

# Refreshment Products Denmark ApS

Philip Heymans Alle 17, 1, 2900 Hellerup

CVR no. 31 42 77 46

## Annual report for the year ended 31 December 2017

Approved at the Company's annual general meeting on 2 JUNE 2018

Chairman:

  
NICHOLAS WILLIAM BOE JENSEN

## **Refreshment Products Denmark ApS**

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## **Refreshment Products Denmark ApS**

### **COMPANY DETAILS**

Incorporated on 1 April 2008

Refreshment Products Denmark ApS  
Philip Heymans Alle 17, 1  
2900 Hellerup  
Tel: +45 39 45 47 00  
Fax: +45 39 45 47 48

#### **Board of directors**

Carsten Sparre Conrad  
Charlotte Balfour Van Burleigh  
Mikael Bonde Nielsen

#### **Executive Board**

Charlotte Balfour Van Burleigh

#### **Parent**

European Refreshments, Drogheda, Ireland

#### **Auditors**

Ernest & Young  
Godkendt Revisionspartnerselskab  
Osvold Helmuths Vej 4,  
2000 Frederiksberg  
Tel: +45 70 10 80 50  
Fax: +45 35 87 22 00

#### **Bankers**

Citibank

## Refreshment Products Denmark ApS

### STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

Today, management has discussed and approved the annual report of Refreshment Products Denmark ApS for the financial year 1 January - 31 December 2017.

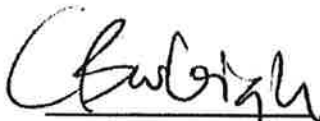
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the company financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations and cash flows for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters and the results of the company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Executive Board: 31<sup>st</sup> May, 2018



Charlotte Balfour Van Burleigh

Board of Directors: 31<sup>st</sup> May, 2018



Carsten Sparre Conrad  
Chairman



Charlotte Balfour Van Burleigh



Mikael Bonde Nielsen

**Refreshment Products Denmark ApS  
Independent auditors' report  
To the shareholders of Refreshment Products Denmark ApS**

**Opinion**

We have audited the financial statements of Refreshment Products Denmark ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared under 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 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

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.

**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.

**Refreshment Products Denmark ApS**  
**Independent auditors' report**  
**To the shareholders of Refreshment Products Denmark ApS**  
Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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.
- 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 note 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.

**Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

**Refreshment Products Denmark ApS**  
**Independent auditors' report**  
**To the shareholders of Refreshment Products Denmark ApS**  
Auditor's responsibilities for the audit of the financial statements (continued)

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, *31 May 2018*  
Ernest & Young  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Christian Schwenn Johansen  
State Authorised  
Public Accountant  
MNE no.: mne33234

## **Refreshment Products Denmark ApS**

### **MANAGEMENT'S REVIEW**

#### **Business activities and mission**

The company's aim is to market brands owned by it and sell branded water to the Danish bottler to use such in packaging and selling the branded finished products to consumers.

#### **Business review**

The company's income statement for the year ended 31 December 2017 shows a net profit of DKK 9,919,497 and the balance sheet at 31 December 2017 shows equity of DKK 218,608,396.

#### **Post balance sheet events**

The Board of Directors have proposed a dividend of DKK 38 million will be paid to the parent company European Refreshments.

#### **Outlook 2018**

The company expects the results for the year ended 2018 to be on a par with those reported for the year 2017.



## Refreshment Products Denmark ApS

### INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 DKK	2016 DKK
<b>Gross margin</b>		<b>21,172,484</b>	<b>22,920,550</b>
Depreciation, amortisation and impairment losses	2	(8,444,850)	(8,444,850)
<b>Profit before net financials</b>		<b>12,727,634</b>	<b>14,475,700</b>
Financial income	3	325,646	290,292
Finance expenses	4	(328,635)	(139,947)
<b>Financial profit</b>		<b>(2,989)</b>	<b>150,345</b>
<b>Profit before taxes</b>		<b>12,724,645</b>	<b>14,626,045</b>
Tax for the year	5	(2,805,148)	(3,480,366)
<b>Net profit for the year</b>		<b>9,919,497</b>	<b>11,145,679</b>
<i><b>Profit to be appropriated:</b></i>			
Retained earnings		38,378,898	27,233,219
Net profit of the year		9,919,497	11,145,679
		<b>48,298,395</b>	<b>38,378,898</b>

## Refreshment Products Denmark ApS

### Balance sheet at 31 December

	Note	2017 DKK	2016 DKK
<b>ASSETS</b>			
<i>Intangible assets</i>			
Licences and trademark rights, etc.	6	88,670,925	97,115,775
<b>Total intangible assets</b>		<b>88,670,925</b>	<b>97,115,775</b>
<b>Total fixed assets</b>		<b>88,670,925</b>	<b>97,115,775</b>
<i>Current assets</i>			
Trade receivables		7,964,603	7,876,113
Receivables from group enterprises		127,676,927	100,610,764
<b>Receivables</b>		<b>135,641,530</b>	<b>108,486,877</b>
<b>Cash</b>		<b>25,909,645</b>	<b>30,832,187</b>
<b>Total current assets</b>		<b>161,551,175</b>	<b>139,319,064</b>
<b>Total Assets</b>		<b>250,222,100</b>	<b>236,434,839</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital	7	127,000	127,000
Share premium		170,183,001	170,183,001
Retained earnings		48,298,395	38,378,898
<b>Total equity</b>		<b>218,608,396</b>	<b>208,888,899</b>
<i>Provisions</i>			
Provision for deferred tax		19,507,604	21,365,471
<b>Total provisions</b>		<b>19,507,604</b>	<b>21,365,471</b>
<i>Current liabilities</i>			
Trade payables		4,892,964	2,775,904
Debt to group enterprises		1,519,115	375,162
Income tax payable		4,488,856	935,770
Other payables		1,205,165	2,293,633
<b>Short-term liabilities other than provisions</b>		<b>12,106,100</b>	<b>6,380,469</b>
<b>Total liabilities other than provisions</b>		<b>12,106,100</b>	<b>6,380,469</b>
<b>Total equity and liabilities</b>		<b>250,222,100</b>	<b>236,434,839</b>
Security for loans	8		
Contingent liability	9		

## Refreshment Products Denmark ApS

### STATEMENT OF CHANGES IN EQUITY

(DKK)	Share Capital	Share Premium	Retained earnings/- Accumulated loss	Total
Equity at 1 January 2016	127,000	170,183,001	24,495,847	<b>194,806,848</b>
Correction of material errors	-	-	2,737,372	<b>2,737,372</b>
<b>Restated Equity at 1/1/2016</b>	<b>127,000</b>	<b>170,183,001</b>	<b>27,233,219</b>	<b>197,543,220</b>
Profit of the year	-	-	11,145,679	<b>11,145,679</b>
<b>Equity at 31/12/2016</b>	<b>127,000</b>	<b>170,183,001</b>	<b>38,378,898</b>	<b>208,688,899</b>
Transfer in the year	-	-	9,919,497	<b>9,919,497</b>
<b>Equity at 31 December 2017</b>	<b>127,000</b>	<b>170,183,001</b>	<b>48,298,395</b>	<b>218,608,396</b>

## Refreshment Products Denmark ApS

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Accounting policies

The annual report of Refreshment Products Denmark ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

##### 1.1 Reporting currency

The financial statements are presented in Danish kroner.

##### 1.2 Foreign currency translation

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.

##### 1.3 Income statement

###### (a) Revenue

Refreshment Products Denmark ApS has ownership of certain intangible trademark and license brand rights allowing it to recognize revenue on the sale of the branded water to the Danish bottler. Licence income is recognised in accordance with the contents of the bottler agreements. License income is recognised as revenue at the time of usage of the license by the Danish bottler (sale of the branded water on the Danish market) provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from the revenue.

###### (b) Other external expenses

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

###### (c) Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of goods sold', 'Raw materials and consumable' and 'Other external expenses' are consolidated into one item designated 'Gross margin'.

###### (d) Amortisation/depreciation and write-downs

Amortisation/depreciation and write-downs include Amortisation/depreciation and write-downs of intangible assets. The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

	Useful life
Licences and trademark rights	20 years

## **Refreshment Products Denmark ApS**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Accounting policies (continued)**

##### **(d) Amortisation/depreciation and write-downs (continued)**

The acquisition of licences and trademark rights is considered to be of material importance to the company. As the Intangible assets are legally protected licenses and trademark rights, the management has assessed and applied the above extended useful life.

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.

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

##### **(e) 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, 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.

##### **(f) Tax for the year**

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 affiliate company Coca-Cola Nordic Services ApS 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.

#### **1.4 Balance sheet**

##### **(a) Intangible assets**

Intangible assets comprise licenses and other acquired trademark rights.

Intangible assets are measured at cost less accumulated amortisation and write-downs.

An impairment test is made for acquired intangible assets 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.

## Refreshment Products Denmark ApS

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Accounting policies (continued)

##### (b) Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

##### (c) Cash and cash equivalents

Cash comprises bank balances.

##### (d) Income tax

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 through a set-off against deferred tax liabilities within the same jurisdiction.

#### 2. Amortisation, depreciation and impairment losses

	2017 DKK	2016 DKK
Licences and trademarks	8,444,850	8,444,850
	<u>8,444,850</u>	<u>8,444,850</u>

#### 3. Other financial income

	2017 DKK	2016 DKK
Intercompany interest	325,611	288,545
Other interest receivable, exchange gains and similar income	35	1,747
	<u>325,646</u>	<u>290,292</u>

#### 4. Other financial expenses

	2017 DKK	2016 DKK
Interest payable, exchange losses and similar expenses	328,635	139,947
	<u>328,635</u>	<u>139,947</u>

## Refreshment Products Denmark ApS

### NOTES TO THE FINANCIAL STATEMENTS

#### 5. Tax for the year

	2017 DKK	2016 DKK
<b>Tax for the year</b>		
Change in provision for deferred tax	(1,689,420)	5,937,614
Income taxes, current year	4,488,842	935,770
Income tax prior year adjustment	5,726	(3,393,018)
	<u>2,805,148</u>	<u>3,480,366</u>

Tax Adjustment, prior year, includes tax received between joint tax entities.

#### 6. Intangible assets

##### 2017

	Patents and licences	Total
Cost at 1 January 2017	168,897,000	168,897,000
Cost at 31 December 2017	<u>168,897,000</u>	<u>168,897,000</u>
Amortisation and impairment losses at 1 January 2017	71,781,225	71,781,225
Amortisation	8,444,850	8,444,850
Amortisation and impairment losses at 31 December 2017	<u>80,226,075</u>	<u>80,226,075</u>
Carrying amount at 31 December 2017	88,670,925	88,670,925

#### 7. Share capital

The share capital has remained unchanged for the last 5 years.

#### 8. Security of loans

No security for loans had been placed at 31 December 2017.

#### 9. Contingent liability

The company is jointly taxed with its sister companies, Coca Cola Nordic Services ApS (20895349) and Innocent ApS (29601224). Refreshment Products Denmark ApS acts as Danish tax 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.

#### 10. Related parties

The ultimate parent undertaking is The Coca-Cola Company, incorporated in Delaware, USA.

These financial statements are available upon request from The Coca-Cola Company, Po Box 1734, Atlanta, Georgia 30301, United States of America.

