Strong momentum across all segments

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 2 July 2021.

Half-year highlights

- Ongoing recovery and effective execution drove additional momentum and share gains in Q2, with H1 FX-neutral revenue growth +23.1% like-for-like[1]. Reported revenues +14.7%
  - FX-neutral net sales revenue closed 4% above 2019 levels (like-for-like)
  - Value share gains increased, + 50bps in NARTD
- Volume growth of 15.9% like-for-like; sustained performance in the at-home channel complemented by recovery in out-of-home during Q2
- Improvements in FX-neutral revenue per case, benefited from pricing taken in over 90% of our markets and positive category, package and channel mix
- Prioritisation of opportunities and innovation within our 24/7 portfolio is building momentum
  - Sparkling volume +16.2%, with Adult sparkling +37.0% and Low/no sugar +40.3%
  - Energy volume + 66.1%, driven by the performance of Monster, Burn and Predator
- Costa Coffee roll-out continues to progress well; Coffee strategy strengthened with premium Italian brand, Caffè Vergnano, to start distribution by 2022
- Operating leverage and cost savings resulted in comparable EBIT margin up 340 bps to 10.8%
  - €120 million of COVID-related opex savings were achieved in 2020. We continue to expect to retain c. €20 million of this in 2021 and therefore €100 million of these costs to return in H2 2021.

Segment highlights

Rebound in Established and Developing segments adding to continued strong results in Emerging

- **Established:** FX-neutral revenue increased by 17.1% as markets reopened, driving comparable EBIT margins up 440bps
- **Developing:** FX-neutral revenue up 17.6%, with stable volume performance despite impact from Polish sugar tax; comparable EBIT margins up 180bps
- **Emerging:** FX-neutral revenue up 30.3% like-for-like; continued strong performance from Russia and Nigeria and recovery through the rest of the segment led to comparable EBIT margins increasing by 340bps

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

"We are very pleased with the first half in which we increased value share gains, revenues and profitability as well as making continued progress on our strategic priorities.

I believe these results demonstrate the power of our 24/7 portfolio, our revenue growth management actions, the strength of our execution capabilities and the talent of our people whose resilience and adaptability will underpin our future opportunities.

The business gained momentum as the out-of-home channel recovered and growth in at-home continued. In addition, we have delivered growth in the Established and Developing segments alongside the consistent strong performance in the Emerging segment.

We are seeing excellent performance from our areas of strategic focus – in particular Low- and no-sugar sparkling, Adult sparkling and Energy. We have strengthened our Coffee strategy with Caffè Vergnano, which will add a premium offering alongside the broad appeal of Costa Coffee. We have made progress on our World Without Waste agenda with new launches of 100% recycled PET packaged beverages.

We are encouraged by the strength of the performance, and while conscious of the risks as the COVID-19 pandemic continues to impact our markets, we continue to expect a strong recovery in FX-neutral revenues and now believe that we can achieve a 20-30bps EBIT margin expansion this year."

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[1] *Performance, unless stated otherwise, is negatively impacted by the change in classification of our Russian Juice business, Multon, from a joint operation to a joint venture, following its re-organisation in May 2020. For the Group's growth including the respective performance of Multon as a joint operation in the current period, refer to the relevant table in the 'Supporting information' section.*

[2] *For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.*

[3] *Refer to the condensed consolidated interim income statement.*

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

	Half-Year		Change
	2021	**2020**	
Volume[1] (m unit cases)	**1,126.7**	990.5	13.8%
Net sales revenue[1] (€ m)	**3,247.9**	2,831.2	14.7%
Net sales revenue per unit case[1] (€)	**2.88**	2.86	0.9%
FX-neutral net sales revenue[1,2] (€m)	**3,247.9**	2,687.7	20.8%
FX-neutral net sales revenue per unit case[1,2] (€)	**2.88**	2.71	6.2%
Operating expenses/ Net sales revenue (%)	**26.6**	30.1	-350bps
Comparable operating expenses / Net sales revenue (%)	**26.2**	30.0	-380bps
Operating profit (EBIT)[1,3] (€ m)	**350.1**	202.9	72.5%
Comparable EBIT[1,2] (€ m)	**350.3**	208.8	67.8%
EBIT margin (%)	**10.8**	7.2	360bps
Comparable EBIT margin[2] (%)	**10.8**	7.4	340bps
Net profit[4] (€ m)	**233.1**	124.0	88.0%
Comparable net profit[2,4] (€ m)	**235.6**	129.0	82.6%
Basic earnings per share (EPS) (€)	**0.639**	0.341	87.4%
Comparable EPS[2] (€)	**0.646**	0.355	82.0%
Free cash flow[2] (€ m)	**277.5**	(38.5)	NM

Footnotes are presented at the end of page 1.

Coca-Cola HBC Group

Coca-Cola HBC is a growth-focused Consumer Packaged Goods business and strategic bottler of The Coca-Cola Company. The company creates value for all its stakeholders by supporting the socio-economic development of the societies in which it operates and believes that building a more positive environmental impact is integral to its future growth. Together, the company and its customers serve more than 600 million consumers across a broad geographic footprint of 28 countries on 3 continents. Its portfolio is one of the strongest, broadest and most flexible in the beverage industry, offering consumer-leading partner brands in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories. These brands include Coca-Cola, Coca-Cola Zero, Schweppes, Kinley, Costa Coffee, Valser, Römerquelle, Fanta, Sprite, Powerade, Fuze Tea, Dobry, Cappy, Monster and Adez. Coca-Cola HBC fosters an open and inclusive work environment amongst its more than 26,000 employees and in November 2020 was rated Europe's most sustainable beverage company by the S&P DJSI for the 7th time in 8 years. The company currently holds the highest possible ratings in leading ESG benchmarks such as, CDP (Climate and Water), MSCI ESG and FTSE4Good.

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 http://www.coca-colahellenic.com.

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

Conference call

Coca-Cola HBC will host a conference call for financial analysts and investors to discuss the 2021 half year results on Thursday, 12 August 2021 at 9:00 am BST. Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations.

Next event

3 November 2021 — 2021 third quarter trading update

Enquiries

Coca-Cola HBC Group

Investors and Analysts:

Joanna Kennedy — Tel: +44 7802 427505
Investor Relations Director — joanna.kennedy@cchellenic.com

Carla Fabiano — Tel: +44 7808 215245
Investor Relations Manager — carla.fabiano@cchellenic.com

Vasso Aliferi — Tel: +41 79 610 7881
Investor Relations Manager — vasso.aliferi@cchellenic.com

Media:

David Hart — Tel: + 41 41 726 0143
Group Communication Director — david.hart@cchellenic.com

Greek media contact:

V+O Communications — Tel: +30 6936750476
Chara Yioti — cy@vando.gr

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 2021 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 2020 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 Operational Review

Winning in the marketplace

H1 volume grew by 15.9% on a like-for-like basis while Reported volume was up 13.8% - impacted by the reorganisation in the structure of our Russian Juice business (Multon). Established and Developing segments returned to growth in Q2 as markets gradually reopened. At the same time, the Emerging segment maintained strong momentum benefiting from underlying category growth as well as our investments in both capacity and capability to ensure best-in-class execution.

We continue to seize the growth of new 'at-home' occasions and premiumisation opportunities, while we remain well-positioned for the ongoing recovery of the out-of-home channel. We have maintained a strong connection to our out-of-home customers throughout the pandemic and we are now supporting reopening with targeted plans.

The agile operating model that we have spent years building and investing behind has enabled us to react quickly to the changing environment. Improvements made to our route-to-market, particularly through increased use of digital and data capabilities, are allowing a more granular segmentation of our customer base, more targeted services and stronger execution.

Leveraging our unique 24/7 portfolio

The strength of our 24/7 portfolio and careful prioritising of growth opportunities continues to drive our performance. We have accelerated market share gains in non-alcoholic ready-to-drink beverages (NARTD) in 2021, gaining 50bps in value share YTD, while also gaining or maintaining share in the majority of markets in Sparkling.

Sparkling volumes grew by 16.2% propelled by strategic focus areas, with low and no-sugar variants up 40.3% and adult sparkling brands up 37%. We are benefiting from broad-based growth across the brands with Trademark Coca-Cola volumes up 14.5%, Fanta volumes up 16.7% and Sprite volumes up 21.7%.

Energy has retained the very strong momentum seen in Q1, with volumes growing 66.1% in H1. The category benefits from a healthy stream of innovation in our portfolio of brands addressing a range of consumer profiles.

We continue to make progress in rolling out Costa Coffee, consistently building depth and breadth of distribution in the 16 markets we have entered. The out-of-home channel will be a key focus for the remainder of 2021. We are increasing our penetration of out-of-home customers and are seeing good feedback from our differentiated and tech-enabled offering. During the period we signed an agreement for the acquisition of a 30% stake in Caffè Vergnano, a 140-year-old Italian roaster, which strengthens our offering to consumers with a premium coffee.

Water volumes grew by 10.7%, representing a sharp turnaround in performance in Q2 after volume declines in Q1. We sell proportionally more Water in the out-of-home channel compared to Sparkling drinks, which has been a clear driver of weaker performance during the COVID-19 pandemic.

Juice volumes grew by 9.9% on a like-for-like basis with continued good performance in the Emerging segment and a recovery in Q2 in the Established and Developing.

Ready-to-drink tea ("RTD tea") volume grew by 14.6% with a strong improvement in Q2 aided by category recovery.

Our Premium Spirits business volumes increased by 49.2%, benefiting from a strong acceleration in Q2 as the out-of-home channel reopened.

Group Operational Review (continued)

Revenue growth management driving improving price/mix

FX-neutral revenue per case expanded 6.2%, or by 4.4% excluding pricing taken to offset the Polish sugar tax. Revenue growth management capabilities continue to provide us with effective levers to mitigate input cost inflation. Premiumisation opportunities include expansion into higher revenue-per-case categories and packages, building on opportunities in the most relevant occasions such as socialising at home. We are able to ensure a profitable approach to affordability, with packs that meet key consumer price points in a revenue accretive way. Targeted price increases in more than 90% of our markets have complemented these revenue growth management initiatives to ensure profitable growth.

From the start of the COVID-19 pandemic we moved quickly to put in place strategies which could drive single-serve package formats for at-home consumption. Our increased activation of multi-packs of cans and glass bottles which earn a higher revenue per case than larger packages drove an 18% growth of single-serve multipacks in the at-home channel in H1.

H1 FX-neutral revenue increased by 23.1% on a like-for-like basis. This like-for-like adjustment includes the volumes from our Russian Juice business (Multon), which as of May 2020 is no longer consolidated in our reported numbers. Without these adjustments, FX-neutral revenue increased by 20.8%. Reported net sales revenue increased by 14.7%, negatively impacted by the weakening of the Russian Rouble and the Nigerian Naira.

Cost control, operating profit and margins

Comparable gross profit margins declined by 70 basis points to 36.6%. Raw material costs per case increased by 2.3%. This excludes the impact of a greater weight of products purchased as finished goods in our COGS which distorts the understanding of raw material inflation in the business. Including this mix impact, input costs per case increased by 8.8% on a currency-neutral basis. During H1 aluminium and sugar costs increased while we benefited from lower costs of PET resin.

The adverse impact from foreign currency movements amounted to €43.4 million in the period, driven predominantly by the Nigerian Naira and Russian Rouble. Depreciation charges were lower by c. €17m due to the change in the useful economic lives' calculation for specific production equipment categories which benefited the Gross Profit margin by c. 50bps. The Polish Sugar Tax had a negative impact on margins caused by inflation in the revenue line as pricing is taken to pass on the tax; this impact was c. -70bps on Gross Profit margin.

Comparable EBIT increased by 67.8% to €350.3 million, taking comparable EBIT margins up 340 basis points to 10.8%. Comparable EBIT is lower by €0.3 million due to the change in accounting treatment of our Russian Juice business and therefore like-for-like comparable EBIT was €350.6 million. We were able to temporarily maintain the majority of the discretionary cost savings achieved in 2020 during the first half of the year which in turn allowed us to keep operating expenses flat despite the revenue acceleration. We still expect that c. €100 million of the €120 million saved in 2020 will return in H2 2021.

Net profit and free cash flow

Comparable net profit of €235.6 million and comparable basic earnings per share of €0.646 were 82.6% and 82.0% higher than in the prior-year period, respectively. Reported net profit and reported basic earnings per share in the period were €233.1 million and €0.639 respectively.

Comparable taxes amounted to €81.5 million, representing a tax rate of 25.7%, 30bps higher than the rate in the prior year due to country mix.

Financing costs amounted to €34.7 million in the year, €1.5 million lower compared to the prior-year period, in line with expectations.

Capital expenditure reached €218.4 million, 6.7% of net sales revenue, at the lower end of our targeted 6.5-7.5% range. Our strong balance sheet allowed us to sustain investment in the business in 2020 and we continue to allocate capital in 2021 to capacity expansions in targeted categories and markets, cooler placements, our digital agenda and our sustainability commitments.

Free cash flow was €277.5 million, an increase of €316.0 million compared to the prior-year period, driven by higher profitability and a significant improvement in working capital as growth returned to the business.

Group Operational Review (continued)

Balance sheet

We retain a strong balance sheet ensuring our ability to sustain investment in the business and provide significant capacity to strengthen the business through acquisition. At the balance sheet date, the Group had cash and cash equivalents and other financial assets of €1.6 billion, an undrawn and available Revolving Credit Facility of €0.8 billion, as well as €0.8 billion available out of the €1.0 billion Commercial Paper Programme. None of these credit lines carry any financial covenants and we have no further bond maturities until November 2024.

Earning our license to operate

Alongside our half year results, we also published our first tax transparency report today. It is an important milestone in our commitment to being a value-adding partner for every community and jurisdiction in which we operate, including through paying our fair share of taxes. The report shows that in 2020 we paid a total of €1.48 billion in taxes borne and collected across all our jurisdictions.

As we see recovery in our markets, we are also ensuring that we continue to make progress on our Mission 2025 sustainability commitments. During the first half we made progress on our packaging agenda with investments in recycled PET production. We added an additional mineral water brand bottled in 100% rPET, meaning that we now offer five mineral water brands in six markets in 100% rPET. In Italy, we switched to 100% rPET for all single serve Sparkling Soft Drinks in Q2.

We have also swapped plastic shrink wrap on can multi-packs for a paperboard solution called Keelclip in 10 of our markets with plans to roll this investment out to all our EU markets by early 2022. This progress on packaging is also critical to our bold emissions targets since packaging is the single largest contributor to emissions in our value chain. Having cut direct and purchased carbon emissions by 50% in the last decade, we have now committed to reducing emissions by a further 55% compared to a 2017 baseline by 2030. These targets are approved by the Science Based Target initiative and in line with the 1.5-degree pathway.

Operational Review by Reporting Segment

Established markets

	Half-Year		Change
	2021	**2020**	
Volume (m unit cases)	**274.3**	245.3	11.8%
Net sales revenue (€ m)	**1,149.8**	985.9	16.6%
Net sales revenue per unit case (€)	**4.19**	4.02	4.3%
FX-neutral net sales revenue (€ m)	**1,149.8**	981.5	17.1%
FX-neutral net sales revenue per unit case (€)	**4.19**	4.00	4.8%
Operating profit (EBIT) (€ m)	**110.6**	46.6	>100%
Comparable EBIT (€ m)	**108.6**	49.7	>100%
EBIT margin (%)	**9.6**	4.7	490bps
Comparable EBIT margin (%)	**9.4**	5.0	440bps

Established markets' volume increased by 11.8% in the first half of the year, cycling -19.0%. The 4.7% decline of the first quarter was followed by a volume increase of 28.5% in the second quarter. Due to the relatively bigger exposure to the out-of-home channel compared with the other segments, the gradual reopening of the outlets provided strong support to volumes. The at-home channel positively contributed to the segment's overall performance.

All categories returned to growth. Energy was the best performer for another quarter with growth of more than 60% and Sparkling grew by low double-digits. Still volumes recovered from the declines of the prior-year, up low double-digits, driven mainly by Water.

On a currency-neutral basis, net sales revenue per unit case grew by 4.8% in the first half, helped by positive category and package mix as well as pricing taken in most markets.

FX-neutral net sales revenue grew by 17.1%, driven by higher volumes and positive package, category and price mix. Reported net sales revenue increased by 16.6%, as the Swiss Franc was weaker in the period.

- Volume in Italy was up in the high-teens, with good growth across channels and strong value share gains. The country has seen a rapid reopening since the beginning of May, a combination of the fast vaccination roll out and good weather. Tourism is also on the rise, helped by Italians staying in the country and an increase in the inflow of foreign travellers. Sparkling was the biggest growth driver, followed by very strong contribution from Water, Energy and RTD Tea.
- Volume in Greece grew by low double-digits in the first half of the year. The country benefited from a gradual reopening of HoReCa starting in early May, but the slow start of the tourist season weighed on recovery. We saw good results in Sparkling and Energy, while Costa Coffee is starting to contribute to top-line performance. Stills saw some recovery from the declines in 2020.
- In Ireland, volume increased by low double-digits. The country faced extended lockdowns in the first half of the year, but the gradual out-of-home reopening combined with good performance in the at-home drove growth. Sparkling and Energy were the most resilient categories, with positive impacts from the launch of Costa Coffee and Topo Chico.
- Switzerland saw low single digit volume decline. The out-of-home channel operated with limited capacity with part of the sector reluctant to reopen given the strict protocols. Energy continues to see strong performance and we saw a positive contribution from Costa Coffee. Water benefited from cycling weaker performance in the prior-year period.

Comparable operating profit in the Established segment more than doubled compared with the prior-year period, to €108.6 million. Comparable EBIT margin increased by 440 basis points to 9.4%. Revenue growth resulted in strong operating leverage, more than offsetting higher input costs. On a reported basis, operating profit was €110.6 million, and operating profit margin was 9.6%.

Operational Review by Reporting Segment (continued)

Developing markets

	Half-Year		Change
	2021	**2020**	
Volume (m unit cases)	**190.9**	189.7	0.6%
Net sales revenue (€ m)	**601.6**	520.2	15.6%
Net sales revenue per unit case (€)	**3.15**	2.74	14.9%
FX-neutral net sales revenue (€ m)	**601.6**	511.5	17.6%
FX-neutral net sales revenue per unit case (€)	**3.15**	2.70	16.9%
Operating profit (EBIT) (€ m)	**35.7**	16.1	>100%
Comparable EBIT (€ m)	**32.9**	19.1	72.3%
EBIT margin (%)	**5.9**	3.1	280bps
Comparable EBIT margin (%)	**5.5**	3.7	180bps

Developing markets' volume was broadly stable, up 0.6% in the first half of the year. Volumes continue to be impacted by Poland, where pricing taken to offset the new sugar tax has led to anticipated volume declines. Excluding Poland, the segment's volume growth was 11.5%. The segment saw a sequential improvement in Q2 across all markets as the out-of-home channel reopened towards the middle of the quarter.

Energy volumes grew by low thirties while Sparkling was down low-single digits, impacted negatively by the Polish sugar tax. Stills' performance was weaker, with mid-single digit declines in Juice and RTD tea while Water saw a low-single digit growth in the period.

On a currency-neutral basis, net sales revenue per unit case increased by 16.9%. Excluding the impact of the Polish sugar tax, the segment's price/mix growth was 5.6% as package and price mix improved.

FX-neutral revenue increased by 17.6%. Net sales revenue grew by 15.6% in the first half, impacted by weakness in the Polish Zloty and Hungarian Forint in the period.

- Volume in Poland declined in the low double digits during the first half of the year. Volumes were impacted by pricing taken to pass on the sugar tax effective 1 January 2021. Volume declines moderated during Q2, as expected, benefiting from a re-listing at a major retailer and strong share gains. We are pleased by the good performance of low- and no-sugar variants with Coke Zero volumes up double-digit. Energy volumes also continue to be strong, up double digit while Costa Coffee is also contributing positively to growth. The reopening of the out-of-home channel as of mid-May has helped lessen the volume declines.
- Volume in Hungary grew mid-teens in the first half of the year, supported by the reopening of the out-of-home channel at the end of April. We saw double-digit growth in Sparkling with strong performance from Trademark Coke and Kinley, our Adult sparkling proposition in the country.
- In the Czech Republic, volume increased by low single digits. Volumes recovered during the second quarter as out-of-home restrictions were lifted. Sparkling and Energy were the best performing categories during the period with Energy and Adult sparkling volumes up double digits.

The Developing markets segment delivered comparable operating profit of €32.9 million, a 72.3% increase compared with the prior-year period. Comparable operating profit margin for the segment increased by 180 basis points to 5.5%. Volume expansion and improved price mix more than offset higher input costs and operating expenses. On a reported basis, operating profit was €35.7 million, an increase of more than 100% compared to the prior year period.

Operational Review by Reporting Segment (continued)

Emerging markets

	Half-Year		Change
	2021	**2020**	
Volume (m unit cases)	**661.5**	555.5	19.1%
Net sales revenue (€ m)	**1,496.5**	1,325.1	12.9%
Net sales revenue per unit case (€)	**2.26**	2.39	-5.2%
FX-neutral net sales revenue (€ m)	**1,496.5**	1,194.7	25.3%
FX-neutral net sales revenue per unit case (€)	**2.26**	2.15	5.2%
Operating profit (EBIT) (€ m)	**203.8**	140.2	45.4%
Comparable EBIT (€ m)	**208.8**	140.0	49.1%
EBIT margin (%)	**13.6**	10.6	300bps
Comparable EBIT margin (%)	**14.0**	10.6	340bps

Emerging markets' volume increased by 19.1%, or 22.9% on a like-for-like basis, with continued strong performance from Russia and Nigeria and recovery through the rest of the segment.

Sparkling volumes grew in the mid-twenties while Energy volumes nearly doubled. Still volumes grew by mid-teens, like-for-like, given a good recovery in Water, up low teens and strong performance in Juice, up 13.0% like for like.

Currency-neutral net sales revenue per case increased 5.2%, or 6.1% on a like-for-like basis benefiting from positive category mix, particularly in Nigeria, as well as pricing taken in most countries during the first half of the year.

FX-neutral revenues increased by 25.3%, or 30.3% on a like-for-like basis. We saw improvements in volume, category, package, and price mix while channel mix declined. Net sales revenue grew by 12.9%, diluted by the weaker Russian Rouble and Nigerian Naira, and also in part by the Ukrainian Hryvnia.

- Volume in Russia grew by low double digits, or by mid-twenties if we adjust for the change in the accounting treatment of our Juice business in the country. Despite some new restrictions put in place towards the end of the second quarter, the out-of-home channel is still in growth and the country continues to show momentum, driven by continued strong performance in the at-home channel. All categories grew double digits. Sparkling saw excellent performance in Coke Zero as well as Coke Regular while Schweppes continues with strong momentum, growing over 60% in the period. Energy also grew almost 60% in the period.
- In Nigeria volume trends continue to expand rapidly, growing in the low thirties during the period. We are benefiting from strong growth across all categories resulting in accelerated value share gains in the period. Sparkling grew in the mid-thirties and Energy continues to perform very well. Still volumes grew high single digits with double-digit growth in Juice.
- Volume in Romania increased in the low teens during the first half of the year thanks to softer COVID-related measures and solid sales in the at-home channel. We saw broad-based growth across categories.
- Volume in Ukraine increased in the low twenties in the period with all categories growing double-digits apart from Water. With relatively softer restrictions in place, the out-of-home channel has seen a strong recovery.

The Emerging segment delivered comparable operating profit of €208.8 million, an increase of 49.1% compared to the prior-year period, leading to a 340-basis points expansion in comparable operating profit margin to 14.0%. Volume growth, combined with favourable price mix have offset higher input costs and operating expenses. On a reported basis, operating profit was €203.8 million, a 45.4% increase year on year.

Business Outlook

We are encouraged by our H1 performance and the recovery we are seeing but remain conscious that the economic outlook remains uncertain and the recovery asynchronous with potential impact from new virus variants.

We continue to expect a strong FX-neutral revenue recovery in 2021 on the back of volume recovery and an expansion in price/mix.

Our margins are benefiting from actions taken over several years to improve our cost base. We believe that one of the strengths of the business is our ability to optimise our costs faster than required by the trading environment and effectively manage profitability. Therefore, as planned, we intend to invest behind the business to fuel top-line growth.

Although the vast majority of our cost savings made in 2020 were temporarily retained in H1, we continue to expect the return of €100m of opex saved in 2020 in H2 2021.

We expect high-single digit input cost per unit case inflation for the full year, excluding the impact from purchased finished goods. We expect the negative impact of foreign currency on EBIT will be higher in 2021 than in 2020.

With this in mind, we now believe that we can achieve a 20-30bps EBIT margin expansion in 2021. This will still mean that the H2 2021 EBIT margin is expected to be below H2 2020.

Looking further ahead, we see plenty of opportunities within our evolving brand portfolio and the markets we operate in. Therefore, we believe that once trading conditions normalise, the business can achieve the growth algorithm we set out at our Capital Markets Day in 2019, which was for FX-neutral revenue growth of 5-6%, with 20-40 basis points of EBIT margin expansion per year on average.

Technical guidance

Accounting changes

From early May 2020, the accounting treatment of our Russian Juice business, which is undertaken jointly with The Coca-Cola Company, changed following its re-organisation. Without this change, Group volume and FX-neutral revenue growth in H1 2021 would have been 210bps and 230bps higher respectively. We have now cycled this impact in May 2021 and H2 2021 will not be impacted by this accounting change. The expected impact of this change on FY 2021 is c. 100bps on both volume and FX-neutral revenue growth. We expect minimal impact on EBIT.

Useful Economic Life Extension

From January 1, 2021 the expected useful life for specific categories of production equipment was extended which has resulted in a reduction in the annual depreciation charge, and therefore a positive impact on Comparable EBIT margin of c. 50bps for H1. We expect a similar impact in H2.

Polish Sugar Tax

Pricing to offset the Polish Sugar Tax has resulted in an inflation in revenue with minimal net impact on Comparable EBIT and therefore a negative impact on Comparable EBIT margin of c. 40bps. We expect a similar impact in H2.

Restructuring

We remain focused on continuously improving our business and seeking productivity opportunities and as we adapt to the impact COVID-19 is having on consumer habits, we may consider further operational efficiencies as necessary.

We have identified restructuring initiatives of approximately €33 million for 2021. We expect that these initiatives will yield a benefit of €6 million in 2021 and an annualised benefit of €11 million from 2021 onwards.

Tax

Considering the dynamics of the evolving mix of profitability in our country portfolio, we continue to expect our comparable effective tax rate to be in the range between 25% and 27%.

Technical guidance (continued)

Finance costs

We expect net finance costs for 2021 to be approximately €70 million, stable compared to 2020, and slightly higher than previously expected due to the increased hedging cost of borrowings in Nigeria and continuation of the negative deposit rates' environment in Europe.

Group Financial Review

Income statement	Half-Year		
	2021	**2020**	**%**
Volume (m unit cases)	**1,126.7**	990.5	13.8%
Net sales revenue	**3,247.9**	2,831.2	14.7%
Net sales revenue per unit case (€)	**2.88**	2.86	0.9%
FX-neutral net sales revenue[1]	**3,247.9**	2,687.7	20.8%
FX-neutral net sales revenue per unit case (€)[1]	**2.88**	2.71	6.2%
Cost of goods sold	**(2,048.4)**	(1,782.1)	14.9%
Comparable cost of goods sold[1]	**(2,059.7)**	(1,777.0)	15.9%
Gross profit	**1,199.5**	1,049.1	14.3%
Comparable gross profit[1]	**1,188.2**	1,054.2	12.7%
Operating expenses	**(863.5)**	(850.8)	1.5%
Comparable operating expenses[1]	**(852.0)**	(850.0)	0.2%
Share of results of integral equity method investments[2]	**14.1**	4.6	>100%
Operating profit (EBIT)[2]	**350.1**	202.9	72.5%
Comparable operating profit (EBIT)[1]	**350.3**	208.8	67.8%
Adjusted EBITDA[1]	**514.7**	399.8	28.7%
Comparable adjusted EBITDA[1]	**515.1**	405.7	27.0%
Finance costs, net	**(34.7)**	(36.2)	-4.1%
Share of results of non-integral equity method investments[2]	**1.8**	0.5	>100%
Tax	**(83.8)**	(43.1)	94.4%
Comparable tax[1]	**(81.5)**	(44.0)	85.2%
Net profit[3]	**233.1**	124.0	88.0%
Comparable net profit[1,3]	**235.6**	129.0	82.6%
Basic earnings per share (€)	**0.639**	0.341	87.4%
Comparable basic earnings per share (€)[1]	**0.646**	0.355	82.0%

[1] *Refer to the 'Definitions and reconciliations of APMs' section.*
[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 14.7% during the first half of 2021, compared to the prior-year period, driven by volume growth, pricing and favourable category, package and channel mix, which more than offset unfavourable foreign currency movements. On a currency-neutral basis, net sales revenue grew by 20.8% during the first half of 2021, compared to the prior-year period.

Comparable and reported cost of goods sold increased by 15.9% and 14.9% respectively in the first half of 2021, compared to the prior-year period, driven by volume growth and higher input costs, mainly related to sugar, aluminium and increased contribution of products purchased as finished goods, while we benefited from lower costs of PET resin.

Comparable operating expenses remained broadly stable in the first half of 2021, compared to the prior-year period, despite net sales revenue growth, mainly as a result of our continuous efforts on cost control. Operating expenses increased by 1.5% in the first half of 2021, compared to the prior-year period, mainly due to incurred acquisition costs regarding business combinations expected to be completed.

Group Financial Review (continued)

Income statement (continued)

Comparable operating profit grew by 67.8% in the first half of 2021, compared to the prior-year period, reflecting the benefits from volume and net sales revenue growth, which were only partially offset by higher input costs and unfavourable foreign currency movements. Operating profit increased by 72.5% in the first half of 2021, compared to the prior-year period, reflecting the benefits from volume and net sales revenue growth, which more than offset higher input costs, including the impact from the mark-to-market valuation of commodity economic hedges, as well as restructuring, acquisition costs and unfavourable foreign currency movements.

Net finance costs decreased by €1.5 million during the first half of 2021, compared to the prior-year period, mainly driven by lower interest expense due to the bond repayment in June 2020, partially offset by the increased hedging cost of borrowings in Nigeria.

On a comparable basis, the effective tax rate was 25.7% for the first half of 2021 and 25.4% for the first half of 2020. On a reported basis, the effective tax rate was 26.4% for the first half of 2021 and 25.8% for the first half of 2020. 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.

Comparable net profit grew by 82.6% and net profit grew by 88.0% in the first half of 2021 compared to the prior-year period, mainly driven by higher operating profitability.

Balance Sheet

	As at		
	2 July 2021	**31 December 2020**	**Change**
Assets	**€ million**	**€ million**	**€ million**
Total non-current assets	**5,129.4**	5,046.0	83.4
Total current assets	**3,277.5**	2,527.1	750.4
Total assets	**8,406.9**	**7,573.1**	833.8
Liabilities			
Total current liabilities	**2,823.7**	2,026.2	797.5
Total non-current liabilities	**2,867.2**	2,913.6	-46.4
Total liabilities	**5,690.9**	**4,939.8**	751.1
Equity			
Owners to the parent	**2,713.2**	2,630.7	82.5
Non-controlling interests	**2.8**	2.6	0.2
Total equity	**2,716.0**	**2,633.3**	82.7
Total equity and liabilities	**8,406.9**	**7,573.1**	833.8
Net current assets	**453.8**	**500.9**	-47.1

Total non-current assets increased by €83.4 million in the first half of 2021, mainly driven by additions of property, plant and equipment and foreign currency translation. Net current assets decreased by €47.1 million in the first half of 2021, driven mainly by declared dividend and higher trade and other payables as well as lower cash and cash equivalents, partially offset by higher investments in financial assets, trade receivables and inventories. Total non-current liabilities decreased by €46.4 million in the first half of 2021 mainly due to reclassification of the current portion of loans payable to joint ventures to current liabilities.

Group Financial Review (continued)

Cash flow

	Half-Year		
	2021 € million	**2020 € million**	**% Change**
Net cash from operating activities[1]	**495.9**	137.8	>100%
Capital expenditure[1]	**(218.4)**	(176.3)	23.9%
Free cash flow[1]	**277.5**	(38.5)	NM

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

Net cash from operating activities more than doubled in the first half of 2021, compared to the prior-year period, driven by higher operating profitability and increased cash generated from movements in working capital.

Capital expenditure increased by 23.9% in the first half of 2021, compared to the prior-year period. In the first half of 2021, capital expenditure amounted to €218.4 million of which 65% was related to investment in production equipment and facilities and 15% to the acquisition of marketing equipment. In the first half of 2020, capital expenditure amounted to €176.3 million of which 48% was related to investment in production equipment and facilities and 29% to the acquisition of marketing equipment.

In the first half of 2021, free cash flow amounted to an inflow of €277.5 million, a €316.0 million improvement compared to the prior-year period, reflecting the increased cash from operating activities, which was only partially offset by increased capital expenditure.

Supplementary Information

Effective May 2020, following a re-organisation of Multon's structure, the joint arrangement was reclassified from a joint operation to a joint venture. The tables below depict the Group's growth including the respective performance of Multon as a joint operation in the current period:

			Net sales revenue per unit case			
HY 2021 vs HY 2020	**Volume**		**FX-neutral**		**Reported**	
Growth (%)	**Total CCH**	**Like-for-Like**	**Total CCH**	**Like-for-Like**	**Total CCH**	**Like-for-Like**
Established	11.8	11.8	4.8	4.8	4.3	4.3
Developing	0.6	0.6	16.9	16.9	14.9	14.9
Emerging	19.1	22.9	5.2	6.1	-5.2	-4.4
Total Group	13.8	15.9	6.2	6.2	0.9	0.8

	Net sales revenue			
HY 2021 vs HY 2020	**FX-neutral**		**Reported**	
Growth (%)	**Total CCH**	**Like-for-Like**	**Total CCH**	**Like-for-Like**
Established	17.1	17.1	16.6	16.6
Developing	17.6	17.6	15.6	15.6
Emerging	25.3	30.3	12.9	17.5
Total Group	20.8	23.1	14.7	16.9

	EBIT			
HY 2021 vs HY 2020	**Reported**		**Comparable**	
Growth (%)	**Total CCH**	**Like-for-Like**	**Total CCH**	**Like-for-Like**
Established	>100	>100	>100	>100
Developing	>100	>100	72.3	72.3
Emerging	45.4	45.6	49.1	49.4
Total Group	72.5	72.7	67.8	67.9

Supplementary Information (continued)

The volume, net sales revenue and net sales revenue per unit case on a reported and currency-neutral base, are provided for NARTD and Premium Spirits, as set out below:

	Half-Year		%
NARTD	**2021**	**2020**	**Change**
Volume (m in unit cases)[1]	**1,125.3**	989.6	13.7%
Net sales revenue (€ m)	**3,160.3**	2,772.0	14.0%
Net sales revenue per unit case (€)	**2.81**	2.80	0.3%
FX-neutral net sales revenue (€ m)	**3,160.3**	2,630.5	20.1%
FX-neutral net sales revenue per unit case (€)	**2.81**	2.66	5.7%
	Half-Year		**%**
Premium Spirits	**2021**	**2020**	**Change**
Volume (m in unit cases)[1]	**1.358**	0.910	49.2%
Net sales revenue (€ m)	**87.6**	59.2	48.0%
Net sales revenue per unit case (€)	**64.51**	65.05	-0.8%
FX-neutral net sales revenue (€ m)	**87.6**	57.2	53.1%
FX-neutral net sales revenue per unit case (€)	**64.51**	62.86	2.6%
	Half-Year		**%**
Total	**2021**	**2020**	**Change**
Volume (m in unit cases)[1]	**1,126.7**	990.5	13.8%
Net sales revenue (€ m)	**3,247.9**	2,831.2	14.7%
Net sales revenue per unit case (€)	**2.88**	2.86	0.9%
FX-neutral net sales revenue (€ m)	**3,247.9**	2,687.7	20.8%
FX-neutral net sales revenue per unit case (€)	**2.88**	2.71	6.2%

[1] For NARTD volume, 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.

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

1. Comparable APMs[1]

In discussing the performance of the Group, "comparable" measures are used, which 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, acquisition costs 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 in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.
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 PET 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 and 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 PET) and embedded derivatives. These gains or 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 costs*
   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. These costs are included within the income statement line "Operating expenses". However, to the extent that they relate to business combinations that have completed or are expected to be completed, they are excluded from the comparable results in order for the user to obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.
4) *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 in order for the user to 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.

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

[1]Comparable APMs refer to comparable COGS, 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)

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

	Half-year 2021							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(2,048.4)**	**1,199.5**	**(863.5)**	**350.1**	**514.7**	**(83.8)**	**233.1**	**0.639**
Restructuring costs	**—**	**—**	**0.5**	**0.5**	**0.7**	**(0.1)**	**0.4**	**0.001**
Commodity hedging	**(11.3)**	**(11.3)**	**—**	**(11.3)**	**(11.3)**	**2.2**	**(9.1)**	**(0.025)**
Acquisition costs	**—**	**—**	**11.0**	**11.0**	**11.0**	**(2.8)**	**8.2**	**0.023**
Other tax items	**—**	**—**	**—**	**—**	**—**	**3.0**	**3.0**	**0.008**
Comparable	**(2,059.7)**	**1,188.2**	**(852.0)**	**350.3**	**515.1**	**(81.5)**	**235.6**	**0.646**
	Half-year 2020							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(1,782.1)	1,049.1	(850.8)	202.9	399.8	(43.1)	124.0	0.341
Restructuring costs	—	—	0.8	0.8	0.8	(0.2)	0.6	0.002
Commodity hedging	5.1	5.1	—	5.1	5.1	(1.0)	4.1	0.011
Other tax items	—	—	—	—	—	0.3	0.3	0.001
Comparable	**(1,777.0)**	**1,054.2**	**(850.0)**	**208.8**	**405.7**	**(44.0)**	**129.0**	**0.355**

[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 2021			
	Established	Developing	Emerging	Consolidated
EBIT	**110.6**	**35.7**	**203.8**	**350.1**
Restructuring costs	(0.4)	0.9	—	0.5
Commodity hedging	(4.3)	(5.7)	(1.3)	(11.3)
Acquisition costs	2.7	2.0	6.3	11.0
Comparable EBIT	**108.6**	**32.9**	**208.8**	**350.3**
	Half-year 2020			
	Established	Developing	Emerging	Consolidated
EBIT	**46.6**	**16.1**	**140.2**	**202.9**
Restructuring costs	0.8	—	—	0.8
Commodity hedging	2.3	3.0	(0.2)	5.1
Comparable EBIT	**49.7**	**19.1**	**140.0**	**208.8**

2. FX-neutral APMs

The Group also evaluates its operating and financial performance on an FX-neutral basis (i.e. without giving effect to the impact of variation of foreign currency exchange rates from period to period). FX-neutral APMs are calculated by adjusting prior period amounts for the impact of exchange rates applicable to the current period. FX-neutral measures enable users to focus on the performance of the business on a basis which is not affected by changes in foreign currency exchange rates applicable to the Group's operating activities from period to period. The most common FX-neutral measures used by the Group are:

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

2. FX-neutral APMs (continued)

1) *FX-neutral net sales revenue and FX-neutral net sales revenue per unit case*
FX-neutral net sales revenue and FX-neutral net sales revenue per unit case are calculated by adjusting prior-period net sales revenue for the impact of changes in exchange rates applicable in the current period.

2) *FX-neutral comparable input costs per unit case*
FX-neutral comparable input costs per unit case is calculated by adjusting prior-period commodity costs and more specifically, sugar, resin, aluminium and fuel commodity costs, excluding commodity hedging as described above, and other raw materials costs for the impact of changes in exchange rates applicable in the current period.

The calculations of the FX-neutral APMs and the reconciliation to the most directly related measures calculated in accordance with IFRS is as follows:

Reconciliation of FX-neutral net sales revenue per unit case *(numbers in € million otherwise stated)*

	Half-year 2021			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	**1,149.8**	**601.6**	**1,496.5**	**3,247.9**
Currency impact	**—**	**—**	**—**	**—**
FX-neutral net sales revenue	**1,149.8**	**601.6**	**1,496.5**	**3,247.9**
Volume (m unit cases)	**274.3**	**190.9**	**661.5**	**1,126.7**
FX-neutral net sales revenue per unit case (€)	**4.19**	**3.15**	**2.26**	**2.88**

	Half-year 2020			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	985.9	520.2	1,325.1	2,831.2
Currency impact	(4.4)	(8.7)	(130.4)	(143.5)
FX-neutral net sales revenue	981.5	511.5	1,194.7	2,687.7
Volume (m unit cases)	245.3	189.7	555.5	990.5
FX-neutral net sales revenue per unit case (€)	4.00	2.70	2.15	2.71

Reconciliation of FX-neutral input costs per unit case *(numbers in € million unless otherwise stated)*

	Half-year 2021	**Half-year 2020**
Input costs	**857.6**	729.0
Commodity hedging	**11.3**	(5.1)
Comparable input costs	**868.9**	723.9
Currency impact	**—**	(21.6)
FX-neutral comparable input costs (€)	**868.9**	702.3
Volume (m unit cases)	**1,126.7**	990.5
FX-neutral comparable input costs per unit case (€)	**0.77**	0.71

3. Other APMs

Adjusted EBITDA

Adjusted EBITDA is calculated by adding back to operating profit the depreciation and impairment of property, plant and equipment, the amortisation and impairment of intangible assets, the employee share option and performance share costs and items, if any, reported in line "Other non-cash items" of the consolidated 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. It is also intended to measure the level of financial leverage of the Group by comparing Adjusted EBITDA to Net debt.

Adjusted EBITDA is not a measure of profitability and liquidity under IFRS and has limitations, some of which are as follows: Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; Adjusted EBITDA does 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 does not reflect any cash requirements for such replacements. Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us and should be used only as a supplementary APM.

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 CCHBC 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

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. 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 following table illustrates how Adjusted EBITDA, Free Cash Flow and Capital Expenditure are calculated:

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

	Half-year 2021 € million	Half-year 2020 € million
Operating profit (EBIT)	**350.1**	**202.9**
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**159.7**	190.8
Amortisation of intangible assets	**0.5**	0.5
Employee performance shares	**4.4**	5.6
Adjusted EBITDA	**514.7**	**399.8**
Share of results of integral equity method investments	**(14.1)**	(4.6)
(Gain) / loss on disposals of non-current assets	**(3.1)**	0.4
Cash generated / (consumed) from working capital movements	**81.6**	(194.2)
Tax paid	**(83.2)**	(63.6)
Net cash from operating activities	**495.9**	**137.8**
Payments for purchases of property, plant and equipment [1]	**(192.0)**	(159.4)
Principal repayments of lease obligations	**(29.3)**	(26.1)
Proceeds from sales of property, plant and equipment	**2.9**	9.2
Capital expenditure	**(218.4)**	**(176.3)**
Free cash flow	**277.5**	**(38.5)**

[1] Payments for purchases of property, plant and equipment include €2.9 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.

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/special bills and money market funds), as illustrated below:

	As at	
	2 July 2021	31 December 2020
	€ million	€ million
Current borrowings	**382.1**	315.2
Non-current borrowings	**2,555.4**	2,610.3
Other financial assets	**(676.6)**	(92.9)
Cash and cash equivalents	**(913.0)**	(1,215.8)
Net debt	**1,347.9**	**1,616.8**

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.

In 2020, our risk management programme has been given even greater emphasis with regular discussions on emergent risks and opportunities associated with COVID-19 and the enhanced monitoring and assessment of our principal risks.

Restrictions on physical access to our workplaces brought challenges for the implementation of our risk management programme. With the support of our IT colleagues, we were able to quickly adapt our working arrangements to an online environment. This enabled us to maintain all of our risk management routines and ensure continuity of the programme. These new working arrangements provided opportunities for broadening participation in a number of key areas. In 2021, we are using these lessons to improve the level of engagement, and the insights that engagement provides, to improve our programme, including the delivery of online training and crisis simulations.

We continue to closely monitor the impact of COVID-19 on our people and business, as vaccination programmes are rolled out across our markets and restrictions are lifted. We are developing programmes to ensure safe and productive workplaces for our people as we transition into a post-COVID working environment.

The principal risks and uncertainties that the Company expects to be exposed to in the second half of 2021 are substantially the same as those outlined in the 2020 Integrated Annual Report for the year ended 31 December 2020, pages 55 to 61, which are reproduced below.

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

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
1. Sustainability: Plastics and packaging waste	Concerns related to packaging waste and plastic pollution.	• Decreased credibility in public discussions • Long-term damage to our reputation and licence to operate • Increased cost of doing business, including discriminatory taxes • Loss of consumer base	• World Without Waste global vision • Mission 2025 packaging related commitments • Partnerships with local communities, NGOs, start-ups and academia to manage packaging recovery and minimise environmental impacts	• Packaging and waste management • Sustainable sourcing

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
2. Sustainability: Climate and carbon	The risks associated with unpredictable and more volatile effects of weather. Failure to reduce carbon emissions along the value chain.	• Commodity availability • Disruption of operations and distribution • Long-term damage to our reputation and license to operate • Increased cost of doing business	• New science-based target for 2030 • Energy management programmes and transition to renewable and clean energy • Engagement and partnering with local and international stakeholders • Focus on sustainable procurement • Physical risk analysis including quantification and stress testing in line with TCFD recommendations • Natural disaster plans in place across the operations	• Climate Change • Sustainable sourcing
3. Sustainability: Water availability and usage	The risks in our operations, sourcing areas of raw materials, communities and the environment related to water availability, water stress and water quality.	• Availability of water for the communities that we operate within and the environment • Long-term damage to our reputation and licence to operate • Water shortage for our operations may lead to production interruptions • Increased cost of water sourcing and treatment	• Source vulnerability assessments (SVAs) to identify and mitigate water supply risks are performed at all plants • Alliance for water stewardship certification, to identify and mitigate shared water risks in the catchment areas are performed at all plants • All key water-related risks are consolidated in the water-risk register and shared quarterly with Supply Chain Management • Water usage reduction plans and wastewater discharge monitoring is implemented in all plants • Water priority locations are identified, and context-based action plans are prepared • Water stewardship initiatives and other forms of engagement and partnering with local and international stakeholders	• Water stewardship • Sustainable sourcing

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
4. Consumer health and wellbeing	Failure to adapt to changing consumer health trends, misconceptions about the health impact of our products.	• Failure to achieve our growth plans • Long-term damage to our reputation and licence to operate • Loss of consumer base • Potential imposition of discriminatory taxation	• Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Introduce smaller packs • Reduce the calorie content of products in the portfolio • Clearer labelling on packaging • Promote active lifestyles through consumer engagement programmes focused on health and wellness • Address misconceptions about the health impacts of our products	• Nutrition • Product quality • Responsible marketing
5. Cyber incidents	A cyber attack or data centre failure resulting in business disruption, or breach of corporate or personal data confidentiality.	• Financial loss • Operational disruption • Damage to corporate reputation • Non-compliance with data protection legislation (e.g. GDPR)	• Implement a NIST-aligned cyber security and privacy control framework and monitor compliance • Safeguard critical IT and operational assets • Enhanced ability to detect, respond and recover from cyber incidents and attacks • Foster a positive culture of cyber security • Monitor threat landscape and remediate associated vulnerabilities • Integration of Cyber Incident Response Plan into IMCR Framework	• Economic impact

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
6. Health and Safety	The risk of health and safety and occupational workplace incidents involving our employees, contractors or third-party logistics providers.	• Death, injury or disease of employees, contractors or members of the public • Employee engagement and motivation • Attraction of talent/prospective employees	• COVID-19 prevention protocol in place across the organisation • Monitoring system for internal COVID-19 cases and enhanced rapid response to reduce risk of transmission • New Group-wide policy and supporting materials for improved mental health • Behavioural-based Safety Programme in place at all our facilities • Standardised programmes, policies and legislation applied locally • Group oversight by the Health and Safety (H&S) Team • H&S Board with mandate to accelerate the H&S step-change plan implementation	• Employee wellbeing & engagement

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
7. Channel mix	The immediate consumption channel remains under pressure and accelerated as consumers altered consumption habits and shifted occasions from out-of-home to at-home. A continued increase in the concentration of retailers and independent wholesalers on whom we depend to distribute our products.	• Reduced availability of our portfolio and overall profitability	• Prioritisation of assortment per channel to drive higher margin packs • Enhanced marketing campaigns to capture growing occasions of socialising at home accelerated by COVID-19 restrictions • Refreshed and enhanced key account capabilities and tools to partner and grow profitable revenue with customers • Work closely with our out-of-home channel customers to drive transactions and support them selling online to more effectively manage the impact of COVID-19 or in their reopening as restrictions ease • Accelerate Right Execution Daily (RED) to support our commitment to operational excellence • Develop our digital and e-commerce capabilities to capture opportunities associated with existing and new distribution channels • Localised management plans in specific countries dependent on channel impact and risk and including variance in the impact of COVID-19 restrictions	• Economic impact

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
8. Foreign exchange and commodity costs	Foreign exchange and commodity exposure arises from changes in exchange rates and commodity prices. Currency devaluation combined with capital controls restricts movement of funds and increases the risk of asset impairment.	• Financial loss • Increased cost base • Asset impairment • Limitations on cash repatriation	• Treasury policy requires, where possible, the hedging of 25% to 80% of rolling 12-month forecasted transactional foreign currency exposure • Hedging beyond 12 months may occur in exceptional cases, subject to approval of Group CFO • Treasury policy requires, where possible, the hedging of rolling three-year commodity exposures; different policy limits apply for each hedgeable commodity • Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations	• Economic impact
9. Geopolitical and macroeconomic	Volatile and challenging macroeconomic, security and geopolitical conditions together with adverse global events including health-related issues can affect consumer demand and create security risks across our diverse markets.	• Eroded consumer confidence affecting discretionary spending • Potential imposition of discriminatory taxation • Inflationary pressures • Social unrest • Safety of people and assets	• Seek to offer the right brand at the right price in the right package through the right channel • Robust security practices and procedures to protect people and assets • Crisis response and business continuity strategies that enable effective responses to adverse events	• Economic impact • Corporate citizenship • Employee well-being & engagement

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
10. People	Inability to attract, retain and engage sufficient numbers of qualified and experienced employees in highly competitive talent markets.	• Failure to achieve our growth plans	• Upgrade our Employer Value Proposition and Employer Brand • Develop leaders and people for key positions internally, improve leaders' skills and commitment for talent development • Continuous employee listening to address culture and engagement effectively • Promote an inclusive environment that allows all employees to achieve their full potential • Create shared value with the communities in which we work to ensure we are seen and considered as an ethical business with an attractive purpose • Expand talent pool by hiring more diverse workforce	• Employee well-being & engagement • Human rights, diversity & inclusion • Corporate citizenship
11. Quality	The occurrence of quality/food safety issues, or the contamination of our products across our diverse brand portfolio.	• Damage to brand and corporate reputation • Loss of consumer trust • Reduction in volume and net sales revenue	• Stringent quality/food safety processes in place to minimise the likelihood of occurrence • Early warning systems that enable fast issue identification • Robust response processes and systems that enable us to quickly and efficiently deal with quality/food safety issues, ensuring customers and consumers retain confidence in our products	• Product Quality

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
12. Ethics and compliance	The risk of fraud against the Company as well as risk of Anti-Bribery and Corruption (ABAC) fines or sanctions if our employees, or the third parties we engage to deal with governments, fail to comply with ABAC requirements. The risk of inadvertent non-compliance with international sanctions in certain countries.	• Damage to our corporate reputation • Significant financial penalties • Management time diverted to resolving legal issues • Economic loss because of fraud and reputational damages, fines and penalties, in the event of non-compliance	• Annual 'Tone from the Top' messaging • Code of Business Conduct, ABAC and commercial compliance training and awareness campaigns for our entire workforce, training on international sanctions for our employees exposed to this risk • All third parties that we engage must comply with our Supplier Guiding Principles, which include ABAC and international sanctions compliance • All third parties that we engage to deal with governments on our behalf are subject to ABAC due diligence. Screening of third parties and transactions potentially exposed to international sanctions risk • Cross-functional Joint Task Forces in Italy, Nigeria and Russia that proactively address risks in our key operations • Risk-based internal control framework and assurance programme with local management accountability • Periodic risk-based internal audits of ABAC compliance programme • 'Speak Up Hotline'	• Corporate governance
13. Strategic stakeholder relationships	We rely on our strategic relationships and agreements with The Coca-Cola Company (including Costa Coffee), Monster Energy and our premium spirits partners.	• Termination of agreements or unfavourable renewal terms could adversely affect profitability	• Management focus on effective day-to-day interaction with our strategic partners • Working together as effective partners for growth • Engagement in joint projects and business planning with a focus on strategic issues • Participation in 'Top to Top' senior management forums	• Economic impact • Corporate governance

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 2020 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 2 July 2021", note 15 "Related party transactions".

Going concern statement

The outbreak of the COVID-19 pandemic during the prior year has been an unprecedented event that, in varying degrees, has impacted people around the world and created, and continues to create, a high degree of uncertainty as to future financial performance of many companies. The implications of this, and particularly the implications of the enforced lockdowns in our markets and the related impact on the Group's trading, have been considered by the Directors in assessing the ability of the Group to continue trading as a going concern. As the COVID-19 lockdown restrictions ease and vaccinations progress, the Group's markets are resuming their economic activities.

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 as well as its 2020 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 2021 and beyond.

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 and uncertainty posed by COVID-19 pandemic.

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 2 July 2021 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 2020 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries for the year ended 31 December 2020, 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
Bruno Pietracci	Non-Executive Director
Ryan Rudolph	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

12 August 2021

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 2 July 2021. 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 (IAS) 34, ‘Interim Financial Reporting’, as issued by the International Accounting Standards Board (IASB), IAS 34, ‘Interim Financial Reporting’, as issued by the IASB and adopted by the European Union (EU) and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 2 July 2021;
- 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 issued by the IASB, IAS 34, ‘Interim Financial Reporting’, as issued by the IASB and adopted by the EU and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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 of the Company. 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.

Our responsibility is to express to the Company a conclusion on the interim financial statements in the half-yearly financial report based on our review. 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.

What a review of interim financial statements involves

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.

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Fotis Smyrnis
Certified Accountant Auditor (SOEL Reg. No. 52861)

For and on behalf of **PricewaterhouseCoopers S.A.**
Certified Auditors (SOEL Reg. No. 113)

12 August 2021
Athens, Greece

Condensed consolidated interim financial statements for the six months ended 2 July 2021

Condensed consolidated interim income statement (unaudited)

		Six months ended	
		2 July 2021	26 June 2020
	Note	**€ million**	€ million
Net sales revenue	3	**3,247.9**	2,831.2
Cost of goods sold		**(2,048.4)**	(1,782.1)
Gross profit		**1,199.5**	**1,049.1**
Operating expenses	4	**(863.5)**	(850.8)
Share of results of integral equity method investments		**14.1**	4.6
Operating profit	3	**350.1**	**202.9**
Finance costs, net	5	**(34.7)**	(36.2)
Share of results of non-integral equity method investments		**1.8**	0.5
Profit before tax		**317.2**	**167.2**
Tax	6	**(83.8)**	(43.1)
Profit after tax		**233.4**	**124.1**
Attributable to:			
Owners of the parent		**233.1**	124.0
Non-controlling interests		**0.3**	0.1
		233.4	**124.1**
Basic and diluted earnings per share (€)	7	**0.64**	0.34

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

Condensed consolidated interim statement of comprehensive income (unaudited)

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Profit after tax	**233.4**	**124.1**
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	**(1.0)**	(2.2)
Net gain of cash flow hedges	**42.1**	4.4
Foreign currency translation	**20.0**	(138.7)
Share of other comprehensive income of equity method investments	**7.2**	5.9
Income tax relating to items that may be subsequently reclassified to income statement	**(6.2)**	0.3
	62.1	**(130.3)**
Items that will not be subsequently reclassified to income statement:		
Valuation loss on equity investments at fair value through other comprehensive income	**—**	(0.3)
Actuarial gains / (losses)	**14.5**	(23.3)
Income tax relating to items that will not be subsequently reclassified to income statement	**0.3**	4.3
	14.8	**(19.3)**
Other comprehensive income / (loss) for the period, net of tax	**76.9**	**(149.6)**
Total comprehensive income / (loss) for the period	**310.3**	**(25.5)**
Total comprehensive income / (loss) attributable to:		
Owners of the parent	**310.0**	(25.6)
Non-controlling interests	**0.3**	0.1
	310.3	**(25.5)**

Condensed consolidated interim balance sheet (unaudited)

		As at	
		2 July 2021	31 December 2020
	Note	**€ million**	€ million
Assets			
Intangible assets	8	**2,011.9**	1,986.1
Property, plant and equipment	8	**2,702.0**	2,616.6
Other non-current assets		**415.5**	443.3
Total non-current assets		**5,129.4**	**5,046.0**
Inventories		**545.9**	417.6
Trade, other receivables and assets		**1,114.2**	787.1
Other financial assets	10	**703.0**	106.6
Cash and cash equivalents	10	**913.0**	1,215.8
		3,276.1	**2,527.1**
Assets classified as held for sale		**1.4**	—
Total current assets		**3,277.5**	**2,527.1**
Total assets		**8,406.9**	**7,573.1**
Liabilities			
Borrowings	10	**382.1**	315.2
Other current liabilities		**2,441.6**	1,711.0
Total current liabilities		**2,823.7**	**2,026.2**
Borrowings	10	**2,555.4**	2,610.3
Other non-current liabilities		**311.8**	303.3
Total non-current liabilities		**2,867.2**	**2,913.6**
Total liabilities		**5,690.9**	**4,939.8**
Equity			
Owners of the parent		**2,713.2**	2,630.7
Non-controlling interests		**2.8**	2.6
Total equity		**2,716.0**	**2,633.3**
Total equity and liabilities		**8,406.9**	**7,573.1**

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

Condensed consolidated interim statement of changes in equity (unaudited)

	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 2020	**2,010.8**	**3,545.3**	**(6,472.1)**	**(169.8)**	**(964.7)**	**256.3**	**4,491.7**	**2,697.5**	**2.7**	**2,700.2**
Shares issued to employees exercising stock options (note 11)	2.2	2.4	—	—	—	—	—	**4.6**	—	**4.6**
Share-based compensation: Performance shares	—	—	—	—	—	5.6	—	**5.6**	—	**5.6**
Appropriation of reserves (note 11)	—	—	—	14.3	—	(14.3)	—	**—**	—	**—**
Dividends (note 13)	—	(227.9)	—	—	—	—	2.2	**(225.7)**	(0.1)	**(225.8)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of deferred tax [(1)]	—	—	—	—	—	(2.0)	—	**(2.0)**	—	**(2.0)**
	2,013.0	**3,319.8**	**(6,472.1)**	**(155.5)**	**(964.7)**	**245.6**	**4,493.9**	**2,480.0**	**2.6**	**2,482.6**
Profit for the period, net of tax	—	—	—	—	—	—	124.0	**124.0**	0.1	**124.1**
Other comprehensive loss for the period, net of tax	—	—	—	—	(131.1)	0.5	(19.0)	**(149.6)**	—	**(149.6)**
Total comprehensive loss for the period net of tax [(2)]	—	—	—	—	(131.1)	0.5	105.0	**(25.6)**	0.1	**(25.5)**
Balance as at 26 June 2020	**2,013.0**	**3,319.8**	**(6,472.1)**	**(155.5)**	**(1,095.8)**	**246.1**	**4,598.9**	**2,454.4**	**2.7**	**2,457.1**
Shares issued to employees exercising stock options (note 11)	1.4	1.6	—	—	—	—	—	**3.0**	—	**3.0**
Share-based compensation: Performance shares	—	—	—	—	—	3.9	—	**3.9**	—	**3.9**
Appropriation of reserves	—	—	—	—	—	0.4	(0.4)	**—**	—	**—**
Dividends (note 13)	—	—	—	—	—	—	—	**—**	(0.1)	**(0.1)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of deferred tax	—	—	—	—	—	1.8	—	**1.8**	—	**1.8**
	2,014.4	**3,321.4**	**(6,472.1)**	**(155.5)**	**(1,095.8)**	**252.2**	**4,598.5**	**2,463.1**	**2.6**	**2,465.7**
Profit for the period, net of tax	—	—	—	—	—	—	290.9	**290.9**	—	**290.9**
Other comprehensive loss for the period, net of tax	—	—	—	—	(146.3)	14.5	8.5	**(123.3)**	—	**(123.3)**
Total comprehensive income for the period, net of tax	—	—	—	—	(146.3)	14.5	299.4	**167.6**	—	**167.6**
Balance as at 31 December 2020	**2,014.4**	**3,321.4**	**(6,472.1)**	**(155.5)**	**(1,242.1)**	**266.7**	**4,897.9**	**2,630.7**	**2.6**	**2,633.3**

(1) The amount included in other reserves of €2.0 million gain for the first half of 2020 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €2.3 million gain, and the deferred tax expense thereof amounting to €0.3 million.

(2) The amount included in the exchange equalisation reserve of €131.1 million loss for the first half of 2020 represents the exchange loss attributed to the owners of the parent, mainly related to the Russian Rouble and Nigerian Naira, including €7.6 million gain relating to share of other comprehensive income of equity method investments.

The amount of other comprehensive income net of tax included in other reserves of €0.5 million gain for the first half of 2020 consists of loss on valuation of equity investments at fair value through other comprehensive income of €0.3 million, cash flow hedges gain of €2.2 million, share of other comprehensive income of equity method investments of €1.7 million loss and the deferred tax income thereof amounting to €0.3 million.

The amount of €105.0 million gain attributable to owners of the parent comprises profit for the period of €124.0 million, actuarial losses of €23.3 million and deferred tax income of €4.3 million.

The amount of €0.1 million gain included in non-controlling interests for the first half of 2020 represents the share of non-controlling interests in profit for the period.

Condensed consolidated interim statement of changes in equity (unaudited)

	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 2021	**2,014.4**	**3,321.4**	**(6,472.1)**	**(155.5)**	**(1,242.1)**	**266.7**	**4,897.9**	**2,630.7**	**2.6**	**2,633.3**
Shares issued to employees exercising stock options (note 11)	2.2	3.6	—	—	—	—	—	**5.8**	—	**5.8**
Share based compensation: Performance shares	—	—	—	—	—	4.4	—	**4.4**	—	**4.4**
Appropriation of reserves (note 11)	—	—	—	8.9	—	(8.8)	(0.1)	**—**	—	**—**
Dividends (note 13)	—	(235.8)	—	—	—	—	2.2	**(233.6)**	(0.1)	**(233.7)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of deferred tax [3]	—	—	—	—	—	(4.1)	—	**(4.1)**	—	**(4.1)**
	2,016.6	**3,089.2**	**(6,472.1)**	**(146.6)**	**(1,242.1)**	**258.2**	**4,900.0**	**2,403.2**	**2.5**	**2,405.7**
Profit for the period net of tax	—	—	—	—	—	—	233.1	**233.1**	0.3	**233.4**
Other comprehensive income for the period, net of tax	—	—	—	—	27.2	34.9	14.8	**76.9**	—	**76.9**
Total comprehensive income for the period, net of tax [4]	—	—	—	—	27.2	34.9	247.9	**310.0**	0.3	**310.3**
Balance as at 2 July 2021	**2,016.6**	**3,089.2**	**(6,472.1)**	**(146.6)**	**(1,214.9)**	**293.1**	**5,147.9**	**2,713.2**	**2.8**	**2,716.0**

[3] *The amount included in other reserves of €4.1 million gain for the first half of 2021 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €5.1 million gain, and the deferred tax expense thereof amounting to €1.0 million.*

[4] *The amount included in the exchange equalisation reserve of €27.2 million gain for the first half of 2021 represents the exchange gain attributed to the owners of the parent, primarily related to the Russian Rouble, including €7.2 million gain relating to share of other comprehensive income of equity method investments.*

The amount of other comprehensive income net of tax included in other reserves of €34.9 million gain for the first half of 2021 consists of cash flow hedges gain of €41.1 million and the deferred tax expense thereof amounting to €6.2 million.

The amount of €247.9 million gain attributable to owners of the parent comprises profit for the period of €233.1 million, actuarial gains of €14.5 million and deferred tax income of €0.3 million.

The amount of €0.3 million gain included in non-controlling interests for the first half of 2021 represents the share of non-controlling interests in profit for the period.

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

Condensed consolidated interim cash flow statement (unaudited)

	Note	Six months ended 2 July 2021 € million	26 June 2020 € million
Operating activities			
Profit after tax for the period		**233.4**	124.1
Finance costs, net	5	**34.7**	36.2
Share of results of non-integral equity method investments		**(1.8)**	(0.5)
Tax charged to the income statement		**83.8**	43.1
Depreciation and impairment of property, plant and equipment including right-of-use assets	8	**159.7**	190.8
Employee performance shares		**4.4**	5.6
Amortisation of intangible assets	8	**0.5**	0.5
		514.7	**399.8**
Share of results of integral equity method investments		**(14.1)**	(4.6)
(Gain) / Loss on disposals of non-current assets		**(3.1)**	0.4
Increase in inventories		**(126.2)**	(97.4)
Increase in trade and other receivables		**(249.1)**	(16.9)
Increase / (Decrease) in trade and other payables		**456.9**	(79.9)
Tax paid		**(83.2)**	(63.6)
Net cash inflow from operating activities		**495.9**	**137.8**
Investing activities			
Payments for purchases of property, plant and equipment		**(189.1)**	(159.4)
Proceeds from sales of property, plant and equipment		**2.9**	9.2
Payment for acquisition of non-integral equity method investment		**—**	(2.1)
Net receipts from integral equity method investments	15	**6.5**	—
Net receipts from non-integral equity method investments	15	**0.5**	1.3
Joint arrangement reclassification	14	**—**	(13.1)
Net (payments for) / proceeds from investments in financial assets at amortised cost		**(299.1)**	252.4
Net (payments for) / proceeds from investments in financial assets at fair value through profit or loss		**(285.7)**	370.8
Interest received		**0.3**	0.5
Payment for acquisition of joint operation	14	**(0.9)**	—
Net cash (outflow) / inflow from investing activities		**(764.6)**	**459.6**
Financing activities			
Proceeds from shares issued to employees, exercising stock options	11	**5.8**	4.6
Proceeds from borrowings		**63.7**	203.0
Repayments of borrowings		**(54.2)**	(565.1)
Principal repayments of lease obligations		**(29.3)**	(26.1)
Receipts from / (payments for) settlement of derivatives regarding financing activities		**3.7**	(0.1)
Interest paid		**(24.6)**	(39.8)
Dividends paid to non-controlling interests		**—**	(0.1)
Net cash outflow from financing activities		**(34.9)**	**(423.6)**
Net (decrease) / increase in cash and cash equivalents		**(303.6)**	**173.8**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**1,215.8**	823.0
Net (decrease) / increase in cash and cash equivalents (excl. joint arrangement reclassification)		**(303.6)**	186.9
Joint arrangement reclassification		**—**	(13.1)
Effect of changes in exchange rates		**0.8**	(9.4)
Cash and cash equivalents at the end of the period		**913.0**	**987.4**

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

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

1. Basis of preparation, accounting policies and change in accounting estimate

Basis of preparation

These 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'), IAS 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board ('IASB') and 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 2020. The Group's annual consolidated financial statements for the year ended 31 December 2020 and the condensed consolidated interim financial statements for the six months ended 26 June 2020 were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the IASB. IFRS as issued by the IASB and adopted by the EU differs in certain respects from IFRS as issued by the IASB. These differences have no impact on the Group's condensed consolidated interim financial statements for the periods presented.

Going concern

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 perfomance in the period as well as its 2020 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 2021 and beyond. Management has also considered the Group's strong balance sheet and liquidity position (refer also to note 9), 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 and uncertainty posed by COVID-19 pandemic. Accordingly, and having also considered its principal risks, the Group has a reasonable expectation that there are adequate resources to continue in operational existence for at least 12 months from the date of approval of the condensed consolidated interim financial statements. Thus, the Group considers it appropriate to adopt the going concern basis of accounting in preparing 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 2020 annual financial statements, except for the adoption of applicable amendments to accounting standards effective as of 1 January 2021. 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

A number of amendments to the standards became applicable as of 1 January 2021 and were adopted by the Group. The adoption of the amended standards did not have an impact on the Group's condensed consolidated interim financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2: With publication of the Phase 2 amendments, the IASB has completed its work in response to Interbank Offered Rate (IBOR) reform. The amendments provide temporary reliefs which address the financial reporting effects when an IBOR is replaced with an alternative benchmark rate. More specifically, the amendments include practical expedients in relation to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for the change in its hedging relationships and the information it should disclose.

Amendments to IFRS 16 Leases - COVID-19 related rent concessions: The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications. In such cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

1. Basis of preparation, accounting policies and change in accounting estimate (continued)

Change in accounting estimate

In 2021, the Group re-assessed the estimated useful life for specific categories of production equipment, following changes in estimates over their expected period of usage. As a result, effective 1 January 2021, the expected useful life of the specific categories of production equipment was extended by five years. Therefore, the depreciation expense for the six months ended on 2 July 2021 is approximately €17 million less compared to the depreciation expense calculated using the previously applied useful lives. This is primarily reflected in the 'Cost of goods sold' line of the condensed consolidated interim income statement.

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 the 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**	
	2 July 2021	26 June 2020	**2 July 2021**	31 December 2020
US Dollar	**1.21**	1.10	**1.19**	1.22
UK Sterling	**0.87**	0.87	**0.86**	0.91
Polish Zloty	**4.54**	4.41	**4.52**	4.54
Nigerian Naira	**489.38**	414.29	**486.96**	480.68
Hungarian Forint	**357.92**	344.71	**351.33**	364.83
Swiss Franc	**1.09**	1.06	**1.10**	1.08
Russian Rouble	**89.62**	76.33	**86.75**	90.55
Romanian Leu	**4.90**	4.81	**4.93**	4.88
Ukrainian Hryvnia	**33.49**	28.50	**32.35**	34.64
Czech Koruna	**25.85**	26.31	**25.51**	26.21
Serbian Dinar	**117.58**	117.57	**117.57**	117.57

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

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 28 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, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

a) Volume and net sales revenue

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

	Six months ended	
	2 July 2021	26 June 2020
Established	**274.3**	245.3
Developing	**190.9**	189.7
Emerging	**661.5**	555.5
Total volume	**1,126.7**	**990.5**

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

Net sales revenue per reportable segment for the six months ended 2 July 2021 and 26 June 2020 is presented below:

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Established	**1,149.8**	985.9
Developing	**601.6**	520.2
Emerging	**1,496.5**	1,325.1
Total net sales revenue	**3,247.9**	**2,831.2**

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

3. Segmental analysis (continued)

In addition to non-alcoholic ready-to-drink beverages ("NARTD"), the Group sells and distributes Premium Spirits. An analysis of volume and net sales revenue per product type for the six months ended 2 July 2021 and 26 June 2020 is presented below:

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Volume in million unit cases[1]		
NARTD[2]	**1,125.3**	989.6
Premium spirits[1]	**1.4**	0.9
Total volume	**1,126.7**	**990.5**
Net sales revenue (€ million)		
NARTD	**3,160.3**	2,772.0
Premium spirits	**87.6**	59.2
Total net sales revenue	**3,247.9**	**2,831.2**

[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. Volume data is derived from unaudited operational data.*
[2] *NARTD: non-alcoholic, ready-to-drink beverages.*

b) Other income statement items

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Operating profit		
Established	**110.6**	46.6
Developing	**35.7**	16.1
Emerging	**203.8**	140.2
Total operating profit	**350.1**	**202.9**
Reconciling items		
Finance costs, net	**(34.7)**	(36.2)
Tax	**(83.8)**	(43.1)
Share of results of non-integral equity method investments	**1.8**	0.5
Non-controlling interests	**(0.3)**	(0.1)
Profit after tax attributable to owners of the parent	**233.1**	**124.0**

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

4. Restructuring expenses

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. Restructuring concerns mainly employee costs, which are included within operating expenses. Restructuring expenses per reportable segment for the six months ended 2 July 2021 and 26 June 2020 are presented below:

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Established	**(0.4)**	0.8
Developing	**0.9**	—
Total restructuring costs	**0.5**	**0.8**

5. Finance costs, net

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Interest income	**(2.3)**	(2.1)
Finance costs	**33.5**	38.6
Net foreign exchange losses / (gains)	**3.5**	(0.3)
Finance costs, net	**34.7**	**36.2**

6. Tax

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Profit before tax	**317.2**	167.2
Tax	**(83.8)**	(43.1)
Effective tax rate	**26.4%**	**25.8%**

The Group's effective tax rate for 2021 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. This difference derives from 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 2021: 364,525,100, first half of 2020: 363,766,482). 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.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

8. Intangible assets and property, plant and equipment

	Intangible assets € million	Property, plant and equipment € million
Net book value as at 1 January 2021 excluding right-of-use assets	**1,986.1**	**2,434.5**
Additions[1]	16.4	211.9
Reclassified to assets held for sale	—	(1.4)
Disposals	—	(2.1)
Depreciation, impairment and amortisation	(0.5)	(133.7)
Foreign currency translation	9.9	21.2
Net book value as at 2 July 2021 excluding right-of-use assets	**2,011.9**	**2,530.4**
Net book value as at 1 January 2021 of right-of-use assets		182.1
Net book value as at 2 July 2021 of right-of-use assets		**171.6**
Net book value as at 2 July 2021		**2,702.0**

[1] *Additions line for Intangible assets primarily relates to the increase in goodwill resulting from Acque Minerali S.r.l. demerger (refer to note 14).*

Impairment considerations for goodwill and other indefinite-lived intangible assets

The Group performed its annual impairment testing in 2020 where the recoverable amount was higher than the carrying amount of all cash-generating units ('CGUs') and therefore no impairment was identified. For the six months ended 2 July 2021, considering the financial performance of the CGUs and macroeconomic conditions in the reported period, management did not identify any indication of impairment which would trigger an impairment assessment.

In the 2020 Integrated Annual Report it is disclosed that for the CGUs of Nigeria and Italy, possible changes in key assumptions of the 2020 impairment testing would remove the remaining headroom. The Group continuously monitors these CGUs in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on their expected performance, particularly in relation to potential currency volatility in Nigeria.

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 2020 integrated annual report, the Group actively manages its liquidity risk, which has been an area of focus during the pandemic. The Group maintains its healthy liquidity position and is able to meet its liabilities as they fall due. As at 2 July 2021, the Group has net debt of €1.3 billion (refer to note 10). In addition, as at 2 July 2021, the Group has cash and cash equivalents and other financial assets of €1.6 billion, an undrawn Revolving Credit Facility of €0.8 billion available, as well as €0.8 billion available out of the €1.0 billion Commercial Paper Programme. None of our debt facilities are subject to any financial covenants that would impact the Group's liquidity or access to capital. The Group credit ratings as disclosed in the 2020 integrated annual report were reaffirmed in the first half of 2021.

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 2020 Integrated Annual Report. The money market funds recorded at fair value are included in Level 1 within the fair value hierarchy. As at 2 July 2021, the fair value of the money market funds amounted to €285.2 million (31 December 2020: €nil). As at 2 July 2021, the total derivatives included in Level 2 were financial assets of €34.7 million and financial liabilities of €2.3 million.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

9. Financial risk management and financial instruments (continued)

The Group uses derivatives to mitigate the commodity price risk related to PET. 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 PET derivatives as at 2 July 2021 amounted to a financial asset of €7.2 million and a financial liability of €0.4 million. 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 2 July 2021 amounted to a financial liability of €3.4 million.

There were no transfers between Levels 1, 2 and 3 during the six months ended 2 July 2021. The fair value of bonds and notes payable applying the clean market price as at 2 July 2021 was €2,544.3 million, compared to their book value of €2,384.6 million as at the same date.

10. Net debt

	As at	
	2 July 2021	31 December 2020
	€ million	€ million
Current borrowings	**382.1**	315.2
Non-current borrowings	**2,555.4**	2,610.3
Less: Cash and cash equivalents	**(913.0)**	(1,215.8)
- Financial assets at amortised cost	(391.4)	(92.9)
- Financial assets at fair value through profit or loss	(285.2)	—
Less: Other financial assets	**(676.6)**	(92.9)
Net debt	**1,347.9**	**1,616.8**

The outstanding €563.4 million of the 2.375%, €800 million 7-year fixed rate bond was repaid upon its maturity in June 2020.

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 is being drawn down by Nigerian Bottling Company Ltd ('NBC') over the course of 2020 and 2021 maturing in 2027. The obligations under this facility are guaranteed by Coca-Cola HBC AG. As at 2 July 2021, the outstanding liability amounted to €57.8 million (€48.2 million as at 31 December 2020).

Cash and cash equivalents include an amount of €166.3 million equivalent in Nigerian Naira. This includes an amount of €10.8 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.

The financial assets at amortised cost comprise of time deposits amounting to €384.3 million (31 December 2020: €92.9 million) and also include an amount of €7.1 million (31 December 2020: €nil) equivalent in Nigerian Naira invested in Special Bills related to the outstanding balance of the bank account held for the repayment of NBC's former minority shareholders as described above. 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 balance sheet are derivative financial instruments of €26.2 million (31 December 2020: €13.5 million) and related party loans receivable of €0.2 million (31 December 2020: €0.2 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 2020	**369,930,157**	**2,010.8**	**3,545.3**
Shares issued to employees exercising stock options	582,440	3.6	4.0
Dividends (note 13)	—	—	(227.9)
Balance as at 31 December 2020	**370,512,597**	**2,014.4**	**3,321.4**
Shares issued to employees exercising stock options	359,940	2.2	3.6
Dividends (note 13)	—	—	(235.8)
Balance as at 2 July 2021	**370,872,537**	**2,016.6**	**3,089.2**

In 2020, the share capital of Coca-Cola HBC increased by the issue of 582,440 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 €7.6 million.

For the six months ended 2 July 2021, the share capital of Coca-Cola HBC increased by the issue of 359,940 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 €5.8 million.

An amount of €8.9 million in the first half of 2021 (first half of 2020: €14.3 million) relates to treasury shares provided to employees in connection with vested performance share awards under the Company's employee incentive plan, 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 2 July 2021 the share capital of the Group amounted to €2,016.6 million and comprised 370,872,537 shares with a nominal value of CHF 6.70 each.

12. Leases

The leases which are recorded on the condensed consolidated interim balance sheet are principally in respect of vehicles and buildings.

The Group's right-of-use assets and lease liabilities are presented below:

	2 July 2021 € million	31 December 2020 € million
Land and buildings	64.4	71.9
Plant and equipment	107.2	110.2
Total right-of-use assets	**171.6**	**182.1**
Current lease liabilities	54.8	54.8
Non-current lease liabilities	114.3	129.4
Total lease liabilities	**169.1**	**184.2**

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

13. Dividends

On 16 June 2020, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved a dividend distribution of 0.62 euro per share. The total dividend amounted to €227.9 million and was paid on 28 July 2020. Of this an amount of €2.2 million related to shares held by the Group.

The shareholders of Coca-Cola HBC AG approved a dividend distribution of 0.64 euro per share at the Annual General Meeting held on 22 June 2021. The total dividend amounted to €235.8 million and was paid on 3 August 2021. Of this an amount of €2.2 million related to shares held by the Group.

14. Interests in other entities

The Group has a 50% interest in the Multon Z.A.O. Group of companies ('Multon'), which is engaged in the production and distribution of juices in Russia and is jointly controlled by the Group and The Coca-Cola Company. The joint arrangement was initially classified as a joint operation, as it provided to the Group and The Coca-Cola Company rights to the assets and obligations for the liabilities of the joint arrangement. Effective May 6, 2020 following the completion of Multon's reorganisation, the joint arrangement was reclassified from a joint operation to an integral joint venture, as the new structure provided to the Group and The Coca-Cola Company rights to the joint arrangement's net assets. As a result, the Group derecognised its share of the joint arrangement's assets and liabilities with a corresponding increase in equity method investments included in line 'Other non-current assets' of the condensed consolidated interim balance sheet. The decrease of cash and cash equivalents in 2020, resulting from the reorganisation of Multon, amounting to €13.1 million, was reported in line 'Joint arrangement reclassification' within investing activities in the condensed consolidated interim cash flow statement. No gain or loss was recognised as a result of the above reorganisation. Following Multon's reorganisation, transactions between the Group entities and the joint arrangement are reported as related party transactions under the joint venture category (refer to note 15).

In January 2021, a demerger of Acque Minerali S.r.l., our mineral water and adult sparkling beverages integral joint venture with The Coca-Cola Company in Italy, was completed. As part of the demerger, certain operating activities were transferred to the Group, resulting in the recognition of €15.6m of goodwill as part of our Italian cash-generating unit (refer to note 8). There was no significant impact to the Group's net assets or income statement. Also, there was no cash flow impact for the Group as a result of the transaction.

In April 2021, the Group acquired a 50% effective interest in Stockday S.R.L., an online business-to-business platform and distributor in Romania, which was up until that point wholly owned by HEINEKEN Romania S.A. The transaction resulted in the two shareholders jointly controlling Stockday S.R.L. The joint arrangement was classified as a joint operation in accordance with the requirements of IFRS 11 'Joint arrangements', as it provides to the shareholders rights to the assets and obligations for the liabilities of the joint arrangement. There was no significant incremental impact to the condensed consolidated interim financial statements as a result of the transaction.

15. Related party transactions

a) The Coca-Cola Company

As at 2 July 2021, The Coca-Cola Company and its subsidiaries (collectively, 'TCCC') indirectly owned 22.7% (31 December 2020: 23.0%) of the issued share capital of Coca-Cola HBC. The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Purchases of concentrate, finished products and other items	**777.7**	686.2
Net contributions received for marketing and promotional incentives	**31.6**	32.5
Sales of finished goods and raw materials	**1.9**	1.2
Other income	**1.3**	2.0
Other expenses	**2.1**	2.6

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

15. Related party transactions (continued)

a) The Coca-Cola Company (continued)

As at 2 July 2021, the Group was owed €79.9 million (€40.9 million as at 31 December 2020) by TCCC, and owed €274.3 million (€196.4 million as at 31 December 2020) to TCCC.

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

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 48.6% of Frigoglass and 36.2% of AG Leventis (Nigeria) Plc and also indirectly controls Kar Tess Holding, which holds approximately 23.0% (31 December 2020: 23.0%) of Coca-Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries (Nigeria) Limited, in which Coca-Cola HBC has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd.

The table below summarises transactions with Frigoglass, Kar-Tess Holding and AG Leventis (Nigeria) Plc:

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Purchases of coolers and other equipment, raw and other materials	**70.1**	66.0
Maintenance, rent and other expenses	**12.3**	11.3

As at 2 July 2021, Coca-Cola HBC owed €39.5 million (€11.8 million as at 31 December 2020) to and was owed €0.9 million (€0.8 million as at 31 December 2020) from Frigoglass and its subsidiaries. As at 2 July 2021, Coca-Cola HBC owed €1.2 million (€1.8 million as at 31 December 2020) and had a lease liability of €3.9 million to AG Leventis (Nigeria) Plc. Capital commitments with Frigoglass and its subsidiaries as at 2 July 2021, amounted to €27.9 million (€14.1 million as at 31 December 2020).

Frigoglass Industries (Nigeria) Limited, an associate in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, is guarantor under the amended banking facilities and notes issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group has no direct exposure arising from this guarantee arrangement, but the Group's investment in this associate, which stood at €25.6 million as at 2 July 2021 (31 December 2020: €23.9 million), would be at potential risk if there was a default under the terms of the amended banking facilities or the notes and the Frigoglass Group (including the guarantor) were unable to meet their obligations thereunder.

c) Other related parties

During the six months ended 2 July 2021, the Group incurred other expenses of €7.3 million (€9.0 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 €0.8 million (€0.9 million in the respective prior-year period) from other related parties. As at 2 July 2021, the Group owed €0.7 million (€1.9 million as at 31 December 2020) to, and was owed €0.1 million (€nil as at 31 December 2020) by other related parties.

During the six months ended 2 July 2021, the Group received dividends of €0.5 million from Bevservice S.r.l. (€1.3 million in the respective prior-year period), which are included in line 'Net receipts from non-integral equity method investments' of the condensed consolidated interim cash flow statement.

Selected explanatory notes to the condensed consolidated interim financial statements (unaudited)

15. Related party transactions (continued)

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended	
	2 July 2021	26 June 2020
	€ million	€ million
Purchases of inventory	**2.7**	6.2
Sales of finished goods and raw materials	**2.1**	1.1
Other income	**7.2**	2.7
Other expenses	**6.0**	2.6

As at 2 July 2021, the Group owed €177.7 million including loans payable of €101.2 million (€159.6 million as at 31 December 2020 including loans payable of €86.3 million) to, and was owed €18.8 million including loans receivable of €7.0 million (€13.1 million as at 31 December 2020 including loans receivable of €7.0 million) by joint ventures. During the six months ended 2 July 2021, the Group received dividends of €6.5 million from integral joint ventures which are included in line 'Net receipts from integral equity method investments' of the condensed consolidated cash flow statement. As at 2 July 2021, the Group was owed a dividend of €1.3 million from BrewTech B.V. Group of companies.

e) Directors

Bruno Pietracci and Henrique Braun have been elected to the Board of Coca-Cola HBC following a proposal made by TCCC. There have been no transactions between Coca-Cola HBC and the Directors and senior management except for remuneration for both the six months ended 2 July 2021 and the prior-year period.

There were no other significant transactions with other related parties for the period ended 2 July 2021.

16. 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 millon 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 July 16, 2021 the Athens Multimember Court of First Instance issued its judgment 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 31.12.2003. Coca-Cola HBC Greece S.A.I.C. will appeal the decision to the court of appeals. 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.

16. Contingencies (continued)

With respect to the ongoing 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. According to this Statement of Objections, Coca-Cola HBC Greece S.A.I.C. has allegedly breached Article 2 of Law 3959/2011 and Article 102 of 'Treaty on the Functioning of the European Union' ('TFEU') in the Greek on premise market for the sale of cola and non-cola beverages. In particular, according to this Statement of Objections, during the period 2015-2020 Coca-Cola HBC Greece S.A.I.C. allegedly undertook a series of anti-competitive practices, in the relevant market, thereby excluding competitors and limiting their growth possibilities. The Statement of Objections recommends that the Greek Competition Commission should impose a fine upon Coca-Cola HBC Greece S.A.I.C., and that the latter is required to omit the allegedly anti-competitive practices in the future. The Statement of Objections is not binding on the Greek Competition Commission, which will decide on the case after it has taken into consideration all evidence, as well as the arguments put forward by all the parties involved. Coca-Cola HBC Greece S.A.I.C. will vigorously defend 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, is scheduled to take place on 13 October 2021 and, at this stage, it is difficult to predict with certainty the outcome of the hearing and the timing of the decision by the Greek Competition Commission.

In 1992, our subsidiary Nigerian Bottling Company ('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 judgment of the Nigerian court of first instance issued on 28 June 2012 providing for damages of approximately €17.0 million. NBC has filed an appeal against the judgment. 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.

In May 2021, the European Commission sent CCH a questionnaire as part of a preliminary investigation into a possible infringement by a CCH subsidiary, Coca-Cola European Partners and The Coca-Cola Company of EU competition rules through the granting of conditional rebates to "off-trade" customers capable of foreclosing competition from other suppliers. CCH's subsidiary will vigorously defend its commercial practices and is actively cooperating with the European Commission. The fact that the European Commission is carrying out a preliminary investigation does not mean that it will open formal proceedings. It is not possible to predict how long the investigation will take and its ultimate outcome.

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.

Other than the above, there have been no significant adverse changes in contingencies since 31 December 2020 (as described in our 2020 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

17. Commitments

As at 2 July 2021 the Group had capital commitments, including commitments for leases and the share of its joint ventures' capital commitments, of €140.0 million (31 December 2020: €115.4 million), which mainly relate to plant and machinery equipment.

18. Number of employees

The average number of full-time equivalent employees in the first half of 2021 was 26,767 (28,132 for the first half of 2020).

19. Subsequent events

There were no subsequent events following 2 July 2021.