



  
**kofola**<sup>®</sup>  
ČeskoSlovensko



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## KOFOLA GROUP

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



**CZK 5.4 BN 9M17**  
REVENUES



**7**  
PRODUCTION PLANTS



**2 150**  
EMPLOYEES



**LISTED ON**  
PRAGUE STOCK EXCHANGE



- ❖ no. 2 player in the soft drinks market
- ❖ Kofola and Jupí the most trustful brands in 2016 survey
- ❖ 3rd most admired company in 2016 survey



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



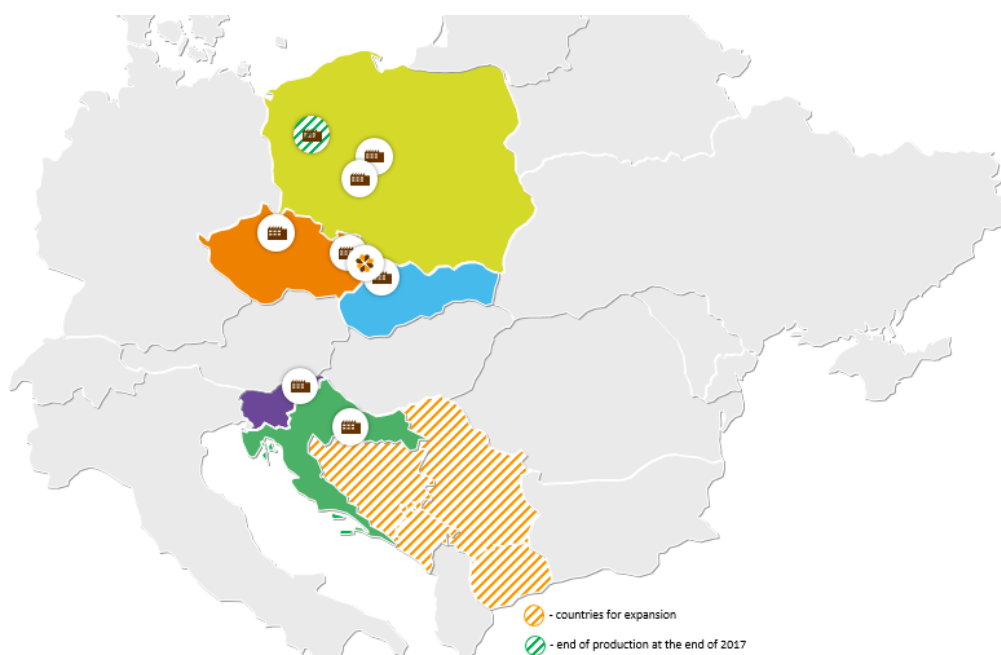
- ❖ no. 1 player in the soft drinks market in both Retail & HoReCa



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



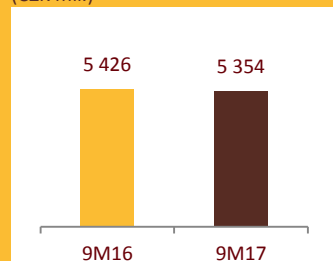
- ❖ production and distribution of PepsiCo products
- ❖ no. 2 water brand
- ❖ no. 2 syrup brand



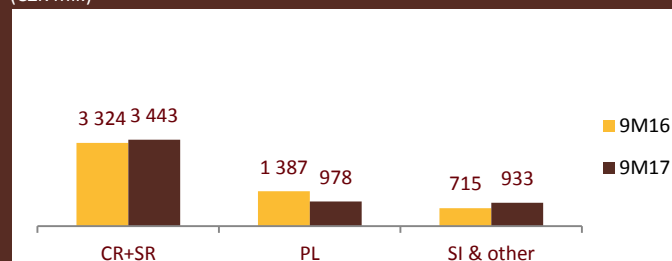
# 1. KOFOLA AT A GLANCE

## FOR THE 9M PERIOD

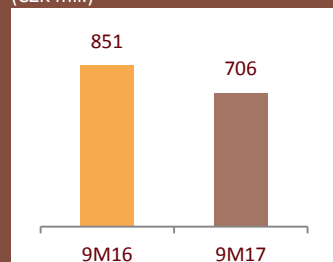
**Revenue**  
(CZK mil.)



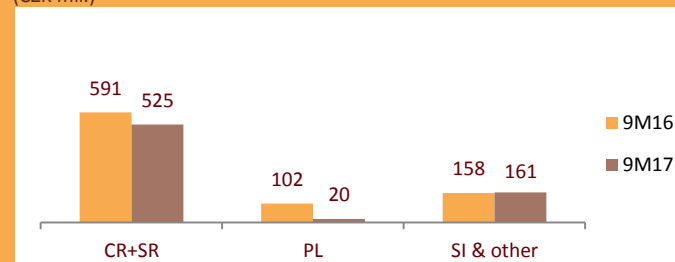
**Revenue per countries**  
(CZK mil.)



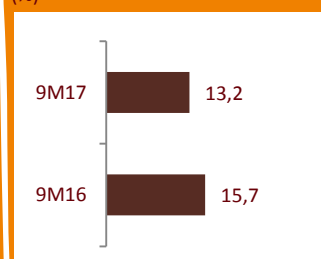
**EBITDA**  
(CZK mil.)



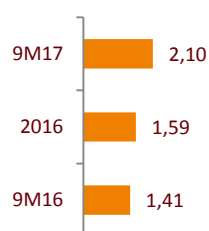
**EBITDA per countries**  
(CZK mil.)



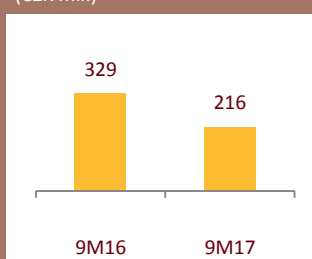
**EBITDA margin**  
(%)



**Net debt / EBITDA**



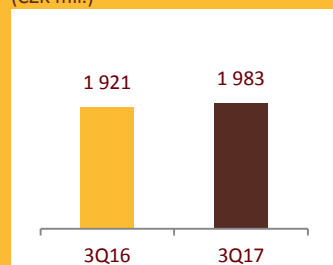
**Profit for the period**  
(CZK mil.)



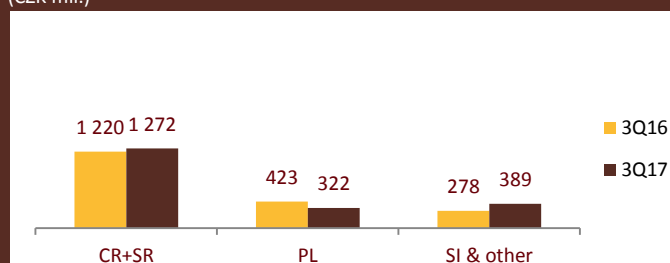
*The results and ratios above are based on adjusted results. For details on financial performance and reconciliation of reported and adjusted results refer to section 3.1.*

## FOR THE 3Q PERIOD

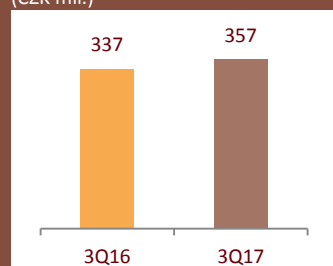
**Revenue**  
(CZK mil.)



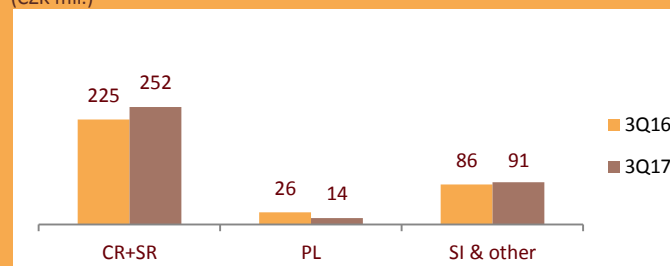
**Revenue per countries**  
(CZK mil.)



**EBITDA**  
(CZK mil.)



**EBITDA per countries**  
(CZK mil.)



### MAIN ISSUES IN 3Q17:

- INCREASING GROSS PROFIT DESPITE HIGHER COSTS OF SUGAR
- RESTRUCTURING IN POLAND – ANOTHER PLANT TO BE CLOSED (GRODZISK)
- ACQUISITION OF PREMIUM ROSA AND A NEW CONTRACT FOR DISTRIBUTION OF NESTEA (FROM 2018)
- THE END OF SUGAR IMPORT QUOTAS
- INCREASED REVENUES IN 3Q17 VS. 3Q16 DESPITE BAD WEATHER IN SEPTEMBER 2017 (SEPTEMBER REVENUE DECREASE 9%)

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

## 2. KOFOLA GROUP

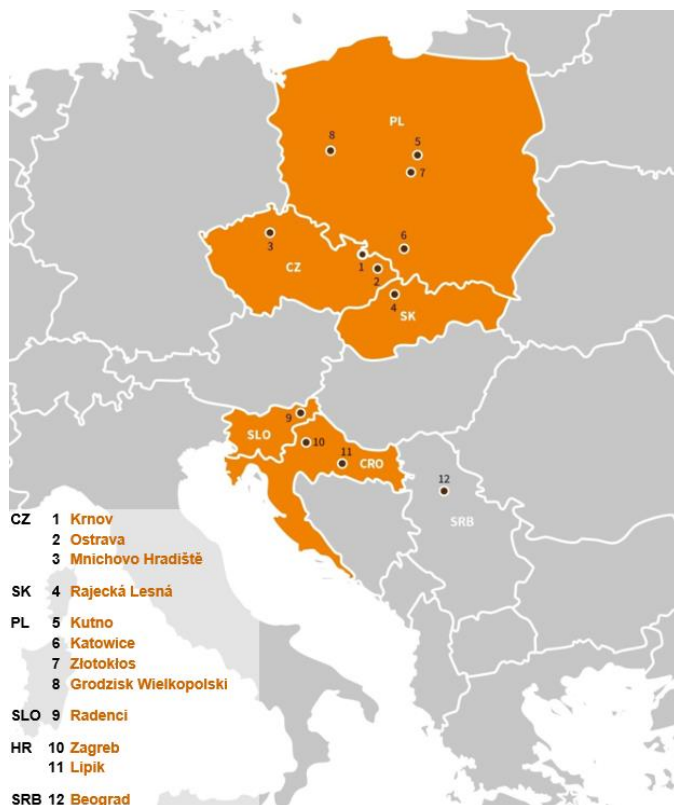


### 2.1. KOFOLA ČESKOSLOVENSKO

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030.

### 2.2. KOFOLA GROUP

#### BASIC INFORMATION



Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. The Group has a leading market position on the CzechoSlovak market and is targeting to replicate its successes in the other CEE markets. The Group has limited activities in Russia.

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

The Group distributes its products using a wide variety of packaging types including kegs, which enables the HoReCa channel clients to serve the widely popular drink of "Kofola Draught" while preserving its high-quality standard. The Group distributes its products through many distribution channels, including the retail channel (both the modern channel - retail chains, and the traditional channel - wholesalers and distributors serving convenience stores), as well as in the HoReCa and impulse channel, where the direct distribution concept has successfully been implemented in the Czech Republic and Slovakia.

#### KEY BRANDS

Key own brands include carbonated beverages Kofola, Vinea and Hoop Cola, waters Radenska, Studenac and Rajec, syrups Jupí and Paola, beverages for children Jupík, energy drinks Semtex or fresh juices and bars UGO. On selected markets, the Group distributes among others Rauch, Evian, Badoit or Vincentka products and under the licence produces RC Cola, Orangina, Rauch or Pepsi. The Group also produces and distributes water, carbonated and non-carbonated beverages and syrups under private labels for third parties, mostly big retail chains.

Despite the fact that the Group's portfolio includes more than 30, mostly well-established and recognisable brands with a wide market, the Group's key brand is Kofola.

## 2. KOFOLA GROUP

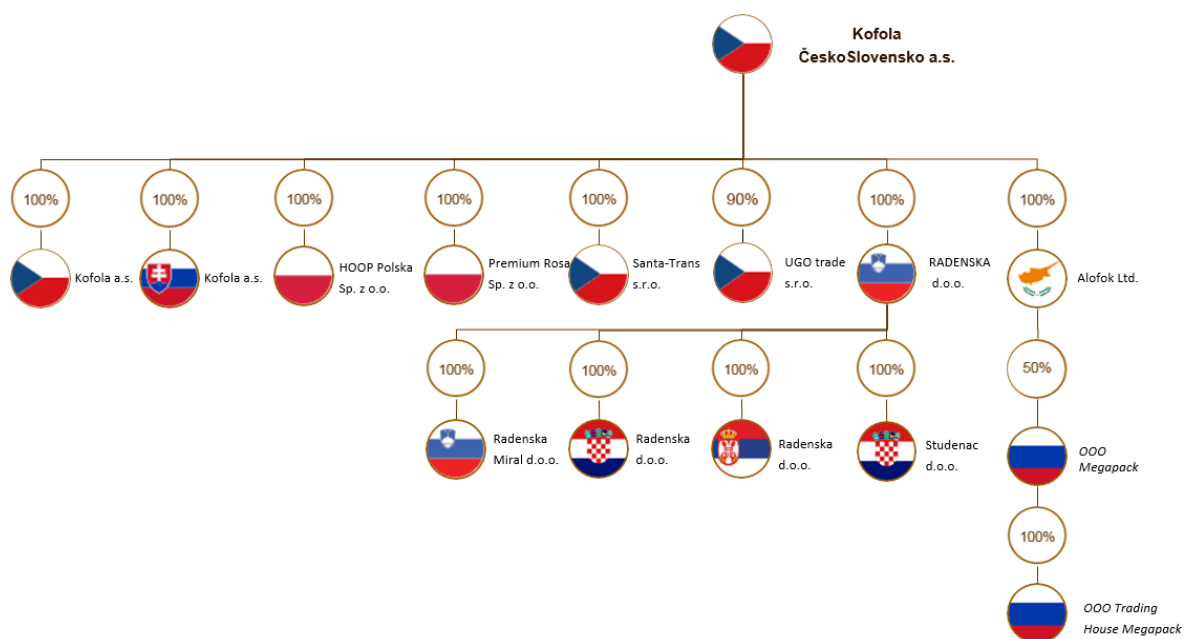


Main brands by main markets are shown in the visualisation below:



## 2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 SEPTEMBER 2017



## 2. KOFOLA GROUP



### DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.9.2017	31.12.2016
Holding companies				
Kofola ČeskoSlovensko a.s. Alofok Ltd.	Czech Republic Cyprus	top holding company holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	sales support and administration	100.00%	100.00%
Radenska d.o.o.	Serbia	inactive	100.00%	100.00%
Radenska Miral d.o.o.	Slovenia	trademark licensing	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	production and distribution of syrups and jams	100.00%	n/a
Sicheldorfer GmbH	Austria	closed	n/a	100.00%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

## 2. KOFOLA GROUP



### 2.4. SUCCESSES AND AWARDS IN 2017

**Czech TOP 100** – Kofola ČeskoSlovensko a.s. the fifth most admired company in the Czech Republic in 2017. Repeatedly in top 5 since 2007.



Radenska with taste awarded „**Product of the year**” in category of mineral waters with taste in Slovenia.



Radenska classic awarded „**Trusted brand**” in category of bottled water in Slovenia.



**Popai awards 2017** – Kofola awarded Popai Awards for the POS presentation Rajec kojenecký.

**Agra 2017** – Radenska awarded 3 medals in an international quality assessment of fruit juices, soft drinks and bottled waters Agra.



Paola won "**Hit Handlu**" - important award on the polish market in FMCG area. The winners in each category are bestsellers, which according to retailers are particularly outstanding, attracting customers and generating sales and profits.

RADENSKA d.o.o. awarded as a **best employer** in Pomurje region.



Hoop Polska Sp.z o.o. took first place in the ranking of "**Equal Business**".

## 3. BOARD OF DIRECTORS REPORT



### 3.1. BUSINESS OVERVIEW

#### OVERALL PERFORMANCE IN 9M2017

Kofola Group managed to increase sales in its core markets in the CzechoSlovakia and Adriatic region – when total consolidated revenue in these countries grew significantly by 6.9%.

The Group's revenue on CzechoSlovak market increased by 3.6%. The increase was coming from the Horeca and Impuls channels. The good performance of key brands was further supported by healthy and fresh UGO products, which are gaining on their importance in the Group.

Adriatic region (Slovenia+Croatia) showed strong revenues growth by 23.7%, this was also influenced by the Studenac acquisition (acquired before the 2016 year-end). We continue in building our presence in Adriatic countries outside of Slovenia through own sales and a distribution organisation where we extend the brand support. CzechoSlovak and Adriatic markets have significantly growing share on overall Group revenue (79.7% in 9M2017, 73.5% in 9M2016) and adjusted EBITDA (97.3% in 9M2017, 88.2% in 9M2016).

In June 2017, Kofola took over from Titbit the production and distribution of salads. Technically, this was a purchase of assets - production technologies, employee transfer and transfer of business contracts. The division produces several thousand salads a day and is a Czech market leader in packed salads. Expected effect on 2017 sales is approx. CZK 60 million.

To strengthen our competitiveness in the Polish market, we further continue with the consolidation of production capacities started last year and invest in new product development to support strategic focus on own brands. We informed about the decision to discontinue the production in Grodzisk Wielkopolski and concentrate the whole production in Poland in one plant in Kutno which was expanded and modernized in recent years. This will help to maintain high quality of products and improve the competitive edge on the Polish market. The termination of production in Grodzisk Wielkopolski will not have any negative impact on the delivery of products to existing customers. This production restructuring in HOOP Polska is planned to take place in the period from August to December 2017. It is estimated that the downsizing will affect up to 136 employees of HOOP Polska in various occupational groups, representing about 36% of the total number of its employees.

An important part of the Group's current strategy in Poland is the acquisition of Premium Rosa. Premium Rosa is a forward-looking company that records double-digit sales growth and its products have its customers not only in Poland but around the world. With its acquisition, the Kofola Group has expanded its portfolio of healthy food products such as syrups, juices, jams, and other products made from medicinal plants from certified farms.

To reverse the situation on the Polish market, in addition to continuing branding and innovation to healthier drinks, HOOP Polska has concluded an agreement with Nestea ice tea owner, Nestle S.A. From 2018, HOOP Polska will distribute these beverages for the Polish market.

#### IMPORTANT MATTERS AFTER 30 SEPTEMBER 2017

RADENSKA d.o.o. made an announcement on 10 July 2017 of its bid to purchase up to 5 % of Kofola shares for a price of CZK 440. The share purchases were settled on 3 October 2017, when RADENSKA d.o.o. purchased from the interested parties a total of 1 114 109 shares of Kofola for a price of CZK 440 per share and now owns approximately 5 % of Kofola shares.

#### DIVIDEND PAYMENT FROM FY2016

The general meeting of the Company, held on 21 June 2017, agreed to pay out the Company's after tax profit for the year 2016 in the amount of CZK 245 706 thousand recognised in the ordinary financial statements of the Company as at December 31, 2016 together with a part of undistributed profits of previous years in the amount of CZK 211 342 thousand, i.e. in total the amount of CZK 457 048 thousand to the Company's shareholders.

The final amount paid out to the shareholders was reduced by the advanced dividend in the amount of CZK 156 065 thousand paid on the grounds of the decision of the Board of Directors of the Company dated November 7, 2016, and thus, the amount to be paid out to the shareholders shall be CZK 300 983 thousand, i.e. 13.50 CZK per Company's share, before tax.

The relevant date for exercising the right to dividend was June 14, 2017.

The dividend is payable from July 21, 2017 to July 21, 2020.

### 3. BOARD OF DIRECTORS REPORT

#### ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group in 9M2017. It should be read along with the financial statements and with other financial information contained in the attached consolidated financial statements and separate financial statements. The Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events in the following sections of part A.

#### 3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

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

\* EBITDA refers to operating result 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 (mostly non-monetary), including in particular results from the sale of fixed assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of fixed assets, financial assets, goodwill and intangible assets, relocation costs and the costs of group layoffs.

The operating profit of the Kofola Group for the 9-month period ended 30 September 2017 was affected by the following one-off items:

- Net revenue from the sale of warehouse of CZK 2 921 thousand, tax 17 % applies (in Slovenian segment).
- Costs connected with SAP implementation of CZK 4 780 thousand, tax 17% applies (in Slovenian segment).
- Group costs connected with the liquidation of an inactive subsidiary in Sieldorfer of CZK 1 832 thousand, tax 19% applies.
- Net result from the sale of production line in Poland of CZK 8 950 thousand.
- Costs connected with maintenance of Bielski Podlaski plant of CZK 6 177 thousand.
- Costs connected with the closure of Grodzisk of CZK 43 869 thousand (in Polish segment).
- Revenues from compensation of CZK 35 747 thousand connected with prior years qualitative product complaints (in Polish segment).
- Acquisition costs – Czech operation incurred costs of CZK 10 557 thousand, tax 19% applies.

Adjusted consolidated financial results 2016	9M16	One-off adjustments	9M16 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	5 425 784	-	5 425 784
Cost of sales	(3 237 704)	-	(3 237 704)
<b>Gross profit</b>	<b>2 188 080</b>	-	<b>2 188 080</b>
Selling, marketing and distribution costs	(1 461 318)	18 000	(1 443 318)
Administrative costs	(329 533)	15 414	(314 119)
Other operating income, net	(2 123)	33 512	31 389
<b>Operating result</b>	<b>395 106</b>	<b>66 926</b>	<b>462 032</b>
Depreciation and amortisation	389 169	-	389 169
<b>EBITDA</b>	<b>784 275*</b>	<b>66 926</b>	<b>851 201**</b>
Finance costs, net	(70 260)	-	(70 260)
Income tax	(58 949)	(3 420)	(62 369)
<b>Profit for the period</b>	<b>265 897</b>	<b>63 506</b>	<b>329 403</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	267 569	63 506	331 075

\* EBITDA refers to operating result 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 (mostly non-monetary), including in particular results from the sale of fixed assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of fixed assets, financial assets, goodwill and intangible assets, relocation costs and the costs of group layoffs.

### 3. BOARD OF DIRECTORS REPORT



The operating profit of the Kofola Group for the 9-month period ended 30 September 2016 was affected by the following one-off items:

- Provision for impairment of financial receivable – Czech operation incurred net costs of CZK 18 000 thousand relating to the provision for impairment of financial receivable from an e-shop project. Tax applies at 19%.
- Merger costs - Czech operation incurred costs of CZK 7 418 thousand relating to the cross-border merger advisory.
- Acquisition costs – Slovenian operation incurred costs of CZK 5 191 thousand relating to the acquisition advisory.
- Due diligence costs – Polish operation incurred costs of CZK 2 805 thousand.
- Closure of Bielsk operation – Polish operation incurred costs of 33 512 thousand.

#### 3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	9M17	9M16	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	5 354 076	5 425 784	(71 708)	(1.3%)
Cost of sales	(3 145 548)	(3 237 704)	92 156	(2.8%)
<b>Gross profit</b>	<b>2 208 528</b>	<b>2 188 080</b>	<b>20 448</b>	<b>0.9%</b>
Selling, marketing and distribution costs	(1 624 091)	(1 443 318)	(180 773)	12.5%
Administrative costs	(285 600)	(314 119)	28 519	(9.1%)
Other operating income, net	5 832	31 389	(25 557)	(81.4%)
<b>Operating result</b>	<b>304 669</b>	<b>462 032</b>	<b>(157 363)</b>	<b>(34.1%)</b>
<b>EBITDA</b>	<b>705 738</b>	<b>851 201</b>	<b>(145 463)</b>	<b>(17.1%)</b>
Finance costs, net	(9 385)	(70 260)	60 875	(86.6%)
Income tax	(79 428)	(62 369)	(17 059)	27.4%
<b>Profit for the period</b>	<b>215 856</b>	<b>329 403</b>	<b>(113 547)</b>	<b>(34.5%)</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	219 909	331 075	(111 166)	(33.6%)

#### REVENUE

In 9M17, the Group's revenue amounted to CZK 5 354 076 thousand and decreased by CZK 71 708 thousand or 1.3% from CZK 5 425 784 thousand in 9M2016.

The decrease was caused by lower sales in Poland that were partially offset by the increase in CzechoSlovakia that came from Rajec, Rauch, Semtex and mainly Vinea, increased sales in Ugo and increased sales in Slovenia and Croatia.

In 9M17, the Group's revenue from sales of finished products and services amounted to CZK 4 952 107 thousand and decreased by CZK 114 350 thousand or 2.0% from CZK 5 066 457 thousand in 9M16.

In 9M17, the Group's revenue from sales of goods and materials amounted to CZK 401 969 thousand and increased by CZK 42 642 thousand (12.0%) from CZK 359 327 thousand in 9M16. The increase in revenue from sale of goods and materials was attributable mostly to sales of Rauch products.

In June 2017, the Group achieved record sales for its own brands.

The following table sets forth revenues from sales split by category of products for 9M17 and 9M16.

Product lines	9M17		9M16	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Carbonated beverages	2 262 538	42.26%	2 498 231	46.04%
Non-carbonated beverages	471 325	8.80%	419 712	7.74%
Waters	1 647 446	30.77%	1 532 940	28.25%
Syrups	500 583	9.36%	551 136	10.16%
Other	472 184	8.81%	423 765	7.81%
<b>Total</b>	<b>5 354 076</b>	<b>100.00%</b>	<b>5 425 784</b>	<b>100.00%</b>

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 91.19% of the Group's sales revenue in 9M17. In comparison with 9M16, the structure of sales by products changed mainly due to lower revenues from carbonated beverages in Poland.

### 3. BOARD OF DIRECTORS REPORT



The following table sets forth revenue from sales split by countries for 9M17 and 9M16. The allocation of revenue to a particular country segment is based on the geographical location of customers.

Geographical segments	9M17		9M16	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Czech Republic	2 186 540	40.84%	2 112 538	38.94%
Slovakia	1 256 561	23.47%	1 211 042	22.32%
Poland	977 762	18.26%	1 387 362	25.57%
Slovenia	574 076	10.72%	538 456	9.92%
Other*	359 137	6.71%	176 386	3.25%
<b>Total</b>	<b>5 354 076</b>	<b>100.00%</b>	<b>5 425 784</b>	<b>100.00%</b>

\* including Croatia (9M17: 249 421, 9M16: 127 443)

Kofola increased its sales in CzechoSlovakia and Adriatic region. In total, the sales in these regions increased by 6.9% in comparison with 9M16.

In CzechoSlovakia, the UGO's revenue grew by CZK 79 567 thousand to CZK 295 319 thousand (36.9%) and are becoming more important part of the Group's revenues. UGO operated 82 fresh bars and salad bars as at 30 September 2017.

In Adriatic region, Kofola continues in its acquisition strategy. In 1Q16, we acquired Nara, Inka and Vočko, Croatian brands with a high growth potential for the Group. At the same time, the Group concluded a production and distribution contract with Pepsi in the Croatian market. At the end of the last year, we acquired Studenac in Croatia, its revenues are consolidated from 1Q17.

In comparison with 9M16, there was a decrease in revenue from sales in Poland driven by lower sales of private labels and lower sales in the traditional channel.

Total Group's consolidated revenues without Polish segment grew by 8.4% (CZK 337 892 thousand) in comparison with 9M16.

#### COST OF SALES

In 9M17, the Group's cost of sales amounted to CZK 3 145 548 thousand and decreased by CZK 92 156 thousand or 2.8% from CZK 3 237 704 thousand in 9M16.

In 9M17, the Group's adjusted cost of products and services sold amounted to CZK 2 796 773 thousand and decreased by CZK 143 517 thousand or 4.9 % from CZK 2 940 290 thousand in 9M16. The decrease of cost of sales exceeds the decrease of revenue from the sale of products.

In 9M17, the Group's cost of goods and materials sold amounted to CZK 348 775 thousand and increased by CZK 51 361 thousand or 17.3% from CZK 297 414 thousand in 9M16. The increase in the cost of goods and materials sold was attributable mostly to the sale of Rauch products.

#### GROSS PROFIT

In 9M17, the Group's adjusted gross profit amounted to CZK 2 208 528 thousand and increased by CZK 20 448 thousand or 0.9% from CZK 2 188 080 thousand in 9M2016, this was influenced by decreased gross profit mainly in Poland, which was compensated by increased gross profit in Ugo and gross profit from the new subsidiary Studenac. Gross profit margin increased by 0.92 p.p. from 40.33% in 9M16 to 41.25% achieved in 9M17.

#### SELLING, MARKETING AND DISTRIBUTION COSTS

In 9M17, the Group's selling, marketing and distribution costs amounted to CZK 1 624 091 thousand and increased by CZK 180 773 thousand or 12.5% from CZK 1 443 318 thousand in 9M16. The increase is influenced by increased costs of cca CZK 74 000 thousand in UGO (further expansion – increased number of larger bars, increased marketing costs – first TV campaign, increased salaries due to increased number of bars), also due to acquired Studenac subsidiary – effect of CZK 74 000 thousand, the remaining part was driven by increased costs in CzechoSlovakia (increased logistic and marketing costs) which were compensated by lower selling, marketing and distribution costs in Poland.

#### ADMINISTRATIVE COSTS

In 9M17, the Group's adjusted administrative costs amounted to CZK 285 600 thousand and decreased by CZK 28 519 thousand or 9.1% from CZK 314 119 thousand in 9M16, the net decrease is driven by decreased administrative costs in CzechoSlovakia (thanks to merger of 5 companies in CzechoSlovakia).

### 3. BOARD OF DIRECTORS REPORT

#### EBITDA

The following table sets forth information regarding EBITDA for 9M17 and 9M16.

Adjusted EBITDA	9M17 CZK'000 / %	9M16 CZK'000 / %
EBITDA*	705 738	851 201
EBITDA margin**	13.18%	15.69%

\* EBITDA refers to operating result plus depreciation and amortisation  
 \*\* Calculated as (EBITDA/Revenue) \*100%

The following table sets forth information regarding EBITDA split by countries for 9M17 and 9M16.

Adjusted EBITDA by countries	9M17		9M16	
	EBITDA CZK'000	EBITDA margin %	EBITDA CZK'000	EBITDA margin %
Czech Republic	248 750	11.38%	273 490	12.95%
Slovakia	275 918	21.96%	318 234	26.28%
Poland	19 575	2.00%	102 257	7.37%
Slovenia	158 341	27.58%	159 074	29.54%
Other	3 154	0.88%	(1 854)	(1.05%)
<b>Total</b>	<b>705 738</b>	<b>13.18%</b>	<b>851 201</b>	<b>15.69%</b>

The net decrease of EBITDA is caused by decreased performance in all segments, mainly in Poland and CzechoSlovakia.

The EBITDA achieved by the Group in Poland decreased as a result of decreased sales mainly of private labels. The EBITDA in the CzechoSlovakia decreased due to lower sales of Kofola and increased selling and marketing expenses.

The EBITDA in the Other segment is no longer negative, the newly acquired Studenac subsidiary starts to show an improved performance, after building of the sales team and change of the business model.

The Group's EBITDA margins achieved in the CzechoSlovak and Adriatic markets in 9M17 are higher than in Poland. In CzechoSlovakia, this is because of our strong presence in the HoReCa distribution channel, where non-alcoholic beverages can be sold with higher margins to loyal customers (both restaurants and end consumers). Significant part of revenues in Poland comes from private labels. Nevertheless, in Poland, the gross profit margin from own brands is increasing.

The Group's adjusted EBITDA without Poland decreased by CZK 62 781 thousand (8.4%) in comparison with 9M16.

#### OPERATING PROFIT

Due to the reasons described above, in 9M17, the Group's adjusted operating profit amounted to CZK 304 669 thousand as compared to an operating profit of CZK 462 032 thousand in 9M16.

#### FINANCE COSTS, NET

In 9M17, the Group's net Finance costs amounted to CZK 9 385 thousand and decreased by CZK 60 875 thousand as compared to net finance costs of CZK 70 260 thousand in 9M16. Increased financial result is mainly influenced by increased foreign exchange gains of cca CZK 26 000 thousand, positive effect of revaluation derivatives of cca CZK 21 000 thousand when compared with 9M16 and lower interest from loans. Net Finance result includes also the share in the profit of associate that in 9M17 amounted to CZK 12 411 thousand compared to loss of CZK (633) thousand in 9M16.

#### NET PROFIT FOR THE PERIOD

Due to the reasons described above, in 9M17, the Group's profit for the period amounted to CZK 215 856 thousand as compared to CZK 329 403 thousand in 9M2016.

### 3. BOARD OF DIRECTORS REPORT



#### 3.1.3 FINANCIAL PERFORMANCE IN 3Q

Adjusted consolidated financial results	3Q17 CZK'000	3Q16 CZK'000	Change CZK'000	Change %
Revenue	1 983 094	1 921 403	61 691	3.2%
Cost of sales	(1 114 691)	(1 098 685)	(16 006)	1.5%
<b>Gross profit</b>	<b>868 403</b>	<b>822 718</b>	<b>45 685</b>	<b>5.6%</b>
Selling, marketing and distribution costs	(566 699)	(518 945)	(47 754)	9.2%
Administrative costs	(79 860)	(99 662)	19 802	(19.9%)
Other operating income, net	3 615	804	2 811	349.6%
<b>Operating result</b>	<b>225 459</b>	<b>204 915</b>	<b>20 544</b>	<b>10.0%</b>
<b>EBITDA</b>	<b>356 801</b>	<b>337 231</b>	<b>19 570</b>	<b>5.8%</b>
Finance costs, net	(11 950)	(14 002)	2 052	(14.7%)
Income tax	(47 656)	(17 389)	(30 267)	174.1%
<b>Profit for the period</b>	<b>165 853</b>	<b>173 524</b>	<b>(7 671)</b>	<b>(4.4%)</b>
- attributable to owners of Kofola ČeskoSlovensko a.s.	167 352	175 342	(7 990)	(4.6%)

In 3Q17, the Group's revenue increased by 3.2% compared to 3Q16, this was a net effect of decreased revenue in Poland in amount of cca CZK 107 107 thousand (25.3%) and increased revenue in the rest of the group. The Group's revenue without Poland increased by CZK 162 550 thousand (10.8%).

Selling, marketing and distribution costs increased by 9.2%, when compared with 3Q16, this is mainly influenced by the new subsidiary Studenac and increased costs in Ugo.

Administrative costs decreased by 19.9% compared to 3Q16, mainly in the Czech segment.

Net finance costs decreased by CZK 2 052 thousand, which was caused mainly by gains from revaluation of derivatives compensated by lower foreign exchange gains and slightly higher interests when compared with 3Q16.

In 3Q17, the Group's EBITDA without Poland increased by CZK 31 650 thousand (10.2%).

### 3. BOARD OF DIRECTORS REPORT

#### 3.1.4 FINANCIAL POSITION

Consolidated statement of financial position	30.9.2017 CZK'000	31.12.2016 CZK'000	Change CZK'000	Change %
<b>Total assets</b>	<b>7 851 130</b>	<b>8 019 883</b>	<b>(168 753)</b>	<b>(2.1%)</b>
Non-current assets, out of which:	<b>4 835 220</b>	<b>4 915 863</b>	<b>(80 643)</b>	<b>(1.6%)</b>
Property, plant and equipment	3 319 569	3 442 624	(123 055)	(3.6%)
Intangible assets	1 208 792	1 164 092	44 700	3.8%
Goodwill	86 302	86 302	-	-
Investment in associates	73 020	67 782	5 238	7.7%
Deferred tax assets	79 810	101 481	(21 671)	(21.4%)
Other	67 727	53 582	14 145	26.4%
Current assets, out of which:	<b>3 015 910</b>	<b>3 104 020</b>	<b>(88 110)</b>	<b>(2.8%)</b>
Inventories	615 527	485 440	130 087	26.8%
Trade and other receivables	1 142 479	1 081 680	60 799	5.6%
Cash and cash equivalents	1 145 903	1 421 014	(275 111)	(19.4%)
Assets held for sale	105 612	111 715	(6 103)	(5.5%)
Other	6 389	4 171	2 218	53.2%
<b>Total equity and liabilities</b>	<b>7 851 130</b>	<b>8 019 883</b>	<b>(168 753)</b>	<b>(2.1%)</b>
Equity	2 517 516	2 739 468	(221 952)	(8.1%)
Non-current liabilities	2 129 342	1 580 357	548 985	34.7%
Current liabilities	3 204 272	3 700 058	(495 786)	(13.4%)

#### ASSETS

At 30 September 2017, the Group's Property, plant and equipment amounted to CZK 3 319 569 thousand and decreased by CZK 123 055 thousand from CZK 3 442 624 thousand at the end of 2016. This change was mainly caused by additions and finance lease additions totalling CZK 354 765 thousand and on the other hand the depreciation charge of CZK 365 055 thousand, significant effect has exchange difference (cca CZK 41 000 thousand). The additions comprise mainly an addition to a production line in Slovenia, acquisition of Titbit and sales support equipment in CzechoSlovakia.

As at 30 September 2017, Intangible assets were of CZK 1 208 792 thousand and increased by CZK 44 700 thousand or 3.8 % in comparison with 31 December 2016 mainly because of additions connected with the acquisition of Titbit, amortization of CZK 34 628 thousand and exchange differences.

The Group's current assets as at 30 September 2017 amounted to CZK 3 015 910 thousand, of which 37 % is represented by Trade and other receivables, 38 % is represented by Cash and cash equivalents and 20 % is formed by Inventories. The net decrease of CZK 88 110 thousand or 2.8 % is mainly attributable to increased receivables, inventory and decreased cash. Cash and cash equivalents in RADENSKA d.o.o. accounts for about 88 % of the Group's total cash and the Group expects its utilisation among others for future acquisition opportunities or buy-out of Kofola's shares described in 4.20.

Deferred tax asset decreased by CZK 21 671 thousand to CZK 79 810 thousand, of which CZK 67 371 thousand is a deferred tax asset of RADENSKA d.o.o., resulting mainly from tax losses that are expected to be utilised in future.

#### LIABILITIES

As at 30 September 2017, the Group's current and non-current liabilities amounted to CZK 5 333 614 thousand, which constitutes an 2.2% (CZK 53 199 thousand) increase compared to CZK 5 280 415 thousand at the end of December 2016. The new Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 102 456 thousand as at 30 September 2017 is a main component of Group's liabilities. The reason for the execution of the Facility loan agreement was a consolidation of group financing to ensure strategic development, taking advantage of the favourable conditions of financial market and reduction of total financial cost.

For this reason, the Group's consolidated net debt (calculated as total non-current and current liabilities relating to credits, loans, bonds, leases and other debt instruments less cash and cash equivalents) amounted to CZK 1 925 553 thousand as at 30 September 2017, which represents an increase of CZK 236 888 thousand or 14% compared to CZK 1 688 665 thousand as at 31 December 2016. This increase is also influenced by decreased cash from payment of CAPEX and dividends.

The Group's consolidated net debt / Adjusted EBITDA as at 30 September 2017 was of 2.10 compared to 1.59 at the end of 2016.

The Group's provisions increased by CZK 18 323 thousand from CZK 184 237 thousand to CZK 202 560 thousand, which is a net effect of a created provision for closure of Grodzisk and the release of provisions for bonuses.

## 3. BOARD OF DIRECTORS REPORT



### 3.1.5 CASHFLOWS

#### NET CASH FLOW FROM OPERATING ACTIVITIES

In 9M17, the Group's net cash flow from operating activities amounted to CZK 502 344 thousand and increased by CZK 34 698 thousand or 7.4% from CZK 467 646 thousand in 9M16. Increased operating cash flow in 9M17 is influenced by positive changes in working capital vs. YE values (mainly increased payables) despite lower profit before tax.

#### NET CASH FLOW FROM INVESTING ACTIVITIES

In 9M17, the Group's net cash outflow from investing activities amounted to CZK (419 031) thousand and decreased by CZK 43 373 thousand from CZK (462 404) thousand in 9M16. The outflow decrease is a net effect of the lower capex and higher purchase of subsidiaries (by cca 35 441 thousand).

#### NET CASH FLOW FROM FINANCING ACTIVITIES

In 9M17, the Group's net cash outflow from financing activities amounted to CZK (355 437) thousand and increased by CZK 176 278 thousand from CZK (179 159) thousand in 9M16. The increase was mainly a result of dividend paid to the shareholders of the Company.

### 3.1.6 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

Kofola Group will continue to deliver its products across Central and Eastern Europe, improve the efficiency of direct distribution in the Czech Republic and extend sales support in the Adriatic region.

3Q17 was our first season with Studenac portfolio. Based on this experience, we are preparing portfolio changes which should significantly improve our position in 2018. Generally, in next 6 months, Adriatic region will face certain uncertainty related to Agrokor Group prebankruptcy procedure. However, the situation is clearer than six months ago. Our business in Adriatic region will continue in development started in 2016. We will enlarge distribution index of current products in Croatia and benefit from last year launches - in Slovenia, in 2Q17, we introduced a new sport water and redesign of kids' waters as well as redesign of Vočko syrups. Our key goal is to improve Studenac distribution - namely full listings in all major Croatian accounts.

Polish segment will carry on its business activities with focus on branded products that will be supported by increased marketing and trade marketing activities. Product portfolio will be further extended to meet consumers' demand. The production will be centralized in one plant in Kutno in order to increase both production and logistic efficiency.

To reverse the situation on the Polish market, in addition to continuing branding and innovation to healthier drinks, HOOP Polska now concluded an agreement with Nestea ice tea owner, Nestle Waters. From 2018, HOOP Polska will distribute these beverages for the Polish market.

### 3.1.7 NEW DIVIDEND POLICY

On General Meeting held on 21 June 2017, the Company announced the change in the dividend policy with the aim of distributing of a dividend to the shareholders of Kofola of at least 60% of its consolidated net profit achieved in each financial year from 2017 until 2020, subject to sufficient distributable profits.

## 4. CORPORATE GOVERNANCE



### 4.1. SHARES AND SHAREHOLDERS

#### 4.1.1 SHARE CAPITAL

As at 30 September 2017, the share capital of Kofola ČeskoSlovensko a.s. totalled CZK 2 229 500 000 and comprised 22 295 000 common registered shares with a nominal value of CZK 100 each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

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

#### 4.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure		30.9.2017
	Number of shares pcs	Share %
AETOS a.s.	15 159 204	68.00%
CED GROUP S. a r.l.	5 635 796	25.28%
Others	1 500 000	6.72%
<b>Total shares volume</b>	<b>22 295 000</b>	<b>100.00%</b>

Group shareholders structure		31.12.2016
	Number of shares pcs	Share %
KSM Investment S.A.	11 321 383	50.78%
CED GROUP S. a r.l.	8 311 196	37.28%
René Musila	581 231	2.61%
Tomáš Jendřejek	581 190	2.61%
Others	1 500 000	6.72%
<b>Total shares volume</b>	<b>22 295 000</b>	<b>100.00%</b>

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. As of 10 August 2017, AETOS a.s. purchased 2 675 400 shares of Kofola representing 12 % of Kofola's share capital from CED GROUP S.à r.l. AETOS a.s., owned by the Samaras family and other founders owns 68 % of Kofola's shares as of 30 September 2017.

Purchase of 5 % of Kofola's shares by RADENSKA d.o.o. is described in section B 4.20.

Subsequently, KSM (which is currently owned by Czech nationals) intends to merge into AETOS a.s.



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 9M 2017  
KOFOLA ČESKOSLOVENSKO A.S.

# 1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 9-month and 3-month period ended 30 September 2017 and 30 September 2016 in CZK thousand.

Consolidated statement of profit or loss	Note	9M17 CZK'000	3Q17 CZK'000	9M16 CZK'000	3Q16 CZK'000
Revenue from the sale of finished products and services	4.1	4 952 107	1 847 853	5 066 457	1 795 364
Revenue from the sale of goods and materials	4.1	401 969	135 241	359 327	126 039
<b>Revenue</b>		<b>5 354 076</b>	<b>1 983 094</b>	<b>5 425 784</b>	<b>1 921 403</b>
Cost of products and services sold	4.2	(2 796 773)	(988 945)	(2 940 290)	(1 000 597)
Cost of goods and materials sold	4.2	(348 775)	(121 220)	(297 414)	(98 088)
<b>Cost of sales</b>		<b>(3 145 548)</b>	<b>(1 110 165)</b>	<b>(3 237 704)</b>	<b>(1 098 685)</b>
<b>Gross profit</b>		<b>2 208 528</b>	<b>872 929</b>	<b>2 188 080</b>	<b>822 718</b>
Selling, marketing and distribution costs	4.2	(1 624 091)	(566 699)	(1 461 318)	(518 945)
Administrative costs	4.2	(296 007)	(87 053)	(329 533)	(103 303)
Other operating income	4.3	62 895	29 167	55 316	17 815
Other operating expenses	4.4	(66 253)	(56 851)	(57 439)	(50 523)
<b>Operating result</b>		<b>285 072</b>	<b>191 493</b>	<b>395 106</b>	<b>167 762</b>
Finance income	4.5	54 771	13 770	9 943	(330)
Finance costs	4.6	(76 567)	(32 113)	(79 570)	(17 632)
Share of profit/(loss) of associate	4.11	12 411	6 393	(633)	3 960
<b>Profit before income tax</b>		<b>275 687</b>	<b>179 543</b>	<b>324 846</b>	<b>153 760</b>
Income tax expense	4.7	(78 764)	(47 385)	(58 949)	(17 389)
<b>Profit for the period</b>		<b>196 923</b>	<b>132 158</b>	<b>265 897</b>	<b>136 371</b>
<i>Attributable to:</i>					
Owners of Kofola ČeskoSlovensko a.s.		200 976	133 657	267 569	138 189
Non-controlling interests		(4 053)	(1 499)	(1 672)	(1 818)
<b>Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)</b>					
Basic earnings per share	4.8	9.02	6.00	12.00	6.20
Diluted earnings per share	4.8	9.02	6.00	12.00	6.20

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

# 1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 9-month and 3-month period ended 30 September 2017 and 30 September 2016 in CZK thousand.

Consolidated statement of other comprehensive income	Note	9M17 CZK'000	3Q17 CZK'000	9M16 CZK'000	3Q16 CZK'000
<b>Profit for the period</b>		<b>196 923</b>	<b>132 158</b>	<b>265 897</b>	<b>136 371</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign subsidiaries		(110 319)	(49 043)	(55 040)	(19 866)
Exchange differences on translation of foreign associate	4.11	(7 173)	(1 459)	22 107	2 236
<b>Other comprehensive income for the period, net of tax</b>		<b>(117 492)</b>	<b>(50 502)</b>	<b>(32 933)</b>	<b>(17 630)</b>
<b>Total comprehensive income for the period</b>		<b>79 431</b>	<b>81 656</b>	<b>232 964</b>	<b>118 741</b>
<b>Attributable to:</b>					
Owners of Kofola ČeskoSlovensko a.s.		83 484	83 155	234 636	120 714
Non-controlling interests		(4 053)	(1 499)	(1 672)	(1 973)

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

# 1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2017, 31 December 2016 and 30 September 2016 in CZK thousand.

Assets	Note	30.9.2017	31.12.2016	30.9.2016	30.9.2016
		CZK'000	CZK'000	Restated CZK'000	Reported CZK'000
<b>Non-current assets</b>		<b>4 835 220</b>	<b>4 915 863</b>	<b>4 880 861</b>	<b>4 880 861</b>
Property, plant and equipment	4.9	3 319 569	3 442 624	3 328 003	3 328 003
Goodwill	4.10	86 302	86 302	86 302	86 302
Intangible assets	4.10	1 208 792	1 164 092	1 161 130	1 161 130
Investment in associate	4.11	73 020	67 782	177 395	177 395
Other receivables		65 374	51 142	46 560	46 560
Other non-financial assets		2 353	2 440	6 793	6 793
Deferred tax assets		79 810	101 481	74 678	74 678
<b>Current assets</b>		<b>3 015 910</b>	<b>3 104 020</b>	<b>3 438 820</b>	<b>3 438 820</b>
Assets classified as held for sale		105 612	111 715	113 862	113 862
<b>Current assets excl. Assets classified as held for sale</b>		<b>2 910 298</b>	<b>2 992 305</b>	<b>3 324 958</b>	<b>3 324 958</b>
Inventories		615 527	485 440	526 344	526 344
Trade and other receivables		1 142 479	1 081 680	1 032 190	1 032 190
Income tax receivables		6 389	4 171	4 329	4 329
Cash and cash equivalents		1 145 903	1 421 014	1 762 095	1 762 095
<b>Total assets</b>		<b>7 851 130</b>	<b>8 019 883</b>	<b>8 319 681</b>	<b>8 319 681</b>

Liabilities and equity	Note	30.9.2017	31.12.2016	30.9.2016	30.9.2016
		CZK'000	CZK'000	Restated CZK'000	Reported CZK'000
<b>Equity attributable to owners of Kofola ČeskoSlovensko a.s.</b>		<b>2 518 673</b>	<b>2 736 572</b>	<b>3 087 266</b>	<b>3 098 047</b>
Share capital	1.5	2 229 500	2 229 500	2 229 500	2 229 500
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)	(1 962 871)	(1 962 871)
Other reserves	1.5	2 075 994	2 075 994	2 081 482	2 081 482
Foreign currency translation reserve	1.5	48 433	165 925	133 777	133 777
Own shares	1.5	(1 357)	(915)	(922)	(922)
Retained earnings	1.5	128 974	228 939	606 300	617 081
<b>Equity attributable to non-controlling interests</b>	1.5	<b>(1 157)</b>	<b>2 896</b>	<b>4 197</b>	<b>4 197</b>
<b>Total equity</b>	1.5	<b>2 517 516</b>	<b>2 739 468</b>	<b>3 091 463</b>	<b>3 102 244</b>
<b>Non-current liabilities</b>		<b>2 129 342</b>	<b>1 580 357</b>	<b>1 666 709</b>	<b>1 666 709</b>
Bank credits and loans	4.14	1 504 856	880 318	968 179	968 179
Bonds issued	4.13	328 271	327 072	326 669	326 669
Finance lease liabilities		126 512	167 295	173 829	173 829
Provisions		21 446	27 002	23 249	23 249
Other liabilities		388	15 925	53 706	53 706
Deferred tax liabilities		147 869	162 745	121 077	121 077
<b>Current liabilities</b>		<b>3 204 272</b>	<b>3 700 058</b>	<b>3 561 509</b>	<b>3 550 728</b>
Bank credits and loans	4.14	1 043 872	1 672 723	1 581 429	1 581 429
Bonds issued	4.13	15 046	3 668	15 047	15 047
Finance lease liabilities		52 899	58 603	57 224	57 224
Trade and other payables		1 804 947	1 779 351	1 712 311	1 701 530
Income tax liabilities		18 556	17 562	22 680	22 680
Other financial liabilities		87 838	10 916	11 148	11 148
Provisions		181 114	157 235	161 670	161 670
<b>Total liabilities</b>		<b>5 333 614</b>	<b>5 280 415</b>	<b>5 228 218</b>	<b>5 217 437</b>
<b>Total liabilities and equity</b>		<b>7 851 130</b>	<b>8 019 883</b>	<b>8 319 681</b>	<b>8 319 681</b>

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

# 1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 9-month and 3-month period ended 30 September 2017 and 30 September 2016 in CZK thousand.

Consolidated statement of cash flows	Note	9M17 CZK '000	3Q17 CZK '000	9M16 CZK '000	3Q16 CZK '000
<b>Cash flows from operating activities</b>					
Profit before income tax	1.1	275 687	179 543	324 846	153 760
Adjustments for:					
Non-cash movements					
Depreciation and amortisation	4.2	401 069	131 342	389 169	132 316
Net interest	4.5, 4.6	54 999	19 515	56 917	18 081
Share of result of associate	4.11	(12 411)	(6 393)	633	(3 960)
Change in the balance of provisions and adjustments		17 668	47 654	(21 547)	38 512
Revaluation of derivatives	4.5, 4.6	(14 524)	(8 388)	6 935	(1 066)
Gain on sale of PPE and intangible assets	4.3, 4.4	(12 671)	668	(1 614)	(452)
Net exchange differences		(28 850)	1 863	(790)	2 344
Other		(659)	(3 772)	(9 998)	(24 223)
Cash movements					
Income taxes paid		(74 158)	(22 285)	(41 934)	(12 836)
Change in operating assets and liabilities					
Change in receivables		(75 008)	239 436	(99 501)	251 662
Change in inventories		(116 309)	(11 742)	(23 101)	29 899
Change in payables		87 511	(289 917)	(112 369)	(202 033)
<b>Net cash inflow from operating activities</b>		<b>502 344</b>	<b>277 524</b>	<b>467 646</b>	<b>382 004</b>
<b>Cash flows from investing activities</b>					
Sale of property, plant and equipment		25 545	4 419	10 885	4 484
Acquisition of property, plant and equipment and intangible assets *		(387 588)	(135 050)	(442 700)	(134 942)
Purchase of financial assets		-	-	(6 500)	-
Acquisition of subsidiary, net of cash acquired		(57 029) ***	(57 029) ***	(37 358) **	(37 358) **
Interest received		41	(371)	1 017	743
Sale of other securities		-	-	12 252	-
<b>Net cash outflow from investing activities</b>		<b>(419 031)</b>	<b>(188 031)</b>	<b>(462 404)</b>	<b>(167 073)</b>
<b>Cash flows from financing activities</b>					
Finance lease payments		(46 079)	(18 623)	(45 406)	(14 851)
Proceeds from loans and bank credits		2 402 668	2 367 509	191 046	61 728
Repayment of loans and bank credits		(2 444 504)	(2 259 139)	(268 215)	(75 782)
Dividends paid to company's shareholders		(224 019)	(213 103)	-	-
Interest and bank charges paid		(43 061)	(15 794)	(47 184)	(15 343)
Purchase of own shares		(442)	-	(3 743)	-
Other		-	-	(5 657)	-
<b>Net cash outflow from financing activities</b>		<b>(355 437)</b>	<b>(139 150)</b>	<b>(179 159)</b>	<b>(44 248)</b>
Net increase (decrease) in cash and cash equivalents		(272 124)	(49 657)	(173 917)	170 683
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1 421 014</b>	<b>1 197 783</b>	<b>1 940 008</b>	<b>1 592 583</b>
Effects of exchange rate changes on cash and cash equivalents		(2 987)	(2 223)	(3 996)	(1 171)
<b>Cash and cash equivalents at the end of the period</b>		<b>1 145 903</b>	<b>1 145 903</b>	<b>1 762 095</b>	<b>1 762 095</b>

\* including the brands Inka, Nara, Vočko

\*\* squeeze out of Radenska NCI

\*\*\* Premium Rosa

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

# 1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



## 1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 9-month and 3-month period ended 30 September 2017, 12-month period ended 31 December 2016 and 9-month period ended 30 September 2016 in CZK thousand.

Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.							Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings	Total		
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
<b>Balance as at 1 January 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 075 994</b>	<b>165 925</b>	<b>(915)</b>	<b>228 939</b>	<b>2 736 572</b>	<b>2 896</b>	<b>2 739 468</b>
Profit / (loss) for the period	1.1	-	-	-	-	-	200 976	<b>200 976</b>	(4 053)	<b>196 923</b>
Other comprehensive income / (loss)		-	-	-	(117 492)	-	-	<b>(117 492)</b>	-	<b>(117 492)</b>
<b>Total comprehensive income / (loss) for the period</b>	1.2	-	-	-	<b>(117 492)</b>	-	<b>200 976</b>	<b>83 484</b>	<b>(4 053)</b>	<b>79 431</b>
Own shares purchase		-	-	-	-	(442)	-	<b>(442)</b>	-	<b>(442)</b>
Dividends		-	-	-	-	-	(300 941)	<b>(300 941)</b>	-	<b>(300 941)</b>
<b>Balance as at 30 September 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 075 994</b>	<b>48 433</b>	<b>(1 357)</b>	<b>128 974</b>	<b>2 518 673</b>	<b>(1 157)</b>	<b>2 517 516</b>
<b>Balance as at 1 July 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 075 994</b>	<b>98 935</b>	<b>(1 357)</b>	<b>(4 683)</b>	<b>2 435 518</b>	<b>342</b>	<b>2 435 860</b>
Profit / (loss) for the period	1.1	-	-	-	-	-	133 657	<b>133 657</b>	(1 499)	<b>132 158</b>
Other comprehensive income / (loss)		-	-	-	(50 502)	-	-	<b>(50 502)</b>	-	<b>(50 502)</b>
<b>Total comprehensive income / (loss) for the period</b>	1.2	-	-	-	<b>(50 502)</b>	-	<b>133 657</b>	<b>83 155</b>	<b>(1 499)</b>	<b>81 656</b>
<b>Balance as at 30 September 2017</b>		<b>2 229 500</b>	<b>(1 962 871)</b>	<b>2 075 994</b>	<b>48 433</b>	<b>(1 357)</b>	<b>128 974</b>	<b>2 518 673</b>	<b>(1 157)</b>	<b>2 517 516</b>

# 1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.						Equity	Total equity	
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings	Total		attributable to non-controlling interests
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	
Balance as at 1 January 2016		2 229 500	(1 962 871)	2 085 568	166 710	-	302 062	2 820 969	49 233	2 870 202
Correction of errors	3.7	-	-	-	-	-	(10 781)	(10 781)	-	(10 781)
Balance as at 1 January 2016 Restated		2 229 500	(1 962 871)	2 085 568	166 710	-	291 281	2 810 188	49 233	2 859 421
Profit for the period	1.1	-	-	-	-	-	267 569	267 569	(1 672)	265 897
Other comprehensive income		-	-	-	(32 933)	-	-	(32 933)	-	(32 933)
Total comprehensive income / (loss) for the period	1.2	-	-	-	(32 933)	-	267 569	234 636	(1 672)	232 964
Own shares purchase		-	-	-	-	(3 743)	-	(3 743)	-	(3 743)
Own shares transfer		-	-	-	-	2 821	-	2 821	-	2 821
Squeeze out of non-controlling interest		-	-	-	-	-	43 364	43 364	(43 364)	-
Transfers		-	-	(4 086)	-	-	4 086	-	-	-
Balance as at 30 September 2016		2 229 500	(1 962 871)	2 081 482	133 777	(922)	606 300	3 087 266	4 197	3 091 463
Balance as at 1 January 2016		2 229 500	(1 962 871)	2 085 568	166 710	-	302 062	2 820 969	49 233	2 870 202
Correction of errors	3.7	-	-	-	-	-	(10 781)	(10 781)	-	(10 781)
Balance as at 1 January 2016 Restated		2 229 500	(1 962 871)	2 085 568	166 710	-	291 281	2 810 188	49 233	2 859 421
Profit / (loss) for the period		-	-	-	-	-	86 373	86 373	(2 973)	83 400
Other comprehensive (loss)		-	-	-	(785)	-	-	(785)	-	(785)
Total comprehensive income /(loss) for the period		-	-	-	(785)	-	86 373	85 588	(2 973)	82 615
Dividends		-	-	-	-	-	(156 051)	(156 051)	-	(156 051)
Transfers		-	-	(9 574)	-	-	9 574	-	-	-
Own shares purchase		-	-	-	-	(3 743)	-	(3 743)	-	(3 743)
Own shares transfer		-	-	-	-	2 828	-	2 828	-	2 828
Squeeze out of non-controlling interest		-	-	-	-	-	(2 238)	(2 238)	(43 364)	(45 602)
Balance as at 31 December 2016		2 229 500	(1 962 871)	2 075 994	165 925	(915)	228 939	2 736 572	2 896	2 739 468

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

## 2. GENERAL INFORMATION



### 2.1. CORPORATE INFORMATION

#### GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2017 was providing certain services for the other companies in Kofola Group, e.g. strategic services, services related to products, shared services and holding of licences and trademarks.

Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland, Slovenia and Croatia with limited activities in Russia. The Group produces drinks with care and love in seven production plants and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets, the Group distributes among others Pepsi, Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the Company was until 29 June 2017 part of the group controlled by KSM Investment S.A. („Group “). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. As of 30 September 2017, the ultimate controlling party is AETOS a.s. The seat of AETOS a.s. is Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava. Changes in the ownership structure are described in section 4.17.1.

#### STOCK EXCHANGE LISTING

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

#### MANAGEMENT

As at 30 September 2017, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

##### *BOARD OF DIRECTORS*

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Marián Šefčovič

##### *SUPERVISORY BOARD*

- René Sommer – Chairman
- Jacek Woźniak
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Martin Chocholáček

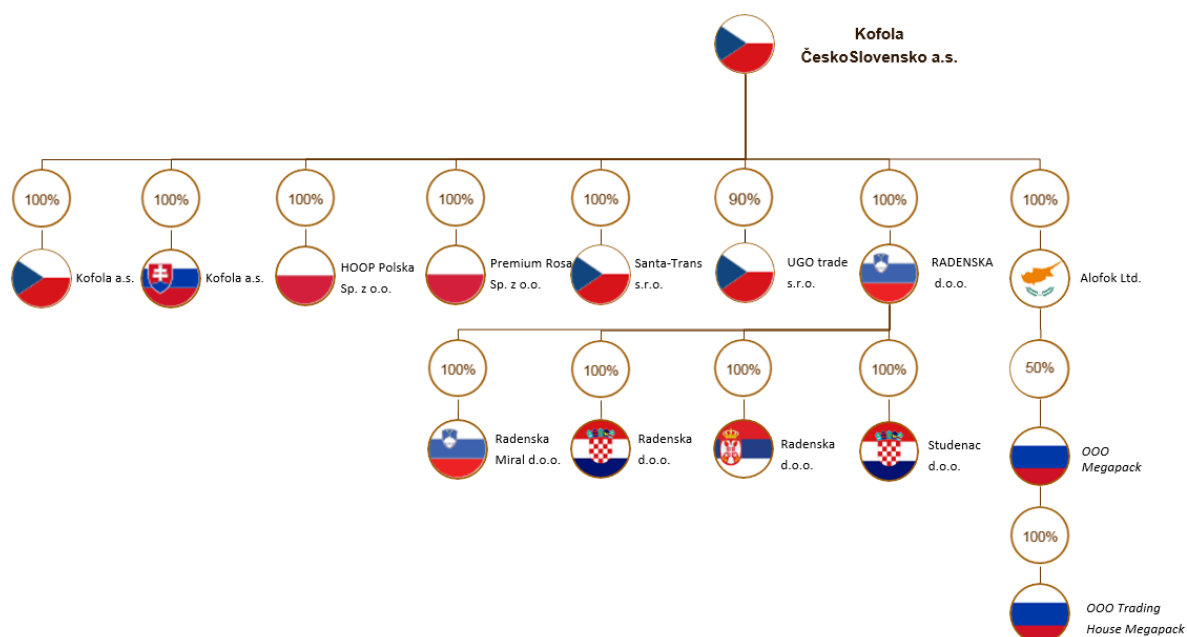
##### *AUDIT COMMITTEE*

- Petr Šobotník – Chairman
- Pavel Jakubík
- Martin Chocholáček

## 2. GENERAL INFORMATION

### 2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 SEPTEMBER 2017



#### DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.9.2017	31.12.2016
Holding companies				
Kofola ČeskoSlovensko a.s. Alofok Ltd.	Czech Republic Cyprus	top holding company holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	sales support and administration	100.00%	100.00%
Radenska d.o.o.	Serbia	inactive	100.00%	100.00%
Radenska Miral d.o.o.	Slovenia	trademark licensing	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	production and distribution of syrups and jams	100.00%	n/a
Sicheldorfer GmbH	Austria	closed	n/a	100.00%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

### 3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

#### BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2017.

The condensed consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition as required by IFRS 3.

The condensed 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 condensed consolidated financial statements cover the period ended 30 September 2017 and contain comparatives for the period ended 30 September 2016.

The condensed consolidated financial statements are presented in Czech crowns ("CZK"), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in section 3.6.

#### ADOPTION OF CHANGES TO STANDARDS

The Group has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2016. The Group has not early-adopted any standard.

Following new standards and amendments not yet effective are relevant for Group:

- IFRS 9 – Financial Instruments,
- IFRS 15 – Revenue from Contracts with Customers,
- IFRS 16 – Leases (not adopted by the European Union).

Management of the Group is analysing potential impact of the not-yet effective standards on the consolidated financial statements of the Group.

Other new standards and amendments are not relevant to the Group or will not have material effect on its financial statements.

### 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. SIGNIFICANT ACCOUNTING POLICIES



### 3.3. FOREIGN CURRENCY TRANSLATION

The financial statements items of the group entities are measured using their functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the closing exchange rate announced by the Czech National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- 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.

Exchange differences on loans granted to subsidiaries forming a part of an investment are transferred, as part of consolidation adjustments, from profit or loss to other comprehensive income and accumulated in Foreign currency translation reserve in equity.

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

Closing exchange rates	30.9.2017	31.12.2016	30.9.2016
CZK/EUR	25.975	27.020	27.020
CZK/PLN	6.035	6.126	6.256
CZK/RUB	0.381	0.420	0.383
CZK/USD	22.003	25.639	24.210
CZK/HRK	3.465	3.575	3.594

Average exchange rates	1.1.2017 - 30.9.2017	1.1.2016 - 31.12.2016	1.1.2016 - 30.9.2016
CZK/EUR	26.553	27.033	27.035
CZK/PLN	6.225	6.198	6.206
CZK/RUB	0.410	0.366	0.356
CZK/USD	23.907	24.432	24.225
CZK/HRK	3.568	3.589	3.587

The results and financial position of foreign operations are translated into CZK as follows:

- assets and liabilities for each statement of financial position presented at closing exchange rates announced by the Czech National Bank for the balance sheet date,
- income and expense for each statement of profit or loss at average exchange rates announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions,
- the resulting exchange differences are recognised in other comprehensive income and accumulated in equity,
- cashflow statement items at the average exchange rate announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions. The resulting foreign exchange differences are recognized under the “Other currency differences from translation” item of the cash-flow statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### 3. SIGNIFICANT ACCOUNTING POLICIES



#### 3.4. CONSOLIDATION METHODS

The consolidation methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2016.

#### 3.5. ACCOUNTING METHODS

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2016.

#### 3.6. SIGNIFICANT ESTIMATES

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group's management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason, the estimates made as at 30 September 2017 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Impairment of investment in associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Useful life of trade marks	The history of the trade mark on the market, market position, useful life of similar products, the stability of the market segment, competition.
Income tax	Assumptions used to recognise deferred income tax assets.

#### 3.7. RESTATEMENTS AND CORRECTION OF ERRORS

In 2004 and 2006, Radenska concluded a contract for the sale and storage of state material reserves – 1 800 004 litres of bottled water as a national reserve. The inventory remained in the Radenska balance sheet, because Radenska bears all the risks associated with the holding, the risks will be transferred to the Office for material reserves at the moment of the delivery.

In 2004 and 2006, Radenska recorded the transaction in Cash and Revenue, therefore, costs and benefits of this transaction were not reported in the same period.

In 2016, the error was corrected by adjusting the comparative financial statements, i.e. Retained earnings and Current liabilities, in amount of CZK 10 781 thousand (EUR 399 thousand).

#### 3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 6 November 2017.

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.1. SEGMENT INFORMATION

The Board of Directors of Kofola ČeskoSlovensko a.s. is the chief operating decision maker (“CODM”) responsible for operational decision-making and uses segment results to decide on the allocation of resources to the segments and to assess segments’ performance. The Board of Directors examine the group’s performance from a product and geographic perspective and has identified the following reportable business segments:

#### Geographic segments

- Czech Republic
- Slovakia
- Poland
- Slovenia
- Other

Furthermore, CODM monitors revenue, but not a profit measure, from the following product lines:

- Carbonated beverages
- Non-carbonated beverages (incl. UGO fresh bottles)
- Waters
- Syrups
- Other (e.g. UGO fresh bars, energy drinks, isotonic drinks, transportation and other services)

The Group applies the same accounting methods to all segments. These policies are also in line with the accounting methods used in the preparation of these consolidated financial statements. Transactions between segments are eliminated in the consolidation process.

The segment Other represents an aggregation of few other countries mainly in Europe with similar economic characteristics.

The Group did not identify any customer in the nine-month period ended 30 September 2017 that generated more than 10% of the Group’s consolidated revenue (9M16: CZK 806 733 thousand).

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### GEOGRAPHIC SEGMENTS

1.1.2017 – 30.9.2017	Czech Republic	Slovakia	Poland	Slovenia	Other	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
<b>Revenue</b>	2 387 486	1 534 829	1 043 325	614 390	456 832	6 036 862	(682 786)	-	5 354 076
External revenue	2 186 540	1 256 561	977 762	574 076	359 137	5 354 076	-	-	5 354 076
Inter-segment revenue	200 946	278 268	65 563	40 314	97 695	682 786	(682 786)	-	-
<b>Operating expenses</b>	(2 340 249)	(1 346 516)	(1 090 957)	(508 173)	(465 895)	(5 751 790)	682 786	-	(5 069 004)
Related to external revenue	(2 139 303)	(1 068 248)	(1 025 394)	(467 859)	(368 200)	(5 069 004)	-	-	(5 069 004)
Related to inter-segment revenue	(200 946)	(278 268)	(65 563)	(40 314)	(97 695)	(682 786)	682 786	-	-
<b>Operating result</b>	<b>47 237</b>	<b>188 313</b>	<b>(47 632)</b>	<b>106 217</b>	<b>(9 063)</b>	<b>285 072</b>	-	-	<b>285 072</b>
Finance income / (costs), net						253 626	(275 422)	-	(21 796)
- within segment						(21 796)	-	-	(21 796)
- between segments						275 422	(275 422)	-	-
Share of profit of associate						-	-	12 411	12 411
<b>Profit/(loss) before income tax</b>						538 698	(275 422)	12 411	275 687
Income tax expense						(78 956)	192	-	(78 764)
<b>Profit/(loss) for the period</b>	<b>272 057</b>	<b>140 460</b>	<b>(61 336)</b>	<b>120 274</b>	<b>(11 713)</b>	<b>459 742</b>	<b>(275 230)</b>	<b>12 411</b>	<b>196 923</b>
<b>EBITDA</b>	<b>238 193</b>	<b>275 918</b>	<b>14 226</b>	<b>154 650</b>	<b>3 154</b>	<b>686 141</b>	-	-	<b>686 141</b>
One-offs	10 557	-	5 349	3 691	-	19 597	-	-	19 597
<b>Adjusted EBITDA</b>	<b>248 750</b>	<b>275 918</b>	<b>19 575</b>	<b>158 341</b>	<b>3 154</b>	<b>705 738</b>	-	-	<b>705 738</b>
<b>Assets and liabilities</b>									
Segment assets	6 239 101	1 219 299	1 539 920	2 346 498	434 864	11 779 682	(4 001 572)	73 020	7 851 130
<b>Total assets</b>	<b>6 239 101</b>	<b>1 219 299</b>	<b>1 539 920</b>	<b>2 346 498</b>	<b>434 864</b>	<b>11 779 682</b>	<b>(4 001 572)</b>	<b>73 020</b>	<b>7 851 130</b>
Segment liabilities	3 775 691	842 061	690 224	504 150	292 858	6 104 984	(771 370)	-	5 333 614
Equity									2 517 516
<b>Total liabilities and equity</b>									<b>7 851 130</b>
<b>Other segment information</b>									
Additions to PPE and Intangible assets	163 517	30 563	94 559	97 423	26 360	412 422	-	-	412 422
Depreciation and amortisation	190 937	87 624	61 858	48 433	12 217	401 069	-	-	401 069
Other Impairment losses	2 495	345	1 849	3 239	218	8 146	-	-	8 146
Other Impairment losses reversals	(6 819)	(876)	(6 275)	-	(21)	(13 991)	-	-	(13 991)

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1.1.2016 – 30.9.2016	Czech Republic	Slovakia	Poland	Slovenia	Other	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
<b>Revenue</b>	2 317 668	1 456 226	1 433 098	576 767	176 386	5 960 145	(534 361)	-	5 425 784
External revenue	2 112 538	1 211 042	1 387 362	538 456	176 386	5 425 784	-	-	5 425 784
Inter-segment revenue	205 130	245 184	45 736	38 311	-	534 361	(534 361)	-	-
<b>Operating expenses</b>	(2 249 090)	(1 233 168)	(1 432 178)	(472 363)	(178 240)	(5 565 039)	534 361	-	(5 030 678)
Related to external revenue	(2 043 960)	(987 984)	(1 386 442)	(434 052)	(178 240)	(5 030 678)	-	-	(5 030 678)
Related to inter-segment revenue	(205 130)	(245 184)	(45 736)	(38 311)	-	(534 361)	534 361	-	-
<b>Operating result</b>	<b>68 578</b>	<b>223 058</b>	<b>920</b>	<b>104 404</b>	<b>(1 854)</b>	<b>395 106</b>	<b>-</b>	<b>-</b>	<b>395 106</b>
Finance income / (costs), net						259 962	(329 589)	-	(69 627)
- within segment						(69 627)	-	-	(69 627)
- between segments						329 589	(329 589)	-	-
Share of (loss) of associate						-	-	(633)	(633)
<b>Profit/(loss) before income tax</b>						<b>655 068</b>	<b>(329 589)</b>	<b>(633)</b>	<b>324 846</b>
Income tax expense						(58 970)	21	-	(58 949)
<b>Profit/(loss) for the period</b>	<b>354 248</b>	<b>163 769</b>	<b>(10 178)</b>	<b>90 157</b>	<b>(1 898)</b>	<b>596 098</b>	<b>(329 568)</b>	<b>(633)</b>	<b>265 897</b>
<b>EBITDA</b>	<b>245 267</b>	<b>318 234</b>	<b>68 745</b>	<b>153 883</b>	<b>(1 854)</b>	<b>784 275</b>	<b>-</b>	<b>-</b>	<b>784 275</b>
One-offs	28 223	-	33 512	5 191	-	66 926	-	-	66 926
<b>Adjusted EBITDA</b>	<b>273 490</b>	<b>318 234</b>	<b>102 257</b>	<b>159 074</b>	<b>(1 854)</b>	<b>851 201</b>	<b>-</b>	<b>-</b>	<b>851 201</b>
<b>Assets and liabilities</b>									
Segment assets	6 552 819	1 558 241	1 686 554	2 161 705	3 511	11 962 830	(3 820 544)	177 395	8 319 681
<b>Total assets</b>	<b>6 552 819</b>	<b>1 558 241</b>	<b>1 686 554</b>	<b>2 161 705</b>	<b>3 511</b>	<b>11 962 830</b>	<b>(3 820 544)</b>	<b>177 395</b>	<b>8 319 681</b>
Segment liabilities (Restated)	3 815 863	1 009 037	726 870	276 064	1 482	5 829 316	(611 879)	-	5 217 437
Equity (Restated)									3 102 244
<b>Total liabilities and equity</b>									<b>8 319 681</b>
<b>Other segment information</b>									
Additions to PPE and Intangible assets	201 045	43 076	53 030	36 263	-	333 414	-	-	333 414
Depreciation and amortisation	176 689	95 176	67 825	49 479	-	389 169	-	-	389 169
Other Impairment losses	27 459	351	18 903	1 352	-	48 065	-	-	48 065
Other Impairment losses reversals	(12 846)	(892)	(7 215)	(1 622)	-	(22 575)	-	-	(22 575)

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### PRODUCT LINES

1.1.2017 - 30.9.2017	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Other CZK '000	Total CZK '000
Revenue	2 236 307	527 577	1 628 347	494 782	467 063	5 354 076

1.1.2016 - 30.9.2016	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Other CZK '000	Total CZK '000
Revenue	2 498 231	419 712	1 532 940	551 136	423 765	5 425 784

### SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

#### SEASONALITY

Seasonality is associated with periodic deviations in demand and supply, of certain significance in the shaping of the Kofola Group's general sales trends. Beverage sales peak appears in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the year ended 31 December 2016, about 21% (17% in 2015) of revenue from the sales of finished products and services was earned in the 1st quarter, with 29% (30% in 2015), 28% (30% in 2015) and 22% (23% in 2015) of the annual consolidated revenues earned in the 2nd, 3rd and 4th quarters, respectively.

#### CYCLICAL NATURE

The Group's results are to certain extent dependent on economic cycles, in particular on fluctuations in demand and in the prices of raw materials, so-called "commodities".

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 4.2. EXPENSES BY NATURE

Expenses by nature	9M17 CZK'000	9M16 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	401 069	389 169
Employee benefits expenses (i)	930 807	863 529
Consumption of materials and energy	2 422 147	2 491 931
Cost of goods and materials sold	348 775	297 414
Services	966 634	899 464
Rental costs	92 803	89 815
Taxes and fees	57 748	38 691
Insurance costs	12 000	11 906
Change in allowance to inventory	(4 970)	(3 236)
Change in allowance to trade receivables	(2 759)	17 783
Other cost/(income)	16 405	8 282
<b>Total expenses by nature*</b>	<b>5 240 659</b>	<b>5 104 748</b>
Change in finished products and work in progress	(175 013)	(76 193)
<b>Reconciliation of expenses by nature to expenses by function</b>	<b>5 065 646</b>	<b>5 028 555</b>
Selling, marketing and distribution costs	1 624 091	1 461 318
Administrative costs	296 007	329 533
Costs of products and services sold	2 796 773	2 940 290
Cost of goods and materials sold	348 775	297 414
<b>Total costs of products sold, merchandise and materials, sales costs and administrative costs</b>	<b>5 065 646</b>	<b>5 028 555</b>

\* excluding Other operating income, Other operating expenses and Impairment

#### (i) Employee benefits expenses

Employee benefits expenses	9M17 CZK'000	9M16 CZK'000
Salaries	702 803	659 052
Social security and other benefit costs	125 416	111 184
Pension benefit plan expenses	102 588	93 293
<b>Total employee benefits expenses</b>	<b>930 807</b>	<b>863 529</b>

### 4.3. OTHER OPERATING INCOME

Other operating income	9M17 CZK'000	9M16 CZK'000
Net gain from the sale of PPE and intangible assets	12 671	1 614
Release of impairment of property, plant and equipment	-	29
Release of allowance to receivables	-	940
Reinvoiced payments	1 686	2 333
Received subsidies	75	-
Received donation	-	332
Compensation claims	37 447	11 140
Write-off liabilities	703	-
Received penalties and compensation for damages	6 841	3 309
Tax return	179	230
Release of provision	3 293	22 847
Other	-	12 542
<b>Total other operating income</b>	<b>62 895</b>	<b>55 316</b>

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 4.4. OTHER OPERATING EXPENSES

Other operating expenses	9M17 CZK'000	9M16 CZK'000
Provided donations, sponsorship	7 454	7 652
Paid penalties and damages	-	236
Other tax expense	221	205
Creation of provisions - plant closure in Poland	49 854	33 299
Creation of allowances to receivables related to compensation claims	-	11 140
Other	8 692	4 907
<b>Total other operating expenses</b>	<b>66 253</b>	<b>57 439</b>

### 4.5. FINANCE INCOME

Finance income	9M17 CZK'000	9M16 CZK'000
Interest from:		
– bank deposits	38	2 650
– credits and loans granted	715	138
Exchange gains	37 846	3 386
Gain from revaluation of derivatives	15 505	2 966
Other	667	803
<b>Total finance income</b>	<b>54 771</b>	<b>9 943</b>

### 4.6. FINANCE COSTS

Finance costs	9M17 CZK'000	9M16 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	55 752	59 705
Exchange losses	8 996	473
Loss from the sale of shares and other securities	-	10
Bank costs and charges	10 216	9 328
Loss from revaluation of derivatives	981	9 901
Other	622	153
<b>Total finance costs</b>	<b>76 567</b>	<b>79 570</b>

### 4.7. INCOME TAX

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

Main income tax elements for the nine-month period ended 30 September 2017 and 30 September 2016 were as follows:

Income tax expense	9M17 CZK'000	9M16 CZK'000
<b>Current income tax</b>	<b>73 388</b>	<b>75 932</b>
Current income tax on profits for the year	73 388	76 018
Adjustments for current income tax of prior periods	-	(86)
<b>Deferred income tax</b>	<b>5 376</b>	<b>(16 983)</b>
Related to arising and reversing of temporary differences	(7 752)	7 333
Related to tax losses	13 128	(24 339)
Other	-	23
<b>Income tax expense</b>	<b>78 764</b>	<b>58 949</b>

The income tax rate applicable to the majority of the Group's 2017 and 2016 income is 19%.

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.8. EARNINGS PER SHARE

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

	9M17 CZK'000	9M16 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	<b>200 976</b>	<b>267 569</b>
	9M17 Pcs	9M16 pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(2 591)	(2 470)
<b>Weighted average number of ordinary shares used to calculate basic earnings per share</b>	<b>22 292 409</b>	<b>22 292 530</b>
Dilution adjustments	-	-
<b>Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share</b>	<b>22 292 409</b>	<b>22 292 530</b>

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

Basic earnings per share (CZK/share)	9M17 CZK'000	9M16 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	<b>200 976</b>	<b>267 569</b>
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 409	22 292 530
<b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>9.02</b>	<b>12.00</b>
Diluted earnings per share (CZK/share)	9M17 CZK'000	9M16 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	<b>200 976</b>	<b>267 569</b>
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 409	22 292 530
<b>Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>9.02</b>	<b>12.00</b>

### 4.9. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 307 936 thousand in 9M17.

The investment projects realised by the Group in 9M17 comprise primarily additions to a production line in Slovenia, acquisition of Titbit and sales support equipment in Czechoslovakia.

The investment projects realised by the Group in 9M16 comprise primarily addition of a building in the production area and sales support equipment in the Czech Republic, new vehicles in Santa Trans and the expenditure for hall under construction in Poland.

### 4.10. INTANGIBLE ASSETS

The Goodwill consists of the goodwill from acquisition of PINELLI spol. s r.o. acquired in April 2011 and goodwill from acquisition of production part of Klimo s.r.o. by Kofola a.s. (Czech Republic) in 2006.

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, Vinea, Radenska, Hoop Cola, Paola, Citrocola, Semtex, Erektus and UGO.

In the reporting period of nine-months ended 30 September 2017, the additions to intangible assets were of CZK 99 147 thousand. The most significant additions were connected with acquisition of Titbit and PPA from acquisition of Premium Rosa.

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.11. INVESTMENT IN ASSOCIATE

#### 4.11.1 000 MEGAPACK

The main activities of the Megapack Group are the provision of beverage bottling services to third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation.

Investment in associate	9M17 CZK'000	2016 CZK'000	9M16 CZK'000
<b>Opening balance</b>	<b>67 782</b>	<b>155 921</b>	<b>155 921</b>
Share of profit/(loss) attributable to the Group	12 411	(915)	(633)
Impairment	-	(126 469)	-
Exchange difference	(7 173)	39 245	22 107
<b>Closing balance</b>	<b>73 020</b>	<b>67 782</b>	<b>177 395</b>

Statement of financial position	30.9.2017 CZK'000	31.12.2016 CZK'000	30.9.2016 CZK'000
Current assets	262 764	187 030	251 278
Non-current assets	142 796	167 568	147 339
Current liabilities	(155 307)	(103 365)	(168 633)
Non-current liabilities	(16 975)	(19 140)	(17 218)
<b>Net assets</b>	<b>233 278</b>	<b>232 093</b>	<b>212 766</b>

Statement of profit or loss	9M17 CZK'000	2016 CZK'000	9M16 CZK'000
Revenue	538 640	558 524	433 790
Profit/(loss) for the period	24 822	(1 830)	(1 266)
<b>Share of profit/(loss) attributable to Kofola ČeskoSlovensko group</b>	<b>12 411</b>	<b>(915)</b>	<b>(633)</b>

### 4.12. DIVIDENDS

Declared dividends	9M17 CZK'000	9M16 CZK'000
Declared dividend*	300 941	-
Dividend per share (CZK/share) **	13.50	-

\* net of dividend to own shares

\*\* declared dividend divided by the number of shares outstanding as of dividend record date

### 4.13. BONDS

On 4 October 2013, according to the resolution of the Board of Directors from 12 August 2013, amended on 25 September 2013, KOFOLA S.A. issued 110 pieces of bonds denominated in Czech crowns with total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not subject to public offering,
- were offered in private placements through underwriters, i.e. Česká spořitelna a.s. and PPF banka a.s., based on a subscription agreement from 3 October 2013,
- nominal value of one bond was CZK 3 000 000,
- issue price of one bond represented 99.0% of the nominal value,
- maturity of bonds was 60 months from the date of issue, i.e. 4 October 2018,
- interest shall be calculated annually, the end of the first interest period was planned for 4 October 2014,
- interest rate – 12M PRIBOR plus a margin of 415 basis points,
- purpose of the bond issue was to obtain funds which will be used primarily to diversify the sources of financing and refinance part of the existing debt of the Group.

Bonds issued have been put on the regulated market of the Prague Stock Exchange, the first listing took place on 7 October 2013.

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Own bonds issued	Currency	30.9.2017 CZK'000	31.12.2016 CZK'000	30.9.2016 CZK'000	Interest terms	Maturity date
Bonds issued KOFOLA VAR/18	CZK	343 317	330 740	341 716	12M PRIBOR + margin	10/2018
<b>Bonds issued total</b>		<b>343 317</b>	<b>330 740</b>	<b>341 716</b>		

### INDEBTEDNESS OF THE GROUP FROM ISSUED BONDS

As at 30 September 2017, the Group has a liability from issued bonds in the total amount of CZK 343 317 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 328 271 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 15 046 thousand are presented in current liabilities.

## 4.14. BANK CREDITS AND LOANS

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

As at 30 September 2017, the Group's total bank loans and credits amounted to CZK 2 548 728 thousand (2016: CZK 2 555 041 thousand) and decreased by CZK 4 313 thousand compared to 31 December 2016.

The new Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 102 456 thousand as at 30 September 2017 is a main component of Group's liabilities. The reason for the execution of the Facility loan agreement was a consolidation of group financing to ensure strategic development, taking advantage of the favourable conditions of financial market and reduction of total financial cost.

## 4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2017 the Group companies provided the following guarantees for third party entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR	3 976	103 277	12/2022	Santa-Trans.SK s.r.o.	third party*
<b>Total guarantees issued as at 30.9.2017</b>				<b>103 277</b>			

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

## 4.16. LEGAL AND ARBITRATION PROCEEDINGS

### DENATIONALISATION PROCEEDINGS AGAINST RADENSKA

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of Radenska – Wilhelmina Höhn Šarič and Ante Šarič. Although the denationalisation claims have been in the process of being decided on for many years (some for more than two decades), the competent authorities have still not ruled. Although the current decisions are favourable for Radenska, there is a significant risk that they are ill-founded and could therefore be reversed as there is no relevant case law. Therefore, the legal outcome of these proceedings remains highly unclear and uncertain. The value of net assets in Radenska as of 30 September 2017 is CZK 1 750 mil.

### OTHER PROCEEDINGS

Some of the Group Companies are routinely involved in legal proceedings which arise in the ordinary course of the Group's business but which are not material to the Group. The Company is not involved in any judicial, administrative or arbitration proceedings and has not conducted such proceedings in the past.

Apart from the above denationalisation proceedings, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company and/or Group is aware, including any claims against the directors of the Company) which may have, or have had during the 12 months prior to the date of these financial statements, an effect on the financial position or profitability of the Company and/or the Group.

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.17. RELATED PARTY TRANSACTIONS

#### 4.17.1 SHAREHOLDERS STRUCTURE

Share capital structure			30.9.2017		31.12.2016	
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	15 159 204	68.00%	68.00%	-	-	-
KSM Investment S.A.	-	-	-	11 321 383	50.78%	50.78%
CED GROUP S. a r.l.	5 635 796	25.28%	25.28%	8 311 196	37.28%	37.28%
René Musila	-	-	-	581 231	2.61%	2.61%
Tomáš Jendřejek	-	-	-	581 190	2.61%	2.61%
Others	1 500 000	6.72%	6.72%	1 500 000	6.72%	6.72%
<b>Total</b>	<b>22 295 000</b>	<b>100.00%</b>	<b>100.00%</b>	<b>22 295 000</b>	<b>100.00%</b>	<b>100.00%</b>

As of 30 September 2017, the ultimate controlling party is AETOS a.s. The seat of AETOS a.s. is Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava.

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola Československo a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. As of 10 August 2017, AETOS a.s. purchased 2 675 400 shares of Kofola representing 12 % of Kofola's share capital from CED GROUP S.à r.l. AETOS a.s., owned by the Samaras family and other founders owns 68 % of Kofola's shares as of 30 September 2017.

Purchase of 5 % of Kofola's shares by RADENSKA d.o.o. is described in section B 4.20.

Subsequently, KSM (which is currently owned by Czech nationals) intends to merge into AETOS a.s.

#### 4.17.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section 2.2.

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

Presented below is the structure of the remuneration paid out to persons with executive authority in 2017. All costs were paid by the Company, except for the remuneration of Other key management personnel which was paid by other Group entities.

Remuneration of the Group's key management personnel	Amounts paid for activities in the Company's Board of Directors		Amounts paid for activities in the Company's Supervisory board		Amounts paid for activities in the Company's Audit committee		Amounts paid for other activities within the Group	
	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Members of the Company's Board of Directors	3 411	236	-	-	-	-	15 858	544
Members of the Company's Supervisory board	-	-	938	-	-	-	4 373	315
Members of the Company's Audit committee	-	-	-	-	105	-	-	-
Other key management personnel of the Group	-	-	-	-	-	-	9 285	130
<b>Total remuneration of the Group's key management personnel</b>	<b>3 411</b>	<b>236</b>	<b>938</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>29 516</b>	<b>989</b>

#### 4.17.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Group's related parties:

Other related party transactions	Balance as at		
	30.9.2017	31.12.2016	30.9.2016
	CZK'000	CZK'000	CZK'000
Liability to shareholders of KSM Investment S.A.	(87 838)	(10 916)	(44 473)
<b>Total</b>	<b>(87 838)</b>	<b>(10 916)</b>	<b>(44 473)</b>

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



All transactions with related parties have been concluded at market terms and represent dividends and loan.

### 4.18. FINANCIAL INSTRUMENTS

#### 4.18.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

30.9.2017	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	1 030 109	-	-	1 030 109
Cash and cash equivalents	1 145 903	-	-	1 145 903
Derivatives (i)	-	(202)	-	(202)
Bank credits and loans	-	-	(2 548 728)	(2 548 728)
Bonds issued	-	-	(343 317)	(343 317)
Trade and other payables	-	-	(1 656 939)	(1 656 939)
<b>Total</b>	<b>2 176 012</b>	<b>(202)</b>	<b>(4 548 984)</b>	<b>(2 373 174)</b>

#### (i) Fair value of derivatives

The Group has concluded interest rate swap and commodity swap for diesel price. These derivatives are classified as held for trading and accounted for at fair value through profit or loss.

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

31.12.2016	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	951 105	-	-	951 105
Cash and cash equivalents	1 421 014	-	-	1 421 014
Derivatives (ii)	-	(14 691)	-	(14 691)
Bank credits and loans	-	-	(2 553 041)	(2 553 041)
Bonds issued	-	-	(330 740)	(330 740)
Trade and other payables	-	-	(1 617 459)	(1 617 459)
<b>Total</b>	<b>2 372 119</b>	<b>(14 691)</b>	<b>(4 501 240)</b>	<b>(2 143 812)</b>

#### (ii) Fair value of derivatives

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

## 4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### 4.19. ACQUISITION OF SUBSIDIARY

#### ACQUISITION OF SUBSIDIARY PREMIUM ROSA

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

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Fair value of assets and liabilities	Book value	Fair value adjustments	Fair value
	CZK'000	CZK'000	CZK'000
Property, plant and equipment	18 161	-	18 161
Intangible assets	1 909	57 657	59 566
Other financial assets	127	-	127
Deferred tax assets	-	-	-
Inventories	24 678	-	24 678
Trade receivables and other receivables	13 989	-	13 989
Cash and cash equivalents	4 951	-	4 951
Provisions	-	-	-
Bank credits and loans	(13 192)	-	(13 192)
Income tax liability	-	-	-
Trade liabilities and other liabilities	(13 507)	-	(13 507)
Other financial liabilities	(32 793)	-	(32 793)
<b>Total identifiable net assets acquired</b>	<b>4 323</b>	<b>57 657</b>	<b>61 980</b>

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

Goodwill calculation	CZK'000
Consideration transferred	55 782
Deffered payment	6 198
Non-controlling interest	-
Net assets acquired	61 980
<b>Goodwill</b>	<b>-</b>

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

### 4.20. SUBSEQUENT EVENTS

#### RADENSKA'S BUY OUT OF KOFOLA'S SHARES

RADENSKA d.o.o. made an announcement on 10 July 2017 of its bid to purchase up to 5 % of Kofola shares for a price of CZK 440. The share purchases were settled on 3 October 2017, when RADENSKA d.o.o. purchased from the interested parties a total of 1 114 109 shares of Kofola for a price of CZK 440 per share and now owns approximately 5 % of Kofola shares.

#### LIQUIDATION RADENSKA D.O.O., SERBIA

On 2 October 2017 was liquidated inactive subsidiary Radenska d.o.o., Serbia.



CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS 9M 2017  
KOFOLA ČESKOSLOVENSKO A.S.

# 1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



## 1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 9-month period ended 30 September 2017 and 30 September 2016 in CZK thousand.

Separate statement of profit or loss	Note	9M17 CZK'000	9M16 Restated * CZK'000
Revenue from the sale of finished products and services		312 211	232 097
Revenue from the sale of goods and materials		5	72
<b>Revenue</b>		<b>312 216</b>	<b>232 169</b>
Cost of products and services sold	4.2	(32 039)	(23 139)
Cost of goods and materials sold		-	-
<b>Cost of sales</b>		<b>(32 039)</b>	<b>(23 139)</b>
<b>Gross profit</b>		<b>280 177</b>	<b>209 030</b>
Selling, marketing and distribution costs	4.2	(159 757)	(120 104)
Administrative costs	4.2	(161 405)	(152 572)
Dividends		616 978	534 497
Other operating income	4.3	1 326	3 364
Other operating expenses	4.4	(7 322)	(2 601)
<b>Operating result</b>		<b>569 997</b>	<b>471 614</b>
Finance income	4.5	23 896	11 295
Finance costs	4.6	(48 978)	(58 334)
<b>Profit before income tax</b>		<b>544 915</b>	<b>424 575</b>
Income tax benefit	4.7	4 849	36 186
<b>Profit for the period</b>		<b>549 764</b>	<b>460 761</b>
<b>Earnings/ (loss) per share (in CZK)</b>			
Basic earnings per share	4.8	24.66	20.67
Diluted earnings per share	4.8	24.66	20.67

\* 9M16 restated Statement of profit or loss includes costs and revenues of merged companies which are described in the note 2.1 for the period starting 12 March 2016.

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

## 1.2. SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 9-month period ended 30 September 2017 and 30 September 2016 in CZK thousand.

Separate statement of other comprehensive income	Note	9M17 CZK'000	9M16 CZK'000
<b>Profit for the period</b>		<b>549 764</b>	<b>460 761</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>549 764</b>	<b>460 761</b>

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

# 1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



## 1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 September 2017, 31 December 2016 and 30 September 2016 in CZK thousand.

Assets		30.9.2017	31.12.2016	30.9.2016
		CZK'000	CZK'000	CZK'000
<b>Non-current assets</b>		<b>4 371 513</b>	<b>3 882 962</b>	<b>4 265 654</b>
Property, plant and equipment	4.10	61 596	68 706	48 169
Goodwill	4.11	30 675	30 675	30 675
Intangible assets	4.11	351 978	374 709	364 354
Investments in subsidiaries	4.9	3 433 358	3 365 198	3 611 103
Other receivables		42 768	42 663	45 059
Loans provided to related parties	4.17.4	450 938	811	166 094
Other non-financial assets		200	200	200
<b>Current assets</b>		<b>731 955</b>	<b>473 056</b>	<b>679 431</b>
Trade and other receivables		721 557	442 505	499 808
Income tax receivables		2 966	2 802	2 802
Cash and cash equivalents		7 432	27 749	176 821
<b>Total assets</b>		<b>5 103 468</b>	<b>4 356 018</b>	<b>4 945 085</b>

Liabilities and equity		Note	30.9.2017	31.12.2016	30.9.2016
			CZK'000	CZK'000	CZK'000
<b>Total equity</b>			<b>2 326 376</b>	<b>2 077 996</b>	<b>2 449 095</b>
Share capital	1.5		2 229 500	2 229 500	2 229 500
Share premium	1.5		-	-	-
Other reserves	1.5		(496 266)	(496 266)	(496 266)
Own shares	1.5		(1 357)	(915)	(922)
Retained earnings	1.5		594 499	345 677	716 783
<b>Non-current liabilities</b>			<b>1 787 128</b>	<b>1 066 970</b>	<b>1 099 623</b>
Bank credits and loans	4.14		1 418 470	676 268	705 665
Bonds issued	4.13		328 271	327 072	326 669
Finance lease liabilities			6 776	9 665	10 562
Other liabilities			150	15 655	49 530
Deferred tax liabilities			33 461	38 310	7 197
<b>Current liabilities</b>			<b>989 964</b>	<b>1 211 052</b>	<b>1 396 367</b>
Bank credits and loans	4.14		773 841	1 077 018	1 077 212
Bonds issued	4.13		15 046	3 668	15 047
Finance lease liabilities			3 783	4 957	5 312
Trade and other payables			75 638	78 516	216 907
Other financial liabilities			87 838	10 916	51 148
Provisions			33 818	35 977	30 741
<b>Total liabilities</b>			<b>2 777 092</b>	<b>2 278 022</b>	<b>2 495 990</b>
<b>Total liabilities and equity</b>			<b>5 103 468</b>	<b>4 356 018</b>	<b>4 945 085</b>

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

# 1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

## 1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 9-month period ended 30 September 2017 and 30 September 2016 in CZK thousand.

Separate statement of cash flows	Note	9M17 CZK '000	9M16 CZK '000
<b>Cash flows from operating activities</b>			
Profit / (loss) before income tax	1.1	544 915	424 575
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.2	42 871	42 368
Net interest	4.5, 4.6	30 934	35 003
Dividends		(616 978)	(534 497)
Change in the balance of provisions and adjustments		(2 159)	2 672
Revaluation of derivatives	4.5, 4.6	(15 505)	9 901
Gain on sale of PPE and intangible assets	4.4	(225)	(1 002)
Net exchange differences	4.5	-	3 506
Other		2 270	(8 600)
Cash movements			
Income tax		(165)	4 358
Change in operating assets and liabilities			
Change in receivables		(66 545)	(8 064)
Change in payables		194 422	(7 697)
<b>Net cash (outflow) from operating activities</b>		<b>113 835</b>	<b>(37 478)</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant and equipment		449	32
Acquisition of property, plant and equipment and intangible assets		(25 716)	(41 305)
Purchase of financial assets		-	(6 500)
Purchase of subsidiary, excluding cash from takeover		(68 160)	(37 365)
Interest received		1	71
Dividends received		425 250	192 318
Proceeds from repaid loans		45 195	-
Loans granted		(694 523)	(75 883)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(317 504)</b>	<b>31 368</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(4 063)	(3 423)
Proceeds from loans		2 238 407	53 942
Repayment of loans and bank credits		(1 801 087)	(82 964)
Dividends paid to the shareholders of the Company		(224 019)	-
Interest and bank charges paid		(25 444)	(26 883)
Purchase of own shares		(442)	(3 743)
Change of cash due to merger		-	106 668
<b>Net cash inflow / (outflow) from financing activities</b>		<b>183 352</b>	<b>43 597</b>
Net increase/(decrease) in cash and cash equivalents		(20 317)	37 487
<b>Cash and cash equivalents at the beginning of the period</b>		<b>27 749</b>	<b>139 334</b>
<b>Cash and cash equivalents at the end of the period</b>	1.3	<b>7 432</b>	<b>176 821</b>

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

# 1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



## 1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 9-month period ended 30 September 2017, 12-month period ended 31 December 2016 and 9-month period ended 30 September 2016 in CZK thousand.

Separate statement of changes in equity	Note	Share capital	Share premium	Other reserves	Own shares	Retained earnings / (Accumulated losses)	Total equity
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
<b>Balance as at 1 January 2016</b>		<b>2 229 500</b>	<b>5 494 517</b>	<b>-</b>	<b>-</b>	<b>(12 277)</b>	<b>7 711 740</b>
Profit for the period	1.1	-	-	-	-	460 761	460 761
<b>Total comprehensive (loss) for the period</b>	1.2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>460 761</b>	<b>460 761</b>
Own shares purchase		-	-	-	(3 743)	-	(3 743)
Own shares sale		-	-	-	2 821	-	2 821
Effect of merger		-	(5 494 517)	(496 266)	-	268 299	(5 722 484)
<b>Balance as at 30 September 2016</b>		<b>2 229 500</b>	<b>-</b>	<b>(496 266)</b>	<b>(922)</b>	<b>716 783</b>	<b>2 449 095</b>
<b>Balance as at 1 January 2016</b>		<b>2 229 500</b>	<b>5 494 517</b>	<b>-</b>	<b>-</b>	<b>(12 277)</b>	<b>7 711 740</b>
Profit for the period		-	-	-	-	245 706	245 706
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245 706</b>	<b>245 706</b>
Own shares purchase		-	-	-	(3 743)	-	(3 743)
Own shares sale		-	-	-	2 828	-	2 828
Dividends		-	-	-	-	(156 051)	(156 051)
Effect of merger		-	(5 494 517)	(496 266)	-	268 299	(5 722 484)
<b>Balance as at 31 December 2016</b>		<b>2 229 500</b>	<b>-</b>	<b>(496 266)</b>	<b>(915)</b>	<b>345 677</b>	<b>2 077 996</b>
<b>Balance as at 1 January 2017</b>		<b>2 229 500</b>	<b>-</b>	<b>(496 266)</b>	<b>(915)</b>	<b>345 677</b>	<b>2 077 996</b>
Profit for the period	1.1	-	-	-	-	549 764	549 764
<b>Total comprehensive income for the period</b>	1.2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>549 764</b>	<b>549 764</b>
Own shares purchase		-	-	-	(442)	-	(442)
Dividends		-	-	-	-	(300 941)	(300 941)
<b>Balance as at 30 September 2017</b>		<b>2 229 500</b>	<b>-</b>	<b>(496 266)</b>	<b>(1 357)</b>	<b>594 499</b>	<b>2 326 376</b>

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

## 2. GENERAL INFORMATION



### 2.1. CORPORATE INFORMATION

#### GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2017 was holding of the subsidiaries.

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. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland, Slovenia and in Croatia with limited activities in Russia. The Group produces drinks with care and love in seven production plants (incl. Croatia) and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets, the Group distributes among others Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

#### CROSS BORDER MERGER

The Board of Directors of Kofola ČeskoSlovensko a.s. approved on 12 March 2016 the cross-border merger.

As a result of the merger, the following companies were dissolved ("Dissolving Companies"):

- Kofola CS a.s. (CZ),
- PINELLI spol. s r.o. (CZ),
- Kofola S.A. (PL),
- Kofola, holdinška družba d.o.o. (SI).

All assets and liabilities of the Dissolving Companies have been transferred to Kofola ČeskoSlovensko a.s. under universal succession.

#### STOCK EXCHANGE LISTING

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

#### MANAGEMENT

##### BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Marián Šefčovič

##### SUPERVISORY BOARD

- René Sommer – Chairman
- Jacek Woźniak
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Martin Chocholáček

##### AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Pavel Jakubík
- Martin Chocholáček

### 3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

#### BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2017.

The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition as required by IFRS 3.

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

The separate financial statements cover the period ended 30 September 2017 and contains comparatives for the period ended 30 September 2016. Due to the merger described in 2.1. the comparative financial statements have been restated.

The separate financial statements are presented in Czech crowns ("CZK"), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements as disclosed in section C 3.5.

#### ADOPTION OF CHANGES TO STANDARDS

The Company has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2017. The Company has not early-adopted any standard.

Following new standards and amendments not yet effective are relevant for Company:

- IFRS 9 – Financial Instruments,
- IFRS 15 – Revenue from Contracts with Customers,
- IFRS 16 – Leases (not adopted by the European Union).

Management of the Company is analysing potential impact of the not-yet effective standards on the financial statements of the Company.

Other new standards and amendments are not relevant to the Company or will not have material effect on its financial statements.

### 3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The separate financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES



### 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.

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

Closing exchange rates	30.9.2017	31.12.2016	30.9.2016
CZK/EUR	25.975	27.020	27.020
CZK/PLN	6.035	6.126	6.256
CZK/RUB	0.381	0.420	0.383
CZK/USD	22.003	25.639	24.210
CZK/HRK	3.465	3.575	3.594

Average exchange rates	1.1.2017 - 30.9.2017	1.1.2016 - 31.12.2016	1.1.2016 - 30.9.2016
CZK/EUR	26.553	27.033	27.035
CZK/PLN	6.225	6.198	6.206
CZK/RUB	0.410	0.366	0.356
CZK/USD	23.907	24.432	24.225
CZK/HRK	3.568	3.589	3.587

### 3.4. ACCOUNTING METHODS

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual separate financial statements for the twelve-month period ended 31 December 2016.

### 3.5. SIGNIFICANT ESTIMATES

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company's management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason, the estimates made as at 30 September 2017 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Impairment of investments in subsidiaries and associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Income tax	Assumptions used to recognise deferred income tax assets.

### 3.6. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 6 November 2017.

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.1. SEGMENT INFORMATION

The Board of Directors of the Company, as the chief decision maker, does not use segment results of the Company, neither in the decision-making process nor in the allocation of resources and assessment of the performance.

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.

### 4.2. EXPENSES BY NATURE

Expenses by nature	9M17 CZK'000	9M16 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	42 871	42 368
Employee benefits expenses (i)	172 684	115 013
Consumption of materials and energy	6 344	5 861
Services	122 035	109 261
Rental costs	4 838	5 626
Taxes and fees	1 695	2 018
Insurance costs	1 065	1 282
Change in allowances	-	12 426
Other costs/(income)	1 669	1 960
<b>Total expenses by nature*</b>	<b>353 201</b>	<b>295 815</b>
<b>Reconciliation of expenses by nature to expenses by function</b>	<b>353 201</b>	<b>295 815</b>
Selling, marketing and distribution costs	159 757	120 104
Administrative costs	161 405	152 572
Costs of products and services sold	32 039	23 139
<b>Total costs of products sold, merchandise and materials, sales costs and administrative costs</b>	<b>353 201</b>	<b>295 815</b>

\* excluding Other operating income, Other operating expenses and Impairment

#### (i) Employee benefits expenses

Employee benefits expenses	9M17 CZK'000	9M16 CZK'000
Salaries	128 686	87 574
Social security and other benefit costs	18 982	11 386
Pension benefit plan expenses	25 016	16 053
<b>Total employee benefits expenses</b>	<b>172 684</b>	<b>115 013</b>

Costs in the 9M16 period include originally presented costs of Kofola ČeskoSlovensko a.s. and costs of merged companies described in the note 2.1 for the period beginning 12 March 2016.

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

### 4.3. OTHER OPERATING INCOME

Other operating income	9M17 CZK'000	9M16 CZK'000
Net gain from the sale of PPE and intangible assets	225	1 022
Received penalties and damages	584	31
Release of provision	-	411
Other	517	1 920
<b>Total other operating income</b>	<b>1 326</b>	<b>3 364</b>

### 4.4. OTHER OPERATING EXPENSES

Other operating expenses	9M17 CZK'000	9M16 CZK'000
Provided donations, sponsorship	2 300	2 384
Paid penalties and damages	155	217
Other	4 867	-
<b>Total other operating expenses</b>	<b>7 322</b>	<b>2 601</b>

### 4.5. FINANCE INCOME

Finance income	9M17 CZK'000	9M16 CZK'000
Interest from:		
– bank deposits	1	1 785
– credits and loans granted	7 087	7 932
Exchange gains	-	214
Gain from revaluation of derivatives	15 505	-
Gain from guarantees	1 303	1 364
Other	-	-
<b>Total finance income</b>	<b>23 896</b>	<b>11 295</b>

### 4.6. FINANCE COSTS

Finance costs	9M17 CZK'000	9M16 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	38 022	40 720
Exchange losses	5 672	-
Loss from the sale of shares and other securities	-	10
Bank costs and charges	5 284	3 703
Loss from revaluation of derivatives	-	9 901
<b>Total finance costs</b>	<b>48 978</b>	<b>58 334</b>

### 4.7. INCOME TAX

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

Main income tax elements for the nine-month period ended 30 September 2017 and 30 September 2016 were as follows:

Income tax expense	9M17 CZK'000	9M16 CZK'000
<b>Current income tax</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax</b>	<b>(4 849)</b>	<b>(36 186)</b>
Related to arising and reversing of temporary differences	(4 849)	(17 577)
Related to tax losses	-	(18 609)
<b>Income tax benefit</b>	<b>(4 849)</b>	<b>(36 186)</b>

The income tax rate applicable to the Company in 2017 and 2016 income is 19%.

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.8. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share ratio is calculated by dividing the profit for the period attributable to ordinary shareholders (after deducting the interest on redeemable preferred shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted by the effect of diluting options and own shares not subject to dividends).

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

	9M17 CZK'000	9M16 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	549 764	460 761

	9M17 pcs	9M16 pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(2 591)	(2 470)
<b>Weighted average number of ordinary shares used to calculate basic earnings per share</b>	<b>22 292 409</b>	<b>22 292 530</b>
Dilution adjustments		-
<b>Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share</b>	<b>22 292 409</b>	<b>22 292 530</b>

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

Basic earnings per share (CZK/share)	9M17 CZK'000	9M16 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	549 764	460 761
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 409	22 292 530
<b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>24.66</b>	<b>20.67</b>

Diluted earnings per share (CZK/share)	9M17 CZK'000	9M16 CZK'000
<b>Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.</b>	549 764	460 761
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 409	22 292 530
<b>Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)</b>	<b>24.66</b>	<b>20.67</b>

### 4.9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries Name of entity	Ownership interest		Cost		Carrying amount	
	30.9.2017 %	31.12.2016 %	30.9.2017 CZK'000	31.12.2016 CZK'000	30.9.2017 CZK'000	31.12.2016 CZK'000
Kofola a.s. (CZ)	100.00%	100.00%	197 498	197 498	197 498	197 498
Kofola a.s. (SK)	100.00%	100.00%	51 023	51 023	51 023	51 023
Hoop Polska Sp. z o.o.	100.00%	100.00%	2 460 176	2 460 176	1 067 574	1 067 574
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%	111 401	111 401	111 401	111 401
RADENSKA d.o.o.	100.00%	100.00%	1 860 411	1 860 411	1 860 411	1 860 411
Premium Rosa Sp.z o.o.	100.00%	100.00%	68 160	-	68 160	-
Alofok Ltd.	100.00%	100.00%	354 450	354 450	68 531	68 531
<b>Total investment in subsidiaries</b>			<b>5 111 879</b>	<b>5 043 719</b>	<b>3 433 358</b>	<b>3 365 198</b>

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.10. PROPERTY, PLANT AND EQUIPMENT

In the reporting period of nine-months ended 30 September 2017, the additions to tangible assets were of CZK 8 317 thousand. The most significant additions were purchases of cars, computers, land and low-cost equipment.

### 4.11. INTANGIBLE ASSETS

The Goodwill arose on merger with Pinelli spol. s r.o. Amortisation of trademarks and other rights is charged to Selling, marketing and distribution costs.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Citrocola, Semtex and Erektus.

In the reporting period of nine-months ended 30 September 2017, the additions to intangible assets were of CZK 5 317 thousand. The most significant additions were purchases of software licence.

### 4.12. EFFECT OF MERGER

The structure of the equity as of 12 March 2016 was formed by consolidation of the equity components of the merging entities (described in section 2.1.) as presented in the table below.

Merger adjustments in equity represent mainly:

- the elimination of investments between the merging entities in the amount of (CZK 6 021 458 thousand),
- the goodwill related to acquisition of Pinelli spol. s r.o. in the amount of CZK 30 675 thousand,
- the reclassification from Other reserves to Retained earnings relating to the dividend fund created from prior period profits at Kofola S.A. in the amount of CZK 37 392 thousand, and
- retained earnings of merged companies in the amount of CZK 230 907 thousand.

### 4.13. BONDS

On 4 October 2013, according to the resolution of the Board of Directors from 12 August 2013, amended on 25 September 2013, KOFOLA S.A. issued 110 pieces of bonds denominated in Czech crowns with total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not subject to public offering,
- were offered in private placements through underwriters, i.e. Česká spořitelna a.s. and PPF banka a.s., based on a subscription agreement from 3 October 2013,
- nominal value of one bond was CZK 3 000 000,
- issue price of one bond represented 99.0% of the nominal value,
- maturity of bonds was 60 months from the date of issue, i.e. 4 October 2018,
- interest shall be calculated annually, the end of the first interest period was planned for 4 October 2014,
- interest rate – 12M PRIBOR plus a margin of 415 basis points,
- purpose of the bond issue was to obtain funds which will be used primarily to diversify the sources of financing and refinance part of the existing debt of the Group.

Bonds issued have been put on the regulated market of the Prague Stock Exchange, the first listing took place on 7 October 2013.

#### INDEBTEDNESS OF THE COMPANY FROM ISSUED BONDS

As at 30 September 2017, the Company has a liability from issued bonds in the total amount of CZK 343 317 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 328 271 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 15 046 thousand are presented in current liabilities. The interest was paid on 4 October 2017.

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.14. BANK CREDITS AND LOANS

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

As at 30 September 2017, the Company's total bank loans and credits amounted to CZK 2 192 311 thousand.

The new Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 102 456 thousand as at 30 September 2017 is a main component of Company's liabilities. The reason for the execution of the Facility loan agreement was a consolidation of group financing to ensure strategic development, taking advantage of the favourable conditions of financial market and reduction of total financial cost.

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

As at 30 September 2017 the Company provided the following guarantees for other entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola Československo a.s.	Oberbank Leasing	CZK	29	29	10/2017	Kofola a.s. (CZ)	subsidiary
	Unicredit Bank a.s.	EUR	3 976	103 227	12/2022	Santa-Trans.SK s.r.o.	third party*
	City-Arena PLUS a.s.	EUR	7	182	8/2020	UGO Trade s.r.o.	subsidiary
	Toyota Leasing S.A.	EUR	-	-	2/2018	Hoop Polska Sp. z o.o.	subsidiary
<b>Total guarantees issued</b>				<b>103 488</b>			

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

### 4.16. FINANCIAL INSTRUMENTS

#### 4.16.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

30.9.2017	Financial assets at amortised cost CZK'000	Derivatives at fair value through profit or loss CZK'000	Financial liabilities at amortised cost CZK'000	Total CZK'000
Trade and other receivables	84 221	-	-	84 221
Cash and cash equivalents	7 432	-	-	7 432
Derivatives (i)	-	(150)	-	(150)
Bank credits and loans	-	-	(2 192 311)	(2 192 311)
Bonds issued	-	-	(343 318)	(343 318)
Trade and other payables	-	-	(136 863)	(136 863)
<b>Total</b>	<b>91 653</b>	<b>(150)</b>	<b>(2 672 492)</b>	<b>(2 580 989)</b>

#### (i) Fair value of derivatives

The Company has concluded interest rate swap. These derivatives are classified as held for trading and accounted for at fair value through profit or loss.

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

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



31.12.2016	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	470 837	-	-	470 837
Cash and cash equivalents	27 749	-	-	27 749
Derivatives (ii)	-	(15 655)	-	(15 655)
Bank credits and loans	-	-	(1 753 286)	(1 753 286)
Bonds issued	-	-	(330 740)	(330 740)
Trade and other payables	-	-	(70 684)	(70 684)
<b>Total</b>	<b>498 586</b>	<b>(15 655)</b>	<b>(2 154 710)</b>	<b>(1 671 779)</b>

### (ii) Fair value of derivatives

The Company has concluded interest rate swap. These derivatives are classified as held for trading and accounted for at fair value through profit or loss.

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.

## 4.17. RELATED PARTY TRANSACTIONS

### 4.17.1 SHAREHOLDERS STRUCTURE

Share capital structure	30.9.2017			31.12.2016		
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	15 159 204	68.00%	68.00%	-	-	-
KSM Investment S.A.	-	-	-	11 321 383	50.78%	50.78%
CED GROUP S. a r.l.	5 635 796	25.28%	25.28%	8 311 196	37.28%	37.28%
René Musila	-	-	-	581 231	2.61%	2.61%
Tomáš Jendřejek	-	-	-	581 190	2.61%	2.61%
Others	1 500 000	6.72%	6.72%	1 500 000	6.72%	6.72%
<b>Total</b>	<b>22 295 000</b>	<b>100.00%</b>	<b>100.00%</b>	<b>22 295 000</b>	<b>100.00%</b>	<b>100.00%</b>

As of 30 September 2017, the ultimate controlling party is AETOS a.s. The seat of AETOS a.s. is Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava.

KSM Investment S.A. ("KSM"), René Musila and Tomáš Jendřejek restructured their shareholdings in Kofola ČeskoSlovensko a.s. ("Kofola") and transferred their shares in Kofola to AETOS a.s., a newly established wholly owned subsidiary of KSM. René Musila and Tomáš Jendřejek became shareholders of AETOS a.s. As of 10 August 2017, AETOS a.s. purchased 2 675 400 shares of Kofola representing 12 % of Kofola's share capital from CED GROUP S.à r.l. AETOS a.s., owned by the Samaras family and other founders owns 68 % of Kofola's shares as of 30 September 2017.

Purchase of 5 % of Kofola's shares by RADENSKA d.o.o. is described in section B 4.20.

Subsequently, KSM (which is currently owned by Czech nationals) intends to merge into AETOS a.s.

### 4.17.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section A 2.3.

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.17.3 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 2017. All costs were paid by the Company, except for the remuneration of Other key management personnel which was paid by other Group entities.

Remuneration of the Group's key management personnel	Amounts paid for activities in the Company's Board of Directors		Amounts paid for activities in the Company's Supervisory board		Amounts paid for activities in the Company's Audit committee		Amounts paid for other activities within the Group	
	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Members of the Company's Board of Directors	3 411	236	-	-	-	-	15 858	544
Members of the Company's Supervisory board	-	-	938	-	-	-	4 373	315
Members of the Company's Audit committee	-	-	-	-	105	-	-	-
Other key management personnel of the Group	-	-	-	-	-	-	9 285	130
<b>Total remuneration of the Group's key management personnel</b>	<b>3 411</b>	<b>236</b>	<b>938</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>29 516</b>	<b>989</b>

### 4.17.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Company's related parties:

Other related party transactions	Profit or loss impact 9M17		Balance as at 30.9.2017	
	Revenues*	Costs	Assets**	Liabilities
	CZK'000	CZK'000	CZK'000	CZK'000
Alofok Ltd.	-	-	1 231	-
Hoop Polska Sp. z o.o.	11 528	954	168 263	77
Kofola a.s. (CZ)	486 265	2 276	519 512	9
Kofola a.s. (SK)	323 078	13 721	83 163	20
Premium Rosa Sp. z o.o.	-	-	30 239	-
RADENSKA d.o.o.	25 892	633	186 874	660
Radenska, d.o.o. (HR)	67 239	-	-	-
SANTA-TRANS s.r.o.	957	338	1 387	23
Studenac d.o.o.	10 151	5 528	10 052	5 528
UGO Trade s.r.o.	5 910	68	109 886	7
<b>Total</b>	<b>931 020</b>	<b>23 518</b>	<b>1 110 607</b>	<b>6 324</b>

\* including financial revenues

\*\* including Loans provided to related parties described below

Loans provided to related parties *	30.9.2017		31.12.2016	
	Long-term	Short-term**	Long-term	Short-term**
	CZK'000	CZK'000	CZK'000	CZK'000
Alofok Ltd.	779	-	811	-
Hoop Polska Sp. z o.o.	-	153 420	-	198 615
Kofola a.s. (CZ)	419 984	69 997	-	-
Premium Rosa Sp. z o.o.	30 175	-	-	-
RADENSKA d.o.o.	-	114 553	-	37 898
UGO Trade s.r.o.	-	97 712	-	-
<b>Total</b>	<b>450 938</b>	<b>435 682</b>	<b>811</b>	<b>236 513</b>

\* including interest

\*\* presented in Trade and other receivables

All transactions with related parties have been concluded at market terms.

## 4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



### 4.18. ACQUISITION OF SUBSIDIARY

#### ACQUISITION OF SUBSIDIARY PREMIUM ROSA

Kofola ČeskoSlovensko a.s. acquired on 10 July 2017 a 100% business share in the company Premium Rosa Sp. z o.o based in Złotokłos, Poland. The company operates in the premium segment and produces high quality natural products such as syrups, juices and jams. The acquisition is described in section B.4.19.

On 12 July 2017, Kofola increased the financial investment in Premium Rosa Sp. z o.o. by increase of equity outside the share capital.

### 4.19. SUBSEQUENT EVENTS

#### RADENSKA'S BUY OUT OF KOFOLA'S SHARES

RADENSKA d.o.o. made an announcement on 10 July 2017 of its bid to purchase up to 5 % of Kofola shares for a price of CZK 440. The share purchases were settled on 3 October 2017, when RADENSKA d.o.o. purchased from the interested parties a total of 1 114 109 shares of Kofola for a price of CZK 440 per share and now owns approximately 5 % of Kofola shares.

No other events have occurred after the end of the reporting period that would require adjusting the amounts recognised and disclosures made in the separate financial statements.

# STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION



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

To the best of our knowledge, the 9M17 interim report of Kofola ČeskoSlovensko a.s. gives a true and fair view of the financial position, business activities and financial performance of Kofola ČeskoSlovensko a.s. and its group for the nine-month period ended 30 September 2017 and of the outlook for future development of the financial position, business activities and financial performance.

The 9M17 interim report was approved for publication on 6 November 2017.

<b>6.11.2017</b>	<b>Janis Samaras</b>	<b>Chairman of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>6.11.2017</b>	<b>René Musila</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>6.11.2017</b>	<b>Tomáš Jendřejek</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>6.11.2017</b>	<b>Daniel Buryš</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>6.11.2017</b>	<b>Jiří Vlasák</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
<b>6.11.2017</b>	<b>Marián Šefčovič</b>	<b>Member of the Board of Directors</b>	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

