



KOFOLA ČESKOSLOVENSKO A.S.
INTERIM REPORT 9M 2021 (UNAUDITED)





TABLE OF CONTENTS

| | | |
|-------|---|------|
| A. | BOARD OF DIRECTORS REPORT | A-0 |
| 1. | BUSINESS OVERVIEW AND OTHER MATTERS | A-2 |
| 1.1. | Business overview | A-2 |
| B. | CONSOLIDATED FINANCIAL STATEMENTS | B-0 |
| 1. | CONSOLIDATED FINANCIAL STATEMENTS | B-1 |
| 1.1. | Consolidated statement of profit or loss | B-1 |
| 1.2. | Consolidated statement of other comprehensive income | B-2 |
| 1.3. | Consolidated statement of financial position | B-3 |
| 1.4. | Consolidated statement of cash flows | B-4 |
| 1.5. | Consolidated statement of changes in equity | B-5 |
| 2. | GENERAL INFORMATION | B-6 |
| 2.1. | Corporate information | B-6 |
| 2.2. | Group structure | B-8 |
| 3. | SIGNIFICANT ACCOUNTING POLICIES | B-9 |
| 3.1. | Statement of compliance and basis of preparation | B-9 |
| 3.2. | Functional and presentation currency | B-9 |
| 3.3. | Foreign currency translation | B-9 |
| 3.4. | Consolidation methods | B-10 |
| 3.5. | Accounting methods | B-10 |
| 3.6. | New and amended standards adopted by the Group | B-10 |
| 3.7. | Significant estimates and key management judgements | B-11 |
| 3.8. | Standards issued but not yet effective | B-11 |
| 3.9. | Approval of consolidated financial statements | B-11 |
| 4. | NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | B-12 |
| 4.1. | Segment information | B-12 |
| 4.2. | Revenue | B-16 |
| 4.3. | Expenses by nature | B-16 |
| 4.4. | Other operating income | B-17 |
| 4.5. | Other operating expenses | B-17 |
| 4.6. | Finance income | B-17 |
| 4.7. | Finance costs | B-18 |
| 4.8. | Income tax | B-18 |
| 4.9. | Earnings per share | B-18 |
| 4.10. | Property, plant and equipment | B-19 |
| 4.11. | Intangible assets | B-19 |
| 4.12. | Bank credits and loans | B-19 |
| 4.13. | Future commitments, contingent assets and liabilities | B-20 |
| 4.14. | Legal and arbitration proceedings | B-20 |
| 4.15. | Related party transactions | B-21 |
| 4.16. | Financial instruments | B-23 |
| 4.17. | Acquisition of subsidiaries | B-24 |
| 4.18. | COVID-19 | B-25 |
| 4.19. | Subsequent events | B-26 |

1. BUSINESS OVERVIEW AND OTHER MATTERS

1.1. BUSINESS OVERVIEW

In the following sections of chapter 1, a reconciliation between reported and adjusted financial statements is presented, there are also comments in relation to the consolidated statement of financial position and consolidated statement of cash flows. A dividend policy is provided too. Business results are commented within the investor presentation which can be found on our webpages at following link <http://investor.kofola.cz/en/investor-2/reports-and-presentations/investor-presentations/>.

The description of financial performance and financial position of Kofola Group 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.

1.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

| Adjusted consolidated financial results | 9M21 | One-off adjustments | 9M21 adjusted |
|--|----------------|---------------------|----------------|
| | CZK'000 000 | CZK'000 000 | CZK'000 000 |
| Revenue | 5,067.7 | - | 5,067.7 |
| Cost of sales | (2,767.9) | - | (2,767.9) |
| Gross profit | 2,299.8 | - | 2,299.8 |
| Selling, marketing and distribution costs | (1,507.3) | - | (1,507.3) |
| Administrative costs | (344.4) | - | (344.4) |
| Other operating income/(costs), net | 84.3 | (3.6) | 80.7 |
| Operating profit/(loss) | 532.4 | (3.6) | 528.8 |
| Depreciation and amortisation | 465.0 | (7.4) | 457.6 |
| EBITDA | 997.4* | (11.0) | 986.4** |
| Finance income/(costs), net | (119.0) | 3.6 | (115.4) |
| Income tax | (126.0) | 1.8 | (124.2) |
| Profit/(loss) for the period | 287.4 | 1.8 | 289.2 |
| - attributable to owners of Kofola ČeskoSlovensko a.s. | 292.9 | 1.8 | 294.7 |

* 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 property, plant and equipment, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

The result of the Kofola Group for the nine-month period ended 30 September 2021 was affected by the following one-off items:

In Other operating income/(costs), net:

- Costs connected with the earlier termination of rental contracts of CZK 2.1 million (Fresh & Herbs segment).
- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 2.0 million (Fresh & Herbs segment).
- The impairment of Property, plant and equipment of CZK 1.7 million (Fresh & Herbs segment) and release of impairment of CZK 0.8 million (CzechoSlovakia segment).
- Restructuring costs of CZK 1.2 million (Fresh & Herbs segment).
- Costs arising on integration of acquired subsidiaries of CZK 0.3 million (CzechoSlovakia segment).
- Advisory costs – CzechoSlovakia segment incurred costs of CZK 0.2 million.
- Net gain on sold items of Property, plant and equipment of CZK 10.3 million recognized in all business segments (mainly CzechoSlovakia).

In Finance income/(costs), net:

- Net loss from bonds sold of CZK 3.6 million.

1. BUSINESS OVERVIEW AND OTHER MATTERS

| Adjusted consolidated financial results | 9M20 | One-off adjustments | 9M20 adjusted |
|--|----------------|---------------------|----------------|
| | CZK'000 000 | CZK'000 000 | CZK'000 000 |
| Revenue | 4,833.4 | - | 4,833.4 |
| Cost of sales | (2,562.7) | - | (2,562.7) |
| Gross profit | 2,270.7 | - | 2,270.7 |
| Selling, marketing and distribution costs | (1,527.5) | - | (1,527.5) |
| Administrative costs | (316.4) | - | (316.4) |
| Other operating income/(costs), net | (72.9) | 100.7 | 27.8 |
| Operating profit/(loss) | 353.9 | 100.7 | 454.6 |
| Depreciation and amortisation | 460.5 | (9.3) | 451.2 |
| EBITDA | 814.4* | 91.4 | 905.8** |
| Finance income/(costs), net | (31.5) | 0.1 | (31.4) |
| Income tax | (108.0) | (2.0) | (110.0) |
| Profit/(loss) for the period | 214.4 | 98.8 | 313.2 |
| - attributable to owners of Kofola ČeskoSlovensko a.s. | 224.1 | 98.8 | 322.9 |

* 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 property, plant and equipment, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

The result of the Kofola Group for the nine-month period ended 30 September 2020 was affected by the following one-off items:

In Other operating income/(costs), net:

- The impairment of CZK 35.4 million related to the production of UGO bottles (Fresh & Herbs segment).
- Restructuring costs (mainly payroll expenses) in CzechoSlovakia segment of CZK 33.0 million and in Fresh & Herbs segment of CZK 3.2 million.
- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 13.7 million (Fresh & Herbs segment).
- Advisory costs – CzechoSlovakia segment incurred costs of CZK 13.1 million.
- Costs for support of the parties impacted by COVID-19 of CZK 5.9 million, e.g. #zlasky (CzechoSlovakia segment).
- Costs arising on integration of newly acquired subsidiaries of CZK 4.4 million (CzechoSlovakia segment).
- Costs arising on merger between LEROS and Espresso (Fresh & Herbs segment) of CZK 1.8 million.
- Net gain on sold items of Property, plant and equipment of CZK 9.8 million recognized in all business segments (mainly CzechoSlovakia).

1. BUSINESS OVERVIEW AND OTHER MATTERS

| Adjusted consolidated financial results | 9M21 | 9M20 | Change | Change |
|--|----------------|----------------|---------------|---------------|
| | CZK' 000 000 | CZK' 000 000 | CZK' 000 000 | % |
| Revenue | 5,067.7 | 4,833.4 | 234.3 | 4.8% |
| Cost of sales | (2,767.9) | (2,562.7) | (205.2) | 8.0% |
| Gross profit | 2,299.8 | 2,270.7 | 29.1 | 1.3% |
| Selling, marketing and distribution costs | (1,507.3) | (1,527.5) | 20.2 | (1.3%) |
| Administrative costs | (344.4) | (316.4) | (28.0) | 8.8% |
| Other operating income/(costs), net | 80.7 | 27.8 | 52.9 | 190.3% |
| Operating profit/(loss) | 528.8 | 454.6 | 74.2 | 16.3% |
| EBITDA | 986.4 | 905.8 | 80.6 | 8.9% |
| Finance income/(costs), net | (115.4) | (31.4) | (84.0) | 267.5% |
| Income tax | (124.2) | (110.0) | (14.2) | 12.9% |
| Profit/(loss) for the period | 289.2 | 313.2 | (24.0) | (7.7%) |
| - attributable to owners of Kofola ČeskoSlovensko a.s. | 294.7 | 322.9 | (28.2) | (8.7%) |

1.1.2 FINANCIAL POSITION

ASSETS

Property, plant and equipment decreased mainly as a net result of additions (including lease additions) of CZK 308.6 million, depreciation charge of CZK 410.5 million and downward FX revaluation of foreign subsidiaries' assets of CZK 46.6 million. The most significant additions realized by the Group in 9M21 were represented by investments into the production machinery, returnable packages, vehicles and assets arising as a result of the lease capitalization.

Intangible assets decreased mainly as a result of amortization expense of CZK 60.3 million.

Other non-current assets contain mainly prepayments, deferred expenses and receivable from derivatives. The decrease is attributable mainly to the decrease of the receivable related to the government grant due to management decision not to utilize the entitlement from the government grant in relation to the new administrative premises. However, the management still plans to continue with the project. Decrease of the balance was also caused by the sale of bonds.

Trade and other receivables increased mainly due to higher trade receivables.

Inventories increased due to seasonality and also due to increased material prices.

LIABILITIES

Decrease of Bank credits and loans is a result of regular repayments and also a repayment of the Group's overdraft.

The Group's provisions remained flat which is a net result of payment of annual employee bonuses and creation of the provision for employee bonuses related to 2021.

Decrease of other non-current liabilities is connected with the release of the receivable from the government grant (as described above).

Trade and other payables increased due to higher trade payables and higher advances received for the returnable packages.

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 3,200.5 million as at 30 September 2021, which represents a decrease of CZK 647.8 million compared to CZK 3,848.3 million as at 31 December 2020.

The Group's consolidated Net debt / Adjusted LTM EBITDA as at 30 September 2021 was of 2.9 (as of 31 December 2020: 3.7). The balance is influenced by the fact that the dividend payment is to be executed in 4Q21.

As of 30 September 2021, the Group obtained a bank waiver for the breach of covenant Debt service coverage ratio.

1.1.3 CASHFLOWS

Increase of Cash flows from operating activities is attributable to the favourable results in 9M21.

Increase of Cash flows from investing activities results mainly from acquisition of ONDRÁŠOVKA and Karlovarská Korunní in 9M20. The Group has also significantly cut CAPEX for 2021 as a reaction to COVID-19 pandemic.

1. BUSINESS OVERVIEW AND OTHER MATTERS



Lower Cash flows from financing activities result mainly from loan received for the acquisition of ONDRÁŠOVKA and Karlovarská Korunní in 9M20. The amount of dividends paid in 9M21 of CZK 13.1 million represents the withholding tax that was due in January 2021.

1.1.4 DIVIDEND POLICY

On 21 October 2021, the Board of Directors of the Company approved the Company's dividend policy for the periods 2021 to 2023. The intention of the Board of Directors is to maintain the current trend and distribute approximately CZK 300 million to shareholders in each financial year. This currently represents approximately CZK 13.46 per share before tax. The realisation of this intention is conditional on sufficient funds being available for distribution (distributable resources) without jeopardising the Company's financial stability. This dividend policy will be announced at General Meeting planned on 29 November 2021.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS 9M 2021
KOFOLA ČESKOSLOVENSKO A.S.
(UNAUDITED)

1. CONSOLIDATED FINANCIAL STATEMENTS



1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the nine-month period ended 30 September 2021 and 30 September 2020 in CZK thousand.

| Consolidated statement of profit or loss | Note | 9M21 CZK' 000 | 9M20 CZK' 000 | 3Q21 CZK' 000 | 3Q20 CZK' 000 |
|--|------|------------------|------------------|------------------|------------------|
| Revenue | 4.2 | 5,067,706 | 4,833,406 | 2,114,035 | 2,080,483 |
| Cost of sales | 4.3 | (2,767,877) | (2,562,697) | (1,073,231) | (1,000,909) |
| Gross profit | | 2,299,829 | 2,270,709 | 1,040,804 | 1,079,574 |
| Selling, marketing and distribution costs | 4.3 | (1,507,337) | (1,527,476) | (577,754) | (579,565) |
| Administrative costs | 4.3 | (344,432) | (316,391) | (122,623) | (105,277) |
| Other operating income | 4.4 | 103,809 | 48,824 | 34,410 | 18,806 |
| Other operating expenses | 4.5 | (19,502) | (86,400) | (5,261) | (19,964) |
| Impairment | 4.10 | - | (35,399) | - | - |
| Operating profit/(loss) | | 532,367 | 353,867 | 369,576 | 393,574 |
| Finance income | 4.6 | 694 | 60,687 | 75 | 15,052 |
| Finance costs | 4.7 | (119,654) | (92,204) | (35,089) | (27,341) |
| Profit/(loss) before income tax | | 413,407 | 322,350 | 334,562 | 381,285 |
| Income tax (expense)/benefit | 4.8 | (126,009) | (108,005) | (72,615) | (77,097) |
| Profit/(loss) for the period | 1.2 | 287,398 | 214,345 | 261,947 | 304,188 |
| <i>Attributable to:</i> | | | | | |
| Owners of Kofola ČeskoSlovensko a.s. | 1.5 | 292,914 | 224,086 | 262,144 | 306,536 |
| Non-controlling interests | 1.5 | (5,516) | (9,741) | (197) | (2,348) |
| 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 | 13.14 | 10.05 | 11.76 | 13.75 |

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

1. CONSOLIDATED FINANCIAL STATEMENTS



1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the nine-month period ended 30 September 2021 and 30 September 2020 in CZK thousand.

| Consolidated statement of other comprehensive income | Note | 9M21 CZK'000 | 9M20 CZK'000 | 3Q21 CZK'000 | 3Q20 CZK'000 |
|---|------|-----------------|-----------------|-----------------|-----------------|
| Profit/(loss) for the period | 1.1 | 287,398 | 214,345 | 261,947 | 304,188 |
| Other comprehensive income | | | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | | | |
| Exchange differences | | (31,806) | 71,497 | 2,493 | 22,632 |
| <i>Exchange differences on translation of foreign subsidiaries</i> | | <i>(31,806)</i> | <i>71,497</i> | <i>2,493</i> | <i>22,632</i> |
| Derivatives accounted through Other comprehensive income | | 46,870 | (20,520) | 20,762 | 2,843 |
| <i>Derivatives - Cash flow hedges</i> | | <i>57,864</i> | <i>(25,333)</i> | <i>25,632</i> | <i>3,510</i> |
| <i>Deferred tax from Cash flow hedges</i> | 4.8 | <i>(10,994)</i> | <i>4,813</i> | <i>(4,870)</i> | <i>(667)</i> |
| Other comprehensive income/(loss) for the period, net of tax | | 15,064 | 50,977 | 23,255 | 25,475 |
| Total comprehensive income/(loss) for the period | 1.5 | 302,462 | 265,322 | 285,202 | 329,663 |
| Attributable to: | | | | | |
| Owners of Kofola ČeskoSlovensko a.s. | 1.5 | 307,978 | 275,063 | 285,399 | 332,011 |
| Non-controlling interests | 1.5 | (5,516) | (9,741) | (197) | (2,348) |

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

1. CONSOLIDATED FINANCIAL STATEMENTS



1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021 and 31 December 2020 in CZK thousand.

| Assets | Note | 30.9.2021 | 31.12.2020 |
|--|------|------------------|------------------|
| | | CZK' 000 | CZK' 000 |
| Non-current assets | | 5,369,764 | 5,683,537 |
| Property, plant and equipment | 4.10 | 3,276,594 | 3,448,570 |
| Goodwill | 4.11 | 648,199 | 647,019 |
| Intangible assets | 4.11 | 1,272,464 | 1,339,224 |
| Other receivables | | 143,708 | 208,651 |
| Deferred tax assets | | 28,799 | 40,073 |
| Current assets | | 2,162,719 | 1,853,712 |
| Inventories | | 628,653 | 519,192 |
| Trade and other receivables | | 901,366 | 783,420 |
| Income tax receivables | | 10,874 | 7,211 |
| Cash and cash equivalents | 1.4 | 621,826 | 543,889 |
| Total assets | | 7,532,483 | 7,537,249 |
| Liabilities and equity | | | |
| Liabilities and equity | Note | 30.9.2021 | 31.12.2020 |
| | | CZK' 000 | CZK' 000 |
| Equity attributable to owners of Kofola ČeskoSlovensko a.s. | 1.5 | 1,660,917 | 1,338,391 |
| 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 | 2,498,393 | 2,449,921 |
| Foreign currency translation reserve | 1.5 | 28,261 | 60,067 |
| Own shares | 1.5 | (477,333) | (490,151) |
| Retained earnings/(Accumulated deficit) | 1.5 | 459,870 | 166,828 |
| Equity attributable to non-controlling interests | 1.5 | (36,715) | (31,199) |
| Total equity | 1.5 | 1,624,202 | 1,307,192 |
| Non-current liabilities | | 3,554,397 | 3,993,268 |
| Bank credits and loans | 4.12 | 2,900,697 | 3,252,207 |
| Lease liabilities | | 306,712 | 322,372 |
| Provisions | | 41,741 | 41,315 |
| Other liabilities | | 18,516 | 91,390 |
| Deferred tax liabilities | | 286,731 | 285,984 |
| Current liabilities | | 2,353,884 | 2,236,789 |
| Bank credits and loans | 4.12 | 470,856 | 685,157 |
| Lease liabilities | | 144,021 | 132,422 |
| Provisions | | 63,803 | 66,865 |
| Trade and other payables | | 1,639,527 | 1,320,878 |
| Income tax liabilities | | 35,677 | 31,467 |
| Total liabilities | | 5,908,281 | 6,230,057 |
| Total liabilities and equity | | 7,532,483 | 7,537,249 |

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

1. CONSOLIDATED FINANCIAL STATEMENTS

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine-month period ended 30 September 2021 and 30 September 2020 in CZK thousand.

| Consolidated statement of cash flows | Note | 9M21 CZK '000 | 9M20 CZK '000 |
|---|----------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit/(loss) before income tax | 1.1 | 413,407 | 322,350 |
| Adjustments for: | | | |
| Non-cash movements | | | |
| Depreciation and amortisation | 4.3 | 464,985 | 460,483 |
| Net interest | 4.6, 4.7 | 66,608 | 80,840 |
| Impairment of non-current assets | 4.10 | 926 | 35,399 |
| Change in the balance of provisions | | (1,083) | (71,616) |
| Change in the balance of other impairments | | (2,033) | (6,161) |
| (Gain)/loss on realized derivatives | 4.6, 4.7 | 6,398 | 2,197 |
| Realized (gain)/loss on sale of Property, plant and equipment and Intangible assets | 4.4, 4.5 | (10,589) | (9,817) |
| Net exchange differences | | 32,423 | (54,476) |
| Other | | 28,334 | 11,988 |
| Cash movements | | | |
| Income taxes paid | | (120,521) | (97,451) |
| Change in operating assets and liabilities | | | |
| Change in receivables | | (108,784) | 3,890 |
| Change in inventories | | (108,681) | (33,575) |
| Change in payables | | 356,440 | 28,212 |
| Net cash inflow/(outflow) from operating activities | | 1,017,830 | 672,263 |
| Cash flows from investing activities | | | |
| Sale of Property, plant and equipment | | 24,101 | 30,626 |
| Acquisition of Property, plant and equipment and Intangible assets | | (216,577) | (380,938) |
| Proceeds from sale of subsidiary, net of cash disposed | | - | 138,492 |
| Proceeds from sale of equity accounted investee | | - | 113,899 |
| Acquisition of subsidiaries, net of cash acquired | 4.17 | (354) | (1,060,700) |
| Dividends and interest received | | 28 | 187 |
| Purchase of bonds from previous owner of acquired subsidiary | | - | (103,800) |
| Proceeds from bonds sold | | 21,047 | 7,000 |
| Net cash inflow/(outflow) from investing activities | | (171,755) | (1,255,234) |
| Cash flows from financing activities | | | |
| Lease payments | | (107,293) | (97,654) |
| Proceeds from loans and bank credits | | - | 1,293,702 |
| Repayment of loans and bank credits | | (568,399) | (516,718) |
| Dividends paid to Company's shareholders | | (13,119) | - |
| Interest paid | | (64,355) | (79,098) |
| Derivatives | 4.6, 4.7 | (6,398) | (2,197) |
| Purchase of own shares | 1.5 | - | (4,410) |
| Payments of acquired subsidiaries' liabilities to former owners | | (1,100) | (27,942) |
| Dividends not drawn | | 928 | - |
| Transaction costs connected with loan financing | | - | (4,763) |
| Other | | (1,454) | (1,361) |
| Net cash inflow/(outflow) from financing activities | | (761,190) | 559,559 |
| Net increase/(decrease) in cash and cash equivalents | | 84,885 | (23,412) |
| Cash and cash equivalents at the beginning of the period | 1.3 | 543,889 | 774,495 |
| Effects of exchange rate changes on cash and cash equivalents | | (6,948) | 20,855 |
| Cash and cash equivalents at the end of the period | 1.3 | 621,826 | 771,938 |

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

1. CONSOLIDATED FINANCIAL STATEMENTS

1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended 30 September 2021 and 30 September 2020 in CZK thousand.

| Consolidated statement of changes in equity | Note | Equity attributable to owners of Kofola ČeskoSlovensko a.s. | | | | | | Equity attributable to non-controlling interests | Total equity | |
|---|------------|---|--|------------------|--------------------------------------|------------------|--|--|-----------------|------------------|
| | | Share capital | Share premium and capital reorganisation reserve | Other reserves | Foreign currency translation reserve | Own shares | Retained earnings/ (Accumulated deficit) | | | Total |
| | | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | |
| Balance as at 1 January 2020 | | 1,114,597 | (1,962,871) | 2,463,337 | 33,011 | (490,164) | 372,120 | 1,530,030 | (16,480) | 1,513,550 |
| Profit/(loss) for the period | 1.1 | - | - | - | - | - | 224,086 | 224,086 | (9,741) | 214,345 |
| Other comprehensive income/(loss) | 1.2 | - | - | (20,520) | 71,497 | - | - | 50,977 | - | 50,977 |
| Total comprehensive income/(loss) for the period | 1.2 | - | - | (20,520) | 71,497 | - | 224,086 | 275,063 | (9,741) | 265,322 |
| Own shares purchase | | - | - | - | - | (4,410) | - | (4,410) | - | (4,410) |
| Own shares transfer | | - | - | - | - | 15 | - | 15 | - | 15 |
| Option scheme | | - | - | 317 | - | - | - | 317 | - | 317 |
| Dividends not drawn by shareholders | | - | - | - | - | - | 92 | 92 | - | 92 |
| Shares transfer to option scheme participants | | - | - | (4,408) | - | 4,408 | - | - | - | - |
| Transactions with owners in their capacity as owners | | - | - | (4,091) | - | 13 | 92 | (3,986) | - | (3,986) |
| Balance as at 30 September 2020 | | 1,114,597 | (1,962,871) | 2,438,726 | 104,508 | (490,151) | 596,298 | 1,801,107 | (26,221) | 1,774,886 |
| Balance as at 1 January 2021 | | 1,114,597 | (1,962,871) | 2,449,921 | 60,067 | (490,151) | 166,828 | 1,338,391 | (31,199) | 1,307,192 |
| Profit/(loss) for the period | 1.1 | - | - | - | - | - | 292,914 | 292,914 | (5,516) | 287,398 |
| Other comprehensive income/(loss) | 1.2 | - | - | 46,870 | (31,806) | - | - | 15,064 | - | 15,064 |
| Total comprehensive income/(loss) for the period | 1.2 | - | - | 46,870 | (31,806) | - | 292,914 | 307,978 | (5,516) | 302,462 |
| Shares transfer to option scheme participants | | - | - | (12,818) | - | 12,818 | - | - | - | - |
| Option scheme | | - | - | 14,420 | - | - | - | 14,420 | - | 14,420 |
| Dividends not drawn | | - | - | - | - | - | 128 | 128 | - | 128 |
| Transactions with owners in their capacity as owners | | - | - | 1,602 | - | 12,818 | 128 | 14,548 | - | 14,548 |
| Balance as at 30 September 2021 | | 1,114,597 | (1,962,871) | 2,498,393 | 28,261 | (477,333) | 459,870 | 1,660,917 | (36,715) | 1,624,202 |

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

2. GENERAL INFORMATION



2.1. CORPORATE INFORMATION

KOFOLA GROUP

Kofola Group is one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe that belongs to the top players in CzechoSlovakia.

The Group produces its products with care and love in eleven main production plants located in the Czech Republic (six 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 which are considered as one of our most environmentally friendly packaging. The Group distributes its products through Retail, HoReCa and Impulse channels.

Key own brands include carbonated beverages Kofola and Vinea, waters Radenska, Studenac, Rajec, Ondrášovka, Korunní and Klášterná Kalcia, syrup Jupí, beverages for children Jupík, Semtex energy drink, UGO fresh juices and salads, Leros teas and coffee brands Café Reserva and Trepallini. 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. Main brands by categories are shown in the visualisation below:

| CATEGORY | MAIN OWN BRANDS | DISTRIBUTED AND LICENCED BRANDS |
|--------------------------|-----------------|---------------------------------|
| Carbonated Beverages | | |
| Waters | | |
| Non-carbonated Beverages | | |
| Syrups | | |
| Fresh & Salad Bars | | |
| Other | | |

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 <https://www.kofola.cz/> and the phone number is +420 595 601 030. LEI: 3157005DO9L5OWHQBQ359.

Main area of activity of Kofola ČeskoSlovensko a.s. is holding of the subsidiaries and 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.

Based on the information known to the Board of Directors of the Company acting with due care, the ultimate parent of the Company is AETOS a.s. The ownership structure is described in section 4.15.1.

2. GENERAL INFORMATION



STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 30 September 2021, 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
- Martin Pisklák
- Martin Mateáš
- Marián Šefčovič

SUPERVISORY BOARD

- René Sommer – Chairman
- Tomáš Jendřejek
- Moshe Cohen-Nehemia
- Alexandros Samaras (since 28 June 2021)
- Ladislav Sekerka (since 28 June 2021)
- Petr Pravda (till 28 June 2021)

AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 SEPTEMBER 2021



DESCRIPTION OF THE GROUP COMPANIES

| Name of entity | Place of business | Segment (Note 4.1) | Principal activities | Ownership interest and voting rights | |
|------------------------------------|-------------------|-----------------------|--|--------------------------------------|------------|
| | | | | 30.9.2021 | 31.12.2020 |
| Holding companies | | | | | |
| Kofola ČeskoSlovensko a.s. | Czech Republic | CzechoSlovakia | top holding company | 100.00% | 100.00% |
| Alofok Ltd | Cyprus | n/a | in liquidation | | |
| 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% |
| 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% |
| 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% |
| F.H.Prager s.r.o. | Czech Republic | CzechoSlovakia | production and distribution of ciders | 100.00% | 100.00% |
| Minerálka s.r.o. - in liquidation* | Slovakia | CzechoSlovakia | liquidated | n/a | 100.00% |
| ONDRÁŠOVKA a.s. | Czech Republic | CzechoSlovakia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Karlovarská Korunní s.r.o. | Czech Republic | CzechoSlovakia | production and distribution of non-alcoholic beverages | 100.00% | 100.00% |
| Brute s.r.o.** | Czech Republic | CzechoSlovakia | marketing activities | 100.00% | n/a |
| Transportation | | | | | |
| SANTA-TRANS s.r.o. | Czech Republic | CzechoSlovakia | road cargo transport | 100.00% | 100.00% |

* Liquidated on 2 April 2021. ** Acquired on 17 June 2021.

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 2021.

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 2021 and contain comparatives for the period of nine months ended 30 September 2020 and as of 31 December 2020 (in case of the 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 2021 and 30 September 2020.

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 National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- operating income and expense – for trading operations,
- finance income and costs – for financial operations.

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are stated at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were remeasured to the fair value.

3. SIGNIFICANT ACCOUNTING POLICIES



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

| Closing exchange rates | 30.9.2021 | 31.12.2020 | 30.9.2020 |
|------------------------|-----------|------------|-----------|
| CZK/EUR | 25.495 | 26.245 | 27.210 |
| CZK/PLN | 5.518 | 5.755 | 5.985 |
| CZK/HRK | 3.406 | 3.477 | 3.601 |

| Average exchange rates | 1.1.2021 - 30.9.2021 | 1.1.2020 - 31.12.2020 | 1.1.2020 - 30.9.2020 |
|------------------------|-------------------------|--------------------------|-------------------------|
| CZK/EUR | 25.735 | 26.444 | 26.373 |
| CZK/PLN | 5.660 | 5.954 | 5.965 |
| CZK/HRK | 3.416 | 3.508 | 3.501 |

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 cash-flow statement.

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

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 2020.

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 2020.

3.6. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Several standards, amendments and interpretations apply for the first time in 2021, but do not have any material impact on the interim consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES



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 2021 may be changed in the future. The main estimates pertain to the following matters:

| Estimates | Type of information |
|---|---|
| Impairment of CGU, goodwill and individual tangible and intangible assets | 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. |
| Deferred tax asset from tax losses | Historical experience, current and forward-looking information available to the management. |
| Income tax | Assumptions used to recognise deferred income tax assets (other than Deferred tax asset from tax losses). |
| Impairment of receivables | Historical experience, credit assessment, current and forward-looking information available to the management. |

Whole Group was impacted by COVID-19 with significant negative impact in whole 1Q21 but also in a significant part of 2Q21. There wasn't any impact on the judgements applied and estimates made as of 31 December 2020. The future development remains unsure and there are still some governmental restrictions in place.

3.8. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.9. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 24 November 2021.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION

The Board of Directors of Kofola ČeskoSlovensko a.s. is the chief operating decision maker (“CODM”) responsible for operational decision-making and uses segment results to decide on the allocation of resources to the segments and to assess segments’ performance. The following business segments are presented within these financial statements:

- CzechoSlovakia,
- Adriatic,
- Fresh & Herbs.

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

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 nine-month period ended 30 September 2021 and in the comparative period ended 30 September 2020 that generated more than 10% of the Group’s consolidated revenue.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



BUSINESS SEGMENTS

| 1.1.2021 – 30.9.2021 | CzechoSlovakia | Adriatic | Fresh & Herbs | Other* | Subtotal | Consolidation adjustments | Total |
|--|--------------------|------------------|------------------|---------|--------------------|---------------------------|--------------------|
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Revenue | 3,701,373 | 1,001,105 | 442,127 | - | 5,144,605 | (76,899) | 5,067,706 |
| External revenue – excl. services | 3,644,372 | 995,942 | 403,979 | - | 5,044,293 | - | 5,044,293 |
| External revenue – services | 10,029 | 4,735 | 8,649 | - | 23,413 | - | 23,413 |
| Inter-segment revenue | 46,972 | 428 | 29,499 | - | 76,899 | (76,899) | - |
| Operating expenses | (3,180,002) | (884,657) | (547,579) | - | (4,612,238) | 76,899 | (4,535,339) |
| Related to external revenue | (3,133,030) | (884,229) | (518,080) | - | (4,535,339) | - | (4,535,339) |
| Related to inter-segment revenue | (46,972) | (428) | (29,499) | - | (76,899) | 76,899 | - |
| Operating profit/(loss) | 521,371 | 116,448 | (105,452) | - | 532,367 | - | 532,367 |
| Finance income/(costs), net | (101,249) | (10,831) | (12,309) | - | (124,389) | 5,429 | (118,960) |
| - within segment | (107,635) | (4,355) | (6,970) | - | (118,960) | - | (118,960) |
| - inter-segment | 6,386 | (6,476) | (5,339) | - | (5,429) | 5,429 | - |
| Profit/(loss) before income tax | 420,122 | 105,617 | (117,761) | - | 407,978 | 5,429 | 413,407 |
| Income tax (expense)/benefit | (103,202) | (26,430) | 3,623 | - | (126,009) | - | (126,009) |
| Profit/(loss) for the period | 316,920 | 79,187 | (114,138) | - | 281,969 | 5,429 | 287,398 |
| EBITDA** | 785,890 | 202,189 | 9,273 | - | 997,352 | - | 997,352 |
| One-offs (A 1.1.1) | (10,844) | 561 | (660) | - | (10,943) | - | (10,943) |
| Adjusted EBITDA (A 1.1.1) | 775,046 | 202,750 | 8,613 | - | 986,409 | - | 986,409 |

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

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

| Other segment information (1.1.2021 – 30.9.2021) | CzechoSlovakia | Adriatic | Fresh & Herbs | Other | Subtotal | Consolidation adjustments | Total |
|--|----------------|----------|---------------|---------|----------|---------------------------|----------|
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Additions to PPE and Intangible assets* | 219,889 | 25,560 | 68,467 | - | 313,916 | - | 313,916 |
| Depreciation and amortisation | 264,519 | 85,741 | 114,725 | - | 464,985 | - | 464,985 |
| Other Impairment losses | 1,920 | - | 1,699 | - | 3,619 | - | 3,619 |
| Other Impairment losses reversals | (10,804) | (2,452) | (6,138) | - | (19,394) | - | (19,394) |
| Provisions - Increase due to creation | 56,676 | - | 8,431 | - | 65,107 | - | 65,107 |
| Provisions - Decrease due to usage/release | (53,243) | (4,395) | (8,552) | - | (66,190) | - | (66,190) |

* excluding acquisitions, including lease additions

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



| 1.1.2020 – 30.9.2020 | CzechoSlovakia | Adriatic | Fresh & Herbs | Other* | Subtotal | Consolidation adjustments | Total |
|--|--------------------|------------------|------------------|--------------|--------------------|---------------------------|--------------------|
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Revenue | 3,596,061 | 899,539 | 440,907 | - | 4,936,507 | (103,101) | 4,833,406 |
| External revenue – excl. services | 3,482,853 | 896,412 | 417,456 | - | 4,796,721 | - | 4,796,721 |
| External revenue – services | 23,058 | 2,099 | 11,528 | - | 36,685 | - | 36,685 |
| Inter-segment revenue | 90,150 | 1,028 | 11,923 | - | 103,101 | (103,101) | - |
| Operating expenses | (3,109,369) | (839,069) | (633,805) | (397) | (4,582,640) | 103,101 | (4,479,539) |
| Related to external revenue | (3,019,219) | (838,041) | (621,882) | (397) | (4,479,539) | - | (4,479,539) |
| Related to inter-segment revenue | (90,150) | (1,028) | (11,923) | - | (103,101) | 103,101 | - |
| Operating profit/(loss) | 486,692 | 60,470 | (192,898) | (397) | 353,867 | - | 353,867 |
| Finance income/(costs), net | 129,848 | 6,325 | (13,412) | 722 | 123,483 | (155,000) | (31,517) |
| - within segment | (32,737) | 8,025 | (7,527) | 722 | (31,517) | - | (31,517) |
| - inter-segment | 162,585 | (1,700) | (5,885) | - | 155,000 | (155,000) | - |
| Profit/(loss) before income tax | 616,540 | 66,795 | (206,310) | 325 | 477,350 | (155,000) | 322,350 |
| Income tax (expense)/benefit | (89,490) | (22,231) | 3,716 | - | (108,005) | - | (108,005) |
| Profit/(loss) for the period | 527,050 | 44,564 | (202,594) | 325 | 369,345 | (155,000) | 214,345 |
| EBITDA** | 757,939 | 142,464 | (85,656) | (397) | 814,350 | - | 814,350 |
| One-offs (A 1.1.1) | 49,150 | (2,102) | 44,356 | - | 91,404 | - | 91,404 |
| Adjusted EBITDA (A 1.1.1) | 807,089 | 140,362 | (41,300) | (397) | 905,754 | - | 905,754 |

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

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

| Other segment information (1.1.2020 – 30.9.2020) | CzechoSlovakia | Adriatic | Fresh & Herbs | Other | Subtotal | Consolidation adjustments | Total |
|--|----------------|----------|---------------|---------|-----------|---------------------------|-----------|
| | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Additions to PPE and Intangible assets* | 282,296 | 74,568 | 99,871 | - | 456,735 | - | 456,735 |
| Depreciation and amortisation | 271,247 | 81,994 | 107,242 | - | 460,483 | - | 460,483 |
| Other Impairment losses | 4,551 | - | 35,677 | - | 40,228 | - | 40,228 |
| Other Impairment losses reversals | (7,678) | (3,219) | (1,099) | - | (11,996) | - | (11,996) |
| Provisions - Increase due to creation | 40,593 | - | 3,449 | - | 44,042 | - | 44,042 |
| Provisions - Decrease due to usage/release | (95,532) | (12,057) | (8,069) | - | (115,658) | - | (115,658) |

* excluding acquisitions, including lease additions

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



PRODUCT LINES

| 1.1.2021 - 30.9.2021 | 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 | 1,928,262 | 458,997 | 1,749,063 | 378,409 | 168,431 | 384,544 | 5,067,706 |
| External revenue – excl. services | 1,928,262 | 458,997 | 1,749,063 | 378,409 | 162,260 | 367,302 | 5,044,293 |
| External revenue – services | - | - | - | - | 6,171 | 17,242 | 23,413 |

| 1.1.2020 - 30.9.2020 | 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 | 1,883,719 | 442,877 | 1,610,350 | 366,661 | 200,369 | 329,430 | 4,833,406 |
| External revenue – excl. services | 1,883,719 | 442,877 | 1,610,350 | 366,661 | 192,273 | 300,841 | 4,796,721 |
| External revenue – services | - | - | - | - | 8,096 | 28,589 | 36,685 |

INFORMATION ABOUT GEOGRAPHICAL AREAS — REVENUE PER END CUSTOMER

| 1.1.2021 - 30.9.2021 | Czech Republic CZK'000 | Slovakia CZK'000 | Slovenia CZK'000 | Croatia CZK'000 | Poland CZK'000 | Other CZK'000 | Total CZK'000 |
|-----------------------------------|---------------------------|---------------------|---------------------|--------------------|-------------------|------------------|------------------|
| Revenue | 2,689,562 | 1,290,337 | 599,519 | 317,284 | 59,417 | 111,587 | 5,067,706 |
| External revenue – excl. services | 2,676,052 | 1,286,178 | 595,132 | 317,260 | 59,417 | 110,254 | 5,044,293 |
| External revenue – services | 13,510 | 4,159 | 4,387 | 24 | - | 1,333 | 23,413 |

| 1.1.2020 - 30.9.2020 | Czech Republic CZK'000 | Slovakia CZK'000 | Slovenia CZK'000 | Croatia CZK'000 | Poland CZK'000 | Other CZK'000 | Total CZK'000 |
|-----------------------------------|---------------------------|---------------------|---------------------|--------------------|-------------------|------------------|------------------|
| Revenue | 2,592,518 | 1,269,101 | 579,989 | 254,068 | 48,895 | 88,835 | 4,833,406 |
| External revenue – excl. services | 2,571,882 | 1,256,043 | 577,761 | 254,042 | 48,895 | 88,098 | 4,796,721 |
| External revenue – services | 20,636 | 13,058 | 2,228 | 26 | - | 737 | 36,685 |

| 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 |
|---|---------------------------|---------------------|---------------------|--------------------|-------------------|------------------|------------------|
| 30.9.2021 | 3,310,822 | 1,038,498 | 601,303 | 162,323 | 175,197 | - | 5,288,143 |
| 31.12.2020 | 3,396,203 | 1,096,053 | 651,588 | 195,352 | 194,564 | - | 5,533,760 |

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 2020, about 20.9% (20.1% in 2019) of revenue was earned in the 1st quarter, with 23.7% (27.2% in 2019), 33.7% (29.0% in 2019) and 21.7% (23.7% in 2019) of the annual consolidated revenue earned in the 2nd, 3rd and 4th quarters, respectively. Shares in particular quarters of 2020 were significantly influenced by COVID-19 pandemic.

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.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2. REVENUE

| Revenue streams, Timing of revenue recognition | 9M21 CZK'000 | 9M20 CZK'000 |
|---|------------------|------------------|
| Revenue from contracts with customers | | |
| - Sales of finished products/goods/materials (transferred at a point in time) | 5,044,293 | 4,796,721 |
| - Sales of transportation services (transferred over time) | 7,670 | 8,928 |
| - Franchise licences (transferred over time) | 6,171 | 8,204 |
| - Sales of other services (transferred over time) | 9,572 | 19,553 |
| Total revenue | 5,067,706 | 4,833,406 |

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

Changes of loss allowances on receivables arising from contracts with customers are not material.

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

| Expenses by nature | 9M21 CZK'000 | 9M20 CZK'000 |
|---|------------------|------------------|
| Depreciation of Property, plant and equipment and amortisation of Intangible assets | 464,985 | 460,483 |
| Employee benefits expenses (i) | 1,046,699 | 988,436 |
| Consumption of materials and energy, cost of goods and materials sold | 2,148,907 | 1,997,980 |
| Services | 847,209 | 862,680 |
| Rental costs | 59,923 | 58,368 |
| Taxes and fees | 76,397 | 61,046 |
| Insurance costs | 13,053 | 13,290 |
| Inventory write-down/(back) | (1,869) | (903) |
| Change in allowance to receivables | 2,228 | 6,086 |
| Change in finished products and work in progress | (32,390) | (33,124) |
| Other costs | 1,914 | 1,563 |
| Total expenses by nature* | 4,627,056 | 4,415,905 |
| Depreciation recognized in Other operating expenses | (7,410) | (9,341) |
| Reconciliation of expenses by nature to expenses by function | 4,619,646 | 4,406,564 |
| Cost of sales | 2,767,877 | 2,562,697 |
| Selling, marketing and distribution costs | 1,507,337 | 1,527,476 |
| Administrative costs | 344,432 | 316,391 |
| Total costs of products and services sold, merchandise and materials, sales costs and administrative costs | 4,619,646 | 4,406,564 |

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

Employee benefits expenses increased mainly due to employee bonuses, higher liabilities from untaken holiday and expenses related to the new option scheme plan. Increase of direct material costs, costs of goods sold and energy costs is connected with higher revenues and increased material prices (sweeteners, PET). Services decreased mainly due to savings in marketing and lower FX rates (translation of foreign subsidiaries with the functional currencies different from Czech crowns).

(i) Employee benefits expenses

| Employee benefits expenses | 9M21 CZK'000 | 9M20 CZK'000 |
|--|------------------|-----------------|
| Salaries | 779,790 | 736,338 |
| Social security and other benefit costs (including healthcare insurance) | 125,451 | 116,965 |
| Pension benefit plan expenses | 141,458 | 135,133 |
| Total employee benefits expenses | 1,046,699 | 988,436 |

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.4. OTHER OPERATING INCOME

| Other operating income | 9M21 CZK'000 | 9M20 CZK'000 |
|--|-----------------|-----------------|
| Net gain from the sale of PPE and Intangible assets | 10,610 | 9,991 |
| Release of impairment of Property, plant and equipment | 767 | 1,006 |
| Subsidies, grants and government support | 65,645 | 18,945 |
| Compensation claims | 3,706 | 3,699 |
| Write-off liabilities | - | 283 |
| Rental discounts* | 5,214 | - |
| Penalties and compensation for damages | 1,654 | 519 |
| Other tax income | 258 | 227 |
| Write-off of advances received for the returnable packages | - | 5,633 |
| Other | 15,955 | 8,521 |
| Total other operating income | 103,809 | 48,824 |

* Further information in section 4.18 (COVID-19).

In 9M21, the Subsidies, grants and government support contain mainly the support related to COVID-19 pandemic situation.

4.5. OTHER OPERATING EXPENSES

| Other operating expenses | 9M21 CZK'000 | 9M20 CZK'000 |
|--|-----------------|-----------------|
| Net loss from disposal of PPE and Intangible assets | 358 | 174 |
| Costs connected with inactive plant in Poland* | 1,965 | 13,702 |
| Impairment of PPE | 1,693 | - |
| Provided donations, sponsorship | 2,372 | 4,746 |
| Penalties and damages | 1,007 | 996 |
| Advisory costs | 169 | 13,147 |
| Costs connected with the earlier termination of rental contracts | 2,111 | - |
| Restructuring costs** | 1,245 | 36,233 |
| Costs on integration of new subsidiaries | 303 | 4,424 |
| Costs on support of the parties impacted by COVID-19 | - | 5,876 |
| Other | 8,279 | 7,102 |
| Total other operating expenses | 19,502 | 86,400 |

* Mainly depreciation expense, property taxes, consumption of energy (net of rental income). ** Mainly payroll expenses.

4.6. FINANCE INCOME

| Finance income | 9M21 CZK'000 | 9M20 CZK'000 |
|-----------------------------|-----------------|-----------------|
| Interest from: | | |
| – bank deposits | 29 | 29 |
| – credits and loans granted | - | 12 |
| – bonds | 351 | 979 |
| – receivables | - | 139 |
| Exchange gains | 128 | 59,245 |
| Other | 186 | 283 |
| Total finance income | 694 | 60,687 |

The decrease of Finance income was caused by significant unrealized FX gains arising on Company's EUR receivables in 9M20.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.7. FINANCE COSTS

| Finance costs | 9M21 CZK'000 | 9M20 CZK'000 |
|----------------------------|-----------------|-----------------|
| Interest from: | | |
| – bank loans and credits | 56,881 | 71,466 |
| – lease | 9,954 | 10,411 |
| – other | 153 | 122 |
| Exchange losses | 36,771 | 1,171 |
| Bonds sold | 3,642 | - |
| Bank costs and charges | 5,847 | 6,818 |
| Derivatives | 6,398 | 2,197 |
| Other | 8 | 19 |
| Total finance costs | 119,654 | 92,204 |

Decrease of interest expense from bank loans and credits is a result of the drop in market interest rates in 9M21. Higher FX losses arise from Company's EUR receivables.

4.8. INCOME TAX

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements were as follows:

| Income tax | 9M21 CZK'000 | 9M20 CZK'000 |
|---|-----------------|-----------------|
| Current income tax expense/(benefit) | 120,412 | 90,702 |
| Current income tax on profits for the year | 117,870 | 88,322 |
| Adjustments for current income tax of prior periods | 2,542 | 1,320 |
| Other | - | 1,060 |
| Deferred income tax expense/(benefit)* | 5,597 | 17,303 |
| Related to arising and reversing of temporary differences | (8,138) | 5,804 |
| Related to tax losses | 13,735 | 11,499 |
| Income tax expense/(benefit) | 126,009 | 108,005 |

* Deferred tax recognized in the profit or loss statement doesn't reconcile to the difference between the values recognized in the statement of financial position which is caused mainly by foreign exchange differences arising on consolidation of foreign subsidiaries.

The income tax rate applicable to the majority of the Group's 9M21 and 9M20 income is 19%. Current income tax expense increased due to higher taxable profits.

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements were as follows:

| Income tax recognised directly in equity | 9M21 CZK'000 | 9M20 CZK'000 |
|---|-----------------|-----------------|
| Deferred income tax | 10,994 | (4,813) |
| Tax from Cash flow hedges | 10,994 | (4,813) |
| Income tax recognised directly in equity | 10,994 | (4,813) |

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 Group because it didn't issue any of above-mentioned financial instruments.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



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

| Weighted average number of ordinary shares | 9M21 | 9M20 |
|--|-------------------|-------------------|
| | Pcs | Pcs |
| Total number of shares issued by the Company | 22,291,948 | 22,291,948 |
| Effect of own shares in possession of the Company | (1,154) | (1,708) |
| Weighted average number of ordinary shares used to calculate basic earnings per share | 22,290,794 | 22,290,240 |

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

| Basic earnings per share | 9M21 | 9M20 |
|--|--------------|--------------|
| Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK´000) | 292,914 | 224,086 |
| Weighted average number of ordinary shares used to calculate basic earnings per share (pcs) | 22,290,794 | 22,290,240 |
| Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share) | 13.14 | 10.05 |

4.10. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 308,595 thousand in 9M21 (including lease additions).

The most significant additions realized by the Group in 9M21 were represented by investments into the production machinery, returnable packages, vehicles and assets arising as a result of the lease capitalization.

The additions to Property, plant and equipment were of CZK 803,229 thousand in the reporting period of nine months ended 30 September 2020 (including the net book value of assets arising due to acquisition of subsidiaries and lease additions).

The most significant additions realized by the Group in 9M20 were represented by assets arising from the acquisition of subsidiaries of CZK 355,510 thousand and investments into the production machinery, warehouse, returnable packages and new premises capitalized under IFRS 16 (leases).

The impairment in the amount of CZK 35,399 thousand was charged to the items of Property, plant and equipment related to the production of UGO bottles (mainly the production line) in 9M20. The recoverable amount was determined as value in use.

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, goodwill from acquisition of Espresso s.r.o. in July 2019, goodwill from acquisition of F.H.Prager s.r.o. in January 2020 and goodwill from acquisition of ONDŘÁŠOVKA a.s. and Karlovarská Korunní s.r.o. in April 2020.

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 energy drink, Erektus, UGO, Premium Rosa, Leros, Café Reserva, Prager ciders and lemonades, Ondrášovka and Korunní.

In 9M21, the additions to intangible assets were of CZK 5,321 thousand.

In 9M20, the additions to intangible assets were of CZK 992,691 thousand (including the net book value of assets arising due to acquisition of subsidiaries). The most significant additions were connected with the acquisition of subsidiaries (Goodwill of CZK 541,373 thousand, Brands of CZK 442,302 thousand) and investments to SAP.

4.12. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 30 September 2021, the Group's total bank loans and credits amounted to CZK 3,371,553 thousand (as at 31 December 2020: CZK 3,937,364 thousand). Decrease of the balance is attributable to repayment of the overdraft and regular loan repayments in 9M21. From the total balance of Repayment of loans and bank credits presented within

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



the Consolidated statement of cash flows (Note 1.4), amount of CZK 210,175 thousand (in 9M20: CZK 340,691 thousand) represents the decrease of Group's overdraft.

The Facility loan agreement as amended (which refinanced loans at that time, served for a loan financing of RADENSKA d.o.o. acquisition and also the acquisition of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o) with carrying amount of CZK 3,368,055 thousand as at 30 September 2021 (as at 31 December 2020: CZK 3,717,761 thousand) was a main component of Group's liabilities. The reason for the execution of the Facility loan agreement was a consolidation of Group financing to ensure strategic development and taking advantage of the favourable conditions of financial market.

In relation to financing of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o. acquisitions, the Group has drawn a loan in the amount of CZK 1,138,000 thousand in April 2020.

CREDIT TERMS AND TERMS AND CONDITIONS

Based on credit agreements, the Group 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.

As of 30 September 2021, the Group obtained a bank waiver for the breach of covenant Debt service coverage ratio.

As of 31 December 2020, the Group obtained a bank waiver for the breach of Debt service coverage ratio covenant (mainly due to COVID-19 related losses).

All other bank loan covenants were met as of 30 September 2021 and 31 December 2020.

4.13. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 September 2021, 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 | 947 | 24,144 | 12/2022 | Santa-Trans.SK s.r.o. | third party |
| Total guarantees issued | | | | 24,144* | | | |

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

As at 31 December 2020, 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 | 1,515 | 39,761 | 12/2022 | Santa-Trans.SK s.r.o. | third party |
| Total guarantees issued | | | | 39,761* | | | |

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

4.14. 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. These denationalisation claims have been in the process of being decided on from the year 1993 onward. After several turns in the process the Constitutional court in 2018 reversed the decisions of the authorities adopted by then which prevented the denationalization beneficiaries from denationalization for legal reasons and returned the matter to the first instance authority. Upon such a decision the administrative unit Gornja Radgona as the first instance authority resumed with the process in 2018. In the resumed process the authority, in several partial decisions issued so far in 2018, 2019 and 2020, found the denationalization beneficiaries are entitled to denationalization, however, not in the form of in-kind return of property, for which RADENSKA would be liable, but merely in the form of compensation, which is paid from the Republic of Slovenia and neutral with respect to RADENSKA. In part the denationalisation claims were rejected for lack of merit. Such decisions of the authorities effectively mean that the beneficiary is not entitled to in-kind return of property and therefore neither RADENSKA nor Kofola are obliged to any compensation payment. In February 2021, the beneficiary even withdrew the claim for the in-kind return of

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



the RADENSKA enterprise and real estates owned by the enterprise and is now primarily requesting to be compensated by the state. The authorities recently followed such request and issued decisions according to which the beneficiary is entitled to compensation in form of state bonds, compensated by the Slovene Sovereign Holding and neutral with respect to RADENSKA and Kofola Group. Please note that such decisions, including the most recent decision are not final and thus, in theory, there's still the risk, albeit very low, the current decisions would be reversed later in the process with potential negative consequences for RADENSKA. RADENSKA is therefore still actively participating in the process and protecting its interests.

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.

4.15. RELATED PARTY TRANSACTIONS

4.15.1 SHAREHOLDERS STRUCTURE

| Share capital structure | 30.9.2021 | | | 31.12.2020 | | |
|-------------------------|-------------------|------------------|--------------------|--------------------|------------------|--------------------|
| | Name of entity | Number of shares | % in share capital | % in voting rights | Number of shares | % in share capital |
| AETOS a.s. | 14,984,204 | 67.22 | 70.66 | 14,984,204 | 67.22 | 70.75 |
| RADENSKA d.o.o. | 1,084,851 | 4.87 | 0.00 | 1,113,977 | 5.00 | 0.00 |
| Others | 6,222,893 | 27.91 | 29.34 | 6,193,767 | 27.78 | 29.25 |
| Total | 22,291,948 | 100.00 | 100.00 | 22,291,948 | 100.00 | 100.00 |

As at 30 September 2021, the registered share capital of Kofola ČeskoSlovensko a.s. totalled CZK 1,114,597,400 (as at 31 December 2020: CZK 1,114,597,400) and comprised 22,291,948 (as at 31 December 2020: 22,291,948) common registered shares with a nominal value of CZK 50 (as at 31 December 2020: 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 9 July 2020, 33 shares have been granted from own shares (in possession of RADENSKA) to the external provider as a compensation for services provided by this external party. These shares were originally purchased by RADENSKA in a public tender offer on the stock market mainly from CED GROUP S.à r.l. with an individual share price of CZK 440.

COURSE OF PURCHASE OF OWN SHARES IN 2021 (TRANSACTION PERFORMED WITHIN THE GROUP)

The Board of Directors of the Company resolved to implement the acquisition of own shares by the Company on 19 February 2021.

The sole purpose of the acquisition of own shares by the Company was to meet obligations arising from share option programmes, or other allocations of shares to employees or to members of the administrative, management or supervisory bodies of the Company or of an associate company.

The conditions for the executed acquisition of own shares by the Company:

a) the acquisition took place outside the regulated market, directly from the company RADENSKA d.o.o., a subsidiary company of the Company;

b) number of shares that were acquired amounted to 29,126 shares of the Company which represented 0.13% of the Company's share capital; and

c) the acquisition was settled on 5 March 2021 for the price equal to the closing price for which shares of the Company were traded on the regulated market organized by the company Burza cenných papírů Praha, a.s. on the previous trading day, i.e. CZK 256 per individual share (total value of CZK 7,456 thousand). As such, the contract was concluded at market terms. The shares have nominal value of CZK 50 per individual share.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Shares have been transferred to option scheme participants in March 2021.

COURSE OF PURCHASE OF OWN SHARES IN 2020

On 5 March 2020, the Company announced the share buy-back programme for the purpose of share option plan.

The sole purpose of the acquisition of own shares by the Company was to meet obligations arising from share option programmes, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the Company or of an associate company.

Maximum number of shares to be acquired amounted up to 19,759 shares of the Company which may had been acquired for a maximum total consideration (excluding incidental transaction charges) of up to CZK 5,600,000. The shares could have been acquired up until April 30, 2020.

The Company has concluded a contract with Česká spořitelna, a.s. for the purpose of execution of the acquisitions of its own shares. Pursuant to this contract, execution of the acquisitions of its own shares took place independently of the Company and without its influence, and only on regulated markets in accordance with the respective legal regulations and rules of these markets.

Course of purchase with a total purchase price of CZK 4,410 thousand was completed on March 20, 2020:

- Purchases 5 March-12 March 2020 (purchased 12,547 shares – 63.5%), weighted average price CZK 233.7 per share.
- Purchases 13 March-20 March 2020 (purchased 7,212 shares – 36.5%), weighted average price CZK 200.3 per share.

In March and April 2020, 19,748 shares with costs of CZK 4,408 thousand have been granted to the participants of the share option plan.

4.15.2 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration of Group's key management personnel.

| Remuneration of the Group's key management personnel 9M21 | compensation | 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 |
|---|---------------|---|--|--|---|---------|
| | | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Amounts paid for activities in the Company's Board of Directors | Financial | 16,753 | - | - | - | 16,753 |
| | Non-financial | 2,548 | - | - | - | 2,548 |
| Amounts paid for activities in the Company's Supervisory Board | Financial | - | 900 | - | - | 900 |
| | Non-financial | - | 215 | - | - | 215 |
| Amounts paid for activities in the Company's Audit Committee | Financial | - | - | 216 | - | 216 |
| | Non-financial | - | - | - | - | - |
| Amounts paid for other activities within the Group | Financial | 4,573 | 4,513 | 1,179 | 8,189 | 18,454 |
| | Non-financial | 1,475 | 859 | 43 | 1,184 | 3,561 |

| Remuneration of the Group's key management personnel 9M20 | compensation | 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 |
|---|---------------|---|--|--|---|---------|
| | | CZK'000 | CZK'000 | CZK'000 | CZK'000 | CZK'000 |
| Amounts paid for activities in the Company's Board of Directors | Financial | 20,397 | - | - | - | 20,397 |
| | Non-financial | 2,504 | - | - | - | 2,504 |
| Amounts paid for activities in the Company's Supervisory Board | Financial | - | 900 | - | - | 900 |
| | Non-financial | - | 215 | - | - | 215 |
| Amounts paid for activities in the Company's Audit Committee | Financial | - | - | 216 | - | 216 |
| | Non-financial | - | - | - | - | - |
| Amounts paid for other activities within the Group | Financial | 5,477 | 6,653 | 1,508 | 11,573 | 25,211 |
| | Non-financial | 997 | 585 | 43 | 1,362 | 2,987 |

4.15.3 OTHER RELATED PARTY TRANSACTIONS

There were no transactions concluded with the Group's related parties (those outside the consolidation group) in 9M21 and 9M20.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.16. FINANCIAL INSTRUMENTS

4.16.1 FINANCIAL INSTRUMENTS CATEGORIES

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

| 30.9.2021 | Financial assets at | Derivatives at fair | Financial liabilities | Total |
|-----------------------------|---------------------|---------------------|-----------------------|--------------------|
| | amortised cost | value through OCI | at amortised cost | |
| | CZK' 000 | CZK' 000 | CZK' 000 | CZK' 000 |
| Trade and other receivables | 788,295 | - | - | 788,295 |
| Cash and cash equivalents | 621,826 | - | - | 621,826 |
| Derivatives | - | 53,138 | - | 53,138 |
| Bank credits and loans | - | - | (3,371,553) | (3,371,553) |
| Lease liabilities | - | - | (450,733) | (450,733) |
| Trade and other payables | - | - | (1,437,020) | (1,437,020) |
| Total | 1,410,121 | 53,138 | (5,259,306) | (3,796,047) |

| 31.12.2020 | Financial assets at | Derivatives at fair | Financial liabilities | Total |
|-----------------------------|---------------------|---------------------|-----------------------|--------------------|
| | amortised cost | value through OCI | at amortised cost | |
| | CZK' 000 | CZK' 000 | CZK' 000 | CZK' 000 |
| Trade and other receivables | 774,964 | - | - | 774,964 |
| Cash and cash equivalents | 543,889 | - | - | 543,889 |
| Derivatives | - | (4,726) | - | (4,726) |
| Bank credits and loans | - | - | (3,937,364) | (3,937,364) |
| Lease liabilities | - | - | (454,794) | (454,794) |
| Trade and other payables | - | - | (1,142,326) | (1,142,326) |
| Total | 1,318,853 | (4,726) | (5,534,484) | (4,220,357) |

Fair value of derivatives

In 2018 and 2020, 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 CONSOLIDATED FINANCIAL STATEMENTS



4.17. ACQUISITION OF SUBSIDIARIES

ACQUISITION OF SUBSIDIARY BRUTE S.R.O.

On June 17, 2021, the acquisition date, the company Kofola a.s. (CZ) concluded an agreement to purchase a 100% stake in Brute s.r.o. for a cash consideration of CZK 390 thousand. Due to immateriality, no other information is disclosed.

ACQUISITION OF SUBSIDIARIES ONDŘÁŠOVKA A.S. AND KARLOVARSKÁ KORUNNÍ S.R.O.

Both acquired companies represent, in line with IAS 36, one cash-generating unit.

On April 15, 2020, the acquisition date, the Company concluded an agreement to purchase a 100% stake in ONDŘÁŠOVKA a.s. and Karlovarská Korunní s.r.o., producers of the mineral waters.

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

| Fair value of assets and liabilities | Fair value CZK'000 |
|---|-----------------------|
| Property, plant and equipment | 354,073 |
| Intangible assets | 434,275 |
| Deferred tax assets | 6,257 |
| Inventories | 56,104 |
| Trade receivables and other receivables | 87,296 |
| Cash and cash equivalents | 48,095 |
| Issued bonds (non-current) | (103,800) |
| Bank credits and loans (non-current) | (57,820) |
| Lease liabilities (non-current) | (19,694) |
| Deferred tax liabilities | (87,067) |
| Other liabilities (non-current) | (21,000) |
| Lease liabilities (current) | (8,414) |
| Trade liabilities and other liabilities | (120,520) |
| Total identifiable net assets acquired | 567,785 |

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

| Goodwill calculation | CZK'000 |
|----------------------------------|----------------|
| Consideration transferred (cash) | 1,105,824 |
| Net assets acquired | 567,785 |
| Goodwill | 538,039 |

The Group expects significant synergies from the acquisition of the subsidiaries that will arise through the unification of operations and controls executed in purchase, production, sales, distribution, marketing and administrative departments. The Group also expects significant positive effects on its current portfolio through broadening by the well-known and established Czech mineral water brands. This significant acquisition helped us increase our market share.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



ACQUISITION OF SUBSIDIARY F.H.PRAGER S.R.O.

On January 7, 2020, the Company concluded an agreement to purchase a 100% stake in F.H.Prager s.r.o., a producer and distributor of cider drinks.

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

| Fair value of assets and liabilities | Fair value CZK' 000 |
|---|------------------------|
| Property, plant and equipment | 766 |
| Intangible assets | 8,027 |
| Inventories | 1,856 |
| Trade receivables and other receivables | 461 |
| Cash and cash equivalents | 29 |
| Bank credits and loans | (443) |
| Deferred tax liability | (1,525) |
| Trade liabilities and other liabilities | (9,360) |
| Provisions | (144) |
| Total identifiable net assets acquired | (333) |

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

| Goodwill calculation | CZK' 000 |
|----------------------------------|--------------|
| Consideration transferred (cash) | 3,000 |
| Net assets acquired | (333) |
| Goodwill | 3,333 |

The reason for the acquisition was the entrance into the new product segment.

4.18. COVID-19

LEASE ACCOUNTING — IFRS 16

Based on amendment to IFRS 16 issued in May 2020, the lessee may elect not to assess whether COVID-19 related rental discounts are lease modifications. The Group has utilized this practical expedient and has also met all the requirements prescribed by the standard. The amount of such rental discounts is presented within section 4.4 Other operating income.

OTHER INFORMATION

Even after more than one year, we are still witnessing the impacts of COVID-19 which limit the operation of restaurants and hotels and also limit the free cross-border travelling. This situation impacts mostly Group's sales in the HoReCa segment and also sales in UGO salateries and freshbars, which in 2019 represented approximately 40% of the Group's revenue. Since 2020, the Group's revenue share in HoReCa is lower, thanks to successful acquisition of companies ONDRÁŠOVKA and Karlovarská Korunní.

The Group has established a team that involves also Group's top management which holds regular meetings oriented to minimize the negative impacts on Group's employees and results. The team has already set plenty of measures and is ready to continue in its activities based on actual requirements in relation to the situation.

HoReCa segment was closed for whole 1Q 2021 (except for Croatia) and part of 2Q 2021.

As of the date of this report, the production is in operation, we have continuing supplies of materials (we are in close contact with our key suppliers), we have increased hygienic precautions in our production plants where we have forbidden any visits, our administrative employees may work from home. The Group is using modern technology for distant access and videoconferences which enables us to protect the health of our employees. There already were necessary savings in CAPEX and OPEX and we plan to continue in this trend also in the upcoming period.

After more than one year of experience, we can confirm that our suppliers (even foreign) are able to supply us with material also in difficult times with limitations set on the free movement of people. Our long-term strategy to utilize local sources and suppliers, if possible, remains and is perceived as an advantage under current circumstances.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



It is possible that, based on above stated, the Group won't be able to fulfil some of bank loan covenants in remaining part of 2021. The Group believes to have sufficient resources from current cash balance and overdrafts. We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook regularly.

Development around COVID-19 lead to the impairment of assets related to company UGO trade s.r.o. as of 31 December 2020. It however didn't lead to impairments of Goodwill or trademarks with indefinite useful life. Impairment tests are sensitive mainly to changes of discount rates. Outage of sales in 2021 was already taken into account when 2020 impairment tests were performed.

In August 2021, the company UGO trade s.r.o. received an approval for the state compensation of losses generated in 1Q 2021 in the amount of CZK 16,149 thousand. The Group is able to continue in its business activity even without the state support, compensations however alleviate the adverse financial impacts on the Group.

The Group's financial results for Q1 2021 were not favourable because the HoReCa segment was closed for the whole period. However, it is worth to be noted that the first quarter is for the Group the least significant time of the year in terms of EBITDA. The release of restrictions during Q2 2021 lead to a significant increase of our business results and as such set a positive message. However, the government has implemented further restrictions once again as the number of positively tested people and the number of people in hospitals due to COVID-19 is increasing.

Based on the above analysis and assumptions, including the severe but plausible scenarios, management concluded that the Group will have sufficient resources to continue its business for a period of at least 12 months from the reporting date. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

4.19. SUBSEQUENT EVENTS

No 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 Group for the reported period ended 30 September 2021.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

| | | | |
|-------------------|-------------------------|---|---|
| 24.11.2021 | Janis Samaras | Chairman of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 24.11.2021 | René Musila | Vice-Chair of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 24.11.2021 | Daniel Buryš | Vice-Chair of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 24.11.2021 | Martin Pisklák | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 24.11.2021 | Martin Mateáš | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |
| 24.11.2021 | Marián Šefčovič | Member of the Board of Directors |  |
| <i>date</i> | <i>name and surname</i> | <i>position/role</i> | <i>signature</i> |

