

Dear Shareholders,

Commenting on our results in the annual report for the last two years has felt more like a lecture on the historical events of the last century. There is a lot going on. What was true a month ago is different today. A few weeks ago, the world seemed to be returning to normal after the pandemic years. Even our sales in the first quarter of 2022 were back to 2019 levels. But then came the news from Ukraine and the world changed again.

The Russia-Ukraine conflict is something that haunts me... I experience it very personally. Perhaps because my father, my grandparents, our entire Greek family went through similar horrors of fratricidal war more than 70 years ago. It's like it's echoing somewhere in my genes now. The civil war in Greece disrupted society and I can now say with hindsight that it took two or three generations for the old wrongs to heal. For decades there are tarnished relationships, broken family ties and scars on the soul of the whole country.

I imagine that families caught up in the war in Ukraine will now have to experience something similar. I try not to give in to emotion. It is difficult, the media is influencing us, people are dying and emotions are heightened by the uncertainty of future developments.

The aftermath of all wars is long and recovery from them is difficult. But let us try not to lose faith, to overcome fear, not to succumb to despair, apathy, and excitement. Let us try to keep our emotions in check and cultivate the good in ourselves and in those around us. Because everyone's personal attitude and disposition is always the most important thing for overcoming difficult times.

But now for the results. The year 2021 was as we expected. Revenues grew by 7.5% and EBITDA exceeded CZK 1.1 billion. All this despite major Covid restrictions in the hotel, restaurant, and cafe segment. Due to rising input prices, we had to make our products more expensive and we will certainly not avoid further price increases in 2022.

As we had anticipated, bottled water sales accounted for a third of our revenues in 2021. Our portfolio was thus divided into notional thirds - sodas, waters, and other categories. From a diversification perspective, this is certainly a good thing. In particular, it reduces our cost dependence on sweeteners.

Our financial position has also stabilised and at the end of the year our debt was 3.1 times EBITDA. We partially covered the increase in interest rates with early hedging. We continue to operate with healthy working capital.

I'm probably repeating myself, but it all took a lot of work. And I want to thank our employees for that. Their efforts are extremely important to us.

Last year's biggest growth driver was the Adriatic region, particularly Croatia. We added Trepallini coffee to Slovenia and developed a special mobile app for menus, ordering, and payment in restaurants. All of this helped us grow.

Our Fresh & Herbs segment also performed well. The restructured UGO has returned to positive EBITDA and is poised for healthy growth. Herb-scented LEROS expanded its portfolio and continues its ambitious growth plan.

Kofola in Czechoslovakia remained our strongest segment. It increased sales by more than 6% and achieved EBITDA of CZK 940 million*. Our new products Targa Florio and the mineral water Klášťorná Kalcia performed very well. The Kofola brand then showed its strength, especially in the summer season. In CzechoSlovakia, we also improved our F.H. Prager handcrafted ciders and launched the Semtex Republic project, an innovative approach to Semtex brand marketing.

I am pleased that at the end of the year we signed an agreement to buy a one-third stake in General Plastic, a Slovak PET bottle recycler, and we are now awaiting approval from the competition authorities. This is an important element in our sustainable business. These days you can also see our new product in the shops - drinks in a returnable one-litre glass bottle ("Cirkulka"). Consumers can now buy Kofola, Vinea, or Rajec drinks in more environmentally-friendly packaging.

Finally, I would like to thank everyone who helped us succeed in 2021. Our consumers, customers, suppliers, and all our employees. 2022 will not be an easy year due to the macroeconomic situation, but I firmly believe that together we will once again bring it to a successful conclusion.

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