

Dear shareholders,

Thank you for taking the time to read about the work, results and effort produced by all our employees and business associates. We are one of the most important non-alcoholic beverage companies in the Central European region with a big focus on strengthening our position, making continuous investments in new opportunities and meaningful measures to eliminate any negative impact of our business activities on the world's most valuable resource – the environment.

Last year was an important milestone in the ongoing process of continuous improvement of our work in the area of production and distribution of beverages and food, from crops and raw materials of uncompromised quality. We have significantly simplified our business structure with successful divestment of our operations in Poland and Russia to unlock internal resources and to devote appropriate attention to areas of our future development. We have also further strengthened our newly created business segment Fresh & Herbs, with the acquisition of the coffee brand Café Reserva, and the distribution of Café Vergnano and the premium Ceylon tea Dilmah. I am very pleased that, while executing all these demanding changes, we were also able to deliver, and even exceed, our EBITDA target by almost CZK 40 million. The most important contributors were our core and traditional soft drink business segments in the CzechoSlovakia and Adriatic regions. The simplification of our business operations will also lead to improvements in our efficiency, and will provide enough resources for further transformation and diversification of our activities aimed at authentic, natural, and local food and beverage products, delivered under our brands, with strong emotional connections with our consumers.

The consolidated revenue of the Kofola Group from continuing operations reached CZK 6.4 billion, which represents a year-on-year increase of 4.1%. We see the increase of our revenues in all our business segments as a great achievement, even after excluding the acquisition effect of the Fresh & Herbs segment.

The key contributors to our organic growth were: a stable economic environment followed by a slight increase in the consumption of non-alcoholic beverages, a rise in the purchase power of consumers expressed as a growing interest in and preference of more healthy and natural products, and successful innovations in product range and distribution network development. Increased gross profit helped us compensate for growing staff, selling, and distribution costs, which, in the end, led to an increase in adjusted operating profit of 2.9%.

All the aforementioned factors helped us to grow in adjusted EBITDA by almost 6% and to exceed CZK 1.1 billion.

There was a decrease in adjusted net result from continuing operations, caused by significant tax savings in 2018, and external circumstances, such as foreign exchange rates or market interest rates.

Our most important business segment, production and distribution of non-alcoholic beverages in CzechoSlovakia, is continuously improving its market position in the HoReCa channel (CZ 27.8% and SK 41.2%). Successful growth of revenues against last year was driven by the relaunched brand of energy drinks Semtex, the increasingly popular Royal Crown Cola (targeted at the craft and premium segment), and the successful launch of the calcium-rich mineral water Klášťorná Kalcia in Slovakia, which has already entered the Czech market. Our next major challenge will be the integration of the cider brand F.H.Prager (this year's acquisition), and the finalization of the acquisition of Korunní and Ondrášovka mineral waters, followed by their successful implementation into our structure.

The Adriatic team, which has more than doubled the size of our business in the region since the acquisition of Radenska mineral water in 2015, continued with the expansion of RADENSKA revenues in its domestic Slovenian market, as well as other ex-Yugoslavian markets, followed by the robust growth of the carbonated soft drinks Ora. In Croatia, the first step towards reversing our results was made by the implementation of a new distribution model. This year, we will finalize our investment in the Lipik production plant, which will significantly contribute to its production efficiency. However, we will need to mobilize our internal resources to face the sugar tax implemented in Croatia, which could affect consumer demand.

We are concentrating on new business development and further portfolio diversification of our newly established and reported Fresh & Herbs segment. Growth in revenues of the UGO (almost 7%) will be followed by improvement of operational efficiency for the whole fresh supply chain, and we would also like to consolidate the portfolio of the LEROS company, which offers a complex range in the field of hot beverages and pharmaceutical products from natural herbs.

I cannot avoid mentioning one of the biggest challenges in our company's history. The whole world, like our Group, is currently facing the COVID-19 pandemic disease with a significant and unpredictable impact on our future lives. Our main objective is to provide safety to our employees, to keep the operational activity and supply chain in best possible shape, and to minimize the negative impact for our future recovery. Even in these difficult times, we see that one of the most vital elements of our Group's strategy – a stress on the local aspect of our business – is a crucial advantage for success in a world that is dramatically limiting its openness and trends towards globalization. We will analyse the possible impacts and prepare for possible future scenarios.

Despite this instability, the Kofola Group will keep to its proven strategic vector – we will further rely on the development of our own brands, as well as the successful distribution of our partners' brands. Taking maximum care of the quality and origin

of raw materials we use, maintaining a careful and environmentally friendly production process, providing a perfect service to our business partners, and continuing the personal development of our colleagues will further represent an integral part of our business strategy.

Once again, I would like to thank all our shareholders, business associates, clients, suppliers, and colleagues for their efforts during the very successful year of 2019, and I am looking forward to seeing this energy again as we utilize our resources to fight the upcoming challenges within the company and in the global market place. In 2020, we celebrate the 60th anniversary of our flagship brand Kofola and I believe that, even in this tough period of uncertainty for our markets, we are ready to celebrate it and the continuing success of the Kofola Group as a whole.

Jannis Samaras

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

Annex 1: The Board of Director´s report – presentation 2019