Strong execution underpins growth for 2023 and beyond

Coca-Cola HBC AG, a growth-focused Consumer Packaged Goods business and strategic bottling partner of The Coca-Cola Company, reports its financial results for the six months ended 30 June 2023.

Half-year highlights

- **Focused execution of strategic priorities and revenue growth management drives strong organic growth**[1]
  - Organic revenue up 17.8%, driven by organic revenue per case growth of 19.0%, led by the effective delivery of price and mix improvements across all categories and segments
  - Organic volume growth across our strategic priorities, with Sparkling +1.6%, Energy +20.9% and Coffee +21.9%; while Stills declined 11.2%, led by Water; overall organic volumes -1.0%
  - Reported revenue up 19.3%, reflecting strong organic growth and the consolidation of Multon, which more than offset FX headwinds in Nigeria and Egypt
  - Value share gains of 60bps in Non-Alcoholic Ready-To-Drink (NARTD); maintained value share in Sparkling

- **Organic EBIT up 17.7%, with margin unchanged on an organic basis at 11.2%**
  - Stronger than expected operating leverage from double-digit top-line growth
  - Comparable gross profit margin grew 90 basis points despite comparable Cost of Goods Sold (COGS) per unit case up 13.1%
  - Disciplined management of operating costs while increasing resources to further enhance execution in the market with our customers
  - Comparable EBIT margin grew 20 basis points

- **Segmental highlights: Strong double-digit organic revenue and EBIT growth across all segments**
  - **Established**: Organic revenue increased by 16.9%, led by revenue-per-case expansion and a resilient volume performance in key markets; organic EBIT grew 20.8%
  - **Developing**: Organic revenue up 23.6%, driven by revenue-per-case expansion; organic EBIT up 27.2%
  - **Emerging**: Organic revenue up 16.0%, despite pressure on consumer spending from macro headwinds in several markets; organic EBIT grew 13.9%

- **Strong EPS growth and robust balance sheet**
  - Comparable EPS up 22.3%, led by EBIT growth and lower net finance costs
  - Strong balance sheet and liquidity; dividend of €0.78 paid in June

- **Investor Day 2023: Strategic priorities and medium-term financial targets**
  - At our Investor Day in May, we reaffirmed our commitment to our five strategic growth pillars and the investments we are making in our prioritised capabilities, positioning the company for higher levels of growth over the medium term
  - Financial targets were updated to cover the period beyond 2023:
    - Average annual organic revenue growth of 6-7% (previously 5-6%)
    - Average annual organic EBIT margin expansion of 20-40 basis points per annum
    - Continued focus on growing ROIC

- **Continued investment behind our 24/7 portfolio and strategic priorities**
  - Further investment in Sparkling brands across flavours and variants, including the further roll-out of Coke Zero Zero, underpinning our low/no sugar strategy
  - Successful launch of Jack Daniel's & Coca-Cola in Poland, Ireland and Hungary in Q2
  - Development of the Energy category in Egypt, adding the Monster brand in Q2
  - Announced an agreement to acquire Finlandia Vodka from Brown-Forman for $220 million[2]; a unique opportunity with significant geographic overlap in CCH territories, enhancing our premium spirits credentials and driving mixability opportunities with our NARTD portfolio; completion expected in Q4 2023

---

[1] *For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.*
[2] *Purchase price is subject to customary closing price adjustments and completion is subject to regulatory clearances.*

Zoran Bogdanovic, Chief Executive Officer of Coca-Cola HBC AG, commented:

"It has been a very good first half of the year with progress across our strategic pillars. Our priority categories of Sparkling, Energy and Coffee, together with a strong performance across all segments, have driven organic revenues and EBIT growth ahead of expectations.

"While some markets continue to face a challenging consumer environment, revenue per case has been improved through careful price and mix management enhanced by data, insights and analytics. At the same time, volumes have remained resilient which is testament to the quality of our execution.

"We continue to invest in the activation of our 24/7 portfolio and targeted expansion, underpinned by our leading position in and focus on Sparkling. In the first half of the year we reached an agreement to acquire Finlandia Vodka, successfully launched new innovations including Jack Daniel's and Coca-Cola in three of our markets, further developed the energy category in Egypt, and added 2,200 new distribution points for our Coffee business.

"Our second quarter performance enabled us to upgrade our earnings expectations for 2023 in July, creating a stronger platform for the future growth ambitions we set out in our Investor Day in May. I am grateful to our customers, suppliers and partners, particularly The Coca-Cola Company, for their collaboration as we drive growth together. I especially want to thank all our people for their drive and dedication to make our business stronger every day."

	Half-Year			
	2023	**2022**	**% Change Reported**	**% Change Organic[1]**
Volume (m unit cases)	**1,383.1**	1,330.2	4.0%	-1.0%
Net sales revenue (€ m)	**5,021.5**	4,209.9	19.3%	17.8%
Net sales revenue per unit case (€)	**3.63**	3.16	14.7%	19.0%
Operating profit (EBIT)[2] (€ m)	**557.3**	275.7	>100%	
Comparable EBIT[1] (€ m)	**560.7**	462.5	21.2%	17.7%
EBIT margin (%)	**11.1**	6.5	450bps	
Comparable EBIT margin[1] (%)	**11.2**	11.0	20bps	—
Net profit[3] (€ m)	**385.7**	152.9	>100%	
Comparable net profit[1,3] (€ m)	**388.9**	316.9	22.7%	
Basic earnings per share (EPS) (€)	**1.050**	0.418	>100%	
Comparable EPS[1] (€)	**1.058**	0.865	22.3%	
Free cash flow[1] (€ m)	**256.6**	332.9	-22.9%	

[1] For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.
[2] Refer to the condensed consolidated income statement.
[3] Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

Business Outlook

We delivered a better-than-expected financial performance in the first half of 2023, led by price and mix improvements, despite headwinds to our business. While we remain attentive to macroeconomic and geopolitical risks, we have high confidence in our broad 24/7 portfolio, the opportunities in our diverse markets, enhanced by our focus on execution and prioritised capabilities, and above all, the abilities of our talented people.

- Following the strong start to the year, we expect mid-teens full-year organic revenue growth (previously above 5-6%)
- We now assume COGS/case increases by high-single digits in 2023 (previously low teens), as inflationary pressures begin to moderate
- We expect organic EBIT growth in the range of 9% to 12% in 2023 (unchanged)

Technical guidance

FX: We expect the impact of translational FX on our Group comparable EBIT to remain a €50-60 million headwind.

Restructuring: We do not expect significant restructuring initiatives to take place in 2023.

Tax: We now expect our comparable effective tax rate to be at the top end of our 25% to 27% range.

Finance costs: We now expect net finance costs for 2023 to be between the range of €65-75 million (previously similar to 2022: €82.7m).

Scope: In 2023 we expect around a €45 million Scope benefit to EBIT, reflecting the consolidation of Multon (from 11 August 2022) and the acquisition of Three Cents (from 21 October 2022).

Group Operational Review

Leveraging our unique 24/7 portfolio

We delivered half-year organic revenue growth of 17.8%, driven by price and mix and resilient volumes. Reported net sales revenue increased by 19.3%, benefitting from the consolidation of Multon, partly offset by negative foreign currency impact due to the depreciation of the Nigerian Naira, Egyptian Pound and Russian Rouble.

Organic volume fell by 1.0% in the half-year, with growth in our strategic priority categories of Sparkling, Energy and Coffee offset by declines in Stills.

Our focus on the best growth opportunities in our 24/7 portfolio is helping drive a high-quality revenue performance.

- Sparkling volumes grew by 1.6% overall, with low-single digit growth across all three segments. Growth was particularly good in the Established segment, where Coke Zero, Flavours and Adult Sparkling maintained good momentum.
- Energy volumes grew by 20.9%, with strong momentum in most markets. In Established and Developing markets, growth was driven by Monster, while in Emerging we saw strong growth of Predator and Burn.
- Coffee volumes grew 21.9%, with noteworthy performances in the Established and Developing segments. We continued to make good progress on out-of-home customer recruitment, reaching 10,200 outlets, up from 8,000 at the end of 2022.
- Still volumes fell by 11.2%, with declines led by Water, as we focused on the most profitable revenue growth in the category, with a marked improvement in net sales revenue per unit case as a result. In Sports Drinks we delivered good growth in Established and Developing markets.

Winning in the marketplace

Organic net sales revenue per case expanded by 19.0%. Revenue growth management initiatives, powered by data, insights and analytics, have allowed us to drive pricing and mix and enhance revenue per case across our markets, while addressing both affordability and premiumisation.

Pricing taken in 2022 and the first half of 2023 remained the most important tool to drive value and mitigate cost inflation. Effective in-market execution, including joint value creation plans with customers, pre-summer activations and improving returns on promotions, enabled the implementation of clear pricing plans whilst delivering better than expected volume and EBIT growth in priority categories.

Mix remained a critical value contributor in driving growth across all our markets. We delivered positive category and package mix in the period.

- Single-serve mix improved by 1.2 percentage points organically. We achieved strong gains in both the Established and Developing segments, driven by further activations of single-serve multipacks, as well as glass activation in the out-of-home channel.
- Category mix was favourable, driven by Sparkling and Energy as well as a lower contribution from Water.
- The focused application of our data, insights and analytics tools has allowed us to continue to improve the effectiveness of our promotions, enhancing our ability to achieve better returns.

Group Operational Review (continued)

We grew 60 basis points of value share in NARTD in the first half of 2023. In Sparkling, value share was in line with the previous year, as we consciously drove price/mix expansion.

Cost control, operating profit and margins

Comparable gross profit grew by 22.6%, leading to a comparable gross profit margin of 35.0%, an improvement of 90 basis points. This was despite inflationary pressures from input costs, energy and production overheads, as well as an adverse foreign currency impact, which pushed comparable COGS per case higher by 13.1%.

Comparable operating expenses as a percent of revenue increased by 30 basis points to 24.0%, reflecting a disciplined approach to operating expenditure, which was more than offset by continued investment to further enhance execution in the market with our customers.

Comparable EBIT increased by 17.7% on an organic basis, and the comparable EBIT margin was up 20 basis points to 11.2%, unchanged on an organic basis, as we saw strong operating leverage from double-digit top-line growth, which more than offset increased input costs. Comparable EBIT increased by 21.2% on a reported basis to €560.7 million, benefitting from organic growth and the consolidation of Multon, only partly offset by negative foreign currency movements.

We faced a negative translational and transactional foreign currency impact in the first half of the year, mainly due to the depreciation of the Nigerian Naira, Egyptian Pound and the Russian Rouble.

Net profit and free cash flow

Comparable net profit of €388.9 million and comparable basic earnings per share of €1.058 were 22.7% and 22.3% higher than in the prior year period, respectively. Reported net profit and reported basic earnings per share of €385.7 million and €1.050 respectively more than doubled versus the prior year period, as we cycled the impairment charges relating to our operations in Russia taken in 2022.

Comparable taxes amounted to €142.7 million, representing a comparable tax rate of 27%, at the top end of our 2023 guidance range of 25% to 27%.

Net financing costs were €11.3 million lower than the prior year period, at €31.4 million, driven mainly by higher interest income as a result of increased interest rates.

Capital expenditure increased by €39.1 million to €238.8 million as we continued investment in our production facilities, cooler placements, as well as towards our sustainability commitments.

Free cash flow was €256.6 million, €76.3 million lower compared to the prior year period, as adverse working capital and higher capital expenditure more than offset increased profitability.

Earning our licence to operate

Throughout the period we remained focused on delivering our Mission 2025 and NetZeroby40 goals, and reconfirmed our 'AAA' MSCI rating for the ninth consecutive year.

Investments in sustainable packaging and energy-efficient coolers are important steps in supporting our ambition to achieve net zero emissions across our value chain. In Austria, we invested €12 million in a new energy and water-efficient returnable glass bottle line for our 1 litre bottle, and introduced a new 400ml resealable bottle. On coolers, we exceeded our target of 50% energy-efficient coolers by 2025, excluding Egypt, at the end of the half year.

Water usage remains one of our key strategic priorities. By using innovative technologies, we've improved water consumption. For example, we installed water-free cleaners for our new can lines in Greece and Poland. All our countries are continuing to make improvements as we aim to reduce water consumption by 20% by 2025, compared to 2017, in water-risk areas.

Together with The Coca-Cola Company and seven other bottling partners, Coca-Cola HBC committed $15 million to a new venture capital fund, the Greycroft Coca-Cola System Sustainability Fund. This $137.7 million fund will focus on innovative solutions to drive carbon footprint reduction, helping accelerate our journey towards NetZeroby40 goal.

Operational Review by Reporting Segment

Established markets

	Half-Year			
	2023	**2022**	**% Change Reported**	**% Change Organic**
Volume (m unit cases)	**306.4**	305.7	0.2%	0.2%
Net sales revenue (€ m)	**1,628.0**	1,384.2	17.6%	16.9%
Net sales revenue per unit case (€)	**5.31**	4.53	17.3%	16.7%
Operating profit (EBIT) (€ m)	**170.8**	147.4	15.9%	
Comparable EBIT (€ m)	**171.3**	140.2	22.2%	20.8%
EBIT margin (%)	**10.5**	10.6	-20bps	
Comparable EBIT margin (%)	**10.5**	10.1	40bps	30bps

Net sales revenue grew by 16.9% and 17.6% on an organic and reported basis respectively, as we benefitted from positive foreign currency movements from the Swiss Franc.

Organic growth in net sales revenue per case was 16.7%. We benefitted from price increases in all markets through the period, as well as positive category and package mix. A focus on single-serve activation, both in at-home and out-of-home channels, delivered a 3.8 percentage point improvement in single-serve mix.

Volume in Established markets was broadly in line with last year. We saw good growth in our strategic priority categories. Sparkling grew low single digits, with Coke Zero up high-single digits and Adult Sparkling up low-single digits, despite tough comparatives. Energy saw continued strong momentum, with volumes growing high-double digits in the period. This growth was offset by declines in Stills, primarily Water and RTD tea where volumes were down low-double digits and high-single digits respectively.

- Volumes in Greece were up by high-single digits, driven by our strong execution and an earlier start to seasonal activations. We saw mid-single digit growth in Sparkling, led by Coke Zero as well as low single-digit growth in Adult Sparkling, and Energy grew high-teens despite tough comparatives. Stills were up by high-single digits driven by low-double digit growth in Water.

- In Ireland, volumes grew by high-single digits, with good results in all strategic priority categories. Sparkling grew by mid-single digits driven by low-double digit growth in Coke Zero and solid growth from Sprite and Fanta, while Energy delivered volume growth above 30% in the period. Stills were up mid-single digit driven by continued growth of our premium launches in Hydration.

- In Italy, volumes declined by mid-single digits, due primarily to Water, as we deliberately focused on profitable revenue growth, at the expense of volume. We saw growth in our strategic priority categories in the half year, with low-single digit growth in Sparkling and Energy, despite an impact from worse weather in Q2 and tough comparatives. Coke Zero volumes grew mid-single digits and Adult Sparkling grew low-double digits, with both Kinley and Lurisia performing well. Stills declined overall, but we drove slight growth excluding Water.

- In Switzerland, volumes grew by mid-single digits, with high-single digit growth in Sparkling reflecting good performance across the board. Stills declined by low-single digits driven by Water.

Comparable EBIT in the Established segment increased by 20.8% to €171.3 million, an organic growth rate of 22.2%. Comparable EBIT margin was 10.5%, up 30 basis points on an organic basis, as higher price and mix more than offset higher COGS.

Operational Review by Reporting Segment (continued)

Developing markets

	Half-Year			
	2023	2022	% Change Reported	% Change Organic
Volume (m unit cases)	**227.3**	230.4	-1.3%	-1.3%
Net sales revenue (€ m)	**985.2**	791.6	24.5%	23.6%
Net sales revenue per unit case (€)	**4.33**	3.44	26.2%	25.2%
Operating profit (EBIT) (€ m)	**67.2**	56.9	18.1%	
Comparable EBIT (€ m)	**67.3**	51.6	30.4%	27.2%
EBIT margin (%)	**6.8**	7.2	-40bps	
Comparable EBIT margin (%)	**6.8**	6.5	30bps	20bps

Net sales revenue grew by 23.6% and 24.5% on an organic and reported basis respectively, with the difference due to slightly positive foreign currency movements.

Organic net sales revenue per case increased by 25.2%. The segment benefitted from pricing initiatives and favourable category and package mix.

Developing markets volume declined by 1.3%. Sparkling volumes grew by low-single digits, driven by Coke Zero, while Energy delivered low-double digit growth. This was offset by a mid-teens volume decline in Stills, driven by Water and Juice.

- Poland volumes increased by mid-single digits, with growth led by our strategic priority categories. Sparkling volumes were up by high-single digits, driven by Coke Zero and Sprite. Energy continued to grow by strong-double digits, despite tough comparatives. Coffee grew above 40%, as we continued to expand outlet distribution. Stills volumes declined, driven by Water and Juice.

- In Hungary, volumes decreased by high-single digits, reflecting weakness in Stills, with a notable decline in the overall Juice category, against a tough inflationary backdrop and challenging comparatives. Sparkling volumes grew slightly in the period, driven by Trademark Coke.

- Volume in Czech decreased by mid-teens, with declines in both Sparkling and Stills. We continued to actively drive robust price mix to manage cost inflation and despite volume declines, we delivered strong revenue growth. Energy and Coffee were the best performing categories.

Comparable EBIT in the Developing segment increased by 30.4% to €67.3 million, an organic growth rate of 27.2%. Comparable EBIT margin was 6.8%, up 20 basis points on an organic basis, benefitting from price and mix improvements which offset higher COGS.

Operational Review by Reporting Segment (continued)

Emerging markets

	Half-Year			
	2023	**2022**	**% Change Reported**	**% Change Organic**
Volume (m unit cases)	**849.4**	794.1	7.0%	-1.4%
Net sales revenue (€ m)	**2,408.3**	2,034.1	18.4%	16.0%
Net sales revenue per unit case (€)	**2.84**	2.56	10.7%	17.7%
Operating profit (EBIT) (€ m)	**319.3**	71.4	>100%	
Comparable EBIT (€ m)	**322.1**	270.7	19.0%	13.9%
EBIT margin (%)	**13.3**	3.5	970bps	
Comparable EBIT margin (%)	**13.4**	13.3	10bps	-20bps

Net sales revenue grew by 16.0% on an organic basis, or by 18.4% on a reported basis, with the difference due to the consolidation of Multon, which was partly offset by the devaluation of the Nigerian Naira, Egyptian Pound and Russian Rouble.

Net sales revenue per case grew 17.7% organically, benefitting from pricing actions taken throughout the period to mitigate cost inflation, as well as proactively managing the currency devaluation.

Emerging markets' volume fell by 1.4% organically and grew 7.0% on a reported basis, which includes the consolidation of Multon and Egypt. Sparkling volumes increased by low-single digits and Still volumes were down low-double digits. Energy delivered growth of almost 30%, continuing the momentum from Q1.

- Volume in Nigeria declined by low-single digits, reflecting good execution in the market despite the temporary lack of availability of local currency. This normalised through the period, such that Q2 returned to growth. Sparkling volumes declined low-single digits in the half-year. Energy delivered strong double-digit growth, while Stills declined double-digits. We continued driving strong price mix to manage the cost inflation and currency devaluation.

- Ukraine volume grew over 50%, a good rebound on soft comparatives due to the outbreak of war. Growth was led by recoveries in Sparkling and Energy, despite ongoing operational challenges. Water volumes rebounded in Q2 leading to a mid-single digit growth for the half-year.

- Volume in Romania declined by low-double digits, due to a double-digit decline in Stills and high-single digit decline in Sparkling. The consumer environment remained challenging, impacted by the VAT increase in January. Energy continued its strong momentum with volumes up close to 30%.

- Volumes in Serbia grew mid-single digits, driven by Sparkling. Trademark Coke and Fanta volumes grew high-single digits, and Energy delivered low-double digit growth in the period. Water volumes were up low-double digits.

- Volumes in Egypt declined by high-single digits on an organic basis driven by Water. In Sparkling, we saw low-single digit growth, with Trademark Coke volumes up high-single digits, driven by Coke Zero. In Water, we consciously focused on improving net sales revenue per unit case, which meant that volumes fell double-digits. Following our launch into the Energy category with Fury, we also introduced the Monster brand in May, and are very encouraged by early progress. Across all categories we continued to proactively implement revenue growth management actions to manage the inflation and currency devaluation.

- Russia volumes declined by high-single digits on an organic basis. This largely reflects comparisons to the prior period, following the decision of The Coca-Cola Company in March 2022 to suspend sales of their brands.

Comparable EBIT in the Emerging segment increased by 13.9% on an organic basis and grew 19.0% on a reported basis, to €322.1 million. Comparable EBIT margin was 13.4%, down 20 basis points on an organic basis, impacted by adverse transactional FX, which offset price & mix benefits. Operating profit increased more than 100%, as we are cycling the impairment charges in Russia.

Conference call

Coca-Cola HBC's management will host a conference call for investors and analysts on Wednesday, 9 August 2023 at 9:00 am BST. To join the call in listen-only mode, please join via the webcast. If you anticipate asking a question, please click here to register and find dial-in details.

Next event

31 October 2023	2023 Third quarter trading update

Enquiries
Coca-Cola HBC Group
Investors and Analysts:

John Dawson	Tel: +44 7552 619509
Investor Relations Director (Interim)	john.dawson@cchellenic.com
Jemima Benstead	Tel: +44 7740 535130
Investor Relations Manager	jemima.benstead@cchellenic.com
Marios Matar	Tel: +30 697 444 3335
Investor Relations Manager	marios.matar@cchellenic.com
Virginia Philips	Tel: +44 7864 686582
Investor Relations Manager	virginia.philips@cchellenic.com

Media:

Sonia Bastian	Tel: +41 7946 88054
Head of Communications	sonia.bastian@cchellenic.com

Greek media contact:

V+O Communications	Tel: +30 693 742 0246
Manos Iatrelis	mi@vando.gr

Coca-Cola HBC Group

Coca-Cola HBC is a growth-focused consumer packaged goods business and strategic bottling partner of The Coca-Cola Company. We open up moments that refresh us all, by creating value for our stakeholders and supporting the socio-economic development of the communities in which we operate. With a vision to be the leading 24/7 beverage partner, we offer drinks for all occasions around the clock and work together with our customers to serve 740 million consumers across a broad geographic footprint of 29 countries. Our portfolio is one of the strongest, broadest and most flexible in the beverage industry, with consumer-leading beverage brands in the sparkling, adult sparkling, juice, water, sport, energy, ready-to-drink tea, coffee, and premium spirits categories. These include Coca-Cola, Coca-Cola Zero Sugar, Fanta, Sprite, Schweppes, Kinley, Costa Coffee, Caffè Vergnano, Valser, FuzeTea, Powerade, Cappy, Monster Energy, The Macallan, Jack Daniel's and Grey Goose. We foster an open and inclusive work environment amongst our 33,000 employees and believe that building a more positive environmental impact is integral to our future growth. We rank among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG, FTSE4Good and ISS ESG.

Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE: CCH) and is listed on the Athens Exchange (ATHEX: EEE). For more information, please visit https://www.coca-colahellenic.com/

Financial information in this announcement is presented on the basis of International Financial Reporting Standards ('IFRS').

Special Note Regarding the Information set out herein

Unless otherwise indicated, the condensed consolidated interim financial statements and the financial and operating data or other information included herein relate to Coca-Cola HBC AG and its subsidiaries (‘Coca-Cola HBC’ or the ‘Company’ or ‘we’ or the ‘Group’).

Forward-Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as “believe”, “outlook”, “guidance”, “intend”, “expect”, “anticipate”, “plan”, “target” and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2023 and future years, business strategy and the effects of the global economic slowdown, the impact of the sovereign debt crisis, currency volatility, our recent acquisitions, and restructuring initiatives on our business and financial condition, our future dealings with The Coca-Cola Company, budgets, projected levels of consumption and production, projected raw material and other costs, estimates of capital expenditure, free cash flow, effective tax rates and plans and objectives of management for future operations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect our current expectations and assumptions as to future events and circumstances that may not prove accurate. Our actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the 2022 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries.

Although we believe that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we, nor our directors, employees, advisors nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. After the date of the condensed consolidated interim financial statements included in this document, unless we are required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, we will not necessarily update any of these forward-looking statements to conform them either to actual results or to changes in our expectations.

Alternative Performance Measures

The Group uses certain Alternative Performance Measures (‘APMs’) in making financial, operating and planning decisions as well as in evaluating and reporting its performance. These APMs provide additional insights and understanding to the Group’s underlying operating and financial performance, financial condition and cash flow. The APMs should be read in conjunction with and do not replace by any means the directly reconcilable IFRS line items. For more details on APMs please refer to ‘Definitions and reconciliations of APMs’ section.

Group Financial Review

Income statement	**Half-Year**			
	2023 € million	**2022 € million**	**% Change Reported**	**% Change Organic[1]**
Volume (m unit cases)	**1,383.1**	1,330.2	4.0%	-1.0%
Net sales revenue	**5,021.5**	4,209.9	19.3%	17.8%
Net sales revenue per unit case (€)	**3.63**	3.16	14.7%	19.0%
Cost of goods sold	**(3,259.9)**	(2,759.7)	18.1%	
Comparable cost of goods sold[1]	**(3,261.5)**	(2,774.1)	17.6%	
Gross profit	**1,761.6**	1,450.2	21.5%	
Comparable gross profit[1]	**1,760.0**	1,435.8	22.6%	
Operating expenses (excluding exceptional items related to Russia -Ukraine conflict)	**(1,208.4)**	(1,015.3)	19.0%	
Exceptional items related to Russia-Ukraine conflict	**—**	(183.6)	-100.0%	
Operating expenses	**(1,208.4)**	(1,198.9)	0.8%	
Comparable operating expenses[1]	**(1,203.4)**	(997.7)	20.6%	
Share of results of integral equity method investments[2]	**4.1**	24.4	-83.2%	
Operating profit (EBIT)[2]	**557.3**	275.7	>100%	
Comparable operating profit (EBIT)[1]	**560.7**	462.5	21.2%	17.7%
Adjusted EBITDA[1]	**765.6**	663.8	15.3%	
Comparable adjusted EBITDA[1]	**769.0**	666.9	15.3%	
Finance costs, net	**(31.4)**	(42.7)	-26.5%	
Share of results of non-integral equity method investments[2]	**1.7**	1.4	21.4%	
Tax	**(142.5)**	(82.0)	73.8%	
Comparable tax[1]	**(142.7)**	(104.8)	36.2%	
Net profit[3]	**385.7**	152.9	>100%	
Comparable net profit[1,3]	**388.9**	316.9	22.7%	
Basic earnings per share (€)	**1.050**	0.418	>100%	
Comparable basic earnings per share (€)[1]	**1.058**	0.865	22.3%	

[1] *Refer to the 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.*
[2] *Refer to the condensed consolidated interim income statement.*
[3] *Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.*

Net sales revenue grew by 19.3% during the first half of 2023, compared to the prior-year period, primarily driven by pricing initiatives and the consolidation of Multon, further supported by favourable category and package mix, which were only partially offset by unfavourable foreign currency movements. On an organic basis, net sales revenue grew by 17.8% during the first half of 2023, compared to the prior-year period, primarily driven by pricing initiatives and mix improvements.

Cost of goods sold increased by 18.1% in the first half of 2023, on a reported basis, driven by inflationary pressures on input costs, as well as the consolidation of Multon and adverse foreign currency impact; while comparable cost of goods sold increased by 17.6%, further benefitting by the cycling of unrealised commodity hedging gains in the prior-year period.

Operating expenses increased by 0.8% in the first half of 2023 compared to the prior-year period, driven by higher sales and administration expenses and the consolidation of Multon, which were largely offset by the cycling of impairment charges in the prior-year period related to the Group's Russian operations. Comparable operating expenses increased by 20.6% in the first half of the year, driven by higher sales and administration expenses and the consolidation of Multon.

Group Financial Review (continued)

Income statement (continued)

Operating profit more than doubled compared to the prior-year period, mainly reflecting the benefits from top-line growth, the consolidation of Multon and the cycling of impairment charges in the prior-year period related to the Group's Russian operations, which were only partially offset by elevated input costs and operating expenses and unfavourable foreign currency movements. Comparable operating profit grew by 21.2% on a reported basis in the first half of 2023 versus the prior-year period, reflecting the benefits from top-line growth and the consolidation of Multon, which were only partially offset by elevated input costs and operating expenses and unfavourable foreign currency movements; while excluding the impact from changes in the consolidation perimeter and foreign exchange rates, comparable operating profit increased by 17.7% on an organic basis.

Net finance costs decreased by €11.3 million during the first half of 2023 compared to the prior-year period, mainly driven by higher interest income earned on the Group's cash and cash equivalents and financial assets, partially offset by the increased hedging cost of borrowings in Nigeria and the interest expense from the Green bond issued in September 2022.

On a reported basis, the effective tax rate was 27.0% for the first half of 2023, down from 35.0% in the prior-year period, mainly due to the cycling of impairment charges in the prior-year period related to the Group's Russian operations. On a comparable basis, the effective tax rate was 26.9% for the first half of 2023 and 24.9% for the first half of 2022. The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income and other one-off tax items across its territories.

Net profit more than doubled, driven by the higher operating profitability, net of tax including the cycling of impairment charges related to the Group's Russian operations in the prior-year period and lower finance costs. Comparable net profit grew by 22.7% compared to the prior-year period driven by higher operating profitability, net of tax and lower finance costs.

Balance Sheet

	As at		
Assets	**30 June 2023 € million**	**31 December 2022 € million**	**Change € million**
Total non-current assets	**5,785.8**	6,139.5	-353.7
Total current assets	**4,190.4**	3,716.2	474.2
Total assets	**9,976.2**	**9,855.7**	120.5
Liabilities			
Total current liabilities	**3,454.8**	3,006.7	448.1
Total non-current liabilities	**3,420.5**	3,463.4	-42.9
Total liabilities	**6,875.3**	**6,470.1**	405.2
Equity			
Owners to the parent	**3,005.0**	3,282.3	-277.3
Non-controlling interests	**95.9**	103.3	-7.4
Total equity	**3,100.9**	**3,385.6**	-284.7
Total equity and liabilities	**9,976.2**	**9,855.7**	120.5
Net current assets	**735.6**	**709.5**	26.1

Total non-current assets decreased by €353.7 million during the first half of 2023, primarily driven by foreign currency translation. Net current assets increased by €26.1 million in the first half of 2023, mainly driven by higher trade receivables, largely reflecting top-line growth in the period, and cash and cash equivalents, which were partially offset by lower investments in financial assets and higher trade and other payables. Total non-current liabilities decreased by €42.9 million during the first half of 2023, driven primarily by foreign currency translation on the back of the Nigerian Naira and Egyptian Pound devaluation.

Group Financial Review (continued)

Cash flow

	Half-Year		
	2023 € million	2022 € million	% Change
Net cash from operating activities[1]	**495.4**	532.6	-7.0%
Capital expenditure[1]	**(238.8)**	(199.7)	-19.6%
Free cash flow[1]	**256.6**	332.9	-22.9%

[1] *Refer to the 'Definitions and reconciliations of APMs' section.*

Net cash from operating activities decreased by 7.0% or €37.2 million during the first half of 2023, compared to the prior-year period, due to cash consumed from working capital movements and higher taxes paid, which were only partially offset by increased operating profitability.

Capital expenditure increased by 19.6% in the first half of 2023, compared to the prior-year period. In the first half of 2023, capital expenditure amounted to €238.8 million of which 54% was related to investment in production equipment and facilities and 16% to the acquisition of marketing equipment. In the first half of 2022, capital expenditure amounted to €199.7 million of which 55% was related to investment in production equipment and facilities and 20% to the acquisition of marketing equipment.

In the first half of 2023, free cash flow decreased by 22.9% or €76.3 million, compared to the prior-year period, impacted by the decreased cash from operating activities and higher capital expenditure.

Definitions and reconciliations of Alternative Performance Measures ('APMs')

1. Comparable APMs[1]

In discussing the performance of the Group, 'comparable' measures are used. Comparable measures are calculated by deducting from the directly reconcilable IFRS measures the impact of the Group's restructuring costs, the mark-to-market valuation of the commodity hedging activity, the acquisition, integration and divestment-related costs, the Russia-Ukraine conflict impact and certain other tax items, which are collectively considered as items impacting comparability, due to their nature. More specifically the following items are considered as items that impact comparability:

1) *Restructuring costs*
Restructuring costs comprise costs arising from significant changes in the way the Group conducts business, such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. These costs are included within the income statement line 'Operating expenses'; however, they are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance achieved from underlying activity. Restructuring costs resulting from initiatives driven by the Russia-Ukraine conflict are presented under the 'Russia-Ukraine conflict impact' item, to provide users complete information on the financial implications of the conflict.

2) *Commodity hedging*
The Group has entered into certain commodity derivative transactions in order to hedge its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium, gas oil and plastics price volatility, hedge accounting has not been applied in all cases. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand-alone derivatives and do not qualify for hedge accounting. The fair value gains or losses on the derivatives and embedded derivatives are immediately recognised in the income statement in the cost of goods sold and operating expenses line items. The Group's comparable results exclude the gains or losses resulting from the mark-to-market valuation of these derivatives to which hedge accounting has not been applied (primarily plastics) and embedded derivatives. These gains or

[1] *Comparable APMs refer to comparable cost of goods sold, comparable gross profit, comparable operating expenses, comparable EBIT, comparable EBIT margin, comparable Adjusted EBITDA, comparable tax, comparable net profit and comparable EPS.*

Definitions and reconciliations of Alternative Performance Measures ('APMs') (continued)

losses are reflected in the comparable results in the period when the underlying transactions occur, to match the profit or loss to that of the corresponding underlying transactions. We believe this adjustment provides useful information related to the impact of our economic risk management activities.

3) *Acquisition, integration and divestment-related costs or gains*
Acquisition costs comprise costs incurred to effect a business combination such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees as well as changes in the fair value of contingent consideration recognised in the income statement. They also include any gain from bargain purchase arising on business combinations, as well as any gain or loss recognised in the income statement from the remeasurement to fair value of previously held interests and from the reclassification to the income statement of items of other comprehensive income resulting from step acquisitions. Integration costs comprise direct incremental costs necessary for the acquiree to operate within the Group. Divestment-related costs comprise transaction expenses, including advisory, consulting, and other professional fees to effect the disposal of a subsidiary or equity method investment, any impairment losses or write-downs to fair value less costs to sell recognised in the income statement upon classification as held for sale and any relevant disposal gains or losses or reversals of impairment recognised in the income statement upon disposal. These costs or gains are included within the income statement line 'Operating expenses', however to the extent that they relate to business combinations or divestments that have been completed or are expected to be completed, they are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.

4) *Russia-Ukraine conflict impact*
As a result of the conflict between Russia and Ukraine, the Group has recognised net impairment losses for property, plant and equipment, intangible assets and equity method investments, as well as restructuring costs, in connection with the new business model in Russia and adverse changes to the economic environment. The Group has also recognised incremental allowance for expected credit losses and write-offs of inventory and property, plant and equipment resulting from the Russia-Ukraine conflict. The aforementioned net impairment losses are included within the income statement line 'Exceptional items related to Russia-Ukraine conflict' so as to provide users with enhanced visibility over these items considering their materiality, while remaining costs are included within 'Operating expenses' and 'Cost of goods sold' lines of the income statement accordingly. Net impairment losses and other costs directly attributable to the Russia-Ukraine conflict are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance from underlying activity.

5) *Other tax items*
Other tax items represent the tax impact of (a) changes in income tax rates affecting the opening balance of deferred tax arising during the year and (b) certain tax related matters selected based on their nature. Both (a) and (b) are excluded from comparable after-tax results so that the users can obtain a better understanding of the Group's underlying financial performance.

The Group discloses comparable performance measures to enable users to focus on the underlying performance of the business on a basis which is common to both periods for which these measures are presented.

Definitions and reconciliations of Alternative Performance Measures ('APMs') (continued)

The reconciliation of comparable measures to the directly related measures calculated in accordance with IFRS is as follows:

Reconciliation of comparable financial indicators *(numbers in € million except per share data)*

	Half-year 2023							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(3,259.9)**	**1,761.6**	**(1,208.4)**	**557.3**	**765.6**	**(142.5)**	**385.7**	**1.050**
Restructuring costs	**—**	**—**	**1.3**	**1.3**	**1.3**	**(0.3)**	**1.0**	**0.003**
Commodity hedging	**(1.6)**	**(1.6)**	**—**	**(1.6)**	**(1.6)**	**0.2**	**(1.4)**	**(0.004)**
Acquisition costs	**—**	**—**	**3.3**	**3.3**	**3.3**	**—**	**3.3**	**0.009**
Russia-Ukraine conflict impact	**—**	**—**	**0.4**	**0.4**	**0.4**	**(0.1)**	**0.3**	**—**
Comparable	**(3,261.5)**	**1,760.0**	**(1,203.4)**	**560.7**	**769.0**	**(142.7)**	**388.9**	**1.058**

	Half-year 2022							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(2,759.7)	1,450.2	(1,198.9)	275.7	663.8	(82.0)	152.9	0.418
Restructuring costs	—	—	3.8	3.8	3.7	(0.8)	3.0	0.008
Commodity hedging	(15.5)	(15.5)	—	(15.5)	(15.5)	2.8	(12.7)	(0.035)
Integration costs	—	—	8.5	8.5	8.5	—	8.5	0.023
Russia-Ukraine conflict impact	1.1	1.1	188.9	190.0	6.4	(24.6)	165.4	0.452
Other tax items	—	—	—	—	—	(0.2)	(0.2)	(0.001)
Comparable	**(2,774.1)**	**1,435.8**	**(997.7)**	**462.5**	**666.9**	**(104.8)**	**316.9**	**0.865**

[1] Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

Reconciliation of comparable EBIT per reportable segment *(numbers in € million)*

	Half-year 2023			
	Established	Developing	Emerging	Consolidated
EBIT	**170.8**	**67.2**	**319.3**	**557.3**
Restructuring costs	—	—	1.3	1.3
Commodity hedging	(0.3)	(0.4)	(0.9)	(1.6)
Acquisition costs	0.8	0.5	2.0	3.3
Russia-Ukraine conflict impact	—	—	0.4	0.4
Comparable EBIT	**171.3**	**67.3**	**322.1**	**560.7**
	Half-year 2022			
	Established	**Developing**	**Emerging**	**Consolidated**
EBIT	**147.4**	**56.9**	**71.4**	**275.7**
Restructuring costs	(5.0)	—	8.8	3.8
Commodity hedging	(2.2)	(5.3)	(8.0)	(15.5)
Integration costs	—	—	8.5	8.5
Russia-Ukraine conflict impact	—	—	190.0	190.0
Comparable EBIT	**140.2**	**51.6**	**270.7**	**462.5**

2. Organic APMs

Organic growth

Organic growth enables users to focus on the operating performance of the business on a basis which is not affected by changes in foreign currency exchange rates from period to period or changes in the Group's scope of consolidation ('consolidation perimeter') i.e., acquisitions, divestments and reorganisations resulting in equity method accounting. Thus, organic growth is designed to assist users in better understanding the Group's underlying performance.

More specifically, the following items are adjusted from the Group's volume, net sales revenue and comparable EBIT in order to derive organic growth metrics:

(a) Foreign currency impact

Foreign currency impact in the organic growth calculation reflects the adjustment of prior-period net sales revenue and comparable EBIT metrics for the impact of changes in exchange rates applicable to the current period.

(b) Consolidation perimeter impact

Current period volume, net sales revenue and comparable EBIT metrics, are each adjusted for the impact of changes in the consolidation perimeter. More specifically adjustments are performed as follows:

i. Acquisitions:

For current year acquisitions, the results generated in the current period by the acquired entities are not included in the organic growth calculation. For prior year acquisitions, the results generated in the current year over the period during which the acquired entities were not consolidated in the prior year, are not included in the organic growth calculation.

For current year step acquisitions where the Group obtains control of a) entities over which it previously held either joint control or significant influence and which were accounted for under the equity method, or b) entities which were carried at fair value either through profit or loss or other comprehensive income, the results generated in the current year by the relevant entities over the period during which these entities are consolidated, are not included in the organic growth calculation. For such step acquisitions of entities previously accounted for under the equity method the share of results for the respective period described above, is included in the organic growth calculation of the current year. For such step acquisitions of entities previously accounted for at fair value through profit or loss any fair value gains or losses for the respective period described above, are included in the organic growth calculation. For such step acquisitions in the prior year, the results generated in the current year by the relevant entities over the period during which these entities were not consolidated in the prior year, are not included in the organic growth calculation. However, the share of results or gains or losses from fair value changes of the respective entities, based on their accounting treatment prior to the step acquisition, for the current-year period during which these entities were not consolidated in the prior year are included in the organic growth calculation.

ii. Divestments:

For current year divestments, the results generated in the prior year by the divested entities over the period during which the divested entities are no longer consolidated in the current year, are included in the current year's results for the purpose of the organic growth calculation. For prior-year divestments, the results generated in the prior year by the divested entities over the period during which the divested entities were consolidated, are included in the current year's results for the purpose of the organic growth calculation.

Definitions and reconciliations of Alternative Performance Measures ('APMs') (continued)

iii. Reorganisations resulting in equity method accounting:
For current year reorganisations where the Group maintains either joint control or significant influence over the relevant entities so that they are reclassified from subsidiaries or joint operations to joint ventures or associates and accounted for under the equity method, the results generated in the current year by the relevant entities over the period during which these entities are no longer consolidated, are included in the current year's results for the purpose of the organic growth calculation. For such reorganisations in the prior year, the results generated in the current year by the relevant entities over the period during which these entities were consolidated in the prior year, are included in the current year's results for the purpose of the organic growth calculation. In addition, the share of results in the current year of the relevant entities, for the respective period as described above, is excluded from the organic growth calculation for such reorganisations.

The calculations of the organic growth and the reconciliation to the most directly related measures calculated in accordance with IFRS are presented in the below tables. Organic growth (%) is calculated by dividing the amount in the row titled 'Organic movement' by the amount in the associated row titled '2022 reported' or, where presented, '2022 adjusted'. Organic growth for comparable EBIT margin is the organic movement expressed in basis points.

Reconciliation of organic measures

	Half Year 2023			
Volume (m unit cases)	**Established**	**Developing**	**Emerging**	**Group**
2022 reported	305.7	230.4	794.1	**1,330.2**
Consolidation perimeter impact	0.2	—	66.6	**66.8**
Organic movement	0.5	-3.1	-11.3	**-13.9**
2023 reported	**306.4**	**227.3**	**849.4**	**1,383.1**
Organic growth (%)	**0.2%**	**-1.3%**	**-1.4%**	**-1.0%**

	Half Year 2023			
Net sales revenue (€ m)	**Established**	**Developing**	**Emerging**	**Group**
2022 reported	1,384.2	791.6	2,034.1	**4,209.9**
Foreign currency impact	6.5	5.8	-190.6	**-178.3**
2022 adjusted	**1,390.7**	**797.4**	**1,843.5**	**4,031.6**
Consolidation perimeter impact	2.3	—	269.9	**272.2**
Organic movement	235.0	187.8	294.9	**717.7**
2023 reported	**1,628.0**	**985.2**	**2,408.3**	**5,021.5**
Organic growth (%)	**16.9%**	**23.6%**	**16.0%**	**17.8%**

	Half Year 2023			
Net sales revenue per unit case (€)[1]	**Established**	**Developing**	**Emerging**	**Group**
2022 reported	4.53	3.44	2.56	**3.16**
Foreign currency impact	0.02	0.03	-0.24	**-0.13**
2022 adjusted	**4.55**	**3.46**	**2.32**	**3.03**
Consolidation perimeter impact	—	—	0.10	**0.02**
Organic movement	0.76	0.87	0.41	**0.58**
2023 reported	**5.31**	**4.33**	**2.84**	**3.63**
Organic growth (%)	**16.7%**	**25.2%**	**17.7%**	**19.0%**

Footnotes are presented at the end of the table.

Definitions and reconciliations of Alternative Performance Measures ('APMs') (continued)

	Half Year 2023			
Comparable EBIT (€ m)	**Established**	**Developing**	**Emerging**	**Group**
2022 reported	140.2	51.6	270.7	**462.5**
Foreign currency impact	1.3	1.3	-20.5	**-17.9**
2022 adjusted	**141.5**	**52.9**	**250.2**	**444.6**
Consolidation perimeter impact	0.4	—	37.1	**37.5**
Organic movement	29.4	14.4	34.8	**78.6**
2023 reported	**171.3**	**67.3**	**322.1**	**560.7**
Organic growth (%)	**20.8%**	**27.2%**	**13.9%**	**17.7%**

	Half Year 2023			
Comparable EBIT Margin (%)[1]	**Established**	**Developing**	**Emerging**	**Group**
2022 reported	10.1%	6.5%	13.3%	**11.0%**
Foreign currency impact	—	0.1%	0.3%	**—**
2022 adjusted	**10.2%**	**6.6%**	**13.6%**	**11.0%**
Consolidation perimeter impact	—	—	—	**0.1%**
Organic movement	0.3%	0.2%	-0.2%	**—**
2023 reported	**10.5%**	**6.8%**	**13.4%**	**11.2%**
Organic growth (%)	**30bps**	**20bps**	**-20bps**	**—**

[1] Certain differences in calculations are due to rounding.

3. Other APMs

Adjusted EBITDA

Adjusted EBITDA is calculated by adding back to operating profit the depreciation and net impairment of property, plant and equipment, the amortisation and net impairment of intangible assets, the net impairment of equity method investments, the employee share option and performance share costs and items, if any, reported in line 'Other non-cash items' of the condensed consolidated interim cash flow statement. Adjusted EBITDA is intended to provide useful information to analyse the Group's operating performance excluding the impact of operating non-cash items as defined above. The Group also uses comparable Adjusted EBITDA, which is calculated by deducting from Adjusted EBITDA the impact of: the Group's restructuring costs, the acquisition, integration and divestment-related costs, the mark-to-market valuation of the commodity hedging activity and the impact from the Russia-Ukraine conflict. Comparable Adjusted EBITDA is intended to measure the level of financial leverage of the Group by comparing comparable Adjusted EBITDA to Net debt.

Adjusted EBITDA and comparable Adjusted EBITDA are not measures of profitability and liquidity under IFRS and have limitations, some of which are as follows: Adjusted EBITDA and comparable Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDA and comparable Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and Adjusted EBITDA and comparable Adjusted EBITDA do not reflect any cash requirements for such replacements. Because of these limitations, Adjusted EBITDA and comparable Adjusted EBITDA should not be considered as measures of discretionary cash available to us and should be used only as supplementary APMs.

Definitions and reconciliations of Alternative Performance Measures ('APMs') (continued)

Free cash flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchases of property, plant and equipment net of proceeds from sales of property, plant and equipment and including principal repayments of lease obligations. Free cash flow is intended to measure the cash generation from the Group's business, based on operating activities, including the efficient use of working capital and taking into account its net payments for purchases of property, plant and equipment. The Group considers the purchase and disposal of property, plant and equipment as ultimately non-discretionary since ongoing investment in plant, machinery, technology and marketing equipment, including coolers, is required to support the day-to-day operations and the Group's growth prospects. The Group presents free cash flow because it believes the measure assists users of the financial statements in understanding the Group's cash generating performance as well as availability for interest payment, dividend distribution and own retention. The free cash flow measure is used by management for its own planning and reporting purposes since it provides information on operating cash flows, working capital changes and net capital expenditure that local managers are most directly able to influence.

Free cash flow is not a measure of cash generation under IFRS and has limitations, some of which are as follows: free cash flow does not represent the Group's residual cash flow available for discretionary expenditures since the Group has debt payment obligations that are not deducted from the measure; free cash flow does not deduct cash flows used by the Group in other investing and financing activities; and free cash flow does not deduct certain items settled in cash. Other companies in the industry in which the Group operates may calculate free cash flow differently, limiting its usefulness as a comparative measure.

Capital expenditure

Capital expenditure is defined as payments for purchases of property, plant and equipment plus principal repayments of lease obligations less proceeds from sale of property, plant and equipment. The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash.

The following table illustrates how Adjusted EBITDA, free cash flow and capital expenditure are calculated:

	Half-year 2023 € million	Half-year 2022 € million
Operating profit (EBIT)	**557.3**	**275.7**
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**197.8**	317.2
Amortisation and impairment of intangible assets	**0.7**	14.4
Employee performance shares	**9.8**	3.7
Impairment of equity method investments	**—**	52.8
Adjusted EBITDA	**765.6**	**663.8**
Share of results of integral equity method investments	**(4.1)**	(24.4)
(Gain) / Loss on disposals of non-current assets	**(2.3)**	2.2
Cash consumed from working capital movements	**(169.1)**	(45.6)
Tax paid	**(94.7)**	(63.4)
Net cash from operating activities	**495.4**	**532.6**
Payments for purchases of property, plant and equipment [1]	**(213.8)**	(172.1)
Principal repayments of lease obligations	**(28.6)**	(29.5)
Proceeds from sales of property, plant and equipment	**3.6**	1.9
Capital expenditure	**(238.8)**	**(199.7)**
Free cash flow	**256.6**	**332.9**

[1] Payments for purchases of property, plant and equipment for the first half of 2023 include €6.6 million (first half of 2022: €3.5 million) relating to repayment of borrowings undertaken to finance the purchase of production equipment by the Group's subsidiary in Nigeria, classified as 'Repayments of borrowings' in the condensed consolidated interim cash flow statement.

Definitions and reconciliations of Alternative Performance Measures ('APMs') (continued)

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as current borrowings plus non-current borrowings less cash and cash equivalents and financial assets (time deposits, treasury bills and money market funds), as illustrated below:

	As at	
	30 June 2023	**31 December 2022**
	€ million	**€ million**
Current borrowings	**289.1**	337.0
Non-current borrowings	**3,069.4**	3,082.9
Other financial assets	**(514.2)**	(1,026.7)
Cash and cash equivalents	**(1,064.9)**	(719.9)
Net debt	**1,779.4**	**1,673.3**

Principal risks and uncertainties

The Company faces a number of risks and uncertainties that may have an adverse effect on its operations, performance and future prospects and has a robust risk management programme to assess these and evaluate strategies to manage them.

General macroeconomic conditions particularly continuing high inflation and higher interest rates provided a difficult operating environment in the first half of 2023, although the more pessimistic conditions that many analysts were predicting did not eventuate. We saw some easing in projected increases in input costs including some key ingredients. We remain cautiously optimistic although we predict ongoing volatility in the shorter term. Foreign exchange rates and currency availability, particularly relating to Nigeria and Egypt remain problematic and are expected to continue to have an impact on our business although we do see encouraging signs from announced changes in economic policies of those governments.

The conflict between Russia and Ukraine continues to affect our business in those countries with some continuing impact on our supply chain. There does not appear to be any real prospect for resolution in the short term and our focus remains the health and safety of our people and the long-term viability of our business. The geopolitical environment in which we operate will remain challenging in the medium term.

Sustainability related risks particularly related to water, packaging and managing our carbon footprint, remain significant long-term risks with the business involved in a number of initiatives to enhance even further our sustainability standings. We took additional steps to strengthen our assessment of the long-term impact of climate change on our revenue, operating costs and capital investment requirements to respond effectively.

In the first half of 2023, we added the impact of artificial intelligence ('AI') to our list of emerging risks and opportunities. We conducted an analysis of the benefits of AI but also made progress on the important governance and policy aspects of reducing the potential risks associated with rapid adoption of AI technology.

In addition to the risks and uncertainties referred to above, the principal risks and uncertainties that the Company expects to be exposed to in the second half of 2023 and the management plans to mitigate those risks are substantially the same as those outlined in our 2022 Integrated Annual Report for the year ended 31 December 2022, pages 63 to 81, a summary of which is set out below. Further information can also be found on our website.

The principal risks will be closely monitored during the second half of the year to identify material changes to the risk environment.

Our principal risks

Commodity costs

- In 2022 we saw a great deal of volatility in many of key commodities. We saw some stability returning to the markets in 2023 and, in some cases price reductions, although we saw continuing high prices of sugar.
- We expect to see some instability continue in the short to medium term. We expect climate change, and the response of suppliers of key commodities to climate change, to have an impact on commodity costs over the medium to long term.

Foreign exchange fluctuations

- We expect continuing short- to medium-term volatility in foreign exchange in key markets, particularly Nigeria and Egypt.
- Recent government economic policy announcements have given us reason to be more optimistic although it will take time for changes to have a significant impact.

Marketplace economic conditions

- We expect continuing high inflation and interest rates across our markets over the short term which may affect consumers purchasing decisions.

Geopolitical and security environment

- While the situation remains unpredictable, we do not expect a resolution of the Russia/Ukraine crisis in the short term.
- Continuing tough economic conditions in the short term will increase the risk of social discontent and political instability.
- We expect the geopolitical environment to remain volatile in the short to medium term.

Product relevance and acceptability

- There is an increasing risk of additional sugar/beverage taxes in the short term.
- Heightening concerns particularly around sustainability and the impact of climate change into the medium to longer term.
- The EU regulatory environment will increasingly focus on health and sustainability issues and new directives and regulations are likely.

Strategic stakeholder relationships

- We continue to maintain strong relationships with our key business partners and continue to focus on maintaining alignment of our strategic objectives over the long term recognising the changing global environment may impact our independent businesses differently.

Competing in the digital marketplace

- The digital marketplace continues to evolve and remains highly competitive with new and existing companies seeking to take advantage of e-commerce growth.
- We expect the continued strong growth of B2B and B2C e-commerce sales over the medium to long term.

Health and safety of our people

- We will continue to monitor and reduce health and safety risks across our markets.
- We remain optimistic that COVID-19 and influenza cases will remain manageable over the short term but we remain vigilant and ready to reintroduce pandemic protocols if required.

Suppliers and sustainable sourcing

- We expect continuing volatility in the short-to-medium term as a result of macroeconomic and geopolitical conditions and continuing supply-demand imbalances.
- Over the longer term we expect climate change and our suppliers' response to climate change to affect the cost of ingredients.

Our principal risks (continued)

Cyber incidents

- The number and sophistication of cyber incidents is expected to increase in the short to medium term. Stakeholder concerns about data privacy and expectations to protect privacy will continue to increase.
- Government agencies will continue to improve their capabilities to investigate and respond to cybercrime. We continue to enhance our cyber security infrastructure and processes.

People retention

- We continue to see challenges in the attractiveness of consumer-packaged goods companies as an employer of choice.
- Talent retention will be an ongoing challenge over the short to medium term as adjustments are made to new ways of working. We maintain high levels of retention and engagement.

Ethics and compliance

- Continuing and new economic and other sanctions imposed by many countries against Russia and Belarus increased the risk of inadvertent non-compliance. We have strengthened awareness and compliance programmes to mitigate this risk.
- We continue to focus on reducing the risk of fraud against the Company, and non-compliance with anti-bribery and corruption standards with an emphasis on training and awareness as well as maintaining a strong compliance framework.

Cost and availability of sustainable packaging

- We continue to see heightened stakeholder concerns around packaging and increased regulation across the EU.
- Significant changes to our packaging mix could have a major impact on our business strategy, longer-term capital investment in production and distribution, and our ability to meet our NetZeroby40 commitments.

Water availability and usage

- We expect that water stress in our water priority locations will continue to increase over the medium to long term as a result of climate change. The extent of that increase will depend both on our actions and on the global response to climate change.
- We expect that regulatory pressure will increase over the medium term and that will flow through to additional operating costs associated with water. These additional costs have been estimated in our water risk assessment that is updated annually.

Managing our carbon footprint

- We will continue to see heightened stakeholder concerns and increased regulation to drive reductions in carbon emissions and expect to see the price of carbon increase significantly over the next 20 years, as pressure is applied to all companies to reduce their carbon footprint.
- We have committed to NetZeroby40 and currently undertaking a range of initiatives to meet that commitment, including ongoing capital expenditure on carbon reduction initiatives.

Related party transactions

Related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial positions or the performance of Coca-Cola HBC during the period, as well as any changes in the related party transactions as described in the 2022 Integrated Annual Report that could have a material effect on the financial positions or performance of the Group in the first six months of the current financial year, are described in section 'Condensed consolidated interim financial statements for the six months ended 30 June 2023', note 14 'Related party transactions'.

Going concern statement

As part of the consideration of whether to adopt the going concern basis in preparing the interim report and financial statements, management has considered the Group's financial performance in the period, the expected renewal of the bottlers' agreements with The Coca-Cola Company beyond 31 December 2023, as well as its 2022 quantitative viability exercise, including the performance of various stress tests, which confirms the Group's ability to generate cash in the year ending 31 December 2023 and beyond. Management has also considered the events involving Ukraine and Russia and no impact has been identified on the Group's ability to continue as a going concern.

Management has also considered the Group's strong balance sheet and liquidity position, its leading market shares and largely variable cost base, together with the unique portfolio of brands and resilient and talented people, which it believes will allow the Group to fully overcome the challenges posed by the volatile geopolitical and macroeconomic environment.

Accordingly, and having also considered the principal risks, the Directors continue to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements and have not identified any material uncertainties to the Group's ability to continue trading as a going concern over a period of at least twelve months from the date of approval of these condensed consolidated interim financial statements.

Responsibility statement

The Directors of the Company, whose names are set out below, confirm that to the best of their knowledge:

(a) the condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board (IASB) and IAS 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) and give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation as a whole for the period ended 30 June 2023 as required by the Disclosure Guidance and Transparency Rules sourcebook of the UK FCA ("DTR") 4.2.4R; and

(b) the interim management report includes a fair review of the information required by:

- DTR 4.2.7R of the DTRs, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- DTR 4.2.8 R of the DTRs, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period, and any changes in the related party transactions described in the 2022 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries for the year ended 31 December 2022, that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Name	**Title**
Anastassis G. David	Non-Executive Chairman
Zoran Bogdanovic	Chief Executive Officer
Anastasios I. Leventis	Non-Executive Director
Henrique Braun	Non-Executive Director
Christo Leventis	Non-Executive Director
Evguenia Stoichkova	Non-Executive Director
George Leventis	Non-Executive Director
Reto Francioni	Senior Independent Non-Executive Director
Charlotte J. Boyle	Independent Non-Executive Director
Anna Diamantopoulou	Independent Non-Executive Director
William W. (Bill) Douglas III	Independent Non-Executive Director
Olusola (Sola) David-Borha	Independent Non-Executive Director
Alexandra Papalexopoulou	Independent Non-Executive Director

Signed on behalf of the Board
Zoran Bogdanovic
Chief Executive Officer

9 August 2023

Independent review report to Coca-Cola HBC AG

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements (the “interim financial statements”) in the Half-yearly financial report of Coca-Cola HBC AG (the “Company”) for the six months ended 30 June 2023 (the “Half-yearly financial report”).

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 30 June 2023;
- the condensed consolidated interim income statement for the six month period then ended;
- the condensed consolidated interim statement of comprehensive income for the six month period then ended;
- the condensed consolidated interim statement of changes in equity for the six month period then ended;
- the condensed consolidated interim cash flow statement for the six month period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-yearly financial report have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half-yearly financial report, including the interim financial statements, the directors are responsible for assessing the group'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 the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half-yearly financial report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Fotis Smyrnis
Certified Accountant Auditor (SOEL Reg. No. 52861)
For and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors (SOEL Reg. No. 113)
9 August 2023
Athens, Greece

Notes:

(a) The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom, Greece and Switzerland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed consolidated interim financial statements for the six months ended 30 June 2023

Condensed consolidated interim income statement

		Six months ended	
		30 June 2023	1 July 2022
	Note	**€ million**	€ million
Net sales revenue	3	**5,021.5**	4,209.9
Cost of goods sold		**(3,259.9)**	(2,759.7)
Gross profit		**1,761.6**	**1,450.2**
Operating expenses (excluding exceptional items related to Russia-Ukraine conflict)		**(1,208.4)**	(1,015.3)
Exceptional items related to Russia-Ukraine conflict		**—**	(183.6)
Operating expenses		**(1,208.4)**	**(1,198.9)**
Share of results of integral equity method investments		**4.1**	24.4
Operating profit	3	**557.3**	**275.7**
Finance costs, net	5	**(31.4)**	(42.7)
Share of results of non-integral equity method investments		**1.7**	1.4
Profit before tax		**527.6**	**234.4**
Tax	6	**(142.5)**	(82.0)
Profit after tax		**385.1**	**152.4**
Attributable to:			
Owners of the parent		**385.7**	152.9
Non-controlling interests		**(0.6)**	(0.5)
		385.1	**152.4**
Basic and diluted earnings per share (€)	7	**1.05**	0.42

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statement of comprehensive income

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Profit after tax	**385.1**	**152.4**
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	**(2.7)**	(0.3)
Net gain on cash flow hedges	**18.4**	24.5
Foreign currency translation	**(393.0)**	135.9
Share of other comprehensive income of equity method investments	**(7.8)**	44.3
Income tax relating to items that may be subsequently reclassified to income statement	**(2.5)**	(3.9)
	(387.6)	**200.5**
Items that will not be subsequently reclassified to income statement:		
Valuation gain / (loss) on equity investments at fair value through other comprehensive income	**0.4**	(0.1)
Actuarial gains	**3.3**	39.2
Income tax relating to items that will not be subsequently reclassified to income statement	**(0.8)**	(1.1)
	2.9	**38.0**
Other comprehensive (loss) / income for the period, net of tax	**(384.7)**	**238.5**
Total comprehensive income for the period	**0.4**	**390.9**
Total comprehensive income attributable to:		
Owners of the parent	**5.1**	393.6
Non-controlling interests	**(4.7)**	(2.7)
	0.4	**390.9**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim balance sheet

		As at	
		30 June 2023	31 December 2022
	Note	**€ million**	€ million
Assets			
Intangible assets	8	**2,462.4**	2,542.5
Property, plant and equipment	8	**2,976.6**	3,266.3
Other non-current assets		**346.8**	330.7
Total non-current assets		**5,785.8**	**6,139.5**
Inventories		**953.4**	770.0
Trade, other receivables and assets		**1,528.5**	1,162.4
Other financial assets	10	**643.5**	1,063.8
Cash and cash equivalents	10	**1,064.9**	719.9
		4,190.3	**3,716.1**
Assets classified as held for sale		**0.1**	0.1
Total current assets		**4,190.4**	**3,716.2**
Total assets		**9,976.2**	**9,855.7**
Liabilities			
Borrowings	10	**289.1**	337.0
Other current liabilities		**3,165.7**	2,669.7
Total current liabilities		**3,454.8**	**3,006.7**
Borrowings	10	**3,069.4**	3,082.9
Other non-current liabilities		**351.1**	380.5
Total non-current liabilities		**3,420.5**	**3,463.4**
Total liabilities		**6,875.3**	**6,470.1**
Equity			
Owners of the parent		**3,005.0**	3,282.3
Non-controlling interests		**95.9**	103.3
Total equity		**3,100.9**	**3,385.6**
Total equity and liabilities		**9,976.2**	**9,855.7**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statement of changes in equity

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2022	**2,022.3**	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,154.0)**	**310.2**	**5,457.4**	**3,114.5**	**2.6**	**3,117.1**
Shares issued to employees exercising stock options (note 11)	0.1	0.1	—	—	—	—	—	**0.2**	—	**0.2**
Share-based compensation: Performance shares	—	—	—	—	—	3.9	—	**3.9**	—	**3.9**
Appropriation of reserves	—	—	—	15.4	—	(22.4)	7.0	**—**	—	**—**
Non-controlling interests on business combinations	—	—	—	—	—	—	—	**—**	170.7	**170.7**
Purchase of shares held by non-controlling interests	—	—	—	—	—	—	42.6	**42.6**	(151.5)	**(108.9)**
Dividends (note 13)	—	(262.6)	—	—	—	—	2.4	**(260.2)**	(0.1)	**(260.3)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of tax[(1)]	—	—	—	—	—	(18.9)	—	**(18.9)**	—	**(18.9)**
	2,022.4	**2,834.8**	**(6,472.1)**	**(131.2)**	**(1,154.0)**	**272.8**	**5,509.4**	**2,882.1**	**21.7**	**2,903.8**
Profit for the period, net of tax	—	—	—	—	—	—	152.9	**152.9**	(0.5)	**152.4**
Other comprehensive income for the period, net of tax	—	—	—	—	181.0	21.6	38.1	**240.7**	(2.2)	**238.5**
Total comprehensive income for the period, net of tax[(2)]	—	—	—	—	181.0	21.6	191.0	**393.6**	(2.7)	**390.9**
Balance as at 1 July 2022	**2,022.4**	**2,834.8**	**(6,472.1)**	**(131.2)**	**(973.0)**	**294.4**	**5,700.4**	**3,275.7**	**19.0**	**3,294.7**
Shares issued to employees exercising stock options (note 11)	1.9	2.6	—	—	—	—	—	**4.5**	—	**4.5**
Share-based compensation: Performance shares	—	—	—	—	—	12.7	—	**12.7**	—	**12.7**
Movement in shares held for equity compensation plan	—	—	—	—	—	1.2	—	**1.2**	—	**1.2**
Appropriation of reserves	—	—	—	—	—	1.3	(1.3)	**—**	—	**—**
Non-controlling interests on business combinations	—	—	—	—	—	—	—	**—**	88.9	**88.9**
Purchase of shares held by non-controlling interests	—	—	—	—	—	—	(1.7)	**(1.7)**	1.7	—
Dividends (note 13)	—	—	—	—	—	—	—	**—**	(0.2)	**(0.2)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of tax	—	—	—	—	—	(22.6)	—	**(22.6)**	—	**(22.6)**
	2,024.3	**2,837.4**	**(6,472.1)**	**(131.2)**	**(973.0)**	**287.0**	**5,697.4**	**3,269.8**	**109.4**	**3,379.2**
Profit for the period, net of tax	—	—	—	—	—	—	262.5	**262.5**	0.7	**263.2**
Other comprehensive loss for the period, net of tax	—	—	—	—	(245.2)	5.5	(10.3)	**(250.0)**	(6.8)	**(256.8)**
Total comprehensive income for the period, net of tax	—	—	—	—	(245.2)	5.5	252.2	**12.5**	(6.1)	**6.4**
Balance as at 31 December 2022	**2,024.3**	**2,837.4**	**(6,472.1)**	**(131.2)**	**(1,218.2)**	**292.5**	**5,949.6**	**3,282.3**	**103.3**	**3,385.6**

[(1)] *The amount included in other reserves of €18.9 million gain for the first half of 2022 represents the cash flow hedge reserve, including cost of hedging, transferred to inventories of €23.6 million gain, and the deferred tax expense thereof amounting to €4.7 million.*

[(2)] *The amount included in the exchange equalisation reserve of €181.0 million gain for the first half of 2022 represents the exchange gain attributed to the owners of the parent, primarily related to the Russian Rouble and the Nigerian Naira, partially offset by the loss related to the Egyptian Pound, including €42.9 million gain relating to the share of other comprehensive income of equity method investments.*
The amount of other comprehensive income net of tax included in other reserves of €21.6 million gain for the first half of 2022 consists of cash flow hedges gain of €24.2 million, share of other comprehensive income of equity method investments of €1.4 million gain, valuation losses of €0.1 million on equity investments at fair value through other comprehensive income, and the deferred tax expense thereof amounting to €3.9 million.
The amount of €191.0 million gain attributable to owners of the parent comprises profit for the period, net of tax of €152.9 million, actuarial gains of €39.2 million and the deferred tax expense thereof amounting to €1.1 million.
The amount of €2.7 million losses included in non-controlling interests for the first half of 2022, represents the exchange loss attributed to the non-controlling interests of €2.2 million, and the share of non-controlling interests in profit for the year, net of tax of €0.5 million loss.

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Condensed consolidated interim statement of changes in equity

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2023	**2,024.3**	**2,837.4**	**(6,472.1)**	**(131.2)**	**(1,218.2)**	**292.5**	**5,949.6**	**3,282.3**	**103.3**	**3,385.6**
Shares issued to employees exercising stock options (note 11)	4.2	5.8	—	—	—	—	—	**10.0**	—	**10.0**
Share based compensation: Performance shares	—	—	—	—	—	9.8	—	**9.8**	—	**9.8**
Appropriation of reserves	—	—	—	29.7	—	(29.0)	(0.7)	—	—	**—**
Purchase of share held by non-controlling interests	—	—	—	—	—	—	(9.9)	**(9.9)**	(2.7)	**(12.6)**
Dividends (note 13)	—	(289.9)	—	—	—	—	2.7	**(287.2)**	—	**(287.2)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of tax[3]	—	—	—	—	—	(5.1)	—	**(5.1)**	—	**(5.1)**
	2,028.5	**2,553.3**	**(6,472.1)**	**(101.5)**	**(1,218.2)**	**268.2**	**5,941.7**	**2,999.9**	**100.6**	**3,100.5**
Profit for the period net of tax	—	—	—	—	—	—	385.7	**385.7**	(0.6)	**385.1**
Other comprehensive income for the period, net of tax	—	—	—	—	(396.8)	13.6	2.6	**(380.6)**	(4.1)	**(384.7)**
Total comprehensive income for the period, net of tax[4]	—	—	—	—	(396.8)	13.6	388.3	**5.1**	(4.7)	**0.4**
Balance as at 30 June 2023	**2,028.5**	**2,553.3**	**(6,472.1)**	**(101.5)**	**(1,615.0)**	**281.8**	**6,330.0**	**3,005.0**	**95.9**	**3,100.9**

[3] *The amount included in other reserves of €5.1 million gain for the first half of 2023 represents the cash flow hedge reserve, including cost of hedging, transferred to inventories of €5.7 million gain, and the deferred tax expense thereof amounting to €0.6 million.*

[4] *The amount included in the exchange equalisation reserve of €396.8 million loss for the first half of 2023 represents the exchange loss attributed to the owners of the parent, primarily related to the Nigerian Naira, the Russian Rouble and the Egyptian Pound, including €7.9 million loss relating to the share of other comprehensive income of equity method investments.*

The amount of other comprehensive income net of tax included in other reserves of €13.6 million gain for the first half of 2023 consists of cash flow hedges gain of €15.7 million, share of other comprehensive income of equity method investments of €0.1 million gain, valuation gain of €0.4 million on equity investments at fair value through other comprehensive income, and the deferred tax expense thereof amounting to €2.6 million.

The amount of €388.3 million gain attributable to owners of the parent comprises profit for the period, net of tax of €385.7 million, actuarial gains of €3.3 million and the deferred tax expense thereof amounting to €0.7 million.

The amount of €4.7 million losses included in non-controlling interests for the first half of 2023, represents the exchange loss attributed to the non-controlling interests of €4.1 million, and the share of non-controlling interests in profit for the period, net of tax of €0.6 million loss.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim cash flow statement

	Note	Six months ended 30 June 2023 € million	Six months ended 1 July 2022 € million
Operating activities			
Profit after tax for the period		**385.1**	152.4
Finance costs, net	5	**31.4**	42.7
Share of results of non-integral equity method investments		**(1.7)**	(1.4)
Tax charged to the income statement		**142.5**	82.0
Depreciation and impairment of property, plant and equipment, including right-of-use assets	8	**197.8**	317.2
Employee performance shares		**9.8**	3.7
Amortisation and impairment of intangible assets	8	**0.7**	14.4
Impairment of equity method investments		**—**	52.8
		765.6	663.8
Share of results of integral equity method investments		**(4.1)**	(24.4)
(Gain) / Loss on disposals of non-current assets		**(2.3)**	2.2
Increase in inventories		**(272.5)**	(244.7)
Increase in trade and other receivables		**(543.9)**	(349.6)
Increase in trade and other payables		**647.3**	548.7
Tax paid		**(94.7)**	(63.4)
Net cash inflow from operating activities		**495.4**	**532.6**
Investing activities			
Payments for purchases of property, plant and equipment		**(207.2)**	(168.6)
Proceeds from sales of property, plant and equipment		**3.6**	1.9
Payments related to acquisition of non-integral equity method investments		**—**	(6.5)
Payments for investments in financial assets at fair value through other comprehensive income		**(4.8)**	—
Net proceeds from / (payments for) investments in financial assets at amortised cost		**517.7**	(249.0)
Net proceeds from investments in financial assets at fair value through profit or loss		**—**	638.4
Net receipts from integral equity method investments	14	**1.5**	2.0
Net receipts from non-integral equity method investments	14	**7.0**	0.6
Loans to related parties		**(1.0)**	(0.4)
Repayments of loans to related parties		**0.5**	—
Interest received		**13.8**	1.3
Payments for business combinations, net of cash acquired		**—**	(249.0)
Net cash inflow / (outflow) from investing activities		**331.1**	**(29.3)**
Financing activities			
Proceeds from shares issued to employees, exercising stock options	11	**10.0**	0.2
Payments for shares held by non-controlling interests		**(12.6)**	(108.9)
Proceeds from borrowings		**39.6**	346.9
Repayments of borrowings		**(47.2)**	(202.9)
Principal repayments of lease obligations		**(28.6)**	(29.5)
Payments for settlement of derivatives regarding financing activities		**(3.1)**	(1.4)
Interest paid		**(31.1)**	(27.5)
Dividends paid to non-controlling interests		**—**	(0.1)
Dividends paid to owners of the parent		**(287.2)**	—
Net cash outflow from financing activities		**(360.2)**	**(23.2)**
Net increase in cash and cash equivalents		**466.3**	**480.1**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**719.9**	782.8
Net increase in cash and cash equivalents		**466.3**	480.1
Effect of changes in exchange rates		**(121.3)**	65.4
Cash and cash equivalents at the end of the period		**1,064.9**	**1,328.3**

The accompanying notes form an integral part of these condensed consolidated interim financial statements

1. Basis of preparation and accounting policies

Basis of preparation

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', as adopted by the European Union ('EU'), and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. These condensed consolidated interim financial statements are unaudited, but have been reviewed by the auditors and their review opinion is included before these condensed consolidated interim financial statements.

As part of the consideration of whether to adopt the going concern basis in preparing the interim report and financial statements, management has considered the Group's financial performance in the period, the expected renewal of the bottlers' agreements with The Coca-Cola Company beyond 31 December 2023, as well as its 2022 quantitative viability exercise, including the performance of various stress tests, which confirms the Group's ability to generate cash in 12 months from the date of approval of the condensed consolidated interim financial statements and beyond. Management has also considered the events involving Ukraine and Russia and no impact has been identified on the Group's ability to continue as a going concern. Therefore, it is deemed appropriate that the Group continues to adopt the going concern basis of accounting for the preparation of the condensed consolidated interim financial statements.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2022 annual financial statements, except for the adoption of applicable amendments to accounting standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amended standards adopted by the Group

The below standards and amendments to the standards became applicable as of 1 January 2023 and were adopted by the Group. The adoption of these amendments did not have a significant impact on the Group's condensed consolidated interim financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies: These amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Amendments to IAS 8 - Definition of Accounting Estimates: These amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: These amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

IFRS 17 – Insurance Contracts: In May 2017, the IASB issued IFRS 17 'Insurance Contracts', a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 'Insurance Contracts' that was issued in 2005. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and

1. Basis of preparation and accounting policies (continued)

financial instruments with discretionary participation features, while a few scope exceptions apply. Targeted amendments made in July 2020 aimed to ease the implementation of the standard and deferred the application date of IFRS 17 to 1 January 2023, while further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17.

2. Foreign currency and translation

The Group's reporting currency is the Euro (€). Coca-Cola HBC translates the income statements of foreign operations to the Euro at average exchange rates and the balance sheets at the closing exchange rates at each balance sheet date. The principal exchange rates used for translation purposes in respect of one Euro are:

	Average rate for the six months ended		**Closing rate as at**	
	30 June 2023	1 July 2022	**30 June 2023**	31 December 2022
US Dollar	**1.08**	1.09	**1.09**	1.06
UK Sterling	**0.88**	0.84	**0.86**	0.88
Polish Zloty	**4.63**	4.63	**4.48**	4.69
Nigerian Naira	**522.47**	456.20	**820.86**	493.61
Hungarian Forint	**380.72**	374.20	**371.18**	401.54
Swiss Franc	**0.99**	1.03	**0.98**	0.99
Russian Rouble	**83.44**	85.44	**97.12**	79.23
Romanian Leu	**4.93**	4.94	**4.96**	4.94
Ukrainian Hryvnia	**39.53**	31.72	**40.00**	38.94
Czech Koruna	**23.68**	24.63	**23.68**	24.21
Serbian Dinar	**117.31**	117.60	**117.26**	117.30
Egyptian Pound	**32.87**	18.87	**33.70**	26.35

In mid-June 2023, the Nigerian Central Bank stopped intervening heavily in the interbank foreign exchange market, allowing the Nigerian Naira to float more freely. The Group monitors the situation in Nigeria in order to ensure that timely actions and initiatives are undertaken to mitigate any potential adverse impact.

3. Segmental analysis

The Group has essentially one business, being the production, sale and distribution of ready-to-drink, primarily non-alcoholic, beverages. The Group operates in 29 countries which are aggregated in reportable segments as follows:

Established markets: Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.

Developing markets: Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

Emerging markets: Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Egypt, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

3. Segmental analysis (continued)

a) Volume and net sales revenue

The Group sales volume in million unit cases[1] was as follows:

	Six months ended	
	30 June 2023	1 July 2022
Established	**306.4**	305.7
Developing	**227.3**	230.4
Emerging	**849.4**	794.1
Total volume	**1,383.1**	**1,330.2**

Net sales revenue per reportable segment for the six months ended 30 June 2023 and 1 July 2022 is presented below:

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Established	**1,628.0**	1,384.2
Developing	**985.2**	791.6
Emerging	**2,408.3**	2,034.1
Total net sales revenue	**5,021.5**	**4,209.9**

In addition to non-alcoholic ready-to-drink beverages as well as coffee ("NARTD"), the Group sells and distributes Premium Spirits. An analysis of volume and net sales revenue per product type for the six months ended 30 June 2023 and 1 July 2022 is presented below:

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Volume in million unit cases[1]		
NARTD	**1,381.4**	1,328.8
Premium spirits	**1.7**	1.4
Total volume	**1,383.1**	**1,330.2**
Net sales revenue (€ million)		
NARTD	**4,893.5**	4,109.6
Premium spirits	**128.0**	100.3
Total net sales revenue	**5,021.5**	**4,209.9**

[1] *One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For Premium Spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram. For coffee one unit case corresponds to 0.5 kilograms or 5.678 litres. Volume data is derived from unaudited operational data.*

3. Segmental analysis (continued)

b) Other income statement items

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Operating profit		
Established	**170.8**	147.4
Developing	**67.2**	56.9
Emerging	**319.3**	71.4
Total operating profit	**557.3**	**275.7**
Reconciling items		
Finance costs, net	**(31.4)**	(42.7)
Tax	**(142.5)**	(82.0)
Share of results of non-integral equity method investments	**1.7**	1.4
Non-controlling interests	**0.6**	0.5
Profit after tax attributable to owners of the parent	**385.7**	**152.9**

4. Restructuring costs

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. Restructuring mainly concerns employees' termination benefits, which are included within operating expenses. Restructuring costs per reportable segment for the six months ended 30 June 2023 and 1 July 2022 are presented below:

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Established	**—**	(5.0)
Emerging	**1.8**	11.0
Total restructuring costs	**1.8**	**6.0**

Restructuring costs incurred in connection with the Group's restructuring of its Russian operations amounted to €0.5 million for the first half of 2023 (€2.2 million for the respective prior year period).

5. Finance costs, net

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Finance income	**(20.0)**	(3.9)
Finance costs	**42.8**	41.0
Net foreign exchange losses	**8.6**	5.6
Finance costs, net	**31.4**	**42.7**

6. Tax

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Profit before tax	**527.6**	234.4
Tax	**(142.5)**	(82.0)
Effective tax rate	**27.0%**	**35.0%**

The Group's effective tax rate for 2023 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. This difference can be a consequence of a number of factors, the most significant of which are the application of statutory tax rates of the countries in which the Group operates, the non-deductibility of certain expenses, the non-taxable income and one-off tax items.

7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of shares outstanding during the period (first half of 2023: 367,509,476, first half of 2022: 366,162,423). Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from exercising employee stock options.

8. Intangible assets and property, plant and equipment

	Intangible assets € million	**Property, plant and equipment € million**
Net book value as at 1 January 2023 excluding right-of-use assets	**2,542.5**	**3,062.4**
Additions	**—**	**249.4**
Disposals	**—**	**(2.0)**
Depreciation, impairment and amortisation	**(0.7)**	**(168.0)**
Foreign currency translation	**(79.4)**	**(358.6)**
Net book value as at 30 June 2023 excluding right-of-use assets	**2,462.4**	**2,783.2**
Net book value as at 1 January 2023 of right-of-use assets		**203.9**
Net book value as at 30 June 2023 of right-of-use assets (note 12)		**193.4**
Net book value as at 30 June 2023		**2,976.6**

Impairment testing for goodwill and other indefinite-lived intangible assets

The Group performed its annual impairment testing in 2022 where the recoverable amount was higher than the carrying amount of all cash-generating units and therefore no impairment was identified. We disclosed in our 2022 integrated annual report that in the cash-generating unit of Egypt, reasonably possible changes in key assumptions of the 2022 impairment test would remove the remaining headroom. During the first half of 2023, macroeconomic factors indicated a material deterioration of the discount rate used to determine the recoverable amount of the Group's Egyptian cash-generating unit. As a result, the Group proceeded with an interim impairment test of the Egyptian cash-generating unit's recoverable amount, including goodwill. The recoverable amount was determined based on value-in-use calculations consistent with those performed in 2022, updated to consider management's revised best estimates of expected cash flow projections and a higher discount rate, reflective of the macroeconomic uncertainty in Egypt. No impairment was identified as a result of this interim impairment test.

8. Intangible assets and property, plant and equipment (continued)

Impairment testing for goodwill and other indefinite-lived intangible assets (continued)

The following table sets out the key assumptions used in the impairment assessment of the Egyptian cash-generating unit:

	June 2023	December 2022
Growth rate in perpetuity	**5.0%**	5.0%
Post-tax discount rate	**18.2%**	15.2%
Pre-tax discount rate	**21.5%**	17.8%

The recoverable amount of the Egyptian cash-generating unit calculated based on value-in-use exceeded its carrying value by €21.0 million as at 30 June 2023. Reasonably possible changes in key assumptions that would remove the remaining headroom are as follows: decrease of 80bps in growth rate in perpetuity or increase of 50bps in post-tax discount rate. The Group continues to closely monitor its Egyptian cash-generating unit in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impacts on its expected performance.

9. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk, liquidity risk and capital risk. There have been no material changes in the risk management policies since the previous year end.

As described in the 2022 Integrated Annual Report, the Group actively manages its liquidity risk. The Group maintains a healthy liquidity position and is able to meet its liabilities as they fall due. As at 30 June 2023, the Group has net debt of €1.8 billion (note 10). In addition, as at 30 June 2023, the Group has cash and cash equivalents and other financial assets of €1.6 billion (note 10), an undrawn Revolving Credit Facility of €0.8 billion, an uncommitted Money Market Loan agreement of €0.2 billion, as well as €0.85 billion available out of the €1.0 billion Commercial Paper Programme. None of the Group's debt facilities are subject to any financial covenants that would impact its liquidity or access to capital. The Group's Standard & Poor's and Moody's credit ratings as disclosed in the 2022 Integrated Annual Report were reaffirmed in May 2023, however Standard and Poor's changed the outlook from negative to stable.

The Group's financial instruments recorded at fair value are included in Level 1, Level 2 and Level 3 within the fair value hierarchy as described in the 2022 Integrated Annual Report.

The fair value of bonds and notes payable applying the clean market price, as at 30 June 2023, was €2,626.8 million compared to their book value of €2,885.3 million, as at the same date. The money market funds recorded at fair value are included in Level 1 within the fair value hierarchy. As at 30 June 2023, the fair value of the money market funds amounted to €504.2 million (€497.2 million as at 31 December 2022).

As at 30 June 2023, the total derivatives included in Level 2 were financial assets of €37.5 million and financial liabilities of €35.1 million. The Group recognises embedded derivatives whose risks and economic characteristics were not considered to be closely related to the commodity contract in which they were embedded. The valuation techniques used to determine their fair value maximised the use of observable market data. The fair value of the embedded derivatives as at 30 June 2023 amounted to a financial liability of €0.9 million and are classified within Level 2.

The Group uses derivatives to mitigate the commodity price risk related to plastics. As the valuation of these derivatives uses prices that are not observable in the market, it is classified within Level 3. The fair value of the derivatives related to plastics as at 30 June 2023 amounted to a financial asset of €0.6 million and financial liability of €4.5 million.

9. Financial risk management and financial instruments (continued)

The Group uses foreign currency derivatives to mitigate the currency risk related to Nigerian Naira. As the valuation technique of these derivatives incorporates greater use of unobservable inputs, their fair value is classified within Level 3. The fair value of these derivatives as at 30 June 2023 were financial assets of €96.0 million and financial liabilities of €41.8 million.

There were no transfers between Levels 1, 2 and 3 during the six months ended 30 June 2023.

10. Net debt

	As at	
	30 June 2023	31 December 2022
	€ million	€ million
Current borrowings	**289.1**	337.0
Non-current borrowings	**3,069.4**	3,082.9
Less: Cash and cash equivalents	**(1,064.9)**	(719.9)
- Financial assets at amortised cost	(10.0)	(529.5)
- Financial assets at fair value through profit or loss	(504.2)	(497.2)
Less: Other financial assets	**(514.2)**	(1,026.7)
Net debt	**1,779.4**	**1,673.3**

In September 2022 the Group completed the issue of a €500 million Euro-denominated fixed rate Green bond maturing in September 2025 with a coupon rate of 2.75%.

In December 2019 the Group established a loan facility of US Dollar 85.0 million to finance the purchase of production equipment by the Group's subsidiary in Nigeria. The facility has been drawn down by Nigerian Bottling Company Ltd ('NBC') over the course of 2020 and 2021 maturing in 2027, as disclosed in the 2022 Integrated Annual Report. The obligations under this facility are guaranteed by Coca-Cola HBC AG. As at 30 June 2023, the outstanding liability amounted to €51.9 million (€59.3 million as at 31 December 2022).

Cash and cash equivalents include an amount of €92.0 million equivalent in Nigerian Naira as at 30 June 2023. This includes an amount of €6.4 million equivalent in Nigerian Naira, which relates to the outstanding balance held for the repayment of NBC's former minority shareholders, following the 2011 acquisition of non-controlling interests.

As a result of sanctions and other regulations implemented in 2022, there have been changes in required regulatory approvals, potentially impacting the transfer and usage of cash outside of Russia. Cash and cash equivalents held by the Group's operations in Russia (including Multon) amounted to €249.8 million equivalent in Russian Rouble, US Dollar and Euro as at 30 June 2023. The aforementioned changes restrict the usage of cash held in Russia outside the country, however they are not expected to have a material impact on the Group's liquidity, as the cash and cash equivalents held in Russia are expected to be used in the forthcoming financial periods primarily for working capital purposes by the Russian operations.

The financial assets at amortised cost comprise of time deposits amounting to €10.0 million (31 December 2022: €529.5 million). The financial assets at fair value through profit or loss are related to money market funds. Included in 'Other financial assets' of the condensed consolidated interim balance sheet are derivative financial instruments of €127.5 million (31 December 2022: €35.3 million) and related party loans receivable of €1.8 million (31 December 2022: €1.8 million).

11. Share capital, share premium and treasury shares

	Number of shares (authorised and issued)	Share capital € million	Share premium € million
Balance as at 1 January 2022	**371,795,418**	**2,022.3**	**3,097.3**
Shares issued to employees exercising stock options	290,677	2.0	2.7
Dividends (note 13)	—	—	(262.6)
Balance as at 31 December 2022	**372,086,095**	**2,024.3**	**2,837.4**
Shares issued to employees exercising stock options	630,514	4.2	5.8
Dividends (note 13)	—	—	(289.9)
Balance as at 30 June 2023	**372,716,609**	**2,028.5**	**2,553.3**

In 2022, the share capital of Coca-Cola HBC was increased by the issuance of 290,677 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €4.7 million.

For the six months ended 30 June 2023, the share capital of Coca-Cola HBC was increased by the issuance of 630,514 new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €10.0 million.

An amount of €29.7 million in the first half of 2023 (first half of 2022: €15.4 million) relates to treasury shares provided to employees in connection with vested performance share awards under the Company's employee incentive scheme, which was reflected as an appropriation of reserves between 'Treasury shares' and 'Other reserves' in the condensed consolidated interim statement of changes in equity.

Following the above changes, on 30 June 2023 the share capital of the Group amounted to €2,028.5 million and comprised 372,716,609 shares with a nominal value of CHF 6.70 each.

12. Leases

The leases which are recorded on the consolidated interim balance sheet are principally in respect of vehicles and buildings. The Group's right-of-use assets and lease liability are presented below:

	30 June 2023 **€ million**	31 December 2022 € million
Land and buildings	97.9	82.7
Plant and equipment	95.5	121.2
Total right-of-use assets (note 8)	**193.4**	**203.9**
Current lease liabilities	52.1	53.9
Non-current lease liabilities	143.8	152.1
Total lease liabilities	**195.9**	**206.0**

13. Dividends

On 21 June 2022, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved a dividend distribution of 0.71 euro per share. The total dividend amounted to €262.6 million and was paid on 2 August 2022. Of this an amount of €2.4 million related to shares held by the Group.

The shareholders of Coca-Cola HBC AG approved a dividend distribution of 0.78 euro per share at the Annual General Meeting held on 17 May 2023. The total dividend amounted to 289.9 million and was paid on 19 June 2023. Of this an amount of €2.7 million related to shares held by the Group.

14. Related party transactions

a) The Coca-Cola Company

As at 30 June 2023, TCCC and its subsidiaries indirectly owned 21.0% (31 December 2022: 21.0%) of the issued share capital of Coca-Cola HBC. The below table summarises transactions with TCCC and its subsidiaries:

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Purchases of concentrate, finished products and other items	**978.5**	963.2
Net contributions received for marketing and promotional incentives	**57.3**	52.6
Sales of finished goods and raw materials	**2.6**	2.0
Other income	**1.9**	2.0
Other expenses	**1.8**	2.2

As at 30 June 2023, the Group was owed €58.5 million (€45.3 million as at 31 December 2022) by TCCC and owed €362.1 million (€226.9 million as at 31 December 2022) to TCCC.

b) Frigoglass S.A. ("Frigoglass"), Kar-Tess Holding and AG Leventis (Nigeria) Ltd.

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. Truad Verwaltungs AG currently indirectly owns 99.3% (31 December 2022: 99.3%) of AG Leventis (Nigeria) Ltd and also indirectly controls Kar-Tess Holding, which holds approximately 22.9% (31 December 2022: 23.0%) of Coca-Cola HBC's total issued capital. As at 31 December 2022, Truad Verwaltungs AG also indirectly owned 48.4% of Frigoglass. In April 2023, Frigoglass restructured its debt which resulted in changes to its ownership structure. The restructured Frigoglass Group no longer meets the definition of related party as per IAS 24 'Related party disclosures' for Coca-Cola HBC AG. Accordingly, transactions with Frigoglass and its subsidiaries[1] up to April 2023 and the six months ended 1 July 2022 are presented below:

	Four months ended	Six months ended
	28 April 2023	1 July 2022
	€ million	€ million
Purchases of coolers and other equipment, raw and other materials	**24.4**	71.7
Maintenance, rent and other expenses	**10.0**	15.6

During the six months ended 30 June 2023, the Group incurred other expenses of €7.1 million (€1.9 million of other purchases in the respective prior-year period) from AG Leventis (Nigeria) Ltd. As at 30 June 2023, Coca-Cola HBC owed €2.0 million (€2.7 million as at 31 December 2022) and had a lease liability of €2.0 million to AG Leventis (Nigeria) Ltd. (€4.2million as at 31 December 2022).

[1]Transactions and balances with Frigoglass Industries (Nigeria) Limited, an associate of the Group, for the six months ended 30 June 2023 and as at 30 June 2023 respectively, are included under 'Other related parties' section.

c) Other related parties

During the six months ended 30 June 2023, the Group incurred other expenses of €9.9 million (€7.6 million in the respective prior-year period) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment, as well as subsequent expenditure for fixed assets of €1.5 million (€1.2 million in the respective prior-year period) from other related parties. In addition, during the six months ended 30 June 2023, the Group purchased coolers and other equipment, as well as inventory of €25.4 million (€1.3 million of inventory in the respective prior year period) from other related parties.

14. Related party transactions (continued)

c) Other related parties (continued)

We disclosed in our 2022 Integrated Annual Report that Frigoglass Industries (Nigeria) Limited, an associate in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, was guarantor under the amended banking facilities and notes issued by the Frigoglass Group. This guarantee expired in April 2023 as part of the restructuring of Frigoglass Group. However, Frigoglass Industries (Nigeria) Limited is a guarantor for the new senior secured notes issued in 2023 by the restructured Frigoglass Group. The Group has no direct exposure arising from this guarantee arrangement, but the Group's investment in this associate, which stood at €12.8 million as at 30 June 2023 (31 December 2022: €21.1 million), would be at potential risk if there was a default under the terms of the senior secured notes and the restructured Frigoglass Group (including the guarantor) were unable to meet their obligations thereunder. Capital commitments to Frigoglass Industries (Nigeria) Limited amounted to €0.2 million as at 30 June 2023 (€4.5 million as at 31 December 2022).

During the six months ended 30 June 2023, the Group received dividends of €7.0 million from other related parties (€0.6 million in the respective prior year period), which are included in line `Receipts from non-integral equity method investments' of the condensed consolidated interim cash flow statement.

As at 30 June 2023, the Group owed €12.9 million (€3.7 million as at 31 December 2022) to and was owed €1.1 million, including loans receivable of €1.0 million (€1.5 million dividends receivable as at 31 December 2022) from other related parties.

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended	
	30 June 2023	1 July 2022
	€ million	€ million
Purchases of inventories	**11.6**	6.5
Sales of finished goods and raw materials	**3.8**	6.2
Other income	**5.6**	7.5
Other expenses	**4.3**	10.3

During the six months ended 30 June 2023, the Group received dividends of €1.5 million from integral joint ventures (€2.0 million in the respective prior year period), which are included in line `Receipts from integral equity method investments' of the condensed consolidated interim cash flow statement.

As at 30 June 2023, the Group owed €9.3 million including loans payable of €2.6 million (€4.4 million as at 31 December 2022 including loans payable of €nil) to and was owed €18.6 million including loans receivable of €3.8 million and dividend receivable of €7.8 million (€9.6 million as at 31 December 2022 including loans receivable of €4.3 million and dividend receivable of €nil) from joint ventures.

e) Directors

Evguenia Stoichkova and George Leventis have been elected to the Board of Coca-Cola HBC, following a proposal made by The Coca-Cola Company and Kar-Tess Holding respectively. There have been no transactions between Coca-Cola HBC and the Directors and senior management except for remuneration for the six months ended 30 June 2023.

There were no other significant transactions with other related parties for the period ended 30 June 2023.

15. Contingencies

In relation to the Greek Competition Authority's decision of 25 January 2002, one of Coca-Cola Hellenic Bottling Company S.A.'s competitors had filed a lawsuit against Coca-Cola Hellenic Bottling Company S.A. claiming damages in an amount of €7.7 million. The court of first instance heard the case on 21 January 2009 and subsequently rejected the lawsuit. The plaintiff appealed the judgement and on 9 December 2013 the Athens Court of Appeals rejected the plaintiff's appeal. On 19 April 2014, the same plaintiff filed a new lawsuit against Coca-Cola Hellenic Bottling Company S.A. (following the spin-off, Coca-Cola HBC Greece S.A.I.C.) claiming payment of €7.5 million as compensation for losses and moral damages for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. between 1994 and 2013. On 21 December 2018, the plaintiff served their withdrawal from the lawsuit. However, on 20 June 2019, the same plaintiff filed a new lawsuit against Coca-Cola HBC Greece S.A.I.C. claiming payment of €10.1 million as compensation for losses and moral damages again for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. for the same period between 1994 and 2013. On 16 July 2021, the Athens Multimember Court of First Instance issued its judgement number 1929/2021 (hereinafter the "Judgment"), which adjudicates that Coca-Cola HBC Greece S.A.I.C. is obliged to pay to the plaintiff an amount of circa €0.9 million plus interest as of 31 December 2003. Both Coca-Cola HBC Greece S.A.I.C and the plaintiff have appealed against this decision to the court of appeals. Both appeals were heard on 19 January 2023. The decision is pending to be issued. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

With respect to the investigation of the Greek Competition Commission initiated on 6 September 2016, regarding Coca-Cola HBC Greece S.A.I.C.'s operations in certain commercial practices in the non-alcoholic beverages market, the Rapporteur of the Greek Competition Commission appointed for this case issued her Statement of Objections on 5 July 2021, alleging that Coca-Cola HBC Greece S.A.I.C. undertook a series of anti-competitive practices in the market of instant consumption for cola and non-cola carbonated soft drinks, thereby excluding competitors and limiting their growth potential. Coca-Cola HBC Greece S.A.I.C. has vigorously defended its commercial practices, in rebuttal of the allegations set out in the Statement of Objections. The hearing of the case, before the plenary session of the Greek Competition Commission, was concluded on 29 November 2021 and the supplementary briefs of the parties were submitted on 16 December 2021. On 3 November 2022, the Hellenic Competition Commission notified Coca-Cola HBC Greece S.A.I.C. of its ruling on the case, according to which Coca-Cola HBC Greece S.A.I.C. allegedly abused its dominant position in the Greek immediate consumption market segment for cola and non-cola carbonated soft drinks. The Hellenic Competition Commission ruling imposed on Coca-Cola HBC Greece S.A.I.C. a fine of €10.3 million, as well as a behavioural remedy in relation to beverage coolers valid until end of 2024. Coca-Cola HBC Greece S.A.I.C. paid the fine in May 2023. Coca-Cola HBC Greece S.A.I.C. strongly disagrees with this ruling and has challenged it before the competent Court of Appeal. The hearing date of the case is not yet set.

In 1992, our subsidiary NBC acquired a manufacturing facility in Nigeria from Vacunak, a Nigerian company. In 1994, Vacunak filed a lawsuit against NBC, alleging that a representative of NBC had orally agreed to rescind the sale agreement and instead enter into a lease agreement with Vacunak. As part of its lawsuit, Vacunak sought compensation for rent and loss of business opportunities. NBC discontinued all use of the facility in 1995. On 19 August 2013, NBC received the written judgement of the Nigerian court of first instance issued on 28 June 2012 providing for damages of approximately €10.1 million. The Appeal Court dismissed NBC's appeal and Vacunak's cross-appeal and affirmed the judgement of the first instance court in 2023. Both NBC and Vacunak have filed an appeal against the judgement before the Supreme Court. Based on advice from NBC's outside legal counsel, we believe that it is unlikely that NBC will suffer material financial losses from this case. We have consequently not provided for any losses in relation to this case.

The tax filings of the Group and its subsidiaries are routinely subjected to audit by tax authorities in most of the jurisdictions in which the Group conducts business. These audits may result in assessments of additional taxes. The Group provides for additional tax in relation to the outcome of such tax assessments, to the extent that a liability is probable and estimable.

The Group is also involved in various other legal proceedings. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

15. Contingencies (continued)

Considering the above, there have been no significant adverse changes in contingencies since 31 December 2022 (as described in our 2022 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

16. Commitments

As at 30 June 2023 the Group had capital commitments including commitments for leases and the share of its joint ventures' capital commitments amounting to €182.4 million (31 December 2022: €210.5 million), which mainly relate to plant and machinery equipment.

17. Number of employees

The average number of full-time equivalent employees in the first half of 2023 was 32,561 (2022: 33,393).