

AUDIT COMMITTEE REPORT ON THE RESULTS OF ITS ACTIVITIES IN 2019

Audit Committee (further also „the Committee “) was established in accordance with the Act No. 93/2009 Coll. on auditors and the amendment of certain acts, as amended (‘the Auditors Act’), and the Articles of Association of Kofola ČeskoSlovensko a. s. (further „the Company “) as the advisory body of the Supervisory Board.

Information on the establishment and members of the Audit Committee was published and is permanently available in accordance with the relevant legislation on Company’s web page <http://investor.kofola.cz/en/> in section “Investor”.

The Committee consists of three members elected by the general meeting. In the course of 2019, no changes occurred in the Committee structure.

In 2019, in total 6 meetings of the Committee took place, particularly on 13 February, 20 March, 13 May, 7 August, 11 November and 4 December; in 2020, 3 Committee meetings have taken place up to this general meeting, particularly on 18 March, 11 May and 22 June; comparing to a frequency suggested in the approved annual Committee work schedule, the additional meetings took place on 13 February 2019 – in relation to the announced sale of Hoop Polska Sp. z o.o, and assessment of the 2018 Financial Statement’s audit work status and on 22 June 2020 – in relation to the acquisition of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o. and business development in UGO after the end of government measures connected with COVID-19.

At the meetings, the Committee reviewed and negotiated quarterly economic results and Annual Report, followed a procedure of compilation of the Financial Statements and Consolidated Financial Statements, evaluated the efficiency of internal controls of the Company, Risk Management System and Internal Audit, followed a process of audit of statutory 2018 resp. 2019 Financial Statements and Consolidated 2018 resp. 2019 Financial Statements, assessed the independence of the statutory auditor and auditor’s company and additional services provided to the Company by the auditor. In December 2019, the Committee was informed about the methodology and results of the impairment test of financial investment and cash generating unite in UGO trade s.r.o. The Committee also discussed the insurance in the Kofola ČeskoSlovensko Group, and, further, an impact of a new standard – IFRS 16.

With regard to a particularly negotiated topic, also representatives of the external auditor, chairman of the Supervisory Board, Financial Director of the Kofola ČeskoSlovensko Group, Financial Director of UGO trade s.r.o., internal auditor, Group Reporting Manager, and, if needed, also other managers of the Company in charge for activities discussed by the Committee, were regularly invited to the Committee meetings.

Audit Committee’s external members (including the Chairman) received a fixed monthly remuneration in accordance with a decision of the general meeting.

The Committee had the opportunity to review the documents and records relating to the Company's activities to the extent necessary for the performance of its activities.

Based on a decision of the general meeting dated 6 February 2018, the external audit for 2019 in the Kofola ČeskoSlovensko Group was carried out by the company KPMG Česká republika Audit, s.r.o. At its meeting, the Committee discussed a letter to the Company management dealing with findings in the course of audit of the 2018 Financial Statements including recommendation for remedies to their settlement. The Committee was continuously informed by the external auditor of the audit schedule and important audit facts. Important topics of the 2019 Kofola ČeskoSlovensko Group audit comprised particularly:

- Impairment tests of intangible assets with indefinite useful life (trademarks);
- impairment test of the cash-generating unit in UGO;
- sale of the subsidiary Hoop Polska Sp. z o.o.

The Committee also acknowledged the independent auditor's opinion on the Standalone and Consolidated Financial Statements of Kofola ČeskoSlovensko as at December 31, 2019 stating that they audited the Financial Statements and, in their opinion, the Financial Statements present fairly, in all material respects, the Company's and Kofola ČeskoSlovensko Group's assets, liabilities and financial position, their financial performance and cash flows for the year 2019 in accordance with International Financial Reporting Standards, as adopted by the EU.

The Committee provides information on its conclusions to the Company's Supervisory Board, making recommendations for debate on items that were subject to the discussion by the Audit Committee.

The Committee states that in the monitored period, and as of the date of the preparation of this report, it did not find any significant facts of which the General Meeting and Public Audit Oversight Board should be informed in the fields that are designated for the Audit Committee through Act No. 93/2009 Coll. on auditors and the amendment of certain acts, as amended, through the Articles of Association of Kofola ČeskoSlovensko a. s. and through the internal regulations of the Company.

In Ostrava, 23 June 2020

Audit Committee
Kofola ČeskoSlovensko a.s.