



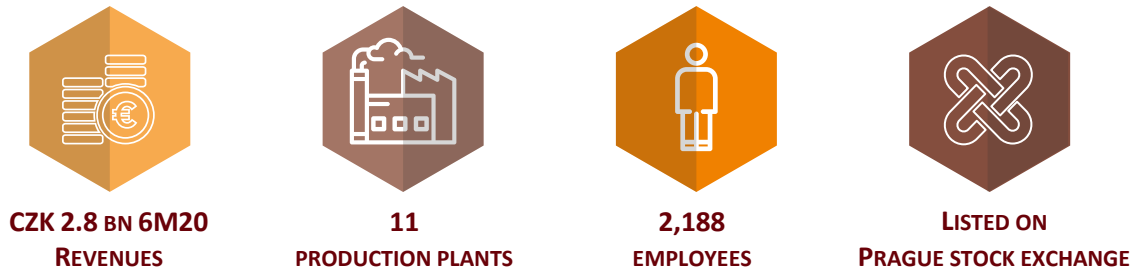


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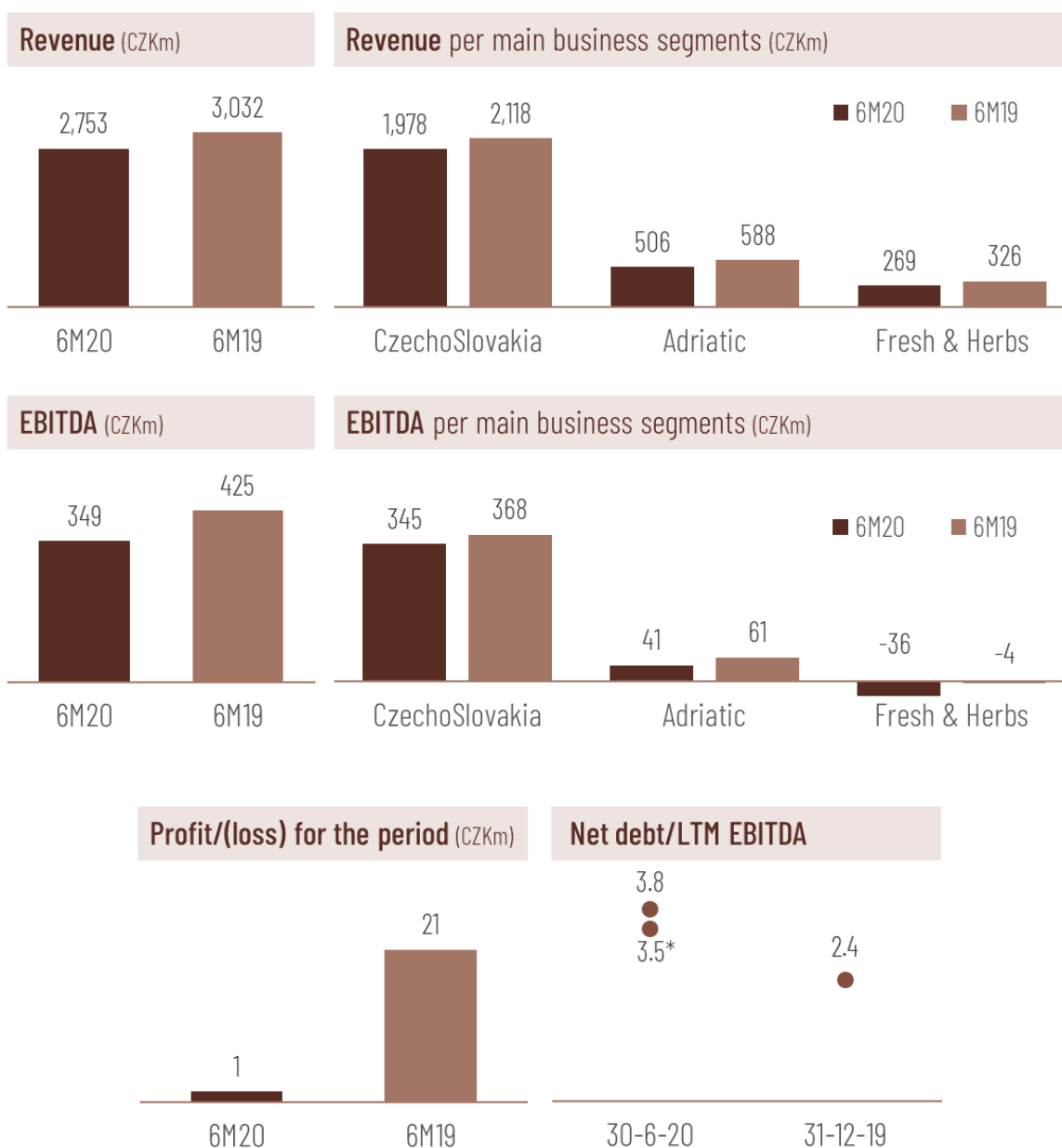
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## KOFOLA GROUP

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



## FOR THE 6M PERIOD (CONTINUING OPERATIONS)



\* LTM EBITDA includes pre-acquisition results of recent subsidiaries, i.e. all entities with LTM effect (incl. ONDRÁŠOVKA and Karlovarská Korunní from 3Q19-1Q20)

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.

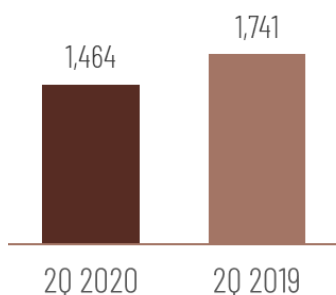
## MAIN INFORMATION IN 6M20:

- GROUP'S REVENUE DECREASED BY 279.4 MCZK (9.2%), WITHOUT ACQUISITION EFFECT DECREASED BY 478.2 MCZK (15.8%).
- GROUP'S EBITDA DECREASED BY 75.6 MCZK (17.8%).
- PERVASIVE EFFECT OF COVID-19 SINCE 15 MARCH 2020.
- SAVING MEASURES IMPLEMENTED WIDELY, ESPECIALLY FOR MARKETING AND LABOUR COSTS, ALSO LOWER PRICES OF PET.
- OUTSTANDING CS SEGMENT RESULTS WITH FLAT EBITDA MARGIN AT 17.4%.
- NET PROFIT IN BLACK NUMBERS.
- ENTRY INTO CIDERS AND CRAFTED SODAS SEGMENT THANKS TO F.H.PRAGER ACQUISITION, PRODUCT PORTFOLIO SPREAD BY THE CZECH MINERAL WATERS THROUGH ACQUISITION OF ONDRÁŠOVKA AND KARLOVARSKÁ KORUNNÍ.
- KLÁŠTORNÁ KALCIA HAS ENTERED THE CZECH MARKET.
- GROUP HAS SUFFICIENT RESOURCES FOR FURTHER POSSIBLE FLUCTUATIONS DUE TO COVID-19.

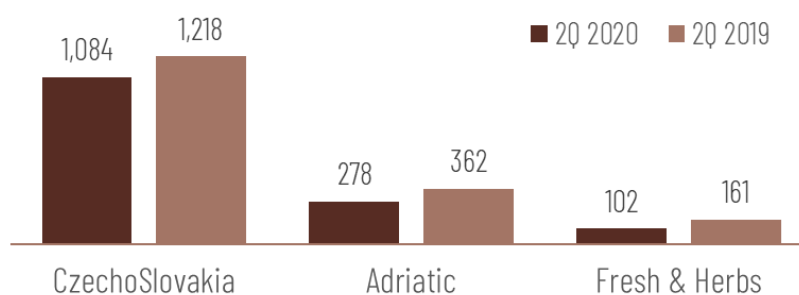
CONTINUING OPERATIONS

## FOR THE 2Q PERIOD (CONTINUING OPERATIONS)

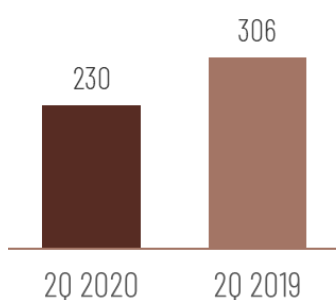
### Revenue (CZKm)



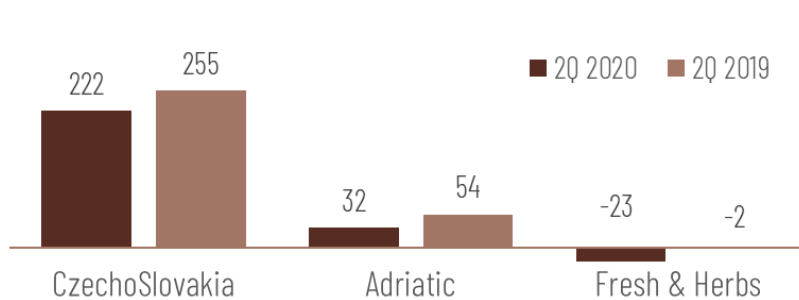
### Revenue per main business segments (CZKm)



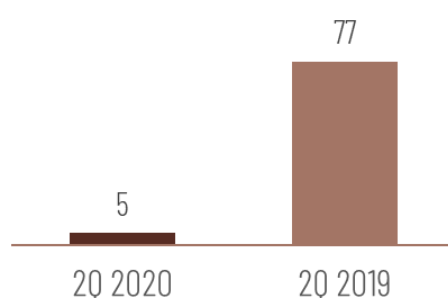
### EBITDA (CZKm)



### EBITDA per main business segments (CZKm)



### Profit/(loss) for the period (CZKm)



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

## MAIN INFORMATION IN 2Q20:

- GROUP'S REVENUE DECREASED BY 277.5 MCZK (15.9%), WITHOUT ACQUISITION EFFECT DECREASED BY 458.9 MCZK (26.4%).
- GROUP'S EBITDA DECREASED BY 76.2 MCZK (24.9%).
- PERVASIVE EFFECT OF COVID-19.
- SAVING MEASURES IMPLEMENTED WIDELY, ESPECIALLY FOR MARKETING AND LABOUR COSTS, ALSO LOWER PRICES OF PET.
- EBITDA MARGIN AT VERY SATISFACTORY 15.7%.
- NET PROFIT IN BLACK NUMBERS.
- PRODUCT PORTFOLIO SPREAD BY THE CZECH MINERAL WATERS THROUGH ACQUISITION OF ONDRÁŠOVKA AND KARLOVARSKÁ KORUNNÍ.
- KOFOLA HELPS OTHERS – #ZLASKY.

CONTINUING OPERATIONS

## 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 <https://www.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 produces its products with care and love in eleven main production plants located in the Czech Republic (six plants), Slovakia (two plants), Slovenia (one plant), Croatia (one plant) and Poland (one plant).

The Group distributes its products using a wide variety of packaging, including kegs that are used in the HoReCa channel to serve our widely popular drink „Kofola Draught" and 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, ORA and Vinea, waters Radenska, Studenac, Ondrášovka, Korunní, Rajec and Klášterná Kalcia, syrup Jupí, beverages for children Jupik, Semtex energy drink, UGO fresh juices and salads, Leros teas and coffee brand Café Reserva. In selected markets, the Group distributes among others Rauch, Evian, Badoit, Vincentka or Dilmah products and under the licence produces Royal Crown Cola, Orangina, Rauch or Pepsi. The Group also produces and distributes water, carbonated and non-carbonated beverages and syrups under private labels for third parties, mostly big retail chains.

Despite the fact that the Group's portfolio includes more than 30, mostly well-established and recognisable brands with a wide market, the Group's key brand is Kofola. Main brands by categories are shown in the visualisation below:

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



## 2. KOFOLA GROUP

### 2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2020



#### DESCRIPTION OF THE GROUP COMPANIES

| Name of entity                    | Place of business | Segment<br>(Note B 4.1) | Principal activities   | Ownership interest and voting rights |            |
|-----------------------------------|-------------------|-------------------------|--|--------------------------------------|------------|
|                                   |                   |                         |  | 30.6.2020                            | 31.12.2019 |
| <b>Holding companies</b>          |                   |                         |  |                                      |            |
| Kofola ČeskoSlovensko a.s.        | Czech Republic    | CzechoSlovakia          | top holding company  |                                      |            |
| Alofok Ltd                        | Cyprus            | n/a                     | holding  | 100.00%                              | 100.00%    |
| <b>Production and trading</b>     |                   |                         |  |                                      |            |
| Kofola a.s.                       | Czech Republic    | CzechoSlovakia          | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| Kofola a.s.                       | Slovakia          | CzechoSlovakia          | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| UGO trade s.r.o.                  | Czech Republic    | Fresh & Herbs           | operation of Fresh bars chain, production of salads                                    | 90.00%                               | 90.00%     |
| RADENSKA d.o.o.                   | Slovenia          | Adriatic                | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| Studenac d.o.o.                   | Croatia           | Adriatic                | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| Radenska d.o.o. - in liquidation  | Croatia           | Adriatic                | in liquidation   | 100.00%                              | 100.00%    |
| Premium Rosa Sp. z o.o.           | Poland            | Fresh & Herbs           | production and distribution of syrups and jams   | 100.00%                              | 100.00%    |
| LEROS, s.r.o.                     | Czech Republic    | Fresh & Herbs           | production and distribution of products from medicinal plants and quality natural teas | 100.00%                              | 100.00%    |
| Leros Slovakia, s.r.o.            | Slovakia          | Fresh & Herbs           | distribution of products from medicinal plants and quality natural teas                | 100.00%                              | 100.00%    |
| Espresso s.r.o.**                 | Czech Republic    | Fresh & Herbs           | distribution of high-quality coffee and teas   | n/a                                  | 100.00%    |
| F.H.Prager s.r.o.*                | Czech Republic    | CzechoSlovakia          | production and distribution of ciders  | 100.00%                              | n/a        |
| Minerálka s.r.o. - in liquidation | Slovakia          | CzechoSlovakia          | in liquidation   | 100.00%                              | 100.00%    |
| ONDRÁŠOVKA a.s.***                | Czech Republic    | CzechoSlovakia          | production and distribution of non-alcoholic beverages                                 | 100.00%                              | n/a        |
| Karlovarská Korunní s.r.o.***     | Czech Republic    | CzechoSlovakia          | production and distribution of non-alcoholic beverages                                 | 100.00%                              | n/a        |
| <b>Transportation</b>             |                   |                         |  |                                      |            |
| SANTA-TRANS s.r.o.                | Czech Republic    | CzechoSlovakia          | road cargo transport   | 100.00%                              | 100.00%    |

\* Acquired on 7 January 2020. \*\* Merged to LEROS, s.r.o. on 15 April 2020. \*\*\* Acquired on 15 April 2020.

## 2. KOFOLA GROUP



### 2.4. SUCCESSES AND AWARDS IN 2020



**Randstad Award** – 3<sup>rd</sup> place for Kofola in the complete ranking of the most attractive employers in the Czech Republic, 1<sup>st</sup> place in FMCG category.

**PROKOP 2019** – First Prize in Corporate Communication for the Kamilka Project.



PROKOP 2019



**Zlatá pecka** – Best of Best from Association of Czech Advertising Agencies and Marketing Communication (Acra-mk) for the legendary Christmas TV Kofola Advertisement.

**Mediář** – 2 TV spots (Royal Crown Cola and Kofola) placed in TOP 10 of TV Advertisements in 2019.



## 3. BUSINESS OVERVIEW AND OTHER MATTERS



### 3.1. BUSINESS OVERVIEW

#### REVENUES DEVELOPMENT IN 6M20 (CONTINUING OPERATIONS)

Year 2020 is and will be connected with the global impacts of COVID-19 situation. Governments of the Czech Republic, Slovak Republic, Slovenia and Croatia have announced an emergency situation and prohibited the operation of pubs, restaurants and hotels and also limited the free cross-border travelling (in the biggest CzechoSlovakia business segment since second half of March 2020). These restrictions were valid for the substantial part of 2Q20. As a result, the sales from continuing operations (in 3M19 sales of Hoop Polska till its disposal on 18 March 2019 are presented within discontinued operations) decreased by CZK 279.4 million (9.2%). Without the revenue from F.H.Prager, ONDRÁŠOVKA and Karlovarská Korunní which were acquired in 2020 and the acquisition effect of revenue from Espresso (acquired in July 2019), the total Group revenue decreased by CZK 478.2 million (15.8%). It is also worth mentioning that June 2020 weather was one of the rainiest in the long period of time and was also rather cold.

The Group's revenue in the CzechoSlovakia segment decreased by CZK 140.8 million (6.6%), without the acquisition effect decreased by CZK 315.6 million (14.9%) which is mainly a result of outage in the HoReCa distribution channel due to COVID-19 pandemic.

The sales in the Adriatic region decreased due to the same reason by CZK 82.4 million (14.0%).

The total sales of CzechoSlovakia and Adriatic segments represented 90.2% of total Group sales (89.3% in 6M19).

The revenue decline in the Fresh & Herbs segment by CZK 56.2 million (17.3%), without the Espresso acquisition effect by CZK 80.2 million (24.6%), which is mainly attributable to the decreased sales in UGO due to closure of stores based on the governmental decision reacting on COVID-19 pandemic.

#### ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group for the six- and three-months period ended 30 June 2020. It should be read along with the financial statements and with other financial information contained in the attached consolidated financial statements. The Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events in the following sections of part A. Please note that due to the sale of Hoop Polska in March 2019, the income statement effects attributable to this former subsidiary are presented within discontinued operations. As a part of discontinued operations are presented also transactions related to Megapack due to its sale in December 2019. Because the sale of Megapack was realized in 4Q19, the Condensed consolidated statement of profit or loss and the Condensed consolidated statement of other comprehensive income have been re-presented.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS



### 3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

| Adjusted consolidated financial results                                    | 6M20           | One-off adjustments | 6M20 adjusted  |
|--|----------------|---------------------|----------------|
|  | CZK' 000 000   | CZK' 000 000        | CZK' 000 000   |
| Revenue  | 2,752.9        | -                   | 2,752.9        |
| Cost of sales  | (1,561.8)      | -                   | (1,561.8)      |
| <b>Gross profit</b>  | <b>1,191.1</b> | <b>-</b>            | <b>1,191.1</b> |
| Selling, marketing and distribution costs                                  | (947.9)        | -                   | (947.9)        |
| Administrative costs   | (211.1)        | -                   | (211.1)        |
| Other operating income/(costs), net  | (71.7)         | 94.4                | 22.7           |
| <b>Operating profit/(loss)</b>   | <b>(39.6)</b>  | <b>94.4</b>         | <b>54.8</b>    |
| Depreciation and amortisation  | 300.5          | (6.2)               | 294.3          |
| <b>EBITDA</b>  | <b>260.9*</b>  | <b>88.2</b>         | <b>349.1**</b> |
| Finance income/(costs), net  | (19.3)         | 0.1                 | (19.2)         |
| Income tax   | (30.9)         | (3.3)               | (34.2)         |
| <b>Profit/(loss) for the period (continuing operations)</b>                | <b>(89.8)</b>  | <b>91.2</b>         | <b>1.4</b>     |
| <b>Profit/(loss) for the period (discontinued operations)</b>              | <b>-</b>       | <b>-</b>            | <b>-</b>       |
| <b>Profit/(loss) for the period (continuing + discontinued operations)</b> | <b>(89.8)</b>  | <b>91.2</b>         | <b>1.4</b>     |
| - attributable to owners of Kofola ČeskoSlovensko a.s.                     | (82.5)         | 91.2                | 8.7            |

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

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

The result of the Kofola Group for the 6-month period ended 30 June 2020 was affected by the following one-off items:

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

- The impairment of CZK 35.4 million related to the production of UGO bottles (Fresh & Herbs segment).
- Restructuring costs (mainly payroll expenses) in CzechoSlovakia segment of CZK 24.3 million and in Fresh & Herbs segment of CZK 3.1 million.
- Advisory costs – CzechoSlovakia segment incurred costs of CZK 12.0 million.
- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 10.6 million (Fresh & Herbs segment).
- Costs for support of the parties impacted by COVID-19 of CZK 5.9 million, e.g. #zlasky (CzechoSlovakia segment).
- Costs arising on merger between LEROS and Espresso (Fresh & Herbs segment) of CZK 1.8 million.
- Costs arising on integration of newly acquired subsidiaries of CZK 1.7 million (CzechoSlovakia segment).
- Net gain on sold items of Property, plant and equipment of CZK 0.4 million recognized in all business segments.

### 3. BUSINESS OVERVIEW AND OTHER MATTERS

| Adjusted consolidated financial results                                    | 6M19<br>(re-presented)<br>CZK'000 000 | One-off<br>adjustments<br>CZK'000 000 | 6M19<br>adjusted<br>(re-presented)<br>CZK'000 000 |
|--|---------------------------------------|---------------------------------------|---|
| Revenue  | 3,032.3                               | -                                     | 3,032.3   |
| Cost of sales  | (1,621.5)                             | -                                     | (1,621.5)   |
| <b>Gross profit</b>  | <b>1,410.8</b>                        | -                                     | <b>1,410.8</b>                                    |
| Selling, marketing and distribution costs                                  | (1,031.0)                             | -                                     | (1,031.0)   |
| Administrative costs   | (220.6)                               | -                                     | (220.6)   |
| Other operating income/(costs), net  | (11.7)                                | 12.4                                  | 0.7   |
| <b>Operating profit/(loss)</b>   | <b>147.5</b>                          | <b>12.4</b>                           | <b>159.9</b>                                      |
| Depreciation and amortisation  | 264.8                                 | -                                     | 264.8   |
| <b>EBITDA</b>  | <b>412.3</b>                          | <b>12.4</b>                           | <b>424.7</b>                                      |
| Finance income/(costs), net  | (68.7)                                | -                                     | (68.7)  |
| Income tax   | (71.2)                                | 0.8                                   | (70.4)  |
| <b>Profit/(loss) for the period (continuing operations)</b>                | <b>7.6</b>                            | <b>13.2</b>                           | <b>20.8</b>                                       |
| <b>Profit/(loss) for the period (discontinued operations)</b>              | <b>95.3</b>                           | <b>(89.4)</b>                         | <b>5.9</b>  |
| <b>Profit/(loss) for the period (continuing + discontinued operations)</b> | <b>102.9</b>                          | <b>(76.2)</b>                         | <b>26.7</b>                                       |
| - attributable to owners of Kofola ČeskoSlovensko a.s.                     | 106.4                                 | (76.2)                                | 30.2  |

\* 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 result of the Kofola Group for the 6-month period ended 30 June 2019 was affected by the following one-off items:

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

- Advisory costs – Czechoslovakia segment incurred costs of CZK 11.2 million.
- Gain on sold items of Property, plant and equipment (mainly machines) of CZK 4.7 million and loss on sale of artworks of CZK 0.3 million recognized in the Adriatic segment.
- Costs connected with the maintenance of closed Grodzisk Wielkopolski plant of CZK 4.1 million (Fresh & Herbs segment).
- Severance costs in LEROS of CZK 1.5 million.

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

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

## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.1.2 FINANCIAL PERFORMANCE

| Adjusted consolidated financial results                                    | 6M20           |  | 6M19<br>(re-presented) |  | Change         |  |
|--|----------------|--|------------------------|--|----------------|--|
|  | CZK' 000 000   |  | CZK' 000 000           |  | CZK' 000 000   |  |
| Revenue  | 2,752.9        |  | 3,032.3                |  | (279.4)        |  |
| Cost of sales  | (1,561.8)      |  | (1,621.5)              |  | 59.7           |  |
| <b>Gross profit</b>  | <b>1,191.1</b> |  | <b>1,410.8</b>         |  | <b>(219.7)</b> |  |
| Selling, marketing and distribution costs                                  | (947.9)        |  | (1,031.0)              |  | 83.1           |  |
| Administrative costs   | (211.1)        |  | (220.6)                |  | 9.5            |  |
| Other operating income/(costs), net  | 22.7           |  | 0.7                    |  | 22.0           |  |
| <b>Operating profit/(loss)</b>   | <b>54.8</b>    |  | <b>159.9</b>           |  | <b>(105.1)</b> |  |
| <b>EBITDA</b>  | <b>349.1</b>   |  | <b>424.7</b>           |  | <b>(75.6)</b>  |  |
| Finance income/(costs), net  | (19.2)         |  | (68.7)                 |  | 49.5           |  |
| Income tax   | (34.2)         |  | (70.4)                 |  | 36.2           |  |
| <b>Profit/(loss) for the period (continuing operations)</b>                | <b>1.4</b>     |  | <b>20.8</b>            |  | <b>(19.4)</b>  |  |
| <b>Profit/(loss) for the period (discontinued operations)</b>              | <b>-</b>       |  | <b>5.9</b>             |  | <b>(5.9)</b>   |  |
| <b>Profit/(loss) for the period (continuing + discontinued operations)</b> | <b>1.4</b>     |  | <b>26.7</b>            |  | <b>(25.3)</b>  |  |
| - attributable to owners of Kofola ČeskoSlovensko a.s.                     | 8.7            |  | 30.2                   |  | (21.5)         |  |

#### REVENUE (CONTINUING OPERATIONS)

Without the acquisition effect, total revenues from continuing operations decreased by CZK 478.2 million (15.8%) which is mainly due to COVID-19 situation. It is also worth mentioning that June 2020 weather was one of the rainiest in the long period of time and was also rather cold.

The following table sets forth revenue split by business segments for 6M20 and 6M19.

| Business segments | 6M20           |               | 6M19           |               | Change         |               |
|-------------------|----------------|---------------|----------------|---------------|----------------|---------------|
|                   | Revenue        | Share         | Revenue        | Share         | CZK' 000 000   |               |
|                   | CZK' 000 000   | %             | CZK' 000 000   | %             | CZK' 000 000   |               |
| CzechoSlovakia    | 1,977.5        | 71.8%         | 2,118.3        | 69.9%         | (140.8)        | (6.6%)        |
| Adriatic          | 505.9          | 18.4%         | 588.3          | 19.4%         | (82.4)         | (14.0%)       |
| Fresh & Herbs     | 269.5          | 9.8%          | 325.7          | 10.7%         | (56.2)         | (17.3%)       |
| <b>Total</b>      | <b>2,752.9</b> | <b>100.0%</b> | <b>3,032.3</b> | <b>100.0%</b> | <b>(279.4)</b> | <b>(9.2%)</b> |

All segments' sales decreased mainly in the HoReCa distribution channel due to COVID-19 pandemic. Lower decrease in the CzechoSlovakia is caused by the acquisition effect, the Fresh & Herbs segment was impacted the most due to steep fall of UGO revenues during the period of governmental restrictions (mainly closure of commercial centers).

The following table sets forth sales split by category of products for 6M20 and 6M19.

| Product lines            | 6M20           |               | 6M19           |               | Change         |               |
|--------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
|                          | Revenue        | Share         | Revenue        | Share         | CZK' 000 000   |               |
|                          | CZK' 000 000   | %             | CZK' 000 000   | %             | CZK' 000 000   |               |
| Carbonated beverages     | 1,051.4        | 38.2%         | 1,244.4        | 41.0%         | (193.0)        | (15.5%)       |
| Waters                   | 871.0          | 31.6%         | 856.3          | 28.2%         | 14.7           | 1.7%          |
| Non-carbonated beverages | 265.2          | 9.6%          | 329.8          | 10.9%         | (64.6)         | (19.6%)       |
| Syrups                   | 235.6          | 8.6%          | 239.0          | 7.9%          | (3.4)          | (1.4%)        |
| Fresh bars & Salads      | 120.7          | 4.4%          | 206.2          | 6.8%          | (85.5)         | (41.5%)       |
| Other                    | 209.0          | 7.6%          | 156.6          | 5.2%          | 52.4           | 33.5%         |
| <b>Total</b>             | <b>2,752.9</b> | <b>100.0%</b> | <b>3,032.3</b> | <b>100.0%</b> | <b>(279.4)</b> | <b>(9.2%)</b> |

Water segment increased due to the acquisition of ONDRÁŠOVKA and Karlovarská Korunní. Increase in Other is mainly attributable to the acquisition effect of Espresso. Syrups decreased only slightly as this is a typical Retail category consumed at home.

### 3. BUSINESS OVERVIEW AND OTHER MATTERS



The following table contains information about the geographical areas.

| Sales by countries (per end customer) | 6M20           |               | 6M19           |               | Change         |               |
|---------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
|                                       | Revenue        | Share         | Revenue        | Share         |                |               |
|                                       | CZK'000 000    | %             | CZK'000 000    | %             | CZK'000 000    | %             |
| Czech Republic                        | 1,476.3        | 53.6%         | 1,574.1        | 51.9%         | (97.8)         | (6.2%)        |
| Slovakia                              | 717.2          | 26.1%         | 811.4          | 26.8%         | (94.2)         | (11.6%)       |
| Slovenia                              | 332.5          | 12.1%         | 381.5          | 12.6%         | (49.0)         | (12.8%)       |
| Croatia                               | 136.6          | 5.0%          | 166.0          | 5.5%          | (29.4)         | (17.7%)       |
| Poland                                | 35.6           | 1.3%          | 34.4           | 1.1%          | 1.2            | 3.5%          |
| Other                                 | 54.7           | 1.9%          | 64.9           | 2.1%          | (10.2)         | (15.7%)       |
| <b>Total</b>                          | <b>2,752.9</b> | <b>100.0%</b> | <b>3,032.3</b> | <b>100.0%</b> | <b>(279.4)</b> | <b>(9.2%)</b> |

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

Poland revenues are represented mainly by Premium Rosa which produces and distributes syrups and jams from fruits and herbs.

#### COST OF SALES (CONTINUING OPERATIONS)

Cost of sales didn't decrease by the same percentage as Revenue which is mainly due to fixed part of the production costs.

#### GROSS PROFIT (CONTINUING OPERATIONS)

Despite the Revenue drop, the Gross profit margin decreased only by 3.2 p.p. to 43.3%, which is a result of decreased material prices (PET) and saving measures.

#### SELLING, MARKETING AND DISTRIBUTION COSTS (CONTINUING OPERATIONS)

Selling, marketing and distribution costs decreased as a result of lower sales (distribution costs), lower employee expenses and savings in marketing. The decrease in former Kofola Group entities was partially compensated by Selling, marketing and distribution costs from acquired subsidiaries.

#### ADMINISTRATIVE COSTS (CONTINUING OPERATIONS)

Administrative costs decreased by lower percentage than Selling, marketing and distribution costs because they contain bigger portion of fixed costs. The decrease in former Kofola Group entities was partially compensated by Administrative costs from acquired subsidiaries.

#### OPERATING PROFIT/(LOSS) (CONTINUING OPERATIONS)

Decrease of Operating profit is attributable mainly to COVID-19 pandemic.

#### EBITDA (CONTINUING OPERATIONS)

The following table sets forth information regarding adjusted EBITDA for 6M20 and 6M19.

| Adjusted EBITDA | 6M20          | 6M19          |
|-----------------|---------------|---------------|
|                 | CZK'000 000/% | CZK'000 000/% |
| EBITDA*         | 349.1         | 424.7         |
| EBITDA margin** | 12.7%         | 14.0%         |

\* 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 6M20 and 6M19.

| Adjusted EBITDA by business segments | 6M20         |               | 6M19         |               | Change        |                |
|--------------------------------------|--------------|---------------|--------------|---------------|---------------|----------------|
|                                      | EBITDA       | EBITDA margin | EBITDA       | EBITDA margin |               |                |
|                                      | CZK'000 000  | %             | CZK'000 000  | %             | CZK'000 000   | %              |
| CzechoSlovakia                       | 344.8        | 17.4%         | 368.2        | 17.4%         | (23.4)        | (6.4%)         |
| Adriatic                             | 40.5         | 8.0%          | 61.0         | 10.4%         | (20.5)        | (33.6%)        |
| Fresh & Herbs                        | (36.0)       | (13.4%)       | (4.2)        | (1.3%)        | (31.8)        | (757.1%)       |
| Other                                | (0.2)        | n/a           | (0.3)        | n/a           | 0.1           | 33.3%          |
| <b>Total</b>                         | <b>349.1</b> | <b>12.7%</b>  | <b>424.7</b> | <b>14.0%</b>  | <b>(75.6)</b> | <b>(17.8%)</b> |

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The adjusted EBITDA margin of the CzechoSlovakia segment outperformed our expectations reaching the same level as in the comparative period. This is a result of all the effects described in the section above and demonstrates outstanding performance and flexibility in the historically most difficult times.

Adriatic segment's adjusted EBITDA decreased mainly due to Croatia market being impacted more than Slovenia.

The adjusted EBITDA of the Fresh & Herbs segment decreased mainly due to UGO which was impacted by COVID-19 governmental measures the most.

#### FINANCE INCOME/(COSTS), NET (CONTINUING OPERATIONS)

Significant increase of finance result is mainly an effect of unrealized FX gains arising on Company's EUR receivables.

#### INCOME TAX (CONTINUING OPERATIONS)

Lower Income tax expense is mostly attributable to lower taxable profits due to COVID-19.

#### NET PROFIT/(LOSS) FOR THE PERIOD (CONTINUING OPERATIONS)

As a result of very good performance of CzechoSlovakia business segment in very difficult times, unrealized FX gains and the acquisition effect, the Group's net result remained in the black numbers.



## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.1.3 FINANCIAL PERFORMANCE IN 2Q

| Adjusted consolidated financial results                                    | 2Q20         |  | 2Q19<br>(re-presented) |  | Change<br>CZK' 000 000 | Change<br>%     |
|--|--------------|--|------------------------|--|------------------------|-----------------|
|  | CZK' 000 000 |  | CZK' 000 000           |  |                        |                 |
| Revenue  | 1,463.6      |  | 1,741.1                |  | (277.5)                | (15.9%)         |
| Cost of sales  | (822.9)      |  | (888.1)                |  | 65.2                   | (7.3%)          |
| <b>Gross profit</b>  | <b>640.7</b> |  | <b>853.0</b>           |  | <b>(212.3)</b>         | <b>(24.9%)</b>  |
| Selling, marketing and distribution costs                                  | (490.8)      |  | (567.9)                |  | 77.1                   | (13.6%)         |
| Administrative costs   | (94.8)       |  | (114.1)                |  | 19.3                   | (16.9%)         |
| Other operating income/(costs), net  | 21.2         |  | 0.9                    |  | 20.3                   | 2,255.6%        |
| <b>Operating profit/(loss)</b>   | <b>76.3</b>  |  | <b>171.9</b>           |  | <b>(95.6)</b>          | <b>(55.6%)</b>  |
| <b>EBITDA</b>  | <b>230.2</b> |  | <b>306.4</b>           |  | <b>(76.2)</b>          | <b>(24.9%)</b>  |
| Finance income/(costs), net  | (52.2)       |  | (42.7)                 |  | (9.5)                  | 22.2%           |
| Income tax   | (18.8)       |  | (52.3)                 |  | 33.5                   | (64.1%)         |
| <b>Profit/(loss) for the period (continuing operations)</b>                | <b>5.3</b>   |  | <b>76.9</b>            |  | <b>(71.6)</b>          | <b>(93.1%)</b>  |
| <b>Profit/(loss) for the period (discontinued operation)</b>               | <b>-</b>     |  | <b>15.7</b>            |  | <b>(15.7)</b>          | <b>(100.0%)</b> |
| <b>Profit/(loss) for the period (continuing + discontinued operations)</b> | <b>5.3</b>   |  | <b>92.6</b>            |  | <b>(87.3)</b>          | <b>(94.3%)</b>  |
| - attributable to owners of Kofola ČeskoSlovensko a.s.                     | 8.9          |  | 94.2                   |  | (85.3)                 | (90.6%)         |

Revenue in the second quarter was significantly influenced by COVID-19 pandemic and very unfavourable weather conditions in June 2020.

Rationing for decrease of Gross profit margin is similar to YTD (Year To Date) comments.

Rationing for decreases in Selling, marketing and distribution costs and Administrative costs is similar to YTD comments. Administrative costs percentage decrease is higher than Selling, marketing and distribution costs mainly due to Option scheme costs in the comparative period.

Net finance costs increased mainly due to higher FX losses in 2Q20.

Rationing for decrease of Income tax is similar to YTD comments.

The following table sets forth revenue split by business segments for 2Q20 and 2Q19.

| Business segments | 2Q20           |               | 2Q19           |               | Change         |                |
|-------------------|----------------|---------------|----------------|---------------|----------------|----------------|
|                   | Revenue        | Share         | Revenue        | Share         | CZK' 000 000   | %              |
|                   | CZK' 000 000   | %             | CZK' 000 000   | %             |                |                |
| CzechoSlovakia    | 1,084.3        | 74.1%         | 1,217.5        | 69.9%         | (133.2)        | (10.9%)        |
| Adriatic          | 278.0          | 19.0%         | 362.4          | 20.8%         | (84.4)         | (23.3%)        |
| Fresh & Herbs     | 101.3          | 6.9%          | 161.2          | 9.3%          | (59.9)         | (37.2%)        |
| <b>Total</b>      | <b>1,463.6</b> | <b>100.0%</b> | <b>1,741.1</b> | <b>100.0%</b> | <b>(277.5)</b> | <b>(15.9%)</b> |

Main reasons and differences already described within YTD comments.

The following table sets forth sales split by category of products for 2Q20 and 2Q19.

| Product lines            | 2Q20           |               | 2Q19           |               | Change         |                |
|--------------------------|----------------|---------------|----------------|---------------|----------------|----------------|
|                          | Revenue        | Share         | Revenue        | Share         | CZK' 000 000   | %              |
|                          | CZK' 000 000   | %             | CZK' 000 000   | %             |                |                |
| Carbonated beverages     | 548.2          | 37.5%         | 724.5          | 41.6%         | (176.3)        | (24.3%)        |
| Waters                   | 522.1          | 35.7%         | 523.6          | 30.1%         | (1.5)          | (0.3%)         |
| Non-carbonated beverages | 117.4          | 8.0%          | 159.7          | 9.2%          | (42.3)         | (26.5%)        |
| Syrups                   | 127.5          | 8.7%          | 133.4          | 7.7%          | (5.9)          | (4.4%)         |
| Fresh bars & Salads      | 39.7           | 2.7%          | 110.8          | 6.4%          | (71.1)         | (64.2%)        |
| Other                    | 108.7          | 7.4%          | 89.1           | 5.0%          | 19.6           | 22.0%          |
| <b>Total</b>             | <b>1,463.6</b> | <b>100.0%</b> | <b>1,741.1</b> | <b>100.0%</b> | <b>(277.5)</b> | <b>(15.9%)</b> |

Main reasons and differences already described within YTD comments.

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The following table contains information about the geographical areas.

| Sales by countries (per end customer) | 2Q20           |               | 2Q19           |               | Change         |                |
|---------------------------------------|----------------|---------------|----------------|---------------|----------------|----------------|
|                                       | Revenue        | Share         | Revenue        | Share         | CZK'000 000    | %              |
|                                       | CZK'000 000    | %             | CZK'000 000    | %             |                |                |
| Czech Republic                        | 794.1          | 54.3%         | 888.4          | 51.0%         | (94.3)         | (10.6%)        |
| Slovakia                              | 367.7          | 25.1%         | 463.4          | 26.6%         | (95.7)         | (20.7%)        |
| Slovenia                              | 182.2          | 12.4%         | 232.6          | 13.4%         | (50.4)         | (21.7%)        |
| Croatia                               | 77.8           | 5.3%          | 109.5          | 6.3%          | (31.7)         | (28.9%)        |
| Poland                                | 13.8           | 0.9%          | 10.4           | 0.6%          | 3.4            | 32.7%          |
| Other                                 | 28.0           | 2.0%          | 36.8           | 2.1%          | (8.8)          | (23.9%)        |
| <b>Total</b>                          | <b>1,463.6</b> | <b>100.0%</b> | <b>1,741.1</b> | <b>100.0%</b> | <b>(277.5)</b> | <b>(15.9%)</b> |

Main reasons and differences already described within YTD comments.

The following table sets forth information regarding adjusted EBITDA for 2Q20 and 2Q19.

| Adjusted EBITDA | 2Q20          | 2Q19          |
|-----------------|---------------|---------------|
|                 | CZK'000 000/% | CZK'000 000/% |
| EBITDA*         | 230.2         | 306.4         |
| EBITDA margin** | 15.7%         | 17.6%         |

\* 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 2Q20 and 2Q19.

| Adjusted EBITDA by business segments | 2Q20         |               | 2Q19         |               | Change        |                |
|--------------------------------------|--------------|---------------|--------------|---------------|---------------|----------------|
|                                      | EBITDA       | EBITDA margin | EBITDA       | EBITDA margin | CZK'000 000   | %              |
|                                      | CZK'000 000  | %             | CZK'000 000  | %             |               |                |
| CzechoSlovakia                       | 221.8        | 20.5%         | 254.5        | 20.9%         | (32.7)        | (12.8%)        |
| Adriatic                             | 31.5         | 11.3%         | 53.5         | 14.8%         | (22.0)        | (41.1%)        |
| Fresh & Herbs                        | (23.0)       | (22.7%)       | (1.7)        | (1.1%)        | (21.3)        | (1,252.9%)     |
| Other                                | (0.1)        | n/a           | 0.1          | n/a           | (0.2)         | (200.0%)       |
| <b>Total</b>                         | <b>230.2</b> | <b>15.7%</b>  | <b>306.4</b> | <b>17.6%</b>  | <b>(76.2)</b> | <b>(24.9%)</b> |

Main reasons and differences already described within YTD comments.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.1.4 FINANCIAL POSITION

| Consolidated statement of financial position | 30.6.2020      | 31.12.2019     | Change         | Change        |
|--|----------------|----------------|----------------|---------------|
|  | CZK'000 000    | CZK'000 000    | CZK'000 000    | %             |
| <b>Total assets</b>                          | <b>8,159.5</b> | <b>6,916.4</b> | <b>1,243.1</b> | <b>18.0%</b>  |
| <b>Non-current assets</b>                    | <b>5,876.2</b> | <b>4,394.0</b> | <b>1,482.2</b> | <b>33.7%</b>  |
| <i>Property, plant and equipment</i>         | 3,587.9        | 3,127.0        | 460.9          | 14.7%         |
| <i>Goodwill</i>                              | 647.1          | 105.5          | 541.6          | 513.4%        |
| <i>Intangible assets</i>                     | 1,384.3        | 956.8          | 427.5          | 44.7%         |
| <i>Deferred tax assets</i>                   | 41.8           | 38.9           | 2.9            | 7.5%          |
| <i>Other</i>                                 | 215.1          | 165.8          | 49.3           | 29.7%         |
| <b>Current assets</b>                        | <b>2,283.3</b> | <b>2,522.4</b> | <b>(239.1)</b> | <b>(9.5%)</b> |
| <i>Inventories</i>                           | 633.6          | 485.3          | 148.3          | 30.6%         |
| <i>Trade and other receivables</i>           | 1,050.9        | 1,247.0        | (196.1)        | (15.7%)       |
| <i>Cash and cash equivalents</i>             | 583.8          | 774.5          | (190.7)        | (24.6%)       |
| <i>Other</i>                                 | 15.0           | 15.6           | (0.6)          | (3.8%)        |
| <b>Total equity and liabilities</b>          | <b>8,159.5</b> | <b>6,916.4</b> | <b>1,243.1</b> | <b>18.0%</b>  |
| <b>Equity</b>                                | <b>1,445.1</b> | <b>1,513.6</b> | <b>(68.5)</b>  | <b>(4.5%)</b> |
| <b>Non-current liabilities</b>               | <b>4,263.8</b> | <b>2,842.5</b> | <b>1,421.3</b> | <b>50.0%</b>  |
| <i>Bank credits and loans</i>                | 3,490.1        | 2,229.2        | 1,260.9        | 56.6%         |
| <i>Lease liabilities</i>                     | 337.8          | 314.4          | 23.4           | 7.4%          |
| <i>Deferred tax liabilities</i>              | 288.6          | 190.9          | 97.7           | 51.2%         |
| <i>Other</i>                                 | 147.3          | 108.0          | 39.3           | 36.4%         |
| <b>Current liabilities</b>                   | <b>2,450.6</b> | <b>2,560.3</b> | <b>(109.7)</b> | <b>(4.3%)</b> |
| <i>Bank credits and loans</i>                | 616.4          | 783.8          | (167.4)        | (21.4%)       |
| <i>Lease liabilities</i>                     | 131.1          | 105.4          | 25.7           | 24.4%         |
| <i>Trade and other payables</i>              | 1,654.8        | 1,497.0        | 157.8          | 10.5%         |
| <i>Other</i>                                 | 48.3           | 174.1          | (125.8)        | (72.3%)       |

#### ASSETS

Property, plant and equipment increased mainly due to additions (including lease additions and additions from acquisition of subsidiaries) of CZK 695.3 million and significant upward FX revaluation of foreign Group entities's assets being higher than depreciation charge of CZK 260.4 million and disposals of assets with immaterial carrying amount. The most significant additions realized by the Group in 6M20 were represented by new acquisitions (CZK 355.5 million) and by investments into the production machinery, warehouse and the returnable packages. The impairment in the amount of CZK 35.4 million was charged to the items of Property, plant and equipment related to the production of UGO bottles (mainly the production line).

Intangible assets increased mainly as a result of assets (mostly brands) arising on acquisition of subsidiaries. Increase of Goodwill also results from the acquisition of subsidiaries.

Other non-current assets contain mainly government grant, advances, principals and purchased bonds. Increase is attributable mostly to reclassification of current part of government grant due to postponed investment into new administrative premises.

Inventories increased as a result of acquisitions but also due to seasonality.

Trade and other receivables decreased mainly due to payment of receivable from the sale of Hoop Polska (CZK 138.5 million) and Megapack (CZK 113.9 million).

#### LIABILITIES

Deferred tax liabilities increased mainly as a result of acquisition of subsidiaries.

Increase of trade and other payables was mainly a result of increased payables to employees (in relation to 2019 bonuses and severance), seasonality and liabilities in newly acquired subsidiaries.

Other current liabilities contain mainly income tax liabilities which decreased as a result of lower current income tax liabilities (lower taxable profits) and provisions for bonuses (these decreased due to payments or reclassification to employee liabilities presented in Trade and other payables).

The Group's consolidated Net debt (calculated as total non-current and current liabilities relating to credits, loans, leases and other debt instruments less cash and cash equivalents) amounted to CZK 3,991.6 million as at 30 June 2020, which represents an increase of CZK 1,333.3 million compared to CZK 2,658.3 million as at 31 December 2019. Increase is attributable mainly to the new loan acquired on acquisition of subsidiaries.

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The Group's consolidated Net debt/Adjusted LTM EBITDA as at 30 June 2020 was of 3.8 (of 3.5 in case LTM EBITDA includes also pre-acquisition results of recent subsidiaries) as compared to 2.4 as at 31 December 2019.

### 3.1.5 CASHFLOWS

Cash flow from operating activities decreased mainly as a result of COVID-19. Higher net cash flow from receivables in 6M20 was caused mainly by lower balance of trade receivables (excluding effect of acquisition) as at 30 June 2020 in comparison to 30 June 2019. Lower net cash flow from payables was caused mainly by lower balance of trade payables (excluding effect of acquisition) as at 30 June 2020 in comparison to 30 June 2019.

Main cash flow transactions were connected with the acquisition of ONDRÁŠOVKA and Karlovarská Korunní.

From the total balance of Repayment of loans and bank credits presented within the Condensed consolidated statement of cash flows, amount of CZK 83,096 thousand represents the decrease of Group's overdraft.

### 3.1.6 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

Kofola Group will continue to deliver its products across Central and Eastern Europe. We will continue in our efforts to minimize the impacts of the historical pandemic situation. We expect some additional compensations from the state (mainly in relation to rent from closed UGO stores) but those are subject to fulfilment of several conditions (such as rent discounts from existing suppliers on relevant periods which are subject to separate negotiations and agreements) and final approval of relevant authorities.

In the Adriatic region, our key priority remains to significantly increase market share and brand awareness of our water brands in Croatia and to hold our strong market position of Radenska brand. In Slovenia, we have started with the distribution of a new drinks' category - instant vitamin powder Oraketa - in June 2020 where we are entering a market niche which was previously dominated by only one serious player. We will be introducing several sustainability projects in Q4 2020 - Radenska still water in rPET, Radenska returnable 0.25L glass bottle (which was previously a non-returnable bottle) and the project of planting 10,000 trees in Slovenia and Croatia.

LEROS will continue in redesign of Leros brand products and introducing innovations. New brand of coffee for Gastro was prepared to start from 9/2020 - distribution will be done by the Kofola CzechoSlovakia team. As LEROS's revenues were only partly influenced by locked gastro during the COVID lockdown and other selling channels stayed open, we expect lower overall impacts to the company (minor losses in revenues are compensated by introduced savings).

Premium Rosa will continue in increasing its business in Poland and introducing innovations. In 6M20, the company finalized redesign of the Premium Rosa brand. All selling channels of Premium Rosa were opened during COVID lockdown therefore we have the same conclusion as in case of LEROS.

In UGO, almost all development activities were suspended due to the COVID impact with two exceptions. We have opened our flagship store on Wenceslas square in July and also a new UGO Salaterie in Nový Smíchov commercial center (after relocation into the bigger spot). As both of these investments were strategic, they were executed despite the temporary change in consumers' behaviour arising from COVID related governmental limitations. We will invest all our effort and capacities to get back on the horse as soon as possible.

We will focus on further increase of sales of our new mineral water Klášťorná which already reached 4% market value share in Slovakia and shows promising numbers in the Czech Republic, where it was launched in 2020.

We will significantly increase our water market share mainly in the Czech Republic by implementation of ONDRÁŠOVKA's and Karlovarská Korunní's products in the CzechoSlovak portfolio realising considerable cost synergies throughout the organisation.

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.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.1.7 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  |
| <b>Gross profit</b>   | <b>A+B=C</b>     | Statement of Profit or Loss     | <b>Gross profit</b>  |
| 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 + Impairment |
| <b>Operating profit/(loss)</b>  | <b>C+D+E+F=G</b> | Statement of Profit or Loss     | <b>Operating profit/(loss)</b>                                 |
| Depreciation and amortisation   | H                | Statement of Cash Flows         | Depreciation and amortization                                  |
| <b>EBITDA</b>   | <b>G+H=I</b>     | -                               | -  |
| 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                                      |
| <b>Net debt</b>   | <b>J+K+L-M=N</b> | -                               | -  |
| 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.

### 3.1.8 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.

The Company used the Czech government moratorium for the bank loans which ends on 31 October 2020. Board of Directors of Kofola ČeskoSlovensko recommended to the General Meeting which will be held after the end of bank loan moratorium in November 2020 that it approve a 2019 dividend in amount of CZK 13.50 per share, before tax. In the event of a significant negative change in connection with the COVID-19 pandemic before the date of the General Meeting, the recommendation may be reconsidered.

## 3. BUSINESS OVERVIEW AND OTHER MATTERS

### 3.2. SUBSEQUENT EVENTS

#### COVID-19

Due to negative effects of COVID-19 related emergency situation, the Group has decided to implement economical measures that lead to significant savings across all relevant Group activities, including unpleasant partial reduction of the number of Group employees. We tightly manage our costs and allocate resources to the areas where it can be the most effective. Capital expenditure has been paused or is used for what is essential or has already been committed.

On 27 April 2020, the Company utilized the governmental measures related to COVID-19 situation and has prolonged the bank loan repayment schedule by 6 months. So called “protection period” will end on 31 October 2020. As a result, planned repayments of CZK 108,825 thousand in 2Q20 and CZK 108,825 thousand in 3Q20 were/will be postponed.

COVID-19 characteristic and behavior weren't still fully understood. As far as we know, no generally approved vaccination is available yet. Therefore, the release of strict measures and behavior of particular states and their residents can lead to next epidemic waves. This could ultimately lead to return of the declaration of the state of emergency. As of the date of this report, the future development is unsure. Our expectation is that the market will gradually revive, however we are also prepared for other potential fluctuations, and for such a case we have sufficient financial resources. We are reflecting the COVID-19 impacts into our daily operations, targets and strategies. From the operational point of view, we can confirm that there neither have been nor are expected any substantial difficulties in the production process, business operations, financial management or our suppliers/customers chains.

We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook.

Management concluded that the range of possible outcomes considered at arriving at this judgement does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

## 4. CORPORATE GOVERNANCE



### 4.1. SHARES AND SHAREHOLDERS

#### 4.1.1 SHARE CAPITAL

As at 30 June 2020, the registered share capital of Kofola ČeskoSlovensko a.s. totalled CZK 1,114,597,400 (as at 31 December 2019: CZK 1,114,597,400) and comprised 22,291,948 (as at 31 December 2019: 22,291,948) common registered shares with a nominal value of CZK 50 (as at 31 December 2019: 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.

#### 4.1.2 SHAREHOLDERS STRUCTURE

| Share capital structure | 30.6.2020         |                  |                    | 31.12.2019         |                  |                    |
|-------------------------|-------------------|------------------|--------------------|--------------------|------------------|--------------------|
|                         | Name of entity    | Number of shares | % in share capital | % in voting rights | Number of shares | % in share capital |
| AETOS a.s.              | 14,984,204        | 67.22            | 70.75              | 14,984,204         | 67.22            | 70.75              |
| RADENSKA d.o.o.         | 1,113,977         | 5.00             | 0.00               | 1,114,010          | 5.00             | 0.00               |
| Others                  | 6,193,767         | 27.78            | 29.25              | 6,193,734          | 27.78            | 29.25              |
| <b>Total</b>            | <b>22,291,948</b> | <b>100.00</b>    | <b>100.00</b>      | <b>22,291,948</b>  | <b>100.00</b>    | <b>100.00</b>      |

For shares transactions refer to Note B 4.15.1.



INTERIM CONSOLIDATED FINANCIAL STATEMENTS 6M 2020  
KOFOLA ČESKOSLOVENSKO A.S.  
(UNAUDITED)



# 1. CONSOLIDATED FINANCIAL STATEMENTS



## 1.1. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2020 and 30 June 2019 in CZK thousand.

| Condensed consolidated statement of profit or loss   | Note     | 6M20             | 6M19                                   | 2Q20            | 2Q19                                   |
|--|----------|------------------|--|-----------------|--|
|  |          | CZK'000          | Re-presented<br>(note 4.18)<br>CZK'000 | CZK'000         | Re-presented<br>(note 4.18)<br>CZK'000 |
| <b>Continuing operations</b>   |          |                  |  |                 |  |
| Revenue  | 4.1, 4.2 | 2,752,923        | 3,032,315                              | 1,463,602       | 1,741,145                              |
| Cost of sales  | 4.3      | (1,561,788)      | (1,621,519)                            | (822,870)       | (888,106)                              |
| <b>Gross profit</b>  |          | <b>1,191,135</b> | <b>1,410,796</b>                       | <b>640,732</b>  | <b>853,039</b>                         |
| Selling, marketing and distribution costs  | 4.3      | (947,911)        | (1,030,986)                            | (490,788)       | (567,945)                              |
| Administrative costs   | 4.3      | (211,114)        | (220,614)                              | (94,817)        | (114,095)                              |
| Other operating income   | 4.4      | 30,018           | 14,161                                 | 27,167          | 5,227                                  |
| Other operating expenses   | 4.5      | (66,436)         | (25,819)                               | (56,371)        | (10,166)                               |
| Impairment   | 4.10     | (35,399)         | -                                      | (35,399)        | -                                      |
| <b>Operating profit/(loss)</b>   |          | <b>(39,707)</b>  | <b>147,538</b>                         | <b>(9,476)</b>  | <b>166,060</b>                         |
| Finance income   | 4.6      | 45,635           | 3,021                                  | 584             | 2,036                                  |
| Finance costs  | 4.7      | (64,863)         | (71,751)                               | (52,752)        | (44,695)                               |
| <b>Profit/(loss) before income tax</b>   |          | <b>(58,935)</b>  | <b>78,808</b>                          | <b>(61,644)</b> | <b>123,401</b>                         |
| Income tax (expense)/benefit   | 4.8      | (30,908)         | (71,227)                               | (15,558)        | (52,162)                               |
| <b>Profit/(loss) from continuing operations</b>  |          | <b>(89,843)</b>  | <b>7,581</b>                           | <b>(77,202)</b> | <b>71,239</b>                          |
| <b>Discontinued operations</b>   |          |                  |  |                 |  |
| <b>Profit/(loss) from discontinued operations</b>  | 4.18     | -                | <b>95,333</b>                          | -               | <b>15,668</b>                          |
| <b>Profit/(loss) for the period (continuing and discontinued operations)</b>   | 1.2      | <b>(89,843)</b>  | <b>102,914</b>                         | <b>(77,202)</b> | <b>86,907</b>                          |
| <i>Attributable to:</i>  |          |                  |  |                 |  |
| Owners of Kofola ČeskoSlovensko a.s.   | 1.5      | (82,450)         | 106,399                                | (73,507)        | 88,541                                 |
| Non-controlling interests  | 1.5      | (7,393)          | (3,485)                                | (3,695)         | (1,634)                                |
| <b>Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company (in CZK)</b> |          |                  |  |                 |  |
| Basic earnings/(loss) per share (continuing operations)  | 4.9      | (3.70)           | 0.50                                   | (3.30)          | 3.27                                   |
| Basic earnings/(loss) per share (continuing and discontinued operations)   | 4.9      | (3.70)           | 4.77                                   | (3.30)          | 3.97                                   |

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS

## 1.2. CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2020 and 30 June 2019 in CZK thousand.

| Condensed consolidated statement of other comprehensive income               | Note | 6M20            | 6M19<br>Re-presented<br>(note 4.18) | 2Q20             | 2Q19<br>Re-presented<br>(note 4.18) |
|--|------|-----------------|-------------------------------------|------------------|-------------------------------------|
|  |      | CZK'000         | CZK'000                             | CZK'000          | CZK'000                             |
| <b>Profit/(loss) for the period (continuing and discontinued operations)</b> | 1.1  | <b>(89,843)</b> | <b>102,914</b>                      | <b>(77,202)</b>  | <b>86,907</b>                       |
| <b>Other comprehensive income</b>  |      |                 |                                     |                  |                                     |
| <i>Items that may be reclassified to profit or loss:</i>                     |      |                 |                                     |                  |                                     |
| Exchange differences on translation of foreign subsidiaries                  |      | 48,865          | (97,476)                            | (25,567)         | (15,683)                            |
| - from continuing operations   |      | 48,865          | (16,054)                            | (25,567)         | (15,683)                            |
| - from discontinued operation  | 4.18 | -               | (81,422)                            | -                | -                                   |
| Exchange differences on translation of foreign equity accounted investee     |      | -               | 7,015                               | -                | 478                                 |
| - from discontinued operation  | 4.18 | -               | 7,015                               | -                | 478                                 |
| Derivatives - Cash flow hedges   |      | (28,843)        | 962                                 | (2,897)          | (148)                               |
| Deferred tax from Cash flow hedges   | 4.8  | 5,480           | (183)                               | 550              | 28                                  |
| <b>Other comprehensive income/(loss) for the period, net of tax</b>          |      | <b>25,502</b>   | <b>(89,682)</b>                     | <b>(27,914)</b>  | <b>(15,325)</b>                     |
| <b>Total comprehensive income/(loss) for the period</b>                      | 1.5  | <b>(64,341)</b> | <b>13,232</b>                       | <b>(105,116)</b> | <b>71,582</b>                       |
| <b>Attributable to:</b>  |      |                 |                                     |                  |                                     |
| Owners of Kofola ČeskoSlovensko a.s.   |      | (56,948)        | 16,717                              | (101,421)        | 73,216                              |
| - from continuing operations   |      | (56,948)        | (4,209)                             | (101,421)        | 57,070                              |
| - from discontinued operations   |      | -               | 20,926                              | -                | 16,146                              |
| Non-controlling interests  |      | (7,393)         | (3,485)                             | (3,695)          | (1,634)                             |

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS



## 1.3. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020 and 31 December 2019 in CZK thousand.

| Assets   | Note | 30.6.2020        | 31.12.2019       |
|--|------|------------------|------------------|
|  |      | CZK' 000         | CZK' 000         |
| <b>Non-current assets</b>  |      | <b>5,876,100</b> | <b>4,393,998</b> |
| Property, plant and equipment                                      | 4.10 | 3,587,892        | 3,127,018        |
| Goodwill   | 4.11 | 647,101          | 105,506          |
| Intangible assets  | 4.11 | 1,384,298        | 956,832          |
| Other receivables  |      | 215,059          | 163,518          |
| Other assets   |      | -                | 2,236            |
| Deferred tax assets  |      | 41,750           | 38,888           |
| <b>Current assets</b>  |      | <b>2,283,326</b> | <b>2,522,440</b> |
| Inventories  |      | 633,576          | 485,313          |
| Trade and other receivables  |      | 1,050,920        | 1,247,034        |
| Income tax receivables   |      | 15,016           | 15,598           |
| Cash and cash equivalents  |      | 583,814          | 774,495          |
| <b>Total assets</b>  |      | <b>8,159,426</b> | <b>6,916,438</b> |
|  |      |                  |                  |
| Liabilities and equity   | Note | 30.6.2020        | 31.12.2019       |
|  |      | CZK' 000         | CZK' 000         |
| <b>Equity attributable to owners of Kofola ČeskoSlovensko a.s.</b> | 1.5  | <b>1,468,989</b> | <b>1,530,030</b> |
| 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  | 2,435,904        | 2,463,337        |
| Foreign currency translation reserve                               | 1.5  | 81,876           | 33,011           |
| Own shares   | 1.5  | (490,187)        | (490,164)        |
| Retained earnings/(Accumulated deficit)                            | 1.5  | 289,670          | 372,120          |
| <b>Equity attributable to non-controlling interests</b>            | 1.5  | <b>(23,873)</b>  | <b>(16,480)</b>  |
| <b>Total equity</b>  | 1.5  | <b>1,445,116</b> | <b>1,513,550</b> |
| <b>Non-current liabilities</b>                                     |      | <b>4,263,824</b> | <b>2,842,503</b> |
| Bank credits and loans   | 4.12 | 3,490,149        | 2,229,162        |
| Lease liabilities  |      | 337,838          | 314,396          |
| Provisions   |      | 39,008           | 37,600           |
| Other liabilities  |      | 108,253          | 70,408           |
| Deferred tax liabilities   |      | 288,576          | 190,937          |
| <b>Current liabilities</b>   |      | <b>2,450,486</b> | <b>2,560,385</b> |
| Bank credits and loans   | 4.12 | 616,410          | 783,800          |
| Lease liabilities  |      | 131,068          | 105,395          |
| Provisions   |      | 34,018           | 114,818          |
| Trade and other payables   |      | 1,654,780        | 1,496,952        |
| Income tax liabilities   |      | 14,210           | 59,420           |
| <b>Total liabilities</b>   |      | <b>6,714,310</b> | <b>5,402,888</b> |
| <b>Total liabilities and equity</b>                                |      | <b>8,159,426</b> | <b>6,916,438</b> |

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS

## 1.4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2020 and 30 June 2019 in CZK thousand.

| Condensed consolidated statement of cash flows<br>(continuing and discontinued operations) | Note     | 6M20<br>CZK '000   | 6M19<br>CZK '000 |
|--|----------|--------------------|------------------|
| <b>Cash flows from operating activities</b>  |          |                    |                  |
| Profit/(loss) before income tax  | 1.1      | (58,935)           | 174 141          |
| Adjustments for:   |          |                    |                  |
| Non-cash movements   |          |                    |                  |
| Depreciation and amortisation  | 4.3      | 300,554            | 268,321          |
| Net interest   | 4.6, 4.7 | 58,478             | 55,031           |
| Share of equity accounted investee result  |          | -                  | (19,305)         |
| Impairment of Property, plant and equipment  | 4.10     | 35,399             | -                |
| Change in the balance of provisions  |          | (82,652)           | (33,953)         |
| Change in the balance of impairments   |          | 750                | (5,789)          |
| (Gain)/loss on realized derivatives  | 4.6, 4.7 | 198                | (1,102)          |
| Realized (gain)/loss on sale of Property, plant and equipment and Intangible assets        | 4.4, 4.5 | (392)              | (8,664)          |
| Net exchange differences   |          | (44,660)           | 220              |
| Profit on sale of subsidiary   | 4.18     | -                  | (7,979)          |
| Gain on release of the foreign currency translation reserve - subsidiary                   | 4.18     | -                  | (81,422)         |
| Other  |          | 461                | 14,574           |
| Cash movements   |          |                    |                  |
| Income taxes paid  |          | (60,761)           | (82,658)         |
| Change in operating assets and liabilities   |          |                    |                  |
| Change in receivables  |          | (13,845)           | (188,099)        |
| Change in inventories  |          | (77,753)           | (70,433)         |
| Change in payables   |          | 54,962             | 211,419          |
| <b>Net cash inflow/(outflow) from operating activities</b>                                 |          | <b>111,804</b>     | <b>224,302</b>   |
| <b>Cash flows from investing activities</b>  |          |                    |                  |
| Sale of Property, plant and equipment  |          | 4,156              | 12,372           |
| Acquisition of Property, plant and equipment and Intangible assets                         |          | (300,474)          | (312,428)        |
| Proceeds from sale of subsidiary, net of cash disposed                                     |          | 138,492            | 21,195           |
| Proceeds from sale of equity accounted investee  |          | 113,899            | -                |
| Acquisition of subsidiaries, net of cash acquired  | 4.17     | (1,060,700)        | -                |
| Interest and dividends received  |          | 94                 | 27               |
| Proceeds from repaid loans   |          | -                  | 104,206          |
| Loans granted  |          | -                  | (202,287)        |
| Purchase of bonds from previous owner of acquired subsidiary                               |          | (103,800)          | -                |
| Proceeds from bonds sold   |          | 7,000              | -                |
| <b>Net cash inflow/(outflow) from investing activities</b>                                 |          | <b>(1,201,333)</b> | <b>(376,915)</b> |
| <b>Cash flows from financing activities</b>  |          |                    |                  |
| Lease payments   |          | (57,298)           | (49,574)         |
| Proceeds from loans and bank credits   |          | 1,293,702          | 198,204          |
| Repayment of loans and bank credits  |          | (277,247)          | (195,216)        |
| Interest paid  |          | (57,346)           | (55,611)         |
| Derivatives  |          | (198)              | 1,102            |
| Purchase of own shares   | 1.5      | (4,410)            | -                |
| Payments of acquired subsidiary's liabilities to former owners                             |          | (6,942)            | -                |
| Transaction costs connected with loan financing  |          | (4,000)            | -                |
| Other  |          | (969)              | -                |
| <b>Net cash inflow/(outflow) from financing activities</b>                                 |          | <b>885,292</b>     | <b>(101,095)</b> |
| Net increase/(decrease) in cash and cash equivalents                                       |          | (204,237)          | (253,708)        |
| <b>Cash and cash equivalents at the beginning of the period</b>                            | 1.3      | <b>774,495</b>     | <b>619,300</b>   |
| Effects of exchange rate changes on cash and cash equivalents                              |          | 13,556             | (1,269)          |
| <b>Cash and cash equivalents at the end of the period</b>                                  | 1.3      | <b>583,814</b>     | <b>364,323</b>   |

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS

## 1.5. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2020 and 30 June 2019 in CZK thousand.

| Condensed consolidated statement of changes in equity (continuing and discontinued operations)   | Note      | Equity attributable to owners of Kofola ČeskoSlovensko a.s. |  |                  |                                      |                   |                  |  | Total            | Equity attributable to non-controlling interests | Total equity     |
|--|-----------|---|--|------------------|--------------------------------------|-------------------|------------------|--|------------------|--|------------------|
|  |           | Share capital   | Share premium and capital reorganisation reserve | Other reserves   | Foreign currency translation reserve | Distribution fund | Own shares       | Retained earnings/ (Accumulated deficit) |                  |  |                  |
|  |           | CZK'000   | CZK'000  | CZK'000          | CZK'000                              | CZK'000           | CZK'000          | CZK'000                                  |                  |  |                  |
| <b>Balance as at 31 December 2018</b>  |           | <b>1,114,597</b>  | <b>(1,962,871)</b>                               | <b>2,438,776</b> | <b>28,954</b>                        | <b>618,331</b>    | <b>(490,208)</b> | <b>(215,910)</b>                         | <b>1,531,669</b> | <b>(8,156)</b>                                   | <b>1,523,513</b> |
| Effect of initial application of IFRS 16   |           | -   | -  | -                | -                                    | -                 | -                | 1,346                                    | 1,346            | -  | 1,346            |
| <b>Balance as at 1 January 2019</b>  |           | <b>1,114,597</b>  | <b>(1,962,871)</b>                               | <b>2,438,776</b> | <b>28,954</b>                        | <b>618,331</b>    | <b>(490,208)</b> | <b>(214,564)</b>                         | <b>1,533,015</b> | <b>(8,156)</b>                                   | <b>1,524,859</b> |
| Profit/(loss) for the period   | 1.1       | -   | -  | -                | -                                    | -                 | -                | 106,399                                  | 106,399          | (3,485)  | 102,914          |
| Other comprehensive income/(loss)  | 1.2       | -   | -  | 779              | (9,039)                              | -                 | -                | -  | (8,260)          | -  | (8,260)          |
| Release of the cumulated foreign currency translation reserve attributable to disposed operation | 1.2, 4.18 | -   | -  | -                | (81,422)                             | -                 | -                | -  | (81,422)         | -  | (81,422)         |
| <b>Total comprehensive income/(loss) for the period</b>  | 1.2       | -   | -  | <b>779</b>       | <b>(90,461)</b>                      | -                 | -                | <b>106,399</b>                           | <b>16,717</b>    | <b>(3,485)</b>                                   | <b>13,232</b>    |
| Dividends  |           | -   | -  | -                | -                                    | (285,901)         | -                | -  | (285,901)        | -  | (285,901)        |
| Option scheme  |           | -   | -  | 7,436            | -                                    | -                 | -                | -  | 7,436            | -  | 7,436            |
| <b>Transactions with owners in their capacity as owners</b>                                      |           | -   | -  | <b>7,436</b>     | -                                    | <b>(285,901)</b>  | -                | -  | <b>(278,465)</b> | -  | <b>(278,465)</b> |
| Transfer from the distribution fund  |           | -   | -  | -                | -                                    | (332,430)         | -                | 332,430                                  | -                | -  | -                |
| <b>Balance as at 30 June 2019</b>  |           | <b>1,114,597</b>  | <b>(1,962,871)</b>                               | <b>2,446,991</b> | <b>(61,507)</b>                      | -                 | <b>(490,208)</b> | <b>224,265</b>                           | <b>1,271,267</b> | <b>(11,641)</b>                                  | <b>1,259,626</b> |
| <b>Balance as at 1 January 2020</b>  |           | <b>1,114,597</b>  | <b>(1,962,871)</b>                               | <b>2,463,337</b> | <b>33,011</b>                        | -                 | <b>(490,164)</b> | <b>372,120</b>                           | <b>1,530,030</b> | <b>(16,480)</b>                                  | <b>1,513,550</b> |
| Profit/(loss) for the period   | 1.1       | -   | -  | -                | -                                    | -                 | -                | (82,450)                                 | (82,450)         | (7,393)  | (89,843)         |
| Other comprehensive income/(loss)  | 1.2       | -   | -  | (23,363)         | 48,865                               | -                 | -                | -  | 25,502           | -  | 25,502           |
| <b>Total comprehensive income/(loss) for the period</b>  | 1.2       | -   | -  | <b>(23,363)</b>  | <b>48,865</b>                        | -                 | -                | <b>(82,450)</b>                          | <b>(56,948)</b>  | <b>(7,393)</b>                                   | <b>(64,341)</b>  |
| Own shares purchase  |           | -   | -  | -                | -                                    | -                 | (4,410)          | -  | (4,410)          | -  | (4,410)          |
| Option scheme  |           | -   | -  | 317              | -                                    | -                 | -                | -  | 317              | -  | 317              |
| Shares transfer to option scheme participants  |           | -   | -  | (4,387)          | -                                    | -                 | 4,387            | -  | -                | -  | -                |
| <b>Transactions with owners in their capacity as owners</b>                                      |           | -   | -  | <b>(4,070)</b>   | -                                    | -                 | <b>(23)</b>      | -  | <b>(4,093)</b>   | -  | <b>(4,093)</b>   |
| <b>Balance as at 30 June 2020</b>  |           | <b>1,114,597</b>  | <b>(1,962,871)</b>                               | <b>2,435,904</b> | <b>81,876</b>                        | -                 | <b>(490,187)</b> | <b>289,670</b>                           | <b>1,468,989</b> | <b>(23,873)</b>                                  | <b>1,445,116</b> |

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

# 1. CONSOLIDATED FINANCIAL STATEMENTS



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

Release of the cumulated foreign currency translation reserve represented 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 were recognized since the acquisition of the subsidiary within other comprehensive income and they were reclassified from equity to the profit or loss on the disposal of the subsidiary. The gain of CZK 81,422 thousand for 6M19 (which compensates the loss of CZK 81,422 thousand recorded in the Other comprehensive income in 6M19) related to Hoop Polska is presented under discontinued operations (see Note 4.18).

## 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 2020 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. The Group produces drinks in eleven production plants and key trademarks include Kofola, Jupí, Jupík, Rajec, Radenska, Semtex energy drink, Vinea, Ondrášovka and Korunní. On selected markets, the Group distributes among others Rauch, Evian, Badoit, Café Reserva and Dilmah 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 ultimate parent of the Company is AETOS a.s. The ownership structure is described in section 4.15.1.

#### STOCK EXCHANGE LISTING

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

#### MANAGEMENT

As at 30 June 2020, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

##### *BOARD OF DIRECTORS*

- Janis Samaras – Chairman
- René Musila – Vice-Chair
- Daniel Buryš – Vice-Chair
- Martin Pisklák (since 1 April 2020, formerly Pavel Jakubík)
- Martin Mateáš (since 30 June 2020, formerly Jiří Vlasák)
- Marián Šefčovič

##### *SUPERVISORY BOARD*

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

##### *AUDIT COMMITTEE*

- Petr Šobotník – Chairman
- Zuzana Prokopcová
- Lenka Frostová

## 2. GENERAL INFORMATION

### 2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2020



#### DESCRIPTION OF THE GROUP COMPANIES

| Name of entity                    | Place of business | Segment<br>(Note 4.1) | Principal activities   | Ownership interest and voting rights |            |
|-----------------------------------|-------------------|-----------------------|--|--------------------------------------|------------|
|                                   |                   |                       |  | 30.6.2020                            | 31.12.2019 |
| <b>Holding companies</b>          |                   |                       |  |                                      |            |
| Kofola ČeskoSlovensko a.s.        | Czech Republic    | CzechoSlovakia        | top holding company  |                                      |            |
| Alofok Ltd                        | Cyprus            | n/a                   | holding  | 100.00%                              | 100.00%    |
| <b>Production and trading</b>     |                   |                       |  |                                      |            |
| Kofola a.s.                       | Czech Republic    | CzechoSlovakia        | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| Kofola a.s.                       | Slovakia          | CzechoSlovakia        | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| UGO trade s.r.o.                  | Czech Republic    | Fresh & Herbs         | operation of Fresh bars chain, production of salads                                    | 90.00%                               | 90.00%     |
| RADENSKA d.o.o.                   | Slovenia          | Adriatic              | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| Studenac d.o.o.                   | Croatia           | Adriatic              | production and distribution of non-alcoholic beverages                                 | 100.00%                              | 100.00%    |
| Radenska d.o.o. - in liquidation  | Croatia           | Adriatic              | in liquidation   | 100.00%                              | 100.00%    |
| Premium Rosa Sp. z o.o.           | Poland            | Fresh & Herbs         | production and distribution of syrups and jams   | 100.00%                              | 100.00%    |
| LEROS, s.r.o.                     | Czech Republic    | Fresh & Herbs         | production and distribution of products from medicinal plants and quality natural teas | 100.00%                              | 100.00%    |
| Leros Slovakia, s.r.o.            | Slovakia          | Fresh & Herbs         | distribution of products from medicinal plants and quality natural teas                | 100.00%                              | 100.00%    |
| Espresso s.r.o.**                 | Czech Republic    | Fresh & Herbs         | distribution of high-quality coffee and teas   | n/a                                  | 100.00%    |
| F.H. Prager s.r.o.*               | Czech Republic    | CzechoSlovakia        | production and distribution of ciders  | 100.00%                              | n/a        |
| Minerálka s.r.o. - in liquidation | Slovakia          | CzechoSlovakia        | in liquidation   | 100.00%                              | 100.00%    |
| ONDŘÁŠOVKA a.s.***                | Czech Republic    | CzechoSlovakia        | production and distribution of non-alcoholic beverages                                 | 100.00%                              | n/a        |
| Karlovarská Korunní s.r.o.***     | Czech Republic    | CzechoSlovakia        | production and distribution of non-alcoholic beverages                                 | 100.00%                              | n/a        |
| <b>Transportation</b>             |                   |                       |  |                                      |            |
| SANTA-TRANS s.r.o.                | Czech Republic    | CzechoSlovakia        | road cargo transport   | 100.00%                              | 100.00%    |

\* Acquired on 7 January 2020. \*\* Merged to LEROS, s.r.o. on 15 April 2020. \*\*\* Acquired on 15 April 2020.



### 3.1. STATEMENT OF COMPLIANCE AND 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 2020.

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

The Group’s consolidated financial statements cover the period of six months ended 30 June 2020 and contain comparatives for the period of six months ended 30 June 2019 and as of 31 December 2019 (condensed consolidated statement of financial position). Condensed consolidated statement of profit or loss and condensed consolidated statement of other comprehensive income are presented also for the periods of 3 months ended 30 June 2020 and 30 June 2019. The comparative condensed consolidated statement of profit or loss and condensed consolidated statement of other comprehensive income have been re-presented due to the sale of Megapack in December 2019 which is presented as a part of discontinued operations (Note 4.18).

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:

- Revenue and Cost of sales – for trading operations,
- Finance income and Finance costs – for financial operations.

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

### 3. SIGNIFICANT ACCOUNTING POLICIES



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

| Closing exchange rates | 30.6.2020 | 31.12.2019 | 30.6.2019 |
|------------------------|-----------|------------|-----------|
| CZK/EUR                | 26.740    | 25.410     | 25.445    |
| CZK/PLN                | 6.000     | 5.970      | 5.988     |
| CZK/RUB                | n/a       | 0.363      | 0.355     |
| CZK/HRK                | 3.532     | 3.414      | 3.440     |

| Average exchange rates | 1.1.2020 -<br>30.6.2020 | 1.1.2019 -<br>31.12.2019 | 1.1.2019 -<br>30.6.2019 |
|------------------------|-------------------------|--------------------------|-------------------------|
| CZK/EUR                | 26.326                  | 25.672                   | 25.684                  |
| CZK/PLN                | 5.967                   | 5.973                    | 5.984                   |
| CZK/RUB                | n/a                     | 0.354                    | 0.348                   |
| CZK/HRK                | 3.494                   | 3.461                    | 3.461                   |

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

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

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

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

#### 3.4. CONSOLIDATION METHODS

The consolidation methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2019.

#### 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 2019. Information about the adoption of new and amended standards is set out below.

#### 3.6. NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Several amendments and interpretations apply for the first time in 2020, but do not have any material impact on the interim consolidated financial statements of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES



### 3.7. SIGNIFICANT ESTIMATES AND KEY MANAGEMENT JUDGEMENTS

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group's management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors considered at their calculation, new information or past experience. For this reason, the estimates made as at 30 June 2020 may be changed in the future. The main estimates pertain to the following matters:

| Estimates   | Type of information  |
|---|--|
| Impairment of CGU, goodwill and individual tangible and intangible assets | Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates                     |
| Useful life of trademarks   | The history of the trademark on the market, market position, useful life of similar products, the stability of the market segment, competition |
| Deferred tax asset from tax losses  | Historical experience, current and forward-looking information available to the management   |
| Income tax  | Assumptions used to recognise deferred income tax assets (other than Deferred tax asset from tax losses)                                       |
| Impairment of receivables   | Historical experience, credit assessment, current and forward-looking information available to the management                                  |

Whole Group was impacted by COVID-19 with significant negative impact mainly in 2Q20. There wasn't any impact on the judgements applied and estimates made as of 31 December 2019. The future development however remains highly unsure due to reasons described in the Note 4.19 (Subsequent events). Valuation of Group's CGU and individual assets is highly dependent on projected discount rates and business models which we are not able to reliably predict as of the date of this report because all possible future implications of COVID-19 are still very hard to predict. As a result, further possible impairment charges, in addition to those already recognized within this report, may occur within the annual report for the year 2020 as we will already have information about the development of the whole situation for the remaining part of the year 2020 and first several months of 2021.

### 3.8. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

### 3.9. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the presented consolidated financial statements for publication on 15 September 2020.

## 4. NOTES TO THE 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. 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.

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

- Carbonated beverages,
- Non-carbonated beverages (incl. UGO fresh bottles),
- Waters,
- Syrups,
- Fresh bars & Salads,
- Other (e.g. energy drinks, isotonic drinks, tea, coffee, ciders, 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 six months ended 30 June 2020 and in the comparative period of six months ended 30 June 2019 that generated more than 10% of the Group’s consolidated revenue.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### BUSINESS SEGMENTS (CONTINUING OPERATIONS)

| 1.1.2020 – 30.6.2020                   | CzechoSlovakia     | Adriatic         | Fresh & Herbs    | Other*       | Subtotal           | Consolidation adjustments | Total              |
|--|--------------------|------------------|------------------|--------------|--------------------|---------------------------|--------------------|
|  | CZK '000           | CZK '000         | CZK '000         | CZK '000     | CZK '000           | CZK '000                  | CZK '000           |
| <b>Revenue</b>                         | <b>2,045,284</b>   | <b>506,929</b>   | <b>279,477</b>   | -            | <b>2,831,690</b>   | <b>(78,767)</b>           | <b>2,752,923</b>   |
| External revenue – excl. services      | 1,961,948          | 503,994          | 262,999          | -            | 2,728,941          | -                         | 2,728,941          |
| External revenue – services            | 15,524             | 1,883            | 6,575            | -            | 23,982             | -                         | 23,982             |
| Inter-segment revenue                  | 67,812             | 1,052            | 9,903            | -            | 78,767             | (78,767)                  | -                  |
| <b>Operating expenses</b>              | <b>(1,920,792)</b> | <b>(519,303)</b> | <b>(431,026)</b> | <b>(276)</b> | <b>(2,871,397)</b> | <b>78,767</b>             | <b>(2,792,630)</b> |
| Related to external revenue            | (1,852,980)        | (518,251)        | (421,123)        | (276)        | (2,792,630)        | -                         | (2,792,630)        |
| Related to inter-segment revenue       | (67,812)           | (1,052)          | (9,903)          | -            | (78,767)           | 78,767                    | -                  |
| <b>Operating profit/(loss)</b>         | <b>124,492</b>     | <b>(12,374)</b>  | <b>(151,549)</b> | <b>(276)</b> | <b>(39,707)</b>    | -                         | <b>(39,707)</b>    |
| Finance income/(costs), net            | 140,170            | 3,831            | (8,891)          | 662          | 135,772            | (155,000)                 | (19,228)           |
| - within segment                       | (20,531)           | 5,164            | (4,523)          | 662          | (19,228)           | -                         | (19,228)           |
| - inter-segment                        | 160,701            | (1,333)          | (4,368)          | -            | 155,000            | (155,000)                 | -                  |
| <b>Profit/(loss) before income tax</b> | <b>264,662</b>     | <b>(8,543)</b>   | <b>(160,440)</b> | <b>386</b>   | <b>96,065</b>      | <b>(155,000)</b>          | <b>(58,935)</b>    |
| Income tax (expense)/benefit           | (25,511)           | (7,875)          | 2,478            | -            | (30,908)           | -                         | (30,908)           |
| <b>Profit/(loss) for the period</b>    | <b>239,151</b>     | <b>(16,418)</b>  | <b>(157,962)</b> | <b>386</b>   | <b>65,157</b>      | <b>(155,000)</b>          | <b>(89,843)</b>    |
| <b>EBITDA**</b>                        | <b>300,102</b>     | <b>41,487</b>    | <b>(80,466)</b>  | <b>(276)</b> | <b>260,847</b>     | -                         | <b>260,847</b>     |
| One-offs (A 3.1.1)                     | 44,678             | (981)            | 44,516           | -            | 88,213             | -                         | 88,213             |
| <b>Adjusted EBITDA (A 3.1.1)</b>       | <b>344,780</b>     | <b>40,506</b>    | <b>(35,950)</b>  | <b>(276)</b> | <b>349,060</b>     | -                         | <b>349,060</b>     |

\* 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 (1.1.2020 – 30.6.2020) | CzechoSlovakia | Adriatic | Fresh & Herbs | Other    | Subtotal  | Consolidation adjustments | Total     |
|--|----------------|----------|---------------|----------|-----------|---------------------------|-----------|
|  | CZK '000       | CZK '000 | CZK '000      | CZK '000 | CZK '000  | CZK '000                  | CZK '000  |
| Additions to PPE and Intangible assets*          | 226,856        | 66,275   | 53,757        | -        | 346,888   | -                         | 346,888   |
| Depreciation and amortisation                    | 175,610        | 53,861   | 71,083        | -        | 300,554   | -                         | 300,554   |
| Other Impairment losses                          | 6,028          | -        | 35,609        | -        | 41,637    | -                         | 41,637    |
| Other Impairment losses reversals                | (5,501)        | (655)    | (338)         | -        | (6,494)   | -                         | (6,494)   |
| Provisions - Increase due to creation            | 29,639         | -        | 3,176         | -        | 32,815    | -                         | 32,815    |
| Provisions - Decrease due to usage/release       | (95,547)       | (11,851) | (8,069)       | -        | (115,467) | -                         | (115,467) |

\* excluding acquisitions, including lease additions

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



| 1.1.2019 – 30.6.2019                   | CzechoSlovakia     | Adriatic         | Fresh & Herbs    | Other*       | Subtotal           | Consolidation adjustments | Total              |
|--|--------------------|------------------|------------------|--------------|--------------------|---------------------------|--------------------|
| Re-presented                           | CZK '000           | CZK '000         | CZK '000         | CZK '000     | CZK '000           | CZK '000                  | CZK '000           |
| <b>Revenue</b>                         | <b>2,187,211</b>   | <b>591,254</b>   | <b>326,281</b>   | -            | <b>3,104,746</b>   | <b>(72,431)</b>           | <b>3,032,315</b>   |
| External revenue – excl. services      | 2,105,120          | 585,756          | 309,525          | -            | 3,000,401          | -                         | 3,000,401          |
| External revenue – services            | 13,102             | 2,590            | 16,222           | -            | 31,914             | -                         | 31,914             |
| Inter-segment revenue                  | 68,989             | 2,908            | 534              | -            | 72,431             | (72,431)                  | -                  |
| <b>Operating expenses</b>              | <b>(1,993,730)</b> | <b>(572,959)</b> | <b>(390,068)</b> | <b>(451)</b> | <b>(2,957,208)</b> | <b>72,431</b>             | <b>(2,884,777)</b> |
| Related to external revenue            | (1,924,741)        | (570,051)        | (389,534)        | (451)        | (2,884,777)        | -                         | (2,884,777)        |
| Related to inter-segment revenue       | (68,989)           | (2,908)          | (534)            | -            | (72,431)           | 72,431                    | -                  |
| <b>Operating profit/(loss)</b>         | <b>193,481</b>     | <b>18,295</b>    | <b>(63,787)</b>  | <b>(451)</b> | <b>147,538</b>     | -                         | <b>147,538</b>     |
| Finance income/(costs), net            | 55,486             | 12,412           | (6,421)          | (169)        | 61,308             | (130,038)                 | (68,730)           |
| - within segment                       | (62,666)           | (2,067)          | (3,828)          | (169)        | (68,730)           | -                         | (68,730)           |
| - inter-segment                        | 118,152            | 14,479           | (2,593)          | -            | 130,038            | (130,038)                 | -                  |
| <b>Profit/(loss) before income tax</b> | <b>248,967</b>     | <b>30,707</b>    | <b>(70,208)</b>  | <b>(620)</b> | <b>208,846</b>     | <b>(130,038)</b>          | <b>78,808</b>      |
| Income tax (expense)/benefit           | (61,450)           | (9,815)          | 38               | -            | (71,227)           | -                         | (71,227)           |
| <b>Profit/(loss) for the period</b>    | <b>187,517</b>     | <b>20,892</b>    | <b>(70,170)</b>  | <b>(620)</b> | <b>137,619</b>     | <b>(130,038)</b>          | <b>7,581</b>       |
| <b>EBITDA**</b>                        | <b>357,027</b>     | <b>65,400</b>    | <b>(9,690)</b>   | <b>(451)</b> | <b>412,286</b>     | -                         | <b>412,286</b>     |
| One-offs (A 3.1.1)                     | 11,208             | (4,388)          | 5,535            | -            | 12,355             | -                         | 12,355             |
| <b>Adjusted EBITDA (A 3.1.1)</b>       | <b>368,235</b>     | <b>61,012</b>    | <b>(4,155)</b>   | <b>(451)</b> | <b>424,641</b>     | -                         | <b>424,641</b>     |

\* 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 (1.1.2019 – 30.6.2019) | CzechoSlovakia | Adriatic | Fresh & Herbs | Other    | Subtotal | Consolidation adjustments | Total    |
|--|----------------|----------|---------------|----------|----------|---------------------------|----------|
|  | CZK '000       | CZK '000 | CZK '000      | CZK '000 | CZK '000 | CZK '000                  | CZK '000 |
| Additions to PPE and Intangible assets*          | 293,886        | 78,863   | 186,243       | -        | 558,992  | -                         | 558,992  |
| Depreciation and amortisation                    | 163,546        | 47,105   | 54,097        | -        | 264,748  | -                         | 264,748  |
| Other Impairment losses                          | 2,279          | -        | 472           | -        | 2,751    | -                         | 2,751    |
| Other Impairment losses reversals                | (5,732)        | (360)    | (524)         | -        | (6,616)  | -                         | (6,616)  |
| Provisions - Increase due to creation            | 32,917         | -        | 3,804         | -        | 36,721   | -                         | 36,721   |
| Provisions - Decrease due to usage/release       | (56,894)       | (7,377)  | (5,685)       | -        | (69,956) | -                         | (69,956) |

\* excluding acquisitions, including lease additions

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### PRODUCT LINES (CONTINUING OPERATIONS)

| 1.1.2020 - 30.6.2020              | Carbonated beverages<br>CZK '000 | Non-carbonated beverages<br>CZK '000 | Waters<br>CZK '000 | Syrups<br>CZK '000 | Fresh bars & Salads<br>CZK '000 | Other<br>CZK '000 | Total<br>CZK '000 |
|-----------------------------------|----------------------------------|--------------------------------------|--------------------|--------------------|---------------------------------|-------------------|-------------------|
| <b>Revenue</b>                    | <b>1,051,351</b>                 | <b>265,240</b>                       | <b>870,952</b>     | <b>235,579</b>     | <b>120,739</b>                  | <b>209,062</b>    | <b>2,752,923</b>  |
| External revenue – excl. services | 1,051,351                        | 265,240                              | 870,952            | 235,579            | 115,829                         | 189,990           | 2,728,941         |
| External revenue – services       | -                                | -                                    | -                  | -                  | 4,910                           | 19,072            | 23,982            |
| 1.1.2019 - 30.6.2019              | Carbonated beverages<br>CZK '000 | Non-carbonated beverages<br>CZK '000 | Waters<br>CZK '000 | Syrups<br>CZK '000 | Fresh bars & Salads<br>CZK '000 | Other<br>CZK '000 | Total<br>CZK '000 |
| <b>Revenue</b>                    | <b>1,244,372</b>                 | <b>329,811</b>                       | <b>856,332</b>     | <b>238,979</b>     | <b>206,238</b>                  | <b>156,583</b>    | <b>3,032,315</b>  |
| External revenue – excl. services | 1,244,372                        | 329,811                              | 856,332            | 238,979            | 190,460                         | 140,447           | 3,000,401         |
| External revenue – services       | -                                | -                                    | -                  | -                  | 15,778                          | 16,136            | 31,914            |

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

| 1.1.2020 - 30.6.2020  | Czech Republic<br>CZK '000 | Slovakia<br>CZK '000 | Slovenia<br>CZK '000 | Croatia<br>CZK '000 | Poland<br>CZK '000 | Other<br>CZK '000 | Total<br>CZK '000 |
|---|----------------------------|----------------------|----------------------|---------------------|--------------------|-------------------|-------------------|
| <b>Revenue</b>  | <b>1,476,330</b>           | <b>717,162</b>       | <b>332,491</b>       | <b>136,609</b>      | <b>35,554</b>      | <b>54,777</b>     | <b>2,752,923</b>  |
| External revenue – excl. services                                       | 1,462,374                  | 709,147              | 330,480              | 136,609             | 35,554             | 54,777            | 2,728,941         |
| External revenue – services   | 13,956                     | 8,015                | 2,011                | -                   | -                  | -                 | 23,982            |
| 1.1.2019 - 30.6.2019  | Czech Republic<br>CZK '000 | Slovakia<br>CZK '000 | Slovenia<br>CZK '000 | Croatia<br>CZK '000 | Poland<br>CZK '000 | Other<br>CZK '000 | Total<br>CZK '000 |
| <b>Revenue</b>  | <b>1,574,085</b>           | <b>811,401</b>       | <b>381,478</b>       | <b>165,963</b>      | <b>34,444</b>      | <b>64,944</b>     | <b>3,032,315</b>  |
| External revenue – excl. services                                       | 1,552,282                  | 803,880              | 379,080              | 165,945             | 34,444             | 64,770            | 3,000,401         |
| External revenue – services   | 21,803                     | 7,521                | 2,398                | 18                  | -                  | 174               | 31,914            |
| Non-current assets (excluding financial assets and deferred tax assets) | Czech Republic<br>CZK '000 | Slovakia<br>CZK '000 | Slovenia<br>CZK '000 | Croatia<br>CZK '000 | Poland<br>CZK '000 | Other<br>CZK '000 | Total<br>CZK '000 |
| 30.6.2020   | 3,466,333                  | 1,139,816            | 677,488              | 211,041             | 222,661            | -                 | 5,717,339         |
| 31.12.2019  | 2,179,259                  | 1,008,033            | 644,678              | 191,099             | 235,760            | -                 | 4,258,829         |

### 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 2019, about 20.1% (19.5% in 2018) of revenue from continuing operations was earned in the 1st quarter, with 27.2% (28.1% in 2018), 29.0% (29.1% in 2018) and 23.7% (23.3% in 2018) of the annual consolidated revenue earned in the 2nd, 3rd and 4th quarters, respectively.

#### CYCLICAL NATURE

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

#### KOFOLA ČESKOSLOVENSKO GROUP

Interim consolidated financial statements for the six-month period ended 30 June 2020  
In accordance with IAS 34 as adopted by EU

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.2. REVENUE (CONTINUING OPERATIONS)

| Revenue streams, Timing of revenue recognition                                | 6M20<br>CZK'000  | 6M19<br>CZK'000  |
|---|------------------|------------------|
| <b>Revenue from contracts with customers</b>                                  |                  |                  |
| - Sales of finished products/goods/materials (transferred at a point in time) | 2,728,941        | 3,000,401        |
| - Sales of transportation services (transferred over time)                    | 6,746            | 5,347            |
| - Franchise licences (transferred over time)                                  | 4,908            | 15,162           |
| - Sales of other services (transferred over time)                             | 12,328           | 11,405           |
| <b>Total revenue</b>  | <b>2,752,923</b> | <b>3,032,315</b> |

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

Loss allowances on receivables arising from contracts with customers are not material.

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

### 4.3. EXPENSES BY NATURE (CONTINUING OPERATIONS)

| Expenses by nature  | 6M20<br>CZK'000  | 6M19<br>CZK'000  |
|---|------------------|------------------|
| Depreciation of Property, plant and equipment and amortisation of Intangible assets                               | 300,554          | 264,748          |
| Employee benefits expenses (i)  | 646,044          | 671,249          |
| Consumption of materials and energy, cost of goods and materials sold   | 1,210,099        | 1,305,858        |
| Services  | 510,517          | 584,806          |
| Rental costs  | 35,961           | 40,139           |
| Taxes and fees  | 36,845           | 30,644           |
| Insurance costs   | 8,374            | 7,673            |
| Inventory write-down/(back)   | (880)            | (921)            |
| Change in allowance to receivables  | 6,174            | (2,944)          |
| Change in finished products and work in progress  | (27,188)         | (36,317)         |
| Other costs   | 543              | 12,352           |
| <b>Total expenses by nature*</b>  | <b>2,727,043</b> | <b>2,877,287</b> |
| Depreciation recognized in Other operating expenses   | (6,230)          | (4,168)          |
| <b>Reconciliation of expenses by nature to expenses by function</b>   | <b>2,720,813</b> | <b>2,873,119</b> |
| Costs of sales  | 1,561,788        | 1,621,519        |
| Selling, marketing and distribution costs   | 947,911          | 1,030,986        |
| Administrative costs  | 211,114          | 220,614          |
| <b>Total costs of products and services sold, merchandise and materials, sales costs and administrative costs</b> | <b>2,720,813</b> | <b>2,873,119</b> |

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

Higher depreciation and amortisation expense is connected with capital expenditures realized in 2019 and brands recognized on the acquisition of subsidiaries. Employee benefits expenses decreased mainly due to lower provisions for bonuses, lower liabilities for untaken holiday, savings resulting from reaction to COVID-19 and option scheme (year 2019 was the last year of the programme). Direct material costs, costs of goods sold, energy costs and services decreased mainly due to COVID-19 pandemic situation.

#### (i) Employee benefits expenses

| Employee benefits expenses   | 6M20<br>CZK'000 | 6M19<br>CZK'000 |
|--|-----------------|-----------------|
| Salaries   | 481,280         | 493,096         |
| Social security and other benefit costs (including healthcare insurance) | 73,886          | 86,559          |
| Pension benefit plan expenses  | 90,878          | 91,594          |
| <b>Total employee benefits expenses</b>                                  | <b>646,044</b>  | <b>671,249</b>  |



## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.4. OTHER OPERATING INCOME (CONTINUING OPERATIONS)

| Other operating income                                     | 6M20<br>CZK'000 | 6M19<br>CZK'000 |
|--|-----------------|-----------------|
| Net gain from the sale of PPE and Intangible assets        | 392             | 8,664           |
| Release of impairment of Property, plant and equipment     | 1,006           | -               |
| Release of allowance to receivables                        | -               | 6               |
| Reinvoiced payments  | -               | 1,858           |
| Subsidies, grants and government support                   | 15,304          | 344             |
| Compensation claims  | 2,259           | 655             |
| Write-off liabilities                                      | 277             | 30              |
| Penalties and compensation for damages                     | 222             | 667             |
| Other tax income   | 143             | 171             |
| Release of provisions                                      | -               | 375             |
| Write-off of advances received for the returnable packages | 5,032           | -               |
| Other  | 5,383           | 1,391           |
| <b>Total other operating income</b>                        | <b>30,018</b>   | <b>14,161</b>   |

In 6M20, the Subsidies, grants and government support contain mainly the support related to COVID-19 pandemic situation.

### 4.5. OTHER OPERATING EXPENSES (CONTINUING OPERATIONS)

| Other operating expenses                       | 6M20<br>CZK'000 | 6M19<br>CZK'000 |
|--|-----------------|-----------------|
| Provided donations, sponsorship                | 3,848           | 3,367           |
| Penalties and damages                          | 830             | 419             |
| Other tax expenses                             | 24              | 156             |
| Advisory costs                                 | 11,962          | 11,208          |
| Costs connected with inactive plant in Poland* | 10,592          | 8,218           |
| Restructuring costs**                          | 27,420          | -               |
| Other  | 11,760          | 2,451           |
| <b>Total other operating expenses</b>          | <b>66,436</b>   | <b>25,819</b>   |

\* Mainly depreciation expense, property taxes, consumption of energy. \*\* Mainly payroll expenses.

### 4.6. FINANCE INCOME (CONTINUING OPERATIONS)

| Finance income              | 6M20<br>CZK'000 | 6M19<br>CZK'000 |
|-----------------------------|-----------------|-----------------|
| Interest from:              |                 |                 |
| – bank deposits             | 14              | 27              |
| – credits and loans granted | -               | 126             |
| – bonds                     | 657             | 1,075           |
| – receivables               | 77              | -               |
| Exchange gains              | 44,694          | 408             |
| Derivatives                 | -               | 1,102           |
| Other                       | 193             | 283             |
| <b>Total finance income</b> | <b>45,635</b>   | <b>3,021</b>    |

Significant increase of Exchange gains is mainly an effect of unrealized FX gains arising on Company's EUR receivables.

### 4.7. FINANCE COSTS (CONTINUING OPERATIONS)

| Finance costs              | 6M20<br>CZK'000 | 6M19<br>CZK'000 |
|----------------------------|-----------------|-----------------|
| Interest from:             |                 |                 |
| – bank loans and credits   | 52,433          | 50,779          |
| – lease                    | 6,793           | 5,048           |
| Exchange losses            | 1,036           | 10,861          |
| Bank costs and charges     | 4,386           | 4,855           |
| Derivatives                | 198             | -               |
| Other                      | 17              | 208             |
| <b>Total finance costs</b> | <b>64,863</b>   | <b>71,751</b>   |

## 4. NOTES TO THE 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 six-month period ended 30 June 2020 and 30 June 2019 were as follows:

| Income tax  | 6M20<br>CZK'000 | 6M19<br>CZK'000 |
|---|-----------------|-----------------|
| <b>Current income tax expense/(benefit)</b>               | <b>16,890</b>   | <b>52,761</b>   |
| Current income tax on profits for the periods             | 15,822          | 50,759          |
| Adjustments for current income tax of prior periods       | 1,068           | 2,002           |
| <b>Deferred income tax expense/(benefit)</b>              | <b>14,018</b>   | <b>18,466</b>   |
| Related to arising and reversing of temporary differences | 9,925           | 12,275          |
| Related to tax losses                                     | 4,093           | 6,191           |
| <b>Income tax expense/(benefit)</b>                       | <b>30,908</b>   | <b>71,227</b>   |

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

#### 4.8.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax elements for the six-month period ended 30 June 2020 and 30 June 2019 were as follows:

| Income tax recognised directly in equity        | 6M20<br>CZK'000 | 6M19<br>CZK'000 |
|---|-----------------|-----------------|
| <b>Deferred income tax</b>                      | <b>(5,480)</b>  | <b>183</b>      |
| Tax from Cash flow hedges                       | (5,480)         | 183             |
| <b>Income tax recognised directly in equity</b> | <b>(5,480)</b>  | <b>183</b>      |

### 4.9. EARNINGS PER SHARE

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

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

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

| Weighted average number of ordinary shares   | 6M20<br>Pcs       | 6M19<br>Pcs       |
|--|-------------------|-------------------|
| Weighted average number of ordinary shares for EPS calculation                               | 22,291,948        | 22,291,948        |
| Effect of own shares in possession of the Company  | (2,570)           | -                 |
| <b>Weighted average number of ordinary shares used to calculate basic earnings per share</b> | <b>22,289,378</b> | <b>22,291,948</b> |

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

| Basic earnings per share (continuing operations)   | 6M20          | 6M19        |
|--|---------------|-------------|
| Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK '000)     | (82,450)      | 11,066      |
| Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)      | 22,289,378    | 22,291,948  |
| <b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)</b> | <b>(3.70)</b> | <b>0.50</b> |

| Basic earnings per share (continuing and discontinued operations)                                | 6M20          | 6M19        |
|--|---------------|-------------|
| Profit/(loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s. (CZK '000)     | (82,450)      | 106,399     |
| Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)      | 22,289,378    | 22,291,948  |
| <b>Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK/share)</b> | <b>(3.70)</b> | <b>4.77</b> |

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### 4.10. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 695,335 thousand in the reporting period of six-months ended 30 June 2020 (including the net book value of assets arising due to acquisition of subsidiaries and lease additions).

The most significant additions realized by the Group in 6M20 were represented by assets arising from the acquisition of subsidiaries of CZK 355,510 thousand and investments into the production machinery, warehouse and the returnable packages.

The additions to Property, plant and equipment were of CZK 550,726 thousand in the six-month period ended 30 June 2019 (including lease additions). The most significant additions were mainly caused by the effect of the initial application of IFRS 16, purchases of cars, production machinery and returnable packages.

The impairment in the amount of CZK 35,399 thousand was charged to the items of Property, plant and equipment related to the production of UGO bottles (mainly the production line). The recoverable amount in relation to this impairment was determined as fair value less costs of disposal.

### 4.11. INTANGIBLE ASSETS

The Goodwill consists of the goodwill from acquisition of PINELLI spol. s r.o. in April 2011, goodwill from acquisition of production part of Klimo s.r.o. by Kofola a.s. (Czech Republic) in 2006, goodwill from acquisition of LEROS s.r.o. in March 2018, goodwill from acquisition of Minerálka s.r.o. in June 2018, goodwill from acquisition of Espresso s.r.o. in July 2019, goodwill from acquisition of F.H.Prager s.r.o. in January 2020 and goodwill from acquisition of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o. in April 2020.

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

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Radenska, Citrocola, Semtex energy drink, Erektus, UGO, Premium Rosa, Leros, Café Reserva, Prager ciders and lemonades, Ondrášovka and Korunní.

In the reporting period of six-months ended 30 June 2020, the additions to intangible assets were of CZK 990,738 thousand (including the net book value of assets arising due to acquisition of subsidiaries). The most significant additions were connected with the acquisition of subsidiaries (Goodwill of CZK 541,373 thousand, Brands of CZK 442,302 thousand) and investments to SAP.

In the reporting period of six-months ended 30 June 2019, the additions to intangible assets were of CZK 8,266 thousand. The most significant addition was technical enhancement of SAP software.

### 4.12. BANK CREDITS AND LOANS

#### INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 30 June 2020, the Group's total bank loans and credits amounted to CZK 4,106,559 thousand (as at 31 December 2019: CZK 3,012,962 thousand). Increase of the balance is attributable mostly to the loan received in connection with the acquisition of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o. From the total balance of Repayment of loans and bank credits presented within the Condensed consolidated statement of cash flows (Note 1.4), amount of CZK 83,096 thousand represents the decrease of Group's overdraft.

The Facility loan agreement as amended (which refinanced loans at that time, served for a loan financing of RADENSKA d.o.o. acquisition and also the acquisition of ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o) with carrying amount of CZK 3,833,995 thousand as at 30 June 2020 (as at 31 December 2019: CZK 2,651,759 thousand) was a main component of Group's liabilities. The reason for the execution of the Facility loan agreement was a consolidation of Group financing to ensure strategic development and taking advantage of the favourable conditions of financial market.

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

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



### CREDIT TERMS AND TERMS AND CONDITIONS

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

The Group has received waivers for 2Q20 and 3Q20 from the banks in relation to Leverage Ratio due to COVID-19.

### 4.13. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2020, the Group companies provided the following guarantees for third party entities:

| Entity providing guarantees                    | Entity receiving guarantees | Currency | Guarantee amount<br>FCY'000 | Guarantee amount<br>CZK'000 | Guarantee period      | Guarantees provided for | Relationship |
|--|-----------------------------|----------|-----------------------------|-----------------------------|-----------------------|-------------------------|--------------|
| Kofola ČeskoSlovensko a.s.                     | Unicredit Bank a.s.         | EUR      | 1,840                       | 49,202                      | 12/2022               | SANTA-TRANS.SK, s.r.o.  | third party  |
| Kofola ČeskoSlovensko a.s.                     | City-Arena PLUS a.s.        | EUR      | 7                           | 187                         | 8/2020                | UGO trade s.r.o.        | subsidiary   |
| Kofola ČeskoSlovensko a.s.                     | UNIPETROL RPA, s.r.o.       | CZK      | 130                         | 130                         | until end of contract | UGO trade s.r.o.        | subsidiary   |
| Kofola ČeskoSlovensko a.s.                     | Fatra, a.s.                 | CZK      | 100                         | 100                         | until end of contract | UGO trade s.r.o.        | subsidiary   |
| <b>Total guarantees issued as at 30.6.2020</b> |                             |          | <b>49,619*</b>              |                             |                       |                         |              |

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

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

| Entity providing guarantees                     | Entity receiving guarantees | Currency | Guarantee amount<br>FCY'000 | Guarantee amount<br>CZK'000 | Guarantee period | Guarantees provided for | Relationship |
|---|-----------------------------|----------|-----------------------------|-----------------------------|------------------|-------------------------|--------------|
| Kofola ČeskoSlovensko a.s.                      | Unicredit Bank a.s.         | EUR      | 2,272                       | 57,732                      | 12/2022          | SANTA-TRANS.SK, s.r.o.  | third party  |
| <b>Total guarantees issued as at 31.12.2019</b> |                             |          | <b>57,732*</b>              |                             |                  |                         |              |

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

### 4.14. LEGAL AND ARBITRATION PROCEEDINGS

#### DENATIONALISATION PROCEEDINGS AGAINST RADENSKA

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of RADENSKA d.o.o. – Wilhelmina Höhn Šarič and Ante Šarič. This denationalisation claims have been in the process of being decided on from the year 1993 onward. After several turns in the process the Constitutional court in 2018 reversed the decisions of the authorities adopted by then which prevented the denationalization beneficiaries from denationalization for legal reasons and returned the matter to the first instance authority. Upon such decision the administrative unit Gornja Radgona as the first instance authority resumed with the process in 2018. In the resumed process the authority found the denationalization beneficiaries are entitled to denationalization, however, not in the form of in-kind return of property, for which RADENSKA would be liable, but merely in the form of compensation, which is paid from the Republic of Slovenia and neutral with respect to RADENSKA. Such decision effectively means that the beneficiary is not entitled to in-kind return of property and therefore neither RADENSKA nor Kofola are obliged to any compensation payment. However, we note that such decisions are not final and thus in theory there's still the risk that RADENSKA's enterprise would need to be returned to the beneficiaries together with significant compensation payments, if the current decisions would be reversed later in the process.

#### 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 significant 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, a material effect on the financial position or profitability of the Company and/or the Group.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.15. RELATED PARTY TRANSACTIONS

#### 4.15.1 SHAREHOLDERS STRUCTURE

| Share capital structure<br>Name of entity | 30.6.2020         |                    |                    | 31.12.2019        |                    |                    |
|---|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|   | 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              | 14,984,204        | 67.22              | 70.75              |
| RADENSKA d.o.o.                           | 1,113,977         | 5.00               | 0.00               | 1,114,010         | 5.00               | 0.00               |
| Others                                    | 6,193,767         | 27.78              | 29.25              | 6,193,734         | 27.78              | 29.25              |
| <b>Total</b>                              | <b>22,291,948</b> | <b>100.00</b>      | <b>100.00</b>      | <b>22,291,948</b> | <b>100.00</b>      | <b>100.00</b>      |

On 9 July 2020, 33 shares have been granted from own shares (in possession of RADENSKA) to the external provider as a compensation for services provided by this external party. These shares were originally purchased by RADENSKA in a public tender offer on the stock market mainly from CED GROUP S.à r.l. with an individual share price of CZK 440.

On 14 August 2019, 99 shares have been granted from own shares (in possession of RADENSKA) to the external providers as a compensation for services provided by these external parties. These shares were originally purchased by RADENSKA in a public tender offer on the stock market mainly from CED GROUP S.à r.l. with an individual share price of CZK 440.

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%.

#### COURSE OF PURCHASE OF OWN SHARES

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

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

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

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

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

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

In March and April 2020, 19,748 shares with costs of CZK 4,387 thousand have been granted to the participants of the share option plan.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 4.15.2 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 6M20 and 6M19.

| Remuneration of the Group's key management personnel 6M20       |               | Members of the Company's Board of Directors | Members of the Company's Supervisory Board | Members of the Company's Audit Committee | Other key management personnel of the Group | Total   |
|---|---------------|---|--|--|---|---------|
| compensation  |               | CZK'000                                     | CZK'000                                    | CZK'000                                  | CZK'000                                     | CZK'000 |
| Amounts paid for activities in the Company's Board of Directors | Financial     | 18,191                                      | -  | -  | -   | 18,191  |
|   | Non-financial | 2,296                                       | -  | -  | -   | 2,296   |
| Amounts paid for activities in the Company's Supervisory Board  | Financial     | -   | 600  | -  | -   | 600     |
|   | Non-financial | -   | 144  | -  | -   | 144     |
| Amounts paid for activities in the Company's Audit Committee    | Financial     | -   | -  | 144                                      | -   | 144     |
|   | Non-financial | -   | -  | -  | -   | -       |
| Amounts paid for other activities within the Group              | Financial     | 3,967                                       | 5,238                                      | 1,203                                    | 9,166                                       | 19,574  |
|   | Non-financial | 995   | 490  | 28                                       | 1,300                                       | 2,813   |

| Remuneration of the Group's key management personnel 6M19       |               | 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     | 14,679                                      | -  | -  | -   | 14,679  |
|   | Non-financial | 467   | -  | -  | -   | 467     |
| Amounts paid for activities in the Company's Supervisory Board  | Financial     | -   | 600  | -  | -   | 600     |
|   | Non-financial | -   | 109  | -  | -   | 109     |
| Amounts paid for activities in the Company's Audit Committee    | Financial     | -   | -  | 144                                      | -   | 144     |
|   | Non-financial | -   | -  | -  | -   | -       |
| Amounts paid for other activities within the Group              | Financial     | 3,204                                       | 5,001                                      | 727                                      | 7,291                                       | 16,223  |
|   | Non-financial | -   | 180  | 29                                       | 101   | 310     |

### 4.15.3 OTHER RELATED PARTY TRANSACTIONS

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

Except for above stated, there were no other transactions concluded with the Group's related parties (those outside the consolidation group) in 6M20 and 6M19.

## 4.16. FINANCIAL INSTRUMENTS

### 4.16.1 FINANCIAL INSTRUMENTS CATEGORIES

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

| 30.6.2020                   | 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 | 1,024,052                          | -                                     | -                                       | 1,024,052          |
| Cash and cash equivalents   | 583,814                            | -                                     | -                                       | 583,814            |
| Derivatives (i)             | -                                  | (22,056)                              | -                                       | (22,056)           |
| Bank credits and loans      | -                                  | -                                     | (4,106,559)                             | (4,106,559)        |
| Lease liabilities           | -                                  | -                                     | (468,906)                               | (468,906)          |
| Trade and other payables    | -                                  | -                                     | (1,378,644)                             | (1,378,644)        |
| <b>Total</b>                | <b>1,607,866</b>                   | <b>(22,056)</b>                       | <b>(5,954,109)</b>                      | <b>(4,368,299)</b> |

#### (i) Fair value of derivatives

In 2018, the Group concluded an interest rate swaps (IRS) contract and established a hedge accounting and revaluation of derivatives in relation to the effective portion of the hedging relationship is accounted through Other comprehensive income (OCI).

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

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| 31.12.2019                            | Financial assets at amortised cost<br>CZK'000 | Derivatives at fair value through OCI<br>CZK'000 | Financial liabilities at amortised cost<br>CZK'000 | Total<br>CZK'000   |
|---------------------------------------|---|--|--|--------------------|
| Trade and other financial receivables | 1,148,603                                     | -  | -  | 1,148,603          |
| Cash and cash equivalents             | 774,495                                       | -  | -  | 774,495            |
| Derivatives (ii)                      | -   | 6,786  | -  | 6,786              |
| Bank credits and loans                | -   | -  | (3,012,962)  | (3,012,962)        |
| Lease liabilities                     | -   | -  | (419,791)  | (419,791)          |
| Trade and other financial liabilities | -   | -  | (1,311,659)  | (1,311,659)        |
| <b>Total</b>                          | <b>1,923,098</b>                              | <b>6,786</b>                                     | <b>(4,744,412)</b>                                 | <b>(2,814,528)</b> |

### (ii) Fair value of derivatives

In 2018, the Group concluded an interest rate swaps (IRS) contract and established a hedge accounting and 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.

## 4.17. ACQUISITION OF SUBSIDIARIES

### ACQUISITION OF SUBSIDIARIES ONDRÁŠOVKA AND KARLOVARSKÁ KORUNNÍ

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

On April 14, 2020, the Company concluded an agreement to purchase a 100% stake in ONDRÁŠOVKA a.s. and Karlovarská Korunní s.r.o., producers of the mineral waters.

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

| Fair value of assets and liabilities          | Book value<br>CZK'000 | Fair value adjustments<br>CZK'000 | Fair value<br>CZK'000 |
|---|-----------------------|-----------------------------------|-----------------------|
| Property, plant and equipment                 | 354,073               | -                                 | 354,073               |
| Intangible assets                             | 7,022                 | 427,253                           | 434,275               |
| Deferred tax assets                           | 6,257                 | -                                 | 6,257                 |
| Inventories                                   | 56,104                | -                                 | 56,104                |
| Trade receivables and other receivables       | 87,296                | -                                 | 87,296                |
| Cash and cash equivalents                     | 48,095                | -                                 | 48,095                |
| Issued bonds (non-current)                    | (88,008)              | (15,792)                          | (103,800)             |
| Bank credits and loans (non-current)          | (57,820)              | -                                 | (57,820)              |
| Lease liabilities (non-current)               | (19,694)              | -                                 | (19,694)              |
| Deferred tax liabilities                      | (5,889)               | (81,178)                          | (87,067)              |
| Other liabilities (non-current)               | (21,000)              | -                                 | (21,000)              |
| Lease liabilities (current)                   | (8,414)               | -                                 | (8,414)               |
| Trade liabilities and other liabilities       | (120,520)             | -                                 | (120,520)             |
| <b>Total identifiable net assets acquired</b> | <b>237,502</b>        | <b>330,283</b>                    | <b>567,785</b>        |

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

| Goodwill calculation      | CZK'000        |
|---------------------------|----------------|
| Consideration transferred | 1,105,824      |
| Net assets acquired       | 567,785        |
| <b>Goodwill</b>           | <b>538,039</b> |

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. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Revenue for the period since the acquisition amounted to CZK 173,597 thousand. Profit or loss for the period since the acquisition is not presented due to immateriality.

### ACQUISITION OF SUBSIDIARY F.H.PRAGER

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

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

| Fair value of assets and liabilities          | Book value     | Fair value adjustments | Fair value   |
|---|----------------|------------------------|--------------|
|   | CZK'000        | CZK'000                | CZK'000      |
| Property, plant and equipment                 | 766            | -                      | 766          |
| Intangible assets                             | -              | 8,027                  | 8,027        |
| Inventories                                   | 1,856          | -                      | 1,856        |
| Trade receivables and other receivables       | 461            | -                      | 461          |
| Cash and cash equivalents                     | 29             | -                      | 29           |
| Bank credits and loans                        | (443)          | -                      | (443)        |
| Deferred tax liability                        | -              | (1,525)                | (1,525)      |
| Trade liabilities and other liabilities       | (9,360)        | -                      | (9,360)      |
| Provisions                                    | (144)          | -                      | (144)        |
| <b>Total identifiable net assets acquired</b> | <b>(6,835)</b> | <b>6,502</b>           | <b>(333)</b> |

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

| Goodwill calculation      | CZK'000      |
|---------------------------|--------------|
| Consideration transferred | 3,000        |
| Net assets acquired       | (333)        |
| <b>Goodwill</b>           | <b>3,333</b> |

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

Revenue and result for the period since the acquisition are not presented in this note because they are immaterial.

### ACQUISITION OF SUBSIDIARY ESPRESSO

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

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

| Fair value of assets and liabilities          | Book value    | Fair value adjustments | Fair value    |
|---|---------------|------------------------|---------------|
|   | CZK'000       | CZK'000                | CZK'000       |
| Property, plant and equipment                 | 10,459        | -                      | 10,459        |
| Intangible assets                             | -             | 67,200                 | 67,200        |
| Deferred tax assets                           | 269           | (269)                  | -             |
| Inventories                                   | 18,091        | (3,137)                | 14,954        |
| Trade receivables and other receivables       | 5,802         | (624)                  | 5,178         |
| Cash and cash equivalents                     | 3,196         | -                      | 3,196         |
| Lease liabilities                             | (6,976)       | -                      | (6,976)       |
| Other liabilities                             | (5,029)       | -                      | (5,029)       |
| Deferred tax liability                        | -             | (12,768)               | (12,768)      |
| Trade liabilities and other liabilities       | (9,725)       | (835)                  | (10,560)      |
| <b>Total identifiable net assets acquired</b> | <b>16,087</b> | <b>49,567</b>          | <b>65,654</b> |



## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

| Goodwill calculation      | CZK'000       |
|---------------------------|---------------|
| Consideration transferred | 77,745        |
| Net assets acquired       | 65,654        |
| <b>Goodwill</b>           | <b>12,091</b> |

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.

### 4.18. DISCONTINUED OPERATIONS

#### 4.18.1 HOOP POLSKA

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 from discontinued operations for the period of six months ended 30 June 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. The second final part of the transaction price was received in February 2020.

#### FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

Financial information relating to the discontinued operation for the six months ended 30 June 2019 is set out below.

| Analysis of the result from discontinued operation   | 6M19<br>CZK'000 |
|--|-----------------|
| Revenue  | 157,203         |
| Expenses   | (170,576)       |
| Gain on sale of the subsidiary   | 7,979           |
| Income on release of the foreign currency translation reserve ("FCTR")   | 81,422          |
| <b>Profit before tax from discontinued operation</b>   | <b>76,028</b>   |
| <b>Profit from discontinued operation</b>  | <b>76,028</b>   |
| Exchange differences on translation of discontinued operation  | (81,422)        |
| <b>Other comprehensive income from discontinued operation</b>  | <b>(81,422)</b> |
| <b>Earnings per share for profit from discontinued operation attributable to the ordinary equity holders of the Company (in CZK)</b> | <b>3.41</b>     |

| Analysis of the cash flows from discontinued operation | 6M19<br>CZK'000 |
|--|-----------------|
| Cash flows from operating activities                   | 29,850          |
| Cash flows from investing activities                   | (1,716)         |
| Cash flows from financial activities                   | (2,655)         |

#### DETAILS OF THE SALE OF THE SUBSIDIARY

| Analysis of gain on sale           | CZK'000      |
|------------------------------------|--------------|
| Total consideration                | 210,422      |
| Carrying amount of net assets sold | 202,443      |
| <b>Gain on sale</b>                | <b>7,979</b> |

#### 4.18.2 MEGAPACK

OOO MEGAPACK was sold on 18 December 2019 (sale transaction became effective on 25 December 2019). As such, the transactions related to Megapack were also presented as a part of discontinued operations. Profit from discontinued operations for the period of six months ended 30 June 2019 contains Share of profit of equity accounted investee of CZK 19,305 thousand. Transaction price was received in January 2020.

## 4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial information relating to the discontinued operation for the six months ended 30 June 2019 is set out below.

| Equity accounted investee's revenue and result                            | 6M19<br>CZK'000 |
|---|-----------------|
| Revenue   | 252,263         |
| Profit/(loss) for the period  | 38,610          |
| <b>Share of profit/(loss) attributable to Kofola ČeskoSlovensko group</b> | <b>19,305</b>   |

| Analysis of the result from discontinued operation   | 6M19<br>CZK'000 |
|--|-----------------|
| Share of profit of equity accounted investee   | 19,305          |
| <b>Profit before tax from discontinued operation</b>   | <b>19,305</b>   |
| <b>Profit from discontinued operation</b>  | <b>19,305</b>   |
| Exchange differences on translation of discontinued operation  | 7,015           |
| <b>Other comprehensive income from discontinued operation</b>  | <b>7,015</b>    |
| <b>Earnings per share for profit from discontinued operation attributable to the ordinary equity holders of the Company (in CZK)</b> | <b>0.87</b>     |

Earnings per share for profit attributable to the ordinary equity holders of the Company in relation to Megapack and Hoop Polska discontinued operations for 6M19 amounted to CZK 4.28 per share.

### 4.19. SUBSEQUENT EVENTS

#### COVID-19

Due to negative effects of COVID-19 related emergency situation, the Group has decided to implement economical measures that lead to significant savings across all relevant Group activities, including unpleasant partial reduction of the number of Group employees. We tightly manage our costs and allocate resources to the areas where it can be the most effective. Capital expenditure has been paused or is used for what is essential or has already been committed.

On 27 April 2020, the Company utilized the governmental measures related to COVID-19 situation and has prolonged the bank loan repayment schedule by 6 months. So called "protection period" will end on 31 October 2020. As a result, planned repayments of CZK 108,825 thousand in 2Q20 and CZK 108,825 thousand in 3Q20 were/will be postponed.

COVID-19 characteristic and behavior weren't still fully understood. As far as we know, no generally approved vaccination is available yet. Therefore, the release of strict measures and behavior of particular states and their residents can lead to next epidemic waves. This could ultimately lead to return of the declaration of the state of emergency. As of the date of this report, the future development is unsure. Our expectation is that the market will gradually revive, however we are also prepared for other potential fluctuations, and for such a case we have sufficient financial resources. We are reflecting the COVID-19 impacts into our daily operations, targets and strategies. From the operational point of view, we can confirm that there neither have been nor are expected any substantial difficulties in the production process, business operations, financial management or our suppliers/customers chains.

We have an open and long-term relationship with our supportive banking group to whom we communicate our business outlook.

Management concluded that the range of possible outcomes considered at arriving at this judgement does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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

# STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION

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

To the best of our knowledge, the interim report of Kofola ČeskoSlovensko a.s. gives a true and fair view of the financial position, business activities and financial performance of Kofola ČeskoSlovensko Group for the six-month period ended 30 June 2020 and of the outlook for future development of the financial position, business activities and financial performance.

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES

|                  |                         |   |   |
|------------------|-------------------------|---|---|
| <b>15.9.2020</b> | <b>Janis Samaras</b>    | <b>Chairman of the Board of Directors</b>   |    |
| <i>date</i>      | <i>name and surname</i> | <i>position/role</i>                        | <i>signature</i>  |
| <b>15.9.2020</b> | <b>René Musila</b>      | <b>Vice-Chair of the Board of Directors</b> |    |
| <i>date</i>      | <i>name and surname</i> | <i>position/role</i>                        | <i>signature</i>  |
| <b>15.9.2020</b> | <b>Daniel Buryš</b>     | <b>Vice-Chair of the Board of Directors</b> |   |
| <i>date</i>      | <i>name and surname</i> | <i>position/role</i>                        | <i>signature</i>  |
| <b>15.9.2020</b> | <b>Martin Pisklák</b>   | <b>Member of the Board of Directors</b>     |  |
| <i>date</i>      | <i>name and surname</i> | <i>position/role</i>                        | <i>signature</i>  |
| <b>15.9.2020</b> | <b>Martin Mateáš</b>    | <b>Member of the Board of Directors</b>     |  |
| <i>date</i>      | <i>name and surname</i> | <i>position/role</i>                        | <i>signature</i>  |
| <b>15.9.2020</b> | <b>Marián Šefčovič</b>  | <b>Member of the Board of Directors</b>     |  |
| <i>date</i>      | <i>name and surname</i> | <i>position/role</i>                        | <i>signature</i>  |

