on 8 March 2022 for the price equal to the closing price for which shares of Kofola were traded on the regulated market organized by the company Burza cenných papírů Praha, a.s. on the previous trading day, i.e. CZK 295 per individual share (total value of CZK 6,671 thousand). As such, the contract was concluded at market terms. The shares have nominal value of CZK 50 per individual share.

Shares have been transferred to share based payment participants in March 2022.

4.16.4 DIVIDENDS

Dividends	2023	2022
	CZK´000	CZK´000
Dividends	286,601	239,896
Dividends per share (CZK/share)*	13.5	11.3

* Declared dividends divided by the number of shares outstanding as of dividend record date.

4.17. PROVISIONS

Movements in provisions	Pension benefits	Provision for personnel expenses (bonuses)	Other provisions	Total
	CZK´000	CZK´000	CZK´000	CZK´000
Balance as at 1 January 2023	**16,213**	**97,491**	**19,418**	**133,122**
Increase due to creation	515	178,416	21,109	200,040
Decrease due to usage/release	(2,656)	(97,412)	(1,126)	(101,194)
Exchange differences	374	1,002	409	1,785
Balance as at 31 December 2023	**14,446**	**179,497**	**39,810**	**233,753**
Of which:				
Current part	256	179,497	2,495	182,248
Non-current part	14,190	-	37,315	51,505
Balance as at 31 December 2023	**14,446**	**179,497**	**39,810**	**233,753**

Provision for personnel expenses and other provisions (mainly shared based payments related provisions) increased due to positive Group results.

For further information about contingent liabilities refer to section 4.23.

4.18. BANK CREDITS AND LOANS

Indebtedness of the group from the credits and loans

As at 31 December 2023, the Group's total bank loans and credits amounted to CZK 3,601,260 thousand (as at 31 December 2022: CZK 3,550,025 thousand). Increase of the balance is a result of the regular loan repayment, overdraft and CAPEX tranche drawing and FX revaluation.

From the total balances in relation to repayments and drawings of loans and bank credits presented within the Consolidated statement of cash flows (section 1.4), amount of CZK nil thousand represents the change of Group's overdraft (in 2022: increase of CZK 166,737 thousand).

The Facility loan agreement as amended (which refinanced loans at that time, served for a loan financing of RADENSKA d.o.o. acquisition and also the acquisition of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o) with carrying amount of CZK 3,384,730 thousand as at 31 December 2023 (as at 31 December 2022: CZK 3,226,113 thousand) was 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 and taking advantage of the favourable conditions of financial market.

In June 2022, an amendment to existing contract on bank credits and loans has been concluded. Transferring 60% of outstanding loan to EUR brings significant savings in interest expense and adjustment of the repayment schedule lead to decrease of regular annual loan repayments.

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.

As of 31 December 2023, the Group met all covenants.

As of 31 December 2022, the Group obtained a bank waiver for the breach of CAPEX ratio covenant.

All other bank loan covenants were met in 2022.

Financing entity	Credit currency	Face value	Carrying amount*	Interest terms	Maturity date	Collateral	Undrawn credit line
31.12.2023		CZK´000	CZK´000				CZK'000
ČSOB, a.s. + Česká spořitelna, a.s.**	CZK	-	-	1M PRIBOR + margin	6/2025	buildings, receivables, movable assets, shares, bill of exchange, inventory	283,470
	EUR	216,530	216,530	1M EURIBOR + margin	6/2025		
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	1,025,791	1,022,486	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory	-
ČSOB, a.s. + Česká spořitelna, a.s.	EUR	1,897,834	1,891,290	3M EURIBOR*** + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory	-
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	126,889	126,889	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory	-
	EUR	122,088	122,088	3M EURIBOR*** + margin	6/2028		
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	88,000	88,000	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory	130,000
	EUR	133,977	133,977	3M EURIBOR + margin	6/2028		
Total		**3,611,109**	**3,601,260**				**413,470**
Out of it non-current			3,153,945				
Out of it current			447,315				

* Carrying amount of borrowings on variable interest rate approximates fair value. ** Administration by Česká spořitelna, a.s. There is a shared limit of CZK 500,000 thousand for Kofola a.s. (CZ), Kofola a.s. (SK), RADENSKA d.o.o. and Kofola ČeskoSlovensko a.s. which can be drawn in CZK and EUR. *** The interest rate swaps were concluded (refer to section 4.25.1).

Financing entity	Credit currency	Face value	Carrying amount*	Interest terms	Maturity date	Collateral	Undrawn credit line
31.12.2022		CZK´000	CZK´000				CZK'000
ČSOB, a.s. + Česká spořitelna, a.s.**	CZK	-	-	1M PRIBOR + margin	6/2025	buildings, receivables, movable assets, shares, bill of exchange, inventory	176,088
	EUR	323,912	323,912	1M EURIBOR + margin	6/2025		
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	1,153,791	1,149,322	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory	-
ČSOB, a.s. + Česká spořitelna, a.s.	EUR	1,851,011	1,843,013	3M EURIBOR*** + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory	-
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	155,086	155,086	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory	66,222
	EUR	78,692	78,692	3M EURIBOR + margin	6/2028		
Total		**3,562,492**	**3,550,025**				**242,310**
Out of it non-current			3,058,226				
Out of it current			491,799				

* Carrying amount of borrowings on variable interest rate approximates fair value. ** Administration by Česká spořitelna, a.s. There is a shared limit of CZK 500,000 thousand for Kofola a.s. (CZ), Kofola a.s. (SK) and Kofola ČeskoSlovensko a.s. which can be drawn in CZK and EUR. *** For part of the face value the interest rate swap was concluded (refer to section 4.25.1).

Pledges of the Group

Pledges of the Group	31.12.2023*		31.12.2022*	
	Cost	Net book value	Cost	Net book value
	CZK´000	CZK´000	CZK´000	CZK´000
Property, plant and equipment	4,215,877	1,302,748	4,079,863	1,302,587
Intangible assets (trademarks)	73,656	1,159	71,735	1,271
Inventories	369,529	361,270	381,861	377,161
Receivables**	671,796	671,783	603,781	603,781
Cash in bank	933,952	933,952	548,511	548,511
Total	**6,264,810**	**3,270,912**	**5,685,751**	**2,833,311**

*Balances related to the returnable packages are presented within Property, plant and equipment. ** Mostly trade receivables, without effect of loss allowances.

4.19. TRADE AND OTHER PAYABLES

Trade and other payables Other liabilities	31.12.2023		31.12.2022	
	Current	Non-current	Current	Non-current
	CZK´000	CZK´000	CZK´000	CZK´000
Financial liabilities within Trade payables and other liabilities				
Trade payables	1,460,027	-	1,384,879	-
- of that accrued expenses	*282,494*	*-*	*196,611*	*-*
Liabilities for purchased tangible and intangible assets	50,014	-	41,953	-
Derivatives	-	10,927	-	-
Advances received*	203,116	-	200,834	-
Contingent/deferred consideration	40,790	50,680	-	-
Other financial liabilities***	33,676	15,240	25,822	16,825
Total	**1,787,623**	**76,847**	**1,653,488**	**16,825**
Non-financial liabilities within Trade payables and other liabilities				
VAT	27,436	-	20,496	-
Payables to employees	92,457	-	82,642	-
Deferred revenue	5,548	-	5,095	-
Other non-financial liabilities**	69,321	-	71,111	-
Total	**194,762**	**-**	**179,344**	**-**
Trade and other payables and other liabilities total	**1,982,385**	**76,847**	**1,832,832**	**16,825**

* Mainly advances received for the returnable packages.
** Mainly payables to state authorities. *** Including government levies in Slovenia.

Trade payables increased due to higher purchases at the end of the year and also increased prices. Contingent/deferred consideration represents liabilities connected with the acquisition of FILIP REAL a.s. and Bilgola fresh s.r.o. that are repayable in following years as per contract terms.

Trade payables are not interest bearing and are usually paid within 30-90 days of recognition.

Other payables are not interest bearing and are payable on average within 1 month.

4.20. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2023 and 31 December 2022 the Group companies didn't provide any material guarantees for third party entities.

4.21. SHARE BASED PAYMENT

The following table summarizes the information about the share based payment plan 2021 – 2026.

Share based payment Plan 2021 - 2026 Summary of effect during 2023 and as of 31 December 2023	
Share price at grant date (CZK)	282
Number of Pair shares transferred to participants in 2023 (pcs)	-
Total cumulated number of Pair shares transferred to participants as of 31 Dec 2023 (pcs)	-
Fair value of Pair shares as of grant date (CZK)	140 - 200
Ends of vesting periods	31 Dec 2023, 31 Dec 2026
Number of Performance shares transferred to participants in 2023 (pcs)	-
Total cumulated number of Performance shares transferred to participants as of 31 Dec 2023 (pcs)	-
Fair value of Performance shares as of grant date (CZK)	185
Ends of vesting periods	31 Dec 2026
Cumulated reserve from equity settled transactions as of 31 Dec 2022 (CZK thousand)	16,349
Total expense/(income) from equity settled transactions in 2023 (CZK thousand)	158,512
Cumulated reserve from equity settled transactions as of 31 Dec 2023 (CZK thousand)	174,861

Share based payment Plan 2021 - 2026 Summary of effect during 2022 and as of 31 December 2022	
Share price at grant date (CZK)	282
Number of Pair shares transferred to participants in 2022 (pcs)	-
Total cumulated number of Pair shares transferred to participants as of 31 Dec 2022 (pcs)	-
Fair value of Pair shares as of grant date (CZK)	140 - 200
Ends of vesting periods	31 Dec 2023, 31 Dec 2026
Number of Performance shares transferred to participants in 2022 (pcs)	-
Total cumulated number of Performance shares transferred to participants as of 31 Dec 2022 (pcs)	-
Fair value of Performance shares as of grant date (CZK)	185
Ends of vesting periods	31 Dec 2026
Cumulated reserve from equity settled transactions as of 31 Dec 2021 (CZK thousand)	17,857
Total expense/(income) from equity settled transactions in 2022 (CZK thousand)	(1,508)
Cumulated reserve from equity settled transactions as of 31 Dec 2022 (CZK thousand)	16,349

Significant increase of the share based payment balance in 2023 is connected with the positive development of the Group's business and its expected continuance in the upcoming years which influences the Performance Shares Plan due to increase of expected Equity Value (EBITDA multiple decreased by the Net debt) as of 31 Dec 2026.

4.22. LEASES

This note provides information about leases where the Group is a lessee. Leases where the Group is a lessor are immaterial.

4.22.1 AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Right-of-use asset forms a part of Property, plant and equipment. Lease liabilities are presented on separate rows in the statement of financial position.

The net carrying amount at the end of the reporting period by classes of assets is provided below:

Net carrying amount by classes of assets	31.12.2023	31.12.2022
	CZK´000	CZK´000
Land	25,403	24,185
Buildings and constructions	177,536	191,661
Plant and equipment	22,369	36,630
Vehicles	108,859	119,179
Total	**334,167**	**371,655**

Additions to the right-of-use assets were following:

Additions by classes of assets for the period	Land	Buildings and constructions	Plant and equipment	Vehicles	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
2023	2,255	50,661	6,913	35,774	**95,603**
2022	6,019	47,235	12,418	27,017	**92,689**

4.22.2 AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

Depreciation expense to the right-of-use assets during the 2023 and 2022 financial year was following:

Depreciation expense by classes of assets	Land	Buildings and constructions	Plant and equipment	Vehicles	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
2023	1,193	62,815	21,219	46,274	**131,501**
2022	1,418	60,138	16,992	45,120	**123,668**

Interest expense to lease liabilities is presented in note 4.7.

The statement of profit or loss further shows the following amounts relating to not capitalized leases:

Expense relating to not capitalized leases	2023	2022
	CZK´000	CZK´000
Expense relating to short-term leases, leases of low-value assets and variable lease payments	98,431	94,318
Total	**98,431**	**94,318**

Total cash outflows in relation to capitalized leases are presented in the section Cash flows from financing activities within the Consolidated statement of cash flows. Future cash outflows in relation to capitalized leases are presented within section 4.25.4. Total cash outflows in relation to other leases is close to balance stated in the table above (short-term leases, leases of low-value assets and variable lease payments).

Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities are mostly represented by variable lease payments presented in the table above and their value is expected to not significantly differ from the balance presented in 2023 adjusted for newly concluded and terminated lease contracts.

Lease commitments for short-term leases and leases of low-value assets as of 31 December 2023 amounted to CZK 33,695 thousand (as of 31 December 2022: CZK 31,025 thousand).

4.23. 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. These 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 a decision the administrative unit Gornja Radgona as the first instance authority resumed with the process in 2018. In the resumed process the authority, in several partial decisions issued so far in 2018, 2019 and 2020, 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. In part the denationalisation claims were rejected for lack of merit. Such decisions of the authorities effectively mean that the beneficiary is not entitled to in-kind return of property and therefore neither RADENSKA nor Kofola are obliged to any compensation payment. In February 2021, the beneficiary even withdrew the claim for the in-kind return of the RADENSKA enterprise and real estates owned by the enterprise and is now primarily requesting to be compensated by the state. The authorities recently followed such request and issued decisions according to which the beneficiary is entitled to compensation in form of state bonds, compensated by the Slovene Sovereign Holding and neutral with respect to RADENSKA and Kofola Group. Please note that such decisions, including the most recent decision are not final and thus, in theory, there's still the risk, albeit very low, the current decisions would be reversed later in the process with potential negative consequences for RADENSKA. RADENSKA is therefore still actively participating in the process and protecting its interests.

Litigation with former lawyer

There is a litigation concerning the amount of CZK 23,070 thousand with a former lawyer Mr. Belec, who represented RADENSKA in the denationalization process and with whom RADENSKA already concluded a settlement in 2018. Currently, Mr. Belec is in a personal bankruptcy procedure and claims that the settlement in 2018 was not in his interest. Although we estimate the risk of the plaintiff succeeding with the claim to be low, we note the outcome of legal proceeding is uncertain and therefore a potentially negative outcome cannot be completely excluded.

Other proceedings

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

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

4.24. RELATED PARTY TRANSACTIONS

4.24.1 SHAREHOLDERS STRUCTURE

Share capital structure			31.12.2023			31.12.2022
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14,984,204	67.22	70.58	14,984,204	67.22	70.58
RADENSKA d.o.o.	1,062,236	4.77	0.00	1,062,236	4.77	0.00
Others	6,245,508	28.01	29.42	6,245,508	28.01	29.42
Total	**22,291,948**	**100.00**	**100.00**	**22,291,948**	**100.00**	**100.00**

Transactions with own shares are described in section 4.16.3.

4.24.2 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration of Group´s key management personnel in 2023 and 2022.

Remuneration of the Group´s key management personnel 2023		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	27,251	-	-	-	**27,251**
	Non-financial	857	-	-	-	**857**
Amounts paid for activities in the Company´s Supervisory Board	Financial	-	1,200	-	-	**1,200**
	Non-financial	-	287	-	-	**287**
Amounts paid for activities in the Company´s Audit Committee	Financial	-	-	288	-	**288**
	Non-financial	-	-	-	-	**-**
Amounts paid for other activities within the Group	Financial	6,470	5,795	1,936	35,417	**49,618**
	Non-financial	98	214	56	1,683	**2,051**
Total expense/(income) from equity settled transactions (Share based payment)	Share based payment	50,771	-	-	107,741	**158,512**
Shares transfer to share based payment participants	Share based payment	-	-	-	-	-
Cumulated reserve from equity settled transactions	Share based payment	63,839	1,010	-	120,869	**185,718**

Remuneration of the Group´s key management personnel 2022		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	23,842	-	-	-	**23,842**
	Non-financial	5,175	-	-	-	**5,175**
Amounts paid for activities in the Company´s Supervisory Board	Financial	-	1,200	-	-	**1,200**
	Non-financial	-	287	-	-	**287**
Amounts paid for activities in the Company´s Audit Committee	Financial	-	-	288	-	**288**
	Non-financial	-	-	-	-	**-**
Amounts paid for other activities within the Group	Financial	6,206	5,114	1,776	33,521	**46,617**
	Non-financial	126	214	56	3,407	**3,803**
Total expense from equity settled transactions (Share based payment)	Share based payment	(390)	-	-	(1,118)	**(1,508)**
Shares transfer to share based payment participants	Share based payment	(3,722)	(550)	-	(2,399)	**(6,671)**
Cumulated reserve from equity settled transactions	Share based payment	12,820	954	-	13,432	**27,206**

4.24.3 OTHER RELATED PARTY TRANSACTIONS

There was a dividend payment to parent company of CZK 202,287 thousand (in 2022: CZK 169,322 thousand).

The Group has purchased the remaining 10% share in UGO trade s.r.o. through the acquisition of Bilgola fresh s.r.o. (see note 4.30).

In 2023, there were purchases from General Plastic, a. s. of CZK 53,075 thousand, sales of CZK 4,595 thousand, receivables as of 31 December 2023 amounted to CZK 672 thousand and payables to CZK 7,565 thousand. The Group has made a capital contribution to General Plastic, a. s. of CZK 4,033 thousand.

The Group has made a capital contribution to Cafe dorado s.r.o. of CZK 34,050 thousand.

4.25. FINANCIAL RISK MANAGEMENT

The Group's primary financial instruments consist of bank credits, lease payables, derivatives, cash and cash equivalents, deposits and loans. The main goal of holding such financial instruments is to obtain funds for business operations, or to invest the Group's available funds. In addition, the Group has other financial instruments, such as trade receivables and payables that arise as part of its operations. The accounting methods relating to those instruments are described above (section 3.4.2).

It is the Group's policy – now and throughout the reporting periods presented in these financial statements – not to keep the financial instruments for trading purposes.

The Group's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, and cash-flow risk relating to changes in interest rates), credit risk and liquidity risk. In addition, the Group monitors the market prices risk relating to all of its financial instruments. Risks are managed by the Group's management, which recognises and assesses the above financial risks. The general risk management process is focused on the unpredictability of financial markets, and the Group tries to minimise any potential adverse effects on its financial results. The Group uses derivative financial instruments to hedge against certain types of risk, providing that the hedging instruments are considered to be cost effective. Management verifies and agrees the risk management methods with regard to every type of risk. A short description of these methods is presented below.

4.25.1 INTEREST RATE RISK

Interest rate risk is a risk that the fair value or future cash flows from a financial instrument will change due to changes in interest rates. The interest-bearing financial liabilities of the Group are mainly bank credits. The Group has credit payables with variable interest rates, which give rise to a risk of an increase in those rates compared to the rates applied at contract conclusion. In addition, the Group places its free funds on variable interest rate deposits, which would bring the profits down if the interest rates fall. The Group also uses fixed interest rate instruments, with regard to which interest rate movements have no effect on interest costs or interest income. Trade and other receivables and payables are not interest bearing and have mostly due dates of up to one year.

Management of the Group monitors its exposure to interest rate risk and interest rate forecasts. In order to protect against changes in interest rates, the Group has fixed the interest rate on EUR part of the loan (excluding overdraft) for Group financing, because existing contract terms were favourable for the Group which was not the case of CZK part where the interest rates were on their maximum levels. The balance of the loan which is covered by interest rate swaps as of 31 December 2023 was CZK 2,019,922 thousand (as of 31 December 2022: CZK 1,851,011 thousand). Hedge accounting is established by the Group for these derivative instruments. There was no ineffective portion of the hedging relationship for the year ended 31 December 2023 and 31 December 2022.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, maturities and the notional amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

The Group's interest rate risk management policy is to hedge at least 50% of its variable interest exposure that is related to Group's bank credit and loans (excluding overdrafts). Hedging instruments are utilizied when the conditions of available contracts are considered to be favourable for the Group.

Information about hedging instruments (cash flow hedge)

Interest rate swaps		31.12.2023		31.12.2022
	Net exposure	Average fixed interest rate	Net exposure	Average fixed interest rate
	CZK´000	p.a.	CZK´000	p.a.
In period from one to six months	*13,565	4.0%	*-	3.9%
In period from six to twelve months	*13,565	4.0%	*-	3.9%
More than one year	*1,992,792	3.9%	*1,851,011	3.9%
Total	**2,019,922**		**1,851,011**	

** IRS relate to the part of the bank credits and loans that is repayable in 6/2028.*

Interest rate swaps – nominal balances		31.12.2023		31.12.2022
	CZK'000	EUR'000	CZK'000	EUR'000
Nominal amounts of the hedging instruments	**2,019,922**	**81,696**	**1,851,011**	**76,758**

Interest rate swaps by tranches		31.12.2023		31.12.2022
	Net exposure	Carrying amount	Net exposure	Carrying amount
	CZK´000	CZK´000	CZK´000	CZK´000
Derivative in relation to tranche C1	122,088	(3,018)	-	-
Derivative in relation to tranche B2	756,325	5,711	737,665	34,151
Derivative in relation to tranche B6	1,141,509	8,619	1,113,346	51,545
Total	**2,019,922**	**11,312**	**1,851,011**	**85,696**

Carrying amounts and FS position of IRS	31.12.2023	31.12.2022
	CZK´000	CZK´000
Non-current financial assets (presented in Other receivables)	-	67,595
Current financial assets (presented in Trade and other receivables)	22,239	18,101
Non-current financial liabilities (presented in Other liabilties)	(10,927)	-
Current financial liabilities (presented in Trade and other payables)	-	-
Net balance	**11,312**	**85,696**

Hedge effectiveness and Hedge ratio of IRS	31.12.2023	31.12.2022
	CZK´000	CZK´000
Change in fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness for the period	*(74,384)	*(6,350)
Change in fair value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	*(74,384)	*(6,350)
Hedge ratio	**100%	**100%

** There was no ineffective portion of the hedging relationship.*

*** The Group is able to conclude the derivative contracts with the same characteristics (such as maturities and notional amounts) as those of the underlying assets.*

Changes in IRS hedge reserve	2023	2022
	CZK´000	CZK´000
IRS reserve balance as of 1 January	**69,413**	**74,556**
Effective portion of changes in fair value	(74,384)	(6,350)
Recclasification to profit or loss	-	-
Tax effect of fair value movements during the year	14,133	1,207
Tax effect resulting from change in the tax rate	(227)	-
IRS reserve balance as of 31 December	**8,935**	**69,413**

Interest rate sensitivity

If interest rates at the balance sheet date had been 100 basis points lower/higher with all other variables held constant, profit/(loss) for the period for the year 2023 would have been increased/decreased by CZK 14,876 thousand (2022: CZK 20,191 thousand), mainly as a result of different interest expense on variable interest for financial liabilities.

4.25.2 CURRENCY RISK

The Group is exposed to the risk of changes in foreign exchange rates due to a volume of sales of finished products in local currencies of individual entities (CZK, EUR, PLN) and the fact that significant part of the costs of purchased raw materials are incurred in foreign currencies (mainly EUR). The currency risk relates primarily to the EUR exchange rates in relation to CZK. The Group’s currency risk associated with other currencies is immaterial.

The effect of currency risk on the Group’s position is presented in the table (sensitivity analysis) below. The sensitivity analysis is based on a reasonable change in the assumed foreign exchange rate while the other assumptions remain unchanged. In practice this is not very likely, and changes in certain assumptions may be correlated, e.g. a change in interest rate and in the foreign exchange rate. The Group manages currency risk as a whole. The sensitivity analysis prepared by management for currency risk illustrates after-tax profit or loss effect of changes in the exchange rate of the EUR to CZK.

Financial assets and liabilities denominated in EUR	31.12.2023	31.12.2022
	CZK´000	CZK´000
Cash and cash equivalents	256,101	76,991
Loans provided to related parties	601,204	733,440
Trade receivables and other current financial receivables	252,373	238,824
Non-current financial receivables	963	66,062
Bank credits and loans	(2,152,156)	(1,921,705)
Lease liabilities	(110,939)	(68,571)
Loans received from related parties	(516,899)	(647,610)
Trade liabilities and other current financial liabilities	(260,245)	(374,181)
Non-current financial liabilities	(10,927)	-
Net position	**(1,940,525)**	**(1,896,750)**

* Table includes also intercompany balances that are eliminated during the consolidation process because FX differences arising on intercompany balances and transactions are not eliminated during the consolidation procedures which is in line with IFRS.

Currency risk impact on profit or loss	31.12.2023	31.12.2022
	CZK´000	CZK´000
EUR strengthening by 3%	(47,155)	(46,091)
EUR weakening by 3%	47,155	46,091

4.25.3 CREDIT RISK

Credit risk arises from cash deposits in banks along with other short-term deposits, as well as from trade and other financial receivables.

The Group undertakes activities aimed at limiting credit risk, consisting of checking the creditworthiness of its customers, setting credit limits and monitoring the customers' financial position. An analysis of ageing structure of trade and other financial receivables assists with the credit risk management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

TRADE AND OTHER FINANCIAL RECEIVABLES

The Group is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Group to incur losses.

Presented below is the ageing structure of receivables:

Credit risk	31.12.2023		31.12.2022	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
Due	CZK´000	CZK´000	CZK´000	CZK´000
Total due	**794,468**	**74,049**	**678,883**	**136,121**
Past due				
- less than 30 days overdue	106,026	433	84,179	2,249
- 30 to 90 days overdue	19,035	754	21,126	570
- 91 to 180 days overdue	16,341	462	9,522	738
- 181 to 360 days overdue	5,614	2,505	2,532	2,077
- over 360 days overdue	28,345	29,048	37,881	21,108
Total past due	**175,361**	**33,202**	**155,240**	**26,742**
Less loss allowance (-)	**(51,902)**	**(38,126)**	**(50,216)**	**(34,624)**
Total	**917,927**	**69,125**	**783,907**	**128,239**

Subject to the above, management believes that the credit risk has been accounted for in the financial statements through the creation of appropriate allowances.

CASH AND CASH EQUIVALENTS

With regard to the Group's other financial assets, such as cash and cash equivalents, credit risk arises as a result of the other party's inability to pay, and the maximum amount of the Group's exposure to this risk is equal to the balance sheet value of these amounts.

The credit risk associated with bank deposits, derivative instruments and other investments is considered to be immaterial, as the Group has concluded transactions with institutions that have a sound financial position.

Credit quality of cash in bank and in hand	31.12.2023	31.12.2022
Credit rating	CZK´000	CZK´000
Aa3	636	2,674
A1	663,868	316,083
A2	12,356	7,098
A3	7,104	93,214
Baa1	380,929	201,713
Not on watch*	-	1,358
Cash in hand	6,206	4,302
Total cash in bank and in hand	**1,071,099**	**626,442**

* Mainly Fio banka a.s.

4.25.4 LIQUIDITY RISK

The risk for the Group arises from a potential restriction in access to financial markets or from a change in the attitude of banks in the area of granting credits, which may result in an inability to obtain new financing or refinancing of debts.

Management of the Group monitors the risk of insufficient funds by adjusting the structure of financing to prediction of future cash flows (planned investments included), diversifying of sources of financing and by keeping sufficient level of available credit lines.

It is the Group’s objective to maintain a balance between financing continuity and flexibility, by using various financing sources, such as credits, loans and lease agreements. The Group controls its financial liabilities so that in each given period the amount of liabilities due within the next 12 months does not pose a threat for the Group’s ability to meet its financial obligations. The Group’s management believes that the value of cash and cash equivalents as at the balance sheet date, the available credit lines as at 31 December 2023 of CZK 413,469 thousand (as at 31 December 2022: CZK 242,310 thousand) and the Group’s financial position are such that the risk of losing liquidity is assessed as not significant.

Analysis of financial liabilities is presented below. The amounts represent undiscounted cash flows, which represent the Group's maximum exposure to liquidity risk.

Future cash outflows related to financial liabilities:

Contractual cash flows of financial liabilities as at 31 December 2023	Less than 3 months	Between 3-12 months	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash-flows	Total carrying amount
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Trade payables	1,451,572	8,455	-	-	-	1,460,027	1,460,027
Bank credits and loans	114,288	523,746	358,312	3,198,572	-	4,194,918	3,601,260
Lease liabilities	32,666	91,990	88,175	108,918	52,530	374,279	329,543
Advances received	203,116	-	-	-	-	203,116	203,116
Other liabilities	79,070	45,410	24,333	24,921	27,593	201,327	201,327
Total	**1,880,712**	**669,601**	**470,820**	**3,332,411**	**80,123**	**6,433,667**	**5,795,273**

Contractual cash flows of financial liabilities as at 31 December 2022	Less than 3 months	Between 3-12 months	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash-flows	Total carrying amount
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Trade payables	1,376,660	8,219	-	-	-	1,384,879	1,384,879
Bank credits and loans	92,042	614,043	353,537	940,338	2,448,297	4,448,257	3,550,025
Lease liabilities	29,910	97,371	138,875	100,462	51,052	417,670	371,457
Advances received	200,834	-	-	-	-	200,834	200,834
Other liabilities	50,717	17,203	2,872	5,172	8,781	84,745	84,600
Total	**1,750,163**	**736,836**	**495,284**	**1,045,972**	**2,508,130**	**6,536,385**	**5,591,795**

The cash outflows schedules above do not include financial guarantees, where the fair value was determined to be close to zero and which are listed in section 4.20.

4.26. CAPITAL MANAGEMENT

The Group manages capital by having a balanced financial policy with the objective of supplying the necessary funds to grow the business and, at the same time, secure an appropriate capital structure and financial liquidity and meet all the externally imposed capital requirements.

The Group manages net debt and monitors the net debt/adjusted EBITDA ratio.

The net debt is defined as the total value of liabilities arising out of credits, loans, bonds and leases, less cash and cash equivalents. Adjusted EBITDA is operating profit/(loss) plus depreciation and amortisation adjusted by all one-off events (all non-recurring or exceptional items not arising out of ordinary operations, such as impairment write downs, costs of relocation, extraordinary sale of non-current assets or group layoffs).

Net debt/Adjusted EBITDA calculation	2023	2022
	CZK´000	CZK´000
Bank credits and loans	3,601,260	3,550,025
Lease liabilities	329,543	371,457
Cash and cash equivalents	(1,071,099)	(626,442)
Net debt	**2,859,704**	**3,295,040**
Operating profit/(loss)	747,203	482,640
Adjusted for:		
One off´s (EBITDA impact)	(34,220)	41,695
Depreciation and amortisation	540,421	586,096
Adjusted EBITDA	**1,253,404**	**1,110,431**
Net debt/Adjusted EBITDA	**2.28**	**2.97**

One-offs for 2023 (EBITDA impact):

- Advisory costs of CZK 6,639 thousand (CzechoSlovakia and Adriatic segments).
- Restructuring costs of CZK 2,328 thousand (Fresh & Herbs segment).
- Net gain connected with the closed Grodzisk Wielkopolski plant of CZK 2,687 thousand (Fresh & Herbs segment).
- Net gain on sold items of Property, plant and equipment of CZK 10,617 thousand recognized in all business segments, mainly Fresh & Herbs.
- Gain on sale of the Grodzisk Wielkopolski plant of CZK 29,883 thousand (Fresh & Herbs segment).

One-offs for 2022 (EBITDA impact):

- Impairment of CZK 33,124 thousand in relation to plant Grodzisk Wielkopolski (Fresh & Herbs segment).
- Advisory costs of CZK 7,874 thousand (mainly CzechoSlovakia and Adriatic segment).
- Restructuring costs of CZK 7,006 thousand (mainly CzechoSlovakia segment).
- Costs connected with the support provided to parties impacted by the Ukraine war of CZK 1,431 thousand (CzechoSlovakia segment).
- Costs arising on integration of acquired subsidiaries of CZK 83 thousand (CzechoSlovakia segment).
- Release of impairment to items of Property, plant and equipment of CZK 993 thousand (CzechoSlovakia segment).
- Net gain on sold items of Property, plant and equipment of CZK 3,085 thousand recognized in all business segments.
- Net income (excluding depreciation effect) connected with the closed Grodzisk Wielkopolski plant of CZK 3,745 thousand (Fresh & Herbs segment).

4.26.1 CASH AND NON-CASH FINANCING ACTIVITIES

Net debt reconciliation	Liabilities from financing activities		Cash and cash equivalents	Net debt
	Bank credits and loans	Lease liability		
As at 1.1.2023	**3,550,025**	**371,457**	**(626,442)**	**3,295,040**
Proceeds from loans and bank credits received	285,807	-	-	285,807
Repayment of loans and bank credits	(294,868)	-	-	(294,868)
Change in amortized costs	2,618	-	-	2,618
Repayment of lease liabilities	-	(137,343)	-	(137,343)
Lease additions	-	95,603	-	95,603
Lease terminations	-	(2,693)	-	(2,693)
Cash (inflow)/outflow	-	-	(432,298)	(432,298)
Foreign exchange adjustments	57,678	2,519	(12,359)	47,838
As at 31.12.2023	**3,601,260**	**329,543**	**(1,071,099)**	**2,859,704**

Net debt reconciliation	Liabilities from financing activities		Cash and cash equivalents	Net debt
	Bank credits and loans	Lease liability		
As at 1.1.2022	**3,417,004**	**427,163**	**(391,517)**	**3,452,650**
Proceeds from loans and bank credits received	400,915	-	-	400,915
Repayment of loans and bank credits	(214,663)	-	-	(214,663)
Change in amortized costs	(4,639)	-	-	(4,639)
Repayment of lease liabilities	-	(143,451)	-	(143,451)
Lease additions	-	92,688	-	92,688
Lease terminations	-	(22,944)	-	(22,944)
Cash (inflow)/outflow	-	-	(244,260)	(244,260)
Foreign exchange adjustments	(48,592)	18,001	9,335	(21,256)
As at 31.12.2022	**3,550,025**	**371,457**	**(626,442)**	**3,295,040**

4.27. FINANCIAL INSTRUMENTS

4.27.1 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.

31.12.2023	Financial assets at amortised cost	Derivatives at fair value through OCI	Financial liabilities at amortised cost	Total
	CZK´000	CZK´000	CZK´000	CZK´000
Trade and other receivables	964,813	-	-	964,813
Cash and cash equivalents	1,071,099	-	-	1,071,099
Derivatives	-	11,312	-	11,312
Bank credits and loans	-	-	(3,601,260)	(3,601,260)
Lease liabilities	-	-	(329,543)	(329,543)
Trade and other payables	-	-	(1,853,543)	(1,853,543)
Total	**2,035,912**	**11,312**	**(5,784,346)**	**(3,737,122)**

31.12.2022	Financial assets at amortised cost	Derivatives at fair value through OCI	Financial liabilities at amortised cost	Total
	CZK´000	CZK´000	CZK´000	CZK´000
Trade and other receivables	826,450	-	-	826,450
Cash and cash equivalents	626,442	-	-	626,442
Derivatives	-	85,696	-	85,696
Bank credits and loans	-	-	(3,550,025)	(3,550,025)
Lease liabilities	-	-	(371,457)	(371,457)
Trade and other payables	-	-	(1,670,313)	(1,670,313)
Total	**1,452,892**	**85,696**	**(5,591,795)**	**(4,053,207)**

Fair value of derivatives

In 2020 and 2018, the Group concluded IRS contract and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income (refer to section 3.5 for more details).

With the amendment on bank loans in June 2022, also new IRS contracts were concluded (only in relation to EUR part of the loan) with interest 2.149% p.a. + margin. At the same time, the existing IRS were terminated and sold (refer to section 4.6).

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.

4.28. HEADCOUNT

The average headcount in the Group was as follows:

Average headcount	2023	2022
Management Board of the Company	6	6
Management Boards of the Group entities	10	7
Administration	196	199
Sales, Marketing and Logistic department	1,143	1,158
Production division	682	699
Total	**2,037**	**2,069**

Total number of employees as of 31 December 2023 was 2,034 persons (as of 31 December 2022: 2,064 persons).

4.29. ACQUISITION OF SUBSIDIARIES

Acquisition of subsidiary FILIP REAL a.s.

In November 2023, the Company concluded an agreement to purchase a 100% stake in FILIP REAL a.s., a company that operates the hotel in Zbraslav, Prague.

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

Fair value of assets and liabilities	CZK´000
Property, plant and equipment	61,107
Trade and other receivables – current	278
Cash and cash equivalents	329
Trade and other payables – current	(732)
Income tax liabilities	(322)
Total identifiable net assets acquired	**60,660**
Consideration transferred	20,000
Deferred consideration liability – current	19,126
Deferred consideration liability – non-current	35,782
Total consideration	**74,908**
Goodwill	**14,248**

The reason for the acquisition was the entrance into the new segment and also possible utilisation for own purposes.

Post-acquisition revenue and result are immaterial.

Acquisition of subsidiary PIVOVARY TRIANGL s.r.o.

In November 2023, the Company became a 51% owner in PIVOVARY TRIANGL s.r.o., a holding company for the purpose of the acquisition of company Pivovary CZ Group a.s. (refer to subsequent events). Consideration transferred amounted to CZK 5 thousand.

4.30. ACQUISITION OF NCI

Acquisition of subsidiary Bilgola fresh s.r.o.

In December 2023, the Company concluded an agreement to purchase a 100% stake in Bilgola fresh s.r.o., a holding company that owned a remaining 10% share in UGO trade s.r.o. As such, UGO trade s.r.o. became fully part of the Kofola Group.

Consideration	CZK´000
Consideration transferred	3,000
Deferred consideration liability – current	21,664
Deferred consideration liability – non-current	14,898
Total consideration	**39,562**

Summary	CZK´000
Carrying amount of NCI acquired	(41,156)
Total consideration	39,562
A decrease in equity attributable to owners of the Company (presented in Retained earnings)	**(80,718)**

The contingent consideration results from the estimated business results of UGO trade s.r.o. and is discounted with the cost of debt.

4.31. UKRAINE CRISIS

War in Ukraine brought new risks and uncertainty to our business. The Group's management is very closely monitoring the development of the war conflict between Russia and Ukraine. The Group has already provided various forms of support to Ukrainian civilians and intends to continue in these activities as it cares about people in need. The whole situation impacts people, companies and states all around the world. The Group has no material direct exposure either to Russia or Ukraine. The war however impacts whole European economy and led to price increases which was perceived also by the Group. Increasing input prices do not, however, represent a threat to the Group's ability to continue as a going concern as it has sufficient financial resources and is able to control its costs (e.g. by savings in marketing expenses) to a certain level. In case of the ongoing cost pressure, the Group may also increase the output prices to ensure profitability level expected by its stakeholders.

As of the date of this report, the production is in operation, we have continuing supplies of materials and energy (we are in close contact with our key suppliers). There were optimizations in CAPEX and OPEX and we plan to continue in this trend in the upcoming period based on actual development.

The Group updates its risk matrix on a regular basis and is aware of increased risks in connection with the war in Ukraine (such as already mentioned input prices). There can also be an increased frequency of cyber-attacks but we haven't been subject to any such attack that would impact our daily operations or would lead to leakage of the sensitive information. Our IT department monitors the situation on the daily basis and executes necessary steps to continue in the defence of our data and systems.

The Group believes to have sufficient resources from current cash balance and overdrafts. We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook regularly.

Based on the above analysis and assumptions, including the severe but plausible scenarios, management concluded that the Group will have sufficient resources to continue its business for a period of at least 12 months from the reporting date. As a result, the Group used the going concern basis of accounting in preparing these financial statements.

4.32. OTHER INFORMATION

Auditors remuneration

The Company was for the years ended 31 December 2023 and 31 December 2022 audited by KPMG Česká republika Audit, s.r.o. ("KPMG").

The following amounts were charged by professional advisors and auditors:

Auditors' remuneration	2023	2022
	CZK´000	CZK´000
Audit (KPMG)	4,599	4,801
Audit (Other companies)	325	309
Tax services (Other companies)	3,361	2,339
Other services (KPMG)	20	297
Other services (Other companies)	720	875
Total	**9,025**	**8,621**

Tax services include mainly advisory relating to preparation of corporate income tax returns, personal income tax for expats and various consultations in complex tax areas.

Electricity purchase contracts

The Group has concluded a general agreement on electricity deliveries and as such is not in risk of not having the electricity for production and other purposes. Price fixing is performed for various periods and on country by country basis for 20-50% of expected volumes.

4.33. SUBSEQUENT EVENTS

In January 2024, the Group has acquired a 49% stake in MIXA VENDING s.r.o., a company focused on the operation of beverage and food vending machines. The agreement includes a three-year option for Kofola to acquire a majority stake in the company. In 2022, MIXA VENDING s.r.o. reached a turnover of over CZK 170 million and EBITDA over CZK 36 million.

In January 2024, the Group has established a new subsidiary Supplo s.r.o. which is intended for B2B sales of products and services through the Marketplace model.

In January 2024, the Group has acquired a 100% share in PRAGEROVY SADY LIBINA s.r.o., a company that owns apple orchards in the Úsovsko region.

In February 2024, the Group has drawn the remaining balance of CAPEX loan tranche of CZK 130 million.

In March 2024, PIVOVARY TRIANGL s.r.o. ("TRIANGL") became a 100% owner of Pivovary CZ Group a.s. and FONTÁNA PCZG s.r.o. The shareholders of TRIANGL are Kofola ČeskoSlovensko a.s. (51%), RSJ PE SICAV a.s. (29%) and ÚSOVSKO a.s. (20%). Company Pivovary CZ Group a.s. develops the traditional beer brands Holba, Zubr and Litovel. The Kofola Group can thus enter another category at the regional level in which it can use its business, distribution and marketing know-how. In 2022, Pivovary CZ Group a.s. reached a turnover of over CZK 1,300 million and EBITDA over CZK 250 million.

In March 2024, the Group has drawn a loan of CZK 500 million in connection with the acquisition of Pivovary CZ Group.

TRIANGL has received a capital contribution of CZK 800 million (from all shareholders on a pro rata basis), intercompany loans of CZK 315 million (from all shareholders on a pro rata basis) and bank loan of CZK 300 million in March 2024.

Interest rate swaps have been concluded in relation to EUR part of recently drawn loans intended for CAPEX purposes in January 2024 and March 2024.

In March 2024, company P.H.Lager s.r.o. was established. The company's purpose is to focus on the production of F.H.Prager's portfolio.

Kofola ČeskoSlovensko a.s. has purchased 36,997 shares of its own shares (which represents 0.17% of the Company´s share capital) in the total value of CZK 10,063 thousand (CZK 272 per share) from RADENSKA d.o.o. in March 2024. The individual share price was determined based on the price quoted at Prague Stock Exchange. As such, the contract was concluded at market terms. The shares have nominal value of CZK 50 per individual share. 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 company. Substantial majority of shares has been transferred to option scheme participants in March 2024.

Initial accounting for the above mentioned business combinations is incomplete at the time the financial statements are authorized for issue, therefore the disclosures required in relation to these business combinations are limited.

The settlement agreement on CZK 90 million was concluded between the Company and RADENSKA d.o.o. that settled the outstanding loan payable by the Company and part of the dividend payble by RADENSKA.

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.

11.4.2024	**Janis Samaras**	**Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**René Musila**	**Vice-Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Daniel Buryš**	**Vice-Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Martin Pisklák**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Marián Šefčovič**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*

SEPARATE FINANCIAL STATEMENTS 2023

Kofola ČeskoSlovensko a.s.

1. SEPARATE FINANCIAL STATEMENTS

1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

Separate statement of profit or loss	Note	2023	2022
		CZK´000	CZK´000
Revenue	4.2	588,741	480,407
Cost of sales	4.3	(31,798)	(29,729)
Gross profit		**556,943**	**450,678**
Selling, marketing and distribution costs	4.3	(195,149)	(170,924)
Administrative costs	4.3	(376,582)	(222,370)
Dividends	4.2	332,873	422,560
Release of impairment	4.12	238,453	-
Other operating income	4.4	51,863	2,505
Other operating expenses	4.5	(8,027)	(44,602)
Operating profit/(loss)		**600,374**	**437,847**
Finance income	4.6	63,005	197,996
Finance costs	4.7	(248,380)	(215,890)
Profit/(loss) before income tax		**414,999**	**419,953**
Income tax (expense)/benefit	4.8	14,236	(19,101)
Profit/(loss) for the period		**429,235**	**400,852**
Earnings/(loss) per share (in CZK)			
Basic earnings/(loss) per share	4.9	19.26	17.98

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

1.2. SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

Separate statement of other comprehensive income	Note	2023	2022
		CZK´000	CZK´000
Profit/(loss) for the period	1.1	**429,235**	**400,852**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Derivatives - Cash flow hedges		(74,384)	(6,350)
Deferred tax from cash flow hedging	4.8	13,906	1,207
Other comprehensive income/(loss) for the period		**(60,478)**	**(5,143)**
Total comprehensive income/(loss) for the period	1.5	**368,757**	**395,709**

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

1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 31 December 2023 and 31 December 2022 in CZK thousand.

Assets	Note	31.12.2023	31.12.2022
		CZK´000	CZK´000
Non-current assets		**4,247,271**	**3,812,722**
Property, plant and equipment	4.10	56,404	53,202
Goodwill	4.11	30,675	30,675
Intangible assets	4.11	277,916	266,117
Investments in subsidiaries	4.12	3,747,391	3,285,781
Investments in equity accounted investees	4.13	35,263	-
Other receivables	4.14	99,622	176,947
Current assets		**1,466,619**	**1,291,930**
Inventories		-	4
Trade and other receivables	4.14	489,372	416,500
Loans provided to related parties	4.14, 4.25.4	610,778	737,961
Cash and cash equivalents	4.15	366,469	137,465
Total assets		**5,713,890**	**5,104,652**

Liabilities and equity	Note	31.12.2023	31.12.2022
		CZK´000	CZK´000
Total equity	1.5	**1,944,441**	**1,717,627**
Share capital	1.5	1,114,597	1,114,597
Other reserves	1.5	194,653	96,619
Retained earnings/(Accumulated deficit)	1.5	635,191	506,411
Total liabilities		**3,769,449**	**3,387,025**
Non-current liabilities		**3,330,147**	**3,114,072**
Bank credits and loans	4.18, 4.26	3,153,945	3,058,226
Lease liabilities	4.22, 4.26	4,067	5,733
Provisions	4.17	21,353	1,611
Other liabilities	4.19	61,607	-
Loans received from related parties	4.19	86,538	-
Deferred tax liabilities	4.8	2,637	48,502
Current liabilities		**439,302**	**272,953**
Bank credits and loans	4.18, 4.26	230,785	167,887
Lease liabilities	4.22, 4.26	10,414	10,986
Provisions	4.17	79,949	42,011
Trade and other payables	4.19	99,904	49,055
Loans received from related parties	4.19	2,521	-
Income tax liabilities		15,729	3,014
Total liabilities and equity		**5,713,890**	**5,104,652**

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

1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

Separate statement of cash flows	Note	2023	2022
		CZK´000	CZK´000
Cash flows from operating activities*			
Profit/(loss) before income tax	1.1	414,999	419,953
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.3	49,823	47,218
Net interest	4.6, 4.7	176,955	151,941
Dividends	4.2	(332,873)	(422,560)
Release of impairment	4.12	(238,453)	-
Change in the balance of provisions and other adjustments		8,079	28,219
Derivatives	4.6, 4.7	(19,752)	(127,841)
Realised (gain)/loss on sale of Property, plant and equipment and Intangible assets	4.4, 4.5	(396)	(2)
Net exchange differences		27,186	(11,306)
Share based payment	4.3	99,204	(1,142)
Other		1,500	(367)
Cash movements			
Income tax		(5,011)	779
Change in operating assets and liabilities			
Change in receivables		(50,874)	(28,199)
Change in inventories		4	-
Change in payables		7,442	(7,088)
Net cash inflow/(outflow) from operating activities		**137,833**	**49,605**
Cash flows from investing activities			
Sale of Property, plant and equipment		467	17
Acquisition of Property, plant and equipment and Intangible assets		(50,451)	(18,153)
Acquisition of subsidiaries	4.28	(23,005)	-
Acquisition of equity accounted investees	4.13	(1,213)	-
Dividends and interest received		382,117	577,541
Proceeds from repaid loans		152,038	15,000
Loans granted		(9,370)	(91,165)
Capital contributions	4.13	(34,050)	-
Net cash inflow/(outflow) from investing activities		**416,533**	**483,240**
Cash flows from financing activities			
Lease payments	4.22	(12,786)	(13,640)
Proceeds from loans and bank credits	4.26	368,862	234,169
Repayment of loans and bank credits	4.26	(182,649)	(285,705)
Dividends paid to the shareholders of the Company	4.16.4	(300,941)	(263,215)
Interest paid		(215,090)	(194,011)
Realized derivatives	4.6, 4.7	19,752	1,219
Terminated derivatives	4.7	-	126,622
Purchase of own shares		-	(6,671)
Transaction costs connected with loan financing		-	(7,483)
Dividends not drawn		-	2,643
Other		(2,510)	(1,938)
Net cash inflow/(outflow) from financing activities		**(325,362)**	**(408,010)**
Net increase/(decrease) in cash and cash equivalents		**229,004**	**124,835**
Cash and cash equivalents at the beginning of the period	1.3	**137,465**	**12,630**
Cash and cash equivalents at the end of the period	1.3	**366,469**	**137,465**

** The Company has elected to present cash flows from operating activities using the indirect method.*

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

1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 12-month period ended 31 December 2023 and 31 December 2022 in CZK thousand.

Separate statement of changes in equity	Note	Share capital	Interest rate swaps	Share based payment	Own shares	Retained earnings/ (Accumulated deficit)	Total equity
		CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Balance as at 1 January 2022		**1,114,597**	**74,556**	**35,385**	**-**	**354,814**	**1,579,352**
Profit/(loss) for the period	1.1	-	-	-	-	400,852	**400,852**
Other comprehensive income/(loss)	1.2	-	(5,143)	-	-	-	**(5,143)**
Total comprehensive income/(loss) for the period		**-**	**(5,143)**	**-**	**-**	**400,852**	**395,709**
Dividends	4.16.4	-	-	-	-	(251,899)	**(251,899)**
Share based payment	4.21	-	-	(1,508)	-	-	**(1,508)**
Own shares purchase	4.16.3	-	-	-	(6,671)	-	**(6,671)**
Shares transfer to share based payment participants	4.16.3	-	-	(6,671)	6,671	-	**-**
Transactions with owners in their capacity as owners		**-**	**-**	**(8,179)**	**-**	**(251,899)**	**(260,078)**
Uncollected dividends		-	-	-	-	2,643	2,643
Rounding		-	-	-	-	1	1
Balance as at 31 December 2022		**1,114,597**	**69,413**	**27,206**	**-**	**506,411**	**1,717,627**
Balance as at 1 January 2023		**1,114,597**	**69,413**	**27,206**	**-**	**506,411**	**1,717,627**
Profit/(loss) for the period	1.1	-	-	-	-	429,235	**429,235**
Other comprehensive income/(loss)	1.2	-	(60,478)	-	-	-	**(60,478)**
Total comprehensive income/(loss) for the period		**-**	**(60,478)**	**-**	**-**	**429,235**	**368,757**
Dividends	4.16.4	-	-	-	-	(300,941)	**(300,941)**
Share based payment	4.21	-	-	158,512	-	-	**158,512**
Transactions with owners in their capacity as owners		**-**	**-**	**158,512**	**-**	**(300,941)**	**(142,429)**
Uncollected dividends		-	-	-	-	486	**486**
Balance as at 31 December 2023		**1,114,597**	**8,935**	**185,718**	**-**	**635,191**	**1,944,441**

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

Dividend distribution

The General Meeting held outside of the meeting during 4 – 19 September 2023 has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 300,941 thousand.

The General Meeting held outside of the meeting during 5 – 20 September 2022 has approved a distribution of dividends in the amount of CZK 11.3 per share, i.e. CZK 251,899 thousand.

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 https://www.kofola.cz/ and the phone number is +420 595 601 030. LEI: 3157005DO9L5OWHBQ359.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2023 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 eleven production plants and key trademarks include Kofola, Jupí, Jupík, Rajec, Radenska, Semtex energy drink, Vinea, Ondrášovka and Korunní. On selected markets, the Group distributes among others Rauch, Evian, Café Reserva and Dilmah products and under the licence produces Royal Crown Cola or Orangina. Besides traditional non-alcoholic drink segment, Group is also entering new smaller segments through the acquisition of coffee plantations and apple orchards, but with its latest acquisition of Pivovary CZ Group realized in March 2024, at is also entering the beer segment.

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 4.25.1.

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 31 December 2023, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chair
- René Musila – Vice-Chair
- Daniel Buryš – Vice-Chair
- Martin Pisklák
- Martin Mateáš
- Marián Šefčovič

SUPERVISORY BOARD

- René Sommer – Chair
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Alexandros Samaras
- Ladislav Sekerka

AUDIT COMMITTEE

- Zuzana Prokopcová – Chair
- Petr Šobotník
- Lenka Frostová

2.2. GROUP STRUCTURE

Group structure chart as at 31 December 2023

Description of the group companies

Name of entity	Place of business	Segment	Principal activities	Ownership interest and voting rights 31.12.2023	Ownership interest and voting rights 31.12.2022
Holding companies					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company		
Cafe Dorado s.r.o.*	Czech Republic	Fresh & Herbs	holding company	50.00%	n/a
PIVOVARY TRIANGL s.r.o.***	Czech Republic	n/a	holding company	51.00%	n/a
Bilgola fresh s.r.o.*****	Czech Republic	Fresh & Herbs	holding company	100.00%	n/a
Production and trading					
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%
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%
F.H.Prager s.r.o.	Czech Republic	CzechoSlovakia	production and distribution of ciders and kombucha	100.00%	100.00%
Semtex Republic s.r.o.	Czech Republic	CzechoSlovakia	marketing activities	100.00%	100.00%
Zahradní OLLA s.r.o.**	Czech Republic	n/a	production and distribution of self-watering clay pots	34.00%	n/a
FILIP REAL a.s.***	Czech Republic	n/a	hotel operation	100.00%	n/a
Bylinkárna s.r.o.	Czech Republic	Fresh & Herbs	products completion and packaging	100.00%	100.00%
General Plastic, a. s.****	Slovakia	CzechoSlovakia	production of hot-washed PET flakes and PET preforms	33.33%	n/a
AGRITROPICAL S.A.S.*****	Colombia	n/a	coffee plantations	25.00%	n/a
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%

* Established in Jun 2023. ** Acquired in Sep 2023. *** Established in Nov 2023. **** Acquired in May 2023. ***** Acquired in Dec 2023.
****** Effective share of Kofola Group in UGO trade s.r.o. is 100% after the acquisition of Bilgola fresh s.r.o. in Dec 2023.

3. MATERIAL ACCOUNTING POLICIES

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS Accounting Standards"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2023.

The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, employee share-based payments measured at grant date fair value and contingent consideration relating to business combinations at fair value.

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

The separate financial statements cover the year ended 31 December 2023 and contain comparatives for the year ended 31 December 2022.

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

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

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

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

3.3. FOREIGN CURRENCY TRANSLATION

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

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

- operating income and expense – 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.

Foreign exchange gains and losses recognized in profit or loss are offset.

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

Closing exchange rates	31.12.2023	31.12.2022
CZK/EUR	24.725	24.115
CZK/PLN	5.694	5.152
CZK/HRK	n/a	3.200

Average exchange rates	1.1.2023 - 31.12.2023	1.1.2022 - 31.12.2022
CZK/EUR	24.007	24.565
CZK/PLN	5.290	5.245
CZK/HRK	n/a	3.260

3.4. ACCOUNTING METHODS

3.4.1 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses. Items acquired in a business combination are measured at their acquisition-date fair values. The costs of non-current assets consist of their acquisition price plus all costs directly associated with the asset's acquisition and adaptation for use. The costs also include the cost of replacing parts of machines and equipment as they are incurred, if the recognition criteria are met. Costs incurred after the asset is given over for use, such as maintenance and repairs, are charged to the income statement as they are incurred.

If circumstances occurred during the preparation of the financial statements indicating that the carrying value of item of property, plant and equipment may not be recoverable, the said asset is tested for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there are indications that impairment might have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units to which the assets belong is reduced to the value of the recoverable amount. The recoverable value corresponds to the higher of the following two values: the fair value less costs of disposal, or the value in use. When determining value in use, the estimated future cash flows are discounted to the present value using a post-tax discount rate reflecting the current market assessments of the time value of money and the risk associated with the given asset component. If the asset component does not generate income sufficiently independently, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment write downs are recognised in the income statement under other operating costs or in the separate row if material.

A given tangible non-current asset is derecognised from the balance sheet when it is sold or if no economic benefits are anticipated from its continued use. All profits and losses arising from the derecognition (calculated as the difference between the potential proceeds from the sale and the balance sheet value of a given item) are recognised in the income statement in the period in which the derecognition was performed.

Assets under construction consist of non-current assets that are being constructed or assembled and are stated at acquisition price or cost of production. Non-current assets under construction are not depreciated until the construction is completed and the assets given over for use.

The balance sheet value, the useful life and the depreciation method of non-current assets are verified, and if need to be adjusted, at the end of each financial year.

Items of income and expense related to sold property, plant and equipment are offset.

Depreciation

Items of property, plant and equipment, or their significant and separate components, are depreciated using the straight-line method to allocate their costs to their residual values over their economic useful lives. Land is not depreciated. The Company assumes the following economic useful lives for the following categories of non-current assets:

Asset category	Useful life
Buildings and constructions	20 – 40 years
Technical improvement on leased property	10 years in average
Plant and equipment	2 – 15 years
Vehicles	4 – 6 years

3.4.2 LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration on the contract to each lease component on the basis of its relative stand-alone prices.

The Company recognises a right-of-use asset (RoUA) and a lease liability at the lease commencement date. The RoUA is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The RoUA is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the RoUA reflects that the Company will exercise a purchase option. In that case the RoUA will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the RoUA is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses interest rate implicit in the lease for the vehicle leases and its incremental borrowing rate for other leases.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments,
- variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under residual value guarantee,
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost under the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the RoUA, or is recorded in profit or loss if the carrying amount of the RoUA has been reduced to nil.

The Company presents RoUA that do not meet a definition of investment property in Property, plant and equipment and lease liabilities on separate rows in the statement of financial position.

The Company leases mainly the head office administrative building and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Short-term leases and leases of low-value assets

The Company has elected not to recognise RoUA and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease paymets associated with the leases as an expense on a straight-line basis over the lease term.

3.4.3 GOODWILL

Goodwill is carried at cost less accumulated impairment losses, if any. The Company tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination.

Such units or groups of units represent the lowest level at which the Company monitors goodwill and are not larger than an operating segment. Any impairment of goodwill cannot be subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

3.4.4 INTANGIBLE ASSETS

Intangible assets acquired in a separate transaction are initially stated at acquisition price or production costs. The acquisition price of intangible assets acquired in a business combination is equal to their fair value as at the date of the combination. After their initial recognition, intangible assets are stated at their historical price or production costs less accumulated amortisation and impairment write downs. Expenditures on internal research and development, except for capitalised development costs of identifiable intangible assets, are not capitalised and are recognised in the income statement of the period in which they were incurred.

The Company determines whether the economic useful life of an intangible asset is finite or indefinite. A significant part of the Company's intangible assets constitute trademarks, for most of them, the Company has determined that they have an indefinite useful life. The Company is the owner of some of the leading trademarks in non-alcoholic beverages in Central Europe. As a result, these trademarks are generating positive cash flows and the Company owns the trademarks for the long term. The Board considered several factors and circumstances in concluding that these trademarks have indefinite useful lives, such as size, diversification and market share of each trademark, the trademark's past performance, long-term development strategy, any laws or other local regulations which may affect the life of the assets and other economic factors, including the impact of competition and market conditions. The Company's management expects that it will hold and promote trademarks for an indefinite period through marketing and promotional support. The trademarks with indefinite useful lives are tested for impairment at least annually. The Company has reassessed useful lives of assets with indefinite useful life and concluded that current events and circumstances continue to support an indefinite useful life assessment.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there are impairment indicators. Useful life and method of amortisation of intangible assets with finite lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. Intangible assets with finite useful lives are assessed for impairment whenever there are impairment indicators.

Intangible assets are amortised using the straight-line method over their useful lives:

Asset category	Useful life
Software licences	3 – 16 years
Computer software	3 – 6 years
Other licences	5 – 7 years
Valuable rights	5 – 10 years

3.4.5 INVESTMENTS IN SUBSIDIARIES

The Company accounts for investments in subsidiaries at cost.

3.4.6 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint venture or Joint operation is an investment where the Company has a joint control over the investment. Equity accounted investees are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor’s share of the net assets of the investee after the date of acquisition. The Company’s investment in equity accounted investees includes goodwill identified on acquisition.

If the ownership interest is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Companys’s share of post-acquisition profit or loss is recognized in profit or loss and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company’s share of losses in an investment equals or exceeds its interest in the investment, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment.

The foreign investments are retranslated using foreign exchange rate valid at the balance sheet date and any resulting difference is recognised in Other comprehensive income.

The Company determines as at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount adjacent to share of profit/(loss) of investment in the income statement.

3.4.7 RECOVERABLE VALUE OF NON-FINANCIAL ASSETS

The Company evaluates its assets whether indicators of impairment are present as at each balance sheet date. For goodwill and indefinite life intangible assets, the Company performs a formal estimate of the recoverable amount annually, for remaining assets the estimate is performed in case of presence of impairment indicators. If the carrying value of a given asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and written down to its recoverable amount. The recoverable amount corresponds to the higher of the following two values: the fair value less costs of disposal, or the value in use of a given asset or cash generating unit. The impairment loss recognised, except for impairment of goodwill, may be reversed in future periods if the asset’s value recovers.

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If there isn’t any such cash-generating unit, as a CGU is considered the whole entity and any impairment loss is allocated to the Company’s assets respecting the IFRS Accounting Standards requirements on order of the impairment loss allocation.

3.4.8 FINANCIAL INSTRUMENTS

Financial instrument is any formal agreement that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity.

The most significant assets that are subject to the financial instruments accounting policies are:

- loan receivables,
- derivative instruments (swap contracts),
- trade receivables,
- other financial receivables,
- dividend receivables,
- cash.

The most significant liabilities that are subject to the financial instruments accounting policies:

- loan payables,
- derivative instruments (swap contracts),
- trade payables,
- contingent/deferred consideration liabilities,
- lease liabilities.

The Company's financial assets/liabilities are classified to the following categories:

- measured at amortized costs,
- fair value through other comprehensive income (FVTOCI), and
- fair value through profit and loss (FVTPL).

Classification is based on the nature of the assets/liabilities and management intention. The Company classifies its assets/liabilities at their initial recognition.

Financial assets/liabilities

Financial assets are initially recognised at fair value, except for trade receivables which are initially recognised based on IFRS 15 transaction price. Their initial valuation is increased by transaction costs, with the exception of financial assets stated at fair value through profit or loss. The transaction costs payable in case of a possible disposal of the asset are not deducted from subsequent measurement of financial assets. The asset is recognised in the balance sheet when the Company becomes a party to the agreement (contract), out of which the financial asset arises.

Financial liabilities are initially recognised at fair value. Transaction costs are deducted from the amount at initial recognition, except for financial liabilities at fair value through the profit or loss. The transaction costs payable upon a transfer of a financial liability are not added to the subsequent valuation of financial liabilities. The financial liabilities are recognised in the balance sheet when the Company becomes a party to the agreement, out of which the financial liability arises.

Financial assets/liabilities measured at amortized costs

Financial assets measured at amortized costs include primarily loans, trade receivables, dividend receivables, bank deposits, bonds and other cash funds. Depending on their maturity date, they are included in non-current assets (assets due in more than 1 year after the end of the reporting period) or current assets (assets due within 1 year after the end of the reporting period). The assets included in this category are stated at amortised cost using the effective interest method.

Financial liabilities include primarily trade payables, leases and loans. The liabilities included in this category are stated at amortised cost using the effective interest method.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset/liability is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets/liabilities measured at fair value through other comprehensive income

Except for interest rate swaps for which the hedge accounting is applied, the Company doesn't have any other assets/liabilities measured at fair value through other comprehensive income.

Derivative financial instruments and hedge accounting

This category includes derivative instruments in the Company's balance sheet. The Company holds derivative financial instruments to hedge its interest rate risk exposures. Financial assets/liabilities within this category serve for the hedging of risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges) and are presented within other receivables/other payables.

At the inception of the hedging relationship, there is a formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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

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

Amount accumulated in the hedging reserve and the cost of hedging reserve are reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 1 year after the end of the reporting period.

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

Financial assets/liabilities measured at fair value through profit or loss

This category in general includes two groups of assets: financial assets held for trading and financial assets designated initially at fair value through profit or loss. A financial asset is included in the held for trading category if it was acquired in order to be sold in the near term, or if it is part of a portfolio in which a pattern or short-term trading exists, or if it is a derivative instrument with a positive fair value and not designated for hedges.

Assets classified as financial assets designated at fair value through profit or loss are stated as at each reporting date at fair value, and all gains or losses are recognised as financial income or costs. Derivative financial instruments are stated at fair value as at the balance sheet date and as at the end of each reporting period based on valuations performed by the banks realising the transactions which are accepted by the management. Other financial assets designated at fair value through profit or loss are valued using stock exchange prices, and in their absence, using appropriate valuation techniques, such as: the use of the prices in recent transactions, comparisons with similar instruments, option valuation models. The fair value of debt instruments represents primarily future cash flows discounted at the current market interest rate applicable to similar instruments.

This category includes two groups of liabilities: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss. Financial liabilities held for trading are liabilities that: have been issued primarily to be transferred or repurchased in near term or are a component of a portfolio of financial instruments that are managed together with a purpose of generating a profit from short-term fluctuations in price or trader's margin or constitute derivative instruments.

Financial liabilities at fair value through profit or loss are measured at their fair value at the end of each reporting period, and all gains or losses are recognised as finance income or costs. Derivative instruments are measured at fair value at the end of each reporting period based on valuations performed by the banks realising the transactions which are accepted by the management. The fair value of debt instruments represents future cash flows discounted at the current market interest rate applicable to similar instruments.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortized costs. For trade receivables, the Company measures loss allowances at an amount equal to lifetime ECLs. For other financial assets the Company measures loss allowances at amount equal to either 12-month ECL or lifetime ECL (when the credit risk of an asset has increased significantly).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort (mainly historical experience, credit assessment, current and forward-looking information available to the management).

The Company assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

Lifetime expected credit losses are those that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses constitute the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade. The Company considers this to be Ba1 or higher per rating of agency Moody's.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Derecognition of financial assets/liabilities

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

The Company derecognises financial liability (or part of a financial liability) when it extinguishes, i.e. when the obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. However, the offsetting is not possible if it cannot be legally enforced in the normal course of business, in the event of default or in the event of insolvency or bankruptcy of the entity or any of the counterparties.

3.4.9 TRADE AND OTHER RECEIVABLES

Trade and other financial receivables are carried at amortised cost (i.e. present value discounted using the effective interest rate) net of impairment write downs.

In cases when the effect of the time value of money is significant, the carrying value of a receivable is determined by discounting the expected future cash flows to the present value, using a discount rate that reflects the current market assessments of the time value of money. Unwinding of the effects of discounting increasing the receivable is recorded as finance income.

An impairment loss is recognised in profit or loss at the difference between an asset´s carrying amount and the present value of the estimated cash flows discounted at the asset´s original effective interest rate. For the measurement of loss allowance for financial assets refer to section 3.4.8.

Non-financial receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. Such evidence includes:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation,
- default or delinquency by the debtor.

3.4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, as well as highly liquid investments that can be readily convertible to known amount of cash and are subject to insignificant changes in the value.

The balance of cash and cash equivalents presented in the separate statement of cash flows consists of cash at bank and in hand, as well as short-term deposits with original maturity up to 3 months.

3.4.11 EQUITY

Equity is classified by category and in accordance with binding legal regulations and the Company's Statute.

Share capital is carried at the amount stated in the Statute and in the National Court Register.

Declared but unpaid capital contributions are recorded as unpaid share capital. Treasury shares and unpaid share capital are deducted from the Company's equity.

Other elements of equity are: Other reserves (reserve from IRS and Share based payment) and Retained earnings.

Own shares acquired for cancellation, in accordance with the provisions of the Business Corporation Act, are recorded at cost as a negative amount as a separate component of equity.

Retained earnings/Accumulated deficit consist of accumulated profits or uncovered losses from previous years and the profit/loss for the period.

Dividends are recognised as liabilities in the period in which they were approved.

3.4.12 INTEREST-BEARING BANK CREDITS AND LOANS

At initial recognition, all bank credits and loans are recorded at their fair value, which corresponds to the received cash funds, less the costs of obtaining the credit or loan.

After their initial recognition, interest bearing credits and loans are stated at amortised cost by applying the effective interest rate method.

Amortised cost is determined by taking into account the costs of obtaining the credit or loan, as well as discounts and bonuses received or settlement fees charged at the settlement of the liability.

3.4.13 TRADE LIABILITIES AND OTHER LIABILITIES

Financial liabilities constitute a current obligation arising out of past events, the fulfilment of which is expected to result in an outflow of cash or other financial assets.

Financial liabilities other than financial liabilities stated at fair value through profit or loss are measured at amortised cost (i.e. discounted using the effective interest rate).

Exchange rate differences resulting from the balance sheet remeasurement of trade payables are recognised in cost of sales.

Non-financial current liabilities are measured at amounts due.

3.4.14 PROVISIONS

Provisions are created when the Company has a present obligation (legal or constructive) arising out of past events, and when it is likely that the fulfilment of this obligation will result in an outflow of economic benefits, and when the amount of the obligation can be reliably measured. If the Company has a right to be reimbursed for the costs covered by the provision, for example based on an insurance policy, then the reimbursement is recognised as a separate asset, but only if it is virtually certain that the reimbursement will be received. The costs relating to a given provision are presented in the income statement net of any reimbursements. If the time value of money is material, the carrying amount of the provision is determined by discounting the forecasted future cash flows to their present values using a pre-tax discount rate reflecting the current market assessments of the time value of money and any risks associated with the given obligation. Subsequent increases of the provision due to unwinding of discount are presented as interest expense.

3.4.15 EMPLOYEE BENEFITS

Share based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes of such/these conditions.

The fair value of shares granted is based on the stock market share price as of the grant date that was adjusted for the expected fulfilment of non-vesting conditions and market conditions, expected dividend payments and shares restrictions.

In terms of non-vesting conditions, it is expected that all participants will fulfil the set administrative tasks and also period of holding the shares after their acquisition. In terms of Pair shares, new share based payments program participants are expected to utilize the annual gross salary limit in 75%. Participants from the previous share based payments program that are also participants in this share based payments program are expected to utilize the annual gross salary limit in 100%. Market condition is represented mainly by the expected share price on Prague Stock Exchange. The projection of the share price was determined using the Monte Carlo simulation that is based on historical data (starting from June 2018) from which the average growth rate as well as standard deviation are determined. These, together with the random input from normal distribution, serve as a base for the projection of share price development in particular future months. Expected dividends were for the purpose of valuation determined in line with the historical resolutions. And due to existing time limitations on sale, the fair value was decreased by approximately 15% which is a discount rate reflecting the overall market restriction discounts, Group's market capitalization, industry and shares holding period.

Equity-settled share-based payments granted by the Company to the employees of its subsidiaries are recognized in equity with a corresponding increase of the investments in the subsidiary.

Share based payment Plan 2021 - 2026

In the year 2021, the Company introduced a new program for long-term remuneration of senior managers of the Group. By entering into agreement on participation in the Program, the participants are entitled to acquire Kofola shares free of charge, subject the fulfilment of set conditions. The new Share based payment Plan is based on the ended Share based payment Plan for years 2017 - 2019 and enhances the dependence of the eligibility to Kofola shares on the Group results. The new Share based payment Plan has been approved for the period to 31 December 2026.

The Plan consists of two separate, though complementary plans:

1) Share Acquisition Plan granting the participants the opportunity to buy Kofola shares on the market (Investment Shares) and to acquire the corresponding number of Kofola Pair Shares free of charge under defined conditions. The maximal number of eligible Investment Shares cannot exceed the specified limit corresponding to the number of shares which can be purchased on the regulated market for 40% of the basic annual gross salary/remuneration the participant is entitled to under contract(s) concluded with Kofola Group companies in the corresponding calendar year (i. e. from January 1, 2021 to December 31, 2021, from January 1, 2022 to December 31, 2022, from January 1, 2023 to December 31, 2023, from January 1, 2024 to December 31, 2024, from January 1, 2025 to December 31, 2025 and from January 1, 2026 to December 31, 2026). The calculation of the Limit of Investment Shares is based on the average price of Kofola shares on the regulated market. Under the Share Acquisition Plan, there are two vesting periods (2021 – 2023 and 2021 – 2026). To be eligible for the acquisition of Pair Shares, they must be employed with any of Kofola Group companies or be a member of any of Kofola Group companies' bodies throughout the entire vesting period, and at the same time, Kofola Group Equity Value (EBITDA multiple decreased by the Net debt) must not be lower than in the previous calendar year. Provided that the set conditions are met, pair shares will be transferred to the participants gradually up until 2029. The participant must hold the Investment

Shares for a set minimum period (two years following the end of the calendar year that served as reference for the yearly limit). Participants are obliged to hold the Pair Shares at least until 31 January of the calendar year following the calendar year in which they were transferred to the participant.

2) Performance Shares Plan providing the participant the opportunity to acquire a predetermined amount of Kofola shares (Performance Shares) free of charge provided that Kofola Group has met performance targets. The period relevant for the Performance Shares Plan starts on 1 January 2021 and terminates on 31 December 2026. The total amount of Performance Shares to be distributed among the participants is composed of two parts. The first part depends on the price of Kofola shares as of 31 December 2026 and the related market capitalization on the regulated market; the second part depends on the Equity Value of Kofola Group as of the last day of the relevant period. To be eligible for the acquisition of Performance Shares, the participant must be employed with any of Kofola Group companies or to be a member of any of Kofola Group companies' bodies from the start of the participant's participation in the Plan to the end of the relevant period provided that they participated in the Program for at least three years (with an exception set in the conditions of the Plan) and must hold Kofola shares of the set minimal value equal to the yearly basic gross wage/remuneration (or the double of yearly basic gross wage/remuneration) of the participant in the last complete calendar year the participant complied with the condition of employment or membership in any of Kofola Group companies and their bodies. Performance Shares will be transferred to participants eligible under the conditions of the Plan by 31 May 2027. Participants are obliged to hold 50% of the Performance Shares at least until 31 January 2028.

3.4.16 PERFORMANCE OBLIGATIONS AND REVENUE RECOGNITION POLICIES

Revenue is recognised at the amount of the transaction price (which excludes estimates of variable consideration), and when the amount of revenue can be measured reliably. Revenue is measured excluding value added tax (VAT), excise tax and rebates (discounts, bonuses and other price reductions, i.e. possible price reductions assumed by the management).

The amount of revenue is measured at the fair value of the consideration received or receivable. Revenue is stated at net present value when the effect of the time value of money is material (in case of payment after 360 days, such transactions contain a significant financing component). If revenue is measured at discounted amount, the discount is recognised using the effective interest method as an increase in receivables, and as financial income in profit or loss.

Foreign exchange rate differences resulting from the realisation or the remeasurement of trade receivables are recognised in profit or loss.

Revenue is also recognised in accordance with the criteria specified below.

Recognition, measurement, presentation or disclosure of Company's revenue doesn't bear any significant judgements or assumptions. Company's transactions are rather clear.

Provision of services

Revenue from the provision of services is recognised when the service was performed with reference to the percentage of completion of the service obligation.

Interest

Interest income is recognised gradually using the effective interest method.

Dividends

Dividends are recognised once the shareholders' right to receive them is established.

3.4.17 GOVERNMENT GRANTS

The Company recognises government grants once there is a reasonable assurance that the subsidy will be received and that all of the related conditions will be complied with. Both of the above criteria must be met for a government subsidy to be recognised.

The Company may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Company accounts for such allowances as tax credits, reducing the income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits.

3.4.18 INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and equity accounted investees and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.4.19 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

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).

3.5. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The following standards, amendments and interpretations applied for the first time in 2023.

IFRS 17 Insurance Contracts

There is not any material impact on the Company's financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

There is not any material impact on the Company's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

There is not any material impact on the Company's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

There is not any material impact on the Company's financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12

There is not any material impact on the Company's financial statements.

3.6. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company´s management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors considered at their calculation, new information or past experience. For this reason, the estimates made as at 31 December 2023 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information	Section
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.	4.11.1
Impairment of investments in subsidiaries	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.	4.12.1
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.	3.4.4, 4.11
Income tax	Assumptions used to recognise deferred income tax assets (other than Deferred tax asset from tax losses).	4.8
Share based payment	Key assumptions used to determine the share based payment reserve: Expected EBITDA and Net debt as of 31-12-26.	4.21

3.7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Forthcoming requirements

Non-current Liabilities with Covenants – Amendments to IAS 1

There is not expected any material impact on the Company's financial statements.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

There is not expected any material impact on the Company's financial statements.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

There is not expected any material impact on the Company's financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

There is not expected any material impact on the Company's financial statements.

Lack of Exchangeability – Amendments to IAS 21

There is not expected any material impact on the Company's financial statements.

3.8. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 11 April 2024.

4. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

4.1. SEGMENT INFORMATION

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

4.2. REVENUE

Revenue streams, Timing of revenue recognition	2023	2022
	CZK´000	CZK´000
Revenue from contracts with customers	**588,741**	**480,407**
- Sales of services (transferred over time)	588,741	480,407
Other revenue	**332,873**	**422,560**
- Dividend income (transferred at a point in time)	332,873	422,560
Total revenue	**921,614**	**902,967**

Revenue from sales of services increased due to higher invoicing of brand fees and group services. Dividend income decreased mainly due to lower dividend from Kofola a.s. (CZ).

Revenue from contracts with customers is represented mostly by revenue from shared services and brand fees.

Loss allowances on receivables arising from contracts with customers are presented in section 4.14.

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

4.3. EXPENSES BY NATURE

Expenses by nature	2023	2022
	CZK´000	CZK´000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	49,823	47,218
Employee benefits expenses (i)	423,015	264,626
Consumption of materials and energy	9,143	11,278
Services	115,738	96,615
Rental costs	2,281	1,868
Taxes and fees	1,017	859
Insurance costs	1,987	2,140
Change in allowance to receivables	400	(2,400)
Other costs	125	819
Total expenses by nature*	**603,529**	**423,023**
Cost of sales	31,798	29,729
Selling, marketing and distribution costs	195,149	170,924
Administrative costs	376,582	222,370
Total costs of products sold, merchandise and materials, sales costs and administrative costs	**603,529**	**423,023**

* Excluding Other operating expenses and Impairment.

Employee benefits expenses increased mainly due to revaluation of the share based payment reserve (mainly due to increase of expected Equity Value (EBITDA multiple decreased by the Net debt) as of 31-12-26), but also due to higher wages and employee bonuses which were influenced by positive results. Services increased mainly due to higher marketing expenses.

(i) Employee benefits expenses

Employee benefits expenses	2023	2022
	CZK´000	CZK´000
Salaries (excl. share based payment)	229,901	198,979
Share based payment	99,204	(1,142)
Social security and other benefit costs (including healthcare insurance)	52,380	29,800
Pension benefit plan expenses	41,530	36,989
Total employee benefits expenses	**423,015**	**264,626**

4.4. OTHER OPERATING INCOME

Other operating income	2023	2022
	CZK´000	CZK´000
Net gain from the sale of PPE and Intangible assets	396	2
Subsidies	-	62
Compensation claims	31	492
Tax return	-	523
Loss allowance write-back	50,002	-
Other	1,434	1,426
Total other operating income	**51,863**	**2,505**

The loss allowance write-back represents the release of the loss allowance to loan receivable from Premium Rosa. The loan provided to Premium Rosa was partially repaid which is connected with the sale of Grodzisk Wielkopolski plant.

4.5. OTHER OPERATING EXPENSES

Other operating expenses	2023	2022
	CZK´000	CZK´000
Provided donations, sponsorship	2,039	1,773
Advisory services	5,296	1,342
Restructuring costs*	-	1,716
Impairment of Property, plant and equipment	226	-
Loss allowance write-off	-	39,255
Other	466	516
Total other operating expenses	**8,027**	**44,602**

* mainly payroll expenses

In 2022, the loss allowance write-off represented the creation of the loss allowance to loan receivable from Premium Rosa.

4.6. FINANCE INCOME

Finance income	2023	2022
	CZK´000	CZK´000
Interest from:		
– credits and loans granted	39,237	40,817
– purchased bonds	4,016	4,096
Exchange gains	-	10,281
Realized derivatives (new derivatives in EUR)	19,752	-
Realized derivatives (original derivatives in CZK)	-	16,116
Gain on derivatives termination (original derivatives in CZK)	-	126,622
Other	-	64
Total finance income	**63,005**	**197,996**

The Company sold original derivatives in CZK in June 2022 as a part of refinancing.

4.7. FINANCE COSTS

Finance costs	2023	2022
	CZK´000	CZK´000
Interest from:		
– credits and loans granted	218,897	195,844
– lease	1,162	847
– other	149	163
Exchange losses	23,235	-
Bank costs and charges	4,937	4,139
Realized derivatives (new derivatives in EUR)	-	14,897
Total finance costs	**248,380**	**215,890**

FX losses arose mainly from Company's EUR bank credits and loans.

4.8. INCOME TAX

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the twelve-month period ended 31 December 2023 and 31 December 2022 were as follows:

Income tax	2023	2022
	CZK´000	CZK´000
Current income tax expense	**17,722**	**3,019**
Current income tax on profits for the year	17,722	3,019
Deferred income tax expense/(benefit)	**(31,958)**	**16,082**
Related to arising and reversing of temporary differences other than tax losses	(31,958)	2,855
Related to tax losses	-	13,227
Income tax expense/(benefit)	**(14,236)**	**19,101**

The income tax rate applicable to the Company in 2023 and 2022 income is 19%. Deferred income tax benefit was influenced mainly by the deferred tax asset from share based payment.

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the twelve-month period ended 31 December 2023 and 31 December 2022 were as follows:

Movement of income tax recognised directly in equity	2023	2022
	CZK´000	CZK´000
Deferred income tax	**(13,906)**	**(1,207)**
Tax from Cash flow hedges	(13,906)	(1,207)
Movement of income tax recognised directly in equity	**(13,906)**	**(1,207)**

4.8.3 EFFECTIVE TAX RECONCILIATION

Effective tax	2023	2022
	CZK´000	CZK´000
Profit/(loss) before income tax	**414,999**	**419,953**
Tax at the rate of 19% valid in the Czech Republic	(78,850)	(79,791)
Tax effect of:		
Non-deductible expenses	(25,416)	(29,451)
Non-taxable income*	118,502	80,647
Previously unrecognized deferred tax asset/liability	-	9,494
Income tax (expense)/benefit	**14,236**	**(19,101)**
Effective tax rate	**(3.4%)**	**4.5%**

* mainly from dividends, release of impairment and write-back of loss allowance

4.8.4 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities			31.12.2023
	Deferred tax assets	Deferred tax liabilities	Net amount
	CZK´000	CZK´000	CZK´000
Temporary differences attributable to:			
Property, plant and equipment and Intangible assets	-	(45,066)	(45,066)
Provisions and payables	17,231	-	17,231
Deferred tax from Cash flow hedges	-	(2,376)	(2,376)
Share based payment	27,574	-	27,574
Deferred tax assets/(liabilities)	**44,805**	**(47,442)**	**(2,637)**
Presentation offsetting	(44,805)	44,805	-
Deferred tax assets/(liabilities)	**-**	**(2,637)**	**(2,637)**

Deferred tax balances as of 31.12.2023 are determined using the tax rate of 21% that is valid from 1.1.2024.

Deferred tax assets and liabilities			31.12.2022
	Deferred tax assets	Deferred tax liabilities	Net amount
	CZK´000	CZK´000	CZK´000
Temporary differences attributable to:			
Property, plant and equipment and Intangible assets	-	(42,632)	(42,632)
Provisions and payables	8,064	-	8,064
Deferred tax from Cash flow hedges	-	(16,282)	(16,282)
Share based payment	2,348	-	2,348
Deferred tax assets/(liabilities)	**10,412**	**(58,914)**	**(48,502)**
Presentation offsetting	(10,412)	10,412	-
Deferred tax assets/(liabilities)	**-**	**(48,502)**	**(48,502)**

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 Company 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	2023	2022
	pcs	pcs
Total number of ordinary shares issued by the Company	22,291,948	22,291,948
Effect of own shares	-	(124)
Weighted average number of ordinary shares used to calculate basic earnings per share	**22,291,948**	**22,291,824**

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

Basic earnings per share	2023	2022
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK´000)	429,235	400,852
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22,291,948	22,291,824
Basic earnings/(loss) per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)	**19.26**	**17.98**

4.10. PROPERTY, PLANT AND EQUIPMENT

Tables below summarize Property, plant and equipment movements in the current and comparative period.

Movements in Property, plant and equipment	Land	Buildings and constructions	Plant and equipment	Vehicles	Leasehold improvement	Non-current assets under construction, Prepayments	Total
2023	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost – opening	**4,957**	**24,358**	**63,968**	**69,058**	**5,733**	**18,949**	**187,023**
Additions	-	-	4,476	4,146	10	4,637	13,269
Lease additions	-	10,548	-	-	-	-	10,548
Sale	-	-	(114)	(2,580)	(117)	-	(2,811)
Disposal	-	-	(7,125)	(1,230)	(46)	-	(8,401)
Cost – closing	**4,957**	**34,906**	**61,205**	**69,394**	**5,580**	**23,586**	**199,628**
Accumulated depreciation – opening	**-**	**(21,563)**	**(49,416)**	**(57,742)**	**(5,100)**	**-**	**(133,821)**
Depreciation charge	-	(5,344)	(7,579)	(7,199)	(198)	-	(20,320)
Sale	-	-	113	2,578	51	-	2,742
Disposal	-	-	7,125	1,230	46	-	8,401
Accumulated depreciation – closing	**-**	**(26,907)**	**(49,757)**	**(61,133)**	**(5,201)**	**-**	**(142,998)**
Impairment allowance – opening	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment loss	-	-	(226)	-	-	-	(226)
Impairment allowance – closing	**-**	**-**	**(226)**	**-**	**-**	**-**	**(226)**
Net book value – opening	**4,957**	**2,795**	**14,552**	**11,316**	**633**	**18,949**	**53,202**
Net book value – closing	**4,957**	**7,999**	**11,222**	**8,261**	**379**	**23,586**	**56,404**

Movements in Property, plant and equipment	Land	Buildings and constructions	Plant and equipment	Vehicles	Leasehold improvement	Non-current assets under construction, Prepayments	Total
2022	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost – opening	**4,957**	**32,852**	**60,407**	**69,844**	**5,733**	**19,892**	**193,685**
Additions	-	-	4,093	-	-	140	4,233
Transfers from non-current assets under construction	-	-	1,083	-	-	(1,083)	-
Sale	-	-	(32)	-	-	-	(32)
Disposal	-	(8,494)	(1,583)	(786)	-	-	(10,863)
Cost – closing	**4,957**	**24,358**	**63,968**	**69,058**	**5,733**	**18,949**	**187,023**
Accumulated depreciation – opening	**-**	**(23,154)**	**(43,035)**	**(50,213)**	**(4,918)**	**-**	**(121,320)**
Depreciation charge	-	(5,669)	(7,982)	(8,315)	(182)	-	(22,148)
Sale	-	-	18	-	-	-	18
Disposal	-	7,260	1,583	786	-	-	9,629
Accumulated depreciation – closing	**-**	**(21,563)**	**(49,416)**	**(57,742)**	**(5,100)**	**-**	**(133,821)**
Net book value – opening	**4,957**	**9,698**	**17,372**	**19,631**	**815**	**19,892**	**72,365**
Net book value – closing	**4,957**	**2,795**	**14,552**	**11,316**	**633**	**18,949**	**53,202**

4.11. INTANGIBLE ASSETS

Tables below summarize Intangible assets movements in the current and comparative period.

Movements in Intangible assets (IA) 2023	Goodwill	Software	Trademarks and other rights	IA under development	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost – opening	**30,675**	**179,478**	**397,308**	**1,897**	**609,358**
Additions	-	23,422	509	17,371	41,302
Transfer from IA under development	-	1,166	587	(1,753)	-
Disposal	-	(6,243)	-	-	(6,243)
Cost – closing	**30,675**	**197,823**	**398,404**	**17,515**	**644,417**
Accumulated amortisation – opening	**-**	**(164,266)**	**(148,300)**	**-**	**(312,566)**
Amortisation charge	-	(12,082)	(17,421)	-	(29,503)
Disposal	-	6,243	-	-	6,243
Accumulated amortisation – closing	**-**	**(170,105)**	**(165,721)**	**-**	**(335,826)**
Net book value – opening	**30,675**	**15,212**	**249,008**	**1,897**	**296,792**
Net book value – closing	**30,675**	**27,718**	**232,683**	**17,515**	**308,591**
Of which:					
Goodwill					30,675
Intangible assets					277,916

The Goodwill arose on merger with PINELLI spol. s r.o. acquired in April 2011. Amortisation of trademarks and other rights is charged to Selling, marketing and distribution costs.

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

Movements in Intangible assets (IA) 2022	Goodwill	Software	Trademarks and other rights	IA under development	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Cost – opening	**30,675**	**172,570**	**396,518**	**505**	**600,268**
Additions	-	8,257	301	1,883	10,441
Transfer from IA under development	-	2	489	(491)	-
Disposal	-	(1,351)	-	-	(1,351)
Cost – closing	**30,675**	**179,478**	**397,308**	**1,897**	**609,358**
Accumulated amortisation – opening	**-**	**(157,825)**	**(131,022)**	**-**	**(288,847)**
Amortisation charge	-	(7,792)	(17,278)	-	(25,070)
Disposal	-	1,351	-	-	1,351
Accumulated amortisation – closing	**-**	**(164,266)**	**(148,300)**	**-**	**(312,566)**
Net book value – opening	**30,675**	**14,745**	**265,496**	**505**	**311,421**
Net book value – closing	**30,675**	**15,212**	**249,008**	**1,897**	**296,792**
Of which:					
Goodwill					30,675
Intangible assets					266,117

4.11.1 IMPAIRMENT TESTING

In impairment testing of trademarks, management of the Company has decided use to the relief-from-royalty method (fair value method. Due to the fact that management is not aware of comparable market transactions, discounted free cash flows are used in the estimation of cash-flow projections that are based on financial plans approved by management of the Company on the basis of plans drawn up by management of the Company for the period until 2029.

Main assumptions used in financial plans and cash-flow projections:

Trademarks

The main trademark with indefinite useful life

Kofola	2022
Royalty rate	6.0%
Average revenue growth rate*	4.2%
Perpetuity growth rate	2.0%
Discount rate post-tax (average in explicit period)	9.5%
Discount rate post-tax (perpetuity)	8.3%

* Growth rate used for the purpose of the impairment testing from 2023 till the end of the explicit period.

The detailed calculation made in 2022 of the recoverable amount of the Kofola trademark was used for the purpose of 2023 impairment test because all of the criteria set by IAS 36, par. 24 were met. These criteria are:

- the assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation;
- the most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
- based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

Carrying value of all trademarks

	CZK´000
31 December 2023	230,624
31 December 2022	247,755

Company's trademarks generate historically positive results and are expected to continue in this trend also in future periods.

Sensitivity analysis

Management believes that, in relation to value in use for Company's trademarks which are tested for impairments, no rational change in the above-adopted assumptions would result in their recoverable amounts being lower than their carrying amounts.

4.12. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries	Ownership interest		Cost		Carrying amount	
Name of entity	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	%	%	CZK´000	CZK´000	CZK´000	CZK´000
Kofola a.s. (CZ)	100.00	100.00	1,303,322	1,303,322	1,303,322	1,303,322
Kofola a.s. (SK)	100.00	100.00	51,023	51,023	51,023	51,023
SANTA-TRANS s.r.o.	100.00	100.00	8,760	8,760	8,760	8,760
UGO trade s.r.o.	90.00	90.00	543,362	543,362	543,362	304,909
RADENSKA d.o.o.	100.00	100.00	1,324,280	1,324,280	1,324,280	1,324,280
Premium Rosa Sp. Z o.o.	100.00	100.00	117,534	68,160	117,534	68,160
LEROS, s.r.o.	100.00	100.00	199,040	199,040	199,040	199,040
F.H.Prager s.r.o.	100.00	100.00	13,000	13,000	13,000	13,000
PIVOVARY TRIANGL s.r.o.	51.00	n/a	5	n/a	5	n/a
FILIP REAL a.s.	100.00	n/a	74,908	n/a	74,908	n/a
Bilgola fresh s.r.o.	100.00	n/a	39,562	n/a	39,562	n/a
Share based payment (Kofola a.s. (SK), RADENSKA d.o.o., LEROS, s.r.o., SANTA-TRANS s.r.o., UGO trade s.r.o.)	n/a	n/a	72,595	13,287	72,595	13,287
Total investments in subsidiaries			**3,747,391**	**3,524,234**	**3,747,391**	**3,285,781**

In 2023, the investment in Premium Rosa Sp. z o.o. was increased through in-kind contribution by CZK 49,374 thousand.

In 2023, the Company has released the impairment related to UGO trade s.r.o. of CZK 238,453 thousand because recoverable amount exceeded the carrying amount of the investment. UGO trade s.r.o. has a very positive business development.

In 2022, the investment in UGO trade s.r.o. was increased through in-kind contribution by CZK 45,000 thousand.

4.12.1 IMPAIRMENT TESTING

Investments in subsidiaries were subject of impairment testing. Value in use method is utilized for the determination of the recoverable amount.

In 2023 and 2022, there wasn't identified any impairment loss.

In 2023, there wasn't identified any impairment indicator due to overall positive business development.

In 2022, the management identified impairment indicators in case of subsidiaries UGO trade s.r.o. and Premium Rosa Sp. z o.o. However, results of the subsidiaries tested for impairment were expected to return to profitability in the projected explicit period (next 5 years) and the total recoverable amount determined as value in use as of 31 December 2022 exceeded the carrying amount of investments.

The assumptions of the impairment test models of the investments in UGO trade s.r.o. and Premium Rosa Sp. z o.o. in 2022 were as follows:

- WACC average in explicit period: UGO trade s.r.o. - 9.0%, Premium Rosa Sp. z o.o. - 10.0%,
- WACC in perpetuity: UGO trade s.r.o. - 7.6%, Premium Rosa Sp. z o.o. - 8.1%,
- Perpetuity growth rate: UGO trade s.r.o. - 2.0%, Premium Rosa Sp. z o.o. - 2.0%,
- Average EBITDA margin for 2023-2027: UGO trade s.r.o. - 10.7%, Premium Rosa Sp. z o.o. - 7.4%.

The impairment test for UGO trade s.r.o. based on above mentioned assumptions resulted in no impairment charge in 2022. Sensitivity analysis was performed - WACC increased by 3.7 ppt, average EBITDA lower by 3.2 ppt, both lead to a situation when the recoverable amount is equal to the carrying amount. When calculated the sensitivity analysis, only 1 parameter is changed.

The impairment test for Premium Rosa Sp. z o.o. based on above mentioned assumptions resulted in no impairment charge in 2022. Sensitivity analysis was performed - WACC increased by 0.4 ppt, average EBITDA lower by 0.4 ppt, both lead to a situation when the recoverable amount is equal to the carrying amount. When calculated the sensitivity analysis, only 1 parameter is changed.

4.13. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Tables below summarizes Company's equity accounted investees.

Equity accounted investees	31.12.2023
	CZK´000
Cafe Dorado s.r.o.	34,060
Zahradní OLLA s.r.o.	1,203
Total	**35,263**

4.13.1 CAFE DORADO S.R.O. (ASSOCIATE)

The Company has acquired a 50% share in Cafe Dorado s.r.o. in June 2023 for CZK 10 thousand. It is a holding company which has acquired a 50% share in AGRITROPICAL S.A.S., a company owning Columbian coffee plantations, in December 2023. In 2023, the Company has provided capital contributions to Cafe Dorado s.r.o. amounting to CZK 34,050 thousand.

Cafe Dorado s.r.o. – Statement of financial position	31.12.2023	01.06.2023
	CZK´000	CZK´000
Non-current assets	58,463	-
Current assets	18,016	20
Current liabilities	(9,429)	-
Net assets	**67,050**	**20**
Company's share of net assets (50%)	**33,525**	**10**

4.14. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables	31.12.2023		31.12.2022	
	Current	Non-current	Current	Non-current
	CZK´000	CZK´000	CZK´000	CZK´000
Financial assets within Trade and other receivables				
Trade receivables	241,974	-	189,523	-
of that estimated receivables	*11,408*	-	-	-
Loans provided to related parties	610,778	-	787,963	-
Loss allowance for loans provided to related parties	-	-	(50,002)	-
Dividends receivable	208,156	-	203,021	-
Bonds	251	*94,778	251	*96,782
Derivatives (i)	22,239	-	18,101	67,595
Other financial receivables	12,414	4,570	2,636	11,700
Loss allowance for other financial receivables	(400)	-	-	-
Total	**1,095,412**	**99,348**	**1,151,493**	**176,077**
Non-financial assets within Trade and other receivables				
Deferred expenses	4,471	274	2,447	870
Prepayments	267	-	521	-
Total	**4,738**	**274**	**2,968**	**870**
Trade and other receivables total	**1,100,150**	**99,622**	**1,154,461**	**176,947**

* Measured at amortized costs, repayable in December 2027.

Trade receivables increased mainly as a result of increased invoicing of brand fees and management services. Changes in Loans provided to related parties and loss allowance result mainly from repayment of loans by Kofola (CZ) and Premium Rosa. Part of the loan provided to Premium Rosa was settled with the payable from in-kind contribution of CZK 49,374 thousand. Derivatives balance decreased due to decrease of expected future interest rates.

(i) Derivatives

The Company has established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income (refer to section 3.4 for more details).

With the amendment on bank loans in June 2022, also IRS contracts were concluded (only in relation to EUR part of the loan) with interest 2.149% p.a. + margin. At the same time, the existing IRS were terminated and sold (refer to section 4.6).

Loss allowance for financial assets within trade and other receivables	2023	2022
	CZK´000	CZK´000
As at 1 January	**50,002**	**14,543**
(Recovery)/Increase of the loss allowance	(49,602)	35,459
As at 31 December	**400**	**50,002**

Decrease of the loss allowance in 2023 is connected with the repayments of the loan balance by Premium Rosa. Increase of the loss allowance in 2022 related mainly to the loan provided to Premium Rosa.

Further information on transactions with related parties is presented in section 4.25.

Trade receivables are not interest bearing and are usually payable within 30-60 days of recognition.

The risks associated with trade and other receivables, as well as the Company's policy relating to managing such risks, are described in section 4.23.

Information on liens established on receivables to secure credits and loans is presented in section 4.18.

4.15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2023	31.12.2022
	CZK´000	CZK´000
Cash in bank and in hand	366,469	137,465
Total cash and cash equivalents	**366,469**	**137,465**

Free funds are held at bank and invested in the form of term and overnight deposits, primarily with variable interest rates.

Split by currency	31.12.2023	31.12.2022
	CZK´000	CZK´000
in CZK	127,068	74,784
in PLN	2,378	2,219
in EUR	237,023	60,462
Total cash and cash equivalents	**366,469**	**137,465**

4.16. EQUITY

4.16.1 SHARE CAPITAL AND SHARE PREMIUM

SHARE CAPITAL STRUCTURE

Share capital structure	31.12.2023		31.12.2022	
Type of shares	Shares	Par value	Shares	Par value
	pcs	CZK´000	pcs	CZK´000
Ordinary shares of Kofola ČeskoSlovensko a.s.	22,291,948	1,114,597	22,291,948	1,114,597
Total	**22,291,948**	**1,114,597**	**22,291,948**	**1,114,597**

Ordinary shares of Kofola ČeskoSlovensko a.s. have as at 31 December 2023 a par value of CZK 50 (as of 31 December 2022 value of CZK 50). Each share in the Company ranks pari passu in all respects with all other shares. The same rights are incorporated into all the Company's shares including the right to attend the General Meeting, to require and receive explanations of matters concerning the Company that are part of the agenda of the General Meeting, to submit proposals and counterproposals, and to receive a dividend and share in the liquidation surplus. In compliance with the relevant legal provisions, the voting rights attached to the shares owned by the Company and by RADENSKA d.o.o. cannot be exercised.

All of the issued shares have been fully paid up.

4.16.2 OTHER RESERVES

Other reserves contain balances related to:

- share based payment programme, and
- valuation of the interest rate swaps (hedge accounting).

The Company has made a disaggregation of Other reserves in both 2023 and 2022. Total balances in 2022 remain the same as reported.

4.16.3 OWN SHARES

The Company didn’t have any own shares as of 31 December 2023 and 31 December 2022.

COURSE OF PURCHASE OF OWN SHARES IN 2022

The Board of Directors of the Company resolved to implement the acquisition of own shares by the Company on 7 March 2022. 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 company.

The conditions for the acquisition of own shares by the Company:

a) the acquisition took place outside the regulated market, directly from the company RADENSKA d.o.o., a subsidiary company of the Company;

b) number of shares that were acquired amounted to 22,615 shares of the Company which represented 0.10% of the Company´s share capital; and

c) the acquisition was settled on 8 March 2022 for the price equal to the closing price for which shares of Kofola were traded on the regulated market organized by the company Burza cenných papírů Praha, a.s. on the previous trading day, i.e. CZK 295 per individual share (total value of CZK 6,671 thousand). As such, the contract was concluded at market terms. The shares have nominal value of CZK 50 per individual share.

Shares have been transferred to share based payment participants in March 2022.

4.16.4 DIVIDENDS

Dividends	2023	2022
	CZK´000	CZK´000
Dividends	300,941	251,899
Dividend per share (CZK/share)*	13.5	11.3

* Dividend divided by the number of shares outstanding as of dividend record date.

4.17. PROVISIONS

Movements in provisions	Provision for personnel expenses (bonuses)	Share based payment	Total
	CZK´000	CZK´000	CZK´000
Balance as at 1 January 2023	**42,011**	**1,611**	**43,622**
Increase due to creation	79,949	19,742	99,691
Decrease due to usage/release	(42,011)	-	(42,011)
Balance as at 31 December 2023	**79,949**	**21,353**	**101,302**
Of which:			
Current part	79,949	-	79,949
Non-current part	-	21,353	21,353
Balance as at 31 December 2023	**79,949**	**21,353**	**101,302**

Increase of provisions is connected with positive Group results.

4.18. BANK CREDITS AND LOANS

Indebtedness of the Company from the credits and loans

As at 31 December 2023, the Company’s total bank loans and credits amounted to CZK 3,384,730 thousand (as at 31 December 2022: CZK 3,226,113 thousand). Increase of the balance is a result of the regular loan repayment, CAPEX tranche drawing and FX revaluation. From the total balances in relation to repayments and drawings of loans and bank credits presented within the Separate statement of cash flows (section 1.4), there was no change of Company's overdraft (in 2022: decrease of CZK 72,259 thousand).

The Facility loan agreement as amended (which refinanced loans at that time, served for a loan financing of RADENSKA d.o.o. acquisition and also the acquisition of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o.) with carrying amount of CZK 3,384,730 thousand as at 31 December 2023 (as at 31 December 2022: CZK 3,226,113 thousand) was a main component of Company´s liabilities. The reason for the execution of the Facility loan agreement was a consolidation of Group financing to ensure strategic development and taking advantage of the favourable conditions of financial market.

In June 2022, an amendment to existing contract on bank credits and loans has been concluded. Transferring 60% of outstanding loan to EUR brought significant savings in interest expense and adjustment of the repayment schedule lead to decrease of regular annual loan repayments.

Credit terms and terms and conditions

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

As of 31 December 2023, the Company met all covenants.

As of 31 December 2022, the Company obtained a bank waiver for the breach of CAPEX ratio covenant.

All other bank loan covenants were met in 2022.

Financing entity	Credit currency	Face value	Carrying amount*	Interest terms	Maturity date	Collateral
31.12.2023		CZK´000	CZK´000			
ČSOB, a.s. + Česká spořitelna, a.s.**	CZK	-	-	1M PRIBOR + margin	6/2025	buildings, receivables, movable assets, shares, bill of exchange, inventory
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	1,025,791	1,022,486	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory
ČSOB, a.s. + Česká spořitelna, a.s.	EUR	1,897,834	1,891,290	3M EURIBOR*** + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	126,889	126,889	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory
	EUR	122,088	122,088	3M EURIBOR*** + margin	6/2028	
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	88,000	88,000	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory
	EUR	133,977	133,977	3M EURIBOR + margin	6/2028	
Total		**3,394,579**	**3,384,730**			
Out of it non-current			3,153,945			
Out of it current			230,785			

* Carrying amount of borrowings on variable interest rate approximates fair value.
** Administration by Česká spořitelna, a.s. There is a shared limit of CZK 500,000 thousand for Kofola a.s. (CZ), Kofola a.s. (SK), RADENSKA d.o.o. and Kofola ČeskoSlovensko a.s. which can be drawn in CZK and EUR.
*** The interest rate swaps were concluded (refer to section 4.23.1).

Financing entity	Credit currency	Face value	Carrying amount*	Interest terms	Maturity date	Collateral
31.12.2022		CZK´000	CZK´000			
ČSOB, a.s. + Česká spořitelna, a.s.**	CZK	-	-	1M PRIBOR + margin	6/2025	buildings, receivables, movable assets, shares, bill of exchange, inventory
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	1,153,791	1,149,322	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory
ČSOB, a.s. + Česká spořitelna, a.s.	EUR	1,851,011	1,843,013	3M EURIBOR*** + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	155,086	155,086	3M PRIBOR + margin	6/2028	buildings, receivables, movable assets, shares, bill of exchange, inventory
	EUR	78,692	78,692	3M EURIBOR + margin	6/2028	
Total		**3,238,580**	**3,226,113**			
Out of it non-current			3,058,226			
Out of it current			167,887			

* Carrying amount of borrowings on variable interest rate approximates fair value.
** Administration by Česká spořitelna, a.s. There is a shared limit of CZK 500,000 thousand for Kofola a.s. (CZ), Kofola a.s. (SK), RADENSKA d.o.o. and Kofola ČeskoSlovensko a.s. which can be drawn in CZK and EUR.
*** The interest rate swaps were concluded (refer to section 4.23.1).

Undrawn credit lines as of 31 December 2023 amounted to CZK 413,470 thousand (as of 31 December 2022: CZK 242,310 thousand).

Pledges of the Company

Pledges of the Company	31.12.2023 Cost	31.12.2023 Net book value	31.12.2022 Cost	31.12.2022 Net book value
	CZK´000	CZK´000	CZK´000	CZK´000
Investments in subsidiaries*	3,593,014	3,377,408	3,721,327	3,192,539
Cash in bank	366,382	366,382	136,339	136,339
Total	**3,959,396**	**3,743,790**	**3,857,666**	**3,328,878**

* including Studenac (the financial investment of RADENSKA)

4.19. TRADE AND OTHER PAYABLES

Trade and other payables Other liabilities	31.12.2023 Current	31.12.2023 Non-current	31.12.2022 Current	31.12.2022 Non-current
	CZK´000	CZK´000	CZK´000	CZK´000
Financial liabilities within Trade payables and Other liabilities				
Trade payables	29,841	-	24,160	-
- of that accrued expenses	*1,470*	-	*937*	-
Liabilities for purchased PPE and Intangible assets	5,732	-	1,242	-
Derivatives	-	10,927	-	-
Loans received from related parties	2,521	86,538	-	-
Contingent/deferred consideration	40,790	50,680	-	-
Other financial liabilities	1,780	-	4,776	-
Total	**80,664**	**148,145**	**30,178**	**-**
Non-financial liabilities within Trade and other payables				
VAT	3,833	-	1,380	-
Payables to employees	12,966	-	11,180	-
Other non-financial liabilities	4,962	-	6,317	-
Total	**21,761**	**-**	**18,877**	**-**
Trade and other payables and Other liabilities total	**102,425**	**148,145**	**49,055**	**-**

Company has received a loan from its subsidiary RADENSKA in June 2023. The loan was concluded at market terms. Contingent/deferred consideration represents liabilities connected with the acquisition of FILIP REAL a.s. and Bilgola fresh s.r.o. that are repayable in following years as per contract terms.

Trade payables are not interest bearing and are usually paid within 30-90 days of recognition.

Other payables are not interest bearing and are payable on average within 1 month.

4.20. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2023, the Company provided the following guarantees for other entities:

Entity providing guarantees	Entity receiving guarantees	Currency (CY)	Guarantee amount	Guarantee amount	Guarantee period	Guarantees provided for	Relationship
			CY´000	CZK´000			
Kofola ČeskoSlovensko a.s.	City-Arena PLUS a.s.	EUR	8	198	8/2025	UGO trade s.r.o.	subsidiary
	ORLEN Unipetrol Doprava s.r.o.	CZK	130	130	Until the end of contract	UGO trade s.r.o.	subsidiary
	Fatra, a.s.	CZK	100	100	Until the end of contract	UGO trade s.r.o.	subsidiary
	Raiffeisen - Leasing, s.r.o.	CZK	484	484	1/2025	LEROS, s.r.o.	subsidiary
	Raiffeisen - Leasing, s.r.o.	CZK	265	265	1/2025	LEROS, s.r.o.	subsidiary
	Leasing České spořitelny, a.s.	CZK	891	891	11/2027	UGO trade s.r.o.	subsidiary
	Leasing České spořitelny, a.s.	CZK	558	558	11/2027	LEROS, s.r.o.	subsidiary
Total guarantees issued				***2,626**			

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

As at 31 December 2022 the Company provided the following guarantees for other entities:

Entity providing guarantees	Entity receiving guarantees	Currency (CY)	Guarantee amount	Guarantee amount	Guarantee period	Guarantees provided for	Relationship
			CY´000	CZK´000			
Kofola ČeskoSlovensko a.s.	City-Arena PLUS a.s.	EUR	8	193	8/2025	UGO trade s.r.o.	subsidiary
	ORLEN Unipetrol Doprava s.r.o.	CZK	130	130	Until the end of contract	UGO trade s.r.o.	subsidiary
	Fatra, a.s.	CZK	100	100	Until the end of contract	UGO trade s.r.o.	subsidiary
	ČSOB Leasing, a.s.	CZK	224	224	6/2023	LEROS, s.r.o.	subsidiary
	Raiffeisen - Leasing, s.r.o.	CZK	964	964	1/2025	LEROS, s.r.o.	subsidiary
	Leasing České spořitelny, a.s.	CZK	1,113	1,113	11/2027	UGO trade s.r.o.	subsidiary
	Leasing České spořitelny, a.s.	CZK	703	703	11/2027	LEROS, s.r.o.	subsidiary
Total guarantees issued				***3,427**			

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

4.21. SHARE BASED PAYMENT

The following table summarizes the information about the share based payment plan 2021 – 2026.

Share based payment Plan 2021 - 2026 **Summary of effect during 2023 and as of 31 December 2023**	
Share price at grant date (CZK)	282
Number of Pair shares transferred to participants in 2023 (pcs)	-
Total cumulated number of Pair shares transferred to participants as of 31 Dec 2023 (pcs)	-
Fair value of Pair shares as of grant date (CZK)	140 - 200
Ends of vesting periods	31 Dec 2023, 31 Dec 2026
Number of Performance shares transferred to participants in 2023 (pcs)	-
Total cumulated number of Performance shares transferred to participants as of 31 Dec 2023 (pcs)	-
Fair value of Performance shares as of grant date (CZK)	185
Ends of vesting periods	31 Dec 2026
Cumulated reserve from equity settled transactions as of 31 Dec 2022 (CZK thousand)	16,349
Total expense/(income) from equity settled transactions in 2023 (CZK thousand)	99,204
Total increase/(decrease) of investments in subsidiaries resulting from equity settled transactions in 2023 (CZK thousand)	59,308
Cumulated reserve from equity settled transactions as of 31 Dec 2023 (CZK thousand)	174,861

Share based payment Plan 2021 - 2026 Summary of effect during 2022 and as of 31 December 2022	
Share price at grant date (CZK)	282
Number of Pair shares transferred to participants in 2022 (pcs)	-
Total cumulated number of Pair shares transferred to participants as of 31 Dec 2022 (pcs)	-
Fair value of Pair shares as of grant date (CZK)	140 - 200
Ends of vesting periods	31 Dec 2023, 31 Dec 2026
Number of Performance shares transferred to participants in 2022 (pcs)	-
Total cumulated number of Performance shares transferred to participants as of 31 Dec 2022 (pcs)	-
Fair value of Performance shares as of grant date (CZK)	185
Ends of vesting periods	31 Dec 2026
Cumulated reserve from equity settled transactions as of 31 Dec 2021 (CZK thousand)	17,857
Total expense/(income) from equity settled transactions in 2022 (CZK thousand)	(1,143)
Total increase/(decrease) of investments in subsidiaries resulting from equity settled transactions in 2022 (CZK thousand)	(365)
Cumulated reserve from equity settled transactions as of 31 Dec 2022 (CZK thousand)	16,349

Significant increase of the share based payment balance in 2023 is connected with the positive development of the Group's business and its expected continuance in the upcoming years which influences the Performance Shares Plan due to increase of expected Equity Value (EBITDA multiple decreased by the Net debt) as of 31 Dec 2026.

4.22. LEASES

This note provides information about leases where the Company is a lessee. Leases where the Company is a lessor are immaterial.

4.22.1 AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

Right-of-use asset forms a part of Property, plant and equipment. Lease liabilities are presented on separate rows in the statement of financial position.

The net carrying amount at the end of the reporting period by classes of assets is provided below:

Net carrying amount by classes of assets	31.12.2023	31.12.2022
	CZK´000	CZK´000
Buildings and constructions	7,918	2,697
Plant and equipment	2,158	4,512
Vehicles	4,227	9,393
Total	**14,303**	**16,602**

Additions to the right-of-use assets were following:

Additions by classes of assets	Buildings and constructions	Plant and equipment	Vehicles	Total
	CZK´000	CZK´000	CZK´000	CZK´000
2023	10,548	-	-	**10,548**
2022	-	-	-	**-**

4.22.2 AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

Depreciation expense to the right-of-use assets during 2023 and 2022 financial years was following:

Depreciation expense by classes of assets	Buildings and constructions	Plant and equipment	Vehicles	Total
	CZK´000	CZK´000	CZK´000	CZK´000
2023	5,327	2,354	5,166	**12,847**
2022	5,643	2,353	5,559	**13,555**

Interest expense to lease liabilities is presented in note 4.7.

The statement of profit or loss further shows the following amounts relating to not capitalized leases:

Expense relating to not capitalized leases	2023	2022
	CZK´000	CZK´000
Expense relating to short-term leases and leases of low-value assets	2,281	1,868
Total	**2,281**	**1,868**

Total cash outflows in relation to capitalized leases is presented in the section Cash flows from financing activities within the Separate statement of cash flows. Total cash outflows in relation to other leases is close to balance stated in the table above (short-term leases and leases of low-value assets).

There are no material future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities.

Lease commitments for short-term leases and leases of low-value assets as of 31 December 2023 amounted to CZK 238 thousand (as of 31 December 2022: CZK 182 thousand).

4.23. FINANCIAL RISK MANAGEMENT

The Company's primary financial instruments consist of cash and cash equivalents, dividends and loans. The main goal of holding such financial instruments is to obtain funds for business operations, or to invest the Company's available funds. In addition, the Company has other financial instruments, such as trade receivables and payables that arise as part of its operations. The accounting methods relating to those instruments are described in section 3.4.

It is the Company's policy – now and throughout the reporting periods presented in these financial statements – not to trade in financial instruments.

The Company's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, and cash-flow risk relating to changes in interest rates), credit risk and liquidity risk. In addition, the Company monitors the market prices risk relating to all of its financial instruments. Risks are managed by the Company's management, which recognises and assesses the above stated financial risks. The general risk management process is focused on the unpredictability of financial markets, and the Company tries to minimise any potential adverse effects on its financial results. The Company uses derivative financial instruments to hedge against certain types of risk, providing that the hedging instruments are considered to be cost effective. Management verifies and agrees the risk management methods with regard to every type of risk. A short description of these methods is presented below.

4.23.1 INTEREST RATE RISK

Interest rate risk is a risk that the fair value or future cash flows from a financial instrument will change due to changes in interest rates. The interest-bearing financial liabilities of the Company are mainly bank credits. The Company has credit payables with variable interest rates, which give rise to a risk of an increase in those rates compared to the rates applied at contract conclusion. In addition, the Company places its free funds on variable interest rate deposits, which would bring the profits down if the interest rates fall. Trade and other receivables and payables are not interest bearing and have due dates of up to one year.

Management of the Company monitors its exposure to interest rate risk and interest rate forecasts. In order to protect against changes in interest rates, the Company has fixed the interest rate on EUR part of the loan (excluding overdraft) for Company financing, because existing contract terms were favourable for the Company which was not the case of CZK part where the interest rates were on their maximum levels. The balance of the loan which is covered by interest rate swaps as of

31 December 2023 was CZK 2,019,922 thousand (as of 31 December 2022: CZK 1,851,011 thousand). Hedge accounting is established by the Company for below stated derivative instruments. There was no ineffective portion of the hedging relationship for the year ended 31 December 2023 and 31 December 2022.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, maturities and the notional amounts. The Company assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item under the hypothetical derivative method.

The Company's interest rate risk management policy is to hedge at least 50% of its variable interest exposure that is related to Company 's bank credit and loans (excluding overdrafts). Hedging instruments are utilized when the conditions of available contracts are considered to be favourable for the Company.

Information about hedging instruments (cash flow hedge)

Interest rate swaps		31.12.2023		31.12.2022
	Net exposure	Average fixed interest rate	Net exposure	Average fixed interest rate
	CZK´000	p.a.	CZK´000	p.a.
In period from one to six months	*13,565	4.0%	*-	3.9%
In period from six to twelve months	*13,565	4.0%	*-	3.9%
More than one year	*1,992,792	3.9%	*1,851,011	3.9%
Total	**2,019,922**		**1,851,011**	

** IRS relate to the part of the bank credits and loans that is repayable in 6/2028.*

Interest rate swaps – nominal balances		31.12.2023		31.12.2022
	CZK'000	EUR'000	CZK'000	EUR'000
Nominal amounts of the hedging instruments	**2,019,922**	**81,696**	**1,851,011**	**76,758**

Interest rate swaps by tranches		31.12.2023		31.12.2022
	Net exposure	Carrying amount	Net exposure	Carrying amount
	CZK´000	CZK´000	CZK´000	CZK´000
Derivative in relation to tranche C1	122,088	(3,018)	-	-
Derivative in relation to tranche B2	756,325	5,711	737,665	34,151
Derivative in relation to tranche B6	1,141,509	8,619	1,113,346	51,545
Total	**2,019,922**	**11,312**	**1,851,011**	**85,696**

Carrying amounts and FS position of IRS	31.12.2023	31.12.2022
	CZK´000	CZK´000
Non-current financial assets (presented in Other receivables)	-	67,595
Current financial assets (presented in Trade and other receivables)	22,239	18,101
Non-current financial liabilities (presented in Other liabilties)	(10,927)	-
Current financial liabilities (presented in Trade and other payables)	-	-
Net balance	**11,312**	**85,696**

Hedge effectiveness and Hedge ratio of IRS	31.12.2023	31.12.2022
	CZK´000	CZK´000
Change in fair value of the hedging instruments used as the basis for recognising hedge ineffectiveness for the period	*(74,384)	*(6,350)
Change in fair value of the hedged item used as the basis for recognising hedge ineffectiveness for the period	*(74,384)	*(6,350)
Hedge ratio	**100%	**100%

** There was no ineffective portion of the hedging relationship.*
*** The Company is able to conclude the derivative contracts with the same characteristics (such as maturities and notional amounts) as those of the underlying assets.*

Changes in IRS hedge reserve	2023	2022
	CZK´000	CZK´000
IRS reserve balance as of 1 January	**69,413**	**74,556**
Effective portion of changes in fair value	(74,384)	(6,350)
Recclasification to profit or loss	-	-
Tax effect of fair value movements during the year	14,133	1,207
Tax effect resulting from change in the tax rate	(227)	-
IRS reserve balance as of 31 December	**8,935**	**69,413**

Interest rate sensitivity

If interest rates at the balance sheet date had been 100 basis points lower/higher with all other variables held constant, profit/(loss) for the period before tax for the year 2023 would have been increased/decreased by CZK 5,642 thousand (2022: CZK 12,950 thousand), mainly as a result of different interest expense on variable interest for financial liabilities.

4.23.2 CURRENCY RISK

The Company is exposed to the risk of changes in foreign exchange rates, mainly due to foreign exchange receivables. The currency risk relates primarily to the EUR and PLN exchange rate in relation to CZK. The Company's exposure associated with other currencies is immaterial.

The effect of currency risk on the Company's position is presented in the table (sensitivity analysis) below. The sensitivity analysis is based on a reasonable change in the assumed foreign exchange rate while the other assumptions remain unchanged. In practice this is not very likely, and changes in certain assumptions may be correlated, e.g. a change in interest rate and in the foreign exchange rate. The Company manages currency risk as a whole. The sensitivity analysis prepared by management for currency risk illustrates after-tax profit or loss effect of changes in the exchange rate of the EUR to CZK.

Financial assets and liabilities denominated in EUR	31.12.2023	31.12.2022
	CZK´000	CZK´000
Cash and cash equivalents	237,023	60,462
Loans provided to related parties	601,204	733,440
Trade receivables and other current financial receivables	230,395	222,695
Non-current financial receivables	-	66,062
Bank credits and loans	(2,152,156)	(1,921,705)
Loans received from related parties	(89,059)	-
Trade liabilities and other current financial liabilities	(6,110)	(994)
Non-current financial liabilities	(10,927)	-
Net position	**(1,189,630)**	**(840,040)**

Currency risk impact on profit or loss	31.12.2023	31.12.2022
	CZK´000	CZK´000
EUR strengthening by 3%	(28,908)	(20,413)
EUR weakening by 3%	28,908	20,413

4.23.3 CREDIT RISK

Credit risk arises from cash deposits in banks along with other short-term deposits, as well as from trade and other financial receivables.

The Company undertakes activities aimed at limiting credit risk, consisting of checking the creditworthiness of its customers, setting credit limits and monitoring the customers' financial position. An analysis of ageing structure of trade and other financial receivables assists with the credit risk management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

TRADE AND OTHER FINANCIAL RECEIVABLES

The Company is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Company to incur losses.

Presented below is the ageing structure of receivables:

Credit risk	31.12.2023 Trade receivables	31.12.2023 Other financial receivables	31.12.2022 Trade receivables	31.12.2022 Other financial receivables
Due	CZK´000	CZK´000	CZK´000	CZK´000
Third parties	1,791	39,223	1,010	100,032
Intercompany	158,758	899,680	100,442	1,070,473
Total due	**160,549**	**938,903**	**101,452**	**1,170,505**
Past due				
Third parties				
- less than 30 days overdue	-	-	-	-
- 30 to 90 days overdue	-	-	-	-
- 91 to 180 days overdue	-	-	267	-
- 181 to 360 days overdue	-	-	-	-
- over 360 days overdue	-	-	-	-
Intercompany	81,425	14,283	87,804	17,544
Total past due	**81,425**	**14,283**	**88,071**	**17,544**
Third parties	-	(400)	-	-
Intercompany	-	-	-	(50,002)
Less loss allowance (-)	**-**	**(400)**	**-**	**(50,002)**
Total	**241,974**	**952,786**	**189,523**	**1,138,047**

Subject to the above, management believes that the credit risk has been accounted for in the financial statements through the creation of appropriate allowances.

CASH AND CASH EQUIVALENTS

With regard to the Company’s other financial assets, such as cash and cash equivalents, credit risk arises as a result of the other party’s inability to pay, and the maximum amount of the Company’s exposure to this risk is equal to the balance sheet value of these amounts.

The credit risk associated with bank deposits is considered to be immaterial, as the Company has concluded transactions with institutions that have a sound financial position.

Credit quality of cash in bank and in hand	31.12.2023	31.12.2022
Credit rating	CZK´000	CZK´000
A1	366,383	136,338
Not on watch	-	1,091
Cash in hand	86	36
Total cash in bank and in hand	**366,469**	**137,465**

4.23.4 LIQUIDITY RISK

The risk for the Company arises from a potential restriction in access to financial markets or from a change in the attitude of banks in the area of granting credits, which may result in an inability to obtain new financing or refinancing of debts.

Management of the Company monitors the risk of insufficient funds by adjusting the structure of financing to prediction of future cash flows (planned investments included), diversifying of sources of financing and by keeping sufficient level of available credit lines. Current liabilities exceed current assets, nevertheless, the Company´s business plan is based on future cash inflows from dividends, licence fees, shared service fees and repayments of loans to related parties. The management is not aware of any going concern risk.

It is the Company’s objective to maintain a balance between financing continuity and flexibility, by using various financing sources, such as credits, loans and lease agreements. The Company controls its financial liabilities so that in each given period the amount of liabilities due within the next 12 months does not pose a threat for the Company’s ability to meet its financial obligations.

Analysis of financial liabilities is presented below. The amounts represent undiscounted cash flows, which represent the Company's maximum exposure to liquidity risk.

Future cash outflows related to financial liabilities:

Contractual cash flows of financial liabilities as at 31 December 2023	Less than 3 months	Between 3-12 months	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash-flows	Total carrying amount
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Trade payables	29,069	772	-	-	-	29,841	29,841
Bank credits and loans	114,288	307,216	358,312	3,198,572	-	3,978,388	3,384,730
Lease liabilities	3,391	7,869	3,755	530	-	15,545	14,481
Other liabilities	31,697	19,126	21,412	107,151	19,582	198,968	198,968
Total	**178,445**	**334,983**	**383,479**	**3,306,253**	**19,582**	**4,222,742**	**3,628,020**

Contractual cash flows of financial liabilities as at 31 December 2022	Less than 3 months	Between 3-12 months	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash-flows	Total carrying amount
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Trade payables	22,730	1,430	-	-	-	24,160	24,160
Bank credits and loans	92,042	290,131	353,537	940,338	2,448,297	4,124,345	3,226,113
Lease liabilities	3,486	7,515	5,515	1,400	-	17,916	16,719
Other liabilities	4,767	1,400	-	-	-	6,167	6,018
Total	**123,025**	**300,476**	**359,052**	**941,738**	**2,448,297**	**4,172,588**	**3,273,010**

4.24. FINANCIAL INSTRUMENTS

4.24.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Cash and cash equivalents, other financial receivables, Trade payables 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.

31.12.2023	Financial assets at amortised cost	Derivatives through OCI	Financial liabilities at amortised cost	Total
	CZK´000	CZK´000	CZK´000	CZK´000
Trade and other financial receivables	1,172,525	-	-	1,172,525
Cash and cash equivalents	366,469	-	-	366,469
Derivatives	-	11,312	-	11,312
Bank credits and loans	-	-	(3,384,730)	(3,384,730)
Lease liabilities	-	-	(14,481)	(14,481)
Trade and other payables and other liabilities	-	-	(217,882)	(217,882)
Total	**1,538,994**	**11,312**	**(3,617,093)**	**(2,066,787)**

31.12.2022	Financial assets at amortised cost	Derivatives through OCI	Financial liabilities at amortised cost	Total
	CZK´000	CZK´000	CZK´000	CZK´000
Trade and other financial receivables	1,241,874	-	-	1,241,874
Cash and cash equivalents	137,465	-	-	137,465
Derivatives	-	85,696	-	85,696
Bank credits and loans	-	-	(3,226,113)	(3,226,113)
Lease liabilities	-	-	(16,719)	(16,719)
Trade and other payables and other liabilities	-	-	(30,178)	(30,178)
Total	**1,379,339**	**85,696**	**(3,273,010)**	**(1,807,975)**

Fair value of derivatives

In 2020 and 2018, the Group concluded IRS contract and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income (refer to section 3.4 for more details).

With the amendment on bank loans in June 2022, also new IRS contracts were concluded (only in relation to EUR part of the loan) with interest 2.149% p.a. + margin. At the same time, the existing IRS were terminated and sold (refer to section 4.6).

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

4.25. RELATED PARTY TRANSACTIONS

4.25.1 SHAREHOLDERS STRUCTURE

Share capital structure	31.12.2023			31.12.2022		
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14,984,204	67.22	70.58	14,984,204	67.22	70.58
RADENSKA d.o.o.	1,062,236	4.77	0.00	1,062,236	4.77	0.00
Others	6,245,508	28.01	29.42	6,245,508	28.01	29.42
Total	**22,291,948**	**100.00**	**100.00**	**22,291,948**	**100.00**	**100.00**

Transactions with own shares are described in section 4.16.3.

4.25.2 SUBSIDIARIES

Interests in subsidiaries are set out in sections 2.2 and 4.12.

4.25.3 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration of Company´s key management personnel in 2023 and 2022.

Remuneration of the Company´s key management personnel 2023		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	23,159	-	-	-	**23,159**
	Non-financial	688	-	-	-	**688**
Amounts paid for activities in the Company´s Supervisory Board	Financial	-	1,200	-	-	**1,200**
	Non-financial	-	287	-	-	**287**
Amounts paid for activities in the Company´s Audit Committee	Financial	-	-	288	-	**288**
	Non-financial	-	-	-	-	**-**
Amounts paid for other activities within the Group	Financial	-	5,795	1,936	18,885	**26,616**
	Non-financial	-	214	56	1,009	**1,279**
Total expense/(income) from equity settled transactions (Share based payment)	Share based payment	50,771	-	-	48,433	**99,204**
Shares transfer to share based payment participants	Share based payment	-	-	-	-	**-**
Cumulated reserve from equity settled transactions	Share based payment	63,839	1,010	-	120,869	**185,718**

Remuneration of the Company´s key management personnel 2022		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	20,962	-	-	-	**20,962**
	Non-financial	5,007	-	-	-	**5,007**
Amounts paid for activities in the Company´s Supervisory Board	Financial	-	1,200	-	-	**1,200**
	Non-financial	-	287	-	-	**287**
Amounts paid for activities in the Company´s Audit Committee	Financial	-	-	288	-	**288**
	Non-financial	-	-	-	-	**-**
Amounts paid for other activities within the Group	Financial	-	5,114	1,776	16,823	**23,713**
	Non-financial	-	214	56	1,573	**1,843**
Total expense/(income) from equity settled transactions (Share based payment)	Share based payment	(390)	-	-	(752)	**(1,142)**
Shares transfer to share based payment participants	Share based payment	(3,722)	(550)	-	(2,399)	**(6,671)**
Cumulated reserve from equity settled transactions	Share based payment	12,820	954	-	13,432	**27,206**

4.25.4 OTHER RELATED PARTY TRANSACTIONS

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

Intercompany transactions		2023		2022
	Revenue*	Costs/Purchases	Revenue*	Costs/Purchases
	CZK´000	CZK´000	CZK´000	CZK´000
Kofola a.s. (CZ)	514,401	(5,133)	499,794	(5,734)
Kofola a.s. (SK)	388,628	(5,562)	354,932	(4,974)
RADENSKA d.o.o.	14,961	(14,637)	37,826	(10,203)
UGO trade s.r.o.	12,054	(555)	18,072	(459)
Studenac, d.o.o.	8,089	-	8,416	-
LEROS, s.r.o.	17,189	(470)	15,791	(576)
Premium Rosa Sp. z o.o.	10,177	-	10,577	-
SANTA-TRANS s.r.o.	1,151	(568)	1,935	(832)
F.H.Prager s.r.o.	960	-	593	-
AETOS a.s.	654	-	804	-
Total	**968,264**	**(26,925)**	**948,740**	**(22,778)**

* Including finance income and dividends.

Intercompany receivables and payables		31.12.2023		31.12.2022
	Assets*	Liabilities	Assets*	Liabilities
	CZK´000	CZK´000	CZK´000	CZK´000
Kofola a.s. (CZ)	**275,525	-	**306,032	-
Kofola a.s. (SK)	208,831	-	182,051	-
RADENSKA d.o.o.	213,279	(89,059)	205,313	-
UGO trade s.r.o.	48,278	-	52,849	-
Studenac, d.o.o.	2,510	-	2,191	-
LEROS, s.r.o.	311,695	(3)	289,776	-
Premium Rosa Sp. z o.o.	72,783	-	220,324	-
SANTA-TRANS s.r.o.	157	-	18	(78)
F.H.Prager s.r.o.	11,519	-	5,954	-
AETOS a.s.	791	-	973	-
Total	**1,145,368**	**(89,062)**	**1,265,481**	**(78)**

* Including Loans provided to related parties (described below). ** Including purchased bonds.

Receivables from Loans provided to related parties (excluding interest receivable)			31.12.2023		31.12.2022
		Short-term	Maturity	Short-term	Maturity
	CURR	CZK´000		CZK´000	
Kofola a.s. (SK)	EUR	170,769	12/2024	166,556	12/2023
LEROS, s.r.o.	EUR	291,544	12/2024	284,351	12/2023
Premium Rosa Sp. z o.o.	EUR	65,831	12/2024	*148,263	12/2023
Premium Rosa Sp. z o.o.	EUR	2,473	12/2024	2,412	12/2023
UGO trade s.r.o.	EUR	46,483	12/2024	52,849	12/2023
Kofola a.s. (CZ)	EUR	-	12/2024	56,127	12/2023
F.H.Prager s.r.o.	CZK	5,500	12/2024	-	n/a
F.H.Prager s.r.o.	CZK	3,000	on demand	4,000	12/2023
Total		**585,600**		**714,558**	

* Net of loss allowance.

Carrying amount of loan provided to Premium Rosa decreased mainly as a result of repayment that is connected with the sale of Grodzisk Wielkopolski plant.

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

The Company has purchased the remaining 10% share in UGO trade s.r.o. through the acquisition of Bilgola fresh s.r.o. (see note 4.28).

The Company acts as a holding company and as such provides certain services for the other companies in Kofola Group. This comprises, in particular, the provision of:

- strategic services, including: cooperation in the preparation of business, marketing, production, investment and financing plans, management of subsidiaries, including their financing;
- services related to products (quality department), including: central product development, innovation process management, costing and pricing, production and logistics planning, quality control;
- shared services, including: preparation and management of accounting and reporting methods, controlling and reporting, IT services, legal services, back office services, internal audit; and
- licenses and trademarks: Kofola ČeskoSlovensko a.s. owns most licenses, trademarks for branded beverages and similar copyrights for the products distributed on the Czechoslovak market, for which the other Group companies pay royalties.

4.26. CASH AND NON-CASH FINANCING ACTIVITIES

Net debt reconciliation (in CZK'000)	Liabilities from financing activities		Cash and cash equivalents	Net debt
	Bank credits and loans	Lease		
As at 1.1.2023	**3,226,113**	**16,719**	**(137,465)**	**3,105,367**
Proceeds from loans and bank credits received	285,807	-	-	285,807
Repayment of loans and bank credits	(182,649)	-	-	(182,649)
Change in amortized costs	2,618	-	-	2,618
Repayment of lease liabilities	-	(12,786)	-	(12,786)
Lease additions	-	10,548	-	10,548
Cash (inflow)/outflow	-	-	(229,004)	(229,004)
FX differences	52,841	-	-	52,841
As at 31.12.2023	**3,384,730**	**14,481**	**(366,469)**	**3,032,742**

Net debt reconciliation (in CZK'000)	Liabilities from financing activities		Cash and cash equivalents	Net debt
	Bank credits and loans	Lease		
As at 1.1.2022	**3,323,668**	**31,602**	**(12,630)**	**3,342,640**
Proceeds from loans and bank credits received	234,169	-	-	234,169
Repayment of loans and bank credits	(285,705)	-	-	(285,705)
Change in amortized costs	(4,639)	-	-	(4,639)
Repayment of lease liabilities	-	(13,640)	-	(13,640)
Lease disposals	-	(1,243)	-	(1,243)
Cash (inflow)/outflow	-	-	(124,835)	(124,835)
FX differences	(41,380)	-	-	(41,380)
As at 31.12.2022	**3,226,113**	**16,719**	**(137,465)**	**3,105,367**

4.27. HEADCOUNT

The average headcount in the Company was as follows:

Average headcount	2023	2022
Management Board of the Company	6	6
Administration	77	77
Sales, Marketing and Logistic department	117	118
Production division	29	30
Total	**229**	**231**

Total number of employees as of 31 December 2023 was 237 persons (as of 31 December 2022: 246 persons).

4.28. ACQUISITION OF SUBSIDIARIES

Acquisition of subsidiary FILIP REAL a.s.

In November 2023, the Company concluded an agreement to purchase a 100% stake in FILIP REAL a.s., a company that operates the hotel in Zbraslav, Prague.

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

Book values and consideration	CZK´000
Property, plant and equipment	52,130
Trade and other receivables – current	278
Cash and cash equivalents	329
Trade and other payables – current	(732)
Income tax liabilities	(321)
Total identifiable net assets acquired	**51,684**
Consideration transferred	20,000
Deferred consideration liability – current	19,126
Deferred consideration liability – non-current	35,782
Total consideration	**74,908**

The reason for the acquisition was the entrance into the new segment and also possible utilisation for own purposes.

Acquisition of subsidiary PIVOVARY TRIANGL s.r.o.

In November 2023, the Company became a 51% owner in PIVOVARY TRIANGL s.r.o., a holding company for the purpose of the acquisition of company Pivovary CZ Group a.s. (refer to subsequent events). Consideration transferred amounted to CZK 5 thousand.

Acquisition of subsidiary Bilgola fresh s.r.o.

In December 2023, the Company concluded an agreement to purchase a 100% stake in Bilgola fresh s.r.o., a holding company that owned a remaining 10% share in UGO trade s.r.o.

Consideration	CZK´000
Consideration transferred	3,000
Deferred consideration liability – current	21,664
Deferred consideration liability – non-current	14,898
Total consideration	**39,562**

The contingent consideration results from the estimated business results of UGO trade s.r.o. and is discounted with the cost of debt.

4.29. UKRAINE CRISIS

War in Ukraine brought new risks and uncertainty to our business. The Group's management is very closely monitoring the development of the war conflict between Russia and Ukraine. The Group has already provided various forms of support to Ukrainian civilians and intends to continue in these activities as it cares about people in need. The whole situation impacts people, companies and states all around the world. The Group has no material direct exposure either to Russia or Ukraine. The war however impacts whole European economy and led to price increases which was perceived also by the Group. Increasing input prices do not, however, represent a threat to the Group's or Company's ability to continue as a going concern as it has sufficient financial resources and is able to control its costs (e.g. by savings in marketing expenses) to a certain level. In case of the ongoing cost pressure, the Group may also increase the output prices to ensure profitability level expected by its stakeholders.

As of the date of this report, the production is in operation, we have continuing supplies of materials and energy (we are in close contact with our key suppliers). There were optimizations in CAPEX and OPEX and we plan to continue in this trend in the upcoming period based on actual development.

The Group updates its risk matrix on a regular basis and is aware of increased risks in connection with the war in Ukraine (such as already mentioned input prices). There can also be an increased frequency of cyber-attacks but we haven't been subject to any such attack that would impact our daily operations or would lead to leakage of the sensitive information. Our

IT department monitors the situation on the daily basis and executes necessary steps to continue in the defence of our data and systems.

The Group believes to have sufficient resources from current cash balance and overdrafts. We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook regularly.

Based on the above analysis and assumptions, including the severe but plausible scenarios, management concluded that the Group and the Company will have sufficient resources to continue its business for a period of at least 12 months from the reporting date. As a result, the Company used the going concern basis of accounting in preparing these financial statements.

4.30. OTHER INFORMATION

Auditors remuneration

The Company was for the years ended 31 December 2023 and 31 December 2022 audited by KPMG Česká republika Audit, s.r.o. ("KPMG").

The following amounts were charged by professional advisors and auditors:

Auditors' remuneration	2023	2022
	CZK´000	CZK´000
Audit (KPMG)	1,561	1,370
Other (KPMG)	20	-
Other services (Other companies)	2,086	999
Total	**3,667**	**2,369**

Tax services include mainly advisory relating to preparation of corporate income tax returns, personal income tax for expats and various consultations in complex tax areas.

Electricity purchase contracts

The Company has concluded a general agreement on electricity deliveries and as such is not in risk of not having the electricity for its purposes. Electricity consumptions and costs are not material.

4.31. SUBSEQUENT EVENTS

In January 2024, the Company has acquired a 49% stake in MIXA VENDING s.r.o., a company focused on the operation of beverage and food vending machines. The agreement includes a three-year option for Kofola to acquire a majority stake in the company. In 2022, MIXA VENDING s.r.o. reached a turnover of over CZK 170 million and EBITDA over CZK 36 million.

In January 2024, the Company has established a new subsidiary Supplo s.r.o. which is intended for B2B sales of products and services through the Marketplace model.

In January 2024, the Company has acquired a 100% share in PRAGEROVY SADY LIBINA s.r.o., a company that owns apple orchards in the Úsovsko region.

In February 2024, the Company has drawn the remaining balance of CAPEX loan tranche of CZK 130 million.

In March 2024, PIVOVARY TRIANGL s.r.o. ("TRIANGL") became a 100% owner of Pivovary CZ Group a.s. and FONTÁNA PCZG s.r.o. The shareholders of TRIANGL are Kofola ČeskoSlovensko a.s. (51%), RSJ PE SICAV a.s. (29%) and ÚSOVSKO a.s. (20%). Company Pivovary CZ Group a.s. develops the traditional beer brands Holba, Zubr and Litovel. The Kofola Group can thus enter another category at the regional level in which it can use its business, distribution and marketing know-how. In 2022, Pivovary CZ Group a.s. reached a turnover of over CZK 1,300 million and EBITDA over CZK 250 million.

In March 2024, the Company has drawn a loan of CZK 500 million in connection with the acquisition of Pivovary CZ Group.

TRIANGL has received a capital contribution of CZK 800 million (from all shareholders on a pro rata basis), intercompany loans of CZK 315 million (from all shareholders on a pro rata basis) and bank loan of CZK 300 million in March 2024.

Interest rate swaps have been concluded in relation to EUR part of recently drawn loans intended for CAPEX purposes in January 2024 and March 2024.

In March 2024, company P.H.Lager s.r.o. was established. The company's purpose is to focus on the production of F.H.Prager's portfolio.

Kofola ČeskoSlovensko a.s. has purchased 36,997 shares of its own shares (which represents 0.17% of the Company´s share capital) in the total value of CZK 10,063 thousand (CZK 272 per share) from RADENSKA d.o.o. in March 2024. The individual share price was determined based on the price quoted at Prague Stock Exchange. As such, the contract was concluded at market terms. The shares have nominal value of CZK 50 per individual share. 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 company. Substantial majority of shares has been transferred to option scheme participants in March 2024.

Initial accounting for the above mentioned business combinations is incomplete at the time the financial statements are authorized for issue, therefore the disclosures required in relation to these business combinations are limited.

The settlement agreement on CZK 90 million was concluded between the Company and RADENSKA d.o.o. that settled the outstanding loan payable by the Company and part of the dividend payble by RADENSKA.

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

11.4.2024	**Janis Samaras**	**Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**René Musila**	**Vice-Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Daniel Buryš**	**Vice-Chair of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Martin Pisklák**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
11.4.2024	**Marián Šefčovič**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*