




kofola[®]
ČeskoSlovensko



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1. Kofola at a glance



Kofola Group

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



CZK 4.9 BN 9M19
REVENUES



9
PRODUCTION PLANTS



1 972
EMPLOYEES



LISTED ON
PRAGUE STOCK EXCHANGE



❖ no. 2 player in the soft drinks market



❖ no. 1 water brand
❖ no. 1 player in the soft drinks market



❖ no. 1 player in the soft drinks market



❖ no. 2 water brand

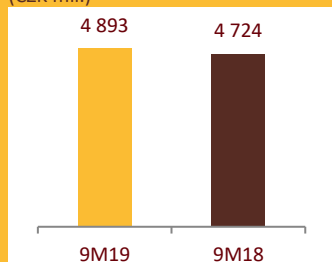


1. Kofola at a glance

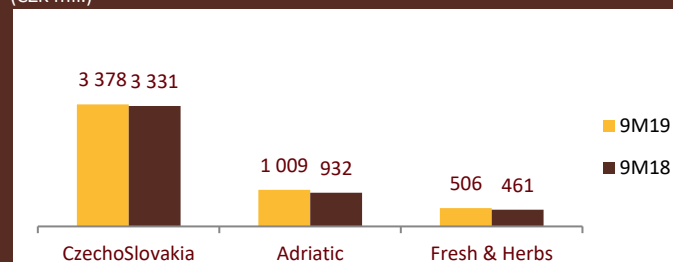


For the 9M period (Continuing operations)

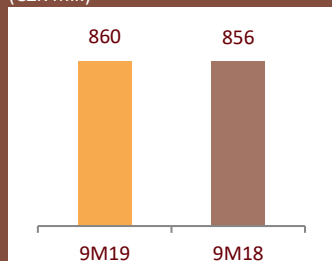
Revenue
(CZK mil.)



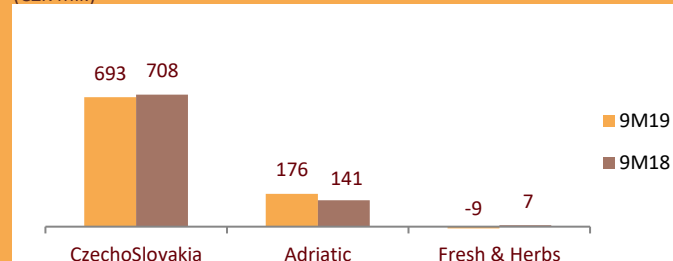
Revenue per business segments
(CZK mil.)



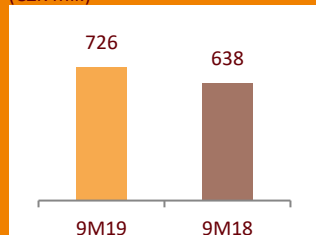
EBITDA
(CZK mil.)



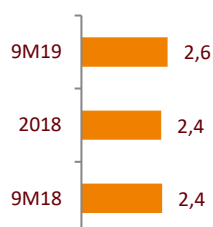
EBITDA per business segments
(CZK mil.)



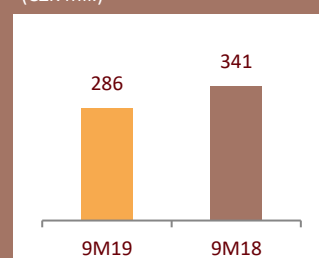
Operating CF
(CZK mil.)



Net debt/LTM 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.

1. Kofola at a glance



MAIN INFORMATION IN 9M19:

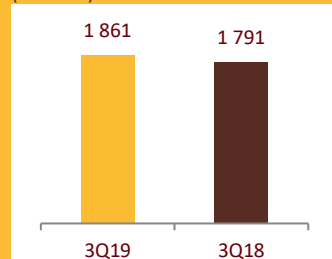
- Group's revenue from continuing operations increased by CZK 169.1 Mil. (3.6%), without LEROS and Espresso acquisition effects increased by CZK 123.6 Mil. (2.6%).
- Group's EBITDA from continuing operations increased by CZK 3.9 Mil. (0.5%).
- The coldest and rainiest weather in May 2019 for the last decade.
- Increased logistic, payroll, repair and maintenance and packaging costs, partially compensated by savings from lower sugar price.
- Profit from continuing operations decreased by CZK 55.6 mil., mainly as a result of May 2019 weather effect combined with higher costs.
- the highest HoReCa market shares on Czech (27.3%) and Slovakia (42.0%) market.

1. Kofola at a glance

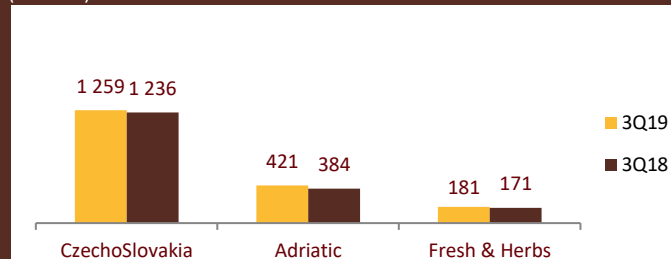


For the 3q period (Continuing operations)

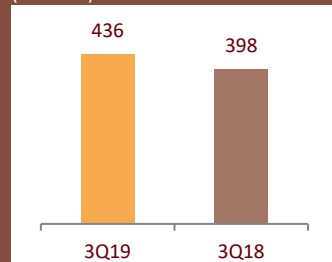
Revenue
(CZK mil.)



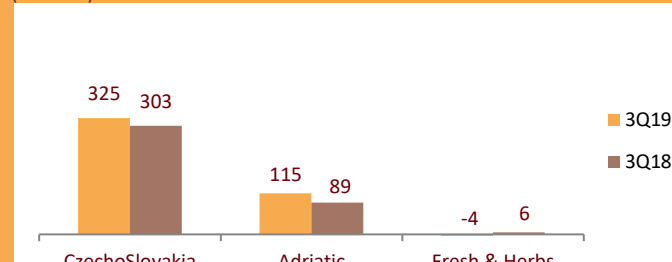
Revenue per business segments
(CZK mil.)



EBITDA
(CZK mil.)



EBITDA per business segments
(CZK mil.)



MAIN INFORMATION IN 3Q19:

- Group's revenue from continuing operations increased by CZK 70.2 Mil. (3.9%), without Espresso acquisition effect increased by CZK 52.2 Mil. (2.9%).
- Group's EBITDA from continuing operations increased by CZK 37.2 Mil. (9.3%).
- Increased logistic and payroll costs, partially compensated by savings from lower sugar price.
- the highest HoReCa market shares on Czech (27.3%) and Slovakia (42.0%) market.
- Successful completion of Espresso acquisition.
- Profit from continuing operations increased by CZK 54.2 mil.

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.

2. Kofola a 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. LEI: 3157005DO9L5OWHBQ359.

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 success in other CEE markets. The Group has limited activities in Russia.

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

The Group distributes its products using a wide variety of packaging, including kegs that are used in the HoReCa channel to serve our widely popular drink „Kofola Draught” and keep its high-quality standard. The Group distributes its products through Retail, HoReCa and Impulse channels.

Key brands

Key own brands include carbonated beverages Kofola and Vinea, waters Radenska, Studenac, Rajec and Klášterná Kalcia, syrup Jupí, beverages for children Jupík, energy drinks Semtex, UGO fresh juices and salads, Leros teas and coffee brand Café Reserva. In selected markets, the Group distributes among others Rauch, Evian, Badoit, Vincentka or Dilmah products and under the licence produces Royal Crown Cola, Orangina, Rauch or Pepsi. The Group also produces and distributes water, carbonated and non-carbonated beverages and syrups under private labels for third parties, mostly big retail chains.

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

2. Kofola a group

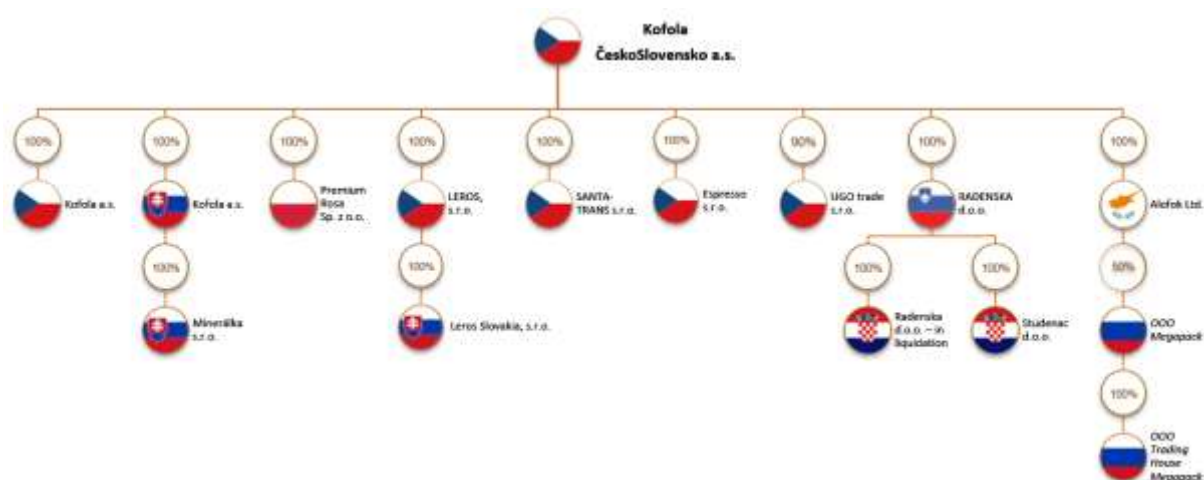


Main brands by main markets are shown in the visualisation below:



2.3. GROUP STRUCTURE

Group structure chart as at 30 September 2019



2. Kofola group



Description of the group companies

Name of entity	Place of business	Segment (Note B 4.1)	Principal activities	Ownership interest and voting rights	
				30.9.2019	31.12.2018
Holding companies					
Kofola ČeskoSlovensko a.s. Alofok Ltd	Czech Republic Cyprus	CzechoSlovakia n/a	top holding company holding	100.00%	100.00%
Production and trading					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	n/a	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of Fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o. - in liquidation	Croatia	Adriatic	in liquidation	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	Fresh & Herbs	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Leros Slovakia, s.r.o.	Slovakia	Fresh & Herbs	distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Espresso s.r.o. **	Czech Republic	Fresh & Herbs	distribution of high quality coffee and teas	100.00%	n/a
Minerálka s.r.o.	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%
Associated companies					
OOO Megapack	Russia	n/a	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	n/a	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

* On 18 March 2019 was sold.

** Acquired on 9 July 2019.

2. Kofola a group



2.4. SUCCESSES AND AWARDS I N 2019



Czech TOP 100 - Kofola ČeskoSlovensko a.s. the 2nd most admired company in the Czech Republic in 2019. Repeatedly in top 5 since 2007.

Randstad Award - Kofola in top 10 most attractive employers in the Czech Republic.



ADC Czech Creative Award - 12 Medal Awards including Client of the Year.

POPAI AWARDS - Gold and Silver for our creative Royal Crown Cola and Kofola displays.



Agra Awards - Great Gold medal for INKA Tonic Water and Gold Medal for INKA Bitter Lemon and Studena Ice Tea Peach.



3. Business overview and other matters



3.1. BUSINESS OVERVIEW

Revenues development in 9M19 (continuing operations)

Kofola Group achieved growth in sales from continuing operations (revenues of Hoop Polska are presented within discontinued operation) by CZK 169.1 million (3.6%) to CZK 4 893.3 million. After exclusion of LEROS's revenue growth due to its acquisition in March 2018 and Espresso's revenue growth due to its acquisition in July 2019 ("the acquisition effect"), the increase would be 2.6%.

The weather in May 2019 was one of the coldest and rainiest for many years. Additionally, weather in 3Q19 was also colder and more rainy than in 3Q18. Despite these facts, the Group's revenue in the CzechoSlovakia segment increased by 1.4%, which is therefore considered as a successful result. Increasing sales of the Royal Crown Cola lead to its increased share in our Cola drinks segment. Kofola Group's HoReCa shares on Czech and Slovakia market are at the historically highest levels.

Adriatic region continued with a positive revenue development and achieved growth of 8.2%. Negative weather effect was more than compensated by increased sales of Pepsi and increased sales of Radenska brand thanks to its 150th anniversary. Higher revenue was reached in both RADENSKA and Studenac companies with Croatian subsidiary growing even faster than RADENSKA.

The total sales of CzechoSlovakia and Adriatic markets represented 89.6% of total Group sales (90.2% in 9M18). Slight decrease is caused mainly by further growth of revenues in the Fresh & Herbs segment (B 4.1).

The revenue growth in the Fresh & Herbs segment of CZK 45.4 million (9.8%) is attributable to the acquisition of LEROS (effect of CZK 27.5 million) and Espresso (effect of CZK 18.0 million). UGO is continuing in its organic revenue growth which was offset by the decrease in Premium Rosa's revenues on Polish market.

Sales of the mineral water Klášťorná Kalcia continued with a rapid growth above our expectations. The market share in Slovakia has further increased. Sales of Klášťorná Kalcia are reported under the CzechoSlovakia segment.

Important matters after 30 September 2019

No significant events or matters occurred after 30 September 2019.

Adjustments of reported performance and position

Presented below is a description of the financial performance and financial position of Kofola Group in 9M19. It should be read along with the financial statements and with other financial information contained in the attached consolidated financial statements. The Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events in the following sections of part A. Please note that due to the sale of Hoop Polska, the whole result of this former subsidiary is presented within discontinued operation. The division of the income statement into continuing and discontinued operations is done also for the comparative period.

3. Business overview and other matters



3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results 9M19	9M19 CZK' 000 000	One-off adjustments CZK' 000 000	9M19 adjusted CZK' 000 000
Revenue	4 893.3	-	4 893.3
Cost of sales	(2 526.8)	-	(2 526.8)
Gross profit	2 366.5	-	2 366.5
Selling, marketing and distribution costs	(1 586.9)	-	(1 586.9)
Administrative costs	(330.9)	-	(330.9)
Other operating income/(costs), net	(15.9)	17.8	1.9
Operating profit/(loss)	432.8	17.8	450.6
Depreciation and amortisation	409.6	-	409.6
EBITDA	842.4	17.8	860.2
Finance costs, net	(50.6)	-	(50.6)
Income tax	(115.4)	1.0	(114.4)
Profit/(loss) for the period (continuing operations)	266.8	18.8	285.6
Profit/(loss) for the period (discontinued operation)	76.0	(89.4)	(13.4)
Profit/(loss) for the period (continuing + discontinued operations)	342.8	(70.6)	272.2
- attributable to owners of Kofola ČeskoSlovensko a.s.	348.7	(70.6)	278.1

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

** Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature, including in particular results from the sale of non-current and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current 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 2019 was affected by the following one-off items:

In Other operating income/(costs), net – Continuing operations:

- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 3.1 million (Fresh & Herbs segment).
- Gain on sold items of Property, plant and equipment (mainly machines) of CZK 5.1 million recognized in the Adriatic segment (tax 19% applies).
- Advisory costs – CzechoSlovakia segment incurred costs of CZK 17.6 million.
- Severance costs in LEROS (Fresh & Herbs segment) of CZK 2.2 million.

In Profit/(loss) for the period – Discontinued operation:

- Gain on sale of Hoop Polska of CZK 8.0 million.
- Gain of CZK 81.4 million arising from the release of the cumulated foreign currency translation reserve related to the historical consolidation of the disposed subsidiary.

3. Business overview and other matters



Adjusted consolidated financial results 9M18	9M18 CZK' 000 000	One-off adjustments CZK' 000 000	9M18 adjusted CZK' 000 000
Revenue	4 724.2	-	4 724.2
Cost of sales	(2 445.1)	1.1	(2 444.0)
Gross profit	2 279.1	1.1	2 280.2
Selling, marketing and distribution costs	(1 494.5)	0.9	(1 493.6)
Administrative costs	(311.4)	17.2	(294.2)
Other operating income/(costs), net	3.5	(0.2)	3.3
Operating profit/(loss)	476.7	19.0	495.7
Depreciation and amortisation	360.6	-	360.6
EBITDA	837.3	19.0	856.3
Finance costs, net	(47.3)	-	(47.3)
Income tax	(106.6)	(0.6)	(107.2)
Profit/(loss) for the period (continuing operations)	322.8	18.4	341.2
Profit/(loss) for the period (discontinued operation)	(91.7)	11.1	(80.6)
Profit/(loss) for the period (continuing + discontinued operations)	231.1	29.5	260.6
- attributable to owners of Kofola ČeskoSlovensko a.s.	235.0	29.5	264.5

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

** Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature, including in particular results from the sale of non-current assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current 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 2018 was affected by the following one-off items:

In Cost of sales – Continuing operations:

- Severance costs – Adriatic segment incurred costs of CZK 1.1 million (effect of changed Trade Union agreement).

In Selling, marketing and distribution costs – Continuing operations:

- Severance costs – CzechoSlovakia segment incurred costs of CZK 0.9 million.

In Administrative costs – Continuing operations:

- Severance costs – CzechoSlovakia segment incurred costs of CZK 0.4 milion.
- Advisory costs – CzechoSlovakia segment incurred costs of CZK 16.8 million.

In Other operating income/(costs), net – Continuing operations:

- Net costs connected with maintenance of closed Grodzisk Wielkopolski plant, release of provision and other restructuring costs of CZK 1.0 milion (Fresh & Herbs segment).
- Net other operating income from the sale of a building in CzechoSlovakia segment of CZK 1.6 milion.
- Net other operating loss of CZK 0.4 milion from the sale of fixed assets in CzechoSlovakia segment.

In Profit/(loss) for the period – Discontinued operation:

- Net other operating income from the sale of production lines of CZK 4.6 milion.
- Costs connected with maintenance of closed Bielsk Podlaski plant of CZK 5.8 milion.
- Net other operating costs of CZK 9.9 milion from the sale of Bielsk Podlaski plant.

3. Business overview and other matters



3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	9M19 CZK'000 000	9M18 CZK'000 000	Change CZK'000 000	Change %
Revenue	4 893.3	4 724.2	169.1	3.6%
Cost of sales	(2 526.8)	(2 444.0)	(82.8)	3.4%
Gross profit	2 366.5	2 280.2	86.3	3.8%
Selling, marketing and distribution costs	(1 586.9)	(1 493.6)	(93.3)	6.2%
Administrative costs	(330.9)	(294.2)	(36.7)	12.5%
Other operating income/(costs), net	1.9	3.3	(1.4)	(42.4%)
Operating profit/(loss)	450.6	495.7	(45.1)	(9.1%)
EBITDA	860.2	856.3	3.9	0.5%
Finance costs, net	(50.6)	(47.3)	(3.3)	7.0%
Income tax	(114.4)	(107.2)	(7.2)	6.7%
Profit/(loss) for the period (continuing operations)	285.6	341.2	(55.6)	(16.3%)
Profit/(loss) for the period (discontinued operation)	(13.4)	(80.6)	67.2	83.4%
Profit/(loss) for the period (continuing + discontinued operations)	272.2	260.6	11.6	4.5%
- attributable to owners of Kofola ČeskoSlovensko a.s.	278.1	264.5	13.6	5.1%

Revenue (continuing operations)

In 9M19, the Group's revenue amounted to CZK 4 893.3 million and increased by CZK 169.1 million or 3.6% from CZK 4 724.2 million in 9M18.

The increase was caused by higher sales in all Group's segments. Part of the growth in the amount of CZK 27.5 million is attributable to the acquisition effect of LEROS (purchased in March 2018) and part of CZK 18.0 million is attributable to the acquisition effect of Espresso (purchased in July 2019).

The following table sets forth revenue split by business segments for 9M19 and 9M18.

Business segments	9M19		9M18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
CzechoSlovakia	3 377.5	69.0%	3 330.6	70.5%
Adriatic	1 009.1	20.6%	932.3	19.7%
Fresh & Herbs	506.7	10.4%	461.3	9.8%
Total	4 893.3	100.0%	4 724.2	100.0%

CzechoSlovakia segment sales grew by 1.4% and the growth was mainly driven by sales of Kofola, Royal Crown Cola, Klášťorná Kalcia and Semtex. Share of Royal Crown Cola sales in the CzechoSlovakia segment is growing by double digit percentage thanks to its great popularity among customers (especially in the HoReCa distribution channel). Klášťorná Kalcia started to be a more significant contributor to the CzechoSlovakia segment's revenues.

Sales realized by the Adriatic segment grew basically in all main brands with further increase of sales from the distribution of Pepsi and also sales of Studena and ORA orange.

Fresh & Herbs segment achieved a growth of 9.8% mainly thanks to the acquisition of LEROS, acquisition of Espresso and organic growth in UGO which as of 30 September 2019 operated 80 Fresh and Salad bars (as of 30 September 2018: 79) of which 44 in the form of franchises (as of 30 September 2018: 48). Revenues of Premium Rosa decreased due to fluctuations in the demand of selected customers.

The following table sets forth sales split by category of products for 9M19 and 9M18.

Product lines	9M19		9M18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
Carbonated beverages	2 039.5	41.7%	1 971.4	41.7%
Waters	1 402.0	28.7%	1 338.5	28.3%
Non-carbonated beverages	521.4	10.7%	520.1	11.0%
Syrups	347.8	7.1%	346.6	7.3%
Fresh bars & Salads	309.6	6.3%	295.2	6.2%
Other	273.0	5.5%	252.4	5.5%
Total	4 893.3	100.0%	4 724.2	100.0%

3. Business overview and other matters



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 88.2% of the Group's revenue in 9M19 (in 9M18: 88.3%). The carbonated beverages achieved the biggest growth of CZK 68.1 million (3.5%), mainly due to increased sales of Kofola, Royal Crown Cola and Pepsi. Even more successful in terms of percentage growth were sales of waters which demonstrated an increase by 4.7% (CZK 63.5 million), mainly due to increased sales of Radenska, Rajec and also thanks to sales of Klášťorná Kalcia.

The following table contains information about the geographical areas.

Sales by countries (per end customer)	9M19		9M18	
	Revenue CZK'000 000	Share %	Revenue CZK'000 000	Share %
Czech Republic	2 487.0	50.8%	2 392.8	50.6%
Slovakia	1 314.9	26.9%	1 302.8	27.6%
Slovenia	631.5	12.9%	594.9	12.6%
Croatia	304.8	6.2%	276.2	5.8%
Poland	44.0	0.9%	54.7	1.2%
Other	111.1	2.3%	102.8	2.2%
Total	4 893.3	100.0%	4 724.2	100.0%

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

Despite the very cold and rainy weather in May 2019, the Group revenues increased in almost all countries where the particular subsidiaries have their place of business. Decrease in Poland is influenced by fluctuations in the demand of selected customers.

Cost of sales (conti nui ng operati ons)

In 9M19, the Group's Cost of sales amounted to CZK 2 526.8 million and increased by CZK 82.8 million or 3.4% from CZK 2 444.0 million in 9M18.

In 9M19, the Group's Cost of products and services sold amounted to CZK 2 182.6 million and increased by CZK 60.4 million from CZK 2 122.2 million in 9M18. The Cost of products and services sold increased by 2.8%, which is in line with 2.9% increase of Revenue from the sale of finished products and services.

Gross profi t (conti nui ng operati ons)

In 9M19, the Group's Gross profit amounted to CZK 2 366.5 million and increased by CZK 86.3 million or 3.8% from CZK 2 280.2 million in 9M18. Higher Gross profit was mainly influenced by increased sales. Gross profit margin remained stable. The positive effect of lower sugar prices was offset by the increased costs of PET resin and personel costs in production.

Selli ng, marketi ng and di stri buti on costs (conti nui ng operati ons)

In 9M19, the Group's Selling, marketing and distribution costs amounted to CZK 1 586.9 million and increased by CZK 93.3 million or 6.2% from CZK 1 493.6 million in 9M18. The increase was caused mainly by increased payroll costs, higher logistic costs in the CzechoSlovakia segment and costs arising in LEROS and Espresso (acquisition effect).

Admi ni strati ve costs (conti nui ng operati ons)

In 9M19, the Group's Administrative costs amounted to CZK 330.9 million and increased by CZK 36.7 million or 12.5% from CZK 294.2 million in 9M18. The increase is mainly attributable to costs of LEROS and Espresso (acquisition effect), higher payroll costs and higher depreciation expense.

Operati ng profi t (conti nui ng operati ons)

Due to the reasons described above, in 9M19, the Group's adjusted Operating profit amounted to CZK 450.6 million as compared to an adjusted Operating profit of CZK 495.7 million in 9M18.

EBI TDA (conti nui ng operati ons)

The following table sets forth information regarding adjusted EBITDA for 9M19 and 9M18.

3. Business overview and other matters



Adjusted EBITDA	9M19 CZK'000 000/%	9M18 CZK'000 000/%
EBITDA*	860.2	856.3
EBITDA margin**	17.6%	18.1%

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

The following table sets forth information regarding adjusted EBITDA split by business segments for 9M19 and 9M18.

Adjusted EBITDA by business segments	9M19		9M18	
	EBITDA CZK'000 000	EBITDA margin %	EBITDA CZK'000 000	EBITDA margin %
CzechoSlovakia	693.0	20.5%	708.4	21.3%
Adriatic	176.2	17.5%	140.9	15.1%
Fresh & Herbs	(8.5)	(1.7%)	7.9	1.7%
Other	(0.5)	-	(0.9)	-
Total	860.2	17.6%	856.3	18.1%

The total Group's adjusted EBITDA increased by CZK 3.9 million (0.5%) from CZK 856.3 million in 9M18 to CZK 860.2 million.

The adjusted EBITDA in the CzechoSlovakia segment reached CZK 693.0 million which represents a decline of CZK 15.4 million (2.2%). Decrease is influenced mainly by logistic, payroll, packaging and repair and maintenance expenses, but also by low revenues in May 2019.

Performance in the Adriatic segment was very satisfactory with increased adjusted EBITDA by CZK 35.3 million (25.1%) to CZK 176.2 million, mainly as a result of higher sales of own brands (Radenska is celebrating its 150th anniversary) and sales from the distribution of Pepsi.

The adjusted EBITDA of the Fresh & Herbs segment decreased by CZK 16.4 million which was influenced mainly by the results of LEROS which is investing in its marketing activities and positioning on the Czech and Slovak markets.

The Group's EBITDA margin in 9M19 achieved 17.6% and due to reasons described above decreased by 0.5 p.p. in comparison to the EBITDA margin in 9M18.

Finance COSTS, net (conti nui ng operati ons)

In 9M19, the Group's net Finance costs amounted to CZK 50.6 million and in comparison with 9M18 increased by CZK 3.3 million, which is a net result of increased interest expense (higher market interest rates) and increased balance on share on equity accounted investee's profit.

INCOME TAX (conti nui ng operati ons)

In 9M19, the Group's adjusted Income tax amounted to CZK 114.4 million and increased in comparison to 9M18 by CZK 7.2 million. Increased effective tax rate is caused by the non-recognition of the deferred tax asset on companies with tax losses.

Net Profi t/loss for the peri od (conti nui ng operati ons)

As a result of above described effects, the Group's adjusted Profit for the period amounted to CZK 285.6 million as compared to the adjusted profit of CZK 341.2 million in 9M18.

3. Business overview and other matters



3.1.3 FINANCIAL PERFORMANCE IN 3Q

Adjusted consolidated financial results	3Q19 CZK'000 000	3Q18 CZK'000 000	Change CZK'000 000	Change %
Revenue	1 861.0	1 790.8	70.2	3.9%
Cost of sales	(905.3)	(891.9)	(13.4)	1.5%
Gross profit	955.7	898.9	56.8	6.3%
Selling, marketing and distribution costs	(555.9)	(522.8)	(33.1)	6.3%
Administrative costs	(110.3)	(97.6)	(12.7)	13.0%
Other operating income/(costs), net	1.2	(5.4)	6.6	122.2%
Operating profit/(loss)	290.7	273.1	17.6	6.4%
EBITDA	435.5	398.3	37.2	9.3%
Finance costs, net	(1.2)	(23.0)	21.8	(94.8%)
Income tax	(44.0)	(58.8)	14.8	(25.2%)
Profit/(loss) for the period (continuing operations)	245.5	191.3	54.2	28.3%
Profit/(loss) for the period (discontinued operation)	-	(16.4)	16.4	100.0%
Profit/(loss) for the period (continuing + discontinued operations)	245.5	174.9	70.6	40.4%
- attributable to owners of Kofola ČeskoSlovensko a.s.	247.9	176.8	71.1	40.2%

Despite the fact that weather was for the whole 3Q19 colder and more rainy than in 3Q18, the Group was able to increase its sales by 3.9% (CZK 70.2 million), which is considered as a very positive result considering the fact that year 2018 was overall a very successful year.

Rationale for increases in Selling, marketing and distribution and Administrative costs in 3Q19 is basically the same as for 9M19.

Decrease in net Finance costs by CZK 21.8 million is a net result of increased interest expense from credits and loans, decreased interest expense from bonds which were repaid in October 2018, increased equity accounted investee's profit, and net foreign exchange gains in 3Q19 compared to net foreign exchange losses realized in 3Q18.

Decrease of Income tax is connected with the change in estimate of deferred tax asset.

The following table sets forth revenue split by business segments for 3Q19 and 3Q18.

Business segments	Revenue CZK'000 000	3Q19 Share %	Revenue CZK'000 000	3Q18 Share %
CzechoSlovakia	1 259.2	67.7%	1 235.5	69.0%
Adriatic	420.8	22.6%	383.7	21.4%
Fresh & Herbs	181.0	9.7%	171.6	9.6%
Total	1 861.0	100.0%	1 790.8	100.0%

Increase in the CzechoSlovakia business segment of CZK 23.7 million (1.9%) is mainly influenced by higher sales in the HoReCa distribution channel where the Group further increased its market shares.

Sales in the Adriatic region grew rapidly (by CZK 37.1 million or 9.7%) mainly due to sales of Radenska (celebration of 150th anniversary) and Pepsi.

Increased revenue in the Fresh & Herbs segment is coming mainly from the acquisition of Espresso. Without this effect, there is a decrease resulting from decreased sales in Poland due to fluctuations in the demand of selected customers.

The following table sets forth sales split by category of products for 3Q19 and 3Q18.

Product lines	Revenue CZK'000 000	3Q19 Share %	Revenue CZK'000 000	3Q18 Share %
Carbonated beverages	795.1	42.7%	781.1	43.6%
Waters	545.7	29.3%	523.6	29.2%
Non-carbonated beverages	191.6	10.3%	176.7	9.9%
Syrups	108.8	5.8%	115.8	6.5%
Fresh bars & Salads	103.4	5.6%	98.5	5.5%
Other	116.4	6.3%	95.1	5.3%
Total	1 861.0	100.0%	1 790.8	100.0%

3. Business overview and other matters



Increase in sales of waters by CZK 22.1 million (4.2%) is influenced mainly by higher sales of Rajec, Radenska and sales of Klášťorná Kalcia. Growth in segment Other is connected with the successful sales of Semtex energy drink after the change of taste and re-branding. Decrease in sales of syrups is influenced by the effect described in the business segments section above (Poland).

The following table contains information about the geographical areas.

Sales by countries (per end customer)	Revenue	3Q19	Revenue	3Q18
	CZK'000 000	Share %	CZK'000 000	Share %
Czech Republic	912.9	49.1%	874.5	48.8%
Slovakia	503.5	27.1%	494.2	27.6%
Slovenia	250.0	13.4%	230.2	12.9%
Croatia	138.8	7.5%	127.8	7.1%
Poland	9.6	0.5%	24.1	1.3%
Other	46.2	2.4%	40.0	2.3%
Total	1 861.0	100.0%	1 790.8	100.0%

Development of revenues divided by countries is in line with the information already presented above.

The following table sets forth information regarding adjusted EBITDA for 3Q19 and 3Q18.

Adjusted EBITDA	3Q19	3Q18
	CZK'000 000/%	CZK'000 000/%
EBITDA*	435.5	398.3
EBITDA margin**	23.4%	22.2%

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

The following table sets forth information regarding adjusted EBITDA split by business segments for 3Q19 and 3Q18.

Adjusted EBITDA by business segments	EBITDA	3Q19	EBITDA	3Q18
	CZK'000 000	EBITDA margin %	CZK'000 000	EBITDA margin %
CzechoSlovakia	324.8	25.8%	303.3	24.5%
Adriatic	115.2	27.4%	89.1	23.2%
Fresh & Herbs	(4.3)	(2.4%)	6.4	3.7%
Other	(0.2)	-	(0.5)	-
Total	435.5	23.4%	398.3	22.2%

Increase in adjusted EBITDA in both CzechoSlovakia and Adriatic segment is driven mainly by increased revenues. Decrease in Fresh & Herbs segment is mainly attributable to LEROS.

3. Business overview and other matters



3.1.4 FINANCIAL POSITION

Consolidated statement of financial position	30.9.2019	31.12.2018	Change	Change
	CZK'000 000	CZK'000 000	CZK'000 000	%
Total assets	6 743.1	6 563.0	180.1	2.7%
Non-current assets, out of which:	4 438.7	4 348.8	89.9	2.1%
Property, plant and equipment	3 113.2	2 960.0	153.2	5.2%
Intangible assets	977.3	1 054.4	(77.1)	(7.3%)
Goodwill	100.7	93.5	7.2	7.7%
Investment in equity accounted investee	95.4	66.9	28.5	42.6%
Deferred tax assets	39.1	52.8	(13.7)	(25.9%)
Other	113.0	121.2	(8.2)	(6.8%)
Current assets, out of which:	2 304.4	2 214.2	90.2	4.1%
Inventories	497.7	496.1	1.6	0.3%
Trade and other receivables	1 046.1	1 095.0	(48.9)	(4.5%)
Cash and cash equivalents	757.2	619.3	137.9	22.3%
Other	3.4	3.8	(0.4)	(10.5%)
Total equity and liabilities	6 743.1	6 563.0	180.1	2.7%
Equity	1 517.5	1 523.5	(6.0)	(0.4%)
Non-current liabilities	2 716.3	2 565.6	150.7	5.9%
Bank credits and loans	2 205.6	2 308.4	(102.8)	(4.5%)
Lease liabilities	317.8	88.3	229.5	259.9%
Deferred tax liabilities	134.8	106.3	28.5	26.8%
Other	58.1	62.6	(4.5)	(7.2%)
Current liabilities	2 509.3	2 473.9	35.4	1.4%
Bank credits and loans	867.1	605.3	261.8	43.3%
Lease liabilities	106.3	47.5	58.8	123.8%
Trade and other payables	1 429.4	1 697.7	(268.3)	(15.8%)
Other	106.5	123.4	(16.9)	(13.7%)

ASSETS

As at 30 September 2019, the Group's Property, plant and equipment amounted to CZK 3 113.2 million and increased by CZK 153.2 million from CZK 2 960.0 million as at 31 December 2018. This change was mainly caused by additions (including lease additions and additions from acquisition of subsidiary) totalling CZK 719.1 million, and on the other hand by the depreciation charge of CZK 359.4 million (continuing operations) and disposal of items of Property, plant and equipment attributable to Hoop Polska with the carrying amount of CZK 192.7 million. The most significant additions realized by the Group in 9M19 were represented by assets arising as a result of the initial application of IFRS 16 (mostly leased premises for Fresh and Salad bars and leased administrative building), investments into the production machinery, vehicles, the returnable packages and assets acquired with a new subsidiary.

As at 30 September 2019, Intangible assets were of CZK 977.3 million and decreased by CZK 77.1 million or 7.3% in comparison with 31 December 2018 which is mainly a result of additions (including additions from acquisition of subsidiary) of CZK 88.0 million, the amortization of CZK 50.4 million (continuing operations) and disposal of Intangible assets attributable to Hoop Polska with the carrying amount of CZK 107.3 million. Increase of Goodwill is attributable to the acquisition of Espresso.

As at 30 September 2019, other non-current assets were of CZK 113.0 million and decreased only slightly in comparison with balance as at 31 December 2018. Next to the non-current receivables from bonds, the balance as at 30 September 2019 contains mainly non-current advances and principals.

The Group's current assets as at 30 September 2019 amounted to CZK 2 304.4 million, of which 45.4% is represented by Trade and other receivables, 32.9% is represented by Cash and cash equivalents and 21.6% is formed by Inventories. The increase of CZK 90.2 million or 4.1% is a net result of new unconditional short-term receivable from the sale of Hoop Polska, decrease of trade receivables due to the sale of Hoop Polska, decrease of VAT receivables and increased Cash and cash equivalents.

LIABILITIES

As at 30 September 2019, the Group's current and non-current liabilities amounted to CZK 5 225.6 million, which constitutes the increase by 3.7% (CZK 186.1 million) in comparison to CZK 5 039.5 million as at 31 December 2018. Bank credits and loans of CZK 3 072.7 million as at 30 September 2019 increased by CZK 159.0 million in comparison to balance as at 31 December 2018 which is a result of regular repayments and additional drawings made during 9M19.

3. Business overview and other matters



Lease liabilities increased by CZK 288.3 million to CZK 424.1 million, mainly as a result of the initial application of IFRS 16 standard on leasings.

Deferred tax liabilities increased by CZK 28.5 million which is mainly connected with the sale of Hoop Polska and a deferred tax liability arising on acquisition of Espresso.

The Group's provisions decreased by CZK 24.8 million from CZK 118.5 million to CZK 93.7 million, which is mainly due to the usage of annual bonuses provisions.

The Group's consolidated net debt (calculated as total non-current and current liabilities relating to credits, loans, leases and other debt instruments less cash and cash equivalents) amounted to CZK 2 747.7 million as at 30 September 2019, which represents an increase of CZK 317.5 million or 13.1% compared to CZK 2 430.2 million as at 31 December 2018 which was influenced mainly by the capitalization of leases due to initial application of IFRS 16.

The Group's consolidated net debt/Adjusted LTM EBITDA as at 30 September 2019 was of 2.6 compared to 2.4 as at 31 December 2018.

3.1.5 CASHFLOWS

Net cash flow from operating activities

In 9M19, the Group's net cash flow from operating activities amounted to CZK 725.7 million and increased by CZK 87.3 million from CZK 638.4 million in 9M18. Increased operating cash flow in 9M19 is mainly a result of negative cash flow from receivables in 9M18 due to lower receivables balance at the end of 2017 in comparison with the Change in the balance of receivables in 9M19.

Net cash flow from investing activities

In 9M19, the Group's net cash flow from investing activities amounted to CZK (290.9) million and increased by CZK 133.6 million from CZK (424.5) million in 9M18. The increase is mainly a net effect of 9M19 loans repayments being higher than loans granted.

Net cash flow from financing activities

In 9M19, the Group's net cash flow from financing activities amounted to CZK (297.3) million and decreased by CZK 345.2 million from CZK 47.9 million in 9M18. This is mainly a result of net loan drawings in 9M18 being higher than net loan drawings in 9M19.

3. Business overview and other matters



3.1.6 ALTERNATIVE PERFORMANCE INDICATORS

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

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

* In both current and non-current liabilities.

Purpose of APM:

A. EBITDA

The Company uses EBITDA because it is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the Company's depreciation and amortization policy, capital structure and tax treatment. EBITDA indicator is also treated as a good approximation for operating cash flow. Additionally, it is one of the fundamental indicators used by companies worldwide to set their key financial and strategic objectives.

The Company uses EBITDA indicator also in budgeting process, benchmarking with its peers and as a basis for remuneration for key management staff. Such indicator is also used by stock exchange and bank analysts.

B. Net debt

The Company uses Net debt indicator because it shows the real level of a Company's financial debt, i.e. the nominal amount of debt net of cash, cash equivalents, and highly liquid financial assets held by the Company. The indicator allows assessing the overall indebtedness of the Company.

C. Net debt/EBITDA

The Company uses Net debt/EBITDA indicator because it indicates a Company's capability to pay back its debt as well as its ability to take on additional debt to grow its business. Additionally, the Company uses this indicator to assess the adequacy of its capital structure and stability of its expected cash flows. Such indicator is also used by stock exchange and bank analysts.

3.1.7 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.

3. Business overview and other matters



3.2. SUBSEQUENT EVENTS

On 15 October 2019, the Company has met the conditions for recognition of the government grant related to the planned investment into the new head office premises.

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

4. CORPORATE GOVERNANCE



4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

As at 30 September 2019, the registered share capital of Kofola ČeskoSlovensko a.s. totalled CZK 1 114 597 400 (as at 31 December 2018: CZK 1 114 597 400) and comprised 22 291 948 (as at 31 December 2018: 22 291 948) common registered shares with a nominal value of CZK 50 (as at 31 December 2018: CZK 50) each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

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

On 5 June 2019, the General meeting has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 301 million.

4.1.2 SHAREHOLDERS STRUCTURE

Share capital structure			30.9.2019		31.12.2018	
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14 984 204	67.22	70.75	15 159 204	68.00	71.58
RADENSKA d.o.o.	1 114 010	5.00	0.00	1 114 109	5.00	0.00
Others	6 193 734	27.78	29.25	6 018 635	27.00	28.42
Total	22 291 948	100.00	100.00	22 291 948	100.00	100.00

On 14 August 2019, 99 shares have been granted from own shares (in possession of RADENSKA) to the external providers as a compensation for services provided by these external parties. These shares were originally purchased by RADENSKA with an individual share price of CZK 440.

On 26 March 2019, AETOS a.s. sold 175 000 shares of the Company to a Czech investor at a price per share of CZK 311. The free float increased to 27.78%.

On 20 June 2018, CED Group sold 1 905 000 shares of the Company, corresponding to 8.54% of the Company's share capital as of the transaction date, at a price per share of CZK 270. On 20 September 2018, CED Group sold its remaining stake in the Company (2 768 445 shares representing 12.42% of the Company's share capital as of that date), at a price per share of CZK 255. The free float increased to 27.00% at that time.



Interim Consolidated FINANCIAL STATEMENTS 9M 2019
KOFOLA ČESKOSLOVENSKO A.S.

(Unaudited)

1. Interim CONSOLIDATED FINANCIAL STATEMENTS



1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 9-month period and 3-month period ended 30 September 2019 and 30 September 2018 in CZK thousand.

Consolidated statement of profit or loss	Note	9M19	3Q19	9M18 Restated (note 4.19)	3Q18 Restated (note 4.19)
		CZK' 000	CZK' 000	CZK' 000	CZK' 000
Continuing operations					
Revenue from the sale of finished products and services	4.1, 4.2	4 475 727	1 695 660	4 350 446	1 658 769
Revenue from the sale of goods and materials	4.1, 4.2	417 527	165 279	373 758	132 056
Revenue		4 893 254	1 860 939	4 724 204	1 790 825
Cost of products and services sold	4.3	(2 182 572)	(791 797)	(2 123 209)	(779 222)
Cost of goods and materials sold	4.3	(344 232)	(113 488)	(321 892)	(112 720)
Cost of sales		(2 526 804)	(905 285)	(2 445 101)	(891 942)
Gross profit		2 366 450	955 654	2 279 103	898 883
Selling, marketing and distribution costs	4.3	(1 586 947)	(555 961)	(1 494 509)	(523 734)
Administrative costs	4.3	(330 944)	(110 330)	(311 376)	(98 230)
Other operating income	4.4	20 101	5 940	16 321	3 688
Other operating expenses	4.5	(36 035)	(10 216)	(12 835)	(3 184)
Operating profit/(loss)		432 625	285 087	476 704	277 423
Finance income	4.6	5 731	2 710	4 667	164
Finance costs	4.7	(97 149)	(25 398)	(73 874)	(34 402)
Share of profit/(loss) of equity accounted investee	4.12	40 865	21 560	21 903	11 228
Profit/(loss) before income tax		382 072	283 959	429 400	254 413
Income tax expense	4.8	(115 378)	(44 151)	(106 648)	(58 751)
Profit/(loss) from continuing operations		266 694	239 808	322 752	195 662
Discontinued operation					
Profit/(loss) from discontinued operation	4.19	76 028	-	(91 733)	(28 120)
Profit/(loss) for the period (continuing and discontinued operations)	1.2	342 722	239 808	231 019	167 542
<i>Attributable to:</i>					
Owners of Kofola ČeskoSlovensko a.s.	1.5	348 729	242 330	234 951	169 454
Non-controlling interests	1.5	(6 007)	(2 522)	(3 932)	(1 912)
Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company (in CZK)					
Basic earnings/(loss) per share	4.9	15.64	10.87	10.54	7.60

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

1. Interim CONSOLIDATED FINANCIAL STATEMENTS



1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 9-month period and 3-month period ended 30 September 2019 and 30 September 2018 in CZK thousand.

Consolidated statement of other comprehensive income (continuing and discontinued operations)	Note	9M19 CZK'000	3Q19 CZK'000	9M18 Restated (note 4.19) CZK'000	3Q18 Restated (note 4.19) CZK'000
Profit/(loss) for the period (continuing and discontinued operations)	1.1	342 722	239 808	231 019	167 542
Other comprehensive income					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign subsidiaries		(85 818)	11 658	7 909	(4 992)
- from continuing operations		(4 396)	11 658	374	(7 503)
- from discontinued operation	4.19	(81 422)	-	7 535	2 511
Exchange differences on translation of foreign equity accounted investee	4.12	9 405	2 390	(8 109)	(4 072)
Derivatives - Cash flow hedges		(211)	(1 173)	14 099	13 552
Deferred tax from Cash flow hedges	4.8	40	223	(2 679)	(2 575)
Other comprehensive income/(loss) for the period, net of tax		(76 584)	13 098	11 220	1 913
Total comprehensive income/(loss) for the period	1.5	266 138	252 906	242 239	169 455
Attributable to:					
Owners of Kofola ČeskoSlovensko a.s.		272 145	255 428	246 171	171 367
- from continuing operations		277 539	255 428	330 369	196 976
- from discontinued operation		(5 394)	-	(84 198)	(25 609)
Non-controlling interests		(6 007)	(2 522)	(3 932)	(1 912)

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

1. Interim CONSOLIDATED FINANCIAL STATEMENTS



1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2019 and 31 December 2018 in CZK thousand.

Assets	Note	30.9.2019 CZK' 000	31.12.2018 CZK' 000
Non-current assets		4 438 774	4 348 833
Property, plant and equipment	4.10	3 113 197	2 959 954
Goodwill	4.11	100 708	93 467
Intangible assets	4.11	977 286	1 054 524
Investment in equity accounted investee	4.12	95 428	66 894
Other receivables		110 756	118 959
Other assets		2 268	2 261
Deferred tax assets		39 131	52 774
Current assets		2 304 316	2 214 197
Inventories		497 665	496 103
Trade and other receivables		1 046 069	1 095 035
Income tax receivables		3 402	3 759
Cash and cash equivalents		757 180	619 300
Total assets		6 743 090	6 563 030
Liabilities and equity			
		CZK' 000	CZK' 000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.	1.5	1 531 625	1 531 669
Share capital	1.5	1 114 597	1 114 597
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)
Other reserves	1.5	2 450 927	2 438 776
Foreign currency translation reserve	1.5	(47 459)	28 954
Distribution fund	1.5	-	618 331
Own shares	1.5	(490 164)	(490 208)
Retained earnings/(Accumulated deficit)	1.5	466 595	(215 910)
Equity attributable to non-controlling interests	1.5	(14 163)	(8 156)
Total equity	1.5	1 517 462	1 523 513
Non-current liabilities		2 716 266	2 565 592
Bank credits and loans	4.13	2 205 628	2 308 429
Lease liabilities		317 753	88 288
Provisions		32 668	34 063
Other liabilities		25 431	28 470
Deferred tax liabilities		134 786	106 342
Current liabilities		2 509 362	2 473 925
Bank credits and loans	4.13	867 096	605 295
Lease liabilities		106 321	47 490
Trade and other payables		1 429 369	1 697 724
Income tax liabilities		45 528	38 936
Provisions		61 048	84 480
Total liabilities		5 225 628	5 039 517
Total liabilities and equity		6 743 090	6 563 030

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

1. Interim CONSOLIDATED FINANCIAL STATEMENTS



1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 9-month period ended 30 September 2019 and 30 September 2018 in CZK thousand.

Consolidated statement of cash flows (continuing and discontinued operations)	Note	9M19 CZK '000	9M18 CZK '000
Cash flows from operating activities			
Profit/(loss) before income tax (continuing and discontinued operations)		458 100	337 667
Adjustments for:			
Non-cash movements			
Depreciation and amortisation		413 332	410 571
Net interest		84 763	60 244
Share on equity accounted investee result	4.12	(40 865)	(21 903)
Impairment of non-current assets		-	(138 454)
Change in the balance of provisions		(22 544)	21 963
Change in the balance of other impairments		4 804	(11 346)
Derivatives	4.6, 4.7	(1 923)	4 325
Realised (gain)/loss on sale of PPE and Intangible assets		(10 575)	148 948
Net exchange differences		5 679	2 832
(Profit)/loss on sale of subsidiary	4.19	(7 979)	-
Gain on release of the foreign currency translation reserve	4.19	(81 422)	-
Other		12 917	3 235
Cash movements			
Income taxes paid		(101 312)	(52 328)
Change in operating assets and liabilities			
Change in receivables		29 548	(194 673)
Change in inventories		(70 577)	(48 488)
Change in payables		53 798	115 772
Net cash inflow/(outflow) from operating activities		725 744	638 365
Cash flows from investing activities			
Sale of Property, plant and equipment		16 916	22 185
Acquisition of PPE and Intangible assets		(380 671)	(346 270)
Proceeds from sale of subsidiary, net of cash disposed		21 195	-
Acquisition of subsidiary, net of cash acquired	4.18	(74 549)	(116 591)
Interest and dividends received		21 991	16 160
Proceeds from repaid loans		306 493	-
Loans granted	4.16.4	(202 287)	-
Net cash inflow/(outflow) from investing activities		(290 912)	(424 516)
Cash flows from financing activities			
Lease payments		(80 809)	(40 904)
Proceeds from loans and bank credits		453 635	891 586
Repayment of loans and bank credits		(299 551)	(409 914)
Dividends paid to Company's shareholders		(285 901)	(345 789)
Interest paid		(86 604)	(47 325)
Derivates		1 923	295
Net cash inflow/(outflow) from financing activities		(297 307)	47 949
Net increase/(decrease) in cash and cash equivalents		137 525	261 798
Cash and cash equivalents at the beginning of the period	1.3	619 300	289 594
Effects of exchange rate changes on cash and cash equivalents		355	665
Cash and cash equivalents at the end of the period	1.3	757 180	552 057

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

1. Interim CONSOLIDATED FINANCIAL STATEMENTS

1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 9-month period ended 30 September 2019 and 30 September 2018 in CZK thousand.

Consolidated statement of changes in equity (continuing and discontinued operations)	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	Distribution fund	Own shares	Retained earnings/ (Accumulated deficit)		
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000		
Balance as at 31 December 2017		2 229 500	(1 962 871)	2 048 985	37 030	-	(491 565)	116 591	1 977 670	1 973 986
IFRS 9 adjustment		-	-	-	-	-	-	7 594	7 594	7 594
Balance as at 1 January 2018		2 229 500	(1 962 871)	2 048 985	37 030	-	(491 565)	124 185	1 985 264	1 981 580
Profit/(loss) for the period	1.1	-	-	-	-	-	-	234 951	234 951	231 019
Other comprehensive income/(loss)	1.2	-	-	11 420	(200)	-	-	-	11 220	11 220
Total comprehensive income/(loss) for the period	1.2	-	-	11 420	(200)	-	-	234 951	246 171	242 239
Dividends		-	-	-	-	-	-	(361 130)	(361 130)	(361 130)
Capital restructuring		(1 114 597)	1 114 597	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners		(1 114 597)	1 114 597	-	-	-	-	(361 130)	(361 130)	(361 130)
Transfer		-	-	(121 699)	-	-	-	121 699	-	-
Balance as at 30 September 2018		1 114 903	(848 274)	1 938 706	36 830	-	(491 565)	119 705	1 870 305	1 862 689
Balance as at 31 December 2018		1 114 597	(1 962 871)	2 438 776	28 954	618 331	(490 208)	(215 910)	1 531 669	1 523 513
Effect of initial application of IFRS 16		-	-	-	-	-	-	1 346	1 346	1 346
Balance as at 1 January 2019		1 114 597	(1 962 871)	2 438 776	28 954	618 331	(490 208)	(214 564)	1 533 015	1 524 859
Profit/(loss) for the period	1.1	-	-	-	-	-	-	348 729	348 729	342 722
Other comprehensive income/(loss)	1.2	-	-	(171)	5 009	-	-	-	4 838	4 838
Release of the cumulated foreign currency translation reserve attributable to disposed operation	1.2, 4.19	-	-	-	(81 422)	-	-	-	(81 422)	(81 422)
Total comprehensive income/(loss) for the period	1.2	-	-	(171)	(76 413)	-	-	348 729	272 145	266 138
Dividends		-	-	-	-	(285 901)	-	-	(285 901)	(285 901)
Option scheme		-	-	12 322	-	-	-	-	12 322	12 322
Own shares transfer		-	-	-	-	-	44	-	44	44
Transactions with owners in their capacity as owners		-	-	12 322	-	(285 901)	44	-	(273 535)	(273 535)
Transfer from the distribution fund		-	-	-	-	(332 430)	-	332 430	-	-
Balance as at 30 September 2019		1 114 597	(1 962 871)	2 450 927	(47 459)	-	(490 164)	466 595	1 531 625	1 517 462

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

1. Interim CONSOLIDATED FINANCIAL STATEMENTS



Release of the cumulated foreign currency translation reserve attributable to disposed operation

Release of the cumulated foreign currency translation reserve is the total balance of cumulated foreign exchange differences arising on the consolidation of Hoop Polska within the Group consolidated financial statements. These differences arise when the functional currency of the consolidated subsidiary differs from the presentation currency of the consolidated financial statements. These differences are recognized since the acquisition of the subsidiary within other comprehensive income and they are reclassified from equity to the profit or loss on the disposal of the subsidiary. The gain of CZK 81 422 thousand (which compensates the loss of CZK 81 422 thousand recorded in the other comprehensive income) is presented under discontinued operation (see Note 4.19).

Dividend distribution

On 5 June 2019, the General meeting has approved a distribution of dividends in the amount of CZK 13.5 per share, i.e. CZK 285 901 thousand.

2. General information



2.1. CORPORATE INFORMATION

GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company's websites are <http://www.firma.kofola.cz> and the phone number is +420 595 601 030. LEI: 3157005DO9L5OWHBQ359.

Main area of activity of Kofola ČeskoSlovensko a.s. in the nine-month period ended 30 September 2019 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 the parent of the Kofola Group. Besides the traditional markets of the Czech Republic and Slovakia, the Group is also present in Slovenia, Croatia and in Poland with limited activities in Russia. The Group produces drinks in nine production plants and key trademarks include Kofola, Jupí, Jupík, Rajec, Radenska, Semtex and Vinea. On selected markets, the Group distributes among others Rauch, Evian or Badoit products and under the licence produces Royal Crown Cola or Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for until 31 August 2018 part of the group controlled by KSM Investment S.A. („Group“). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. Since 31 August 2018, after the merger of KSM Investment S.A. to AETOS a.s., the ultimate parent of the Company is AETOS a.s. The ownership structure is described in section 4.16.1.

Stock exchange listing

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

MANAGEMENT

As at 30 September 2019, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila – Vice-Chair
- Daniel Buryš – Vice-Chair
- Pavel Jakubík
- Jiří Vlasák
- Marián Šefčovič

SUPERVISORY BOARD

- René Sommer – Chairman
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Petr Pravda

AUDIT COMMITTEE

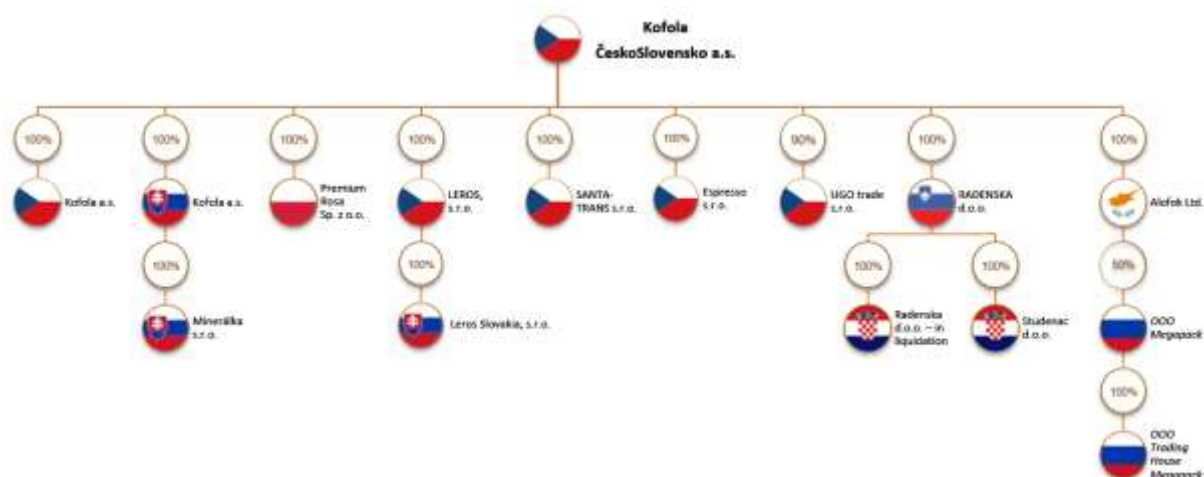
- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

2. General information



2.2. GROUP STRUCTURE

Group structure chart as at 30 September 2019



Description of the group companies

Name of entity	Place of business	Segment (Note B 4.1)	Principal activities	Ownership interest and voting rights	
				30.9.2019	31.12.2018
Holding companies					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company	100.00%	100.00%
Alofok Ltd	Cyprus	n/a	holding		
Production and trading					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	n/a	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of Fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o. - in liquidation	Croatia	Adriatic	in liquidation	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	Fresh & Herbs	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Leros Slovakia, s.r.o.	Slovakia	Fresh & Herbs	distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Espresso s.r.o. **	Czech Republic	Fresh & Herbs	distribution of high quality coffee and teas	100.00%	n/a
Minerálka s.r.o.	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%
Associated companies					
OOO Megapack	Russia	n/a	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	n/a	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

* On 18 March 2019 was sold.

** Acquired on 9 July 2019.

3. Significant accounting policies



3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), 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 on 1 January 2019.

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

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

The Group’s consolidated financial statements cover the period of nine months ended 30 September 2019 and contain comparatives for the period of nine months ended 30 September 2018 and 31 December 2018 (consolidated statement of financial position). Consolidated statement of profit or loss and consolidated statement of other comprehensive income are presented also for the periods of 3 months ended 30 September 2019 and 30 September 2018. The comparative consolidated statement of profit or loss and consolidated statement of other comprehensive income have been restated due to the sale of Hoop Polska Sp. z o.o. which is presented as a discontinued operation (Note 4.19).

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercises its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in section 3.7.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

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

3.3. FOREIGN CURRENCY TRANSLATION

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

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

- cost of sales – 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.

3. Significant accounting policies



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

Closing exchange rates	30.9.2019	31.12.2018	30.9.2018
CZK/EUR	25.815	25.725	25.715
CZK/PLN	5.896	5.980	6.011
CZK/RUB	0.365	0.323	0.334
CZK/USD	23.707	22.466	21.967
CZK/HRK	3.484	3.471	3.461

Average exchange rates	1.1.2019 - 30.9.2019	1.1.2018 - 31.12.2018	1.1.2018 - 30.9.2018
CZK/EUR	25.702	25.643	25.570
CZK/PLN	5.975	6.020	6.021
CZK/RUB	0.352	0.347	0.349
CZK/USD	22.878	21.735	21.424
CZK/HRK	3.468	3.457	3.447

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

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

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

Foreign exchange gains and losses recognized in profit or loss are offset on individual company level.

3.4. CONSOLIDATION METHODS

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 2018.

3.5. ACCOUNTING METHODS

The accounting policies adopted are consistent with those used in the annual consolidated financial statements for the twelve-month period ended 31 December 2018, except for the adoption of new and amended standards as set out below.

3.6. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

IFRS 16 Leases

All leases where the Group is a lessee and which met the requirements set by the new standard were recognised on the balance sheet as the distinction between operating and finance leases was removed. Under the new standard, a right-of-use asset (right to use leased item) and a financial liability to pay rentals are recognised. IFRS 16 leads to a replacement of the straight-line operating lease expense with a depreciation charge (operating costs) for right-of-use asset and an interest expense (finance costs) on lease liabilities. Although the depreciation charge is typically even, the interest expense reduces over the life of the lease which leads into a reducing total expense as individual lease matures. New standard doesn't impact the amount of cash transferred between the lessor and lessee, it however has an impact on the presentation of the consolidated statement of cash flows. Cash outflows connected with the leases previously classified as operating expenses are presented under financing activities instead of operating activities. The Group has decided to utilize the following practical expedients allowed by the new IFRS 16 standard:

- Leases of low value assets (i.e. those with value lower than CZK 80 thousand) are not accounted under the IFRS 16 lease model.
- Leases with a lease term of 12 months or less that do not contain a purchase option (i.e. short-term leases) are not accounted under the IFRS 16 lease model.
- Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 (leases without extension option or with an option which is not to be used) are not accounted under the IFRS 16 lease model.
- For leases commencing before 1 January 2019 and representing operating leases before that date, the Group recognizes the lease liability in the amount equal to the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate at the date of initial application. Right-of-use asset is recognized in the amount of lease liability (adjusted by the amount of any previously recognized prepaid or accrued lease payments relating to that lease) less impairment provision calculated under IAS 36.
- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.
- For leases commencing before 1 January 2019, the initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight is used, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Adjustments recognised on adoption of IFRS 16

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The standard affected primarily the accounting for the Group's operating leases. The following adjustments were made as of 1 January 2019 in the consolidated statement of financial position:

- Right-of-use asset: CZK 177 million,
- Lease liabilities – current: CZK 33 million,
- Lease liabilities – non-current: CZK 143 million,
- Retained earnings: CZK 1 million.

The Group's activities as a lessor are not material and hence there wasn't any impact on the consolidated financial statements.

Application of the IFRS 16 standard did not have any material qualitative impacts on the Group's daily operations and financial reporting process.

3. Significant accounting policies



THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases mainly the head office administrative building, premises for Fresh and Salad bars, production equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use asset is measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

3.7. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group's management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors considered at their calculation, new information or past experience. For this reason, the estimates made as at 30 September 2019 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 equity accounted investee	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Useful life of trademarks	The history of the trademark on the market, market position, useful life of similar products, the stability of the market segment, competition.
Income tax	Assumptions used to recognise deferred income tax assets.
Impairment of receivables	Historical experience, credit assessment, current and forward-looking information available to the management.
Deferred tax asset from investment incentives and tax losses	Historical experience, current and forward-looking information available to the management.

3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 11 November 2019.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION (CONTINUING OPERATIONS)

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. After the sale of Hoop Polska Sp. z o.o., management has decided to adjust the structure of segment information. Based on this assessment, three main business segments are presented within these financial statements. These are:

- CzechoSlovakia,
- Adratic,
- Fresh & Herbs.

Division of particular Group companies between the segments is outlined in the section 2.2.

For presented periods, the segment information contains only values related to the continuing operations.

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

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

In compliance with the relevant requirements of IFRS 8 Operating Segments, the management presents also the distribution of revenues and non-current assets (other than financial instruments and deferred tax assets) distributed into geographical areas.

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

Column Other in the segment information below represents a reconciling item to get to the consolidated financial statements.

The Group did not identify any customer in the period of nine months ended 30 September 2019 and in the comparative period of nine months ended 30 September 2018 that generated more than 10% of the Group’s consolidated revenue.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



Business SEGMENTS (Continuing operations)

1.1.2019 – 30.9.2019	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	3 478 532	1 012 474	507 507	-	4 998 513	(105 259)	-	4 893 254
External revenue – excl. services	3 356 895	1 005 037	486 698	-	4 848 630	-	-	4 848 630
External revenue – services	20 594	4 032	19 998	-	44 624	-	-	44 624
Inter-segment revenue	101 043	3 405	811	-	105 259	(105 259)	-	-
Operating expenses	(3 051 581)	(903 729)	(610 027)	(551)	(4 565 888)	105 259	-	(4 460 629)
Related to external revenue	(2 950 538)	(900 324)	(609 216)	(551)	(4 460 629)	-	-	(4 460 629)
Related to inter-segment revenue	(101 043)	(3 405)	(811)	-	(105 259)	105 259	-	-
Operating profit/(loss)	426 951	108 745	(102 520)	(551)	432 625	-	-	432 625
Finance income/(costs), net	38 294	11 476	(11 047)	85	38 808	(130 226)	-	(91 418)
- within segment	(84 390)	(1 085)	(6 028)	85	(91 418)	-	-	(91 418)
- inter-segment	122 684	12 561	(5 019)	-	130 226	(130 226)	-	-
Share of profit/(loss) of equity accounted investee	-	-	-	-	-	-	40 865	40 865
Profit/(loss) before income tax	465 245	120 221	(113 567)	(466)	471 433	(130 226)	40 865	382 072
Income tax (expense)/benefit	(92 828)	(25 908)	3 358	-	(115 378)	-	-	(115 378)
Profit/(loss) for the period	372 417	94 313	(110 209)	(466)	356 055	(130 226)	40 865	266 694
EBITDA**	675 442	181 283	(13 781)	(551)	842 393	-	-	842 393
One-offs (A 3.1.1)	17 588	(5 099)	5 330	-	17 819	-	-	17 819
Adjusted EBITDA (A 3.1.1)	693 030	176 184	(8 451)	(551)	860 212	-	-	860 212

* Other doesn't represent a separate segment, but reconciling item to the consolidated statement of profit or loss.

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

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets*	350 635	112 659	258 942	-	722 236	-	-	722 236
Depreciation and amortisation	248 491	72 538	88 739	-	409 768	-	-	409 768
Other Impairment losses	12 874	308	628	-	13 810	-	-	13 810
Other Impairment losses reversals	(5 796)	(368)	(921)	-	(7 085)	-	-	(7 085)
Provisions - Increase due to creation	48 920	-	4 888	-	53 808	-	-	53 808
Provisions - Decrease due to usage/release	(61 976)	(7 974)	(5 685)	-	(75 635)	-	-	(75 635)

* excluding acquisitions, including lease addition

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2018 – 30.9.2018	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
Restated	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	3 428 960	934 261	461 719	-	4 824 940	(100 736)	-	4 724 204
External revenue – excl. services	3 260 821	928 961	440 668	-	4 630 450	-	-	4 630 450
External revenue – services	69 780	3 327	20 647	-	93 754	-	-	93 754
Inter-segment revenue	98 359	1 973	404	-	100 736	(100 736)	-	-
Operating expenses	(2 965 674)	(870 196)	(511 405)	(961)	(4 348 236)	100 736	-	(4 247 500)
Related to external revenue	(2 867 315)	(868 223)	(511 001)	(961)	(4 247 500)	-	-	(4 247 500)
Related to inter-segment revenue	(98 359)	(1 973)	(404)	-	(100 736)	100 736	-	-
Operating profit/(loss)	463 286	64 065	(49 686)	(961)	476 704	-	-	476 704
Finance income/(costs), net	60 259	15 153	(4 106)	100	71 406	(140 613)	-	(69 207)
- within segment	(67 415)	941	(2 833)	100	(69 207)	-	-	(69 207)
- inter-segment	127 674	14 212	(1 273)	-	140 613	(140 613)	-	-
Share of profit/(loss) of equity accounted investee	-	-	-	-	-	-	21 903	21 903
Profit/(loss) before income tax	523 545	79 218	(53 792)	(861)	548 110	(140 613)	21 903	429 400
Income tax (expense)/benefit	(86 917)	(21 988)	2 257	-	(106 648)	-	-	(106 648)
Profit/(loss) for the period	436 628	57 230	(51 535)	(861)	441 462	(140 613)	21 903	322 752
EBITDA**	691 670	139 781	6 787	(961)	837 277	-	-	837 277
One-offs (A 3.1.1)	16 734	1 129	1 071	-	18 934	-	-	18 934
Adjusted EBITDA (A 3.1.1)	708 404	140 910	7 858	(961)	856 211	-	-	856 211

* Other doesn't represent a separate segment, but reconciling item to the consolidated statement of profit or loss.

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

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
Restated	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets*	183 314	63 422	33 898	-	280 634	-	-	280 634
Depreciation and amortisation	228 384	75 716	56 473	-	360 573	-	-	360 573
Other Impairment losses	4 289	655	1 811	-	6 755	-	-	6 755
Other Impairment losses reversals	(12 879)	(5 552)	(1 559)	-	(19 990)	-	-	(19 990)
Provisions - Increase due to creation	61 596	-	3 457	-	65 053	-	-	65 053
Provisions - Decrease due to usage/release	(25 756)	(1 330)	(218)	-	(27 304)	-	-	(27 304)

* excluding acquisitions, including lease addition

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



PRODUCT Lines (Continuing operations)

1.1.2019 - 30.9.2019	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Revenue	2 039 451	521 377	1 401 971	347 799	309 596	273 060	4 893 254
External revenue – excl. services	2 039 451	521 377	1 401 971	347 799	290 739	247 293	4 848 630
External revenue – services	-	-	-	-	18 857	25 767	44 624
1.1.2018 - 30.9.2018	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Restated Revenue	1 971 447	520 059	1 338 514	346 630	295 214	252 340	4 724 204
External revenue – excl. services	1 971 447	520 059	1 338 514	346 630	274 567	179 233	4 630 450
External revenue – services	-	-	-	-	20 647	73 107	93 754

Information about geographical areas — revenue per end customer (Continuing operations)

1.1.2019 - 30.9.2019	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
Revenue	2 487 028	1 314 868	631 533	304 829	44 008	110 988	4 893 254
External revenue – excl. services	2 457 275	1 304 028	629 052	304 803	44 008	109 464	4 848 630
External revenue – services	29 753	10 840	2 481	26	-	1 524	44 624
1.1.2018 - 30.9.2018	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
Restated Revenue	2 392 832	1 302 844	594 910	276 230	54 675	102 713	4 724 204
External revenue – excl. services	2 320 902	1 284 347	591 583	276 230	54 675	102 713	4 630 450
External revenue – services	71 930	18 497	3 327	-	-	-	93 754
Non-current assets (excluding financial assets and deferred tax assets)	Czech Republic CZK '000	Slovakia CZK '000	Slovenia CZK '000	Croatia CZK '000	Poland CZK '000	Other CZK '000	Total CZK '000
30.9.2019	2 157 113	1 016 671	659 887	185 462	238 079	-	4 257 212
31.12.2018	1 867 301	915 708	646 319	159 051	557 706	-	4 146 085

SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

Seasonality

Seasonality is associated with periodic deviations in demand and supply and has certain effect on Group's general sales trends. Beverage sales peak appears in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the year ended 31 December 2018, about 20% (19% in 2017) of revenue was earned in the 1st quarter, with 28% (29% in 2017), 29% (29% in 2017) and 23% (23% in 2017) of the annual consolidated revenue earned in the 2nd, 3rd and 4th quarters, respectively.

Cyclical nature

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

KOFOLA ČESKOSLOVENSKO GROUP

Interim consolidated financial statements for the nine-month period ended 30 September 2019
In accordance with IAS 34 as adopted by EU

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.2. REVENUE (CONTINUING OPERATIONS)

Revenue streams, Timing of revenue recognition	9M19 CZK'000	9M18 (restated) CZK'000
Revenue from contracts with customers		
- Sales of finished products/goods/materials (transferred at a point in time)	4 848 630	4 630 450
- Sales of transportation services (transferred over time)	8 043	41 878
- Franchise licences (transferred over time)	18 857	19 998
- Sales of other services (transferred over time)	17 724	31 878
Total revenue	4 893 254	4 724 204

Revenue from contracts with customers is represented mostly by finished products, goods and materials sold which are recognized at a point in time. For further allocation between particular segments refer to section 4.1.

The Group doesn't have any material contract assets, contract liabilities or performance obligations satisfied (or partially satisfied) in previous periods.

4.3. EXPENSES BY NATURE (CONTINUING OPERATIONS)

Expenses by nature	9M19 CZK'000	9M18 (restated) CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	409 768	360 573
Employee benefits expenses (i)	1 011 434	928 769
Consumption of materials and energy	1 671 624	1 683 664
Cost of goods and materials sold	344 232	321 892
Services **	897 639	857 266
Rental costs	63 884	72 352
Taxes and fees	48 836	45 662
Insurance costs	11 303	7 930
Inventory write-down/(back)	(1 153)	(3 289)
Change in allowance to receivables	11 970	(2 994)
Change in finished products and work in progress	(29 261)	(28 392)
Other costs	11 932	7 553
Total expenses by nature*	4 452 208	4 250 986
Depreciation recognized in Other operating expenses	(7 513)	-
Reconciliation of expenses by nature to expenses by function	4 444 695	4 250 986
Selling, marketing and distribution costs	1 586 947	1 494 509
Administrative costs	330 944	311 376
Costs of products and services sold	2 182 572	2 123 209
Cost of goods and materials sold	344 232	321 892
Total costs of products and services sold, merchandise and materials, sales costs and administrative costs	4 444 695	4 250 986

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

** One-off administrative services are in the 9M19 period reported in Other operating expenses.

Growth of depreciation between periods is influenced by the application of IFRS 16 on operating leases which were previously presented as rental costs. Higher personnel expenses are connected with the general salary increase. Increase of expenses for services is influenced by increase of revenues, higher distribution costs and costs arising in LEROS and Espresso (acquisition effect).

(i) Employee benefits expenses

Employee benefits expenses	9M19 CZK'000	9M18 (restated) CZK'000
Salaries	750 556	689 461
Social security and other benefit costs (including healthcare insurance)	124 630	113 067
Pension benefit plan expenses	136 248	126 241
Total employee benefits expenses	1 011 434	928 769

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.4. OTHER OPERATING INCOME (CONTINUING OPERATIONS)

Other operating income	9M19 CZK'000	9M18 (restated) CZK'000
Net gain from the sale of PPE and Intangible assets	10 688	2 065
Reinvoiced payments	2 783	2 582
Grants	466	337
Compensation claims	3 086	46
Write-off liabilities	45	-
Penalties and compensation for damages	1 384	1 829
Tax return	196	148
Release of provisions	67	6 788
Other	1 386	2 526
Total other operating income	20 101	16 321

4.5. OTHER OPERATING EXPENSES (CONTINUING OPERATIONS)

Other operating expenses	9M19 CZK'000	9M18 (restated) CZK'000
Net loss from disposal of PPE and Intangible assets	113	2 907
Provided donations, sponsorship	3 701	4 090
Penalties and damages	538	-
Other tax expenses	141	167
Services*	17 588	-
Other	13 954	5 671
Total other operating expenses	36 035	12 835

* One-off services were in the 9M18 period reported in Administrative expenses.

4.6. FINANCE INCOME (CONTINUING OPERATIONS)

Finance income	9M19 CZK'000	9M18 (restated) CZK'000
Interest from:		
– bank deposits	255	19
– bonds	1 616	-
Exchange gains	1 521	4 151
Derivatives	1 923	-
Gain from guarantees	393	497
Other	23	-
Total finance income	5 731	4 667

4.7. FINANCE COSTS (CONTINUING OPERATIONS)

Finance costs	9M19 CZK'000	9M18 (restated) CZK'000
Interest from:		
– bank loans and credits	78 078	41 828
– lease	8 125	3 005
– bonds	-	13 003
Exchange losses	1 588	1 358
Bank costs and charges	9 335	10 234
Derivatives	-	4 325
Other	23	121
Total finance costs	97 149	73 874

Growth of interest between periods is influenced by higher market rates, the loan drawings and on the other hand by the decrease of interest from bonds which were repaid in October 2018.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.8. INCOME TAX (CONTINUING OPERATIONS)

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the nine-month period ended 30 September 2019 and 30 September 2018 were as follows:

Income tax	9M19 CZK'000	9M18 (restated) CZK'000
Current income tax expense/(benefit)	107 376	115 462
Current income tax on profits for the year	105 374	115 462
Adjustments for current income tax of prior periods	2 002	-
Deferred income tax expense/(benefit)	8 002	(8 814)
Related to arising and reversing of temporary differences	(6 424)	(21 602)
Related to tax losses	14 426	12 788
Income tax expense/(benefit)	115 378	106 648

The income tax rate applicable to the majority of the Group's 2019 and 2018 income is 19%.

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the nine-month period ended 30 September 2019 and 30 September 2018 were as follows::

Income tax recognised directly in equity	9M19 CZK'000	9M18 (restated) CZK'000
Deferred income tax	(40)	2 679
Tax from Cash flow hedges	(40)	2 679
Income tax recognised directly in equity	(40)	2 679

4.9. EARNINGS PER SHARE

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

The diluted earnings per share ratio is calculated by dividing the profit/(loss) for the period attributable to ordinary shareholders (after deducting the interest on redeemable preferred shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted by the effect of diluting options and own shares not subject to dividends). The diluted earnings per share ratio is not applicable to the Company because it didn't issue any of above-mentioned financial instruments.

Information used to calculate basic earnings per share is presented below:

Weighted average number of ordinary shares	9M19 Pcs	9M18 Pcs
Weighted average number of ordinary shares for EPS calculation	22 291 948	22 295 000
Effect of own shares in possession of the Company	-	(3 052)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 291 948	22 291 948

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

Basic earnings per share	9M19	9M18
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK '000)	348 729	234 951
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 291 948
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)	15.64	10.54

4.10. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 719 117 thousand in the nine-month period ended 30 September 2019 (including lease additions and additions from acquisitions of subsidiaries). The most significant additions are mainly caused by the effect of the initial application of IFRS 16 (note 3.6), purchases of cars, production machinery and

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



returnable packages and assets from acquisition of Espresso. Items of Property, plant and equipment disposed in relation to sale of Hoop Polska had the carrying amount of CZK 192 735 thousand.

The additions to Property, plant and equipment were of CZK 389 212 thousand in the nine-month period ended 30 September 2018 (including additions from acquisitions of subsidiaries and lease additions). Disposals were influenced by sale of Bielsk Podlaski production plant (net book value of CZK 228 708 thousand). The investment projects realised by the Group in 9M18 comprised primarily additions to a production machinery, mainly in Czechia and Slovenia, assets from acquisition of LEROS, Minerálka and sales support equipment in CzechoSlovakia.

4.11. INTANGIBLE ASSETS

The Goodwill consists of the goodwill from acquisition of PINELLI spol. s r.o. in April 2011, goodwill from acquisition of production part of Klimo s.r.o. by Kofola a.s. (Czech Republic) in 2006, goodwill from acquisition of LEROS s.r.o. in March 2018, goodwill from acquisition of Minerálka s.r.o. in June 2018 and goodwill from acquisition of Espresso s.r.o. in July 2019.

Amortisation of trademarks with finite useful lives is charged to Selling, marketing and distribution costs. The main trademarks are not amortized – such trademarks with indefinite useful lives are tested for impairment.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Radenska, Citrocola, Semtex, Erektus, UGO, Premium Rosa, Leros and Café Reserva.

In the reporting period of nine-months ended 30 September 2019, the additions to intangible assets (including additions from acquisitions of subsidiaries) were of CZK 88 004 thousand. The most significant addition were connected with acquisition of Espresso and technical enhancement of SAP software. The most significant disposals were connected with the sale of Hoop Polska (carrying amount of CZK 107 265 thousand).

In the reporting period of nine-months ended 30 September 2018, the additions to intangible assets were of CZK 150 721 thousand (including additions from acquisitions of subsidiaries). The most significant additions were connected with acquisition of LEROS, acquisition of Minerálka, technical enhancement of SAP in Kofola ČeskoSlovensko and cash register system in UGO.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.12. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

4.12.1 000 MEGAPACK

000 MEGAPACK is an equity accounted investee of the Group as Group doesn't have the power over the investee and the control over the investee is shared (Group can not direct the activities of an investee on its own due to expiration of the deciding vote in choosing the general director of the 000 MEGAPACK on 31 December 2012). 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 equity accounted investee	9M19 CZK'000	9M18 CZK'000
Opening balance	66 894	70 260
Share of profit/(loss) attributable to the Group	40 865	21 903
Dividend	(21 736)	(16 024)
Exchange difference	9 405	(8 109)
Closing balance	95 428	68 030

Dividend from 000 MEGAPACK in relation to its result for the year ended 31 December 2018 has been received in 3Q19 (gross amount of RUB 65 000 thousand, net amount after deduction of the withholding tax RUB 61 750 thousand).

Statement of financial position	30.9.2019 CZK'000	31.12.2018 CZK'000
Current assets	436 228	282 283
Non-current assets	145 077	127 500
Current liabilities	(285 351)	(174 758)
Non-current liabilities	(23 581)	(27 001)
Net assets	272 373	208 024

Statement of profit or loss	9M19 CZK'000	9M18 CZK'000
Revenue	405 966	338 059
Profit/(loss) for the period	81 730	43 806
Share of profit/(loss) attributable to Kofola ČeskoSlovensko group	40 865	21 903

4.13. BANK CREDITS AND LOANS

Indebtedness of the group from the credits and loans

As at 30 September 2019, the Group's total bank loans and credits amounted to CZK 3 072 724 thousand (as at 31 December 2018: CZK 2 913 724 thousand) and increased by CZK 159 000 thousand.

The Facility loan agreement (which refinanced current loans at the time of its drawing and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 594 593 thousand as at 30 September 2019 was a main component of Group's liabilities.

Credit terms and terms and conditions

Based on credit agreements, the Company is required to meet specified covenants. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year makes it necessary to classify such liabilities as current.

All bank loan covenants were met.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.14. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2019, 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	2 462	63 557	12/2022	SANTA-TRANS.SK s.r.o.	third party*
Total guarantees issued				63 557			

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

As at 31 December 2018, 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	3 030	77 936	12/2022	SANTA-TRANS.SK s.r.o.	third party*
Total guarantees issued				77 936			

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

4.15. LEGAL AND ARBITRATION PROCEEDINGS

Denationalisation Proceedings against Radenska

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of RADENSKA d.o.o. – Wilhelmina Höhn Šarič and Ante Šarič. 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 not ruled. Although the current decisions are favourable for RADENSKA d.o.o., there is a possible 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. If the denationalisation beneficiaries were to eventually succeed with their claims on an in-kind return, RADENSKA's enterprise would need to be returned to the beneficiaries together with significant compensation payments. The value of net assets of RADENSKA d.o.o. as of 30 September 2019 is CZK 1 075 million.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.16. RELATED PARTY TRANSACTIONS

4.16.1 SHAREHOLDERS STRUCTURE

Share capital structure			30.9.2019		31.12.2018	
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14 984 204	67.22	70.75	15 159 204	68.00	71.58
RADENSKA d.o.o.	1 114 010	5.00	0.00	1 114 109	5.00	0.00
Others	6 193 734	27.78	29.25	6 018 635	27.00	28.42
Total	22 291 948	100.00	100.00	22 291 948	100.00	100.00

On 14 August 2019, 99 shares have been granted from own shares (in possession of RADENSKA) to the external providers as a compensation for services provided by these external parties. These shares were originally purchased by RADENSKA with an individual share price of CZK 440.

On 26 March 2019, AETOS a.s. sold 175 000 shares of the Company to a Czech investor at a price per share of CZK 311. The free float increased to 27.78%.

On 20 June 2018, CED Group sold 1 905 000 shares of the Company, corresponding to 8.54% of the Company's share capital as of the transaction date, at a price per share of CZK 270. On 20 September 2018, CED Group sold its remaining stake in the Company (2 768 445 shares representing 12.42% of the Company's share capital as of that date), at a price per share of CZK 255. The free float increased to 27.00% at that time.

4.16.2 EQUITY ACCOUNTED INVESTEE

Interest in equity accounted investee is set out in sections 2.2 and 4.12.

4.16.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 9M19 and 9M18. Increase of the remuneration is due to bonuses which weren't paid in 9M18.

Remuneration of the Group's key management personnel 9M19		Members of the Company's Board of Directors	Members of the Company's Supervisory Board	Members of the Company's Audit Committee	Other key management personnel of the Group	Total
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	18 063	-	-	-	18 063
	Non-financial	704	-	-	-	704
Amounts paid for activities in the Company's Supervisory Board	Financial	-	900	-	-	900
	Non-financial	-	163	-	-	163
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	216	-	216
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	4 228	4 343	1 005	10 431	20 007
	Non-financial	-	270	43	151	464

Remuneration of the Group's key management personnel 9M18		Members of the Company's Board of Directors	Members of the Company's Supervisory Board	Members of the Company's Audit Committee	Other key management personnel of the Group	Total
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	13 648	-	-	-	13 648
	Non-financial	716	-	-	-	716
Amounts paid for activities in the Company's Supervisory Board	Financial	-	771	-	-	771
	Non-financial	-	-	-	-	-
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	108	-	108
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	5 726	3 174	-	8 425	17 325
	Non-financial	-	324	-	246	570

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.16.4 OTHER RELATED PARTY TRANSACTIONS

The short-term loan of CZK 202 287 thousand provided to the parent company in June 2019 was repaid in July 2019. Interest rate was concluded at market terms and was fixed.

Except for above stated and dividend payment to parent company, there were no other transactions concluded with the Group's related parties (those outside the consolidation group) in 9M19 and 9M18.

4.17. FINANCIAL INSTRUMENTS

4.17.1 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.

30.9.2019	Financial assets at amortised cost CZK'000	Derivatives at fair value through OCI CZK'000	Financial liabilities at amortised cost CZK'000	Total CZK'000
Trade and other financial receivables	965 932	-	-	965 932
Cash and cash equivalents	757 180	-	-	757 180
Derivatives (i)	-	871	-	871
Bank credits and loans	-	-	(3 072 724)	(3 072 724)
Lease liabilities	-	-	(424 074)	(424 074)
Trade and other financial liabilities	-	-	(1 248 881)	(1 248 881)
Total	1 723 112	871	(4 745 679)	(3 021 696)

(i) Fair value of derivatives

In 1Q 2018, the Group has concluded interest rate swaps and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through other comprehensive income.

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.

31.12.2018	Financial assets at amortised cost CZK'000	Derivatives at fair value through OCI CZK'000	Financial liabilities at amortised cost CZK'000	Total CZK'000
Trade and other financial receivables	1 026 809	-	-	1 026 809
Cash and cash equivalents	619 300	-	-	619 300
Derivatives (ii)	-	1 082	-	1 082
Bank credits and loans	-	-	(2 913 724)	(2 913 724)
Lease liabilities	-	-	(135 778)	(135 778)
Trade and other financial liabilities	-	-	(1 526 154)	(1 526 154)
Total	1 646 109	1 082	(4 575 656)	(2 928 465)

(ii) Fair value of derivatives

In 1Q 2018, the Group has concluded interest rate swaps and established a hedge accounting. Revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through other comprehensive income.

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 INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.18. ACQUISITION OF SUBSIDIARIES

Acquisition of subsidiary Espresso

On July 9, 2019, the Company concluded an agreement to purchase a 100% stake in Espresso s.r.o., a distributor of high-quality coffee (Café Reserva) and teas (Dilmah).

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	10 459	-	10 459
Intangible assets	-	67 200	67 200
Deferred tax assets	269	-	269
Inventories	18 091	-	18 091
Trade receivables and other receivables	5 802	-	5 802
Cash and cash equivalents	3 196	-	3 196
Lease liabilities	(6 976)	-	(6 976)
Other liabilities	(5 029)	-	(5 029)
Deferred tax liability	-	(12 768)	(12 768)
Trade liabilities and other liabilities	(9 725)	-	(9 725)
Total identifiable net assets acquired	16 087	54 432	70 519

The following table summarizes the consideration transferred, net assets acquired and goodwill.

Goodwill calculation	CZK'000
Consideration transferred	77 745
Net assets acquired	(70 519)
Goodwill	7 226

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.

Revenue and profit or loss for the period since the acquisition are not presented because balances are immaterial.

Acquisition of subsidiary Minerálka

On June 13, 2018, Kofola a.s. (SK) concluded an agreement to purchase a 100% stake in Minerálka s.r.o., a producer of mineral water.

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

Fair value of assets and liabilities	CZK'000
Property, plant and equipment	28 942
Trade receivables and other receivables	48
Non-current liabilities	(31 224)
Trade liabilities and other liabilities	(1 986)
Total identifiable net assets acquired	(4 220)

The following table summarizes the consideration transferred, net assets acquired and goodwill.

Goodwill calculation	CZK'000
Consideration transferred	130
Net assets acquired	(4 220)
Goodwill	4 350

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



Acquisition of subsidiary LEROS

On March 13, 2018, the Company concluded an agreement to purchase a 100% stake in LEROS, s.r.o., a producer of high-quality products from medicinal plants and quality natural teas.

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 CZK'000	Fair value adjustments CZK'000	Fair value CZK'000
Property, plant and equipment	27 416	-	27 416
Intangible assets	104	126 373	126 477
Inventories	27 477	-	27 477
Trade receivables and other receivables	32 844	-	32 844
Cash and cash equivalents	3 595	-	3 595
Other non-current liabilities	(8 356)	-	(8 356)
Bank credits and loans	(39 500)	-	(39 500)
Deferred tax liability	-	(20 177)	(20 177)
Trade liabilities and other liabilities	(38 665)	-	(38 665)
Total identifiable net assets acquired	4 915	106 196	111 111

The following table summarizes the consideration transferred, net assets acquired and goodwill.

Goodwill calculation	CZK'000
Consideration transferred	113 976
Net assets acquired	111 111
Goodwill	2 865

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.19. DISCONTINUED OPERATION

On 18 March 2019, the Group sold Hoop Polska Sp. z o.o. to ZMB Capital Sp. z o.o. Based on this fact, the consolidated statement of profit or loss is divided into continuing and discontinued operations. Profit/(loss) from discontinued operation for the period of nine months ended 30 September 2019 contains the loss attributable to Hoop Polska Sp. z o.o. for the period since 1 January 2019 till 18 March 2019 of CZK 13 373 thousand, the income arising from the release of the cumulated foreign currency translation reserve attributable to Hoop Polska Sp. z o.o. of CZK 81 422 thousand and the gain on sale of CZK 7 979 thousand. Profit/(loss) from discontinued operation for the period of nine months ended 30 September 2018 contains the loss attributable to Hoop Polska Sp. z o.o. of CZK 91 733 thousand. Continuing operations for the respective periods contain the transactions that will remain in the Group after the disposal and are therefore comparable.

Financial performance and cash flow information

Financial information relating to the discontinued operation for the period to the date of disposal and for the period of nine months ended 30 September 2018 is set out below.

Analysis of the result from discontinued operation	9M19 CZK'000	9M18 CZK'000
Revenue	157 203	758 105
Expenses	(170 576)	(849 838)
Gain on sale of the subsidiary	7 979	-
Income on release of the foreign currency translation reserve ("FCTR")	81 422	-
Profit/(loss) before tax from discontinued operation	76 028	(91 733)
Profit/(loss) from discontinued operation	76 028	(91 733)
Exchange differences on translation of discontinued operation	(81 422)	7 535
Other comprehensive income from discontinued operation	(81 422)	7 535
Earnings per share for profit/(loss) from discontinued operation attributable to the ordinary equity holders of the Company (in CZK)	3.41	(4.12)

Analysis of the cash flows from discontinued operation	9M19 CZK'000	9M18 CZK'000
Cash flows from operating activities	29 850	(38 443)
Cash flows from investing activities	(1 716)	(5 861)
Cash flows from financial activities	(2 655)	(9 427)

Details of the sale of the subsidiary

Analysis of gain on sale	CZK'000
Consideration received	67 983
Consideration receivable (unconditional short-term receivable)	142 439
Total consideration	210 422
Carrying amount of net assets sold	202 443
Gain on sale	7 979

4.20. SUBSEQUENT EVENTS

On 15 October 2019, the Company has met the conditions for recognition of the government grant related to the planned investment into the new head office premises.

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

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 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 2019.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

11.11.2019	Janis Samaras	Chairman of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
11.11.2019	René Musila	Vice-Chair of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
11.11.2019	Daniel Buryš	Vice-Chair of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
11.11.2019	Pavel Jakubík	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
11.11.2019	Jiří Vlasák	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
11.11.2019	Marián Šefčovič	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

