

Notes of Kofola VAR/2018, ISIN CZ0000000351 - the payment of the nominal value and the fifth interest yield

Kofola ČeskoSlovensko a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Nad Porubkou 2278/31a, Poruba, Ostrava, Postal Code 708 00, Czech Republic, register number (Identifikační číslo) 242 61 980, acting as a successor company, which on 1st August 2016, by the decision of the Regional Court in Ostrava that registered the cross-border merger, entered into all rights and obligations, assets and liabilities of KOFOLA S.A. as Issuer of the Notes below:

- **Notes of Kofola S. A. VAR/2018**
- **ISIN CZ0000000351**
- **due 2018**

(further “Notes”),

announces the beginning of the payment of nominal value and interest yield for the fifth interest period lasting from (and including) October 4th, 2017 to (and excluding) October 4th, 2018, **on October 4th, 2018.**

Record Date for interest and nominal value payment: September 4th, 2018;

Ex-Coupon date: September 5th, 2018.

The Authorized Person means a person on whose holder’s account kept by the Central Depository or in follow-up records relating to the central registry for securities the Note is recorded at the close of the relevant Record Date for Interest Payment.

In accordance with Terms and Conditions the payments will be made to the Authorized Persons by means of wire transfer to their accounts kept with a bank in the Czech Republic according to the payment Instruction that the Authorized Person delivers to the Fiscal and Paying Agent’s Specified Office:

Česká spořitelna, a.s.
Budějovická 1518/13a, 13b
140 00 Prague 4
Czech Republic

The payment Instruction including all relevant documents, especially:

- **beneficial ownership’s declaration and**
- **the certificate of tax domicile (excluding Czech tax residents)**

should be delivered in Czech or English or with an official translation at the address of the Fiscal and Paying Agent’s Specified Office mentioned above no later than 15 (fifteen) Business Days before the relevant Payment Day, i.e. on **September 12th, 2018** at the latest. Any originals of foreign official instruments or any deeds notarized abroad must be super-authenticated or certificated by The Hague Convention Apostille (whichever is relevant).

As Kofola ČeskoSlovensko a.s. is a Czech Republic tax resident it presents below general information about taxation in the Czech Republic for analysis of the tax situation obtained from publicly available sources. The Company makes no representations as to the accuracy or completeness of the information included herein. Any prospective purchasers of the Notes should therefore not rely upon this information, and are advised to consult their own legal and tax advisers as to all tax aspects of the purchase, sale and holding of the Notes, as well as receipt of payments of interest related to the Notes in compliance with the tax legislation effective in Czech Republic and in the country of which they are residents, as well as in countries where the proceeds of holding and the sale of the Notes may be subject to taxation.

Interest Income

For Czech tax purposes, interest income includes income from interest or other income from holding the Notes and, with respect to individual taxpayers, specifically also the difference between the nominal value of the Notes and the value at which it is issued, payable upon the Note’s maturity.

Interest income paid to a Holder who is (a) an individual, or (b) a corporate Holder not resident in the Czech Republic for tax purposes (“Non-Czech Individual Holder” and “Non-Czech Corporate Holder”, together “Non-Czech Holders”) and not holding the Notes through a permanent establishment in the Czech Republic, is generally subject to a withholding tax of 15% to be withheld and paid to the tax authorities by the Issuer. The tax rate of 15% may be, under certain circumstances, decreased by an applicable double taxation treaty as further described below. However, if the Non-Czech Holder, not holding the Notes through a permanent establishment in the Czech Republic, is not a tax resident in a European Union or European Economic Area member state, or a state with which the Czech Republic has an effective double taxation treaty or treaty on exchange of information, then the interest income is subject to a withholding tax of 35%. Interest income from the Notes realized by an individual resident in the Czech Republic for tax purposes (“Czech Individual Holder”), or by a Non-Czech Individual Holder holding the Notes through a permanent establishment in the Czech Republic, is subject to final withholding tax of 15%.

Interest income from the Notes realized by a corporate Holder resident in the Czech Republic for tax purposes (“Czech Corporate Holder”), or by a Non-Czech Corporate Holder holding the Notes through a permanent establishment in the Czech Republic, is not subject to Czech withholding tax. However, such Corporate Holder is generally obliged to declare such income in its Czech annual tax return on a self-assessment basis and Czech corporate income tax rate (in general of 19%) will apply.

A double taxation treaty between the Czech Republic and the state of which the Non-Czech Holder is resident for tax purposes may decrease or eliminate the tax imposed on interest in the Czech Republic. The entitlement to such benefit under a double taxation treaty may be conditional upon meeting conditions set forth in the respective double taxation treaty, e.g., evidence of the Non-Czech Holder's tax residence in the other state and of beneficial ownership of the income by the Non-Czech Holder must be presented. Similarly, the Issuer or payment intermediary will require the Non-Czech Holder to provide information under the European Union Savings Directive.

Capital Gains incurred from the sale of Notes

Income realized by a Czech Holder and Non-Czech Holder from the sale of the Notes is generally subject to Czech corporate income tax of 19% or personal income tax of 15%, unless such income is exempt or otherwise reduced or excluded from taxation in the Czech Republic in accordance with the Czech tax law or provisions of the relevant double taxation treaty. Czech Holders and Non-Czech Holders are generally obliged to declare such income in their annual tax returns on a self-assessment basis. In the specific case of a Czech Individual Holder who holds the Notes as part of their business property, income in excess of 48-times the average wage (CZK 1,296,288 for 2016) is additionally subject to a solidarity surcharge tax of 7%, and also to other social security and health insurance levies.

If income realized by a Non-Czech Holder from the sale of the Notes is paid by a Czech Holder or a permanent establishment in the Czech Republic of a Non-Czech Holder such income, if taxable, will be subject to tax securement of 1% on a gross basis, unless the Non-Czech Holder is tax resident in a European Union or European Economic Area member state, or unless such obligation is waived pursuant to a prior decision of Czech tax authorities. This tax securement could be, subsequently, credited against the final Czech tax liability of the Non-Czech Holder.

Income realized by a Czech Individual Holder or a Non-Czech Individual Holder from the sale of the Notes acquired on or after January 1, 2014 is exempt from Czech personal income tax provided that the holding period of the Notes exceeded three years and the Notes have not been held as part of business property of such individual, or, if so, the Notes will not be sold prior to the expiry of a three-year period following the termination of that individual's business activities. Furthermore, income from the sale of the Notes realized by individuals is exempt from taxation, if the annual (worldwide) income of that individual from the sale of all securities (including the Notes) does not exceed the amount of CZK 100,000.

For more information, please contact:

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