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 2020

Approved at the Company's annual general meeting

Chairman:

Christian Ellegaard Gejel

Date: 21st June 2021

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COMPANY DETAILS

Incorporated on 1 April 2008

Refreshment Products Denmark ApS
Philip Heymans Alle 17, 1
2900 Hellerup
Tel: +45 39 45 47 00
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Board of directors

Tülay Kiyildi
Klaus Borello

Executive Board

Klaus Borello

Parent

European Refreshments, Drogheda, Ireland

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
P.O.Box 250
2000 Frederiksberg
Denmark

Bankers

Citibank

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

Today, management has discussed and approved the annual report of Refreshment Products Denmark ApS for the financial period 1 January - 31 December 2020.

In our opinion, the company financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations and cash flows for the financial period 1 January - 31 December 2020.

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 are recommending that the annual report be approved at a general meeting.

Date: 15th June 2021

Executive Board:

Klaus Borello

Klaus Borello

Board of Directors:

Tülay Kiyildi

Tülay Kiyildi
Chairman

Klaus Borello

Klaus Borello
Director

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 2020, 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 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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.

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 in-adequate, 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.

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.

Date : 15th June 2021

Copenhagen,
EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
CVR no. 30 70 02 28

Alex Petersen
State Authorised Public Accountant
mne28604

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 period ended 31 December 2020 shows a net profit of DKK 5,706,700 and the balance sheet at 31 December 2020 shows equity of DKK 69,142,375.

No Dividend was proposed by the board for 2021 (2020: DKK 17,000,000)

Outlook 2021

It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the Company's results for 2021.

Subsequent events

There have been no materially adjusting events since the balance sheet date.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 DKK	2019 DKK
Gross margin		**11,471,224**	18,943,669
Depreciation, amortisation and impairment losses	2	(3,635,750)	(49,322,200)
Profit/(loss) before net financials		**7,835,474**	**(30,378,531)**
Financial income	3	16,575	43,967
Finance expenses	4	(530,586)	(353,528)
		(514,011)	**(309,561)**
Profit/(loss) before taxes		**7,321,463**	**(30,688,092)**
Tax for the period/year	5	(1,614,763)	6,609,855
Net profit/(loss) for the period/year		**5,706,700**	**(24,078,237)**
Profit to be appropriated:			
Dividend proposed for the year		-	17,000,000
Transfer to distributable reserves		5,706,700	(41,078,237)
		5,706,700	**(24,078,237)**

Balance sheet
at 31 December

	Note	2020 DKK	2019 DKK
ASSETS			
Intangible assets	**6**		
Licences and trademark rights, etc.	6	27,268,125	30,903,875
Total intangible assets		**27,268,125**	**30,903,875**
Total fixed assets		**27,268,125**	**30,903,875**
Current assets			
Trade receivables		9,145,963	12,220,066
Receivables from group enterprises		54,374,716	73,216,883
Receivables		**63,520,679**	**85,436,949**
Total current assets		**63,520,679**	**85,436,949**
Total Assets		**90,788,804**	**116,340,824**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	127,000	127,000
Dividend proposed for the year		-	17,000,000
Distributable reserves		69,015,375	63,308,675
Total equity		**69,142,375**	**80,435,675**
Provisions			
Provision for deferred tax		5,998,988	6,798,853
Total provisions		**5,998,988**	**6,798,853**
Current liabilities			
Trade payables		9,187,408	13,930,063
Debt to group enterprises		2,874,436	13,099,160
Other payables		3,585,597	2,077,073
Short-term liabilities other than provisions		**15,647,441**	**29,106,296**
Total liabilities other than provisions		**15,647,441**	**29,106,296**
Total equity and liabilities		**90,788,804**	**116,340,824**
Security for loans	8		
Contingent liability	9		

STATEMENT OF CHANGES IN EQUITY

DKK	Share Capital	Distributable reserves	Dividend proposed for the year	Total
Equity at 1 January 2020	127,000	63,308,675	17,000,000	80,435,675
Dividend paid	-	-	(17,000,000)	(17,000,000)
Profit of the year	-	5,706,700	-	5,706,700
Equity at 31 December 2019	127,000	69,015,375	-	69,142,375

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The annual report of Refreshment Products Denmark ApS for 2020 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.

Effective from financial year 2020, the Company has implemented amending act. no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of amending act has not affected the Company´s accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures.

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 Changes to the accounting policy

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

1.4 Income statement

(a) Revenue

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

Revenue from sale of services is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the service.

The Company considers whether there are other promises in the revenue contracts that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., discounts and rebates). In determining the transaction price for the sale of services, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(b) Other external expenses

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

(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

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

1.5 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.

(b) Receivables

The Company has chosen IAS 39 as interpretation for impairment of financial 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. 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'.

(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

	2020 DKK	2019 DKK
Intangible assets	3,635,750	3,635,750
Impairment trademark	-	45,686,450
	3,635,750	49,322,200

NOTES TO THE FINANCIAL STATEMENTS

3. Other financial income

	2020 DKK	2019 DKK
Intercompany interest	14,315	43,967
Foreign exchange gains	2,260	-
	16,575	43,967

4. Other financial expenses

	2020 DKK	2019 DKK
Other financial expense	480	323,853
Interest expenses to associates	530,106	29,675
	530,586	353,528

5. Tax for the year

	2020 DKK	2019 DKK
Tax for the year		
Change in provision for deferred tax	(799,865)	(10,791,044)
Deferred tax prior year adjustment	-	(59,840)
Income taxes, current year	2,410,385	4,086,211
Income tax prior year adjustment	4,243	154,818
	1,614,763	(6,609,855)

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

6. Intangible assets

2020	Patents and licences	Total
Cost at 1 January 2020	168,897,000	168,897,000
Cost at 31 December 2020	168,897,000	168,897,000
Amortisation and impairment losses at 1 January 2020	137,993,125	137,993,125
Amortisation for the year	3,635,750	3,635,750
Amortisation and impairment losses at 31 December 2020	141,628,875	141,628,875
Carrying amount at 31 December 2020	27,268,125	27,268,125

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 2020.

NOTES TO THE FINANCIAL STATEMENTS

9. Contingent liability

The company is jointly taxed with its sister companies, Coca Cola Nordic Services ApS (20895349) and Innocent ApS (29601224). Coca Cola Nordic Services ApS acts as Danish tax management company and is severally with other jointly taxed group entities liable for payment of income taxes, as well as withholding taxes on interest royalties and dividends.

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.

11. Subsequent event

There have been no materially adjusting events since the balance sheet date.