

COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

TABLE OF CONTENTS

Information on the Company	3
Report of the Management	4
Financial statements:	
Profit and loss account	5
Balance sheet	6 – 7
Statement of changes in equity	8
Cash flow statement	9
Notes	10 – 19
Independent Auditor's Report	20 – 22

COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Information on the Company

Name of the Company	Coca-Cola HBC Latvia SIA
Legal status of the Company	Limited liability company
Number, place and date of registration	000 310 888 Riga, 29 December 1992 Registered in Commercial Register on 23 December 2003 with common registration No 4000 310 8882
Address	Ulbrokas street 40 Riga, LV-1021 Latvia
Shareholder	Coca-Cola HBC Eesti AS (100%)
Names and positions of Board members	Choukchoukov Konstantin Borisov – Chairman of the Board Marija Koroļova-Pranckeviča – Member of the Board Nikolaos Efstathopoulos– Member of the Board (from 3 November 2016 till 10 October 2017) Ernesto Vanoli – Member of the Board (from 11 October 2017)
Financial year	1 January - 31 December 2017
Name and address of the certified audit company and certified auditor in charge	PricewaterhouseCoopers SIA Certified audit company Licence No. 5 Kr. Valdemāra iela 21-21 Riga, LV-1010 Latvia Certified auditor in charge: Lolita Čapkeviča Certificate No. 120

Report of the Management

Type of operations

Coca-Cola HBC Latvia SIA (hereinafter – the Company) main operations are based on sale of sparkling, still non-alcoholic drinks and alcoholic drinks. The Company purchases drinks in bottles and cans that are ready for further resale mostly from related companies in Estonia, Lithuania, Poland as well as from European factories.

Performance of the Company during the year

Year 2017 was the twenty sixth year of Company' operations. Total net sales for 2017 were 36 062 664 EUR that, in comparison to year 2016 sales of 34 597 675 EUR, increased by 4%. Profit has decreased by 38% in comparison to year 2016, mainly because of increase of the costs.

Financial risk management

The Company is subject to financial risks, the most significant of which is credit risk.

The financial assets, that could potentially lead to a certain concentration of the credit risk in the Company, are mainly cash and customers' debts. The Company has introduced and follows the credit policy by selling the goods on credit only to customers with a good credit history and not exceeding the credit limits set for each customer. Customer debts are reported at their recoverable value. Company partners in money transactions are local banks with adequate credit history.

Post balance sheet events

After the last day of the financial year there have not been significant events that would have a material effect on the results for the year ended 31 December 2017.

Future prospects


The Management of the Company will continue the Company's strategy to use growing market opportunities and to increase volume of sold sparkling and still drinks, and to ensure profit growth in the future according to the Company's long-term goals.

Company's share equity


Coca-Cola HBC Latvia SIA amount of shares is 2 317 143 with nominal value of each share EUR 8.00 (eight euro).



Choukchoukov Konstantin Borisov
Chairman of the Board



Ernesto Vanoli
Member of the Board



Marija Koroļova-Pranckeviča
Member of the Board

Riga, 15 August 2018

The annual accounts have been approved at the general shareholders' meeting on 15 August 2018.

Chairman of the general shareholders' meeting _____


COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Profit and loss account for the year ended 31 December 2017

	Note	2017 EUR	2016 EUR
Net sales	1	36 062 664	34 597 675
Cost of sales	2	(25 197 593)	(23 412 182)
Gross profit		10 865 071	11 185 493
Selling expenses	3	(4 839 976)	(5 105 712)
Administrative expenses	4	(5 264 966)	(3 867 469)
Other operating income	5	1 562 831	47 045
Other interest income and similar income	6	88 512	59 820
Other operating expenses		(718 000)	-
Profit before corporate income tax		1 693 472	2 319 177
Corporate income tax for the reporting year	7	(659 634)	(429 196)
Profit after corporate income tax		1 033 838	1 889 981
Income from deferred tax liabilities change	7	163 424	30 904
Current year's profit		1 197 262	1 920 885

Notes on pages 10 to 19 form an integral part of these financial statements.

COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Balance sheet as at 31 December 2017

(1)

<u>Assets</u>	Note	31.12.2017. EUR	31.12.2016. EUR
Long-term investments			
II Fixed assets:			
Land, buildings and engineering structures		2 334 752	3 358 986
Equipment and machinery		1 176 273	1 091 214
Other fixed assets		180 075	126 634
Total fixed assets:	8	3 691 100	4 576 834
V Long-term financial investments:			
Loans to affiliated companies	22(e)	9 000 000	-
Total long-term financial investments:		9 000 000	-
Total long-term investments:		12 691 100	4 576 834
Current assets			
I Inventories:			
Raw materials and consumables		114 085	129 242
Finished goods and goods for sale		1 651 849	1 299 413
Total inventories:	9	1 765 934	1 428 655
II Debtors:			
Trade debtors	10	4 356 915	3 975 859
Receivables from affiliated companies	22(c)	1 385 465	767 313
Other debtors	11	672 034	392 001
Deferred expenses	12	74 789	63 402
Accrued income	13	59 606	760 804
Total debtors:		6 548 809	5 959 379
III Short-term financial investments:			
Loans to affiliated companies	22(e)	876 073	6 893 873
Total short-term financial investments:		876 073	6 893 873
V Cash and bank:	14	157 369	114 780
Total current assets:		9 348 185	14 396 687
Total assets		22 039 285	18 973 521

Notes on pages 10 to 19 form an integral part of these financial statements.

COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Balance sheet as at 31 December 2017

(2)

	Note	31.12.2017. EUR	31.12.2016. EUR
<u>Liabilities and shareholders' funds</u>			
Shareholders' funds:			
Share capital	15	18 537 144	18 537 144
Share premium		6 988 802	6 988 802
Other reserves		7	7
Previous years' retained losses		(14 845 586)	(16 766 471)
Current year's profit		1 197 262	1 920 885
Total shareholders' funds:		11 877 629	10 680 367
Creditors:			
Long-term creditors:			
Other creditors	17	11 640	-
Deferred income tax liabilities	7	-	163 424
Total long-term creditors:		11 640	163 424
Short-term creditors:			
Trade creditors		4 256 397	3 554 061
Accounts payable to affiliated companies	22(d)	3 676 151	2 915 913
Taxes and the state compulsory social insurance contributions	16	1 382 735	1 187 650
Other creditors	17	215 916	178 039
Accrued liabilities	18	618 817	294 067
Total short-term creditors:		10 150 016	8 129 730
Total creditors:		10 161 656	8 293 154
<u>Total liabilities and shareholders' funds</u>		<u>22 039 285</u>	<u>18 973 521</u>

Notes on pages 10 to 19 form an integral part of these financial statements.



COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of changes in equity for the year ended 31 December 2017

	Share capital	Share premium	Other reserves	Retained earnings/ (accrued loss)	Total
	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2015	18 537 144	6 988 802	7	(16 766 471)	8 759 482
Profit for the year	-	-	-	1 920 885	1 920 885
Balance as at 31 December 2016	18 537 144	6 988 802	7	(14 845 586)	10 680 367
Profit for the year	-	-	-	1 197 262	1 197 262
Balance as at 31 December 2017	18 537 144	6 988 802	7	(13 648 324)	11 877 629

Notes on pages 10 to 19 form an integral part of these financial statements.



COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Cash flow statement for the year ended 31 December 2017

	Note	2017 EUR	2016 EUR
I Cash flows from operating activities			
Profit before taxation		1 693 472	2 319 177
<u>Adjustments for:</u>			
a) fixed asset depreciation	8	1 119 631	382 363
b) change in provisions		1 003 642	1 553 849
c) interest income	6	(88 512)	(59 820)
d) profit from disposal of fixed assets		(1 220 301)	(2 946)
		2 507 932	4 192 623
<u>Adjustments for:</u>			
a) debtors' decrease / (increase)		760 948	(780 390)
b) inventories (increase)		(337 279)	(377 039)
c) trade and other creditors' (decrease) / increase		950 017	561 758
		3 881 618	3 596 952
Cash generated from operations		3 881 618	3 596 952
Interest received		88 512	59 820
Corporate income tax paid		(491 918)	(418 127)
Net cash generated from operating activities		3 478 212	3 238 645
II Cash flows from investing activities			
Acquisition of fixed assets and intangible assets		(468 348)	(408 601)
Proceeds from sale of fixed assets and intangible assets		(2)	16 311
Loans issued		(9 000 000)	(15 437 875)
Received repayment of the issued loans		6 032 727	12 543 962
Net cash used in investing activities		(3 435 623)	(3 286 203)
Net increase / (decrease) in cash and cash equivalents		42 589	(47 558)
Cash and cash equivalents at the beginning of the reporting year		114 780	162 338
Cash and cash equivalents at the end of reporting year	14	157 369	114 780

Notes on pages 10 to 19 form an integral part of these financial statements.



COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes

Accounting policies

(a) Information on the Company

The legal address of Coca-Cola HBC Latvia SIA is 40 Ulbrokas street, Riga. The Company is registered in Commercial Register with common registration number 40003108882. The Company's only shareholder is its parent company Coca-Cola HBC Eesti AS, which owns 100% of its share capital. The Board of the Company consists of Choukchoukov Konstantin Borisov (Chairman of the Board), Nikolaos Efsthopoulos (Member of the Board from 3 November 2016 till 10 October 2017), Marija Koroļova-Pranckeviča (Member of the Board) and Ernesto Vanoli (Member of the Board from 11 October 2017). Company's auditor is the certified audit company PricewaterhouseCoopers SIA and certified auditor in charge Lolita Čapkeviča.

(b) Financial statements preparation basis

Financial statements are prepared in accordance with the Law on Accounting and Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia, on a going concern basis. As at 31 December 2017 the Company meets the criteria for a medium company.

The profit and loss account is classified by function of expense.

The cash flow statement has been prepared using indirect cash flow method.

Accounting policies used by the Company are consistent with those used in the previous reporting period.

(c) Net sales and income recognition

Net sales represent the total of goods and services sold during the year net of discounts and value added tax. Sales of goods are recognised when the customer has accepted the goods in accordance with the goods delivery terms. Sales of services are recognised in the accounting period in which the services are rendered.

(d) Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the Latvian official currency - euro (EUR).

Foreign currency transactions have been translated into euro applying the exchange rate valid at the beginning of the day of transaction determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

On the last day of the reporting period all monetary assets and liabilities were translated into euros in accordance with the rates (at the end of the day) published on the European Central Bank's website

	31.12.2017.	31.12.2016.
	EUR	EUR
1 USD	0.8338	0.9487
1 GBP	1.1271	1.168

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.



Notes (continued)

Accounting policies (continued)

(e) Fixed assets

Fixed assets are recorded at historical cost net of accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the intangible assets and fixed assets.

Land is not depreciated. Depreciation on other assets is calculated using the linear method to allocate their cost or revalued amounts to their residual values over their estimated useful lives using the following rates set by management:

	% per annum
Buildings	2-5
Selling equipment	8-20
Motor vehicles	12-20
Other fixtures and fittings	12-33

Where the carrying amount of an intangible or a fixed asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and the value in use of the related intangible or fixed asset.

Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset. When capitalising the cost of mounted spare parts, the carrying value of the part replaced is written off to the profit and loss account.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and are charged to the profit and loss account during the period in which they are incurred.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average price method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realisable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to its net realisable value.

(g) Accounts receivable

Accounts receivable are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions is the difference between the present value of Accounts receivable and recoverable amount. The amount of the provision is recognised in the profit and loss account.

(h) Operating leases

The Company as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and pre-payments made under operating leases (net of any financial incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.



Notes (continued)

Accounting policies (continued)

(i) Taxation

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation. The Company recognizes and measures the deferred income tax and discloses information about the deferred income tax in the financial statements in accordance with IAS 12 "Income tax".

Until 31 December 2016 deferred tax was provided for, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arose from different fixed asset depreciation rates, accrued costs and provisions which were deductible in the future taxation periods as well as tax losses carried forward.

On July 28, 2017, a new Corporate Income Tax Law was adopted, which stipulates that from January 1, 2018, the corporate income tax is levied on profit that arose after 2017 if it is distributed. The new tax law does not include rules which result into timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Transitional provisions of the law provide that taxpayers will be able to use provisions created by 31 December 2017 that resulted in the increase of taxable income during the respective tax periods, for reduction of taxable profits, in the amount of their reduction. Such amounts, if any, do not give rise to deferred income tax assets as at 31 December 2017 and thereafter, as in the situation where there is a different tax rate on distributed profit and retained earnings, the deferred tax is calculated according to the tax rate applicable to retained earnings, i.e. 0%. Given the circumstances, there is no longer any reason for the existence of a deferred tax asset or liability at 31 December 2017, and the deferred tax liability recognized by the Company as at 31 December 2016 was reduced to zero, including a reduction in that liability in the profit and loss account for the year 2017.

From taxation year 2018, corporate income tax will be calculated on the basis of distributed profit (20/80 of the net amount payable to shareholders). Corporate tax on distributed profit will be recognized when the shareholders of the Company make a decision about profit distribution.

(j) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

(k) Accrued unused annual leave expenses

Amount of accrual for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting year by the amount of accrued but unused annual leave at the end of the reporting year.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances of current account with banks and other highly liquid investments with original maturities up to 90 days.

(m) Related parties

Related parties are defined as Company's shareholders, members of the Board of Directors and Supervisory Board, their close relatives and companies in which they have a significant influence or control.



COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes (continued)

(1) Net sales

	2017 EUR	2016 EUR
Income from sales in the local market	35 612 327	34 167 921
Income from sales in the EU	450 337	429 754
	<u>36 062 664</u>	<u>34 597 675</u>

(2) Cost of sales

Purchase value	25 197 593	23 412 182
	<u>25 197 593</u>	<u>23 412 182</u>

(3) Selling expenses

Salary expenses	993 045	1 215 224
Delivery costs	1 467 502	1 717 834
Marketing costs	747 611	361 354
Transportation costs	451 535	414 363
State compulsory social insurance contributions	590 049	558 746
Depreciation of fixed assets	243 978	242 624
Repairs and maintenance of fixed assets	146 057	152 384
Other staffing costs	20 896	169 585
Utility costs	131 903	110 904
Business trip expenses	57 608	25 291
Representation costs	94 908	45 728
Change in provisions for doubtful debtors	12 351	19 423
Fines and penalties	14 724	27 286
Other selling costs	(132 191)	44 966
	<u>4 839 976</u>	<u>5 105 712</u>

(4) Administrative expenses

Professional fees	3 829 097	2 659 450
Office expenses	287 683	328 050
Salary expenses	425 770	420 996
Depreciation of fixed assets	137 287	135 250
State compulsory social insurance contributions	75 285	70 334
Other staffing costs	171 500	54 367
Business trip expenses	21 786	19 795
Transportation costs	43 330	46 800
Representation costs	81 723	29 609
Fines and penalties	3 288	13 021
Donations	7 386	9 284
Other administrative costs	180 831	80 513
	<u>5 264 966</u>	<u>3 867 469</u>

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COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes (continued)

(5) Other operating income

	2017 EUR	2016 EUR
Net income from sale of fixed assets	1 220 301	15 703
Other income	<u>342 530</u>	<u>31 342</u>
	<u>1 562 831</u>	<u>47 045</u>

(6) Other interest income and similar income

Interest received from loans issued to affiliated companies	<u>88 512</u>	<u>58 820</u>
	<u>88 512</u>	<u>59 820</u>

(7) Corporate income tax for the reporting year and deferred income tax

	2017 EUR	2016 EUR
Income from Deferred income tax charge	(163 424)	(30 904)
Corporate income tax charge for the current year	659 634	429 196

Corporate income tax differs from the theoretically calculated tax amount that would arise applying the 15% rate stipulated by the law to profit before taxation:

Profit before taxation	<u>1 662 568</u>	<u>2 319 177</u>
Theoretically calculated tax at a tax rate of 15%	249 385	347 876
Expenses not deductible for tax purposes	<u>410 249</u>	<u>81 320</u>
Tax charge	<u>659 634</u>	<u>429 196</u>



COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes (continued)

(8) Fixed assets

	Land and buildings EUR	Equipment and machinery EUR	Other fixed assets EUR	Assets held for sale EUR	Total EUR
Cost					
31.12.2016.	8 579 480	5 239 407	489 738	-	14 308 625
Additions	17 020	351 460	99 868	-	468 348
Disposals	-	(499 129)		(234 451)	(733 580)
Reclassification	(234 451)	-	-	234 451	-
31.12.2017.	8 362 049	5 091 738	589 606	-	14 043 393
Amortisation					
31.12.2016.	5 220 494	4 148 193	363 104	-	9 731 791
Charge for 2017.	806 803	266 401	46 427	-	1 119 631
Disposals	-	(499 129)		-	(499 129)
Reclassification	-	-	-	-	-
31.12.2017	6 027 297	3 915 465	409 531	-	10 352 293
Net book value					
31.12.2016.	3 358 986	1 091 214	126 634	-	4 576 834
Net book value					
31.12.2017.	2 334 752	1 176 273	180 075	-	3 691 100

(9) Inventories

	31.12.2017. EUR	31.12.2016. EUR
Finished goods for sale	1 651 849	1 299 413
Consumables	114 085	129 242
	1 765 934	1 428 655

(10) Trade debtors

	31.12.2017.	31.12.2016.
Trade debtors	4 374 300	3 990 169
Provisions for bad and doubtful debtors	(17 385)	(14 310)
	4 356 915	3 975 859

COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes (continued)

(11) Other debtors

	31.12.2017. EUR	31.12.2016. EUR
Staff debts	5 122	4 112
Other debtors	666 912	387 889
	<u>672 034</u>	<u>392 001</u>

(12) Deferred expenses

Insurance	11 684	10 633
Prepayments for products and services	20 297	18 572
Other future period expenses	42 808	34 197
	<u>74 789</u>	<u>63 402</u>

(13) Accrued income

Accrued income	59 606	760 804
	<u>59 606</u>	<u>760 804</u>

(14) Cash

Cash at bank	157 369	114 780
	<u>157 369</u>	<u>114 780</u>

(15) Share capital

As at 31 December 2017 the subscribed and fully paid share capital is EUR 18 537 144, which consists of 2 317 143 ordinary shares with a nominal value of EUR 8 each.

(16) Taxes and the state compulsory social insurance contributions

	31.12.2017. EUR	31.12.2016. EUR
Corporate income tax	230 436	90 910
VAT	773 382	676 253
State compulsory social insurance contributions	72 718	85 622
Personal income tax	28 135	48 182
Employment risk duty	-	1
Excise tax	277 640	287 242
Vehicle taxes	424	(560)
	<u>1 382 735</u>	<u>1 187 650</u>

(17) Other creditors

Salaries	216 060	176 658
Other creditors	11 496	1 381
	<u>227 556</u>	<u>178 039</u>

Including:

- short-term portion – receivable within 1 year	215 916	-
- long-term portion – receivable after more than 1 year and not later than 5 years	11 640	-
	<u>227 556</u>	<u>-</u>



COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes (continued)

(18) Accrued liabilities

	31.12.2017.	31.12.2016.
	EUR	EUR
Accrued performance bonuses for the reporting year	376 908	251 371
Accrued unused annual leave expenses	68 512	80 921
Marketing expenses	87 492	(35 177)
Other accrued expenses	85 905	(3 048)
	<u>618 817</u>	<u>294 067</u>

(19) Average number of employees

	2017	2016
Board members	3	3
Other employees	125	119
	<u>128</u>	<u>122</u>

(20) Management remuneration

The Board does not get any additional remuneration for it's' duties.

(21) Operating lease

Car rental agreements

Rental agreements were signed in December 2014 (valid until December 2017), in January 2015 (valid until 2019) and in March 2016 (valid until March 2020) with ALD Automotive SIA stating that lessor leases and Coca-Cola HBC Latvia SIA takes in operating lease passenger cars. In 2013 rental agreements were signed with Swedbank LIZings SIA about the operating lease of the passenger cars from 2014 until 2017. Rent is paid monthly.

In accordance with the rental agreements, the Company has following non-cancellable future lease commitments:

	2017	2016
	EUR	EUR
Payable within 1 year	92 772	137 797
Payable after more than 1 year and no later than 5 years	72 527	165 299
	<u>165 299</u>	<u>303 096</u>

(22) Related party transactions

Coca-Cola HBC Latvia SIA parent company is Coca-Cola HBC Eesti AS, that owns 100% of the Company's share capital. Coca-Cola HBC Eesti is part of Coca-Cola HBC AG group. Coca-Cola HBC AG prepares consolidated annual report. Other affiliated companies are companies in Coca-Cola HBC Eesti AS group.

Coca-Cola HBC Eesti AS legal address is Mustamae tee 16, 10617, Tallin, Estonia. Coca-Cola HBC AG legal address is Turmstrasse 26, Zug 6300, Switzerland.

COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes (continued)

(22) Related party transactions (continued)

The Company engaged in the following transactions with related parties:

(a) Sale of goods and rendering of services

	2017 EUR	2016 EUR
Sale of goods:		
- to the parent company	10 574	17 560
- to other affiliated companies	544 582	424 247
Rendering of services:		
- to the parent company	475 842	335 694
- to other affiliated companies	942 283	1 359 236
	<u>1 973 281</u>	<u>2 136 737</u>

(b) Purchase of goods and services

Purchase of goods:		
- from the parent company	40 835	27 872
- from other affiliated companies	14 446 949	14 636 222
Purchase of services:		
- from the parent company	1 513 013	1 768 324
- from other affiliated companies	2 001 529	1 322 210
	<u>18 002 326</u>	<u>17 754 628</u>

(c) Accounts receivable arising from transactions with related parties

	31.12.2017. EUR	31.12.2016. EUR
Parent company	541 559	278 770
Other affiliated companies	843 906	488 543
	<u>1 385 465</u>	<u>767 313</u>

(d) Accounts payable arising from transactions with related parties

Parent company	1 484 448	1 297 734
Other affiliated companies	2 191 703	636 768
	<u>3 676 151</u>	<u>1 934 502</u>

COCA-COLA HBC LATVIA SIA
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

Notes (continued)

(22) Related party transactions (continued)

(e) Loans to affiliated companies

	2017 EUR	2016 EUR
At the beginning of reporting year	6 908 900	4 000 123
Loans issued during the year	9 000 000	2 893 873
Loans repaid during the year	(6 032 727)	-
Accrued interest	88 512	59 821
Received interest	(88 512)	(44 917)
At the end of reporting year	<u>9 000 000</u>	<u>6 908 900</u>
Including:		
- short-term portion – receivable within 1 year	876 073	6 908 900
- long-term portion – receivable after more than 1 year and not later than 5 years	<u>9 000 000</u>	-
	<u>9 876 173</u>	<u>6 908 900</u>

During 2017 the Company issued a loan to the group company Coca-Cola HBC Finance BV in accordance with a loan agreement the loan is repayable until 31 December 2022.

In 2013 Company signed an agreement about the financial assets' management with Coca-Cola HBC Finance B.V. In accordance with the agreement, short-term loan could be issued at the borrower's request and repaid at the lenders request.

(23) Proposed distribution of profit

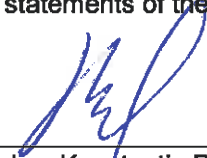
Board proposes to keep profit undistributed.


(24) Subsequent events


There was no subsequent events since the last date of the reporting year that would have a significant effect on the financial position of the Company as at 31 December 2017.

The Annual Report was prepared by the Accountant Irina Balabaja.

The Financial statements of the Company set out on pages 5 to 19 were signed on 15 August 2018 by:


 Choukchoukov Konstantin Borisov
 Chairman of the Board


 Ernesto Vanoli
 Member of the Board


 Marija Korojova-Pranckeviča
 Member of the Board


 Irina Balabaja
 Accountant

PricewaterhouseCoopers SIA
Kr. Valdemāra iela 21-21
Rīga, LV 1010
Latvia

15 August 2018

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of SIA Coca Cola HBC Latvia (hereinafter "the Company") for the year ended 31 December 2017 (hereinafter "the Financial statements"), for the purpose of expressing an opinion as to whether the Financial statements give a true and fair view of the financial position of the Company as of 31 December 2017, and of the results of its operations and its cash flows for the year then ended in accordance with Law on Annual Reports and Consolidated Annual Reports.

We confirm, to the best of our knowledge and belief:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial statements in accordance with Law on Annual Reports and Consolidated Annual Reports. (hereinafter "Latvian GAAP"); in particular the financial statements give a true and fair view in accordance therewith.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- Significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value, are reasonable.
- All events subsequent to the date of the financial statements and for which Latvian GAAP requires adjustment or disclosure have been adjusted or disclosed.
- We confirm the completeness of the information provided regarding transactions that do not impact profit or loss account and that are not included in the balance sheet as at 31 December 2017 (e.g. transfer of cash received) for the year ended 31 December 2017.
- The Financial statements are free of material misstatements. We believe that the effects of those financial statements misstatements aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such items is attached below:
 - 1) Opening balance of retained earnings in SAP does not match with balance of retained earnings per 2016 Annual report and difference was recorded as revenue for 2017. Thus, revenue and profit for financial year 2017 is overstated by 263 thousand EUR and retained earnings are understated by 263 thousand EUR.
- We have considered the future financial position and operations of the Company

for a period of at least one year from the date of signing this letter. We have satisfied ourselves that the Company's status as a going concern is applicable and therefore the Financial statements have accordingly been prepared on an appropriate basis.

- The selection and application of accounting policies are appropriate. The following have been recognised, measured, presented or disclosed in accordance with the requirements of Latvian GAAP, where applicable:
 - Plans or intentions that may affect the carrying value or classification of assets and liabilities.
 - Liabilities, both actual and contingent.
 - Title to, or control over assets, liens or encumbrances on assets, and assets pledged as collateral.
 - Aspects of laws, regulations and contractual agreements that may affect the financial statements, including non-compliance.
 - Losses arising from sale and purchase commitments.
- We confirm that the management and/ or employees have not received any share-based payments, including share options from Coca-Cola HBC group companies.
- Provisions for impairment, where necessary, have been made against fixed assets. Depreciation has been calculated on bases and at rates which are expected to reduce the net book amount of each asset to its estimated residual value by the end of its probable useful life in the Company's business. In this respect we are satisfied that the probable useful lives have been realistically estimated.
- We have identified all excess or obsolete inventory and we have no plans to abandon lines of product or other plans or intentions that will result in any further excess or obsolete inventory. Inventory is stated at the lower of cost and net realisable value.
- Trade receivables and other assets have been reviewed and sufficient, but not excessive, provisions made for bad and doubtful debts and impairment.
- The Company is not a member to any partnership.
- We are not aware of any matters that may compromise the tax status of the Company, such that there are unrecorded tax liabilities (contingent or actual) arising in any jurisdiction. The corporate income tax liability relating to the Latvian tax authorities has been calculated in accordance with the appropriate taxation legislation.
- We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the Financial statements and such matters have been appropriately accounted for and disclosed.
- We have recorded or disclosed in the Financial statements, as appropriate, all liabilities, both actual and contingent. The Company has not given guarantees.

Fraud and non-compliance with laws and regulations

- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
- We have disclosed to you the results of our assessment of the risk that the Financial statements may be materially misstated as a result of fraud.

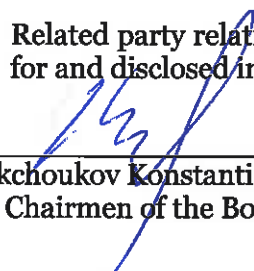
- We have disclosed to you all information relating to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the Financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Company's Financial statements communicated by employees, former employees and others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing Financial statements.


Information Provided:


- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the Financial statements such as records, documentation and other matters, including minutes of all meetings of shareholders and Board of directors;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;

Related party transactions

- We have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Latvian GAAP.


 Choukchoukov Konstantin Borisov
 Chairmen of the Board


 Ernesto Vanoli
 Member of the Board


 Marija Koroļova-Pranckeviča
 Member of the Board


 Irina Balabaja
 Tax and statutory accountant

SIA "Coca-Cola HBC Latvia"
reģistrācijas Nr. 40003108882
juridiskā adrese: Ulbrokas iela 40, Rīga, LV-1021,
Latvija
(turpmāk tekstā – „Sabiedrība”)

**VIENĪGĀ DALĪBNIEKA
LĒMUMS Nr. 1/18**

Rīga, 2018. gada 15. augustā

Vienīgais Sabiedrības dalībnieks, **AKTSIASELTS COCA-COLA HBC EESTI**, sabiedrība, kas dibināta saskaņā ar Igaunijas likumiem ar reģistrācijas numuru 10345833, juridiskā adrese Mustamäe tee 16, 10617 Tallinā, Igaunija, ar šo nolemj:

1. **Par Sabiedrības finanšu pārskata apstiprināšanu par pārskata gadu, kas noslēdzās 2017. gada 31.decembrī.**
 - 1.1. Apstiprināt Sabiedrības revidenta PricewaterhouseCoopers SIA ziņojumu.
 - 1.2. Apstiprināt Sabiedrības finanšu pārskatu par pārskata periodu no 01.01.2017 līdz 31.12.2017.
2. **Par Sabiedrības peļņu**
 - 2.1. Apstiprināt Sabiedrības tīro peļņu EUR 1 197 262 apmērā par pārskata periodu no 01.01.2017 līdz 31.12.2017.
 - 2.2. Izmantot šā gada tīro peļņu, lai segtu iepriekšējo gadu zaudējumus.
3. **Par revidenta iecelšanu pārskata periodam no 01.01.2018 līdz 31.12.2018.**
 - 3.1. Iecelt un apstiprināt, PricewaterhouseCoopers SIA par Sabiedrības revidentu saimnieciskā gada periodam no 01.01.2018 līdz 31.12.2018.

SIA "Coca-Cola HBC Latvia"
registration number 40003108882
legal address: Ulbrokas 40, Riga, LV-1021, Latvia
(hereinafter referred to as the "Company")

**RESOLUTION No. 1/18
OF THE SOLE SHAREHOLDER**

Riga, 15 August 2018

The sole shareholder of the Company, **AKTSIASELTS COCA-COLA HBC EESTI**, a company incorporated under the laws of the Republic of Estonia, with registration number 10345833, and registered office at Mustamäe tee 16, 10617 Tallinn, the Republic of Estonia, hereby resolves as follows:

1. **On the approval of the financial statements of the Company with respect to the financial year ending December 31, 2017.**
 - 1.1. To approve of the report of the PricewaterhouseCoopers SIA.
 - 1.2. To approve of the financial statement of the Company for the financial year from 01.01.2017 until 31.12.2017.
2. **On allocation of net profits of the Company**
 - 2.1. To approve the net profit of the Company in the amount of EUR 1 197 262 for the financial year from 01.01.2017 until 31.12.2017.
 - 2.2. To use the net profit of this year to cover the losses of previous years.
3. **On election and approval of the auditor for financial year from 01.01.2018 until 31.12.2018.**
 - 3.1. To elect and approve of certified auditors' PricewaterhouseCoopers SIA as the auditor of the Company for financial year from 01.01.2018 until 31.12.2018.

**AKTSIASELTS COCA-COLA HBC EESTI vārdā/ On behalf of AKTSIASELTS COCA-COLA
HBC EESTI:
valdes locekļi/ Members of Management Board**



Konstantin Borisov Choukchoukov



Marija Koroļova-Pranckeviča



Ernesto Vanoli



Translation from Latvian original*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SIA Coca-Cola HBC Latvia

Our Opinion

In our opinion, the accompanying financial statements set out on pages 5 to 19 of the accompanying annual report give a true and fair view of the financial position of SIA Coca-Cola HBC Latvia (Company) as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

What we have audited

The financial statements comprise:

- the balance sheet as at December 31, 2017,
- the profit and loss account for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards 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) together with the ethical requirements and auditor's independence rules that are relevant to our audit of the financial statements in the Republic of Latvia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Reporting on Other Information Including the Management Report

Management is responsible for the other information. The other information comprises the Management Report as set out on page 4 of the accompanying annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Management Report.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

With respect to the Management Report, we also performed the procedures required by Law on Audit Services. Those procedures include considering whether the Management Report is prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Management Report has been prepared in accordance with requirements of the Law on Annual Reports and Consolidated Annual Reports.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we are required to report if we have identified material misstatements in the Management Report and other information. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia 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 unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 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 these financial statements.

As part of an audit in accordance with ISAs, 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

A handwritten signature in blue ink, appearing to read 'Lolita Čapkeviča', is written over a light blue horizontal line.

Lolita Čapkeviča
Certified auditor in charge
Certificate No.120

Member of the Board

Riga, Latvia
15 August 2018

* This version of our report is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.