



Economic Impact Assessment 2022 - 2023

Coca-Cola Hellenic Bottling Company
Armenia CJSC

November 2024

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ABBREVIATIONS

AMD	Armenian Dram
Capex	Capital Expenditure
Coca-Cola HBC	Coca-Cola Hellenic Bottling Company
GVA	Gross Value Added
RA	Republic of Armenia
VAT	Value-Added Tax

GLOSSARY OF TERMS

GVA	GVA measures the contribution to the economy of an individual producer, industry, sector or activity, net of intermediate consumption (for example, goods and services used in the production process). It is a measure of the economic value of goods and services produced.
GDP	GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific period.
Direct impacts	First-round effects generated through the business activity and output of a company/industry/sector.
Indirect impacts	Second-round effects generated through the activity and output supported by a company/industry/sector supply chain.
Induced impacts	Multiplier effects generated as a result of company/ industry / sector direct employees and those employees in the supply chain spending their company / industry / sector related wages.
Type-I multipliers	Type-I multipliers capture direct and indirect effects.
Type-II multiplier	Type-II multipliers capture direct, indirect and induced impacts.

MESSAGE FROM THE COUNTRY MANAGER

ARTHUR SAHAKYAN

Country Manager
Coca-Cola HBC Armenia

Dear Reader,

The past two years at Coca-Cola HBC Armenia (2022-2023) have been characterized by resilience, innovation, and an unwavering commitment to sustainability. As Zoran Bogdanovich, CEO of Coca-Cola HBC Group, aptly stated, "We faced significant challenges, but with heart and mind, we united as One Team and became stronger."

Before we look ahead, I would like to take a moment to pause, reflect, and celebrate the successes we have achieved as a business. In an ever-evolving landscape, our ability to adapt and thrive has been essential in navigating the complexities of today's business environment.

We have made substantial progress in alignment with our Growth Story and our mission to meet the growing needs of consumers. Notably, we expanded our 24/7 portfolio with the strategic addition of premium spirits, which complements our existing range of sparkling soft drinks and non-carbonated beverages.

The company's commitment to technology, innovation, and strategic partnerships has led to significant investments that enhance our tailored capabilities. With an intensified focus on digital transformation and system integrations, these initiatives will position us to remain competitive and agile as we move forward.

Our sustainability performance in 2023 has been recognized externally, achieving leading scores from major ESG benchmarks, including being named the world's most sustainable beverage company by the 2023 Dow Jones Sustainability Indices. Additionally, we were honored to be included in 'A List' from CDP for our exemplary practices in climate and water security.

The Corporate Social Responsibility agenda, which prioritizes sustainable waste management practices and youth empowerment initiatives, has equipped thousands of young individuals with essential skills for their future. This commitment strengthens our focus on environmental stewardship, societal development and community well-being.

Looking ahead, we will continue to focus on our purpose and culture, which are fundamental to our success. We remain committed to our strategic priorities, consistently performing as one team and caring for one another and the communities we serve.

Together, we are dedicated to creating a brighter and more sustainable future for our colleagues, partners, customers, and consumers, guided by our core values and driven by our passion for excellence. Thank you for being an integral part of our journey toward sustainability.



ECONOMIC IMPACT



GVA Contribution^{1,3,5}

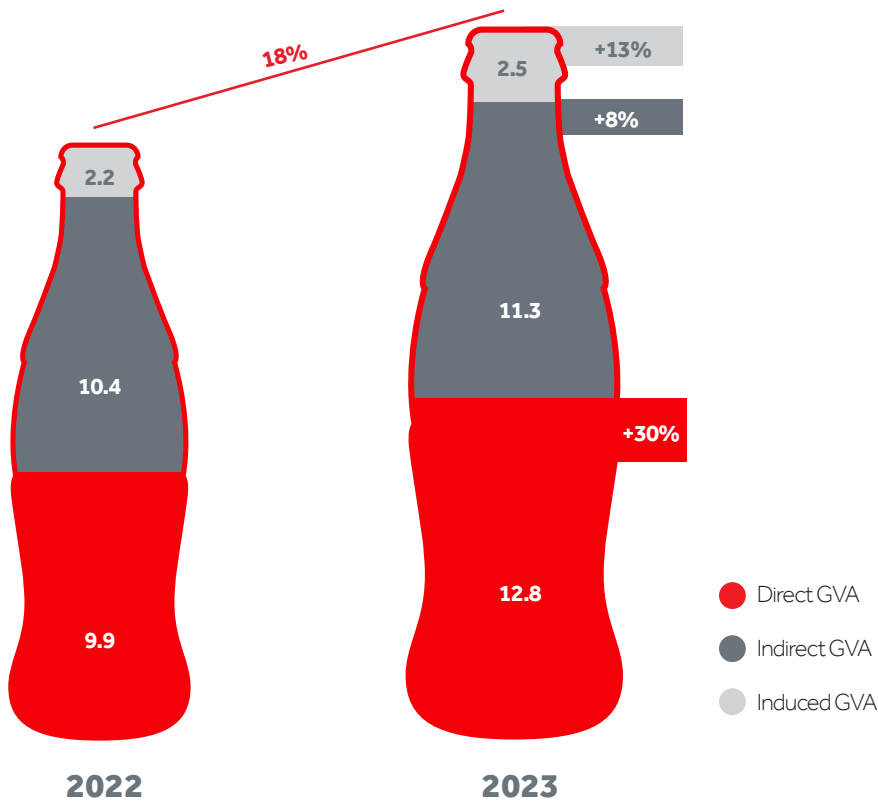
Based on the estimates, the Company's total GVA contribution to the Armenian economy over the period 2022 – 2023 was AMD 49.1 billion, including indirect and induced impacts.

0.30% This accounted for 0.30 %^{2,3} of the total GVA generated in Armenia over the mentioned period.

Structure of total GVA contribution, over the period of 2022 – 2023



GVA structure and growth in 2022 and 2023, in billion AMD



¹Information provided by Coca-Cola HBC Armenia
²Open-source intelligence
³KPMG Calculations
⁵The methodology used for the calculations is detailed in the Social, Economic, and Environmental Impact Assessment reports from August 2022 and December 2018. <https://am.coca-colahellenic.com/hy/a-more-sustainable-future>

+AMD 1.2

During 2022 - 2023, for every AMD of direct GVA generated by Coca-Cola HBC Armenia, an **additional AMD1.2 of indirect and induced GVA** was generated in the Armenian economy.



72%

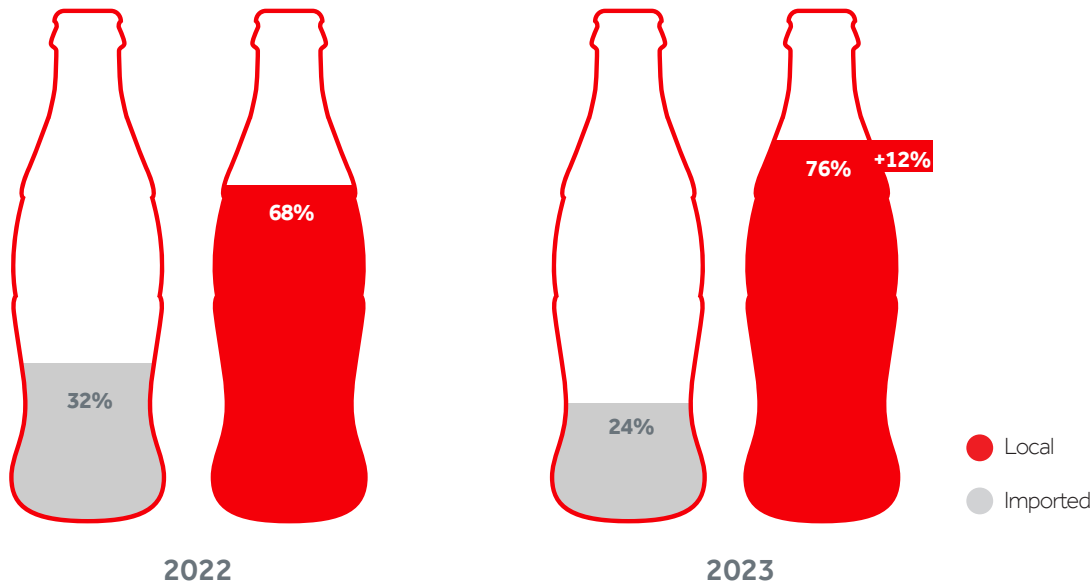
Coca-Cola HBC Armenia's revenue is generated from the sales of **produced** and imported goods. During 2022-2023 the share of revenue from sales of **produced goods was around 72%¹**, while the revenue from the **imported goods was 28%¹**.



28%

In 2023, the proportion of income generated from manufactured products rose by 8 percentage points over the previous year, achieving **76%¹**.

Revenue structure in 2022 and 2023^{1,3}



The indirect contribution of the Company to the country GVA is generated by local suppliers from which Coca-Cola HBC Armenia directly procures goods and services, and by the local distributors and retailers who are selling products of the Company. During 2022 - 2023, 41%¹ of the procurement of the Coca-Cola HBC Armenia was organized internally in the Armenian economy. In 2022 the local procurement share comprised 39%¹, while in 2023 it was 43%¹.

As a result of direct cooperation of Coca-Cola HBC Armenia with the local suppliers and trade partners, a total of **AMD 17.8 billion** Tier-1 indirect GVA was generated. Through the wider supply chain **AMD 3.9 billion** indirect GVA was generated.

We analyzed the direct, indirect and induced GVA contribution of Coca-Cola HBC Armenia per sector; details are presented in the charts below. Based on the financial information provided by Coca-Cola HBC Armenia, the main drivers of the GVA in 2022 and 2023 were the following sectors:



Food and Beverages

Mainly due to local procurement of products for production purposes



Financial intermediation and business activities

Primarily due to use of marketing and administration related services



Wholesale Trade

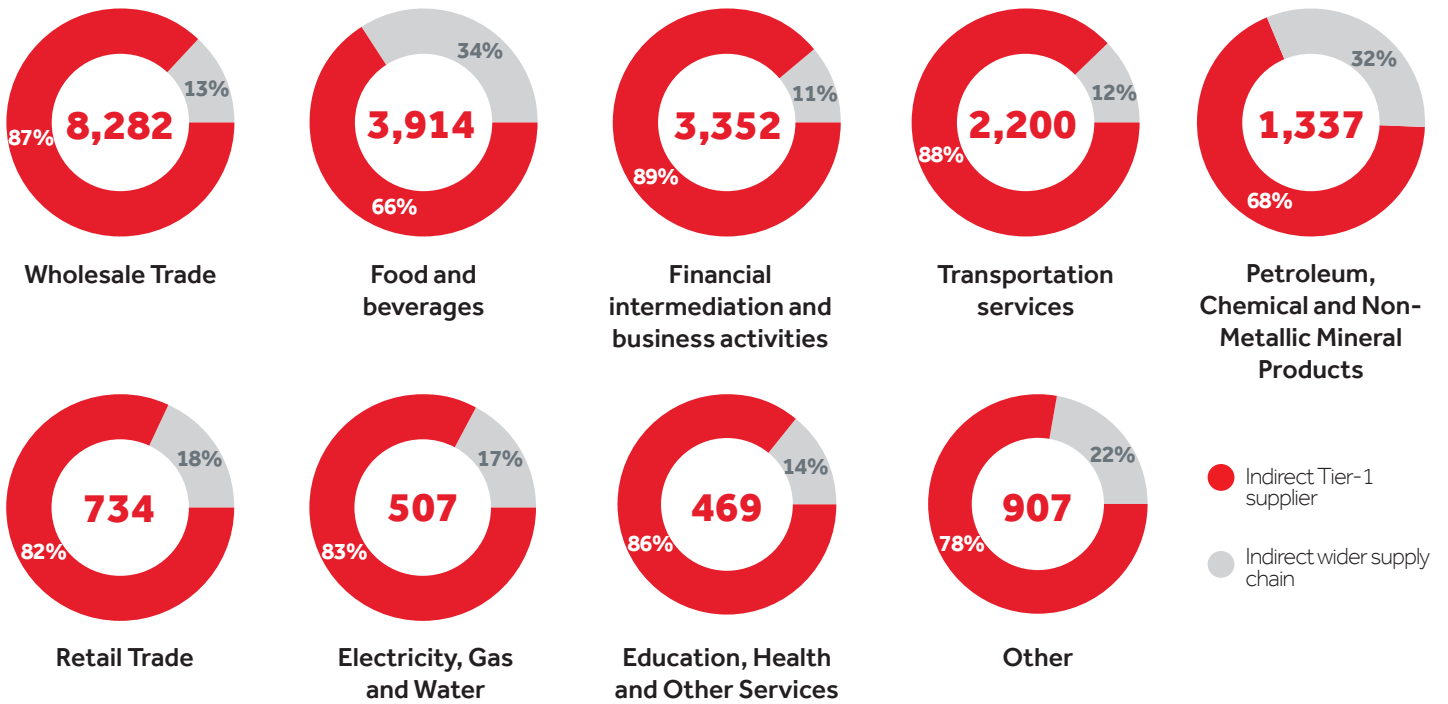
Due to the impact generated through distribution of the Company products



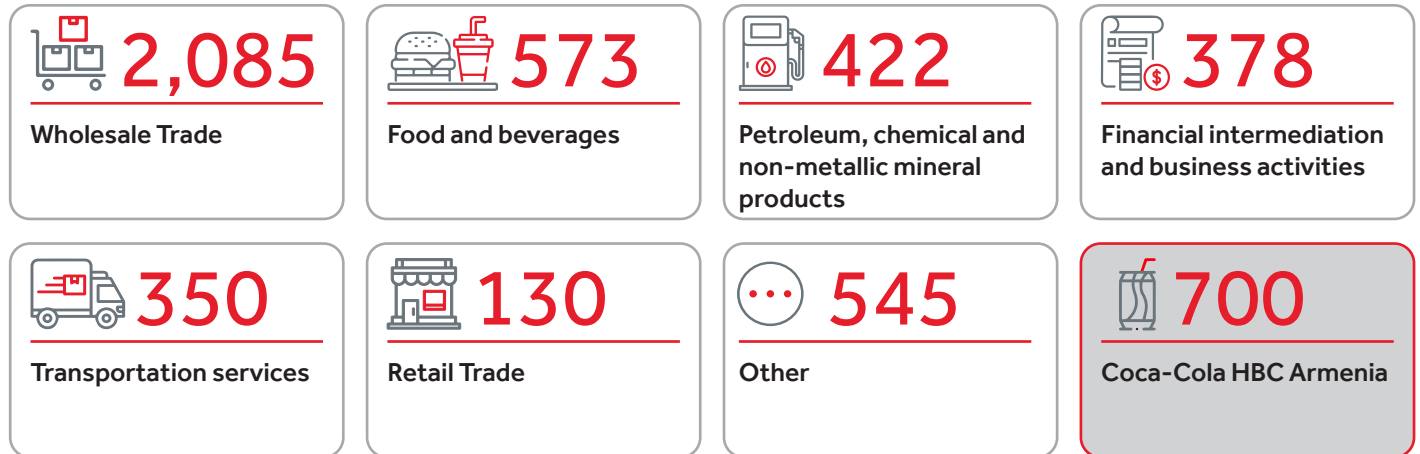
Transportation services

As a result of the delivery of the products

Indirect GVA contribution of Coca-Cola HBC Armenia per sector in 2022 -2023, in million AMD^{1,3}



Induced GVA contribution of Coca-Cola HBC Armenia per sector over the period 2022 - 2023, In million^{1,3}



Employment Contribution^{1,3,5}

Jobs created^{1,3}

Based on the estimates,

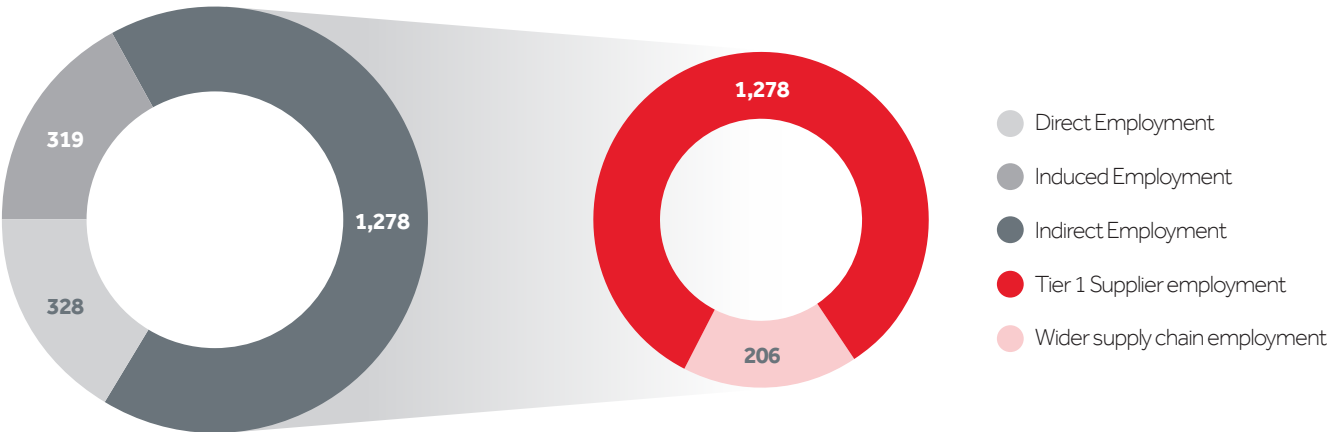
1,925 In 2022 Coca-Cola HBC Armenia generated 1,925 jobs, representing **0.17%** of the total employed population in Armenia.

2,150 In 2023 Coca-Cola HBC Armenia generated 2,150 jobs, comprising **0.18%** of the total employed population in Armenia.

Breakdown of the employment contribution of Coca-Cola HBC Armenia^{1,3}

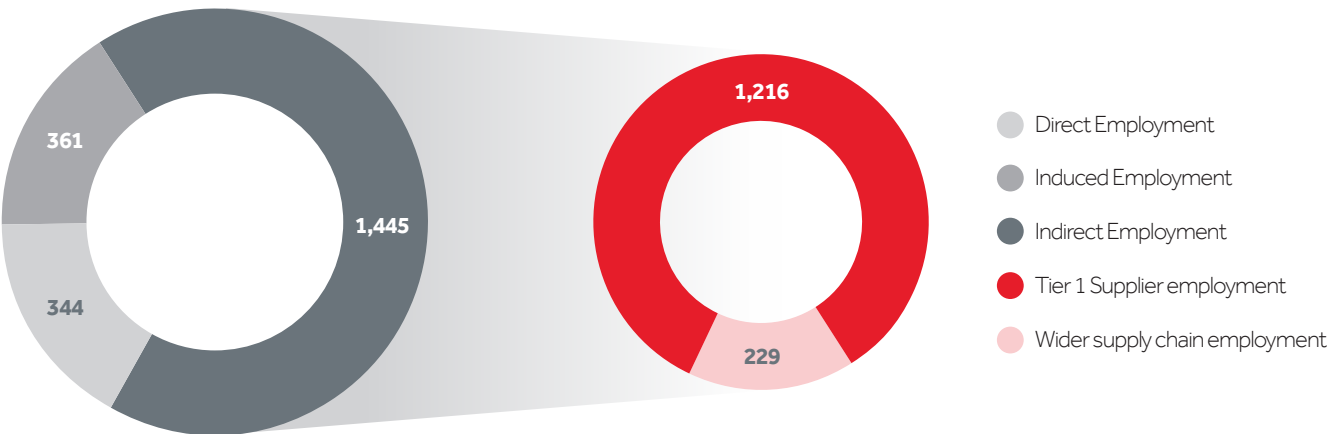
Out of 1,925 jobs:

Employment Contribution (Direct⁴, Indirect, Induced), 2022



Out of 2,150 jobs:

Employment Contribution (Direct, Indirect, Induced), 2023



⁴The number of employees is presented in the head count as at the end of the period.

+4.9

For each direct job created by Coca-Cola HBC Armenia, additional 4.9^{1,3} jobs (both indirect and induced) were generated in the Armenian economy in 2022.

+5.2

For each direct job created by Coca-Cola HBC Armenia, additional 5.2^{1,3} jobs (both indirect and induced) were generated in the Armenian economy in 2023.

Breakdown of the employment contribution of Coca-Cola HBC Armenia

The employment contribution of Coca-Cola HBC Armenia per sector is illustrated in the charts below. Based on the financial information provided by Coca-Cola HBC Armenia, the main drivers of the Company's employment contribution during 2022 were within the following sectors:



Wholesale Trade

due to the impact generated through distribution of the Company products



Food and Beverages

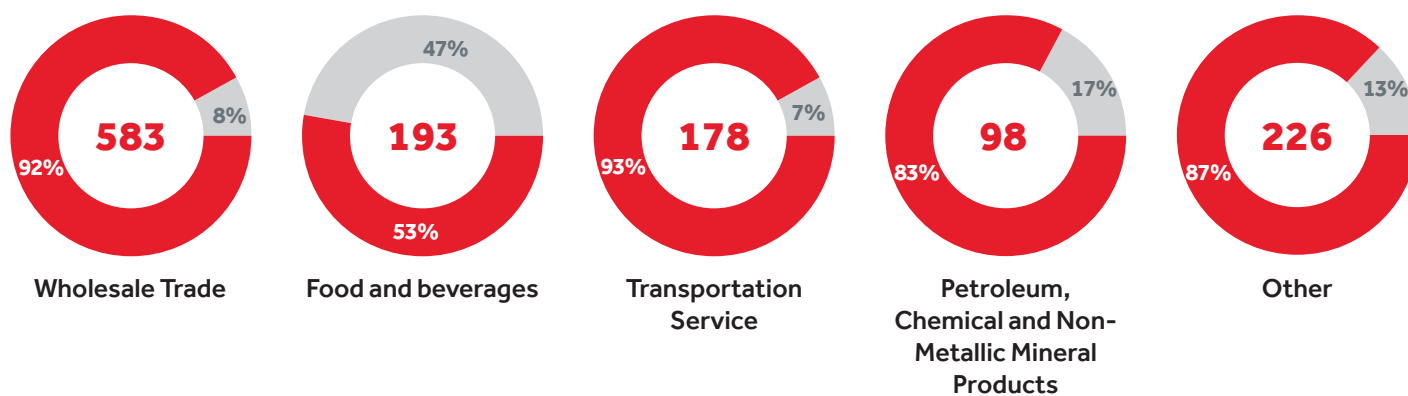
mainly due to local procurement of products for production purposes



Transportation services

as a result of delivery operations

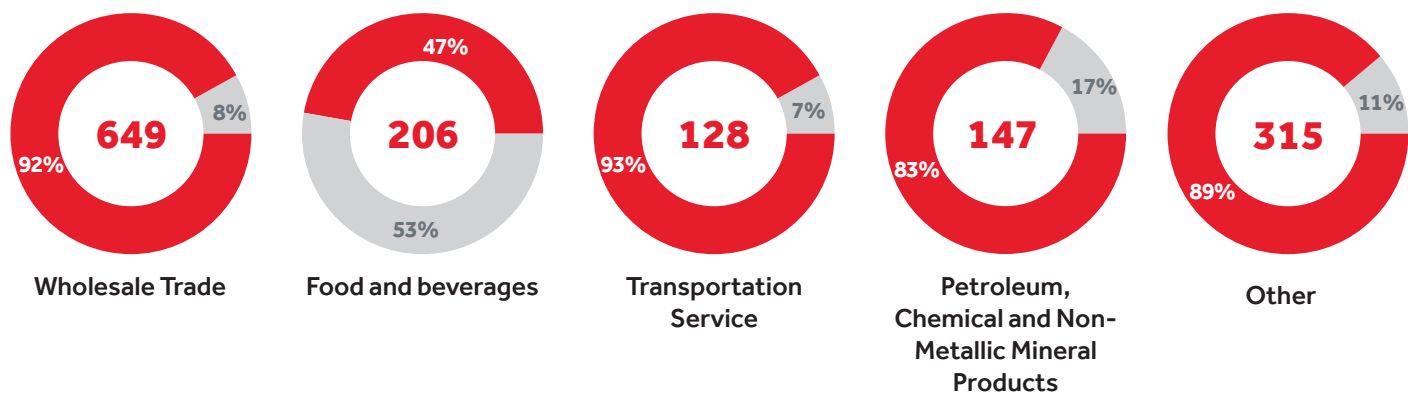
Indirect employment contributions of Coca-Cola HBC Armenia per sector in 2022



● Indirect Tier-1 supplier

● Indirect wider supply chain

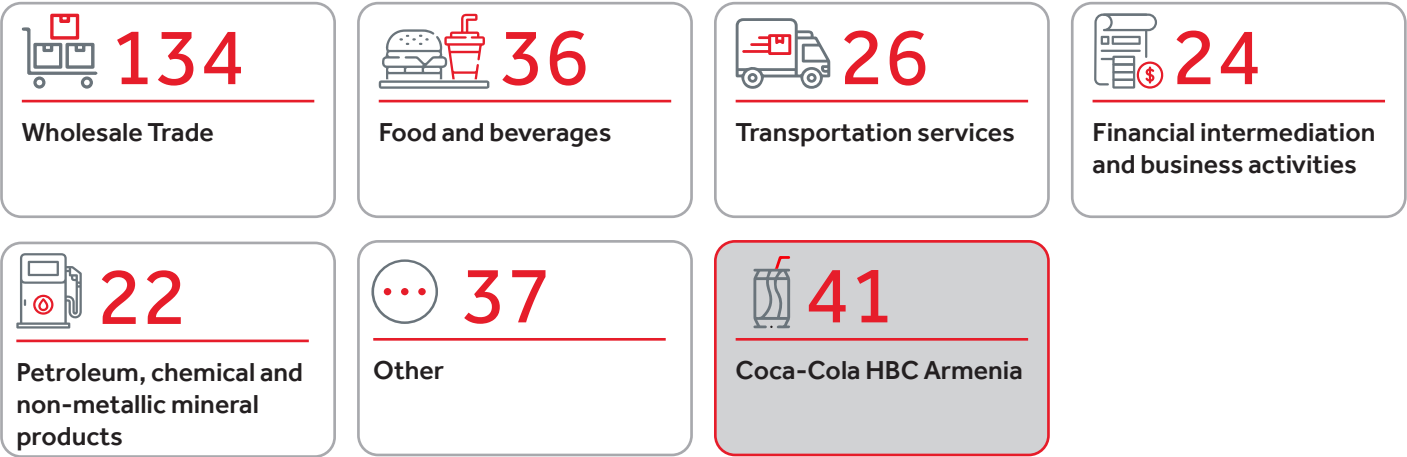
Indirect employment contributions of Coca-Cola HBC Armenia per sector in 2023



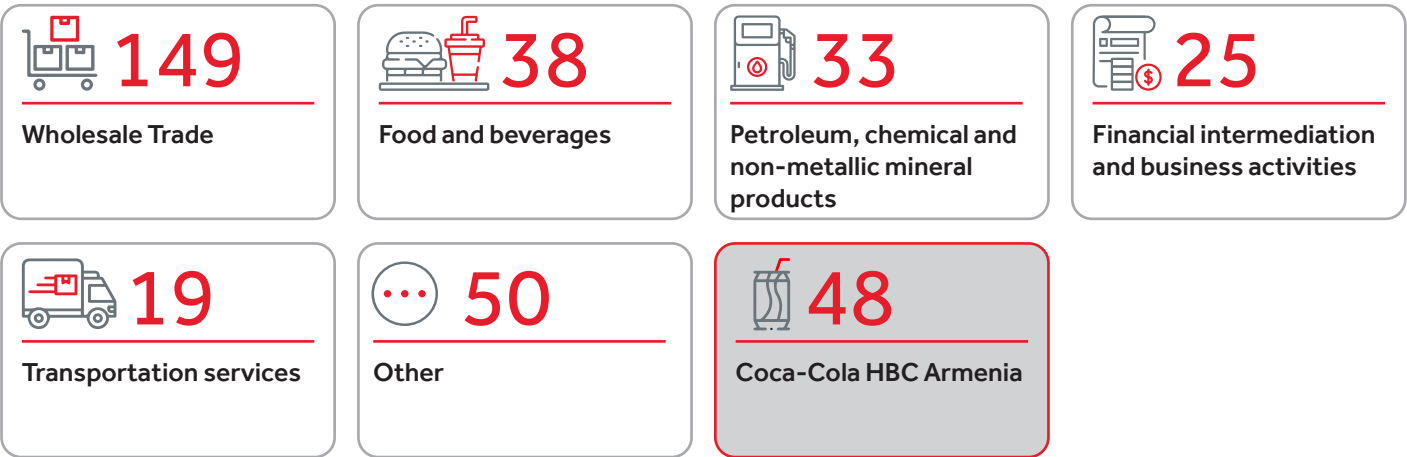
● Indirect Tier-1 supplier

● Indirect wider supply chain

Induced employment contribution of Coca-Cola HBC Armenia per sector in 2022



Induced employment contribution of Coca-Cola HBC Armenia per sector in 2023



Fiscal Contribution^{1,3,5}

Payments to the state budget

Coca-Cola HBC Armenia, being a significant importer, producer, and employer in Armenia, substantially contributes to the nation’s public finances. The Company was listed among the top 30 taxpayers in Armenia for both 2022 and 2023, as per a report by the Armenian Tax Service detailing

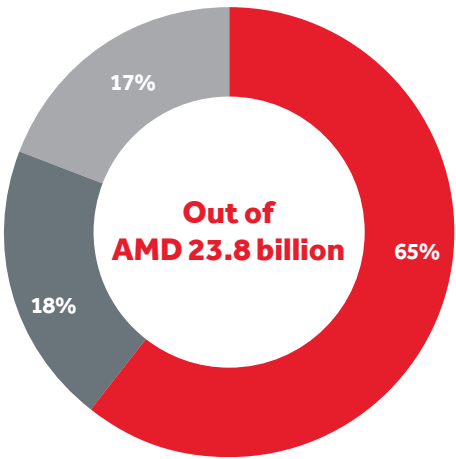
the 1,000 largest taxpayers. Its financial contributions are made through several forms of taxes, including profit tax, income tax on behalf of its employees, and other taxes collected for the government, such as the value-added tax (VAT).

AMD 23.8 billion

Based on the estimates over the period 2022 - 2023 Coca-Cola HBC Armenia’s total fiscal contribution to the state budget was AMD23.8 billion.

This accounted for 0.57% of the total tax revenue of RA over the mentioned period.

Structure of Total Payments to the State Budget^{1,3}



AMD15.35 billion

Direct fiscal contribution⁶

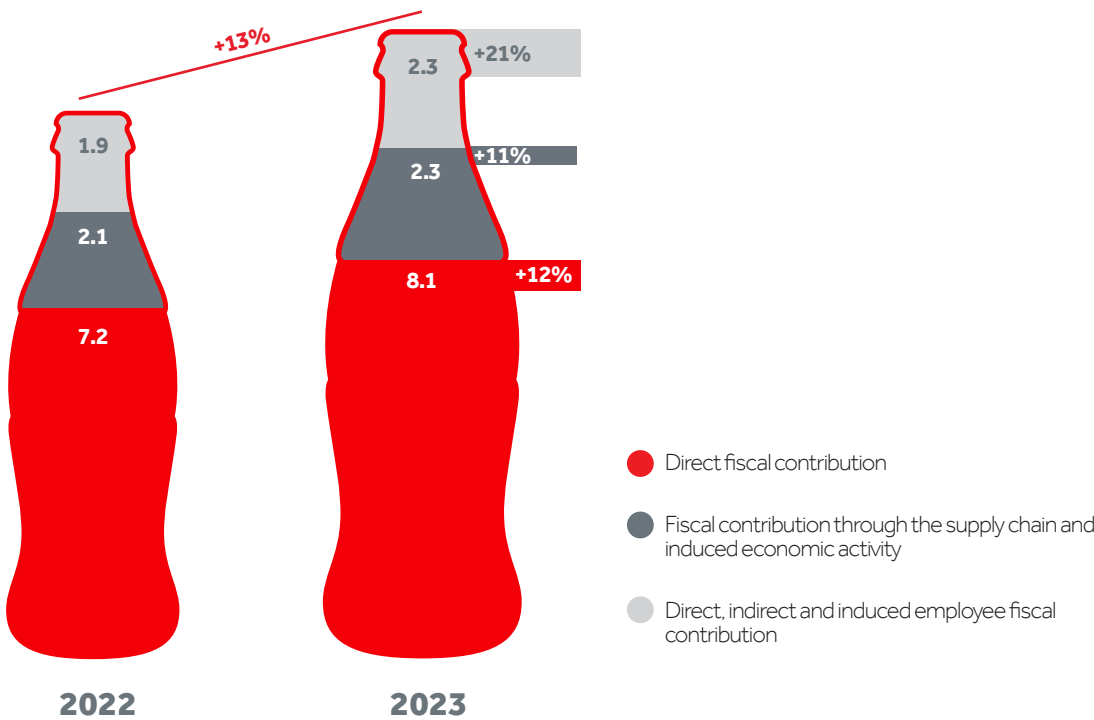
AMD 4.35 billion

Fiscal contribution through the supply chain and induced economic activity

AMD 4.13 billion

Direct, indirect and induced employee fiscal contribution

Fiscal contribution structure and growth in 2022 and 2023, in billion AMD^{1,3}

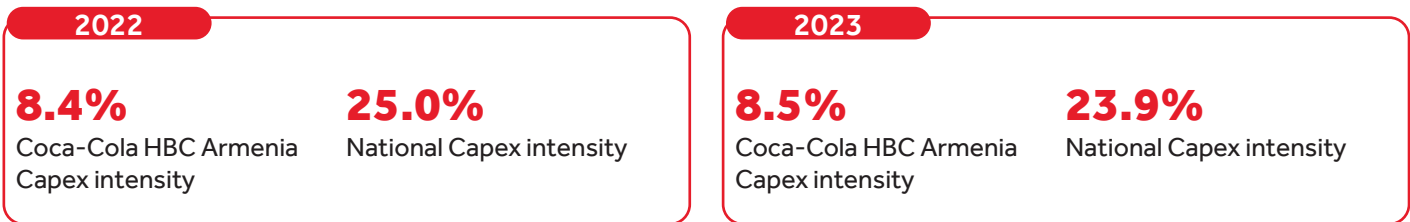


Investments^{1,3,5}

This section represents Coca-Cola HBC Armenia's capital expenditure ('Capex') in 2022 and 2023.

Capex is the spending made by a company to acquire or upgrade infrastructure. Investment activity is an important determinant of any economic contribution, given that it is recognized as being an important driver of economic growth.

Investments in 2022-2023¹



⁶Direct fiscal contributions exclude personal income tax and social security payments to prevent double counting, since these are accounted for in the employee fiscal contribution.

DISCLAIMER

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