

PROPOSAL OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF THE PROFIT of the year 2016

The Board of Directors of the Company **Kofola ČeskoSlovensko a.s.**, a joint stock company incorporated under the laws of the Czech Republic, with its registered office at Nad Porubkou 2278/31a, 708 00 Ostrava, Czech Republic, identification number: 242 61 980, registered with the Regional Court in Ostrava, Section B., Insert 10735, (hereinafter the "**Company**") after discussion and approval in the Board of Directors and in the Supervisory Board submit to the General Meeting this proposal for distribution of the profit of the Company of the year 2016:

- the profit generated by the Company in the course of the year 2016 in the amount of 245,705,708.13 CZK together with a part of undistributed profits of previous years in the amount of 211,341,791.87 CZK, i.e. in total the amount of **457,047,500 CZK** shall be distributed between the shareholders as a profit share (hereinafter as "dividend").

The dividend proposed to be distributed between shareholders amounts to 20.50 CZK per one share before tax. The final amount intended to be distributed between the shareholders shall be reduced by advanced payment for the profit share in the amount of 156,065,000 CZK, which has been paid out to the shareholders according to the decision of the Board of Directors dated November 7, 2016. The advanced payment for the profit share amounted to 7 CZK per one share before tax. The difference, i.e. the amount of 13.50 CZK per one share of the Company before tax, is designated to be distributed between the shareholders of the Company.

The relevant date for exercising the right to dividend is **June 14, 2017**. A person that will be registered as the shareholder of the Company on the relevant date to exercise a right to dividend according to the extract from issuer's records administered by the Central Securities Depository acquired by the Company shall be entitled to exercise the right to dividend.

The above mentioned amount of dividend is calculated from total number of issued shares of the Company which amounts to 22,295,000 shares. The dividend allocated to treasury shares held by the Company at the relevant date will not be paid. The amount corresponding to the dividend on treasury shares held by the Company at the relevant date shall be transferred to the undistributed profits from previous years account.

The dividend shall be paid through **Česká spořitelna, a.s.**, ID No.: 452 44 782, with its registered seat in Prague 4, Olbrachtova 1929/62, P.C. 140 00.

All the original documents for payment shall be sent to the address for correspondence:

Česká spořitelna, a.s. – central office in Prague

8430 Back office of investment products

Budějovická 1518/13b

140 00 Prague 4

Information on the email address: nsmidova@csas.cz

The dividend shall be paid out in the following way:

i) Shareholder – legal entity

The dividend will be paid to shareholder – a legal entity by transfer to its bank account with a bank in the Czech Republic based on request in writing delivered to Česká spořitelna; signatures of persons on such request who constitute the statutory body eventually of members of the statutory body authorized to represent the shareholder or shareholder's representative under a power of attorney must be officially verified.

Request of the shareholder must include:

- a) shareholder's bank account number; and
- b) name of bank maintaining the shareholder's bank account.

Shareholder shall present an original of excerpt from Commercial Registry or other equivalent registry (not older than 3 months) eventually its certified copy evidencing authority of person or persons representing the shareholder – legal entity.

Shareholder's proxy which is a legal entity must present an original excerpt from Commercial Registry or other equivalent registry (not older than 3 months) eventually its certified copy evidencing authority of persons who constitute the statutory body eventually of members of the statutory body authorized to represent the shareholder's proxy.

If the shareholder is represented based on a power of attorney or a substitute power of attorney, shareholder's signature in his position of principal and signature of proxies on eventual substitute power of attorney must be officially verified.

An individual representing the shareholder shall prove his identity by presenting a valid personal ID card.

ii) Shareholder – natural person

The dividend will be paid to shareholder – natural person:

- a) in cash at designated branch of Česká spořitelna in the Czech Republic based on presenting a valid personal ID card; or
- b) through transfer to shareholder's bank account maintained by a bank in the Czech Republic based on a request in writing delivered to Česká spořitelna.

Shareholder's request under letter b) above must include:

- a) shareholder's bank account number;
- b) name of bank maintaining shareholder's bank account.

Signature of the shareholder or shareholder's proxy under a power of attorney on the request under letter b) above must be officially verified in situation where the gross advanced payment for the profit share exceeds CZK 1,000.

Shareholder or an individual representing the shareholder under a power of attorney shall prove his identity by presenting a valid personal ID card.

Shareholder's proxy which is a legal entity must present an original excerpt from Commercial Registry or other equivalent registry (not older than 3 months) eventually its certified copy evidencing authority of persons who constitute the statutory body eventually of members of the statutory body authorized to represent the shareholder's proxy.

If the shareholder is represented based on a power of attorney or a substitute power of attorney, shareholder's signature in his position of principal and signature of proxies on eventual substitute power of attorney must be officially verified.

iii) Shareholders represented by custodians of securities or participants maintaining a derivative registry

Custodians of securities and participants maintaining a derivative registry shall be paid the dividend to their bank account maintained with a bank in the Czech Republic based on a request in writing delivered to Česká spořitelna with officially verified signatures of persons on such request who constitute the statutory body eventually of members of the statutory body

authorized to represent the custodian or the participant. Request in writing must include an affidavit regarding the tax residency of the beneficial owners of the advanced payment for the profit share income to whom the custody service is provided or the derivative registry is maintained. Request in writing must include also bank account number and name of the bank maintaining the bank account. An original excerpt from Commercial Registry or other equivalent registry (not older than 3 months) eventually a certified copy thereof shall be delivered to Česká spořitelna together with such request in writing.

iv) Conditions common to all shareholders

Tax will be withheld in accordance with the terms set forth by the applicable generally binding legal regulations (mainly Act no. 586/1992 Coll., Income Tax Act, as amended („**Income Tax Act**”)) eventually in accordance with the applicable double tax treaties between the Czech Republic and state of the tax residency of the beneficial owner of the advanced payment for the profit share income.

If a shareholder wants to apply benefits introduced by the relevant double tax treaty, eventually the Income Tax Act, the shareholder shall prove, i.e. submit with the request, mainly the following:

- An up-to-date tax residency certificate in the particular state issued by the foreign tax authority;
- An affidavit of a foreign person stating that the particular income is considered its own income pursuant to applicable tax laws of the other state;
- Evidence proving satisfaction of other conditions pursuant to applicable double tax treaty, eventually the Income Tax Act.

If a shareholder is a tax transparent entity, it is required that satisfaction of conditions for applying the benefits of the applicable double tax treaty, eventually the Income Tax Act are similarly proved by particular shareholders, beneficiaries, partners (collectively „shareholders”), including evidencing which particular share in the profits payable to the tax transparent entity is attributed to the particular shareholder. If a shareholder, eventually a shareholder of a tax transparent entity, fails to prove satisfaction of the given conditions, rules of the Income Tax Act governing taxation of residents of non-treaty states shall be applied.

If a shareholder (a natural person) is a Czech tax resident, tax residency certificated issued by the tax authority may be replaced by an affidavit on tax residency; shareholder shall also present a valid personal ID card issued by the Czech Republic.

If a shareholder (a legal entity) is a Czech tax resident, tax residency certificated issued by the tax authority may be replaced by an affidavit on tax residency; shareholder shall also present an actual original Commercial Registry excerpt to prove that its seat is in the Czech Republic.

If the above mentioned documents are in other than Czech or Slovak language, the shareholder or custodian of securities is obliged to provide at its own costs the translation into the Czech language (official translation is not required).

The dividend is payable on **July 21, 2017** and shall be paid to shareholder’s bank account without undue delay as soon as Česká spořitelna receives the shareholder’s request within the meaning of the foregoing paragraphs.

The dividend will be paid until July 21, 2020.