

# Pepsico Nordic Denmark ApS

c/o Building 8, hall 1  
1620 København V

CVR no. 35 81 75 30

## Annual report 2016

The annual report was presented and approved at the  
Company's annual general meeting on

16 June 2017

  
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chairman

**Pepsico Nordic Denmark ApS**  
Annual report 2016  
CVR no. 35 81 75 30

## **Contents**

Statement by the Executive Board	2
Independent auditor's report	3
Company details	6
Financial statements 1 January – 31 December	
Income statement	7
Balance sheet	8
Notes	10

## **Statement by the Executive Board**

The Executive Board has today discussed and approved the annual report of Pepsico Nordic Denmark ApS for the financial year 1 January – 31 December 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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

Copenhagen, 16 June 2017

Executive Board:



Francisco Javier  
Urunuela Fernandez



Ilona Simientkowski



Peter Meldahl



## **Independent auditor's report**

To the shareholder of Pepsico Nordic Denmark ApS

### **Opinion**

We have audited the financial statements of Pepsico Nordic Denmark ApS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet and notes, including 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 Company's assets, liabilities and financial position 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 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the 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 responsibility 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 that 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.



## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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 conclusions are 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.



## Independent auditor's report

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, 16 June 2017

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'David Olafsson', written over a faint, circular watermark or stamp.

David Olafsson  
State Authorised  
Public Accountant

## **Company details**

Pepsico Nordic Denmark ApS  
c/o Building 8, hall 1  
1620 København V

CVR no.: 35 81 75 30  
Established: 25 March 2014  
Registered office: Copenhagen  
Financial year: 1 January – 31 December

### **Executive Board**

Francisco Javier Urunuela Fernandez  
Ilona Simientkowski  
Peter Meldahl

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø  
Denmark

### **Annual general meeting**

The annual general meeting will be held on 16 June 2017 at the Company's address.

## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2016	2015
<b>Gross profit</b>		19,643,285	17,670,736
Staff costs	3	-17,241,037	-15,429,827
Depreciation, amortisation and impairment	4	-202,226	-154,507
<b>Operating profit</b>		2,200,022	2,086,402
Financial income		-8,573	613,691
Financial expenses		217,514	-467,594
<b>Profit before tax</b>		2,408,963	2,232,499
Tax on profit/loss for the year	5	-549,458	-617,807
<b>Profit for the year</b>		1,859,505	1,614,692
<b>Proposed profit appropriation</b>			
Retained earnings		1,859,505	1,614,692
		1,859,505	1,614,692



## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Goodwill	6	212,347	294,546
		<u>212,347</u>	<u>294,546</u>
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment	7	232,767	327,447
		<u>232,767</u>	<u>327,447</u>
<b>Total fixed assets</b>		<u>445,114</u>	<u>621,993</u>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		9,985,967	7,626,755
Other receivables		3,161,207	2,023,919
Prepayments		290,236	46,039
		<u>13,437,410</u>	<u>9,696,713</u>
<b>Cash at bank and in hand</b>		<u>8,991,189</u>	<u>11,667,033</u>
<b>Total current assets</b>		<u>22,428,599</u>	<u>21,363,746</u>
<b>TOTAL ASSETS</b>		<u><u>22,873,713</u></u>	<u><u>21,985,739</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	2016	2015
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	8		
Share capital		500,000	500,000
Retained earnings		12,560,650	10,701,145
<b>Total equity</b>		<u>13,060,650</u>	<u>11,201,145</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		4,787,402	5,806,952
Payables to group entities		210,743	543,288
Corporation tax		940,840	752,816
Other payables		3,874,078	3,681,538
		<u>9,813,063</u>	<u>10,784,594</u>
<b>Total liabilities other than provisions</b>		<u>9,813,063</u>	<u>10,784,594</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>22,873,713</u>	<u>21,985,739</u>
Main activity	2		
Contractual obligations, contingencies, etc.	9		
Related party disclosures	10		

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Pepsico Nordic Denmark ApS for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2015 or for the comparative figures. The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

### Income statement

#### Gross profit

Pursuant to section 32 of the Danish Financial Statement Act, the Company does not disclose its revenue.

Gross profit comprises indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

#### Revenue

Revenue consists of service fee and is measured at fair value excluding VAT.

#### Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

##### Balance sheet

###### *Goodwill*

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

###### Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Receivables

Receivables are measured at amortised cost.

#### Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

#### Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

#### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

#### Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

#### 2 Main activity

The Company's objective is to design advertisements and carry out advertising campaigns using internal staff or subsuppliers for brands belonging to PepsiCo Inc, including advisory services on marketing for PepsiCo Inc's distributors in the Nordic countries.

## Financial statements 1 January – 31 December

### Notes

#### 3 Staff costs

DKK	2016	2015
Wages and salaries	16,195,789	14,162,611
Pensions	1,276,084	1,125,267
Other social security costs	107,659	141,949
	<u>17,579,532</u>	<u>15,429,827</u>
Average number of full-time employees	<u>18</u>	<u>16</u>

#### 4 Depreciation on property, plant and equipment and impairment of intangible assets

Amortisation, intangible assets	82,199	82,199
Depreciation, property, plant and equipment	<u>120,027</u>	<u>72,308</u>
	<u>202,226</u>	<u>154,507</u>

#### 5 Tax on profit for the year

Current tax for the year	556,905	528,844
Adjustment of tax concerning previous years	<u>0</u>	<u>88,963</u>
	<u>556,905</u>	<u>617,807</u>

#### 6 Intangible assets

DKK	Goodwill
Cost at 1 January	<u>410,995</u>
Cost at 31 December 2016	410,995
Impairment losses and amortisation at 1 January 2016	-116,449
Depreciation of the year	<u>-82,199</u>
Impairment losses and amortisation at 31 December 2016	-198,648
Carrying amount at 31 December 2016	<u>212,347</u>

#### 7 Property, plant and equipment

DKK	Investment properties
Cost at 1 January 2016	1,217,289
Additions for the year	<u>25,347</u>
Cost at 31 December 2016	1,242,636
Depreciation and impairment losses at 1 January 2016	-889,842
Depreciation	<u>-120,027</u>
Depreciation and impairment losses at 31 December 2016	-1,009,869
Carrying amount at 31 December 2016	<u>232,767</u>

## Financial statements 1 January – 31 December

### Notes

#### 8 Equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	500,000	10,701,145	11,201,145
Transferred over the [profit appropriation/distribution of loss]	0	1,885,908	1,885,908
Equity at 31 December 2016	500,000	12,587,053	13,087,053

The changes in the share capital for the past five years can be specified as follows:

	2016	2015	2014
Balance at 1 January 2016	500,000	500,000	80,000
Cash capital increase	0	0	420,000
Share capital at 31 December	500,000	500,000	500,000

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

#### 9 Contractual obligations, contingencies, etc.

##### Contingent liabilities

The Company has entered into operating leases at the following amounts:  
 The remaining term of the leases is 3 months with an average monthly lease payment of DKK 106 thousand, totalling DKK 637 thousand.

#### 10 Related party disclosures

Pepsico Nordic Denmark ApS' related parties comprise the following:

##### Control

Pepsico Nordic Denmark ApS is part of the consolidated financial statements of Quaker Oats Europe LLC, c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, DE19801, USA, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Quaker Oats Europe LLC can be obtained by contacting the Company.