

Coca-Cola Nordic Services ApS

Philip Heymans Alle 17, 1., 2900 Hellerup

CVR No. 20 89 53 49

Annual report for the year ended 31 December 2016
19th financial year

Approved at the annual general meeting of shareholders
on 23 / 5 2017



Chairman NICHOLAS WILLIAM BØE STENDERUP

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Company details

Coca-Cola Nordic Services ApS
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2900 Hellerup

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Fax: +45 39 45 47 48

Supervisory board

Mikael Bonde Nielsen
Charlotte Balfour Van Burleigh
Carsten Sparre Conrad, Chairman

Executive board

Charlotte Balfour Van Burleigh

Parent

Refreshment Product Services Inc. Atlanta, USA

Auditors

Ernst & Young P/S
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4, 2000 Frederiksberg

Tel: +45 70 10 80 50

Fax: +45 35 87 22 00

Bankers

Danske Bank

Citibank

Statement by management on the annual report

Today, management has discussed and approved the annual report of Coca Cola Nordic Services ApS for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of its operations of the financial year 1 January - 31 December 2016.

In our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

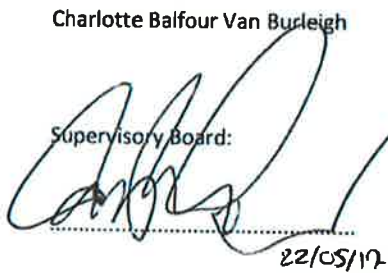
Copenhagen, 22.05.2017

Executive Board:



Charlotte Balfour Van Burleigh

Supervisory Board:


22/05/17

Carsten Sparre Conrad
Chairman


22/05/17

Charlotte Balfour Van Burleigh


22/05/17

Mikael Bonde Nielsen

Independent auditors' report

To the shareholders of Coca-Cola Nordic Services ApS

Opinion

We have audited the financial statements of Coca-Cola Nordic Services ApS for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditors' report - continued

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 22/5-2017

Ernst & Young
Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28
Christian Schwenn Johansen
State Authorised Public Accountant



Management's Review

Business activities and mission

The company's main activities consist in providing services, including brand marketing advice to S.A. Coca-Cola Services N.V. in the Nordic countries.

Business review

The company's income statement for the year ended 31 December 2016 shows a net profit of DKK 2.062.143, and the balance sheet at 31 December 2016 shows equity of DKK 42.293.486.

Knowledge resources

The company is staffed with highly trained specialists within the fields of relevance to the company's main activities.

Post balance sheet events

No events have occurred after the financial year-end, which could significantly affect the company's financial position.

Outlook 2017

The company expects the results for the year ended 2017 to be on a par with those reported for the year 2016.

**Income statement
for the year ended 31 December**

	Notes	2016 DKK	2015 DKK
Revenue		54.031.862	79.204.105
Other external expenses		<u>17.357.387</u>	<u>16.681.655</u>
Gross margin		36.674.475	62.522.450
Staff costs	1	32.632.044	57.240.425
Depreciation, amortisation and impairment losses	2	<u>1.322.646</u>	<u>1.388.465</u>
Profit before net financials		2.719.785	3.893.560
Other financial income	3	106.374	298.402
Other financial expenses		<u>146.840</u>	<u>121.936</u>
Financial result		-40.466	176.466
Profit before taxes		2.679.319	4.070.026
Tax for the year	4	<u>617.177</u>	<u>1.148.414</u>
Net profit for the year		2.062.142	2.921.612
Appropriation of profit			
Profit to be appropriated:			
Retained earnings		39.231.343	36.309.731
Net profit of the year		<u>2.062.142</u>	<u>2.921.612</u>
Available for appropriation		<u>41.293.485</u>	<u>39.231.343</u>

Balance sheet
at 31 December

	Notes	2016 DKK	2015 DKK
ASSETS			
Assets under construction		-	6.862
Machinery and equipment		3.098.992	3.801.054
Leasehold improvements		970.123	1.407.508
Property, plant and equipment	5	4.069.115	5.215.424
Deposits		754.350	754.350
Financial assets	6	754.350	754.350
Total fixed assets		4.823.465	5.969.774
Receivables from group enterprises		42.359.699	55.857.198
Deferred taxes asset		1.328.888	1.946.065
Other receivables		848.458	681.848
Prepayments		900.000	86.095
Receivables		45.437.045	58.571.206
Cash		9.276.795	6.988.533
Total current assets		54.713.840	65.559.739
Total assets		59.537.305	71.529.513

		2016	2015
		DKK	DKK
EQUITY AND LIABILITIES			
Share capital	7	1.000.000	1.000.000
Retained earnings		41.293.486	39.231.343
Total equity		42.293.486	40.231.343
Current portion of long-term lease payments		49.808	49.808
Trade payables		1.032.590	1.053.616
Debt to group enterprises		5.383.747	1.890.792
Other payables		10.777.674	28.303.954
Short-term liabilities		17.243.819	31.298.170
Total equity and liabilities		59.537.305	71.529.513
Contingent liabilities and other financial obligations	8		
Related parties	9		

Statement of changes in equity

(DKK)	Share capital	Retained earnings/ - Accumulated loss	Total
Equity at 01/01/2016	1.000.000	39.231.343	40.231.343
Transfer in the year	-	2.062.142	2.062.142
Equity at 31/12/2016	1.000.000	41.293.485	42.293.485

Notes

Note 1.	Staff costs	2016 DKK	2015 DKK
Analysis of staff costs:			
Wages and salaries		27.289.621	51.327.860
Pension costs		3.034.306	3.024.388
Other social security costs		151.110	1.096.683
Other staff costs		2.157.007	1.791.494
		<u>32.632.044</u>	<u>57.240.425</u>
Average number of employees		<u>23</u>	<u>31</u>

With reference to section 98b (3), (ii), of the Danish Financial Statements Act, the company does not disclose the consideration paid to management.

Note 2.	Depreciation of property, plant and equipment	2016 DKK	2015 DKK
Leasehold improvements		437.385	437.385
Machinery and equipment		885.261	951.080
		<u>1.322.646</u>	<u>1.388.465</u>

Note 3.	Other financial income	2016 DKK	2015 DKK
Intercompany interests		82.887	81.187
Other interest receivable, exchange gains and similar income		23.487	217.215
		<u>106.374</u>	<u>298.402</u>

Note 4.	Tax for the year	2016 DKK	2015 DKK
Change in provision for deferred tax		617.177	-2.244.604
Tax refunds received/paid, jointly taxed companies		-	3.393.018
		<u>617.177</u>	<u>1.148.414</u>

Note 5.**Property, plant and equipment**

	Machinery and equipment	Leasehold improvements	Total
	DKK	DKK	DKK
Cost			
Balance at 1/1 2016	9.676.398	3.506.382	13.182.780
Additions in the year	177.578	-	177.578
Disposals in the year	-1.734	-	-1.734
Cost at 31/12 2016	9.852.242	3.506.382	13.358.624
Depreciation and write-downs			
Balance at 1/1 2016	5.868.482	2.098.874	7.967.356
Depreciation in the year	885.261	437.385	1.322.646
Depreciation and write-downs of disposals and scrapped assets	-493	-	-493
Depreciation and write-downs at 31/12 2016	6.753.250	2.536.259	9.289.509
Carrying amount at 31/12 2016	3.098.992	970.123	4.069.115

Note 6.**Financial assets**

	Deposits
	DKK
Cost	
Balance at 1/1 2016	754.350
Additions in the year	-
Disposals in the year	-
Cost at 31/12 2016	754.350
Carrying amount at 31/12 2016	754.350

Note 7.**Share capital**

During the last 5 years, the contributed capital has remained DKK 1.000.000.

Note 8.**Contingent liabilities and other financial obligations****Contingent liabilities**

The company is jointly taxed with its sister company, Refreshment Products Denmark ApS. Coca-Cola Nordic Services ApS acts as a management company and is severally with other jointly taxed group entities liable for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

	2016	2015
	DKK	DKK
Rent payments concerning contract that is interminable until 30/04/2021	<u>18.433.986</u>	<u>16.190.720</u>
Payments under operating lease concerning cars and computer equipment	<u>917.490</u>	<u>1.486.808</u>

Rent liabilities include rent obligations totaling DKK 17.364 in interminable rent agreements until 1 May 2017, and DKK 18.416.622 in interminable rent agreements until 1 May 2021.

Lease liabilities include lease obligations totaling DKK 590.883 in interminable lease agreements until 31 December 2017, and DKK 326.607 in interminable lease agreements until 31 May 2019.

Note 9.**Related parties**

The Company is a cost plus company, and costs are covered by Coca-Cola Services S.A., Belgium.

The Coca-Cola Company located at One Coca-Cola Plaza, Atlanta, USA, is the ultimate parent company and holds as such a controlling interest of 100%.

Accounting policies

The Annual Report of Coca-Cola Nordic Services ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class B enterprises.

The accounting policies are consistent with those of last year.

The new Financial Act of 2015 has been implemented but has no impact on the reported figures.

Reporting currency

The financial statements are presented in Danish kroner.

Currency retranslation

Transactions in foreign currency are translated into Danish kroner at the exchange rate at the date of the transaction.

Monetary items in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Income from services is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from the revenue.

Other external expenses

Other external expenses include expenses related to advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contribution, etc for the Company's staff.

Amortisation/depreciation and write-downs

The item includes depreciation and write-downs of property, plant and equipment. Depreciation is provided using the straight-line method on a fair value basis and the below assessments of the useful lives of the assets.

Property, plant and equipment are depreciated on a straight-line basis, based on fair value, measured by reference to the following assessment of the useful lives:

	useful life
Machinery and equipment	3 - 10 years
Leasehold	8 years

Gains or losses on the sale of fixed assets are recognised in the income statement under 'Amortisation/depreciation'.

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Accounting policies – continued

Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, dividends declared, financial expenses related to finance leases, realised and unrealised capital and exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

All Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method). The Company acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the Company is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements and machinery and equipment. Property, plant and equipment are measured at fair value.

An impairment test is made for property, plant and equipment if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Other securities and investments

Securities and investments are made up of deposits. These deposits are measured at nominal value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent reporting years.

Accounting policies – continued

Cash and cash equivalents

Cash comprises bank balances.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group entities'.

Income taxes

Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or a set-off against deferred tax liabilities.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Financial statements

The financial statements can be obtained at the seat of the mother company. The consolidated financial statements are available on the internet at www.coca-colacompany.com.

