Strong volumes, revenue, EBIT; investing in growth

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 1 July 2022.

Half-year highlights

- **Execution of our strategy drove continued strong organic growth[1], well balanced between volume and price/mix**
    - Organic revenue +19.4%. Reported revenues +29.6%
    - Excluding Russia and Ukraine organic revenue +25.2%, with volume +12.1%
    - Organic revenue per case of 14.0% benefited from pricing and targeted actions to improve mix, further supported by out-of-home channel recovery
    - Broad based volume momentum continues outside of Russia and Ukraine, with growth led by strategic priorities
    - Integration of Egypt progressing well; 7 pp addition to reported revenue growth
    - Further value and volume share gains in NARTD and Sparkling

- **Organic EBIT up 23.0%, with margins up 30bps on an organic basis to 11%, benefiting from pricing, mix and cost discipline**
    - Quality of revenue growth driving underlying profit expansion
    - Opex as a percent of revenue improved, driven by operating leverage and cost savings
    - Marketing expenses excluding Russia and Ukraine increased by 9%

- **Continued investment behind strategic priorities to drive profitable growth**
    - Consistent investment behind adult sparkling proposition driving continued strong performance, with volumes +18.7% excluding Russia and Ukraine
    - Acquisition of craft adult sparkling business, Three Cents, expected to complete in Q3, strengthens premium brand offering
    - Coffee volumes +56% with accelerating contribution from out-of-home
    - Rapid digitisation of the enterprise - our proprietary B2B, *Customer Portal* now has more than 200,000 customers
    - Deployment of our key revenue growth and route to market capabilities in Egypt

- **Improved cash generation and continued strong balance sheet**
    - Comparable EPS +33.9%; free cash flow increased by €55.4 million to €332.9 million
    - Strong balance sheet and liquidity remains after paying the €0.71 dividend in August

Segment highlights

Established and Developing show strong momentum, Emerging impacted by declines in Russia

- **Established:** Organic revenue increased by 19.1% with well-balanced volume and revenue-per-case expansion. Organic EBIT expanded 26.5% with margins up 60bps
- **Developing:** Organic revenue up 33.6%, led by strong share gains. Organic EBIT up 63.8% with margins up 120bps
- **Emerging:** Organic revenue up 14.2% driven by momentum in markets excluding Russia and Ukraine. Organic EBIT up 15.5% with organic margins up 20bps

---

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

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

"We delivered strong performance in the first half as we continued to execute our growth strategy with focus and discipline, including making progress on our sustainability commitments. I would like to thank our people for their outstanding contribution every day. I am also particularly grateful for our strong partnership and collaboration with customers and suppliers during these volatile times.

The quality of our 24/7 brand portfolio, revenue growth management capabilities and execution excellence allowed us to take full advantage of post-pandemic recovery across our markets and to continue to gain significant share. I am pleased we achieved strong organic growth, balanced between volume and revenue per case. Pricing, mix and cost efficiencies helped to mitigate input cost increases, underpinning successful conversion of revenue growth into profits and cashflow.

Consistent investment in high-potential opportunities, prioritised capabilities and capacity over years is delivering growth today. And we stay the course, with targeted investments for growth.

We have high confidence that our close customer partnerships, strong portfolio and the capabilities of our people will allow us to continue to create value even as we face a period of macro-economic and geo-political uncertainty. We are reinstating guidance for 2022 and expect to generate comparable EBIT in the range of €740-820 million."

	Half-Year			
	2022	**2021**	**% Change Reported**	**% Change Organic[1]**
Volume (m unit cases)	**1,330.2**	1,126.7	18.1%	4.7%
Net sales revenue (€ m)	**4,209.9**	3,247.9	29.6%	19.4%
Net sales revenue per unit case (€)	**3.16**	2.88	9.8%	14.0%
Operating profit (EBIT)[2] (€ m)	**275.7**	350.1	-21.3%	
Comparable EBIT[1] (€ m)	**462.5**	350.3	32.0%	23.0%
EBIT margin (%)	**6.5**	10.8	-420bps	
Comparable EBIT margin[1] (%)	**11.0**	10.8	20bps	30bps
Net profit[3] (€ m)	**152.9**	233.1	-34.4%	
Comparable net profit[1,3] (€ m)	**316.9**	235.6	34.5%	
Basic earnings per share (EPS) (€)	**0.418**	0.639	-34.6%	
Comparable EPS[1] (€)	**0.865**	0.646	33.9%	
Free cash flow[1] (€ m)	**332.9**	277.5	20.0%	

Footnotes are presented at the end of page 1.

Business Outlook

While we remain attentive to macro-economic and geo-political risks, we have high confidence in our portfolio, route to market strength, customer-centric commercial strategy, the potential of our diverse markets, and above all, the capability of our people. We are actively prioritizing investments across geographies to drive sustainable growth.

- In 2022 we expect to generate positive organic revenue growth at a Group level.

- Our markets outside of Russia and Ukraine continue to show strong momentum. Excluding Russia and Ukraine we expect double digit organic revenue growth.

- We continue to face ongoing inflation and now assume COGS/case increase by mid-teens in 2022.

- We will remain disciplined on efficiency improvements. We will also continue to invest behind growth opportunities in the portfolio, our markets, our capabilities, people and sustainability commitments. To support growth opportunities in our markets we anticipate an increase in marketing in H2 2022.

- Going forward, our presence in Russia will be significantly smaller than in prior years and focused on existing local brands. Our expectation is for this local business to be immediately financially self-sufficient.

- As a result of these factors, we expect Group comparable EBIT in the range of €740 to €820 million for 2022, which includes the full consolidation of Multon starting on 11 August.

Technical guidance

Restructuring We do not expect significant restructuring initiatives to take place for the rest of the year.

Financial charges In H1 we incurred non-cash charges of €188 million and cash charges of €2 million, predominantly related to our business in Russia. As a result of post balance sheet events, we expect to incur further charges in H2, currently estimated at €82 million. These charges do not affect our comparable metrics.

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%.

Finance costs We continue to expect net finance costs for 2022 to be approximately €15 to €20 million higher than 2021, mainly due to the consolidation of Egypt.

Group Operational Review

Update on Ukraine and Russia

We continue to prioritise the safety of our people and their families who have been affected by the unspeakable tragedy in Ukraine. On 24 February 2022 we temporarily closed our plant and stopped production for safety reasons. Since May, we progressively restarted manufacturing in Ukraine and are currently distributing and selling beverages where it is safe to do so. In Q2, volumes in Ukraine declined by 45%.

On 8 March we stopped placing orders for concentrate of The Coca-Cola Company's branded products in Russia and we have worked in close alignment with The Coca-Cola Company on the implementation of its decision to suspend its business there. We have ceased investment in Russia and will not deploy new capital into the market. In Russia, volumes declined by 46% in Q2 and we expect some further declines in H2. Going forward we expect to have significantly smaller presence in Russia focused on local brands which will be immediately operationally and financially self-sufficient. We have incurred non-cash charges of €188 million and cash charges of €2 million. These charges will be recognised as items affecting comparability and will impact EBIT and EPS only on a reported basis. We will start full consolidation of Multon from 11 August.

Leveraging our unique 24/7 portfolio

We delivered half year organic volume growth of 4.7%, which was impacted by declines in Russia and Ukraine. Excluding these markets, organic volume growth was up 12.1%, with broad-based growth and increased momentum in Q2. All segments achieved H1 volumes above 2019 levels.

Our focus on the most profitable growth opportunities across our 24/7 portfolio is driving high quality revenue growth and EBIT margin resilience.

- Within Sparkling, Low/ no sugar variants were up 28.6% and Adult Sparkling brands up 7.4%. Trademark Coca-Cola volumes grew by 4.0%, led by ongoing strong performance from Coke Zero. Overall, Sparkling volumes grew by 3.6% (+11.2% excluding Russia and Ukraine).
- Energy volumes grew by 18.6%, with consistently high growth in all three segments.
- Coffee performed well, up 55.8%, led by growth in Costa Coffee. We continued out-of-home customer recruitment, strengthened by our premium brand Caffè Vergnano.
- Still volumes grew by 7.0%, with growth led by the Established and Developing segment, while performance in the Emerging segment was weaker, impacted by Russia and Ukraine.
- Premium Spirits volumes increased by 4.9%, cycling growth of nearly 50% in the prior year period.

Winning in the marketplace

Organic revenue per case expanded by 14.0%. We saw an acceleration in our pricing and other revenue growth management actions in Q2, as we took decisive actions to mitigate ongoing inflationary pressures.

Organic revenue increased by 19.4% and reported net sales revenue increased by 29.6%. Egypt added 7 percentage points to reported net sales revenue growth and we also faced a positive currency impact from the Russian Rouble and Nigerian Naira.

Pricing and mix

All price increases have been executed according to plan. We continue to take advantage of all revenue growth management capabilities, the strength and breadth of our portfolio, as well as data, insights and analytics, to support affordability in a profit accretive way, while also premiumising to enhance revenue per case.

Strong growth in the out-of-home channel, and targeted activation of single-serve package formats, improved package mix. Similarly, multi-packs of single serves were a focus area in the at-home channel. These combined actions improved single serve mix by 3.7 percentage points, 2.1 percentage points above 2019 levels. Outperformance of Adult Sparkling and Energy drove further improvements in category mix.

Market share gains

Successful execution in the out-of-home channel ahead of the summer season was crucial across our markets. We complemented this with a continued focus on opportunities in the at-home channel, leveraging the strength of our portfolio with strong marketing campaigns and execution. We gained 160

basis points of value share in NARTD and 210 basis points of value share in Sparkling over the period, showing the enduring strength of our brands and attractiveness of our offering for customers and consumers.

Cost control, operating profit and margins

Comparable gross profit grew by 20.8%, while gross profit margins declined by 250 basis points to 34.1%. We saw headwinds from inflation in input costs, energy and production overheads, which drove comparable COGS per case higher by 14.1%. The consolidation of Egypt eroded the gross profit margin by 70 basis points.

Comparable operating costs increased by 17.1% on the back of higher volume and Egypt, but operating costs as a percent of revenue decreased by 250 basis points to 23.7%. We benefited from good operational leverage by controlling costs as revenue growth accelerated. To seize opportunities in markets outside of Russia and Ukraine, we increased marketing spend, partially offset by cuts in Russia from March onwards.

Comparable EBIT increased by 23.0% and 32.0% on an organic and reported basis respectively, to €462.5 million. Egypt added 2 percentage points to reported growth and currency impact was positive overall as the Russian Rouble and Nigerian Naira appreciated. Comparable EBIT margin was 11.0%, up 30 basis points on an organic basis, as the combination of pricing, operating leverage and disciplined cost control more than offset higher costs.

Net profit and free cash flow

Comparable net profit of €316.9 million and comparable basic earnings per share of €0.865 were 34.5% and 33.9% higher than in the prior year period, respectively. Reported net profit and reported basic earnings per share during the period were €152.9 million and €0.418 respectively, mainly due to impairment charges relating to our operations in Russia.

Comparable taxes amounted to €104.8 million, representing a comparable tax rate of 24.9%, 80 basis points lower than the rate in the prior year period.

Financing costs were €42.7 million in the year, €8.0 million higher compared to the prior-year period, in line with expectations.

Capital expenditure reached €199.7 million, €19 million lower than the prior-year period. Capex as a percentage of revenue was below our targeted range at 4.7%. We expect to return to our guidance range of 6.5% to 7.5% by the end of the year.

Free cash flow was €332.9 million, an increase of €55.4 million compared to the prior year, mainly driven by higher profitability.

Earning our license to operate

We are committed to enhancing biodiversity by reducing emissions and water use, preserving and re-instating water priority areas, and by sourcing agricultural ingredients sustainably. In June 2022, we joined the Science Based Targets Network (SBTN) corporate engagement programme and will work to implement the SBTN's guidance. We have committed to achieving a net positive impact on biodiversity in critical areas in our operations and supply chain by 2040 and eliminate deforestation in our supply chain by 2030.

We continue to make progress on packaging. Switzerland was a focus market for two packaging improvements in Q2. We launched Valser water in label-free bottles in the market. In addition, as part of pack/price architecture adjustment in Switzerland in June, we launched our entire Swiss portfolio in rPET. We are planning 100% rPET launches in additional markets by the end of the year while we continue to navigate very limited availability of rPET. We are working actively to promote and support the launch of well-designed, industry-led, deposit return or collection schemes to improve collection rates and increase rPET supply.

Operational Review by Reporting Segment

Established markets

	Half-Year			
	2022	**2021**	**% Change Reported**	**% Change Organic**
Volume (m unit cases)	**305.7**	274.3	11.4%	11.4%
Net sales revenue (€ m)	**1,384.2**	1,149.8	20.4%	19.1%
Net sales revenue per unit case (€)	**4.53**	4.19	8.0%	6.8%
Operating profit (EBIT) (€ m)	**147.4**	110.6	33.3%	
Comparable EBIT (€ m)	**140.2**	108.6	29.1%	26.5%
EBIT margin (%)	**10.6**	9.6	100bps	
Comparable EBIT margin (%)	**10.1**	9.4	70bps	60bps

Established markets volume grew 11.4%, supported by out-of-home performance. Sparkling volumes grew low-double digits benefiting from mid-thirties volume expansion from Adult Sparkling. Stills grew by mid-teens, benefiting from strong execution and improvement in the out-of-home channel. Energy volumes expanded in the high-teens despite tough comparatives.

Organic growth in net sales revenue per case was 6.8%. We benefited from price increases in all markets amplified by positive package and channel mix. A focus on single serve activation, both in at-home and out-of-home, saw a 6 percentage point positive swing in single-serve mix driven by nearly 25% volume growth from single-serve package formats.

Net sales revenue grew by 19.1% and 20.4% on an organic and reported basis respectively, with the difference coming from the stronger Swiss Franc.

- In Italy, volumes grew by low-double digits. Volumes were driven by strategic priorities in Sparkling: Coke Zero up mid-teens and Adult Sparkling up strong double-digits. Energy and Ready-to-drink tea grew in the twenties. The market benefited from favourable comparatives in the out-of-home channel. In addition, our early summer season activations and execution boosted share gains in Sparkling.

- Volumes in Greece were up by low-double digits. We saw high-teens volume growth in Stills, driven by Water, which performed well as the out-of-home channel recovered. Sparkling grew by high-single digits driven by Coke Zero and Adult Sparkling, while Energy continued to grow double digits.

- In Ireland, volumes grew by low-double digits. Stills delivered strong double-digit volume growth driven by successful new premium launches in Hydration. Sparkling volumes grew by low-double digits, driven by Trademark Coke and Adult Sparkling.

- In Switzerland, volumes grew by mid-single digits, benefiting from out-of-home recovery and the success of pack price architecture adjustments made during Q2. Stills volume was up high-single digits, driven by Ready-to-drink tea. Sparkling volumes grew mid-single digits and we gained share.

Comparable EBIT in the Established segment increased by 26.5% and 29.1% on an organic and reported basis respectively, to €140.2 million. Comparable EBIT margin was 10.1%, up 60 basis points on an organic basis, despite higher input costs, due to good operating leverage.

Operational Review by Reporting Segment (continued)

Developing markets

	Half-Year			
	2022	**2021**	**% Change Reported**	**% Change Organic**
Volume (m unit cases)	**230.4**	190.9	20.7%	20.7%
Net sales revenue (€ m)	**791.6**	601.6	31.6%	33.6%
Net sales revenue per unit case (€)	**3.44**	3.15	9.0%	10.7%
Operating profit (EBIT) (€ m)	**56.9**	35.7	59.4%	
Comparable EBIT (€ m)	**51.6**	32.9	56.8%	63.8%
EBIT margin (%)	**7.2**	5.9	130bps	
Comparable EBIT margin (%)	**6.5**	5.5	100bps	120bps

Developing markets volume grew by 20.7%, with a good performance across all countries and categories. Both Sparkling and Stills grew above 20% and we delivered strong results in Adult Sparkling and Energy.

Organic net sales revenue per case increased by 10.7%. The segment benefited from pricing initiatives, as well as positive package and category mix. Net sales revenue grew by 33.6% and 31.6% on an organic and reported basis, respectively.

- Poland volumes increased by mid-twenties, with a very strong performance in Sparkling, thanks to Trademark Coke. Performance has benefited from cycling the implementation of the sugar tax and our execution with customers, driving significant share gains in Sparkling. Energy and Juice also grew by double digits.

- In Hungary, volumes increased by low-twenties. We saw double-digit growth in Sparkling, driven by Trademark Coke, Flavours, and Adult Sparkling. Energy continued its strong momentum, and Ready-to-drink tea saw a good recovery. A sugar tax was implemented in July which we are passing on in pricing and mix to consumers.

- Volume in the Czech Republic grew by low-twenties. We saw mid-teens growth in Sparkling driven by Coke Zero, Flavours and Adult Sparkling. Water volumes grew strongly as the out-of-home channel cycled prior year's lockdowns.

Comparable EBIT in the Developing segment increased by 56.8% to €51.6 million, an organic growth rate of 63.8%. Comparable EBIT margin was 6.5%, up 120 basis points on an organic basis as net sales revenue expansion sufficiently improved operating leverage to mitigate the higher input costs.

Operational Review by Reporting Segment (continued)

Emerging markets

	Half-Year			
	2022	**2021**	**% Change Reported**	**% Change Organic**
Volume (m unit cases)	**794.1**	661.5	20.0%	-2.6%
Net sales revenue (€ m)	**2,034.1**	1,496.5	35.9%	14.2%
Net sales revenue per unit case (€)	**2.56**	2.26	13.2%	17.3%
Operating profit (EBIT) (€ m)	**71.4**	203.8	-65.0%	
Comparable EBIT (€ m)	**270.7**	208.8	29.6%	15.5%
EBIT margin (%)	**3.5**	13.6	-1,010bps	
Comparable EBIT margin (%)	**13.3**	14.0	-70bps	20bps

Emerging markets' volume fell -2.6% organically and grew 20.0% on a reported basis, which includes the consolidation of Egypt from mid-January. Sparkling volumes declined by low-single digits and Stills volumes were marginally down, both negatively impacted by Russia and Ukraine. Excluding Russia and Ukraine, organic volumes and Sparkling both grew high-single digits.

Net sales revenue per case grew 17.3% organically, benefiting from pricing, as well as positive package mix, partially offset by country mix. Net sales revenue grew by 14.2% on an organic basis, or by 35.9% on a reported basis, due to the consolidation of Egypt from mid-January, also helped by the stronger Russian Rouble and Nigerian Naira. Organic net sales revenue grew by high-twenties when also excluding Russia and Ukraine.

- Volume in Nigeria increased by high-single digits as momentum continued on tough comparatives. We benefited from strong improvements in pricing and mix. Sparkling grew by high-single digits led by low-double digit volume growth in Trademark Coke and strong double-digit growth in Adult Sparkling. Energy continued to perform well, led by Predator, and Juice grew strong double-digits.

- Russia volumes declined by high-teens, through the process of depleting inventories of The Coca-Cola Company's branded products initiated on 8 March.

- Ukraine volume fell by high-thirties. We stopped production in Ukraine on 24 February 2022 and closed our plant. In May, in response to a much-improved security situation in the Western and Central parts of the country, as well as recurring requests from employees and customers, we progressively restarted production in Ukraine distributing and selling beverages where it is safe to do so.

- Volume in Romania increased by mid-single digits. Sparkling volumes grew low-single digits, with mid-single digit growth in Adult Sparkling and low-double digit growth in Energy. We saw an ongoing recovery in Stills, which grew by mid-teens, driven by Water.

- Volume expansion in Egypt is in line with plans, with growth of mid-single digits on a tough comparative. Integration continues to progress well, with focus on implementing our execution capabilities in the market, particularly across Revenue Growth Management and Route to Market. Gradual deployment of our key capabilities in Egypt are helping to drive market share gains in Sparkling in the period.

Comparable EBIT in the Emerging segment increased by 15.5% and 29.6% on an organic and reported basis respectively, to €270.7 million. Operating profit declined 65.0%, primarily due to the impairment of Russia. Comparable EBIT margin was 13.3%, up 20 basis points on an organic basis, as positive price mix development offset higher input costs.

Coca-Cola HBC Group

Coca-Cola HBC is a growth-focused consumer packaged goods business and strategic bottling partner of The Coca-Cola Company. We create value for all our stakeholders by supporting the socio-economic development of the communities in which we operate, and we believe building a more positive environmental impact is integral to our future growth. Together, we and our customers serve 715 million consumers across a broad geographic footprint of 29 countries on three continents. Our portfolio is one of the strongest, broadest and most flexible in the beverage industry, offering consumer-leading beverage brands in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories. These beverages include Coca-Cola, Coca-Cola Zero, Schweppes, Kinley, Costa Coffee, Valser, Römerquelle, Fanta, Sprite, Powerade, FuzeTea, Dobry, Cappy, Monster and Adez. We foster an open and inclusive work environment amongst our 33,000 employees and we are ranked among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, 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 https://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's management will host a conference call for investors and analysts on Thursday, 11 August 2022 at 9:00 am BST. To join the call, in listen-only mode please join via webcast . If you anticipate asking a question, please click here to register and find dial-in details.

Next event
8 November 2022 — 2022 Third quarter trading update

Enquiries
Coca-Cola HBC Group
Investors and Analysts:

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

Jemima Benstead
Investor Relations Manager
Tel: +44 7740 535130
jemima.benstead@cchellenic.com

Marios Matar
Investor Relations Manager
Tel: +30 697 444 3335
marios.matar@cchellenic.com

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

Greek media contact:
V+O Communications
Manos Iatrelis
Tel: +30 6937420246
mi@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 2022 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 2021 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.

As of 1 January 2022 the Group has moved its reporting to organic growth APMs. This is to enable a better understanding of underlying business performance, that is more consistent with how Coca-Cola HBC's peer group reports.

Group Financial Review

Income statement	Half-Year			
	2022 € million	**2021 € million**	**% Change Reported**	**% Change Organic[1]**
Volume (m unit cases)	**1,330.2**	1,126.7	18.1%	4.7%
Net sales revenue	**4,209.9**	3,247.9	29.6%	19.4%
Net sales revenue per unit case (€)	**3.16**	2.88	9.8%	14.0%
Cost of goods sold	**(2,759.7)**	(2,048.4)	34.7%	
Comparable cost of goods sold[1]	**(2,774.1)**	(2,059.7)	34.7%	
Gross profit	**1,450.2**	1,199.5	20.9%	
Comparable gross profit[1]	**1,435.8**	1,188.2	20.8%	
Operating expenses	**(1,015.3)**	(863.5)	17.6%	
Comparable operating expenses[1]	**(997.7)**	(852.0)	17.1%	
Exceptional items related to Russia-Ukraine conflict[2]	**(183.6)**	-	NM	
Share of results of integral equity method investments[2]	**24.4**	14.1	73.0%	
Operating profit (EBIT)[2]	**275.7**	350.1	-21.3%	
Comparable operating profit (EBIT)[1]	**462.5**	350.3	32.0%	23.0%
Adjusted EBITDA[1]	**663.8**	514.7	29.0%	
Comparable adjusted EBITDA[1]	**666.9**	515.1	29.5%	
Finance costs, net	**(42.7)**	(34.7)	23.1%	
Share of results of non-integral equity method investments[2]	**1.4**	1.8	-22.2%	
Tax	**(82.0)**	(83.8)	-2.1%	
Comparable tax[1]	**(104.8)**	(81.5)	28.6%	
Net profit[3]	**152.9**	233.1	-34.4%	
Comparable net profit[1,3]	**316.9**	235.6	34.5%	
Basic earnings per share (€)	**0.418**	0.639	-34.6%	
Comparable basic earnings per share (€)[1]	**0.865**	0.646	33.9%	

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

Net sales revenue grew by 29.6% during the first half of 2022, compared to the prior-year period, driven by the consolidation of Egypt, as well as pricing initiatives, volume growth and mix improvements, supported by favourable foreign currency movements. On an organic basis, net sales revenue grew by 19.4% during the first half of 2022, compared to the prior-year period.

Cost of goods sold increased by 34.7% in the first half of 2022, compared to the prior-year period, both on a comparable and reported basis, driven by the consolidation of Egypt, as well as volume growth and input cost inflation across all our key commodities of sugar, aluminium and PET resin.

Comparable operating expenses increased by 17.1% in the first half of 2022 compared to the prior-year period driven by higher distribution and sales expenses and the consolidation of Egypt; while operating expenses increased by 17.6% in the first half of 2022 compared to the prior-year period further impacted by increased restructuring costs.

Exceptional items related to Russia-Ukraine conflict refer to impairment charges for property, plant and equipment and equity method investments resulting from the Group's restructuring initiatives in Russia and the deterioration of Russia's macroeconomic environment.

Comparable operating profit grew by 32.0% in the first half of 2022, compared to the prior-year period, reflecting the benefits from volume and mix improvements, which were only partially offset by higher input costs and operating expenses. Operating profit deteriorated by 21.3% in the first half of 2022, compared to the prior-year period as the benefits from volume and mix improvements were more than offset by higher input costs and operating expenses, as well as impairment charges relating to the Group's operations in Russia.

Group Financial Review (continued)

Income statement (continued)

Net finance costs increased by €8.0 million during the first half of 2022, compared to the prior-year period, mainly driven by higher interest expense due to the consolidation of Egypt and increased interest rate of loans payable to joint ventures.

On a comparable basis, the effective tax rate was 24.9% for the first half of 2022 and 25.7% for the first half of 2021. On a reported basis, the effective tax rate was 35.0% for the first half of 2022, mainly impacted by the impairment charges relating to the Group's operations in Russia, and 26.4% for the first half of 2021. 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 34.5% compared to the prior-year period due to higher operating profitability, while net profit contracted by 34.4%, largely due to the impairment charges relating to the Group's operations in Russia, net of tax.

Balance Sheet

	As at		
	1 July 2022	31 December	Change
Assets	€ million	€ million	€ million
Total non-current assets	**6,306.9**	5,357.4	949.5
Total current assets	**4,103.9**	3,156.9	947.0
Total assets	**10,410.8**	**8,514.3**	1,896.5
Liabilities			
Total current liabilities	**4,014.9**	2,516.4	1,498.5
Total non-current liabilities	**3,101.2**	2,880.8	220.4
Total liabilities	**7,116.1**	**5,397.2**	1,718.9
Equity			
Owners of the parent	**3,275.7**	3,114.5	161.2
Non-controlling interests	**19.0**	2.6	16.4
Total equity	**3,294.7**	**3,117.1**	177.6
Total equity and liabilities	**10,410.8**	**8,514.3**	1,896.5
Net current assets	**89.0**	**640.5**	-551.5

Total non-current assets increased by €949.5 million during the first half of 2022, mainly driven by the acquisition of Egypt. Net current assets decreased by €551.5 million in the first half of 2022, mainly driven by declared dividend, decreased investments in financial assets, increased trade and other payables and current borrowings, partially offset by increased cash and cash equivalents, trade receivables and inventories. Total non-current liabilities increased by €220.4 million during the first half of 2022, mainly due to the acquisition of Egypt.

Cash flow

	Half-Year		
	2022 € million	2021 € million	% Change
Net cash from operating activities[1]	**532.6**	495.9	7.4%
Capital expenditure[1]	**(199.7)**	(218.4)	-8.6%
Free cash flow[1]	**332.9**	277.5	20.0%

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

Net cash from operating activities increased by 7.4% or €36.7 million during the first half of 2022, compared to the prior-year period, mainly due to increased operating profitability excluding non-cash charges, partially offset by cash consumed from working capital movements.

Group Financial Review (continued)

Cash flow (continued)

Capital expenditure decreased by 8.6% in the first half of 2022, compared to the prior-year period. In the first half of 2022, capital expenditure amounted to €199.7 million of which 55% was related to investment in production equipment and facilities and 20% to the acquisition of marketing equipment. In the first half of 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 2022, free cash flow increased by 20.0% or €55.4 million, compared to the prior-year period, driven by the increased cash from operating activities and decreased capital expenditure.

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

1. Comparable APMs[1]

In discussing the performance of the Group, "comparable" measures are used. In 2022 the Group updated the definitions of items which are deducted from the directly reconcilable IFRS measures to calculate comparable APMs so as to provide users more relevant information on its financial performance, considering the impact of one-off events in the period as well as reporting by its peer group. More specifically, comparable measures are calculated by deducting from the directly reconcilable IFRS measures the impact of: the Group's restructuring costs, the mark-to-market valuation of the commodity hedging activity, the acquisition, integration and divestment-related costs, the Russia-Ukraine conflict and certain other tax items, which are collectively considered as items impacting comparability, due to their nature. More specifically the following items are considered as items that impact comparability:

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

2) *Commodity hedging*
The Group has entered into certain commodity derivative transactions in order to hedge its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium, gas oil and plastics price volatility, hedge accounting has not been applied in all cases. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand-alone derivatives and do not qualify for hedge accounting. The fair value gains 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 plastics) 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.

[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)

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

4) *Russia-Ukraine conflict impact*
As a result of the conflict between Russia and Ukraine, the Group recognised impairment charges for property, plant and equipment, intangible assets and equity method investments, including those resulting from the Group's restructuring initiatives in Russia, as well as restructuring costs. The Group also recognised incremental allowance for expected credit losses and write-offs of inventory and property, plant and equipment as a result of the Russia-Ukraine conflict. The aforementioned costs are included within the income statement lines "Operating expenses" and "Cost of goods sold" or "Exceptional items related to Russia-Ukraine conflict", considering materiality, but are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance from underlying activity.

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

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

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

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

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

	Half-year 2022							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(2,759.7)**	**1,450.2**	**(1,015.3)**	**275.7**	**663.8**	**(82.0)**	**152.9**	**0.418**
Restructuring costs	**—**	**—**	**3.8**	**3.8**	**3.7**	**(0.8)**	**3.0**	**0.008**
Commodity hedging	**(15.5)**	**(15.5)**	**—**	**(15.5)**	**(15.5)**	**2.8**	**(12.7)**	**(0.035)**
Integration costs	**—**	**—**	**8.5**	**8.5**	**8.5**	**—**	**8.5**	**0.023**
Russia-Ukraine conflict impact	**1.1**	**1.1**	**5.3**	**190.0**	**6.4**	**(24.6)**	**165.4**	**0.452**
Other tax items	**—**	**—**	**—**	**—**	**—**	**(0.2)**	**(0.2)**	**(0.001)**
Comparable	**(2,774.1)**	**1,435.8**	**(997.7)**	**462.5**	**666.9**	**(104.8)**	**316.9**	**0.865**
	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**

[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 2022			
	Established	Developing	Emerging	Group
EBIT	**147.4**	**56.9**	**71.4**	**275.7**
Restructuring costs	(5.0)	—	8.8	3.8
Commodity hedging	(2.2)	(5.3)	(8.0)	(15.5)
Integration costs	—	—	8.5	8.5
Russia-Ukraine conflict impact	—	—	190.0	190.0
Comparable EBIT	**140.2**	**51.6**	**270.7**	**462.5**
	Half-year 2021			
	Established	Developing	Emerging	Group
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**

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

2. Organic APMs

Organic growth

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

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

(a) Foreign Currency impact

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

(b) Consolidation perimeter impact

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

i. Acquisitions:

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

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

ii. Divestments:

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

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

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

The calculations of the organic growth and the reconciliation to the most directly related measures calculated in accordance with IFRS are presented in the below tables. Organic growth (%) is calculated by dividing the amount in the row titled "Organic movement" by the amount in the associated row titled "2021 reported" or, where presented, "2021 adjusted". Organic growth for comparable EBIT margin is the organic movement expressed in basis points.

Reconciliation of organic measures

	Half Year 2022			
Volume (m unit cases)	**Established**	**Developing**	**Emerging**	**Group**
2021 reported	274.3	190.9	661.5	1,126.7
Consolidation perimeter impact	-	-	150.0	150.0
Organic movement	31.4	39.5	(17.4)	53.5
2022 reported	**305.7**	**230.4**	**794.1**	**1,330.2**
Organic growth (%)	11.4%	20.7%	(2.6%)	**4.7%**

	Half Year 2022			
Net sales revenue (€ m)	**Established**	**Developing**	**Emerging**	**Group**
2021 reported	1,149.8	601.6	1,496.5	**3,247.9**
Foreign currency impact	12.8	(9.0)	75.6	79.4
2021 adjusted	**1,162.6**	**592.6**	**1,572.1**	**3,327.3**
Consolidation perimeter impact	-	-	238.0	238.0
Organic movement	221.6	199.0	224.0	**644.6**
2022 reported	**1,384.2**	**791.6**	**2,034.1**	**4,209.9**
Organic growth (%)	19.1%	33.6%	14.2%	**19.4%**

	Half Year 2022			
Net sales revenue per unit case (€)[1]	**Established**	**Developing**	**Emerging**	**Group**
2021 reported	4.19	3.15	2.26	**2.88**
Foreign currency impact	0.05	(0.05)	0.11	**0.07**
2021 adjusted	**4.24**	**3.10**	**2.38**	**2.95**
Consolidation perimeter impact	-	-	(0.23)	**(0.20)**
Organic movement	0.29	0.33	0.41	**0.41**
2022 reported	**4.53**	**3.44**	**2.56**	**3.16**
Organic growth (%)	6.8%	10.7%	17.3%	**14.0%**

Footnotes are presented at the end of the table.

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

	Half Year 2022			
Comparable EBIT (€ m)	**Established**	**Developing**	**Emerging**	**Group**
2021 reported	108.6	32.9	208.8	**350.3**
Foreign currency impact	2.2	(1.4)	18.3	**19.1**
2021 adjusted	110.8	31.5	227.1	**369.4**
Consolidation perimeter impact	-	-	8.3	**8.3**
Organic movement	29.4	20.1	35.3	**84.8**
2022 reported	**140.2**	**51.6**	**270.7**	**462.5**
Organic growth (%)	**26.5%**	**63.8%**	**15.5%**	**23.0%**

	Half Year 2022			
Comparable EBIT Margin (%)[1]	**Established**	**Developing**	**Emerging**	**Group**
2021 reported	9.4%	5.5%	14.0%	**10.8%**
Foreign currency impact	0.1%	(0.2%)	0.5%	**0.3%**
2021 adjusted	9.5%	5.3%	14.4%	**11.1%**
Consolidation perimeter impact	-	-	(1.3%)	**(0.4%)**
Organic movement	0.6%	1.2%	0.2%	**0.3%**
2022 reported	**10.1%**	**6.5%**	**13.3%**	**11.0%**
Organic growth (%)	**60bps**	**120bps**	**20bps**	**30bps**

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

3. Other APMs

Adjusted EBITDA

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

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

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

Free cash flow

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

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

Capital expenditure

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:

	Half-year 2022 € million	Half-year 2021 € million
Operating profit (EBIT)	**275.7**	**350.1**
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**317.2**	159.7
Amortisation and impairment of intangible assets	**14.4**	0.5
Employee performance shares	**3.7**	4.4
Impairment of equity method investments	**52.8**	-
Adjusted EBITDA	**663.8**	**514.7**
Share of results of integral equity method investments	**(24.4)**	(14.1)
Loss / (Gain) on disposals of non-current assets	**2.2**	(3.1)
Cash (consumed) / generated from working capital movements	**(45.6)**	81.6
Tax paid	**(63.4)**	(83.2)
Net cash from operating activities	**532.6**	**495.9**
Payments for purchases of property, plant and equipment [1]	**(172.1)**	(192.0)
Principal repayments of lease obligations	**(29.5)**	(29.3)
Proceeds from sales of property, plant and equipment	**1.9**	2.9
Capital expenditure	**(199.7)**	**(218.4)**
Free cash flow	**332.9**	**277.5**

[1] Payments for purchases of property, plant and equipment for the first half of 2022 include €3.5 million (first half of 2021: €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.

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

Net debt

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

	As at	
	1 July 2022	**31 December 2021**
	€ million	**€ million**
Current borrowings	**675.7**	381.7
Non-current borrowings	**2,681.5**	2,555.7
Other financial assets	**(444.8)**	(834.9)
Cash and cash equivalents	**(1,328.3)**	(782.8)
Net debt	**1,584.1**	**1,319.7**

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 2022, a general easing of the COVID-19 pandemic led to the removal of restrictions on hotels, restaurants and cafés which led to a significant improvement for our business in this channel. We continue to monitor the global situation, particularly the impact of COVID-19 in the southern hemisphere as countries have entered the winter season. We have noted the continuing high numbers of COVID-19 cases combined with the return of influenza which had been suppressed over the past two years as result of COVID-19 restrictions. This is having a significant impact on the medical systems in some countries although it has not led to a return to restrictions. There may be similarities in our markets as we move into the European winter towards the end of the year and as a result the Company is reviewing its contingency plans as a precautionary measure.

The conflict between Russia and Ukraine continues to affect our business in those countries with some continuing impact on our supply chain. We have continued to focus on the health and safety of our people in all impacted countries. On 8 March 2022, The Coca-Cola Company ("TCCC") announced that it is suspending its business in Russia which has had, and will continue to have, a significant impact on our business in Russia. The Group is adjusting its Russian business to focus on local brands. In addition, economic sanctions imposed on Russia have had a significant impact on foreign exchange rates and the price of a number of commodities such as oil , which affects PET prices, and aluminum. Countersanctions imposed by Russia may have an impact on our Russian operations as well as other countries in our territory. We expect the geopolitical environment to remain volatile for some time.

Related to the Russia/Ukraine crisis and the recovery from the COVID-19 pandemic, global commodities continue to show a great deal of volatility putting pressure on our suppliers as well as our Company directly. The cost of most of the key commodities critical to our business have continued to increase in 2022.

Economic conditions in all of our markets remain challenging with increases in inflation and interest rates which we expect to continue through 2022. This may lead to affordability issues for consumers and pricing pressure from retail customers.

In addition to the risks and uncertainties referred to above, the principal risks and uncertainties that the Company expects to be exposed to in the second half of 2022 are substantially the same as those outlined in the 2021 Integrated Annual Report for the year ended 31 December 2021, pages 62 to 65, 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. 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
2. Changing retail environment	The risk of significant changes to consumer purchasing behaviour and customer requirements.	• 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
3. Commodity costs	The risk of raw material pricing fluctuations, particularly resin, sugar, gasoil and aluminium.	• Increased input costs	• Pricing volatility managed by Treasury/Procurement departments for hedgeable raw materials universe through hedging/fixing of forward prices • Protocols are in place under the Treasury and Procurement Policies endorsed by the Board • Reporting and visibility to the Financial Risk Management Committee and the Audit and Risk Committee • Recovery through pricing whilst maintaining growth, avoiding disruption and still being competitive	• Economic impact • Sustainable sourcing
4. Product-related taxes and regulatory changes	The risk of governments imposing taxes and regulatory changes such as beverage taxes, sugar upper limits, sweetener restrictions, additional labelling requirements.	• Cost increases that cannot be passed on in price • Increased costs to meet additional regulatory requirements • Brand and reputation damage • Forced changes in the portfolio mix	• Focus on product innovation and expansion to a 24/7 beverage portfolio • Expand our range of low- and no-calorie beverages • Proactive approach to better understand concerns undertaken by Corporate Affairs and Sustainability in conjunction with our The Coca-Cola Company counterparts. • Country-specific response plans to address the specific localised nature of the risk. • Group strategy focusing on proactive and reactive advocacy with strategic plans, tax risk assessments, assets repository and targeted business unit support plans in place	• Corporate citizenship • Responsible marketing • Economic impact

Principal risks	**Description**	**Potential impact**	**Key mitigations**	**Link to material issues**
5. Foreign exchange fluctuations	The risk of foreign exchange volatility and rate fluctuations caused by uncertainty and complexity of macroeconomic environment and geopolitical developments, exacerbated by COVID-19.	• 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 • Derivative financial instruments are used, where available, to reduce net exposure to currency and commodity price fluctuations	• Economic impact
6. 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 • Cyber-related crisis management (IMCR) exercise with Executive Leadership Team	• Economic impact

Principal risks	**Description**	**Potential impact**	**Key mitigations**	**Link to material issues**
7. Geopolitical and security environment	Volatile and challenging macroeconomic, security and geopolitical conditions. The risk of civil unrest and conflict with other countries.	• Safety of our people • Disruptions to our operations • Financial impact of economic and other sanctions	• Monitoring systems established with defined indicators to provide warning of escalation • Security risk assessments developed on a country-by-country basis to inform robust security plans • Business continuity programmes take into account risks associated with unrest and conflict and the impact of sanctions • Continued development and training in IMCR programme	• Employee wellbeing and engagement • Economic impact
8. Managing our carbon footprint	The risks and opportunities associated with reducing carbon emissions along our value chain.	• Opportunity to reduce costs and enhance relationships with key stakeholders through increased use of renewable energy and new technologies • Reputation costs of not meeting our sustainability commitments • Costs associated with moving to low GHG emissions, low-emission coolers, vehicles • Future carbon taxes • Scarcity of resources impacting production	• Approved science-based targets for 2030 and net zero commitment for 2040 • Energy management programmes and transition to renewable and clean energy • Engagement and partnering with local and international stakeholders • Focus on sustainable procurement • Areas of risk monitored by country risk teams and specific tactical plans in place across the operations. • Physical risk analysis including quantification and stress testing (consistent with TCFD requirements) and natural disaster plans in place across the operations • Review of Egyptian operations to understand impact on Group	• Climate change • Sustainable sourcing

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
9. Water availability and usage	The risks related to water availability, water stress and water quality in our areas of operation, exacerbated by the effects of climate change and excessive water consumption in a catchment area leading to unsustainable water availability.	• Lack of water for local communities which diminishes our licence to operate and damages our brand reputation • Insufficient water or increased costs to manufacture our products	• Identification and implementation of water stewardship programmes in water priority locations to mitigate shared water risks • Alliance for Water Stewardship certification for all plants • Source vulnerability assessment for all plants • Implement water usage reduction plans	• Water stewardship • Sustainable sourcing
10. Health and Safety	The risk to the health and safety of our people as a result of occupational workplace accidents, incidents and illnesses (including COVID-19 management).	• Fatalities and/or serious injury and illness of employees, contractors, third parties and members of the public • Business continuity for people being absent from work due to infection or self-isolation due to COVID-19 • Mental wellbeing of our people	• Deployment of Behaviour Based Safety (BBS) programmes • End-to-End (E2E) contractor management process • Health and Safety Board to continue • The Coca-Cola Company lifesaving rules in place and incorporated in CCHBC Baseline Assessment programme • COVID-19 pandemic protocols in place across the entire organisation and reviewed regularly • Business continuity plans updated and tested • Regular country and System lessons learned shared across the entire organisation • Increased focus on mental wellbeing in Employee Assistance Programme	• Employee wellbeing and engagement

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
11. People retention	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 to talent development • Continuous employee listening to address culture and engage 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 wellbeing and engagement • Human rights, diversity and inclusion • Corporate citizenship
12. Suppliers and sustainable sourcing	Inability to secure supply of key ingredients, packaging and services at a reasonable cost because of supply-demand imbalances and/or crop yields.	• Production disruptions • Increased input costs	• Contracted volumes of key ingredients and packaging materials • Contracted prices when feasible • Ensure hedgeable contracts • Expand supplier base and introduce new/alternative suppliers • Secure raw materials for suppliers to provide security of supply	• Economic impact • Sustainable sourcing
13. 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	• 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 and 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	• Corporate governance

Principal risks	Description	Potential impact	Key mitigations	Link to material issues
	sanctions in certain countries.		behalf are subject to ABAC due diligence. Screening of third parties and transactions potentially exposed to international sanctions risk • Cross-functional joint task force in Nigeria that proactively addresses 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	
14. Quality	The risk of serious product quality issues or contamination of our products.	• Illness to consumers • Reputation damage • Regulatory intervention • Adverse financial impact	• Full implementation of CCHBC Quality and Food Safety prevention programmes • Quality and Food Safety management system certification • Quality and Food Safety capabilities development programmes implementation as part of Maturity Matrix programme • Elevated supplier quality management • Continued development and training in IMCR programme	• Product quality
15. 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 2021 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 1 July 2022", note 16 "Related party transactions".

Going concern statement

In 2022, the Group experienced a significant recovery from the COVID-19 pandemic as remaining restrictions were lifted, reopening its markets and the business returned to pre-pandemic levels of performance. However, COVID-19 continues to be a source of uncertainty for the near term and could potentially lead to further economic disruption as we move into the latter stages of the year.

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 2021 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 2022 and beyond. Management has also considered the events involving Ukraine and Russia and no impact has been identified on the Group's ability to continue as a going concern.

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

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

Responsibility statement

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

(a) the condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board (IASB) and IAS 34, 'Interim Financial Reporting', as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) and give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation as a whole for the period ended 1 July 2022 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 2021 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries for the year ended 31 December 2021, 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

11 August 2022

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 1 July 2022 (the “Half-yearly financial report”).

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

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 1 July 2022;
- the condensed consolidated interim income statement for the six month period then ended;
- the condensed consolidated interim statement of comprehensive income for the six month period then ended;
- the condensed consolidated interim statement of changes in equity for the six month period then ended;
- the condensed consolidated interim cash flow statement for the six month period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

____

Fotis Smyrnis
Certified Accountant Auditor (SOEL Reg. No. 52861)
For and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors (SOEL Reg. No. 113)
11 August 2022
Athens, Greece

Notes:

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

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

Condensed consolidated interim financial statements for the six months ended 1 July 2022

Condensed consolidated interim income statement (unaudited)

	Note	Six months ended	
		1 July 2022	2 July 2021
		€ million	€ million
Net sales revenue	3	**4,209.9**	3,247.9
Cost of goods sold		**(2,759.7)**	(2,048.4)
Gross profit		**1,450.2**	**1,199.5**
Operating expenses		**(1,015.3)**	(863.5)
Exceptional items related to Russia-Ukraine conflict	4	**(183.6)**	-
Share of results of integral equity method investments		**24.4**	14.1
Operating profit	3	**275.7**	**350.1**
Finance costs, net	6	**(42.7)**	(34.7)
Share of results of non-integral equity method investments		**1.4**	1.8
Profit before tax		**234.4**	**317.2**
Tax	7	**(82.0)**	(83.8)
Profit after tax		**152.4**	**233.4**
Attributable to:			
Owners of the parent		**152.9**	233.1
Non-controlling interests		**(0.5)**	0.3
		152.4	**233.4**
Basic and diluted earnings per share (€)	8	**0.42**	0.64

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	
	1 July 2022	2 July 2021
	€ million	€ million
Profit after tax	**152.4**	**233.4**
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	**(0.3)**	(1.0)
Net gain of cash flow hedges	**24.5**	42.1
Foreign currency translation	**135.9**	20.0
Share of other comprehensive income of equity method investments	**44.3**	7.2
Income tax relating to items that may be subsequently reclassified to income statement	**(3.9)**	(6.2)
	200.5	**62.1**
Items that will not be subsequently reclassified to income statement:		
Valuation loss on equity investments at fair value through other comprehensive income	**(0.1)**	—
Actuarial gain	**39.2**	14.5
Income tax relating to items that will not be subsequently reclassified to income statement	**(1.1)**	0.3
	38.0	**14.8**
Other comprehensive income for the period, net of tax	**238.5**	**76.9**
Total comprehensive income for the period	**390.9**	**310.3**
Total comprehensive income attributable to:		
Owners of the parent	**393.6**	310.0
Non-controlling interests	**(2.7)**	0.3
	390.9	**310.3**

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

Condensed consolidated interim balance sheet (unaudited)

	Note	As at	
		1 July 2022	31 December 2021
		€ million	€ million
Assets			
Intangible assets	9	**2,526.8**	2,043.3
Property, plant and equipment	9	**3,255.6**	2,830.9
Other non-current assets		**524.5**	483.2
Total non-current assets		**6,306.9**	**5,357.4**
Inventories		**835.2**	519.8
Trade, other receivables and assets		**1,431.2**	975.3
Other financial assets	10	**509.2**	878.9
Cash and cash equivalents	10	**1,328.3**	782.8
		4,103.9	**3,156.8**
Assets classified as held for sale		**—**	0.1
Total current assets		**4,103.9**	**3,156.9**
Total assets		**10,410.8**	**8,514.3**
Liabilities			
Borrowings	11	**675.7**	381.7
Other current liabilities		**3,339.2**	2,134.7
Total current liabilities		**4,014.9**	**2,516.4**
Borrowings	11	**2,681.5**	2,555.7
Other non-current liabilities		**419.7**	325.1
Total non-current liabilities		**3,101.2**	**2,880.8**
Total liabilities		**7,116.1**	**5,397.2**
Equity			
Owners of the parent		**3,275.7**	3,114.5
Non-controlling interests		**19.0**	2.6
Total equity		**3,294.7**	**3,117.1**
Total equity and liabilities		**10,410.8**	**8,514.3**

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 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 12)	2.2	3.6	—	—	—	—	—	**5.8**	—	**5.8**
Share-based compensation:										
Performance shares	—	—	—	—	—	4.4	—	**4.4**	—	**4.4**
Appropriation of reserves	—	—	—	8.9	—	(8.8)	(0.1)	**—**	—	**—**
Dividends (Note 14)	—	(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[1]	—	—	—	—	—	(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[2]	—	—	—	—	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**
Shares issued to employees exercising stock options (Note 12)	5.7	8.1	—	—	—	—	—	**13.8**	—	**13.8**
Share-based compensation:										
Performance shares	—	—	—	—	—	10.7	—	**10.7**	—	**10.7**
Movement in shares held for equity compensation plan	—	—	—	—	—	(0.1)	—	**(0.1)**	—	**(0.1)**
Appropriation of reserves	—	—	—	—	—	(0.2)	0.2	**—**	—	**—**
Dividends (Note 14)	—	—	—	—	—	—	—	**—**	(0.2)	**(0.2)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of deferred tax	—	—	—	—	—	(15.8)	—	**(15.8)**	—	**(15.8)**
	2,022.3	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,214.9)**	**287.7**	**5,148.1**	**2,721.8**	**2.6**	**2,724.4**
Profit for the period, net of tax	—	—	—	—	—	—	314.1	**314.1**	—	**314.1**
Other comprehensive income for the period, net of tax	—	—	—	—	60.9	22.5	(4.8)	**78.6**	—	**78.6**
Total comprehensive income for the period, net of tax	—	—	—	—	60.9	22.5	309.3	**392.7**	—	**392.7**
Balance as at 31 December 2021	**2,022.3**	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,154.0)**	**310.2**	**5,457.4**	**3,114.5**	**2.6**	**3,117.1**

[1] *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 inventories of €5.1 million gain, and the deferred tax expense thereof amounting to €1.0 million.*

[2] *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 the share of other comprehensive income of equity methods 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.

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 2022	**2,022.3**	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,154.0)**	**310.2**	**5,457.4**	**3,114.5**	**2.6**	**3,117.1**
Shares issued to employees exercising stock options (Note 12)	0.1	0.1	—	—	—	—	—	**0.2**	—	**0.2**
Share based compensation:										
Performance shares	—	—	—	—	—	3.9	—	**3.9**	—	**3.9**
Appropriation of reserves	—	—	—	15.4	—	(22.4)	7.0	**—**	—	**—**
Arising on acquisition	—	—	—	—	—	—	—	**—**	170.7	**170.7**
Purchase of shares held by non-controlling interests	—	—	—	—	—	—	42.6	**42.6**	(151.5)	**(108.9)**
Dividends (Note 14)	—	(262.6)	—	—	—	—	2.4	**(260.2)**	(0.1)	**(260.3)**
Transfer of cash flow hedge reserve, including cost of hedging, to inventories, net of deferred tax[3]	—	—	—	—	—	(18.9)	—	**(18.9)**	—	**(18.9)**
	2,022.4	**2,834.8**	**(6,472.1)**	**(131.2)**	**(1,154.0)**	**272.8**	**5,509.4**	**2,882.1**	**21.7**	**2,903.8**
Profit for the period net of tax	—	—	—	—	—	—	152.9	**152.9**	(0.5)	**152.4**
Other comprehensive income for the period, net of tax	—	—	—	—	181.0	21.6	38.1	**240.7**	(2.2)	**238.5**
Total comprehensive income for the period, net of tax[4]	—	—	—	—	181.0	21.6	191.0	**393.6**	(2.7)	**390.9**
Balance as at 1 July 2022	**2,022.4**	**2,834.8**	**(6,472.1)**	**(131.2)**	**(973.0)**	**294.4**	**5,700.4**	**3,275.7**	**19.0**	**3,294.7**

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

[4] *The amount included in the exchange equalisation reserve of €181.0 million gain for the first half of 2022 represents the exchange gain attributed to the owners of the parent, primarily related to the Russian Rouble and the Nigerian Naira, partially offset by the loss related to the Egyptian Pound, including €42.9 million gain relating to the share of other comprehensive income of equity method investments.*

The amount of other comprehensive income net of tax included in other reserves of €21.6 million gain for the first half of 2022 consists of cash flow hedges gain of €24.2 million, share of other comprehensive income of equity method investments of €1.4 million gain, valuation losses of €0.1 million on equity investments at fair value through other comprehensive income, and the deferred tax expense thereof amounting to €3.9 million.

The amount of €191.0 million gain attributable to owners of the parent comprises profit for the period of €152.9 million, actuarial gains of €39.2 million and deferred tax expense thereof amounting to €1.1 million.

The amount of €2.7 million losses included in non-controlling interests for the first half of 2022, represents the exchange loss attributed to the non-controlling interests of €2.2 million, and the share of non-controlling interests in profit for the year of €0.5 million loss.

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 1 July 2022 € million	2 July 2021 € million
Operating activities			
Profit after tax for the period		**152.4**	233.4
Finance costs, net	6	**42.7**	34.7
Share of results of non-integral equity method investments		**(1.4)**	(1.8)
Tax charged to the income statement		**82.0**	83.8
Depreciation and impairment of property, plant and equipment	4, 9	**317.2**	159.7
Employee performance shares		**3.7**	4.4
Impairment of equity method investments	4	**52.8**	-
Amortisation and impairment of intangible assets	4, 9	**14.4**	0.5
		663.8	**514.7**
Share of results of integral equity method investments		**(24.4)**	(14.1)
Loss / (Gain) on disposals of non-current assets		**2.2**	(3.1)
Increase in inventories		**(244.7)**	(126.2)
Increase in trade and other receivables		**(349.6)**	(249.1)
Increase in trade and other payables		**548.7**	456.9
Tax paid		**(63.4)**	(83.2)
Net cash inflow from operating activities		**532.6**	**495.9**
Investing activities			
Payments for purchases of property, plant and equipment		**(168.6)**	(189.1)
Proceeds from sales of property, plant and equipment		**1.9**	2.9
Payments for business combinations, net of cash acquired	15	**(249.0)**	—
Payments related to acquisition of non-integral equity method investments		**(6.5)**	—
Loans to related parties		**(0.4)**	—
Net payments for investments in financial assets at amortised cost		**(249.0)**	(299.1)
Net proceeds from / (payments for) investments in financial assets at fair value through profit or loss		**638.4**	(285.7)
Net receipts from integral equity method investments	16	**2.0**	6.5
Net receipts from non-integral equity method investments	16	**0.6**	0.5
Interest received		**1.3**	0.3
Payment for acquisition of joint operation		**—**	(0.9)
Net cash outflow from investing activities		**(29.3)**	**(764.6)**
Financing activities			
Proceeds from shares issued to employees, exercising stock options	12	**0.2**	5.8
Payments for shares held by non-controlling interests	15	**(108.9)**	—
Proceeds from borrowings		**346.9**	63.7
Repayments of borrowings		**(202.9)**	(54.2)
Principal repayments of lease obligations		**(29.5)**	(29.3)
(Payments for) / Proceeds from settlement of derivatives regarding financing activities		**(1.4)**	3.7
Interest paid		**(27.5)**	(24.6)
Dividends paid to non-controlling interests		**(0.1)**	—
Net cash outflow from financing activities		**(23.2)**	**(34.9)**
Net increase / (decrease) in cash and cash equivalents		**480.1**	**(303.6)**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**782.8**	1,215.8
Net increase / (decrease) in cash and cash equivalents		**480.1**	(303.6)
Effect of changes in exchange rates		**65.4**	0.8
Cash and cash equivalents at the end of the period		**1,328.3**	**913.0**

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 and accounting policies

Basis of preparation

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting', as adopted by the European Union ("EU"), and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

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 performance in the period as well as its 2021 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 2022 and beyond. Management has also considered the events involving Ukraine and Russia and no impact has been identified on the Group's ability to continue as a going concern. Therefore, management 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 2021 annual financial statements, except for the adoption of applicable amendments to accounting standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amended standards adopted by the Group

The below amendments to the standards became applicable as of 1 January 2022 and were adopted by the Group. The adoption of these amendments did not have a significant impact on the Group's condensed consolidated interim financial statements.

Amendments to IAS 16 - Proceeds before intended use: This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Amendments to IAS 37 - Onerous Contracts, Cost of Fulfilling a Contract: This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Amendments to IFRS 3 - Reference to the Conceptual Framework: Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting without changing its requirement and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21 'Levies'. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

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

1. Basis of preparation and accounting policies (continued)

Annual improvements 2018-2020 cycle: Minor amendments to the following standards were made:

- *IFRS 9 Financial Instruments:* the amendment clarifies which fees should be included in the 10% test for derecognition of financial liabilities. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- *IFRS 16 Leases:* the amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16, in order to remove potential confusion regarding the treatment of lease incentives when applying IFRS 16.

Amendments to IFRS 16 - COVID-19 related rent concessions beyond 30 June 2021: As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

2. Foreign currency and translation

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

	Average rate for the six months ended		Closing rate as at	
	1 July 2022	2 July 2021	**1 July 2022**	31 December 2021
US Dollar	**1.09**	1.21	**1.04**	1.13
UK Sterling	**0.84**	0.87	**0.86**	0.84
Polish Zloty	**4.63**	4.54	**4.67**	4.60
Nigerian Naira	**456.20**	489.38	**437.00**	481.32
Hungarian Forint	**374.20**	357.92	**394.17**	370.08
Swiss Franc	**1.03**	1.09	**1.00**	1.04
Russian Rouble	**85.44**	89.62	**59.45**	83.87
Romanian Leu	**4.94**	4.90	**4.94**	4.95
Ukrainian Hryvnia	**31.72**	33.49	**30.78**	30.78
Czech Koruna	**24.63**	25.85	**24.74**	24.95
Serbian Dinar	**117.60**	117.58	**117.43**	117.56
Egyptian Pound	**18.87**	—	**19.79**	—

3. Segmental analysis

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

Established markets:	Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.
Developing markets:	Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.
Emerging markets:	Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Egypt, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

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

3. Segmental analysis (continued)

a) Volume and net sales revenue

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

	Six months ended	
	1 July 2022	2 July 2021
Established	**305.7**	274.3
Developing	**230.4**	190.9
Emerging	**794.1**	661.5
Total volume	**1,330.2**	**1,126.7**

[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. For coffee one unit case corresponds to 0.5 kilograms or 5.678 litres. Volume data is derived from unaudited operational data.*

Net sales revenue per reportable segment for the six months ended 1 July 2022 and 2 July 2021 is presented below:

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Established	**1,384.2**	1,149.8
Developing	**791.6**	601.6
Emerging	**2,034.1**	1,496.5
Total net sales revenue	**4,209.9**	**3,247.9**

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 1 July 2022 and 2 July 2021 is presented below:

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Volume in million unit cases[1]		
NARTD[2]	**1,328.8**	1,125.3
Premium spirits	**1.4**	1.4
Total volume	**1,330.2**	**1,126.7**
Net sales revenue (€ million)		
NARTD	**4,109.6**	3,160.3
Premium spirits	**100.3**	87.6
Total net sales revenue	**4,209.9**	**3,247.9**

[1] *One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For Premium Spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram. Volume data is derived from unaudited operational data. For coffee one unit case corresponds to 0.5 kilograms or 5.678 litres.*
[2] *NARTD: non-alcoholic, ready-to-drink beverages as well as coffee.*

3. Segmental analysis (continued)

b) Other income statement items

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Operating profit		
Established	**147.4**	110.6
Developing	**56.9**	35.7
Emerging	**71.4**	203.8
Total operating profit	**275.7**	**350.1**
Reconciling items		
Finance costs, net	**(42.7)**	(34.7)
Tax	**(82.0)**	(83.8)
Share of results of non-integral equity method investments	**1.4**	1.8
Non-controlling interests	**0.5**	(0.3)
Profit after tax attributable to owners of the parent	**152.9**	**233.1**

4. Russia-Ukraine conflict impact

a) Operations in Russia and Ukraine

Goodwill and other indefinite-lived intangible assets are tested for impairment annually and when there is an indication of impairment. Determining whether goodwill or indefinite-lived intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units to which they have been allocated, in order to determine the recoverable amount of these cash-generating units. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit, discounted at an appropriate rate. Estimating the future cash flows involves a significant degree of uncertainty. Cash flow projections are based on financial budgets as well as operation and market-specific high-level assumptions including growth rates, discount rates, forecast selling prices and direct costs.

The Group performed its annual impairment test in 2021, where the recoverable amount was higher than the carrying amount for all cash-generating units and therefore no impairment was recorded.

During the first half of 2022, macroeconomic factors, sanctions and other regulations as a result of the Russia-Ukraine conflict indicated a material deterioration of the discount rate used to determine the recoverable amount of the Group's Russian cash-generating unit. In addition, TCCC announced in March 2022 that it is suspending its business in Russia. In response to this decision, the Group is implementing a restructuring plan in connection with its Russian operations to adjust the business accordingly, focusing on local brands. These events indicated potentially material changes in expected cash flow projections used to determine the recoverable amount of the Russian cash-generating unit, compared to previously used forecasts.

As a result, the Group proceeded with an interim impairment test of the Russian cash-generating unit's recoverable amount, including goodwill. The recoverable amount was determined based on value-in-use calculations consistent with those performed in 2021, updated to consider management's revised best estimates of expected cash flow projections and a higher discount rate, reflective of the macroeconomic uncertainty in Russia. As a result of this exercise, it was identified that the carrying value exceeded the recoverable amount of the Russian cash-generating unit, resulting in a pre-tax impairment charge to goodwill and property, plant and equipment of €13.7 million and €15.0 million respectively, recorded in line 'Exceptional items related to Russia-Ukraine conflict' in the condensed consolidated interim income statement.

4. Russia-Ukraine conflict impact (continued)

a) Operations in Russia and Ukraine (continued)

The following table sets out the key assumptions used in the impairment assessment of the Russian cash-generating unit for the half-year 2022 results and 2021:

	2022	2021
Growth rate in perpetuity	**4.0%**	3.0%
Discount rate	**26.5%**	6.5%

In addition, the implementation from the Group of the restructuring plan in connection with its Russian operations, has resulted in pre-tax impairment losses predominantly related to buildings and production equipment of €102.1 million during the first half of 2022, recorded in line 'Exceptional items related to Russia-Ukraine conflict' in the condensed consolidated interim income statement, as well as restructuring costs of €2.2 million. Impairment losses were recorded based on a value-in-use exercise, as no reliable estimate of an exit price less costs to dispose could be made under the current extremely volatile market conditions.

As a result of the Russia-Ukraine conflict, operations of the Group's Ukrainian subsidiary were temporarily suspended for the period March-April 2022. During May 2022, the Group resumed production and distribution of products in Ukraine, where safe to do so. Non-current assets of Ukraine represented approximately 1% of the Group's total non-current assets as at 1 July 2022. An interim impairment test of the Ukrainian cash-generating unit, based on a value-in-use exercise was performed, as it was considered that, whilst operations have resumed, significant changes in the relevant market with an adverse effect in the cash-generating unit had taken place during the period. No impairment was identified as a result of this impairment testing. The Group's carrying amount of goodwill and other indefinite-lived intangibles for its Ukrainian cash-generating unit was €nil as at 1 July 2022.

An amount of €4.2 million losses directly attributable to the Russia-Ukraine conflict, primarily related to inventory and property, plant and equipment write-offs, have been incurred by the Group's Ukrainian subsidiary during the first half of 2022 and have been recorded mainly in line "Operating expenses" of the condensed consolidated interim income statement.

b) Equity method investments

The impact of the Russia-Ukraine conflict on the macroeconomic environment of Russia as described above, was also considered an impairment indicator by the Group under IAS 36 'Impairment of assets', in connection with its integral, joint venture investment in Multon A.O. group of companies ("Multon"). Multon is engaged in the production and distribution of juices in Russia and is jointly controlled by the Group and TCCC. The Group performed an interim impairment test in connection with its investment in Multon. The recoverable amount of the investment was determined based on a fair value exercise, considering management's best estimates of expected cash flow projections and appropriate discount rate, reflective of the macroeconomic uncertainty in Russia, which was classified as a Level 3 measurement. The recoverable amount of the Group's investment in Multon resulting from this exercise amounted to €174.2 million. This resulted in a pre-tax impairment charge of €52.8 million, which is recorded in line "Exceptional items related to Russia-Ukraine conflict" in the condensed consolidated interim income statement.

The following table sets out the key assumptions used in the fair value exercise for the half-year 2022 results:

	2022
Growth rate in perpetuity	**4.0%**
Discount rate	**28.6%**

4. Russia-Ukraine conflict impact (continued)

c) Foreign-currency risk

The Group is exposed to the effect of foreign currency risk on future transactions, recognised monetary assets and liabilities that are denominated in currencies other than the local entity's functional currency, as well as net investments in foreign operations. As described in the 2021 Integrated Annual Report, the Group actively manages its foreign currency risk. The Russia-Ukraine conflict has, among other things, resulted in increased volatility in currency markets, especially in connection with the Russian Rouble.

The following tables present details of the Group's sensitivity to reasonably possible increases and decreases in the Euro and US Dollar against the Russian Rouble and Ukrainian Hryvnia. In determining reasonable possible changes, the historical volatility over a 12-month period of the respective foreign currencies in relation to the Euro and the US Dollar has been considered. The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Group's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Group's main foreign currencies relative to the Euro and the US Dollar. The sensitivity analysis includes outstanding foreign-currency-denominated monetary items, external loans, and loans between operations within the Group where the denomination of the loan is in a currency other than the functional currency of the local entity.

2022 exchange risk sensitivity to reasonably possible changes in the Euro against Russian Rouble and Ukrainian Hryvnia

		Euro strengthens against local currency		Euro weakens against local currency	
	% historical volatility over a 12-month period	Loss / (gain) in income statement € million	(Gain) / loss in equity € million	(Gain) / loss in income statement € million	Loss / (gain) in equity € million
Russian Rouble	49.4%	(5.4)	-	15.8	-
Ukrainian Hryvnia	11.9%	0.6	-	(0.8)	-

2022 exchange risk sensitivity to reasonably possible changes in the US Dollar against Russian Rouble and Ukrainian Hryvnia

		US Dollar strengthens against local currency		US Dollar weakens against local currency	
	% historical volatility over a 12-month period	Loss / (gain) in income statement € million	(Gain) / loss in equity € million	(Gain) / loss in income statement € million	Loss / (gain) in equity € million
Russian Rouble	48.7%	(2.6)	(2.6)	7.8	7.7
Ukrainian Hryvnia	9.8%	0.3	-	(0.4)	-

d) Other topics

As a result of sanctions and other regulations implemented in the first half of 2022, there have been changes in required regulatory approvals, potentially impacting the transfer and usage of cash outside of Russia. Cash and cash equivalents held by the Group's operations in Russia, including its joint venture, amounted to €177.3 million equivalent in Russian Rouble, US Dollar and Euro as at 1 July 2022. The aforementioned changes restrict the usage outside the country of cash held in Russia, however, are not expected to have a material impact on the Group's liquidity, as the cash and cash equivalents held in Russia are expected to be used in the forthcoming financial periods mainly for working capital purposes in the Russian operations.

4. Russia-Ukraine conflict impact (continued)

The Group is continuously monitoring performance of its Russian and Ukrainian operations as well as the developments in the region, to ensure timely actions and initiatives are undertaken to minimize potential adverse impact for the Group.

5. Restructuring costs

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. Restructuring mainly concerns employee costs, which are included within operating expenses. Restructuring costs per reportable segment for the six months ended 1 July 2022 and 2 July 2021 are presented below:

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Established	**(5.0)**	(0.4)
Developing	**—**	0.9
Emerging	**11.0**	—
Total restructuring costs	**6.0**	**0.5**

6. Finance costs, net

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Interest income	**(3.9)**	(2.3)
Finance costs	**41.0**	33.5
Net foreign exchange losses	**5.6**	3.5
Finance costs, net	**42.7**	**34.7**

7. Tax

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Profit before tax	**234.4**	317.2
Tax	**(82.0)**	(83.8)
Effective tax rate	**35.0%**	**26.4%**

The Group's effective tax rate for 2022 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. This difference can be a consequence of a number of factors, the most significant of which are the application of statutory tax rates of the countries in which the Group operates, the non-deductibility of certain expenses, the non-taxable income and one-off tax items.

8. 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 2022: 366,162,423, first half of 2021: 364,525,100). 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.

9. Intangible assets and property, plant and equipment

	Intangible assets € million	Property, plant and equipment € million
Net book value as at 1 January 2022 excluding right-of-use assets	**2,043.3**	**2,668.3**
Additions	**—**	**231.6**
Arising from business combinations (Note 15)	**519.6**	**281.4**
Disposals	**—**	**(4.3)**
Depreciation, impairment and amortisation (Note 4)	**(14.4)**	**(285.3)**
Foreign currency translation	**(21.7)**	**153.6**
Net book value as at 1 July 2022 excluding right-of-use assets	**2,526.8**	**3,045.3**
Net book value as at 1 January 2022 of right-of-use assets		**162.6**
Net book value as at 1 July 2022 of right-of-use assets (Note 13)		**210.3**
Net book value as at 1 July 2022		**3,255.6**

Right-of-use assets arising from acquisition of Coca-Cola Bottling Company of Egypt S.A.E. amounted to €37.8 million (Note 15).

10. 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 2021 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 1 July 2022, the Group has net debt of €1.6 billion (Note 11). In addition, as at 1 July 2022, the Group has cash and cash equivalents and other financial assets of €1.8 billion, an undrawn Revolving Credit Facility of €0.8 billion, as well as €0.5 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's Standard & Poor's and Moody's credit ratings as disclosed in the 2021 Integrated Annual Report were reaffirmed in March and May 2022 respectively, however Standard and Poor's changed the outlook from stable to negative.

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 2021 Integrated Annual Report. The money market funds recorded at fair value are included in Level 1 within the fair value hierarchy. As at 1 July 2022, the fair value of the money market funds amounted to €nil (€638.8 million as at 31 December 2021). As at 1 July 2022, the total derivatives included in Level 2 were financial assets of €52.1 million and financial liabilities of €20.6 million. The Group recognises embedded derivatives whose risks and economic characteristics were not considered to be closely related to the commodity contract in which they were embedded. The valuation techniques used to determine their fair value maximised the use of observable market data. The fair value of the embedded derivatives as at 1 July 2022 amounted to a financial asset of €0.8 million and are classified within Level 2.

The Group uses derivatives to mitigate the commodity price risk related to plastics. As the valuation of these derivatives uses prices that are not observable in the market, it is classified within Level 3. The fair value of the derivatives related to plastics as at 1 July 2022 amounted to a financial asset of €18.3 million and financial liability of €1.5 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 1 July 2022 amounted to a financial liability of €11.1 million.

10. Financial risk management and financial instruments (continued)

There were no transfers between Levels 1, 2 and 3 during the six months ended 1 July 2022. The fair value of bonds and notes payable applying the clean market price, as at 1 July 2022, was €2,170.1 million compared to their book value of €2,386.8 million, as at the same date.

11. Net debt

	As at	
	1 July 2022	31 December
	€ million	€ million
Current borrowings	**675.7**	381.7
Non-current borrowings	**2,681.5**	2,555.7
Less: Cash and cash equivalents	**(1,328.3)**	(782.8)
- Financial assets at amortised cost	(444.8)	(196.1)
- Financial assets at fair value through profit or loss	—	(638.8)
Less: Other financial assets	**(444.8)**	(834.9)
Net debt	**1,584.1**	**1,319.7**

In December 2019 the Group established a loan facility of US$ 85.0 million to finance the purchase of production equipment by the Group's subsidiary in Nigeria. The facility has been partially drawn down by Nigerian Bottling Company Ltd ("NBC") over the course of 2020 and 2021 and matures in 2027 as disclosed in the 2021 Integrated Annual Report. The obligations under this facility are guaranteed by Coca-Cola HBC AG. As at 1 July 2022, the outstanding liability amounted to €65.0 million (€63.2 million as at 31 December 2021).

Cash and cash equivalents include an amount of €190.9 million equivalent in Nigerian Naira. This includes an amount of €12.1 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 €444.8 million (31 December 2021: €189.9 million) and also include an amount of €nil (31 December 2021: €6.2 million) equivalent in Nigerian Naira invested in Treasury 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 interim balance sheet are derivative financial instruments of €60.3 million (31 December 2021: €39.2 million) and related party loans receivable of €4.1 million (31 December 2021: €4.8 million).

12. Share capital, share premium and treasury shares

	Number of shares (authorised and issued)	**Share capital € million**	**Share premium € million**
Balance as at 1 January 2021	**370,512,597**	**2,014.4**	**3,321.4**
Shares issued to employees exercising stock options	1,282,821	7.9	11.7
Dividends (Note 14)	—	—	(235.8)
Balance as at 31 December 2021	**371,795,418**	**2,022.3**	**3,097.3**
Shares issued to employees exercising stock options	13,583	0.1	0.1
Dividends (Note 14)	—	—	(262.6)
Balance as at 1 July 2022	**371,809,001**	**2,022.4**	**2,834.8**

In 2021, the share capital of Coca-Cola HBC increased by the issuance of 1,282,821 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 €19.6 million.

12. Share capital, share premium and treasury shares (continued)

For the six months ended 1 July 2022, the share capital of Coca-Cola HBC increased by the issuance of 13,583 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 €0.2 million.

An amount of €15.4 million in the first half of 2022 (first half of 2021: €8.9 million) relates to treasury shares provided to employees in connection with vested performance share awards under the Company's employee incentive scheme, which was reflected as an appropriation of reserves between 'Treasury shares' and 'Other reserves' in the condensed consolidated interim statement of changes in equity.

Following the above changes, on 1 July 2022 the share capital of the Group amounted to €2,022.4 million and comprised 371,809,001 shares with a nominal value of CHF 6.70 each.

13. Leases

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

	1 July 2022	31 December 2021
	€ million	€ million
Land and buildings	73.6	63.2
Plant and equipment	136.7	99.4
Total right-of-use assets (Note 9)	**210.3**	**162.6**
Current lease liabilities	57.5	50.9
Non-current lease liabilities	152.4	109.4
Total lease liabilities	**209.9**	**160.3**

14. Dividends

On 22 June 2021, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved a dividend distribution of 0.64 euro per share. 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.

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

15. Business combinations

Acquisition of Coca-Cola Bottling Company of Egypt S.A.E.

On 12 August 2021, the Group entered into a sale and purchase agreement to acquire approximately 52.7% of Coca-Cola Bottling Company of Egypt S.A.E. ("CCBCE"), the bottling partner of TCCC in Egypt, from MAC Beverages Limited and certain of its affiliated entities ("MBL acquisition"). The MBL acquisition was completed on 13 January 2022 and resulted in the Group obtaining control over CCBCE.

The acquisition of CCBCE expands the Group's existing footprint on the African continent and further increases its exposure to high-growth markets, as it provides access to one of the largest non-alcoholic ready-to-drink markets by volume in Africa. In addition, sharing of the Group's proven capabilities, experience and best practices with CCBCE, is expected to unlock growth opportunities, creating value for all stakeholders.

The operating results and assets and liabilities of CCBCE have been consolidated from 14 January 2022.

The fair value of the consideration for the MBL acquisition consists of €264.9 million, which has already been transferred, and an additional payment, based on CCBCE's past performance, net financial position and working capital movement, expected to be transferred within the third quarter of 2022. This additional payment is still

15. Business combinations (continued)

Acquisition of Coca-Cola Bottling Company of Egypt S.A.E. (continued)

under discussion with MBL according to the terms of the sale and purchase agreement. An amount of US Dollar 83 million is considered reasonable by the Group and could substantially vary depending on the outcome of those discussions under the sale and purchase agreement.

As part of the MBL acquisition completion, a convertible loan which had been granted to CCBCE from a wholly-owned affiliate of TCCC, one of its major shareholders, was also transferred to the Group for a consideration of €19.1 million. The consideration was equal to the outstanding principal amount of the convertible loan and any unpaid interest at the time of its transfer. The loan was convertible at its original maturity in March 2022 into new CCBCE shares at fair market value and was eliminated upon consolidation of CCBCE. The conversion option was not subsequently exercised.

Details of the MBL acquisition with regards to provisionally determined fair values of the net assets acquired, non-controlling interests and goodwill are presented in the below table. The net assets acquired reflect the additional payment at the provisional amount of US Dollar 83 million / €76.8 million.

	Fair Value **€ million**
Franchise agreements	367.7
Property, plant and equipment	319.2
Inventories	59.3
Trade, other receivables and assets	64.5
Cash and cash equivalents	15.9
Borrowings	(217.0)
Trade and other payables	(126.4)
Net deferred tax liabilities	(122.7)
Net identifiable assets acquired	**360.5**
Less: Non-controlling interests	(170.7)
Add: Goodwill arising on acquisition	151.9
Net assets acquired	**341.7**

Fair values on acquisition are provisional and will be finalised within 12 months of the acquisition date. No significant changes to net identifiable assets acquired have been identified compared to the relevant amounts disclosed as part of the Group's 2021 integrated annual report.

The goodwill is attributable to CCBCE's strong market position and growth potential. Line 'Borrowings' in the above table includes the convertible loan as well as third party loans of €122.7 million, which have been repaid and replaced with intragroup borrowings. The Group has chosen to recognise the non-controlling interests at their proportionate share of the fair value of CCBCE's net identifiable assets acquired.

The Group incurred acquisition and integration costs of €13.9 million in 2021 regarding the acquisition of CCBCE, which were included in operating expenses.

On 12 August 2021, the Group entered into an additional sale and purchase agreement to acquire approximately 42% of CCBCE, from a wholly-owned affiliate of TCCC ("TCCC acquisition"). The TCCC acquisition was completed on 25 January 2022.

The fair value of the consideration paid for the TCCC acquisition amounted to €108.9 million. The transaction was treated as separate to the MBL acquisition, considering that whilst the transactions above were entered into at the same time and in contemplation of each other, they are separate from a commercial and contractual

15. Business combinations (continued)

Acquisition of Coca-Cola Bottling Company of Egypt S.A.E. (continued)

perspective and as such they are treated as two separate transactions. The TCCC acquisition was accordingly accounted for as an equity transaction.

Following the completion of both the transactions, the Group holds a 94.7% interest in CCBCE.

The acquired business contributed revenue of €238.0 million to the Group for the period from 14 January 2022 to 1 July 2022, while it recorded a total net loss of €5.0 million for the same period. If the acquisition had occurred on 1 January 2022, consolidated revenue for the half-year ended 1 July 2022 would have been higher by €18.8 million, while net loss recorded would not have been significantly different.

The fair value of trade, other receivables and assets acquired includes trade receivables with a fair value of €28.3 million. The gross contractual amount for trade receivables acquired was €42.0 million, of which €13.7 million was considered to be uncollectible.

16. Related party transactions

a) The Coca-Cola Company

As at 1 July 2022, TCCC and its subsidiaries indirectly owned 21.0% (31 December 2021: 21.0%) of the issued share capital of Coca-Cola HBC. The below table summarises transactions with TCCC and its subsidiaries:

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Purchases of concentrate, finished products and other items	**963.2**	777.7
Net contributions received for marketing and promotional incentives	**52.6**	31.6
Sales of finished goods and raw materials	**2.0**	1.9
Other income	**2.0**	1.3
Other expenses	**2.2**	2.1

As at 1 July 2022, the Group was owed €64.7 million (€52.8 million as at 31 December 2021) by TCCC, and owed €407.4 million (€223.1 million as at 31 December 2021) 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 99.3% of AG Leventis (Nigeria) Plc and also indirectly controls Kar Tess Holding, which holds approximately 23.0% (31 December 2021: 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	
	1 July 2022	2 July 2021
	€ million	€ million
Purchases of coolers and other equipment, raw and other materials	**73.6**	70.1
Maintenance, rent and other expenses	**15.6**	12.3

As at 1 July 2022, Coca-Cola HBC owed €40.2 million (€14.9 million as at 31 December 2021) to and was owed €2.1 million including dividend receivable of €1.7 million (€0.8 million and €nil as at 31 December 2021 respectively) from Frigoglass and its subsidiaries. As at 1 July 2022, Coca-Cola HBC owed €1.3 million (€0.9 million as at 31 December 2021) and had a lease liability of €5.7 million (€6.0 million as at 31 December 2021) to AG Leventis (Nigeria)

16. Related party transactions (continued)

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

Plc. Capital commitments to Frigoglass and its subsidiaries as at 1 July 2022, amounted to €28.1 million (€33.5 million as at 31 December 2021) including the Group’s share of its joint ventures‘ capital commitments to Frigoglass.

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 €27.3 million as at 1 July 2022 (31 December 2021: €25.2 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

Other

During the six months ended 1 July 2022, the Group incurred other expenses of €7.6 million (€7.3 million in the respective prior-year period) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment as well as subsequent expenditure for fixed assets of €1.2 million (€0.8 million in the respective prior-year period) from other related parties. In addition, during the six months ended 1 July 2022, the Group purchased inventory of €1.3 million (€nil in the respective prior year period) from other related parties. As at 1 July 2022, the Group owed €2.8 million (€0.6 million as at 31 December 2021) to and was owed €nil (€0.9 million loans receivable as at 31 December 2021) from other related parties.

During the six months ended 1 July 2022, the Group received dividends of €0.6 million from other related parties (€0.5 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.

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended	
	1 July 2022	2 July 2021
	€ million	€ million
Purchases of inventories	**6.5**	2.7
Sales of finished goods and raw materials	**6.2**	2.1
Other income	**7.5**	7.2
Other expenses	**10.3**	6.0

As at 1 July 2022, the Group owed €201.8 million including loans payable of €92.1 million (€149.8 million as at 31 December 2021 including loans payable of €63.2 million) to, and was owed €26.5 million including loans receivable of €7.5 million and dividend receivable of €7.7 million (€13.9 million as at 31 December 2021 including loans receivable of €7.1 million and dividend receivable of €nil) from joint ventures. During the six months ended 1 July 2022, the Group received dividends of €2.0 million from integral joint ventures (€6.5 million in the respective prior year period), which are included in line `Net receipts from integral equity method investments’ of the condensed consolidated interim cash flow statement.

e) Directors

There have been no transactions between Coca-Cola HBC and the Directors and senior management except for remuneration for the six months ended 1 July 2022.

There were no other significant transactions with other related parties for the period ended 1 July 2022.

17. Contingencies

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

With respect to the 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 premises 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. has vigorously defended its commercial practices, in rebuttal of the allegations set out in the Statement of Objections. The hearing of the case, before the plenary session of the Greek Competition Commission, was concluded on 29 November 2021 and the supplementary briefs of the parties were submitted on 16 December 2021. 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 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 €18.9 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.

17. Contingencies (continued)

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.

Considering the above, there have been no significant adverse changes in contingencies since 31 December 2021 (as described in our 2021 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

18. Commitments

As at 1 July 2022 the Group had capital commitments including commitments for leases and the share of its joint ventures' capital commitments amounting to €259.2 million (31 December 2021: €166.1 million), which mainly relate to plant and machinery equipment.

19. Number of employees

The average number of full-time equivalent employees in the first half of 2022 was 33,393 (2021: 26,787).

20. Post balance sheet events

a) Control of Multon A.O. group of companies

The Group has a 50% interest in Multon, which is engaged in the production and distribution of juices in Russia and is jointly controlled by the Group and TCCC. On 8 March 2022, as a result of the Russia-Ukraine conflict, TCCC announced that it was suspending its business in Russia.

On 10 August 2022, TCCC unilaterally waived certain of its governance rights in connection with its 50% interest in Multon, while retaining consent rights in respect of certain limited board and shareholder reserved matters that are protective in nature. The waived rights include, among others, TCCC's appointment rights over Multon's board and management, as well as TCCC's approval rights over Multon's financial budgets. These rights were accordingly assumed by the Group.

As a result, considering the criteria set out in IFRS 10 'Consolidated financial statements', the Group has concluded that, effective 11 August 2022 it controls Multon. This resulted in the Group consolidating Multon from 11 August 2022.

Due to the timing of TCCC unilaterally waiving certain of its governance rights, information on the fair values of the net assets acquired, non-controlling interests and any goodwill or bargain purchase is not available at the time of publication. The Group is currently working on a valuation exercise to establish these fair values.

The provisionally determined fair value of the Group's previously held interest in Multon, following TCCC unilaterally waiving certain of its governance rights, amounted to approximately €240 million. As a result, a net loss from the remeasurement of the previously held interest in Multon and the reclassification to the income statement of amounts relating to the Group's share of Multon's other comprehensive income amounting to €82 million approximately is expected to be recorded by the Group in the third quarter of 2022.

b) Other post balance sheet events

On 9 August 2022, the Group announced that it had reached an agreement to acquire ESM Effervescent Sodas Management Limited, the owner of the super-premium adult sparkling beverage and mixer product line under the Three Cents brand, for an enterprise value of approximately €45 million, subject to certain closing adjustments. Completion of the acquisition is subject to customary closing conditions and regulatory approvals, and is expected in the second half of 2022.