



KOFOLA ČESKOSLOVENSKO A.S.
INTERIM REPORT 3M 2019





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KOFOLA GROUP

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



CZK 1.3 BN 3M19
REVENUES



8
PRODUCTION PLANTS



1 931
EMPLOYEES



LISTED ON
PRAGUE STOCK EXCHANGE



❖ no. 2 player in the soft drinks market



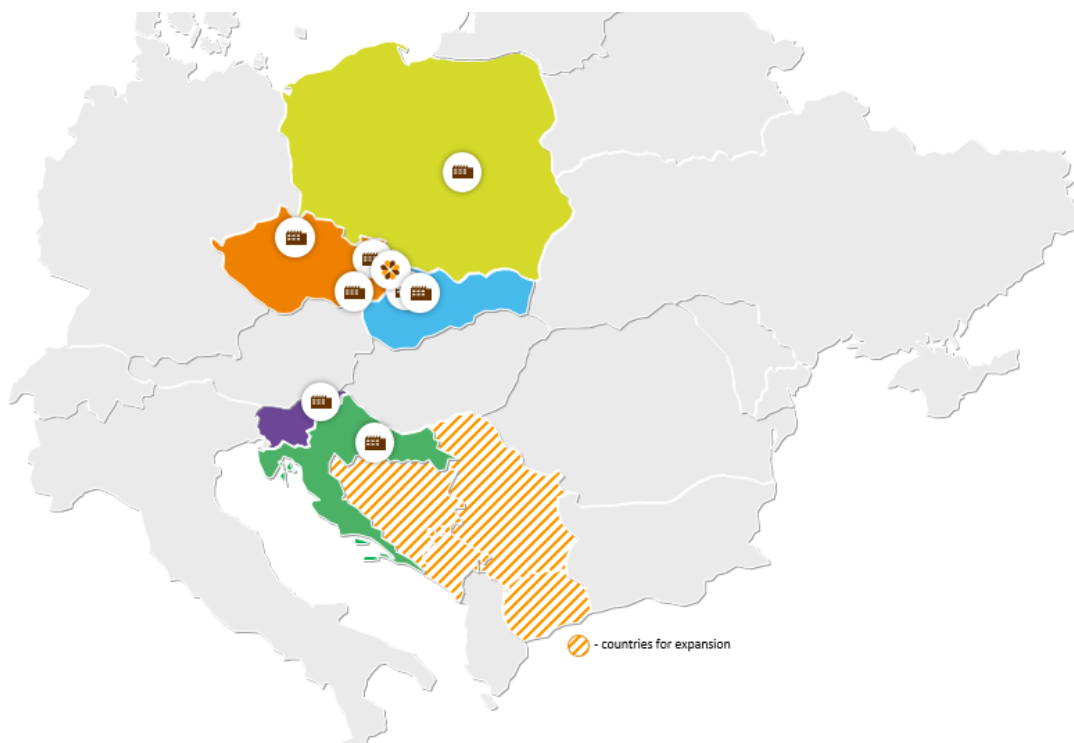
❖ no. 1 water brand
❖ no. 1 player in the soft drinks market



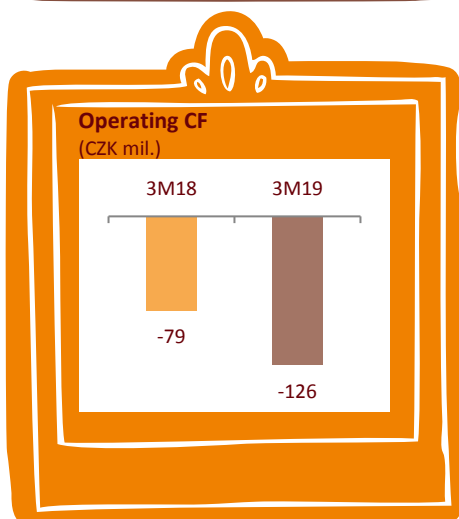
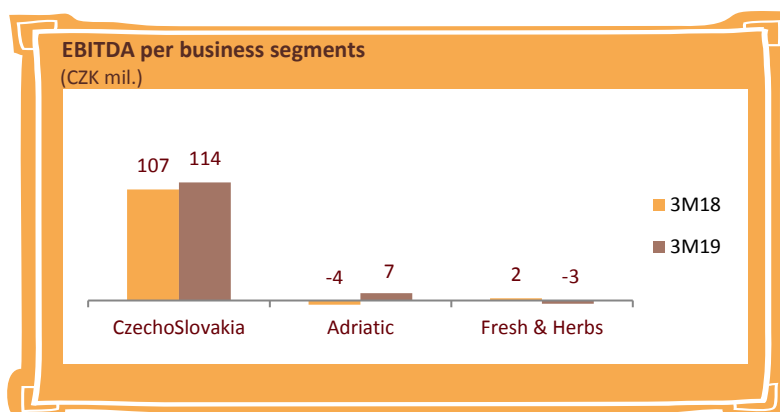
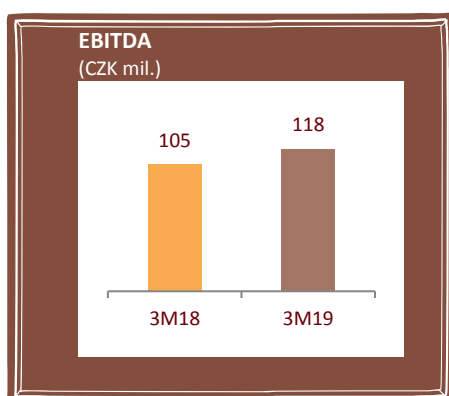
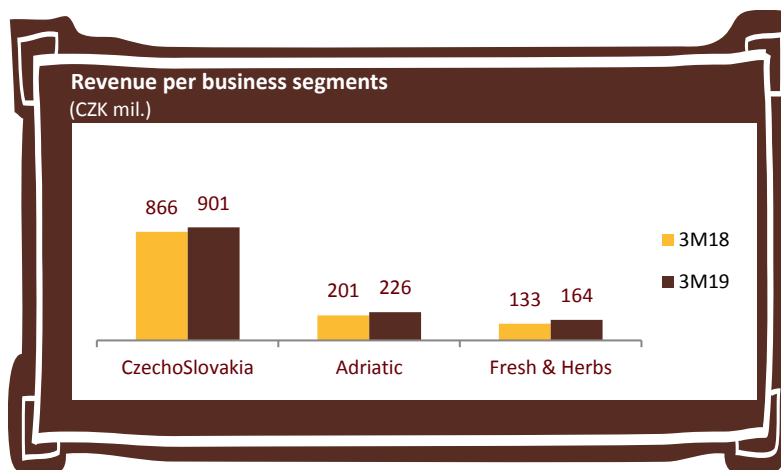
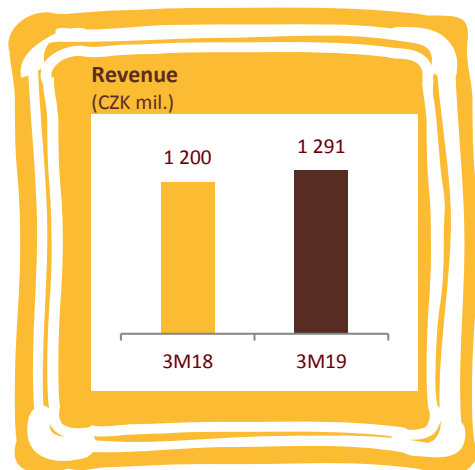
❖ no. 1 player in the soft drinks market



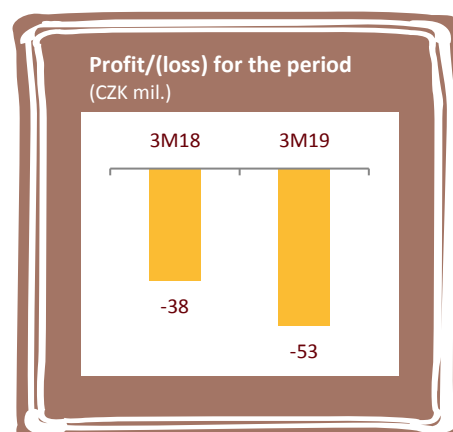
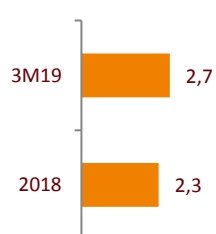
❖ no. 2 water brand



FOR THE 3M PERIOD (CONTINUING OPERATIONS)



Net debt/LTM EBITDA



The results and ratios above are based on adjusted results. For details on financial performance and reconciliation of reported and adjusted results refer to section 3.1.

MAIN INFORMATION IN 3M19:

- GROUP'S EBITDA FROM CONTINUING OPERATIONS INCREASED BY CZK 12.8 MIL. (12.2%).
- GROUP'S REVENUE FROM CONTINUING OPERATIONS INCREASED BY CZK 91.5 MIL. (7.6%), WITHOUT LEROS INCREASED BY CZK 64.0 MIL. (5.3%).
- INCREASED LOGISTIC AND PAYROLL COSTS PARTIALLY COMPENSATED BY SAVINGS FROM LOWER SUGAR PRICE.
- THE HIGHEST HORECA MARKET SHARES ON CZECH AND SLOVAKIA MARKET SINCE 2011.

2. KOFOLA GROUP

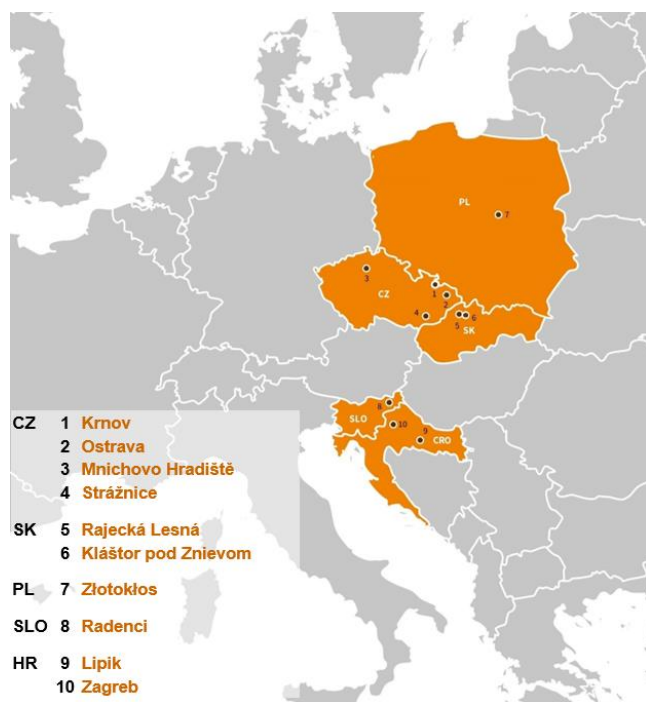


2.1. KOFOLA ČESKOSLOVENSKO

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

2.2. KOFOLA GROUP

BASIC INFORMATION



Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. The Group has a leading market position on the CzechoSlovak market and is targeting to replicate its success in other CEE markets. The Group has limited activities in Russia.

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

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

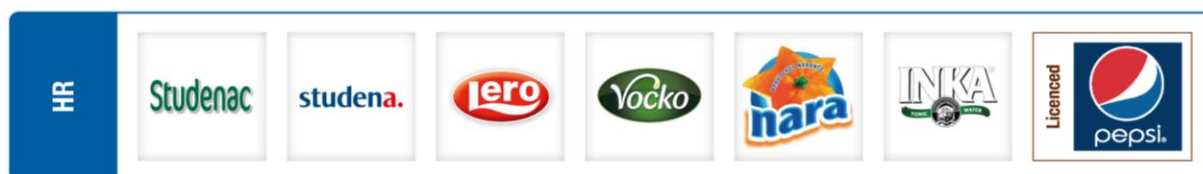
KEY BRANDS

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

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

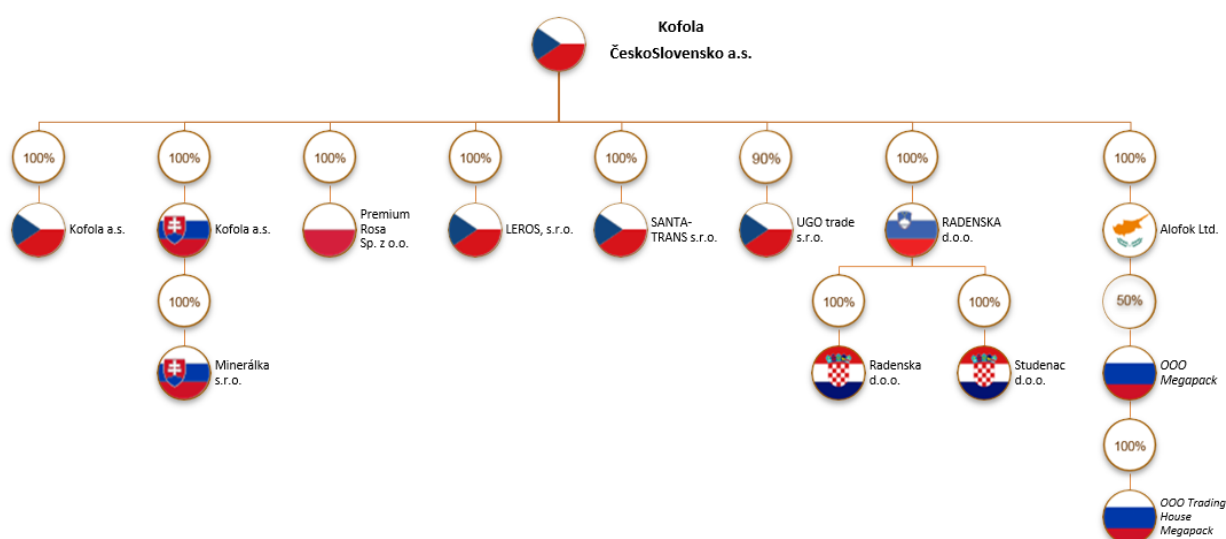
2. KOFOLA GROUP

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



2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2019



2. KOFOLA GROUP



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Segment (Note B 4.1)	Principal activities	Ownership interest and voting rights	
				31.3.2019	31.12.2018
Holding companies					
Kofola ČeskoSlovensko a.s. Alofok Ltd.	Czech Republic Cyprus	CzechoSlovakia N/A	top holding company holding	100.00%	100.00%
Production and trading					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	N/A	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	Adriatic	sales support and administration	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	Fresh & Herbs	production and distribution of syrops 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%
Minerálka s.r.o.	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%
Associated companies					
OOO Megapack	Russia	N/A	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	N/A	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

* On 18 March 2019 was sold.

2. KOFOLA GROUP



2.4. SUCCESSES AND AWARDS IN 2019



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

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



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

3. BUSINESS OVERVIEW AND OTHER MATTERS



3.1. BUSINESS OVERVIEW

REVENUES DEVELOPMENT IN 3M19 (CONTINUING OPERATIONS)

After successful year 2018, Kofola Group experienced further growth for the first quarter of 2019 when total sales from continuing operations (revenues of Hoop Polska are presented within discontinued operation) grew by 7.6%. After exclusion of LEROS' revenue growth due to its recent acquisition in March 2018 ("the acquisition effect"), the increase would be 5.3%.

The Group's revenue in the CzechoSlovakia segment increased by 4.1%. The increase was coming mainly from the On the go and On premise formats. Kofola Group reached the highest HoReCa market shares on Czech and Slovakia market since 2011.

Adriatic region achieved a very positive double-digit growth of 12.5%, which was reached in both RADENSKA and Studenac. In this year, we celebrate the 150 year anniversary of the Radenska brand.

The total of CzechoSlovakia and Adriatic markets represented 87.3% of total Group sales (88.9% in 3M18). Slight decrease is due to further growth of revenues in the Fresh & Herbs segment (B 4.1).

The growth in the Fresh & Herbs segment was influenced not only by the acquisition of LEROS (effect of CZK 27 480 thousand), but also by a growth of the rest of the segment by CZK 3 729 thousand.

The Group has already started to sell the mineral water Klášťorná and expects its positive contribution to the total revenues in the upcoming periods. Sales of Klášťorná will be reported under the CzechoSlovakia segment.

IMPORTANT MATTERS AFTER 31 MARCH 2019

No significant events or matters occurred after 31 March 2019.

ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group in 3M19. It should be read along with the financial statements and with other financial information contained in the attached consolidated financial statements and separate financial statements. The Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events in the following sections of part A. Please note that due to the sale of Hoop Polska, the whole result of this former subsidiary is presented within discontinued operation. The division of the income statement into continuing and discontinued operations is done also for the comparative period.

3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results 3M19	3M19	One-off adjustments	3M19 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	1 291 170	-	1 291 170
Cost of sales	(733 413)	-	(733 413)
Gross profit	557 757	-	557 757
Selling, marketing and distribution costs	(463 041)	-	(463 041)
Administrative costs	(106 519)	-	(106 519)
Other operating income/(costs), net	(6 719)	6 566	(153)
Operating profit/(loss)	(18 522)	6 566	(11 956)
Depreciation and amortisation	130 189	-	130 189
EBITDA	111 667*	6 566	118 233**
Finance costs, net	(22 434)	-	(22 434)
Income tax	(19 065)	830	(18 235)
Profit/(loss) for the period (continuing operations)	(60 021)	7 396	(52 625)
Profit/(loss) for the period (discontinued operations)	76 028	(89 401)	(13 373)
Profit/(loss) for the period (continuing + discontinued operations)	16 007	(82 005)	(65 998)
- attributable to owners of Kofola ČeskoSlovensko a.s.	17 858	(82 005)	(64 147)

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

** Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature, including in particular results from the sale of non-current and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current assets, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

3. BUSINESS OVERVIEW AND OTHER MATTERS

The operating profit of the Kofola Group for the 3-month period ended 31 March 2019 was affected by the following one-off items:

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

- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 2 061 thousand (Fresh & Herbs segment).
- Gain on sold items of Property, plant and equipment (mainly machines) of CZK 4 671 thousand recognized in the Adriatic segment (tax 19% applies).
- Acquisition advisory costs – CzechoSlovakia segment incurred costs of CZK 9 176 thousand.

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

- Gain on sale of Hoop Polska of CZK 7 979 thousand.
- Gain of CZK 81 422 thousand arising from the release of the cumulated foreign currency translation reserve related to the historical consolidation of the disposed subsidiary.

Adjusted consolidated financial results 3M18	3M18	One-off adjustments	3M18 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	1 199 711	-	1 199 711
Cost of sales	(702 015)	-	(702 015)
Gross profit	497 696	-	497 696
Selling, marketing and distribution costs	(423 143)	-	(423 143)
Administrative costs	(94 854)	4 263	(90 591)
Other operating income/(costs), net	(1 067)	3 830	2 763
Operating profit/(loss)	(21 368)	8 093	(13 275)
Depreciation and amortisation	118 669	-	118 669
EBITDA	97 301*	8 093	105 394**
Finance costs, net	(21 863)	-	(21 863)
Income tax	(3 352)	-	(3 352)
Profit/(loss) for the period (continuing operations)	(46 583)	8 093	(38 490)
Profit/(loss) for the period (discontinued operations)	(27 111)	(2 459)	(29 570)
Profit/(loss) for the period (continuing + discontinued operations)	(73 694)	5 634	(68 060)
- attributable to owners of Kofola ČeskoSlovensko a.s.	(72 483)	5 634	(66 849)

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

** Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature, including in particular results from the sale of non-current assets and financial assets, costs not arising from ordinary operations, such as those associated with the impairment of non-current assets, financial assets, goodwill and intangible assets, relocation costs and the costs of Group layoffs.

The operating profit of the Kofola Group for the 3-month period ended 31 March 2018 was affected by the following one-off items:

In Administrative costs – Continuing operations:

- Acquisition costs – CzechoSlovakia segment incurred costs of CZK 4 263 thousand.

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

- Costs connected with maintenance of closed Grodzisk Wielkopolski plant and other restructuring costs of CZK 3 830 thousand (Fresh & Herbs segment).

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

- Net other operating income from the sale of production lines of CZK 4 593 thousand.
- Costs connected with maintenance of closed Bielsk Podlaski plant of CZK 2 134 thousand.

3. BUSINESS OVERVIEW AND OTHER MATTERS

3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	3M19	3M18	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	1 291 170	1 199 711	91 459	7.6%
Cost of sales	(733 413)	(702 015)	(31 398)	4.5%
Gross profit	557 757	497 696	60 061	12.1%
Selling, marketing and distribution costs	(463 041)	(423 143)	(39 898)	9.4%
Administrative costs	(106 519)	(90 591)	(15 928)	17.6%
Other operating income, net	(153)	2 763	(2 916)	(105.5%)
Operating profit/(loss)	(11 956)	(13 275)	1 319	9.9%
EBITDA	118 233	105 394	12 839	12.2%
Finance costs, net	(22 434)	(21 863)	(571)	2.6%
Income tax	(18 235)	(3 352)	(14 883)	444.0%
Profit/(loss) for the period (continuing operations)	(52 625)	(38 490)	(14 135)	(36.7%)
Profit/(loss) for the period (discontinued operations)	(13 373)	(29 570)	16 197	54.8%
Profit/(loss) for the period (continuing + discontinued operations)	(65 998)	(29 570)	(2 062)	(3.0%)
- attributable to owners of Kofola ČeskoSlovensko a.s.	(64 147)	(66 849)	2 702	4.0%

REVENUE (CONTINUING OPERATIONS)

In 3M19, the Group's revenue amounted to CZK 1 291 170 thousand and increased by CZK 91 459 thousand or 7.6% from CZK 1 199 711 thousand in 3M18.

The increase was caused by higher sales in all Group's segments. Part of the growth in the amount of CZK 27 480 thousand is attributable to the acquisition effect of LEROS in March 2018.

The following table sets forth revenue split by business segments for 3M19 and 3M18.

Business segments	3M19		3M18	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
CzechoSlovakia	900 763	69.8%	865 700	72.2%
Adriatic	225 906	17.5%	200 719	16.7%
Fresh & Herbs	164 501	12.7%	133 292	11.1%
Total	1 291 170	100.0%	1 199 711	100.0%

CzechoSlovakia segment sales grew in all main brands with the biggest year over year growth percentages in case of Royal Crown Cola, Vinea, Rajec and Kofola. Share of Royal Crown Cola sales in the CzechoSlovakia segment is growing by double digit percentage thanks to its great popularity among customers (especially in the HoReCa channel).

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

Fresh & Herbs segment achieved a rapid growth of 23.4% thanks to the acquisition of LEROS (the like-to-like growth is 2.8% without the effect of LEROS). UGO as of 31 March 2019 operated 79 fresh and salad bars (as of 31 March 2018: 82) of which 45 in the form of franchises (as of 31 March 2018: 43).

The following table sets forth sales split by category of products for 3M19 and 3M18.

Product lines	3M19		3M18	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Carbonated beverages	519 859	40.3%	468 033	39.0%
Waters	332 678	25.8%	314 083	26.2%
Non-carbonated beverages	170 080	13.2%	166 135	13.9%
Syrups	105 632	8.2%	105 003	8.8%
Fresh bars & Salads	95 431	7.4%	84 021	7.0%
Other	67 490	5.2%	62 436	5.2%
Total	1 291 170	100.0%	1 199 711	100.0%

The activities of the Group concentrate on the production of beverages in four market categories: carbonated beverages (including cola beverages), non-carbonated beverages, types of bottled water and syrups. Together these categories accounted for 87.4% of the Group's revenue in 3M19 (in 3M18: 87.8%). The carbonated beverages achieved the most significant growth of CZK 51 826 thousand (11.1%), mainly due to increased sales of Kofola and Royal Crown Cola.

3. BUSINESS OVERVIEW AND OTHER MATTERS

The following table contains information about the geographical areas.

Sales by countries (per end customer)	3M19		3M18	
	Revenue CZK'000	Share %	Revenue CZK'000	Share %
Czech Republic	685 678	53.1%	643 686	53.7%
Slovakia	347 959	27.0%	323 207	26.9%
Slovenia	148 860	11.5%	132 370	11.0%
Croatia	56 543	4.4%	48 073	4.0%
Poland	23 991	1.9%	21 649	1.8%
Other	28 139	2.1%	30 726	2.6%
Total	1 291 170	100.0%	1 199 711	100.0%

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

The Group revenues increased in all countries where the particular subsidiaries have their place of business.

COST OF SALES (CONTINUING OPERATIONS)

In 3M19, the Group's cost of sales amounted to CZK 733 413 thousand and increased by CZK 31 398 thousand or 4.5% from CZK 702 015 thousand in 3M18.

In 3M19, the Group's cost of products and services sold amounted to CZK 622 589 thousand and increased by CZK 22 619 thousand from CZK 599 970 thousand in 3M18. The cost of products and services sold increased by 3.8%, which is significantly lower than the 7.7% increase of revenue, mainly thanks to lower prices of sugar.

In 3M19, the Group's cost of goods and materials sold amounted to CZK 110 824 thousand and increased by CZK 8 779 thousand or 8.6% from CZK 102 045 thousand in 3M18.

GROSS PROFIT (CONTINUING OPERATIONS)

In 3M19, the Group's gross profit amounted to CZK 557 757 thousand and increased by CZK 60 061 thousand or 12.1% from CZK 497 696 thousand in 3M18. This was influenced mainly by increased gross profit in CzechoSlovakia due to lower material costs and higher revenue. Gross profit margin increased by 1.7 p.p. from 41.5% in 3M18 to 43.2% achieved in 3M19.

SELLING, MARKETING AND DISTRIBUTION COSTS (CONTINUING OPERATIONS)

In 3M19, the Group's selling, marketing and distribution costs amounted to CZK 463 041 thousand and increased by CZK 39 898 thousand or 9.4% from CZK 423 143 thousand in 3M18. The increase was caused by increased revenues, increased payroll costs, higher logistic costs in the CzechoSlovakia segment and costs arising in LEROS which was acquired in March 2018.

ADMINISTRATIVE COSTS (CONTINUING OPERATIONS)

In 3M19, the Group's administrative costs amounted to CZK 106 519 thousand and increased by CZK 15 928 thousand or 17.6% from CZK 90 591 thousand in 3M18. The increase is mainly attributable to costs of LEROS which was acquired in March 2018, higher payroll costs and higher depreciation expense.

OPERATING PROFIT (CONTINUING OPERATIONS)

Due to the reasons described above, in 3M19, the Group's adjusted operating loss amounted to CZK 11 956 thousand as compared to an adjusted operating loss of CZK 13 275 thousand in 3M18.

EBITDA (CONTINUING OPERATIONS)

The following table sets forth information regarding adjusted EBITDA for 3M19 and 3M18.

Adjusted EBITDA	3M19	3M18
	CZK'000/%	CZK'000/%
EBITDA*	118 233	105 394
EBITDA margin**	9.2%	8.8%

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

The following table sets forth information regarding adjusted EBITDA split by business segments for 3M19 and 3M18.

3. BUSINESS OVERVIEW AND OTHER MATTERS

Adjusted EBITDA by business segments	3M19		3M18	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
	CZK'000	%	CZK'000	%
CzechoSlovakia	113 661	12.6%	107 532	12.4%
Adriatic	7 497	3.3%	(4 408)	(2.2%)
Fresh & Herbs	(2 536)	(1.5%)	2 452	1.8%
Other	(389)	-	(182)	-
Total	118 233	9.2%	105 394	8.8%

The total Group's adjusted EBITDA increased by CZK 12 839 thousand (12.2%) from CZK 105 394 thousand in 3M18 to CZK 118 233 thousand.

The adjusted EBITDA in the CzechoSlovakia and Adriatic segments in total reached CZK 121 158 thousand which represents a strong double-digit growth of CZK 18 034 thousand (17.5%) and as such also represents very positive first steps towards meeting target profitability in the year 2019.

The adjusted EBITDA of the Fresh & Herbs segment decreased by CZK 4 988 thousand which was influenced mainly by the results of LEROS which is investing in its marketing activities and positioning on the Czech and Slovak markets.

The net increase of the adjusted EBITDA was driven by the successful performance in the CzechoSlovakia and Adriatic segment and was mainly a result of increased sales in the HoReCa channel, higher revenues from the distribution of Pepsi and lower prices of material inputs.

The Group's EBITDA margin in 3M19 achieved 9.2% and increased by 0.4 p.p. in comparison with the EBITDA margin in 3M18. The increase is attributable mainly to increased proportion of HoReCa sales in the Czech Republic and Slovakia. Historically, the margins in the HoReCa distribution channel are higher than those in other channels.

FINANCE COSTS, NET (CONTINUING OPERATIONS)

In 3M19, the Group's net finance costs amounted to CZK 22 434 thousand and in comparison with 3M18 increased only by CZK 571 thousand.

INCOME TAX (CONTINUING OPERATIONS)

In 3M19, the Group's adjusted income tax amounted to CZK 18 235 thousand and increased in comparison to 3M18 by CZK 14 883 thousand, which is mainly a result of higher profits before tax and also decrease of the deferred tax receivable from provisions between 31 March 2019 and 31 December 2018.

NET PROFIT/LOSS FOR THE PERIOD (CONTINUING OPERATIONS)

As a result of above described effects, the Group's adjusted loss for the period amounted to CZK 52 625 thousand as compared to the adjusted loss of CZK 38 490 thousand in 3M18.

3. BUSINESS OVERVIEW AND OTHER MATTERS

3.1.3 FINANCIAL POSITION

Consolidated statement of financial position	31.3.2019	31.12.2018	Change	Change
	CZK'000	CZK'000	CZK'000	%
Total assets	6 460 887	6 563 030	(102 143)	(1.6%)
Non-current assets, out of which:	4 258 672	4 348 833	(90 161)	(2.1%)
<i>Property, plant and equipment</i>	2 993 983	2 959 954	34 029	1.1%
<i>Intangible assets</i>	937 390	1 054 524	(117 134)	(11.1%)
<i>Goodwill</i>	93 480	93 467	13	0.0%
<i>Investment in equity accounted investee</i>	77 068	66 894	10 174	15.2%
<i>Deferred tax assets</i>	51 988	52 774	(786)	(1.5%)
<i>Other</i>	104 763	121 220	(16 457)	(13.6%)
Current assets, out of which:	2 202 215	2 214 197	(11 982)	(0.5%)
<i>Inventories</i>	433 712	496 103	(62 391)	(12.6%)
<i>Trade and other receivables</i>	1 235 719	1 095 035	140 684	12.8%
<i>Cash and cash equivalents</i>	528 120	619 300	(91 180)	(14.7%)
<i>Other</i>	4 664	3 759	905	24.1%
Total equity and liabilities	6 460 887	6 563 030	(102 143)	(1.6%)
Equity	1 466 509	1 523 513	(57 004)	(3.7%)
Non-current liabilities	2 704 249	2 565 592	138 657	5.4%
Current liabilities	2 290 129	2 473 925	(183 796)	(7.4%)

ASSETS

At 31 March 2019, the Group's Property, plant and equipment amounted to CZK 2 993 983 thousand and increased by CZK 34 029 thousand from CZK 2 959 954 thousand as at 31 December 2018. This change was mainly caused by additions and finance lease additions totalling CZK 342 115 thousand, and on the other hand by the depreciation charge of CZK 114 838 thousand (continuing operations) and disposal of items of property, plant and equipment attributable to Hoop Polska with the carrying amount of CZK 192 735 thousand. The most significant additions realized by the Group in 1Q19 were assets arising as a result of the initial application of IFRS 16 (mostly leased fresh and salad bars premises and lease of the administrative building), investments into the production machinery, vehicles and the returnable packages.

As at 31 March 2019, Intangible assets were of CZK 937 390 thousand and decreased by CZK 117 134 thousand or 11.1% in comparison with 31 December 2018 which is mainly a result of the amortization of CZK 15 351 thousand and disposal of intangible assets attributable to Hoop Polska with the carrying amount of CZK 107 265 thousand.

Deferred tax asset decreased in comparison with the balance as of 31 December 2018 only slightly and amounted to CZK 51 988 thousand.

As at 31 March 2019, Other non-current assets were of CZK 104 763 thousand and decreased by CZK 16 457 thousand in comparison with 31 December 2018, mainly because of the reclassification of receivable from bonds which are repayable in less than 1 year since the balance sheet date to current assets. Next to the long-term receivable from bonds, the balance as at 31 March 2019 contains mainly non-current advances and principals.

The Group's current assets as at 31 March 2019 amounted to CZK 2 202 215 thousand, of which 56.1% is represented by Trade and other receivables, 24.0% is represented by Cash and cash equivalents and 19.7% is formed by Inventories. The net decrease of CZK 11 982 thousand or 0.5% is due to increased receivables (mainly short-term receivable from the sale of Hoop Polska), decreased cash and inventories (mainly as a result of the sale of Hoop Polska).

LIABILITIES

As at 31 March 2019, the Group's current and non-current liabilities amounted to CZK 4 994 378 thousand, which constitutes the decrease by 0.9% (CZK 45 139 thousand) in comparison to CZK 5 039 517 thousand as at 31 December 2018. Bank credits and loans of CZK 3 002 241 thousand as at 31 March 2019 increased by CZK 88 517 thousand (3.0%) in comparison to balance as at 31 December 2018 which is a result of regular repayments and additional drawings made during 3M19.

Lease liabilities increased by CZK 197 408 thousand to CZK 333 186 thousand, mainly as a result of the initial application of IFRS 16 standard on leasings.

Deferred tax liabilities increased by CZK 28 628 thousand which is mainly connected to the sale of Hoop Polska.

The Group's provisions decreased by CZK 53 473 thousand from CZK 118 543 thousand to CZK 65 070 thousand, which is mainly due to the usage of annual bonuses provisions.

3. BUSINESS OVERVIEW AND OTHER MATTERS



The Group's consolidated net debt (calculated as total non-current and current liabilities relating to credits, loans, leases and other debt instruments less cash and cash equivalents) amounted to CZK 2 807 307 thousand as at 31 March 2019, which represents an increase of CZK 377 105 thousand or 15.5% compared to CZK 2 430 202 thousand as at 31 December 2018 which was significantly influenced by the capitalization of leases due to initial application of IFRS 16 and capital expenditures.

The Group's consolidated net debt/Adjusted LTM EBITDA as at 31 March 2019 was of 2.7 compared to 2.3 as at 31 December 2018.

3.1.4 CASHFLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 3M19, the Group's net cash flow from operating activities amounted to CZK (125 611) thousand and decreased by CZK 46 125 thousand or 58.0% from CZK (79 486) thousand in 3M18. Decreased operating cash flow in 3M19 is mainly a result of higher payments of the Group's payables in 3M19 in comparison to 3M18.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 3M19, the Group's net cash inflow from investing activities amounted to CZK 1 077 thousand and increased by CZK 179 688 thousand from CZK (178 611) thousand in 3M18. The increase is mainly caused by the repayment of loan receivable from Hoop Polska and by purchase of subsidiaries in the period 3M18.

NET CASH FLOW FROM FINANCING ACTIVITIES

In 3M19, the Group's net cash inflow from financing activities amounted to CZK 33 081 thousand and decreased by CZK 148 813 thousand from CZK 181 894 thousand in 3M18. The lower inflow is a result of lower net drawings of loans and bank credits in 3M19.

3.1.5 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

Kofola Group will continue to deliver its products across Central and Eastern Europe and improve the efficiency of direct distribution in the Czech Republic.

In the Adriatic region, our key goal remains to significantly increase market share of our water brands in Croatia. In Slovenia, we celebrate the 150 year anniversary of the Radenska brand.

We will continue in our endeavour to enhance synergies between LEROS, s.r.o. and Premium Rosa Sp. z o.o. We are creating new marketing story of LEROS to support our sales (Story of Herbs) and gain the market position in all relevant distribution channels.

In UGO trade s.r.o., we will continue to stabilize the revenue growth. We're focused on qualitative growth and portfolio optimization: preparing great seasonal proposals, high quality coffee drinks to support breakfast and affordable finger food to acquire more young people and groups. In case of packaged products, we will move the production into a new modern plant, which will dramatically improve productivity and production capacity.

We will focus on sales of our new mineral water Klášťorná which is expected to gain its position on the CzechoSlovakia market.

We will further continue in our significant contributions to the environmental protection. We plan to further support the development of our own brands and also the distribution of our partners' brands with focus on CEE region. We will continue in our acquisitions related activities to search for potential brands that satisfy both our and our customers' preferences.

3. BUSINESS OVERVIEW AND OTHER MATTERS

3.1.6 ALTERNATIVE PERFORMANCE INDICATORS

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

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

* In both current and non-current liabilities.

PURPOSE OF APM:

A. EBITDA

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

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

B. NET DEBT

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

C. NET DEBT/EBITDA

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

3.1.7 DIVIDEND POLICY

On General Meeting held on 21 June 2017, the Company announced the change in the dividend policy with the aim of distributing of a dividend to the shareholders of Kofola of at least 60% of its consolidated net profit achieved in each financial year from 2017 until 2020, subject to sufficient distributable profits.

3.2. SUBSEQUENT EVENTS

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

4. CORPORATE GOVERNANCE



4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

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

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

On 13 August 2018, the general meeting of the Company approved a reduction of the Company's share capital. The reduction was made by cancelling 3 052 own shares with a total nominal value of CZK 305 thousand and by reducing the nominal value of all the other shares of the Company by CZK 50, i.e. from CZK 100 to CZK 50. The decrease has been effective since 20 December 2018, after the registration in the Commercial Register.

The amount corresponding to the reduction of the registered shared capital, i.e. the amount of CZK 1 114 902 thousand was used as follows:

- (i) a part amounting to CZK 496 266 thousand was transferred to the Other reserves of the Company,
- (ii) a part amounting to CZK 618 331 thousand was transferred to the newly created Company's Distribution fund and
- (iii) a part amounting to CZK 305 thousand was recognized in the profit and loss.

4.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure	31.3.2019	
	Number of shares pcs	Share %
AETOS a.s.	14 984 204	67.22%
RADENSKA d.o.o.	1 114 109	5.00%
Others	6 193 635	27.78%
Total shares volume	22 291 948	100.00%

Group shareholders structure	31.12.2018	
	Number of shares pcs	Share %
AETOS a.s.	15 159 204	68.00%
RADENSKA d.o.o.	1 114 109	5.00%
Others	6 018 635	27.00%
Total shares volume	22 291 948	100.00%

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



INTERIM CONSOLIDATED FINANCIAL STATEMENTS 3M 2019
KOFOLA ČESKOSLOVENSKO A.S.

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 3-month period ended 31 March 2019 and 31 March 2018 in CZK thousand.

Consolidated statement of profit or loss	Note	3M19	3M18
		CZK'000	Restated (note 4.19) CZK'000
Continuing operations			
Revenue from the sale of finished products and services	4.1, 4.2	1 166 632	1 083 715
Revenue from the sale of goods and materials	4.1, 4.2	124 538	115 996
Revenue		1 291 170	1 199 711
Cost of products and services sold	4.3	(622 589)	(599 970)
Cost of goods and materials sold	4.3	(110 824)	(102 045)
Cost of sales		(733 413)	(702 015)
Gross profit		557 757	497 696
Selling, marketing and distribution costs	4.3	(463 041)	(423 143)
Administrative costs	4.3	(106 519)	(94 854)
Other operating income	4.4	9 115	5 234
Other operating expenses	4.5	(15 834)	(6 301)
Operating profit/(loss)		(18 522)	(21 368)
Finance income	4.6	4 915	1 246
Finance costs	4.7	(30 986)	(23 039)
Share of profit/(loss) of equity accounted investee	4.12	3 637	(70)
Profit/(loss) before income tax		(40 956)	(43 231)
Income tax expense	4.8	(19 065)	(3 352)
Profit/(loss) from continuing operations		(60 021)	(46 583)
Discontinued operation			
Profit/(loss) from discontinued operation	4.19	76 028	(27 111)
Profit/(loss) for the period (continuing and discontinued operations)	1.2	16 007	(73 694)
<i>Attributable to:</i>			
Owners of Kofola ČeskoSlovensko a.s.	1.5	17 858	(72 483)
Non-controlling interests	1.5	(1 851)	(1 211)
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	0.80	(3.25)

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2019 and 31 March 2018 in CZK thousand.

Consolidated statement of other comprehensive income (continuing and discontinued operations)	Note	3M19	3M18
		CZK' 000	Restated (note 4.19) CZK' 000
Profit/(loss) for the period (continuing and discontinued operations)	1.1	16 007	(73 694)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		(81 793)	(14 736)
- from continuing operations		(371)	(17 248)
- from discontinued operation		(81 422)	2 512
Exchange differences on translation of foreign equity accounted investee	4.12	6 537	(1 718)
Derivatives - Cash flow hedges		1 110	(7 335)
Deferred tax from cash flow hedging	4.8	(211)	1 394
Other comprehensive income/(loss) for the period, net of tax		(74 357)	(22 395)
Total comprehensive income/(loss) for the period	1.5	(58 350)	(96 089)
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.		(56 499)	(94 878)
- from continuing operations		(51 105)	(70 279)
- from discontinued operation		(5 394)	(24 599)
Non-controlling interests		(1 851)	(1 211)

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2019 and 31 December 2018 in CZK thousand.

Assets	Note	31.3.2019 CZK' 000	31.12.2018 CZK' 000
Non-current assets		4 258 672	4 348 833
Property, plant and equipment	4.10	2 993 983	2 959 954
Goodwill	4.11	93 480	93 467
Intangible assets	4.11	937 390	1 054 524
Investment in equity accounted investee	4.12	77 068	66 894
Other receivables		102 496	118 959
Other assets		2 267	2 261
Deferred tax assets		51 988	52 774
Current assets		2 202 215	2 214 197
Inventories		433 712	496 103
Trade and other receivables		1 235 719	1 095 035
Income tax receivables		4 664	3 759
Cash and cash equivalents		528 120	619 300
Total assets		6 460 887	6 563 030
Liabilities and equity			
	Note	31.3.2019 CZK' 000	31.12.2018 CZK' 000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.	1.5	1 476 516	1 531 669
Share capital	1.5	1 114 597	1 114 597
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)
Other reserves	1.5	2 439 675	2 438 776
Foreign currency translation reserve	1.5	(46 302)	28 954
Distribution fund	1.5	618 331	618 331
Own shares	1.5	(490 208)	(490 208)
Retained earnings/(Accumulated deficit)	1.5	(196 706)	(215 910)
Equity attributable to non-controlling interests	1.5	(10 007)	(8 156)
Total equity	1.5	1 466 509	1 523 513
Non-current liabilities		2 704 249	2 565 592
Bank credits and loans	4.13	2 257 122	2 308 429
Lease liabilities		249 801	88 288
Provisions		33 653	34 063
Other liabilities		28 703	28 470
Deferred tax liabilities		134 970	106 342
Current liabilities		2 290 129	2 473 925
Bank credits and loans	4.13	745 119	605 295
Lease liabilities		83 385	47 490
Trade and other payables		1 398 726	1 697 724
Income tax liabilities		31 482	38 936
Provisions		31 417	84 480
Total liabilities		4 994 378	5 039 517
Total liabilities and equity		6 460 887	6 563 030

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 3-month period ended 31 March 2019 and 31 March 2018 in CZK thousand.

Consolidated statement of cash flows	Note	3M19 CZK '000	3M18 CZK '000
Cash flows from operating activities			
Profit/(loss) before income tax (continuing and discontinued operations)		35 072	(70 342)
Adjustments for:			
Non-cash movements			
Depreciation and amortisation		133 748	134 514
Net interest		27 110	17 713
Share on equity accounted investee result	4.12	(3 637)	70
Change in the balance of impairments		(1 119)	(10 598)
Change in the balance of provisions		(51 113)	2 560
Derivatives	4.6, 4.7	(543)	1 160
Realised (gain)/loss on sale of PPE and Intangible assets		(6 036)	(7 519)
Net exchange differences		(2 215)	5 001
(Profit)/loss on sale of subsidiary	4.19	(7 979)	-
Gain on release of the foreign currency translation reserve	4.19	(81 422)	-
Other		2 963	2 084
Cash movements			
Income taxes paid		(19 210)	(21 701)
Change in operating assets and liabilities			
Change in receivables		(127 908)	(131 275)
Change in inventories		(25 055)	(14 983)
Change in payables		1 733	13 830
Net cash inflow/(outflow) from operating activities		(125 611)	(79 486)
Cash flows from investing activities			
Sale of property, plant and equipment		7 694	12 671
Acquisition of PPE and Intangible assets		(132 081)	(83 807)
Proceeds from sale of subsidiary, net of cash disposed		21 117	-
Acquisition of subsidiary, net of cash acquired		-	(107 516)
Interest received		141	41
Proceeds from repaid loans		104 206	-
Net cash inflow/(outflow) from investing activities		1 077	(178 611)
Cash flows from financing activities			
Lease payments		(26 755)	(14 013)
Proceeds from loans and bank credits		185 695	581 000
Repayment of loans and bank credits		(99 367)	(374 923)
Interest and bank charges paid		(27 035)	(13 630)
Derivates		543	3 460
Net cash inflow/(outflow) from financing activities		33 081	181 894
Net increase/(decrease) in cash and cash equivalents		(91 453)	(76 203)
Cash and cash equivalents at the beginning of the period	1.3	619 300	289 594
Effects of exchange rate changes on cash and cash equivalents		273	(1 194)
Cash and cash equivalents at the end of the period	1.3	528 120	212 197

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

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 3-month period ended 31 March 2019 and 31 March 2018 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	Distribution fund	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 31 December 2017		2 229 500	(1 962 871)	2 048 985	37 030	-	(491 565)	116 591	1 977 670	(3 684)	1 973 986
IFRS 9 adjustment		-	-	-	-	-	-	7 594	7 594	-	7 594
Balance as at 1 January 2018		2 229 500	(1 962 871)	2 048 985	37 030	-	(491 565)	124 185	1 985 264	(3 684)	1 981 580
Profit/(loss) for the period	1.1	-	-	-	-	-	-	(72 483)	(72 483)	(1 211)	(73 694)
Other comprehensive income/(loss)	1.2	-	-	(5 941)	(16 454)	-	-	-	(22 395)	-	(22 395)
Total comprehensive income/(loss) for the period	1.2	-	-	(5 941)	(16 454)	-	-	(72 483)	(94 878)	(1 211)	(96 089)
Balance as at 31 March 2018		2 229 500	(1 962 871)	2 043 044	20 576	-	(491 565)	51 702	1 890 386	(4 895)	1 885 491
Balance as at 31 December 2018		1 114 597	(1 962 871)	2 438 776	28 954	618 331	(490 208)	(215 910)	1 531 669	(8 156)	1 523 513
Effect of initial application of IFRS 16		-	-	-	-	-	-	1 346	1 346	-	1 346
Balance as at 1 January 2019		1 114 597	(1 962 871)	2 438 776	28 954	618 331	(490 208)	(214 564)	1 533 015	(8 156)	1 524 859
Profit/(loss) for the period	1.1	-	-	-	-	-	-	17 858	17 858	(1 851)	16 007
Other comprehensive income/(loss)	1.2	-	-	899	6 166	-	-	-	7 065	-	7 065
Release of the cumulated foreign currency translation reserve attributable to disposed operation	1.2, 4.19	-	-	-	(81 422)	-	-	-	(81 422)	-	(81 422)
Total comprehensive income/(loss) for the period	1.2	-	-	899	(75 256)	-	-	17 858	(56 499)	(1 851)	(58 350)
Balance as at 31 March 2019		1 114 597	(1 962 871)	2 439 675	(46 302)	618 331	(490 208)	(196 706)	1 476 516	(10 007)	1 466 509

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

RELEASE OF THE CUMULATED FOREIGN CURRENCY TRANSLATION RESERVE ATTRIBUTABLE TO DISPOSED OPERATION

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

2. GENERAL INFORMATION



2.1. CORPORATE INFORMATION

GENERAL INFORMATION

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

Main area of activity of Kofola ČeskoSlovensko a.s. in the three-month period ended 31 March 2019 was providing certain services for the other companies in Kofola Group, e.g. strategic services, services related to products, shared services and holding of licences and trademarks.

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

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

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 31 March 2019, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

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

SUPERVISORY BOARD

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

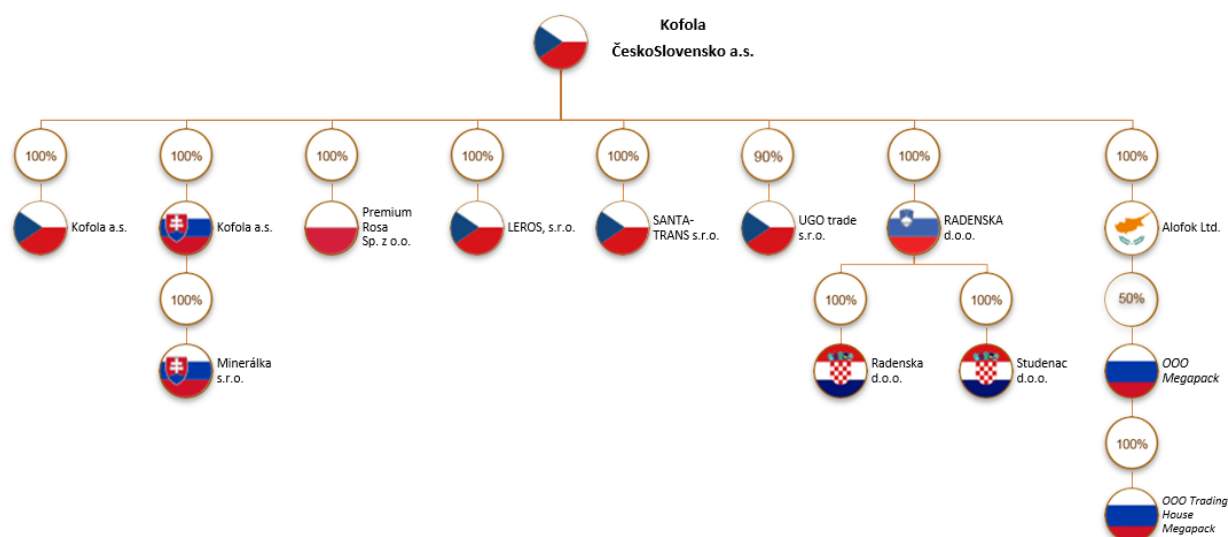
AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2019



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Segment (Note 4.1)	Principal activities	Ownership interest and voting rights	
				31.3.2019	31.12.2018
Holding companies					
Kofola ČeskoSlovensko a.s.	Czech Republic	CzechoSlovakia	top holding company	100.00%	100.00%
Alofok Ltd.	Cyprus	N/A	holding		
Production and trading					
Kofola a.s.	Czech Republic	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	CzechoSlovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	N/A	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	Fresh & Herbs	operation of fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	Adriatic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	Adriatic	sales support and administration	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%
Minerálka s.r.o.	Slovakia	CzechoSlovakia	inactive	100.00%	100.00%
Transportation					
SANTA-TRANS s.r.o.	Czech Republic	CzechoSlovakia	road cargo transport	100.00%	100.00%
Associated companies					
OOO Megapack	Russia	N/A	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	N/A	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

* On 18 March 2019 was sold.

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) adopted by the European Union, published and effective for reporting periods beginning on 1 January 2019.

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

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

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

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

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

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

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

3.3. FOREIGN CURRENCY TRANSLATION

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

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

- cost of sales – for trading operations,
- finance income and costs – for financial operations.

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

3. SIGNIFICANT ACCOUNTING POLICIES



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

Closing exchange rates	31.3.2019	31.12.2018	31.3.2018
CZK/EUR	25.800	25.725	25.430
CZK/PLN	5.998	5.980	6.040
CZK/RUB	0.354	0.323	0.359
CZK/USD	22.968	22.466	20.641
CZK/HRK	3.470	3.471	3.421

Average exchange rates	1.1.2019 - 31.3.2019	1.1.2018 - 31.12.2018	1.1.2018 - 31.3.2018
CZK/EUR	25.682	25.643	25.402
CZK/PLN	5.970	6.020	6.078
CZK/RUB	0.343	0.347	0.363
CZK/USD	22.613	21.735	20.669
CZK/HRK	3.461	3.457	3.415

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

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

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

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

3.4. CONSOLIDATION METHODS

The consolidation methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2018.

3.5. ACCOUNTING METHODS

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

3.6. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

IFRS 16 LEASES

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

- Leases of low value assets (i.e. those with value lower than 80 000 CZK) are not accounted under the IFRS 16 lease model.
- Leases with a lease term of 12 months or less that do not contain a purchase option (i.e. short-term leases) are not accounted under the IFRS 16 lease model.
- Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 (leases without extension option or with an option which is not to be used) are not accounted under the IFRS 16 lease model.
- For leases commencing before 1 January 2019 and representing operating leases before that date, the Group recognizes the lease liability in the amount equal to the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate at the date of initial application. Right-of-use asset is recognized in the amount of lease liability (adjusted by the amount of any previously recognized prepaid or accrued lease payments relating to that lease) less impairment provision calculated under IAS 36.
- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.
- For leases commencing before 1 January 2019, the initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight is used, such as in determining the lease term if the contract contains options to extend or terminate the lease.

ADJUSTMENTS RECOGNISED ON ADOPTION OF IFRS 16

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES



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

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

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

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

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

Right-of-use assets are measured at cost comprising the following:

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

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

3.7. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group's management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors considered at their calculation, new information or past experience. For this reason, the estimates made as at 31 March 2019 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Impairment of investment in equity accounted investees	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Useful life of trade marks	The history of the trade mark on the market, market position, useful life of similar products, the stability of the market segment, competition.
Income tax	Assumptions used to recognise deferred income tax assets.
Impairment of receivables	Historical experience, credit assessment, current and forward-looking information available to the management.
Deferred tax asset from investment incentives and tax losses	Historical experience, current and forward-looking information available to the management.

3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 15 May 2019.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION (CONTINUING OPERATIONS)

The Board of Directors of Kofola ČeskoSlovensko a.s. is the chief operating decision maker (“CODM”) responsible for operational decision-making and uses segment results to decide on the allocation of resources to the segments and to assess segments’ performance. After the sale of Hoop Polska Sp. z o.o., management has decided to adjust the structure of segment information. Based on this assessment, three main business segments are presented within these financial statements. These are:

- CzechoSlovakia,
- Adratic,
- Fresh & Herbs.

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

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

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

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

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

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

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

The Group did not identify any customer in the period of three months ended 31 March 2019 and in the comparative period of three months ended 31 March 2018 that generated more than 10% of the Group’s consolidated revenue.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



BUSINESS SEGMENTS (CONTINUING OPERATIONS)

1.1.2019 – 31.3.2019	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	931 740	226 460	164 690	-	1 322 890	(31 720)	-	1 291 170
External revenue – excl. services	896 072	224 564	157 114	-	1 277 750	-	-	1 277 750
External revenue – services	4 691	1 342	7 387	-	13 420	-	-	13 420
Inter-segment revenue	30 977	554	189	-	31 720	(31 720)	-	-
Operating expenses	(908 438)	(236 617)	(195 968)	(389)	(1 341 412)	31 720	-	(1 309 692)
Related to external revenue	(877 461)	(236 063)	(195 779)	(389)	(1 309 692)	-	-	(1 309 692)
Related to inter-segment revenue	(30 977)	(554)	(189)	-	(31 720)	31 720	-	-
Operating profit/(loss)	23 302	(10 157)	(31 278)	(389)	(18 522)	-	-	(18 522)
Finance income/(costs), net	(21 747)	(1 306)	(2 530)	30	(25 553)	(518)	-	(26 071)
- within segment	(23 365)	(1 033)	(1 703)	30	(26 071)	-	-	(26 071)
- between segments	1 618	(273)	(827)	-	518	(518)	-	-
Share of profit/(loss) of equity accounted investee	-	-	-	-	-	-	3 637	3 637
Profit/(loss) before income tax	1 555	(11 463)	(33 808)	(359)	(44 075)	(518)	3 637	(40 956)
Income tax (expense)/benefit	(17 933)	(1 156)	24	-	(19 065)	-	-	(19 065)
Profit/(loss) for the period	(16 378)	(12 619)	(33 784)	(359)	(63 140)	(518)	3 637	(60 021)
EBITDA**	104 485	12 168	(4 597)	(389)	111 667	-	-	111 667
One-offs (A 3.1.1)	9 176	(4 671)	2 061	-	6 566	-	-	6 566
Adjusted EBITDA (A 3.1.1)	113 661	7 497	(2 536)	(389)	118 233	-	-	118 233

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

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

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets	165 887	22 040	159 270	-	347 197	-	-	347 197
Depreciation and amortisation	81 183	22 325	26 681	-	130 189	-	-	130 189
Other Impairment losses	1 368	-	197	-	1 565	-	-	1 565
Other Impairment losses reversals	(209)	(266)	(289)	-	(764)	-	-	(764)
Provisions - Increase due to creation	23 039	-	3 149	-	26 188	-	-	26 188
Provisions - Decrease due to usage/release	(64 145)	(6 964)	(5 476)	-	(76 585)	-	-	(76 585)

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2018 – 31.3.2018	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
Restated	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	892 365	200 888	133 292	-	1 226 545	(26 834)	-	1 199 711
External revenue – excl. services	852 585	197 499	126 555	-	1 176 639	-	-	1 176 639
External revenue – services	13 115	3 220	6 737	-	23 072	-	-	23 072
Inter-segment revenue	26 665	169	-	-	26 834	(26 834)	-	-
Operating expenses	(864 981)	(230 025)	(152 725)	(182)	(1 247 913)	26 834	-	(1 221 079)
Related to external revenue	(838 316)	(229 856)	(152 725)	(182)	(1 221 079)	-	-	(1 221 079)
Related to inter-segment revenue	(26 665)	(169)	-	-	(26 834)	26 834	-	-
Operating profit/(loss)	27 384	(29 137)	(19 433)	(182)	(21 368)	-	-	(21 368)
Finance income/(costs), net	(20 287)	(1)	(1 602)	(34)	(21 924)	131	-	(21 793)
- within segment	(20 909)	284	(1 137)	(31)	(21 793)	-	-	(21 793)
- between segments	622	(285)	(465)	(3)	(131)	131	-	-
Share of profit/(loss) of equity accounted investee	-	-	-	-	-	-	(70)	(70)
Profit/(loss) before income tax	7 097	(29 138)	(21 035)	(216)	(43 292)	131	(70)	(43 231)
Income tax (expense)/benefit	(6 766)	2 261	1 153	-	(3 352)	-	-	(3 352)
Profit/(loss) for the period	331	(26 877)	(19 882)	(216)	(46 644)	131	(70)	(46 583)
EBITDA**	103 269	(4 408)	(1 378)	(182)	97 301	-	-	97 301
One-offs (A 3.1.1)	4 263	-	3 830	-	8 093	-	-	8 093
Adjusted EBITDA (A 3.1.1)	107 532	(4 408)	2 452	(182)	105 394	-	-	105 394

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

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

Other segment information	CzechoSlovakia	Adriatic	Fresh & Herbs	Other*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Additions to PPE and Intangible assets	37 385	30 127	1 723	-	69 235	-	-	69 235
Depreciation and amortisation	75 885	24 729	18 055	-	118 669	-	-	118 669
Other Impairment losses	(604)	-	1 187	-	583	-	-	583
Other Impairment losses reversals	(6 847)	(468)	(111)	-	(7 426)	-	-	(7 426)
Provisions - Increase due to creation	24 802	-	1 153	-	25 955	-	-	25 955
Provisions - Decrease due to usage/release	(18 073)	(280)	-	-	(18 353)	-	-	(18 353)

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



PRODUCT LINES (CONTINUING OPERATIONS)

1.1.2019 - 31.3.2019	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Revenue	519 859	170 071	332 678	105 632	95 431	67 499	1 291 170
External revenue – excl. services	519 859	170 071	332 678	105 632	88 129	61 381	1 277 750
External revenue – services	-	-	-	-	7 302	6 118	13 420

1.1.2018 - 31.3.2018	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Fresh bars & Salads CZK '000	Other CZK '000	Total CZK '000
Revenue	468 033	166 135	314 083	105 003	84 021	62 436	1 199 711
External revenue – excl. services	468 033	166 135	314 083	105 003	77 284	46 101	1 176 639
External revenue – services	-	-	-	-	6 737	16 335	23 072

INFORMATION ABOUT GEOGRAPHICAL AREAS — REVENUE PER END CUSTOMER (CONTINUING OPERATIONS)

1.1.2019 - 31.3.2019	Czech Republic CZK '000	Slovakia CZK '000	Poland CZK '000	Slovenia CZK '000	Croatia CZK '000	Other CZK '000	Total CZK '000
Revenue	685 678	347 959	23 991	148 860	56 543	28 139	1 291 170
External revenue – excl. services	676 895	344 936	23 991	147 526	56 543	27 859	1 277 750
External revenue – services	8 783	3 023	-	1 334	-	280	13 420
Non-current assets (excluding financial assets and deferred tax assets)	2 050 780	980 434	246 976	649 486	156 747	-	4 084 423

1.1.2018 - 31.3.2018	Czech Republic CZK '000	Slovakia CZK '000	Poland CZK '000	Slovenia CZK '000	Croatia CZK '000	Other CZK '000	Total CZK '000
Revenue	643 686	323 207	21 649	132 370	48 073	30 726	1 199 711
External revenue – excl. services	630 966	316 075	21 649	129 150	48 073	30 726	1 176 639
External revenue – services	12 720	7 132	-	3 220	-	-	23 072
Non-current assets (excluding financial assets and deferred tax assets)	1 874 949	877 727	72 040	663 909	172 234	-	3 660 859

SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

SEASONALITY

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

CYCLICAL NATURE

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

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.2. REVENUE (CONTINUING OPERATIONS)

Revenue streams, Timing of revenue recognition	3M19 CZK'000	3M18 CZK'000
Revenue from contracts with customers	1 291 170	1 199 711
- Sales of finished products/goods/materials (transferred at a point in time)	1 277 750	1 176 639
- Sales of transportation services (transferred over time)	2 621	9 454
- Franchise licences (transferred over time)	7 307	6 730
- Sales of other services (transferred over time)	3 492	6 888
Total revenue	1 291 170	1 199 711

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

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

4.3. EXPENSES BY NATURE (CONTINUING OPERATIONS)

Expenses by nature	3M19 CZK'000	3M18 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	130 189	118 653
Employee benefits expenses (i)	309 993	287 191
Consumption of materials and energy	476 750	474 091
Cost of goods and materials sold	110 824	102 045
Services **	253 252	195 272
Rental costs	17 870	22 596
Taxes and fees	13 422	12 780
Insurance costs	3 689	2 881
Inventory write-down/(back)	(502)	(1 876)
Change in allowance to receivables	1 303	(905)
Change in finished products and work in progress	(15 634)	4 107
Other costs	2 856	3 177
Total expenses by nature*	1 304 012	1 220 012
Depreciation recognized in Other operating expenses	(1 039)	-
Reconciliation of expenses by nature to expenses by function	1 302 973	1 220 012
Selling, marketing and distribution costs	463 041	423 143
Administrative costs	106 519	94 854
Costs of products and services sold	622 589	599 970
Cost of goods and materials sold	110 824	102 045
Total costs of products sold, merchandise and materials, sales costs and administrative costs	1 302 973	1 220 012

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

** One-off administrative services are in the 3M19 period reported in Other operating expenses.

Growth of depreciation between periods is influenced by the application of IFRS 16 on operating leases which were previously presented in operating expenses. Increase of expenses for services is influenced mainly by increase of revenues, higher distribution costs and costs arising in LEROS which was acquired in March 2018.

(i) Employee benefits expenses

Employee benefits expenses	3M19 CZK'000	3M18 CZK'000
Salaries	228 764	211 326
Social security and other benefit costs (including healthcare insurance)	37 817	35 962
Pension benefit plan expenses	43 412	39 903
Total employee benefits expenses	309 993	287 191

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.4. OTHER OPERATING INCOME (CONTINUING OPERATIONS)

Other operating income	3M19 CZK'000	3M18 CZK'000
Net gain from the sale of PPE and Intangible assets	6 096	2 615
Release of allowance to receivables	5	-
Reinvoiced payments	658	783
Grants	230	113
Compensation claims	375	-
Write-off liabilities	30	-
Penalties and compensation for damages	47	405
Tax return	92	-
Release of provisions	375	-
Other	1 207	1 318
Total other operating income	9 115	5 234

4.5. OTHER OPERATING EXPENSES (CONTINUING OPERATIONS)

Other operating expenses	3M19 CZK'000	3M18 CZK'000
Net loss from disposal of PPE and Intangible assets	60	1 411
Provided donations, sponsorship	1 952	597
Penalties and damages	540	-
Other tax expenses	97	69
Services*	9 176	-
Other	4 009	4 224
Total other operating expenses	15 834	6 301

* One-off services were in the 3M18 period reported in Administrative expenses.

4.6. FINANCE INCOME (CONTINUING OPERATIONS)

Finance income	3M19 CZK'000	3M18 CZK'000
Interest from:		
– bank deposits	141	2
– bonds	538	-
Exchange gains	3 553	1 070
Derivatives	543	-
Other	140	174
Total finance income	4 915	1 246

4.7. FINANCE COSTS (CONTINUING OPERATIONS)

Finance costs	3M19 CZK'000	3M18 CZK'000
Interest from:		
– bank loans and credits	24 981	11 448
– finance lease	2 377	1 017
– bonds	-	4 287
Exchange losses	1 035	1 648
Bank costs and charges	2 586	3 440
Derivatives	-	1 160
Other	7	39
Total finance costs	30 986	23 039

Growth of interest between periods is influenced by the application of IFRS 16 on operating leases, loan drawings and on the other hand by the decrease of interest from bonds which were repaid in October 2018.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.8. INCOME TAX (CONTINUING OPERATIONS)

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the three-month period ended 31 March 2019 and 31 March 2018 were as follows:

Income tax	3M19 CZK'000	3M18 CZK'000
Current income tax expense/(benefit)	11 634	14 716
Current income tax on profits for the year	10 143	14 716
Adjustments for current income tax of prior periods	1 491	-
Deferred income tax expense/(benefit)	7 431	(11 364)
Related to arising and reversing of temporary differences	10 919	(10 150)
Related to tax losses	(3 488)	(1 214)
Income tax expense/(benefit)	19 065	3 352

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

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the three-month period ended 31 March 2019 and 31 March 2018 were as follows::

Income tax recognised directly in equity	3M19 CZK'000	3M18 CZK'000
Deferred income tax	211	(1 394)
Tax from Cash flow hedges	211	(1 394)
Income tax recognised directly in equity	211	(1 394)

4.9. EARNINGS PER SHARE (CONTINUING OPERATIONS)

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

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

Data relating to the profits and shares used to calculate basic earnings per share are presented below:

	3M19 CZK'000	3M18 CZK'000
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	17 858	(72 483)

	3M19 Pcs	3M18 Pcs
Weighted average number of ordinary shares for EPS calculation	22 291 948	22 295 000
Effect of own shares	-	(2 421)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 291 948	22 292 579

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



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

Basic earnings per share (CZK/share)	3M19 CZK'000	3M18 CZK'000
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	17 858	(72 483)
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 292 579
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	0.80	(3.25)

4.10. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 342 115 thousand in the three-month period ended 31 March 2019 (including lease additions). The most significant additions are mainly caused by the effect of the initial application of IFRS 16 (note 3.6), purchases of cars, technical equipment and returnable packages.

The investment projects realised by the Group in 3M18 comprise primarily additions to a to production machinery, mainly in Czech Republic and Slovenia, assets from acquisition of LEROS and sales support equipment in CzechoSlovakia.

4.11. INTANGIBLE ASSETS

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

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

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

In the reporting period of three-months ended 31 March 2019, the additions to intangible assets were of CZK 5 082 thousand. The most significant addition was technical enhancement of SAP software.

In the reporting period of three-months ended 31 March 2018, the additions to intangible assets were CZK 132 443 thousand. The most significant additions were connected with acquisition of LEROS, technical enhancement of SAP in Kofola ČeskoSlovensko and cash register system in UGO.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.12. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

4.12.1 000 MEGAPACK

000 MEGAPACK is an equity accounted investee of the Group as Group doesn't have the power over the investee and the control over the investee is shared (Group can not direct the activities of an investee on its own due to expiration of the deciding vote in choosing the general director of the 000 MEGAPACK on 31 December 2012). The main activities of the Megapack Group are the provision of beverage bottling services to third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation.

Investment in associate	3M19	3M18
	CZK' 000	CZK' 000
Opening balance	66 894	70 260
Share of profit/(loss) attributable to the Group	3 637	(70)
Dividend	-	(17 950)
Exchange difference	6 537	(1 718)
Closing balance	77 068	50 522

Statement of financial position	31.3.2019	31.12.2018
	CZK' 000	CZK' 000
Current assets	300 739	282 283
Non-current assets	140 929	127 500
Current liabilities	(185 237)	(174 758)
Non-current liabilities	(20 933)	(27 001)
Net assets	235 498	208 024

Statement of profit or loss	3M19	3M18
	CZK' 000	CZK' 000
Revenue	98 239	75 786
Profit/(loss) for the period	7 274	(140)
Share of profit/(loss) attributable to Kofola ČeskoSlovensko group	3 637	(70)

4.13. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 31 March 2019, the Group's total bank loans and credits amounted to CZK 3 002 241 thousand (as at 31 December 2018: CZK 2 913 724 thousand) and increased by CZK 88 517 thousand.

The Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 605 487 thousand as at 31 March 2019 was a main component of Group's liabilities.

CREDIT TERMS AND TERMS AND CONDITIONS

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

All bank loan covenants were met.

4.14. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2019, the Group companies provided the following guarantees for third party entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount	Guarantee amount	Guarantee period	Guarantees provided for	Relationship
			FCY' 000	CZK' 000			
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR	2 840	73 279	12/2022	SANTA-TRANS.SK, s.r.o.	third party*
Total guarantees issued				73 279			

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

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



As at 31 December 2018 the Group companies provided the following guarantees for third party entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR	3 030	77 936	12/2022	SANTA-TRANS.SK, s.r.o.	third party*
Total guarantees issued				77 936			

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

4.15. LEGAL AND ARBITRATION PROCEEDINGS

DENATIONALISATION PROCEEDINGS AGAINST RADENSKA

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of RADENSKA d.o.o. – Wilhelmina Höhn Šarič and Ante Šarič. Although the denationalisation claims have been in the process of being decided on for many years (some for more than two decades), the competent authorities have not ruled. Although the current decisions are favourable for RADENSKA d.o.o., there is a possible risk that they are ill-founded and could therefore be reversed as there is no relevant case law. Therefore, the legal outcome of these proceedings remains highly unclear and uncertain. If the denationalisation beneficiaries were to eventually succeed with their claims on an in-kind return, RADENSKA's enterprise would need to be returned to the beneficiaries together with significant compensation payments. The value of net assets of RADENSKA d.o.o. as of 31 March 2019 is CZK 1 081 million.

OTHER PROCEEDINGS

Some of the Group companies are routinely involved in legal proceedings which arise in the ordinary course of the Group's business but which are not material to the Group. The Company is not involved in any judicial, administrative or arbitration proceedings and has not conducted such proceedings in the past.

Apart from the above denationalisation proceedings, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company and/or Group is aware, including any claims against the directors of the Company) which may have, or have had during the 12 months prior to the date of these financial statements, an effect on the financial position or profitability of the Company and/or the Group.

4.16. RELATED PARTY TRANSACTIONS

4.16.1 SHAREHOLDERS STRUCTURE

Share capital structure Name of entity	31.3.2019			31.12.2018		
	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14 984 204	67.22	70.75	15 159 204	68.00	71.58
RADENSKA d.o.o.	1 114 109	5.00	0.00	1 114 109	5.00	0.00
Others	6 193 635	27.78	29.25	6 018 635	27.00	28.42
Total	22 291 948	100.00	100.00	22 291 948	100.00	100.00

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

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

4.16.2 EQUITY ACCOUNTED INVESTEE

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

4.16.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 3M19 and 3M18.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



Remuneration of the Group's key management personnel 3M19		Members of the Company's Board of Directors	Members of the Company's Supervisory Board	Members of the Company's Audit Committee	Other key management personnel of the Group	Total
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	11 215	-	-	-	11 215
	Non-financial	229	-	-	-	229
Amounts paid for activities in the Company's Supervisory Board	Financial	-	300	-	-	300
	Non-financial	-	54	-	-	54
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	2 180	3 507	440	4 686	10 813
	Non-financial	-	90	14	-	104

Remuneration of the Group's key management personnel 3M18		Members of the Company's Board of Directors	Members of the Company's Supervisory board	Members of the Company's Audit Committee	Other key management personnel of the Group	Total
compensation		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Amounts paid for activities in the Company's Board of Directors	Financial	6 515	-	-	-	6 515
	Non-financial	236	-	-	-	236
Amounts paid for activities in the Company's Supervisory Board	Financial	-	257	-	-	257
	Non-financial	-	-	-	-	-
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	36	-	36
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	2 723	1 043	-	3 985	7 751
	Non-financial	-	107	-	72	179

4.16.4 OTHER RELATED PARTY TRANSACTIONS

There were no transactions concluded with the Group's related parties in 3M19 and 3M18.

4.17. FINANCIAL INSTRUMENTS

4.17.1 FINANCIAL INSTRUMENTS CATEGORIES

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

31.3.2019	Financial assets at amortised cost	Derivatives at fair value through OCI	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	1 098 461	-	-	1 098 461
Cash and cash equivalents	528 120	-	-	528 120
Derivatives (i)	-	2 192	-	2 192
Bank credits and loans	-	-	(3 002 241)	(3 002 241)
Lease liabilities	-	-	(333 186)	(333 186)
Trade and other payables	-	-	(1 188 237)	(1 188 237)
Total	1 626 581	2 192	(4 523 664)	(2 894 891)

(i) Fair value of derivatives

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

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Group has included this instrument in Level 2 of fair value hierarchy levels.

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



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

(ii) Fair value of derivatives

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

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Group has included this instrument in Level 2 of fair value hierarchy levels.

4.18. ACQUISITION OF SUBSIDIARIES

ACQUISITION OF SUBSIDIARY LEROS

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

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

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

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

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

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



ACQUISITION OF SUBSIDIARY MINERÁLKA

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

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

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

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

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

The valuation of net assets was prepared on the provisional basis due to the timing of the transaction. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

4.19. DISCONTINUED OPERATION

On 18 March 2019, the Group sold Hoop Polska Sp. z o.o. to ZMB Capital Sp. z o.o. Based on this fact, the consolidated statement of profit or loss is divided into continuing and discontinued operations. Profit/(loss) from discontinued operation for the period of three months ended 31 March 2019 contains the loss attributable to Hoop Polska Sp. z o.o. for the period since 1 January 2019 till 18 March 2019 of CZK 13 373 thousand, the income arising from the release of the cumulated foreign currency translation reserve attributable to Hoop Polska Sp. z o.o. of CZK 81 422 thousand and the gain on sale of CZK 7 979 thousand. Profit/(loss) from discontinued operations for the period of 3 months ended 31 March 2018 contains the loss attributable to Hoop Polska Sp. z o.o. of CZK 24 599 thousand. Continuing operations for the respective periods contain the transactions that will remain in the Group after the disposal and are therefore comparable.

FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

Financial information relating to the discontinued operation for the period to the date of disposal and for the period of three months ended 31 March 2019 is set out below.

An analysis of the result from discontinued operation	3M19	3M18
Revenue	157 203	240 920
Expenses	(170 576)	(268 031)
Gain on sale of the subsidiary	7 979	-
Income on release of the foreign currency translation reserve ("FCTR")	81 422	-
Profit/(loss) before tax from discontinued operation	76 028	(27 111)
Profit/(loss) from discontinued operation	76 028	(27 111)
Exchange differences on translation of discontinued operation	(81 422)	-
Other comprehensive income from discontinued operation	(81 422)	-
Earnings per share for profit/(loss) from discontinued operation attributable to the ordinary equity holders of the Company (in CZK)	3.41	(1.22)

Analysis of the cash flows from discontinued operation	3M19	3M18
Cash flows from operating activities	29 850	(26 899)
Cash flows from investing activities	(1 716)	3 523
Cash flows from financial activities	(2 655)	(3 417)

4. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS



DETAILS OF THE SALE OF THE SUBSIDIARY

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

4.20. 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.



INTERIM SEPARATE FINANCIAL STATEMENTS 3M 2019
KOFOLA ČESKOSLOVENSKO A.S.

1. INTERIM SEPARATE FINANCIAL STATEMENTS

1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 3-month period ended 31 March 2019 and 31 March 2018 in CZK thousand.

Separate statement of profit or loss	Note	3M19	3M18
		CZK'000	CZK'000
Revenue from the sale of finished products and services	4.2	103 649	93 740
Revenue from the sale of goods and materials	4.2	-	100
Revenue		103 649	93 840
Cost of products and services sold	4.3	(8 062)	(11 684)
Cost of sales		(8 062)	(11 684)
Gross profit		95 587	82 156
Selling, marketing and distribution costs	4.3	(55 177)	(50 321)
Administrative costs	4.3	(59 755)	(57 014)
Other operating income	4.4	369	163
Other operating expenses	4.5	(11 777)	(612)
Operating profit/(loss)		(30 753)	(25 628)
Finance income	4.6	7 865	3 034
Finance costs	4.7	(25 904)	(18 850)
Profit/(loss) before income tax		(48 792)	(41 444)
Income tax (expense)/benefit	4.8	(4 921)	1 415
Profit/(loss) for the period		(53 713)	(40 029)
Earnings/(loss) per share (in CZK)			
Basic earnings/(loss) per share	4.9	(2.41)	(1.80)

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

1.2. SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2019 and 31 March 2018 in CZK thousand.

Separate statement of other comprehensive income	Note	3M19	3M18
		CZK'000	CZK'000
Profit/(loss) for the period		(53 713)	(40 029)
Other comprehensive income			
Derivatives - Cash flow hedges		1 110	(7 335)
Deferred tax from cash flow hedging	4.8	(211)	1 394
Other comprehensive income/(loss) for the period		899	(5 941)
Total comprehensive income/(loss) for the period		(52 814)	(45 970)

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

1. INTERIM SEPARATE FINANCIAL STATEMENTS



1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 31 March 2019 and 31 December 2018 in CZK thousand.

Assets	Note	31.3.2019 CZK' 000	31.12.2018 CZK' 000
Non-current assets		3 671 244	3 983 902
Property, plant and equipment	4.11	101 727	78 012
Goodwill	4.12	30 675	30 675
Intangible assets	4.12	340 931	342 481
Investments in subsidiaries	4.10	2 043 598	2 293 680
Other receivables		33 645	48 350
Loans provided to related parties	4.16.4	1 120 468	1 190 504
Other assets		200	200
Current assets		942 686	535 868
Trade and other receivables		712 185	504 147
Income tax receivables		3 748	2 943
Cash and cash equivalents		226 753	28 778
Total assets		4 613 930	4 519 770
Liabilities and equity	Note	31.3.2019 CZK' 000	31.12.2018 CZK' 000
Total equity		1 395 280	1 448 094
Share capital	1.5	1 114 597	1 114 597
Other reserves	1.5	10 911	10 012
Distribution fund	1.5	618 331	618 331
Retained earnings/(Accumulated deficit)	1.5	(348 559)	(294 846)
Non-current liabilities		2 316 208	2 339 304
Bank credits and loans	4.13	2 241 181	2 286 478
Lease liabilities		32 098	14 054
Other liabilities		6 943	7 918
Deferred tax liabilities		35 986	30 854
Current liabilities		902 442	732 372
Bank credits and loans	4.13	733 942	591 828
Lease liabilities		14 423	5 931
Trade and other payables		138 999	86 515
Provisions		15 078	48 098
Total liabilities		3 218 650	3 071 676
Total liabilities and equity		4 613 930	4 519 770

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

1. INTERIM SEPARATE FINANCIAL STATEMENTS

1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 3-month period ended 31 March 2019 and 31 March 2018 in CZK thousand.

Separate statement of cash flows	Note	3M19 CZK '000	3M18 CZK '000
Cash flows from operating activities			
Profit/(loss) before income tax	1.1	(48 792)	(41 444)
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.3	13 173	9 782
Net interest	4.6, 4.7	20 649	12 384
Change in the balance of provisions		(33 020)	7 720
Loss on sale of Hoop Polska Sp. z o.o.	4.5	1 823	-
Derivatives	4.6, 4.7	(543)	1 160
Realised (gain)//loss on sale of PPE and intangible assets	4.4, 4.5	(138)	97
Net exchange differences		(602)	730
Other		1 684	642
Cash movements			
Income tax		-	-
Change in operating assets and liabilities			
Change in receivables		(8 402)	(56 962)
Change in payables		55 304	13 886
Net cash inflow/(outflow) from operating activities		1 136	(52 005)
Cash flows from investing activities			
Sale of property, plant and equipment		169	-
Acquisition of property, plant and equipment and intangible assets		(10 066)	(8 669)
Acquisition of subsidiary	4.17	-	(111 111)
Proceeds from sale of subsidiary		67 983	-
Interest received		1 346	53
Proceeds from loans		275 000	-
Loans granted		(204 874)	(89 040)
Net cash inflow/(outflow) from investing activities		129 558	(208 767)
Cash flows from financing activities			
Lease payments		(3 414)	(917)
Proceeds from loans and bank credits		185 696	581 000
Repayment of loans and bank credits		(90 881)	(322 183)
Interest and bank charges paid		(24 663)	(10 958)
Derivatives		543	3 460
Net cash inflow/(outflow) from financing activities		67 281	250 402
Net increase/(decrease) in cash and cash equivalents		197 975	(10 370)
Cash and cash equivalents at the beginning of the period	1.3	28 778	12 765
Cash and cash equivalents at the end of the period	1.3	226 753	2 395

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

1. INTERIM SEPARATE FINANCIAL STATEMENTS

1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 3-month period ended 31 March 2019 and 3-month period ended 31 March 2018 in CZK thousand.

Separate statement of changes in equity	Note	Share capital	Other reserves	Distribution fund	Own shares	Retained earnings / (Accumulated deficit)	Total equity
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Balance as at 1 January 2018		2 229 500	(493 456)	-	(1 357)	395 403	2 130 090
Profit/(loss) for the period	1.1	-	-	-	-	(40 029)	(40 029)
Other comprehensive income/(loss)	1.2	-	(5 941)	-	-	-	(5 941)
Total comprehensive income/(loss) for the period		-	(5 941)	-	-	(40 029)	(45 970)
Balance as at 31 March 2018		2 229 500	(499 397)	-	(1 357)	355 374	2 084 120
Balance as at 1 January 2019		1 114 597	10 012	618 331	-	(294 846)	1 448 094
Profit/(loss) for the period	1.1	-	-	-	-	(53 713)	(53 713)
Other comprehensive income/(loss)	1.2	-	899	-	-	-	899
Total comprehensive income/(loss) for the period		-	899	-	-	(53 713)	(52 814)
Balance as at 31 March 2019		1 114 597	10 911	618 331	-	(348 559)	1 395 280

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

2. GENERAL INFORMATION



2.1. CORPORATE INFORMATION

GENERAL INFORMATION

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

Main area of activity of Kofola ČeskoSlovensko a.s. in 2019 was 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.

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

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for until 31 August 2018 part of the group controlled by KSM Investment S.A. („Group”). Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg. Since 31 August 2018, after the merger of KSM Investment S.A. to AETOS a.s., the ultimate parent of the Company is AETOS a.s. The ownership structure is described in section 4.17.1.

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 31 March 2019, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

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

SUPERVISORY BOARD

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

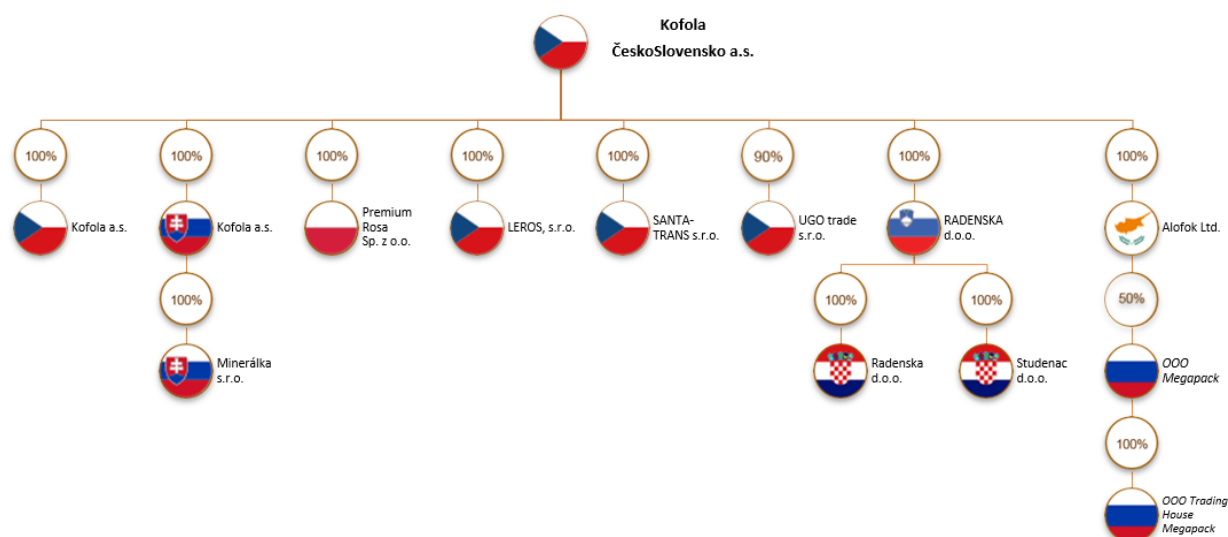
AUDIT COMMITTEE

- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2019



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			31.3.2019	31.12.2018
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Alofok Ltd.	Cyprus	holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.*	Poland	production and distribution of non-alcoholic beverages	n/a	100.00%
UGO trade s.r.o.	Czech Republic	operation of fresh bars chain, production of salads	90.00%	90.00%
RADENSKA d.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	sales support and administration	100.00%	100.00%
Premium Rosa Sp. z o.o.	Poland	production and distribution of syrups and jams	100.00%	100.00%
LEROS, s.r.o.	Czech Republic	production and distribution of products from medicinal plants and quality natural teas	100.00%	100.00%
Minerálka s.r.o.	Slovakia	inactive	100.00%	100.00%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

* On 18 March 2019 was sold.

3. SIGNIFICANT ACCOUNTING POLICIES



3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) adopted by the European Union, published and effective for reporting periods beginning on 1 January 2019.

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

The separate financial statements cover the period ended 31 March 2019 and contain comparatives for the period of three months ended 31 March 2018 and 31 December 2018 (separate statement of financial position).

The separate 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 Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in section 3.6.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

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

3.3. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

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

- 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.

Foreign exchange gains and losses recognized in profit or loss are offset.

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

Closing exchange rates	31.3.2019	31.12.2018	31.3.2018
CZK/EUR	25.800	25.725	25.430
CZK/PLN	5.998	5.980	6.040
CZK/RUB	0.354	0.323	0.359
CZK/USD	22.968	22.466	20.641
CZK/HRK	3.470	3.471	3.421

3. SIGNIFICANT ACCOUNTING POLICIES

Average exchange rates	1.1.2019 - 31.3.2019	1.1.2018 - 31.12.2018	1.1.2018 - 31.3.2018
CZK/EUR	25.682	25.643	25.402
CZK/PLN	5.970	6.020	6.078
CZK/RUB	0.343	0.347	0.363
CZK/USD	22.613	21.735	20.669
CZK/HRK	3.461	3.457	3.415

3.4. ACCOUNTING METHODS

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

3.5. NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

IFRS 16 LEASES

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

- Leases of low value assets (i.e. those with value lower than 80 000 CZK) are not accounted under the IFRS 16 lease model.
- Leases with a lease term of 12 months or less that do not contain a purchase option (i.e. short-term leases) are not accounted under the IFRS 16 lease model.
- Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 (leases without extension option or with an option which is not to be used) are not accounted under the IFRS 16 lease model.
- For leases commencing before 1 January 2019 and representing operating leases before that date the Company recognizes the lease liability in the amount equal to the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate at the date of initial application. Right-of-use asset is recognized in the amount of lease liability (adjusted by the amount of any previously recognized prepaid or accrued lease payments relating to that lease) less impairment provision calculated under IAS 36.
- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.
- For leases commencing before 1 January 2019 the initial direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- Hindsight is used, such as in determining the lease term if the contract contains options to extend or terminate the lease.

ADJUSTMENTS RECOGNISED ON ADOPTION OF IFRS 16

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

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

- Right-of-use asset: CZK 24 million,

3. SIGNIFICANT ACCOUNTING POLICIES



- Lease liabilities – current: CZK 7 million,
- Lease liabilities – non-current: CZK 17 million.

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

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

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

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

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

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

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

Right-of-use assets are measured at cost comprising the following:

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

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

3.6. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company's management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experience. For this reason, the estimates made as at 31 March 2019 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Impairment of investments in subsidiaries	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Useful life of trade marks	The history of the trade mark on the market, market position, useful life of similar products, the stability of the market segment, competition.
Income tax	Assumptions used to recognise deferred income tax assets.
Deferred tax asset from tax losses	Historical experience, current and forward-looking information available to the management

3.7. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 15 May 2019.

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION

The Board of Directors of the Company, as the chief decision maker, does not use segment results of the Company, neither in the decision-making process nor in the allocation of resources and assessment of the performance.

4.2. REVENUE

Revenue streams, Timing of revenue recognition	3M19 CZK'000	3M18 CZK'000
Revenue from contracts with customers	103 649	93 840
- Sales of services (transferred over time)	103 649	93 740
- Sales of goods/materials (transferred at a point in time)	-	100
Total revenue	103 649	93 840

Revenue from contracts with customers is represented mostly by revenue from shared services and brand fees.

The Company 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	3M19 CZK'000	3M18 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	13 173	9 782
Employee benefits expenses (i)	64 538	69 236
Consumption of materials and energy	2 566	2 039
Services**	40 769	34 333
Rental costs	355	2 072
Taxes and fees	614	577
Insurance costs	436	396
Other costs	543	584
Total expenses by nature*	122 994	119 019
Selling, marketing and distribution costs	55 177	50 321
Administrative costs	59 755	57 014
Costs of products and services sold	8 062	11 684
Total costs of products sold, merchandise and materials, sales costs and administrative costs	122 994	119 019

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

** One-off administrative services are in the 3M19 period reported in Other operating expenses

Growth of depreciation between periods is influenced by the application of IFRS 16 on operating leases which were previously presented in operating expenses.

(i) Employee benefits expenses

Employee benefits expenses	3M19 CZK'000	3M18 CZK'000
Salaries	47 813	50 623
Social security and other benefit costs (including healthcare insurance)	7 504	8 027
Pension benefit plan expenses	9 221	10 586
Total employee benefits expenses	64 538	69 236

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.4. OTHER OPERATING INCOME

Other operating income	3M19 CZK'000	3M18 CZK'000
Net gain from the sale of PPE and Intangible assets	138	-
Compensation claims	217	-
Other	14	163
Total other operating income	369	163

4.5. OTHER OPERATING EXPENSES

Other operating expenses	3M19 CZK'000	3M18 CZK'000
Net loss from disposal of non-financial assets	-	97
Provided donations, sponsorship	778	515
Services*	9 176	-
Loss on sale of Hoop Polska Sp. z o.o.	1 823	-
Total other operating expenses	11 777	612

* One-off services were in the 3M18 period reported in Administrative expenses

4.6. FINANCE INCOME

Finance income	3M19 CZK'000	3M18 CZK'000
Interest from:		
– bank deposits	126	-
– credits and loans granted	3 350	2 861
– purchased bonds	538	-
Exchange gains	3 168	-
Derivatives	543	-
Gain from guarantees	140	173
Total finance income	7 865	3 034

4.7. FINANCE COSTS

Finance costs	3M19 CZK'000	3M18 CZK'000
Interest from:		
– bank loans and credits	24 326	10 914
– finance lease	337	44
– bonds	-	4 287
Exchange losses	-	730
Bank costs and charges	1 241	1 715
Derivatives	-	1 160
Total finance costs	25 904	18 850

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

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.8. INCOME TAX

4.8.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the three-month period ended 31 March 2019 and 31 March 2018 were as follows:

Income tax	3M19 CZK'000	3M18 CZK'000
Current income tax expense/(benefit)	-	-
Deferred income tax expense/(benefit)	4 921	(1 415)
Related to arising and reversing of temporary differences	4 921	(1 415)
Income tax expense/(benefit)	4 921	(1 415)

The income tax rate applicable to the Company's in 2019 and 2018 income is 19%.

4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the three-month period ended 31 March 2019 and 31 March 2018 were as follows:

Income tax recognised directly in equity	3M19 CZK'000	3M18 CZK'000
Deferred income tax	211	(1 394)
Tax from Cash flow hedges	211	(1 394)
Income tax recognised directly in equity	211	(1 394)

4.9. EARNINGS PER SHARE

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

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

Data relating to the profit/(loss) and shares used to calculate basic earnings per share are presented below:

	3M19 CZK'000	3M18 CZK'000
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(53 713)	(40 029)
	3M19 pcs	3M18 pcs
Weighted average number of ordinary shares for EPS calculation	22 291 948	22 295 000
Effect of own shares	-	(2 421)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 291 948	22 292 579

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

Basic earnings per share (CZK/share)	3M19 CZK'000	3M18 CZK'000
Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(53 713)	(40 029)
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 291 948	22 292 579
Basic earnings/(loss) per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(2.41)	(1.80)

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



4.10. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries Name of entity	Ownership interest		Cost		Carrying amount	
	31.3.2019 %	31.12.2018 %	31.3.2019 CZK'000	31.12.2018 CZK'000	31.3.2019 CZK'000	31.12.2018 CZK'000
Kofola a.s. (CZ)	100.00%	100.00%	197 498	197 498	197 498	197 498
Kofola a.s. (SK)	100.00%	100.00%	51 023	51 023	51 023	51 023
Hoop Polska Sp. z o.o.	n/a	100.00%	-	2 460 176	-	250 082
SANTA-TRANS s.r.o.	100.00%	100.00%	8 760	8 760	8 760	8 760
UGO Trade s.r.o.	90.00%	90.00%	209 362	209 362	209 362	209 362
RADENSKA d.o.o.	100.00%	100.00%	1 324 280	1 324 280	1 324 280	1 324 280
Premium Rosa Sp.z o.o.	100.00%	100.00%	68 160	68 160	68 160	68 160
LEROS, s.r.o.	100.00%	100.00%	113 976	113 976	113 976	113 976
Alofok Ltd.	100.00%	100.00%	354 450	354 450	68 531	68 531
Option scheme (Kofola a.s. (SK), RADENSKA d.o.o.)	n/a	n/a	2 008	2 008	2 008	2 008
Total investment in subsidiaries			2 329 517	4 789 693	2 043 598	2 293 680

The investment in Hoop Polska Sp. z o.o. has been disposed as at 18 March 2019, the Company realised loss on sale of CZK 1 823 thousand (note 4.5).

4.11. PROPERTY, PLANT AND EQUIPMENT

In the reporting period of three months ended 31 March 2019, the additions to property, plant and equipment (including lease additions) were of CZK 30 583 thousand. The most significant additions are mainly caused by the effect of the initial application of IFRS 16 (note 3.6) and purchases of cars.

In the reporting period of three-months ended 31 March 2018, the additions to tangible assets were of CZK 2 306 thousand. The most significant additions were purchases of cars, computers and low-cost equipment.

4.12. INTANGIBLE ASSETS

In the reporting period of three-months ended 31 March 2019, the additions to intangible assets were of CZK 4 787 thousand. The most significant addition was technical enhancement of SAP software.

In the reporting period of three-months ended 31 March 2018, the additions to intangible assets were of CZK 1 791 thousand. The most significant addition was technical enhancement of SAP software.

The Goodwill arose on merger with PINELLI spol. s r.o. acquired in April 2011. 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, Citrocola, Semtex and Erektus.

4.13. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE COMPANY FROM THE CREDITS AND LOANS

As at 31 March 2019, the Company's total bank loans and credits amounted to CZK 2 975 123 thousand (as at 31 December 2018: CZK 2 878 306 thousand).

The Facility loan agreement (which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition) with carrying amount of CZK 2 605 487 thousand as at 31 March 2019 was a main component of Company's liabilities.

CREDIT TERMS AND TERMS AND CONDITIONS

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

All bank loan covenants were met.

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.14. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2019 the Company provided the following guarantees for other entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola	Unicredit Bank a.s.	EUR	2 840	73 279	12/2022	Santa-Trans.SK s.r.o.	third party
ČeskoSlovensko a.s.	City-Arena PLUS a.s.	EUR	7	181	8/2020	UGO trade s.r.o.	subsidiary
Total guarantees issued				73 460*			

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

As at 31 December 2018 the Company provided the following guarantees for other entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR	3 030	77 936	12/2022	Santa-Trans.SK s.r.o.	third party
	City-Arena PLUS a.s.	EUR	7	180	8/2020	UGO trade s.r.o.	subsidiary
	PRO-FLEX S.A.	PLN	272	1 627	9/2019	Hoop Polska Sp. z o.o.	subsidiary
	ALPLA Sp. z o.o.	PLN	2 785	16 654	12/2019	Hoop Polska Sp. z o.o.	subsidiary
	Bogucki Folie Sp. z o.o.	PLN	498	2 980	10/2019	Hoop Polska Sp. z o.o.	subsidiary
	UAB Putokšnis	EUR	120	3 099	until end of contract	Hoop Polska Sp. z o.o.	subsidiary
Total guarantees issued				102 476*			

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

4.15. FINANCIAL INSTRUMENTS

4.15.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Cash and cash equivalents, other financial receivables, 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.

31.3.2019	Financial assets at amortised cost CZK'000	Derivatives through OCI CZK'000	Financial liabilities at amortised cost CZK'000	Total CZK'000
Trade and other financial receivables	1 861 112	-	-	1 861 112
Cash and cash equivalents	226 753	-	-	226 753
Derivatives (i)	-	2 192	-	2 192
Bank credits and loans	-	-	(2 975 123)	(2 975 123)
Lease liabilities	-	-	(46 521)	(46 521)
Trade and other payables and other liabilities	-	-	(81 058)	(81 058)
Total	2 087 865	2 192	(3 102 702)	(1 012 645)

(i) Fair value of derivatives

In 1Q 2018 the Company 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 Company has included this instrument in Level 2 of fair value hierarchy levels.

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

31.12.2018	Financial assets at amortised cost	Derivatives through OCI	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other financial receivables	1 736 481	-	-	1 736 481
Cash and cash equivalents	28 778	-	-	28 778
Derivatives (ii)	-	1 082	-	1 082
Bank credits and loans	-	-	(2 878 306)	(2 878 306)
Lease liabilities	-	-	(19 985)	(19 985)
Trade and other payables and other liabilities	-	-	(75 411)	(75 411)
Total	1 765 259	1 082	(2 973 702)	(1 207 361)

(ii) Fair value of derivatives

In 1Q 2018 the Company 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 Company has included this instrument in Level 2 of fair value hierarchy levels.

4.16. RELATED PARTY TRANSACTIONS

4.16.1 SHAREHOLDERS STRUCTURE

Share capital structure Name of entity	31.3.2019			31.12.2018		
	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
AETOS a.s.	14 984 204	67.22	70.75	15 159 204	68.00	71.58
RADENSKA d.o.o.	1 114 109	5.00	0.00	1 114 109	5.00	0.00
Others	6 193 635	27.78	29.25	6 018 635	27.00	28.42
Total	22 291 948	100.00	100.00	22 291 948	100.00	100.00

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

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

4.16.2 SUBSIDIARIES

Interests in subsidiaries are set out in sections 2.2 and 4.10.

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

4.16.3 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration of Company's key management personnel in 3M19 and 3M18.

Remuneration of the Company's key management personnel 3M19	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	11 215	-	-	-	11 215
	Non-financial	229	-	-	-	229
Amounts paid for activities in the Company's Supervisory Board	Financial	-	300	-	-	300
	Non-financial	-	54	-	-	54
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	72	-	72
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	-	3 156	440	2 820	6 416
	Non-financial	-	90	14	-	104

Remuneration of the Company's key management personnel 3M18	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	6 515	-	-	-	6 515
	Non-financial	236	-	-	-	236
Amounts paid for activities in the Company's Supervisory Board	Financial	-	257	-	-	257
	Non-financial	-	-	-	-	-
Amounts paid for activities in the Company's Audit Committee	Financial	-	-	36	-	36
	Non-financial	-	-	-	-	-
Amounts paid for other activities within the Group	Financial	-	773	-	2 394	3 167
	Non-financial	-	53	-	50	103

4.16.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Company's related parties:

Other related party transactions Profit or loss impact	3M19		3M18	
	Revenue*	Costs	Revenue*	Costs
	CZK'000	CZK'000	CZK'000	CZK'000
Hoop Polska Sp. z o.o.	2 376	(82)	3 746	(7)
Kofola a.s. (CZ)	51 297	(699)	44 983	(480)
Kofola a.s. (SK)	37 896	(1 569)	33 452	(1 168)
LEROS, s.r.o.	485	(12)	-	-
Premium Rosa Sp. z o.o.	836	-	-	-
RADENSKA d.o.o.	9 002	-	7 989	-
SANTA-TRANS s.r.o.	839	(115)	357	(82)
Studenac, d.o.o.	1 966	-	1 684	-
UGO trade s.r.o.	2 269	(14)	1 641	(8)
Total	106 966	(2 491)	93 852	(1 745)

* Including finance income and dividends.

Other related party transactions Balance sheet impact	31.3.2019		31.12.2018	
	Assets*	Liabilities	Assets*	Liabilities
	CZK'000	CZK'000	CZK'000	CZK'000
Hoop Polska Sp. z o.o.	-	-	277 989	(566)
Kofola a.s. (CZ)	593 720	(19 539)	577 877	-
Kofola a.s. (SK)	414 654	(522)	392 783	-
LEROS, s.r.o.	71 328	-	71 532	-
Premium Rosa Sp. z o.o.	255 993	-	50 314	-
RADENSKA d.o.o.	246 153	-	246 854	(3 571)
SANTA-TRANS s.r.o.	22 805	(51)	21 876	-
Studenac, d.o.o.	1 429	(3 042)	7 512	(10 287)
UGO trade s.r.o.	4 247	(3)	4 513	(12)
Total	1 610 329	(23 157)	1 651 250	(14 436)

* Including Loans provided to related parties (described below).

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS

Receivables from Loans provided to related parties	31.3.2019		31.12.2018	
	Long-term CZK'000	Maturity	Long-term CZK'000	Maturity
Hoop Polska Sp. z o.o.	-	-	275 000	12/2020
Kofola a.s. (CZ)	355 373	12/2020	355 373	12/2020
Kofola a.s. (CZ)	134 608	8/2024	134 608	8/2024
Kofola a.s. (SK)	169 146	8/2024	169 146	8/2024
LEROS, s.r.o.	17 000	12/2020	17 000	12/2020
LEROS, s.r.o.	7 319	12/2023	7 319	12/2023
LEROS, s.r.o.	43 000	8/2024	43 000	8/2024
LEROS, s.r.o.	3 400	12/2020	3 400	12/2020
Premium Rosa Sp. z o.o.	29 990	12/2022	29 900	12/2022
Premium Rosa Sp. z o.o.	19 200	12/2020	19 200	12/2020
Premium Rosa Sp. z o.o.	204 874	12/2020	-	-
RADENSKA d.o.o.	114 769	12/2020	114 769	12/2020
SANTA-TRANS s.r.o.	20 035	12/2020	20 035	12/2020
SANTA-TRANS s.r.o.	1 754	8/2024	1 754	8/2024
Total	1 120 468		1 190 504	

Interest rates from loans provided to related parties are concluded at market terms and fixed. The loans are not pledged. Loans provided to related parties are connected with the Facility loan agreement which refinanced current loans and a loan for financing RADENSKA d.o.o. acquisition. In 1Q19, the Company provided a loan to Premium Rosa Sp. z o.o. (in the amount of CZK 204 874 thousands) connected with the purchase of production plant in Grodzisk Wielkopolski.

The reason for the execution of the Facility Loan Agreement was a consolidation of Group financing. Previous bank loans in Company's subsidiaries were repaid and refinanced by a loan from the Company.

All transactions with related parties have been concluded at market terms.

The Company acts as a holding company and as such provides certain services for the other companies in Kofola Group. This comprises, in particular, the provision of:

- strategic services, including: cooperation in the preparation of business, marketing, production, investment and financing plans, management of subsidiaries, including their financing;
- services related to products (quality department), including: central product development, innovation process management, costing and pricing, production and logistics planning, quality control;
- shared services, including: preparation and management of accounting and reporting methods, controlling and reporting, IT services, legal services, back office services, internal audit; and
- licenses and trademarks: Kofola ČeskoSlovensko a.s. owns most licenses, trademarks for branded beverages and similar copyrights for the products distributed on the CzechoSlovak market, for which the other Group companies pay royalties.

4. NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS



4.17. ACQUISITION OF SUBSIDIARIES

ACQUISITION OF SUBSIDIARY LEROS

On March 13, 2018, the Company concluded an agreement to purchase a 100% stake in LEROS, s.r.o., producer of high-quality products from medicinal plants and quality natural teas. Consideration transferred amounted to CZK 113 976 thousand.

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

Book value of assets and liabilities	Book value CZK' 000
Property, plant and equipment	27 416
Intangible assets	104
Inventories	27 477
Trade receivables and other receivables	32 844
Cash and cash equivalents	3 595
Other non-current liabilities	(8 356)
Bank credits and loans	(39 500)
Trade liabilities and other liabilities	(38 665)
Total identifiable net assets acquired	4 915

4.18. 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 separate financial statements.

STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION



STATUTORY DECLARATION OF PERSONS RESPONSIBLE FOR THE INTERIM REPORT OF KOFOLA ČESKOSLOVENSKO A.S.

To the best of our knowledge, the interim report of Kofola ČeskoSlovensko a.s. gives a true and fair view of the financial position, business activities and financial performance of Kofola ČeskoSlovensko a.s. and its Group for the three-month period ended 31. March 2019 and of the outlook for future development of the financial position, business activities and financial performance.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

15.5.2019	Janis Samaras	Chairman of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
15.5.2019	René Musila	Vice-Chair of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
15.5.2019	Daniel Buryš	Vice-Chair of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
15.5.2019	Pavel Jakubík	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
15.5.2019	Jiří Vlasák	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
15.5.2019	Marián Šeřčovič	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

