

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.

Annex 1: The Board of Director's report – presentation 2023