

COCA-COLA HBC FINANCE B.V.

AMSTERDAM, THE NETHERLANDS

ANNUAL REPORT 2023

Coca-Cola HBC Finance B.V. – Annual Report 2023

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DIRECTORS' REPORT

In accordance with the Articles of Association of Coca-Cola HBC Finance B.V. (or the 'Company'), the Directors herewith submit the Company's annual report for the year ended 31 December 2023.

General

Coca-Cola HBC Finance B.V., a private company with limited liability, was incorporated in the Netherlands on 13 April 2001, as a 100% owned subsidiary of CC Beverages Holdings II B.V. with its statutory seat in Amsterdam. The Company functions under the Laws of the Netherlands and is included in a fiscal unity for Dutch corporate income tax purposes with CC Beverages Holdings II B.V., Coca-Cola HBC Holdings B.V., Coca-Cola HBC Sourcing B.V. and CCHBC Ventures B.V.

The Company acts as the finance vehicle for Coca-Cola HBC AG and its subsidiaries (or the 'Group' or the 'Coca-Cola HBC Group'). The purpose of the Company is to provide high quality and value-adding financial services to the Group. The Group has essentially one business, being the production, sale and distribution of primarily non-alcoholic, ready-to-drink beverages across 29 countries. Funding of these activities is achieved mainly through the debt capital markets. The ultimate parent company of the Group is Coca-Cola HBC AG based in Zug, Switzerland (or the 'Parent').

Financial Review

Interest revenue for the 2023 financial year amounted to €118.1 million (2022: €119.8 million) and net profit for the 2023 financial year amounted to €13.2 million (2022: €19.8 million). Year-on-year profit before taxation amounted to €18.5 million which represented a decrease of €8.3 million compared to the prior year, mainly as a result of higher interest expenses from bonds and commercial paper, intercompany loans and the interest differential on derivative contracts which was partially offset by higher interest revenue from time deposits and positive fair value changes in investments. As at 31 December 2023 the Company reports a lower liquidity ratio of 1.6 compared to prior year (2022: 2.3) mainly due to the reclassification in current liabilities of the EUR 600.0 million bond maturing in November 2024 and an improved solvency ratio of 10.4% (2022: 10.2%).

In 2016 the Company incurred a loss on settled forward starting swap contracts amounting to €55.4 million which was classified in the cash flow hedge reserve. The loss is reclassified to the income statement as an interest expense over the term of the bond maturing November 2024. The interest expense of 2023 includes an amount of €6.4 million (2022: €6.4 million) related to these settled forward starting swap contracts.

No bond issuance or early repayment on bonds has taken place in 2023. All outstanding bonds have been issued under the Company's €5.0 billion Euro Medium Term Note ('EMTN') Programme, which was last updated in December 2023.

The Company has entered into swaption contracts to hedge the interest rate risk of the forecasted bonds' issuances and has formally designated these contracts as cash flow hedges. The swaption contracts were settled in May and November 2019 and the accumulated loss (cost of hedging) of €7.5 million was recorded in other comprehensive income in 2019 and is reclassified to the income statement as an interest expense over the term of the relevant bond issuances. The interest expense of 2023 includes an amount of €1.3 million (2022: €1.3 million) relating to these contracts.

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The Company has entered into swaption contracts to hedge the interest rate risk of the forecasted bond issuance in September 2022 and has formally designated these contracts as cash flow hedges. The swaption contracts were settled in September 2022 and at the same time, the new notes were issued. The accumulated gain of €3.4 million was recorded in other comprehensive income in 2022 and is being reclassified to the income statement to offset partially the interest expense over the term of the bond issuance. The interest revenue of 2023 includes an amount of €1.1 million (2022: €0.3 million) relating to these contracts.

The Company has also entered into swaption contracts of €525.0 million in 2023 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in 2024 and formally designated them as cash flow hedges. The valuation of the outstanding swaptions for the year ended 31 December 2023 was €3.4 million loss recorded in other comprehensive income.

The Coca-Cola HBC Group aims to maintain a conservative financial profile. This is evidenced by the Investment Grade credit ratings maintained with both Standard & Poor's and Moody's.

Standards & Poor's reaffirmed its credit rating for the Group's long-term/short-term debt, of BBB+/A2, while changing the outlook from negative to stable in May 2023. Moody's reaffirmed its credit rating for the Group's long-term/short-term debt, of Baa1/P2, with stable outlook in May 2023.

Outlook and future developments

The Company mainly operates as an Intra-Group financing vehicle as well as a hedging entity with respect to currency, interest rate and, related to Group companies, commodity risk (mainly for sugar, aluminium, aluminium premium and various plastics' indices). Looking ahead to 2024, the Board of Directors do not expect a significant deviation from the current policy and purpose of the Company. The preliminary expectations are that the results for the year 2024 will not significantly differ to previous year. There are no planned material investments and major developments to be expected and the number of staff is expected to remain stable in 2024.

The Directors are continuously monitoring the consequences to the macroeconomic environment of the ongoing conflict in Ukraine and the arising tensions in the Middle East, as well as compliance with European Union and international sanctions as they develop, in order to ensure that timely actions will be taken to minimise any potential adverse impact on the Company, which however continues to be assessed as limited at this stage. No impact on the Company's ability to continue as a going concern has been identified because of this event.

There are no other special events that should be taken into account for the financial statements.

Principal risks and uncertainties

In the ordinary course of its business, the Company is exposed to several financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. These include amongst others, foreign currency risk, interest rate risk, credit risk, cash flow risk and liquidity risk. The Company has a low-risk appetite for all these financial risks.

These risks are managed and monitored in accordance with the Treasury Policy, which describes objectives and management of the treasury risks. The policy is updated on a regular basis.

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Foreign currency risk

The Company is exposed to foreign currency risk on cash balances and on funding provided to the Group. Derivative instruments are used to hedge the Company's foreign currency risk. These contracts normally mature within one year. As a matter of policy, the Company does not enter into speculative derivative financial instruments. The policy is to negotiate the terms of the hedge derivatives to match the terms of the hedged item in order to maximize hedging effectiveness.

Interest rate risk

The short-term and long-term borrowings from the capital market typically have a fixed interest rate. Any short-term borrowings from Group companies have a fixed interest rate whilst long-term borrowings from Group companies have a floating interest rate. Lending to Group companies has a floating interest rate based on the average borrowing cost of the Company plus an arm's-length spread. This average borrowing cost is reset on a quarterly basis. The arm's-length spread is reviewed annually.

Interest rate options (swaptions) and forward starting swaps may also be utilized by the Company to reduce the impact of adverse change in interest rates on current and future debt.

Credit risk

The Company has policies in place for addressing counterparty risk exposure by setting strict investment limits on the excess cash balances allowed to be invested per counterparty, as well as the credit quality checks of the respective counterparties. The Directors of the Company approve counterparty limits to ensure that risks are controlled effectively and that transactions are undertaken with approved counterparties. The Company is also exposed to credit risks from loans to Group companies. However, the risk exposure is not considered to be significant.

Cash flow risk

The Company's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Company's cash flows.

Liquidity risk

The Company actively manages liquidity risk to ensure there are sufficient funds available for any short-term and long-term commitments. The Euro Medium Term Note ('EMTN') programme, the Euro-Commercial Paper ('ECP') programme, the unutilized revolving credit facility and the uncommitted money market loan agreement are used to manage the liquidity risk. Cash and cash equivalents as at 31 December 2023 increased compared to the balance as at 31 December 2022 and amounted to €526.2 million (2022: €258.5 million).

In April 2021, the Company exercised its second extension option on the €800.0 million revolving credit facility, which is fully, unconditionally, and irrevocably guaranteed by Coca-Cola HBC AG, and extended the maturity to April 2026.

In August 2022, the Company established an uncommitted money market loan agreement of €250.0 million which was subsequently reduced to €200.0 million from October 2022 onwards. The loan can be used for general corporate purposes. No amounts have been drawn under the money market loan agreement since its inception.

The ECP programme and the EMTN programme were last updated in May 2023 and December 2023 respectively, and are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG.

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None of the Company's debt facilities are subject to any financial covenants that would impact the Company's liquidity or access to capital.

The Directors are comfortable with how risks are addressed within the Company.

The Corporate Audit Department monitors the internal financial control system across all Coca-Cola HBC Group companies, including Coca-Cola HBC Finance B.V. and reports the findings to the Directors and the Audit and Risk Committee of Coca-Cola HBC AG. The audit plan and audit scope for the Company is focused on the areas of greatest risks, using a risk-based approach.

Coca-Cola HBC Group has adopted a strategic Enterprise Wide Risk Management ('EWRM') approach to risk management, providing a fully integrated common risk management framework across the Coca-Cola HBC Group, including Coca-Cola HBC Finance B.V.

The primary aim of this framework is to minimise the organisation's exposure to unforeseen events and to provide certainty when it comes to the management of identified risks in order to create stable environment within which the Company can deliver its operational and strategic objectives for the Group. These objectives are achieved by:

- Monthly management reporting
- Regular reviews by the Directors of the Company.

Dividends

The Directors do not recommend the distribution of dividends for the year 2023 (2022: €nil).

Directors

During the year under review, the Company had six Directors, who received no remuneration during the current or previous financial year. The Directors also provide managing services to other Coca-Cola HBC subsidiaries. The Company has no Supervisory Directors.

The size and composition of the board of Directors and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. The Company as of now, has one female Director and its objective is to ensure female representation on the board, as part of achieving gender diversity and the goal of an equal split between male and female Directors and will therefore pay close attention to this goal in the process of appointing new Directors.

Fraud, bribery and corruption prevention

The Company, as a 100% owned subsidiary of CC Beverages Holdings II B.V., partakes to the overall control environment of the Coca-Cola HBC Group.

Regarding ethics and compliance management, the Company follows several lines of action to ensure ethical behaviour throughout the Company, based on zero tolerance of corruption and bribery. The Company continued focusing on the Group sanctions compliance programme, strengthening processes and training employees. The risk of fraud against the Company, and non-compliance with anti-bribery and corruption standards remained a focus area.

The relevant framework is based on legal compliance, employee training, and the establishment of internal mechanisms for reporting potential noncompliance.

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The Company has accessibility to the same whistleblower channel as Coca-Cola HBC Group that allows employees and stakeholders to make a complaint anonymously or personally to report any alleged irregularity or act contrary to the law or internal regulations.

All employees and the Directors of the Company should comply with the following codes and principles of the Coca-Cola HBC Group: Business Code of Conduct, Whistleblowing Policy, Anti-Bribery Policy, Sanctions Policy and Compliance Handbook and Human Rights Policy, all being available on the Group's website: www.coca-colahellenic.com.

In addition to the above, in generating financial information, the Company has implemented controls to manage and mitigate significant financial reporting and operating risks such as ones connected with regulatory changes, complex estimates and fraud. These controls, either preventive or detective, are integrated into the Company processes through the establishment of an organisation of roles and responsibilities for the different functions and the use of segregation of duties model.

Corporate social responsibility and climate change

Considering the Company's activities, its exposure to climate change related risks is mainly related to potential impacts of climate change to the Group due to the intercompany loans issued by the Company. The Group is committed on areas pertaining to reducing emissions, water stewardship, packaging, ingredient sourcing, nutrition and people & communities. No material direct impacts are expected for the Company's assets and liabilities.

Directors' statement

The Directors of the Company hereby declare that, to the best of their knowledge and in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and with Book 2, Title 9 of the Dutch Civil Code, the financial statements for the year ended 31 December 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the Directors' report referred to above gives a true and fair view concerning the position as per the balance sheet date, the development and performance of the business during the financial year of the Company together with a description of the principal risks that it faces.

Amsterdam, 9 April 2024

Directors

Garyfallia Spyriouni

Michail Imellos

Ben Almanzar

Steven Hather

Huig Johan Braamskamp

Hans-Peter Visser

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INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 €'000	2022 €'000
Interest revenue from financing to related parties on an amortised cost basis	8, 21	88,369	87,218
External interest revenue on an amortised cost basis	8	19,107	4,987
Other external interest revenue	8	10,588	27,599
Total interest revenue		118,064	119,804
External interest expense	8	(86,010)	(63,675)
Interest expense from financing from related parties	8, 21	(28,076)	(20,954)
Total interest expense		(114,086)	(84,629)
Net interest revenue		3,978	35,175
Other finance costs	8	(2,145)	(2,461)
Net finance income		1,833	32,714
Net foreign exchange results	9	9	(6,009)
Fair value changes in investments	16	16,948	1,011
Net other income and expenses	10	(317)	(888)
Profit before tax		18,473	26,828
Income tax expense	12	(5,238)	(7,063)
Profit after tax for the year		13,235	19,765

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 €'000	2022 €'000
Profit after tax for the year		13,235	19,765
Other comprehensive (expense) / income:			
Items that may be reclassified to the income statement:			
Cash flow hedges:	17		
Net (loss)/gain on cash flow hedges		(235)	5,119
Cost of hedging		(3,159)	(1,766)
Losses reclassified to the income statement for the year		6,575	7,387
Total other comprehensive income, net of tax		3,181	10,740
Total comprehensive income for the year		16,416	30,505

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

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BALANCE SHEET

AS AT 31 DECEMBER

(before profit appropriation)

	Notes	2023 €'000	2022 €'000
Assets			
Property, plant and equipment	18	1,099	1,024
Financial assets at amortised cost – receivables from related parties	21	2,184,437	2,732,282
Financial assets at FVPL – derivative financial instruments	13	6,483	3,084
Other non-current assets	19	378	645
Total non-current assets		2,192,397	2,737,035
Financial assets at amortised cost – receivables from related parties	21	1,049,590	230,368
Financial assets at amortised cost – time deposits	13	53,250	524,531
Financial assets at FVPL – derivative financial instruments	13	25,430	31,469
Financial assets at FVPL – investments in money market funds	13	513,788	497,217
Other current assets		4,119	1,414
Financial assets at amortised cost – cash and cash equivalents	13, 15	526,166	258,524
Total current assets		2,172,343	1,543,523
Total assets		4,364,740	4,280,558
Liabilities			
Financial liabilities at amortised cost – short-term borrowings	14	810,541	167,500
Accrued interest on borrowings	14	16,292	16,337
Financial liabilities at amortised cost – payables to related parties	21	525,523	421,643
Financial liabilities at FVPL – derivative financial instruments	13	22,838	47,340
Current tax liabilities	20	11,688	11,093
Other liabilities		7,248	2,085
Total current liabilities		1,394,130	665,998
Financial liabilities at amortised cost – long-term borrowings	14	2,287,794	2,883,363
Financial liabilities at amortised cost – payables to related parties	21	224,292	292,515
Financial liabilities at FVPL – derivative financial instruments	13	6,468	3,049
Other liabilities		24	17
Total non-current liabilities		2,518,578	3,178,944
Total liabilities		3,912,708	3,844,942
Equity			
Share capital		1,018	1,018
Share premium		263,064	263,064
Hedging reserve		(10,886)	(14,067)
Retained earnings		185,601	165,836
Result for the year		13,235	19,765
Total equity	17	452,032	435,616
Total equity and liabilities		4,364,740	4,280,558

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

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER

	Share capital	Share premium	Hedging reserve	Retained earnings	Result for the year	Total shareholders' equity
	€'000	€'000	€'000	€'000	€'000	€'000
As at 1 January 2022	1,018	263,064	(24,807)	153,322	12,514	405,111
Profit for the year	-	-	-	-	19,765	19,765
Profit appropriation	-	-	-	12,514	(12,514)	-
Other comprehensive income for the year	-	-	10,740	-	-	10,740
Total comprehensive income for the year	-	-	10,740	-	19,765	30,505
As at 31 December 2022	1,018	263,064	(14,067)	165,836	19,765	435,616
Profit for the year	-	-	-	-	13,235	13,235
Profit appropriation	-	-	-	19,765	(19,765)	-
Other comprehensive income for the year	-	-	3,181	-	-	3,181
Total comprehensive income for the year	-	-	3,181	-	13,235	16,416
As at 31 December 2023	1,018	263,064	(10,886)	185,601	13,235	452,032

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

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CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 €'000	2022 €'000
Operating activities			
Profit before tax		18,473	26,828
Adjustments for:			
Interest expense	8	114,086	84,629
Interest revenue	8	(118,064)	(119,804)
Amortisation of prepaid fees		267	267
Depreciation of property, plant and equipment	18	239	101
		15,001	(7,979)
Loans to related parties - issuances	21	(1,855,880)	(1,947,741)
Loans to related parties - repayments	21	1,578,680	1,598,533
Loans from related parties - issuances	21	8,524,125	6,584,635
Loans from related parties - repayments	21	(8,480,674)	(6,770,303)
Net receipts from/(payments for) investments in financial assets:			
time deposits	16	470,000	(333,000)
money market funds	16	83	142,620
Increase in other assets		(11,463)	(2,396)
(Decrease)/increase in other liabilities		(34,838)	11,951
Payments for property, plant and equipment	18	(314)	(1,074)
Interest received		119,992	110,514
Interest paid		(100,098)	(72,463)
Taxes paid	12	(472)	(140)
Net cash inflow/(outflow) from operating activities		224,142	(686,843)
Financing activities			
Net proceeds from external borrowings	14	181,000	1,046,500
Net repayment of external borrowings	14	(137,500)	(614,000)
Net cash inflow from financing activities		43,500	432,500
Net increase/(decrease) in cash and cash equivalents		267,642	(254,343)
Cash and cash equivalents as at 1 January		258,524	512,867
Net increase/(decrease) in cash and cash equivalents		267,642	(254,343)
Cash and cash equivalents as at 31 December	15	526,166	258,524

The accompanying notes form an integral part of these financial statements

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Notes to the financial statements for the year ended 31 December 2023

1. General information

Coca-Cola HBC Finance B.V. (or the ‘Company’), a private company with limited liability, was incorporated in the Netherlands on 13 April 2001, as a 100% owned subsidiary of CC Beverages Holdings II B.V. with its statutory seat in Amsterdam. The Company functions under the Laws of the Netherlands.

Registered Company number: 34154633.

The registered address of the Company is Radarweg 60, 1043 NT, Amsterdam, the Netherlands.

The Company acts as a finance vehicle for Coca-Cola HBC AG (or the ultimate ‘Parent’ and controlling entity) and its subsidiaries (together the ‘Group’ or the ‘Coca-Cola HBC Group’). Funding of these activities is primarily performed through the debt capital markets.

The Parent owns 100% of the ordinary shares of the Company through its subsidiary CC Beverages Holdings II B.V.

Copies of the Group’s consolidated financial statements are available on the Group’s website, www.coca-colahellenic.com, and from its registered office:

Coca-Cola HBC AG
Turmstrasse 26
6312 Steinhausen
Switzerland

2. Basis of preparation

The financial statements of Coca-Cola HBC Finance B.V. have been prepared in accordance with International Financial Reporting Standards (‘IFRS’) as adopted by the European Union (‘EU’) and with Book 2, Title 9 of the Dutch Civil Code. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the derivative financial instruments and money market funds to fair value.

Unless otherwise stated, the figures are presented in thousands of Euro’s, rounded to the nearest thousand.

As part of assessing whether to adopt the going concern basis in preparing the financial statements, and having considered the Company’s activities, the management has evaluated the financial position of the counterparties to the loans granted to Group companies and their ability to repay the notional and interest to the Company, considering the renewal of the Group’s bottlers’ agreements with The Coca-Cola Company with effect as from 1 January 2024, for an initial term of ten years, with the option for the Group to request an extension (at the discretion of The Coca-Cola Company) for another ten years upon expiry of the initial term. The Directors also assessed the potential exposure of the Company to climate change-related risks and concluded that such exposure is limited, considering also any expected impact on the overall financial performance of the Group. Finally, the Directors also considered the quantitative viability exercise performed by the Group, which was linked to its principal risks, including those relating to climate change and the geopolitical events involving Russia and Ukraine and the tensions in the Middle East. Based on the above, the Directors have not identified events or conditions that may cast significant doubt on the Group’s (and therefore the Company’s) ability to continue as a going concern over the period of assessment.

Thus, it is deemed appropriate by the Directors that the Company continues to adopt the going concern basis for the preparation of the financial statements.

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Notes to the financial statements for the year ended 31 December 2023

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined below.

Estimates

Impairment losses (refer to Note 13)

4. Foreign currency and remeasurement

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Euro, which is the functional currency of the Company.

(b) Transaction and balances

Foreign currency transactions are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when such assets or liabilities are designated hedging instruments in a qualifying cash flow hedge relation. In that case, the results are deferred in equity until the occurrence of the hedged transaction, at which time they are recognised in the income statement.

Non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

5. Accounting pronouncements

(a) Accounting pronouncements adopted in 2023

In the current period, the Company has adopted the following amendments which were issued by the IASB and endorsed by the EU, that are relevant to its operations and effective for accounting periods beginning on 1 January 2023:

- *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies:* These amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
- *Amendments to IAS 8 - Definition of Accounting Estimates:* These amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
- *Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction:* These amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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Notes to the financial statements for the year ended 31 December 2023

- *Amendment to IAS 12 - International tax reform - pillar two model rules:* These amendments give companies temporary relief from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development ('OECD'), including tax law that implements qualified domestic minimum top-up taxes. An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective. The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments that came in effect on 1 January 2023.

(b) Accounting pronouncements not yet adopted

At the date of approval of these financial statements, the following amendments relevant to the Company's operations were issued but not yet effective and not early adopted:

- Classification of Liabilities as Current or Non-current & Non-current liabilities with covenants – Amendments to IAS 1;
- Lease liability in a Sale and Leaseback – Amendment to IFRS 16;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (not endorsed by the EU); and
- The Effects of changes in foreign exchange rates: Lack of exchangeability – Amendments to IAS 21 (not endorsed by the EU).

The above amendments are not expected to have a material impact on the financial statements of the Company.

6. Financial risk management

Financial risk factors

The Company is exposed to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Company's cash flows. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is performed with the support or the contribution of Group Treasury, consistent with policies approved by the Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's subsidiaries. The Group's board of Directors has approved the Treasury Policy which provides the control framework for all treasury and treasury related transactions.

Market risk

a) Foreign currency risk

The Company is exposed to foreign currency risk on recognised monetary assets and liabilities that are denominated in currencies other than the functional currency. Foreign currency derivative instruments are used to hedge the Company's foreign currency risk. The Company also enters into foreign currency derivatives with financial institutions to hedge Group entities' cash flow exposures and which are mirrored by derivatives with relevant Group companies (i.e., on a back-to-back basis with Group companies). The majority of the foreign currency forward contracts have maturities of less than one year. As a matter of policy, the Company does not enter into speculative derivative financial instruments. The Company primarily borrows in Euro in the debt capital and commercial paper market. Both borrowing and lending to Group companies is mainly in Euro. Financing with Group companies denominated in currencies other than Euro is hedged with derivative instruments.

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The following tables present details of the Company's sensitivity to reasonably possible increases and decreases in the Euro against the relevant foreign currencies taking into consideration the impact of the foreign exchange hedging. In determining reasonably possible changes, the historical volatility over a twelve-month period of the respective foreign currencies in relation to the Euro has been considered.

The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Company's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Company's main foreign currencies, relative to the Euro.

The sensitivity analysis includes outstanding foreign-currency-denominated monetary items, external loans as well as loans with the Group where the denomination of the loan is in a currency other than the functional currency of the Company. The foreign currency exposures are not subject to cash flow hedges, therefore weakening or strengthening of the Euro does not have an impact directly in equity.

2023 exchange risk sensitivity analysis

	% of historical volatility over a 12-month period	Euro strengthens against local currency	Euro weakens against local currency
		(Gain)/loss in income statement €'000	Loss/(gain) in income statement €'000
Bulgarian lev	1.76%	(113.00)	117.04
Czech koruna	4.45%	7.02	(7.67)
Hungarian forint	9.52%	72.52	(87.79)
Polish zloty	6.3%	18.93	(21.47)
Romanian leu	1.73%	(1.25)	1.29
Russian rouble	17.51%	(386.89)	551.13
Swiss franc	5.1%	12.45	(13.79)
UK sterling	4.81%	(493.48)	543.34
US dollar	7.55%	374.18	(435.28)
Total		(509.52)	646.80

2022 exchange risk sensitivity analysis

	% of historical volatility over a 12-month period	Euro strengthens against local currency	Euro weakens against local currency
		Loss/(gain) in income statement €'000	Loss/(gain) in income statement €'000
Bulgarian lev	2.00%	(126.08)	131.24
Croatian kuna	1.05%	(0.04)	0.04
Czech koruna	5.85%	(17.18)	19.32
Hungarian forint	13.37%	(17.75)	23.23
Polish zloty	8.79%	(51.34)	61.23
Romanian leu	2.28%	0.16	(0.16)
Russian rouble	54.49%	(148.24)	503.19
Swiss franc	7.53%	18.76	(21.82)
UK sterling	7.74%	370.21	(432.36)
US dollar	10.06%	52.58	(64.36)
Total		81.08	219.55

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b) Price risk

Although the Company itself is not exposed to commodity price risk, the Company enters into commodity contracts with financial institutions, which are mirrored by derivatives with relevant Group companies (i.e., on a back-to-back basis with Group companies) and therefore there is no material risk exposure for the Company.

c) Interest rate risk

Long-term borrowings, including the effect of swap contracts, from the debt capital market as well as short-term borrowings, i.e., commercial paper, have fixed interest rates. Short-term borrowings from Group companies are fixed rate instruments, whilst long-term borrowings from Group companies are floating rate instruments. Lending to Group companies has a floating interest rate based on the average borrowing cost of the Company plus an arm's-length spread. This average borrowing cost is reset on a quarterly basis. The arm's-length spread is reviewed annually.

The sensitivity analysis in the following paragraphs has been determined based on exposure to interest rates of both derivative and non-derivative instruments existing at the balance sheet date and assuming constant foreign exchange rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100-basis point increase or decrease for 2023 (2022: 50 bps) represents the Director's assessment of a reasonably possible change in interest rates.

	2023		2022	
	Loss/(gain) in income statement	(Gain)/loss in equity	Loss/(gain) in income statement	Loss/(gain) in equity
	€'000	€'000	€'000	€'000
Increase by 100 basis points (2022: 50bps)	4,876	(8,836)	2,321	-
Decrease by 100 basis points (2022: 50bps)	(4,869)	1,799	(2,281)	-

The impact in the equity is attributable to the changes in the fair value of the swaptions entered into 2023 and used as cash flow hedging instruments.

Credit risk

The Company is exposed to credit risk from loans, deposits or financial derivatives to Group companies and financial institutions.

The Treasury Policy has an objective to minimise counterparty risk whilst ensuring an acceptable return on the excess cash position. The Company has policies in place for addressing counterparty risk exposure by setting strict investment limits on the excess cash balances allowed to be invested per counterparty, as well as the credit quality checks of the respective counterparties. The Audit and Risk Committee of the Board of Directors of Coca-Cola HBC AG approve counterparty limits to ensure that risks are controlled effectively and that transactions are undertaken with approved counterparties. The Company is also exposed to credit risk from loans to Group companies. However, the risk exposure is not considered to be significant.

The Company's maximum exposure to credit risk, in the event that counterparties fail to perform their obligations at 31 December 2023 in relation to each class of recognised financial assets, is the carrying amount of those assets.

The credit quality of financial assets, none of which are guaranteed by the Group, can be assessed by reference to external credit ratings (if available) or to historic information about counterparty default rates. The Company is actively monitoring the recoverability of its financial assets and ensures any loss allowance reflects on a timely basis the Director's best estimate of potential losses.

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On a semi-annual basis an assessment is performed in order to identify any subsequent credit deterioration of a counterparty to the loans which might lead to change the ECL from a 12-month PD ('probability of default') to a lifetime PD (stage 2).

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Company's maximum credit risk exposure for each derivative instrument is the carrying amount of the derivative (see under 'derivative financial instruments').

In addition, the Company regularly makes use of time deposits and investments in money market funds to invest temporarily excess cash balances and to diversify its counterparty risk. As at 31 December 2023, €505.8 million was invested in time deposits (2022: €738.5 million) of which €452.5 million (2022: €214.0 million) have a maturity of 3 months or less and are classified as 'Financial assets at amortised cost - cash and cash equivalents' (refer to Note 15) and the remaining €53.3 million (2022: €524.5 million), having a maturity above 3 months, are classified as 'Financial assets at amortised cost – time deposits'.

As at 31 December 2023, the investments in money market funds amounted to €513.8 million (2022: €497.2 million).

The Company only undertakes investment with third parties and derivative transactions with banks and financial institutions that have a minimum credit rating of 'BBB-' from Standard & Poor's or 'Baa3' from Moody's. Any negative change of the credit rating subsequent to the initial investment which may bring the investment's rating below this threshold may lead to potential sale of the debt security prior to its maturity (for Government debt or Corporate commercial paper) or to immediate withdrawal of all balances in a money market fund.

In the case of a time deposit the Company will try to cancel on a best effort basis. The Company also uses the Credit Default Swaps ('CDS') of a counterparty in order to measure in a timelier way the credit worthiness of a counterparty and set up a tier-based approach to assign maximum exposure and tenor per tier. If the CDS Rate of a certain counterparty exceeds 400 basis points, the Company will stop trading derivatives with that counterparty. If, in case of investments in time deposits, the CDS level is above the acceptable range for three consecutive business days, Group CFO approval is required for continuing trading in these time deposits.

Liquidity risk

The Company actively manages liquidity risk to ensure there are sufficient funds available for any short-term and long-term commitments. The EMTN programme, the Euro-commercial paper programme as well as the unused revolving credit facility and unused money market facility, are used to manage this risk.

The Company manages liquidity risk by maintaining adequate cash reserves and committed banking facilities, access to the debt capital markets, and by continuously monitoring forecast and actual cash flows. In Note 14, the undrawn facilities that the Company has in its disposal to manage liquidity are discussed under the headings 'commercial paper programme', 'committed credit facilities' and 'uncommitted money market loan facility'.

Coca-Cola HBC AG is guarantor for the €800.0 million syndicated loan facility (refer to Note 14(b)). Furthermore, Coca-Cola HBC AG is guarantor for the Euro-commercial paper programme (refer to Note 14(a)) and the EMTN programme (refer to Note 14(c)). In addition, Coca-Cola HBC AG has given a Letter of Comfort for the credit facility lines on Citibank pool bank accounts, which are part of the Multi Currency Zero Balancing and Notional Pooling.

The following tables detail the Company's remaining contractual maturities for its financial liabilities. The table includes undiscounted cash flows for both interest and principal, assuming the interest rates remain constant as at 31 December:

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2023

	Less than 1 year €'000	1 to 2 years €'000	2 to 5 years €'000	More than 5 years €'000	Total €'000
Bonds, bills and unsecured notes	855,875	533,625	752,625	1,132,375	3,274,500
Payables to related parties	552,111	229,107	-	-	781,218
Foreign currency forward contracts	400	-	-	-	400
Other payables	7,248	-	-	-	7,248
Estimated net outflow for the liabilities as at 31 December	1,415,634	762,732	752,625	1,132,375	4,063,366

2022

	Less than 1 year €'000	1 to 2 years €'000	2 to 5 years €'000	More than 5 years €'000	Total €'000
Bonds, bills and unsecured notes	212,375	644,875	1,273,375	1,145,250	3,275,875
Payables to related parties	449,426	295,495	-	-	744,921
Foreign currency forward contracts	16,365	-	-	-	16,365
Other payables	2,085	-	-	-	2,085
Estimated net outflow for the liabilities as at 31 December	680,251	940,370	1,273,375	1,145,250	4,039,246

The net present value of the liabilities from foreign currency forward contracts are included in the above table. The contracts included in the liquidity overview do not include the back-to-back contracts with Group companies.

Capital management

The Company acts as a finance vehicle for the Group and operates within the goals and objectives set out by the Group. Coca-Cola HBC AG is the guarantor for the syndicated loan facility of the Company. Coca-Cola HBC AG is also the guarantor for the other external financial liabilities of the Company as described under 'Liquidity risk'.

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may increase or decrease debt, issue or buy back shares, adjust the amount of dividends paid to shareholders, or return capital to shareholders.

The Group's goal is to maintain a conservative financial profile. This is evidenced by the credit ratings maintained with Standard & Poor's and Moody's. Standard & Poor's reaffirmed its credit rating for the Group's long-term/short-term debt, of BBB+/A2, while changing the outlook from negative to stable in May 2023. Moody's reaffirmed its credit rating for the Group's long-term/short-term debt, of Baa1/P2, with stable outlook in May 2023.

The Group monitors its financial capacity and credit ratings by reference to a number of key financial ratios including net debt to comparable adjusted EBITDA, which provides a framework within which the Group's capital base is managed. This ratio is calculated as net debt divided by comparable adjusted EBITDA. The ratio of the Group at 31 December 2023 and 31 December 2022 are disclosed in the Group's Notes to the consolidated financial statements.

7. Segmental analysis

The Company has one main operating segment being the finance vehicle of the Group. Refer to Notes 21(a) and 21(b) analysis of interest revenue and expense and receivables and payables by counterparty.

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Notes to the financial statements for the year ended 31 December 2023

8. Interest revenue, interest expense and other finance cost

Accounting policy

The Company's major activity is obtaining financing, predominately from debt capital markets, and providing financing to Group companies.

Interest revenue is recognised on a time proportion basis using the effective interest rate method.

Interest expense is recognised in the income statement in the period in which it is incurred using the effective interest rate method and therefore includes the amortisation of the paid transactions costs, the paid discount and received premium of the financial instruments as well as the commitment fee of the facility.

Other finance cost is recognised in the income statement in the period it which it is incurred and relates mainly to commitment fees for loan facilities not yet drawn and other similar costs.

Interest revenue, interest expense and other finance cost for the years ended 31 December comprised:

	2023	2022
	€'000	€'000
Interest revenue on loans to related parties	84,455	86,263
Interest revenue on In-House-Cash	3,914	955
Interest revenue from financing to related parties on an amortised cost basis (Note 21)	88,369	87,218

The In-House-Cash ('IHC') program is used for processing internal and external payment transactions.

Under this program, the Company is the IHC bank centre in which the Group subsidiaries hold current accounts.

	2023	2022
	€'000	€'000
Interest differential (forward points) on derivative contracts	10,588	27,599
Other external interest revenue	10,588	27,599
Interest revenue on current bank accounts	3,487	1,347
Interest revenue on time deposits	15,608	2,575
Interest revenue on commercial paper	12	1,065
External interest revenue on an amortised cost basis	19,107	4,987
External interest revenue	29,695	32,586
Total interest revenue	118,064	119,804

	2023	2022
	€'000	€'000
Bond financing costs	55,377	44,852
Interest differential (forward points) on derivative contracts	22,514	15,917
Interest expense on commercial paper	5,190	1,970
Interest expense on current bank accounts	2,929	936
External interest expense	86,010	63,675

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	2023	2022
	€'000	€'000
Interest expense on loans to related parties	19,391	16,595
Interest expense on In-House-Cash	6,070	1,840
Coca-Cola HBC AG's guarantee fee	2,615	2,519
Interest expense from financing from related parties (Note 21)	28,076	20,954
Total interest expense	114,086	84,629

	2023	2022
	€'000	€'000
Revolving facility financing costs	942	941
Finance advisory and bank costs	1,203	1,520
Other finance costs	2,145	2,461

9. Net foreign exchange results

Net foreign exchange results include net exchange results on borrowings, cash and cash equivalents, intercompany receivables and foreign currency derivatives.

Net foreign exchange results for the years ended 31 December comprised:

	2023	2022
	€'000	€'000
Fair value gain/(loss) on forward contracts	9,235	(15,787)
Net foreign exchange (loss)/gain on other activities	(9,226)	9,778
Total net foreign exchange gain/(loss)	9	(6,009)

The total net foreign exchange loss includes a loss of €1.2 million (2022: €5.3 million) relating to the hedging of the Company borrowing in Russian roubles which is offset by the movement in other foreign currencies as disclosed in Note 6.

10. Net other income and expenses

Net other income and expenses for the years ended 31 December comprised:

	2023	2022
	€'000	€'000
Independent auditor's fees	(84)	(69)
Non-recoverable VAT	(140)	(244)
Intra-Group charges for IHC and treasury services	3,253	2,803
Other general administrative expenses	(3,346)	(3,378)
Total net other income and expenses	(317)	(888)

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The independent auditor's fees only relate to the audit of the financial statements. There are no tax services fees and other non-audit service fees included in the independent auditor's fees for the current and prior year.

Other general administrative costs primarily comprise employee costs, fees for professional services and office costs.

11. Employee costs

Accounting policy

The Company operates a defined contribution pension plan. The Company's contributions to the defined contribution pension plan are charged to the income statement in the period to which the contributions relate.

Employee costs are included in other general administrative expenses (refer to Note 10) and can be analysed as follows:

	2023	2022
	€'000	€'000
Wages and salaries	1,574	1,740
Social security costs	237	244
Other benefits and staff costs	223	137
Pension costs – defined contribution plan	115	95
Total employee costs	2,149	2,216

The Company has a defined contribution pension plan for the Company's employees in place and all pension premiums are paid by the Company.

During the year 2023, the average number of employees calculated on a full-time-equivalent basis was 19 (2022: 20).

All employees are based in Amsterdam and thus there are no full-time employees abroad for the Company.

12. Income tax expense

Accounting policy

The Company, CC Beverages Holdings II B.V., Coca-Cola HBC Holdings B.V., Coca-Cola HBC Sourcing B.V. and CCHBC Ventures B.V. form a fiscal unity for Dutch corporate income tax purposes. The companies ('Members') have entered into a tax sharing agreement pursuant to which Coca-Cola Holdings B.V., as head of the fiscal unity, settles the corporate income tax for the Members. The head of the fiscal unity records the full corporate income tax position of the fiscal unity and settles the corporate income tax of the Members based on each Member's statutory book profit before tax excluding dividends or capital gains/losses. The Members current tax expense is therefore based on its statutory taxable profit or loss, increased by any withholding tax withheld and reduced by any withholding tax credited against Dutch corporate income tax. No deferred tax assets nor deferred tax liabilities are recorded in the financial statements of the Members but only in the financial statements of the head of the fiscal unity if applicable.

All Members are jointly and severally liable for the income tax liability.

The tax expense for the period comprises of current income tax. Current income tax is recognized in the income statement based on the applicable enacted tax rates for the year applied to the current year statutory profit before tax. No deferred taxes are recognized at the level of the Company as a result of the tax sharing agreement by which the tax effect of book-tax differences of the fiscal unity are accounted for at the level of the parent of the fiscal unity.

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Notes to the financial statements for the year ended 31 December 2023

The Company is primarily engaged in financing activities for the Group, its funding needs covered by Intra-Group borrowing as well as external funding sources.

For these activities, the Company charges the Group companies an arm's length remuneration and as a result thereof, a profit margin on interest and service fees is earned in the Netherlands. This profit margin, after deduction of administrative expenses, is subject to taxation in the Netherlands.

The Company has recorded an income tax charge in its financial statements for the year 2023 of €5.2 million (2022: €7.1 million) as if it is a stand-alone entity liable to pay corporate income tax.

The income tax charge can be analysed as follows:

	2023	2022
	€'000	€'000
Profit before tax	18,473	26,828
Tax calculated at the Dutch tax rate (25.8%) *	4,766	6,922
Current income tax charge for the year	4,766	6,922
Prior year income tax charge	-	1
Withholding tax	472	140
Tax in income statement	5,238	7,063

* The first €200 thousand of profit of the fiscal unity is taxed at 19.0% for tax year 2023 and the profit above this amount at 25.8% (tax year 2022: first €395 thousand of profit is taxed at 15.0% and the profit above this amount at 25.8%).

The effective tax rate for 2023 is 28.4% (2022: 26.3%) which is higher compared to the nominal tax rate of 25.8% as it has been increased due to tax withheld on interest income by Group's subsidiaries in Nigeria, Italy and Greece (2022: Moldova).

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OECD Pillar Two model rules

As of 31 December 2023, Pillar Two¹ legislation has entered into force in the Netherlands following approval of the Minimum Tax Act 2024 legislation. The legislation will be effective for the Company's financial year beginning 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure. In May 2023, the IASB amended IAS 12 to provide timely relief for affected entities, to avoid diverse interpretations of IAS 12 and to improve disclosures. The amendments have introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes as well as additional disclosure requirements. The Company applied the temporary exception at 31 December 2023.

The Company has no participations and thus the impact from Pillar II rules could arise either under the Dutch Domestic Minimum Top-Up Tax rules² (articles 3.1 and 3.2 of the Minimum Tax Act 2024) or under the Tax Profits Rule or UTPR rules (articles 5.1 and 5.2 of the Minimum Tax Act 2024).

Furthermore, the Group has performed a preliminary assessment of its potential exposure to Pillar Two income taxes, following the transitional Pillar Two Safe Harbor rules. This assessment is based on the financial accounts of the Constituent Entities³ which have been used in the preparation of the Group's consolidated financial statements under IFRS as adopted by the EU for 2021, 2022 and 2023. The assessment involved whether a local additional tax liability is expected to arise in the Netherlands.

While the effective tax rates in 2024 will depend on factors such as revenues, costs and foreign currency exchange rates, an estimation based on the figures of the fiscal year 2023, indicates that had the Pillar Two legislation been effective for the year ended December 31, 2023, no additional tax liability would arise in the Netherlands.

On this basis, the impact of any Pillar Two additional tax liability to the Company's ETR for 2024 is not expected to be material.

¹ Pillar Two legislation refers to OECD Global Base Anti-Erosion Rules (OECD Globe Rules) introducing minimum taxation effective on low tax jurisdictions.

² Local tax rules imposing minimum taxation in the Netherlands.

⁴ Constituted Entities are the entities in scope of the Pillar Two rules.

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13. Financial risk management and financial instruments

Accounting policy

The Company classifies its loan receivables at amortised cost as both of the following criteria are met:

- the loan receivables are held within a business model whose objective is to collect the contractual cash flows,
- and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Loan receivables are initially recognised at the fair value net of transaction costs incurred. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost, less provision for impairment. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan are amortised to the income statement over the borrowing period.

Loan receivables, which are due within 1 year, are classified as current.

Since the principal activity of the Company is the provision of financial services to the Parent and its subsidiaries, receivables to related parties primarily relate to the lending activities of the Company within the Group.

Impairment losses

The Company follows an Expected Credit Losses ('ECLs') approach for measuring impairment.

Based upon historical performance and forward-looking information the intercompany loans granted by the Company are considered to be low risk and therefore expected credit losses can be assessed under stage 1 of the general model being a 12-month expected credit loss. On a semi-annual basis an assessment is performed in order to identify any subsequent credit deterioration of a counterparty to the loans which might lead to change the ECL from a 12-month PD ('probability of default') to a lifetime PD (stage 2). This assessment consists mainly of assessing the financial performance of the counterparties and checking if the capital repayments and interest payments are current and in line with the relevant loan agreement.

The calculation of PD is based upon a 'simplified' approach: according to this approach it is assumed that the Company uses a PD which is based upon actual market information, more specific, the average 1-year PD of BBB- to BBB+ issued bonds adjusted with an appropriate credit spread.

Finally, for the calculation of the LGD ('loss given default'), the Company uses the potential recovery rates considering available market data.

The method described above of calculating the ECL for the intercompany loans resulted in an immaterial amount for the current and prior year.

Other financial assets: time deposits, money market funds & cash and cash equivalents

Other financial assets are initially recorded at fair value including, where permitted by IFRS 9, any directly attributable transaction costs. For those financial assets that are not subsequently held at fair value, the Company assesses them for impairment as described above.

The classification of financial assets depends on two criteria a) the Company's business model for managing assets and b) whether the instruments' contractual cash flows represent 'solely payments for principal and interest' on the principal amount outstanding (the 'SPPI criterion'). If both criteria are met, the financial assets of the Company are classified as debt instruments which are initially recognised at fair value and subsequently measured at amortised cost. These include time deposits and cash and cash equivalents. The accounting policy for loan receivables is described above.

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The Company also has investments in money market funds which are financial assets at fair value through profit or loss. These are investments that do not qualify for measurement at either amortised cost or fair value through other comprehensive income and are therefore mandatorily measured at fair value through profit or loss. The fair value changes related to these investments are presented in the income statement as ‘fair value changes in investments’.

Regular purchases and sales of financial assets are recognised on the trade date, which is the date the Company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement immediately, unless it is permitted by IFRS 9 to include the transaction costs in the fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company has elected to report cash receipts and payments regarding time deposits and money market funds respectively, on a net basis in the consolidated cash flow statement, considering that the relevant amounts are large, turnover is quick and maturities (where applicable) are short. These investments are expected to be continually renewed, taking into account market returns and cash generation by the Group.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The Company enters into derivative transactions under International Swaps and Derivatives Association (‘ISDA’) master netting agreements or similar agreements. In general, under such agreements the counterparties can elect to settle into one single net amount the aggregated amounts owed by each counterparty on a single day with respect of all outstanding transactions of the same currency and the same type of derivative. In the event of default or early termination, all outstanding transactions under the agreement are terminated and subject to any set-off.

These agreements do not meet all of the IAS 32 criteria for offsetting in the balance sheet, as the Company does not have any current legally enforceable right to offset amounts since the right can be applied if elected by both counterparties.

a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting or similar agreements:

As at 31 December 2023 (€ ‘000)	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	<u>Related amounts not set off in the balance sheet</u> Financial instruments	Net amount
Derivative financial assets	31,913	-	31,913	(8,632)	23,281
Total	31,913	-	31,913	(8,632)	23,281

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As at 31 December 2022 (€ '000)	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet	
				Financial instruments	Net amount
Derivative financial assets	34,553	-	34,553	(10,306)	24,247
Total	34,553	-	34,553	(10,306)	24,247

The column 'Net amount' shows the impact on the Company's balance sheet if all set-off rights were exercised.

b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting or similar agreements:

As at 31 December 2023 (€ '000)	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet	
				Financial instruments	Net amount
Derivative financial liabilities	29,306	-	29,306	(8,632)	20,674
Total	29,306	-	29,306	(8,632)	20,674

As at 31 December 2022 (€ '000)	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet	
				Financial instruments	Net amount
Derivative financial liabilities	50,389	-	50,389	(10,306)	40,083
Total	50,389	-	50,389	(10,306)	40,083

The column 'Net amount' shows the impact on the Company's balance sheet if all set-off rights were exercised.

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Derivative financial instruments

Accounting policy

The Company uses derivative financial instruments, including currency, commodity and interest rate derivatives, to manage currency, commodity price and interest rate risk associated with the Group's underlying business activities. The Company does not enter into derivative financial instruments for trading activity purposes.

All derivative financial instruments are initially recognised on the balance sheet at fair value and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognised at each reporting date either in the income statement or in equity, depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or a cash flow hedge.

Derivatives embedded in non-financial host contract are accounted for as separate derivative and recorded at fair value if:

- a) their economic characteristics and risks are not closely related to those of the host contracts;
- b) the host contracts are not designated as at fair value through profit or loss; and
- c) a separate instrument with the same terms as the embedded derivative meets the definition of a derivative.

These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

All derivative financial instruments that are not part of an effective hedging relationship (undesignated hedges) are classified as assets or liabilities at fair value through profit or loss ('FVPL').

At the inception of a hedge transaction the Company documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecast transaction. There is an economic relationship between the hedged items and the hedging instruments as the critical terms of the hedging instrument match the critical terms of the expected highly probable forecast transaction. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instruments are identical to the hedged risks component. The economic relationship between the hedged item and the hedging instrument is assessed on an ongoing basis. Ineffectiveness may arise if the timing or the notional of the forecast transaction changes or if the credit risk changes impacting the fair value movements of the hedging instruments.

Changes in the fair value of derivative financial instruments (both the intrinsic value and the aligned time value) that are designated and effective as hedges of future cash flows are recognised directly in the statement of other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement as the related asset acquired or liability assumed affects the income statement.

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Changes in the fair values of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Regular purchases and sales of investments are recognised on the trade date, which is the day the Company commits to purchase or sell the investment. The investments are recognised initially at fair value plus transaction costs, except in the case of FVPL. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

Hedge accounting has not been applied to the below derivatives, other than the swaptions, which economically hedge the Company's risks.

The derivative financial instruments are included in the Company's balance sheet as follows:

As at 31 December 2023

Contracts with positive fair values

	Notional amount	Carrying amount	Maturity date
Non-current	€ million	€ million	
Commodity swap contracts	8.9	6.5	Jan. 25 – Sep. 26
Current			
Foreign currency forward contracts	73.9	7.6	Jan. 24 – Dec. 24
Interest rate contracts	525.0	1.9	Jun. 24
Commodity swap contracts	90.1	15.9	Jan. 24 – Dec. 24
Total current	689.0	25.4	

Contracts with negative fair values

	Notional amount	Carrying amount	Maturity date
Non-current	€ million	€ million	
Commodity swap contracts	8.9	6.5	Jan. 25 – Sep. 26
Current			
Foreign currency forward contracts	469.1	6.9	Jan. 24 – Dec. 24
Commodity swap contracts	90.1	15.9	Jan. 24 – Dec. 24
Total current	559.2	22.8	

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Notes to the financial statements for the year ended 31 December 2023

As at 31 December 2022

Contracts with positive fair values

	Notional amount	Carrying amount	Maturity date
Non-current	€ million	€ million	
Commodity swap contracts	28.2	3.1	Feb. 24 – Sep. 25
Current			
Foreign currency forward contracts	145.4	3.4	Jan. 23 – Dec. 23
Commodity swap contracts	39.3	28.0	Jan. 23 – Dec. 23
Total current	184.7	31.4	

Contracts with negative fair values

	Notional amount	Carrying amount	Maturity date
Non-current	€ million	€ million	
Commodity swap contracts	28.2	3.1	Feb. 24 – Sep. 25
Current			
Foreign currency forward contracts	476.5	19.3	Jan. 23 – Dec. 23
Commodity swap contracts	39.3	28.0	Jan. 23 – Dec. 23
Total current	515.8	47.3	

Interest rate swap contracts

The Company entered into forward starting swaps of €500.0 million in 2014 and an additional €100.0 million in August 2015 to hedge the interest rate risk related to its Euro-denominated forecasted issuance of fixed rate debt in March 2016. The forward starting swap contracts were settled on issuance of the forecasted fixed rate debt in March 2016 and the loss is reclassified to the income statement as an interest expense (2023 and 2022: €6.4 million respectively) over the term of the bond maturing November 2024.

The Company entered into swaption contracts of €350.0 million in 2018 and €1,050.0 million in 2019 to hedge the interest rate risk related to its Euro denominated forecast issuance of fixed rate debt in 2019 and formally designated them as cash flow hedges. In May and November 2019 the swaption contracts were settled and, at the same time, the new notes were issued. The accumulated loss of €9.6 million (cost of hedging) recorded in equity is being reclassified to the income statement (2023 and 2022: €1.3 million respectively) over the terms of the bonds issued in 2019 (refer to Note 17).

The Company entered into swaption contracts of €180.0 million in 2022 to hedge the interest rate risk related to its Euro denominated forecast issuance of fixed rate debt in 2022 and formally designated them as cash flow hedges. In September 2022 the swaption contracts were settled and, at the same time, the new notes were issued. The accumulated gain of €3.4 million recorded in equity is being reclassified to the income statement (2023: €1.1 million and 2022: €0.3 million) over the term of the bond issued (refer to Note 17).

The Company also entered into swaption contracts of €525.0 million in 2023 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in 2024 and formally designated them as cash flow hedges. The valuation of the outstanding swaptions for the year ended 31 December 2023 was €3.4 million loss recorded in other comprehensive income.

Derivatives gains and losses

Derivatives held by the Company have given rise to the following gains and losses being recorded in the income statement and the statement of comprehensive income:

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Notes to the financial statements for the year ended 31 December 2023

a) Cash flow hedges

The amount reclassified from other comprehensive income to the income statement for the year amounted to a €6.6 million loss (2022: €7.4 million loss) all of which was recorded as external interest expense and relating to the interest rate instruments (refer to Note 17). No significant ineffectiveness has been recognised in 2023 and 2022.

b) Undesignated hedges

The net gains on foreign currency contracts at fair value through profit or loss (for which hedge accounting was not applied) amounted to a €9.1 million gain (2022: €16.4 million gain) which was recorded in the lines ‘other external interest revenue’, ‘external interest expense’ and ‘net foreign exchange results’ in the income statement.

Financial instruments categories

Categories of financial instruments as at 31 December were as follows:

As at 31 December 2023

	Debt financial instruments at amortised cost €'000	Assets at fair value through profit or loss €'000	Assets held at amortised cost €'000	Total €'000
Derivative financial instruments	-	31,913	-	31,913
Time deposits	-	-	53,250	53,250
Investments in money market funds	-	513,788	-	513,788
Receivables from related parties	3,234,027	-	-	3,234,027
Cash and cash equivalents	526,166	-	-	526,166
Total	3,760,193	545,701	53,250	4,359,144

	Other financial liabilities at amortised cost €'000	Liabilities at fair value through profit or loss €'000	Total €'000
Borrowings	3,098,335	-	3,098,335
Derivative financial liabilities	-	29,306	29,306
Payables to related parties	749,815	-	749,815
Accrued interest on borrowings	16,292	-	16,292
Other liabilities	7,248	-	7,248
Total	3,871,690	29,306	3,900,996

As at 31 December 2022

	Debt financial instruments at amortised cost €'000	Assets at fair value through profit or loss €'000	Assets held at amortised cost €'000	Total €'000
Derivative financial instruments	-	34,553	-	34,553
Time deposits	-	-	524,531	524,531
Investments in money market funds	-	497,217	-	497,217
Receivables from related parties	2,962,650	-	-	2,962,650
Cash and cash equivalents	258,524	-	-	258,524
Total	3,221,174	531,770	524,531	4,277,475

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	Other financial liabilities at amortised cost €'000	Liabilities at fair value through profit or loss €'000	Total €'000
Borrowings	3,050,863	-	3,050,863
Derivative financial liabilities	-	50,389	50,389
Payables to related parties	714,158	-	714,158
Accrued interest on borrowings	16,337	-	16,337
Other liabilities	2,085	-	2,085
Total	3,783,443	50,389	3,833,832

Fair values of financial assets and liabilities

For financial instruments such as cash, time deposits, short-term borrowings (excluding the current portion of bonds and notes

payable) and other financial liabilities (other than bonds and notes payable), carrying values are a reasonable approximation of their fair values. For the loans receivable/payable from/to related parties the carrying values are a reasonable approximation of their fair values, as the interest rate is reset quarterly, based on the average borrowing cost of the Company plus an arm's-length spread, which is reviewed annually. According to the fair value hierarchy, the financial instruments measured at fair value are classified as follows:

Level 1

The fair value of assets held at fair value through profit or loss is based on quoted prices and comprises investments in money market funds. The fair value of bonds is based on quoted market prices at the reporting date.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of foreign currency forward contracts, foreign currency option contracts, commodity swap contracts and interest rate swap contracts is determined by using valuation techniques, which maximise the use of observable market data and include discounting. The fair value of the foreign currency forward contracts, foreign currency option contracts and commodity swap contracts is calculated by reference to quoted forward exchange and deposit rates and forward rate curves of the underlying commodity at the reported date for contracts with similar maturity dates. The fair value of interest rate swap contracts is determined as the difference in the present value of the future interest cash inflows and outflows based on observable yield curves.

Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) and comprises derivatives on various Plastics' indices.

The fair values of financial instruments that are not traded in an active market (level 2) are determined using fair valuation techniques. The Company uses its judgement to select a variety of fair valuation methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

There were no transfers between Level 1, Level 2 and Level 3 in the year.

As at 31 December 2023 and 2022, all financial assets and financial liabilities recorded at fair value are included in level 1, 2 and level 3 as depicted in the tables below:

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Notes to the financial statements for the year ended 31 December 2023

As at 31 December 2023	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
Financial assets at FVPL				
Money market funds	513,788	-	-	513,788
Commodity derivatives	-	21,481	1,006	22,487
Foreign currency forward derivatives	-	7,561	-	7,561
Interest rate swap contracts	-	1,865	-	1,865
Total financial assets	513,788	30,907	1,006	545,701
Financial liabilities at FVPL				
Commodity derivatives	-	21,452	1,005	22,457
Foreign currency forward derivatives	-	6,849	-	6,849
Total financial liabilities	-	28,301	1,005	29,306

As at 31 December 2022	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000
Financial assets at FVPL				
Money market funds	497,217	-	-	497,217
Commodity derivatives	-	24,272	6,852	31,124
Foreign currency forward derivatives	-	3,429	-	3,429
Total financial assets	497,217	27,701	6,852	531,770
Financial liabilities at FVPL				
Commodity derivatives	-	24,242	6,844	31,086
Foreign currency forward derivatives	-	19,303	-	19,303
Total financial liabilities	-	43,545	6,844	50,389

All commodity derivatives are structured on a back-to-back basis. Foreign currency forward and option derivatives on behalf of Group subsidiaries are also structured on a back-to-back basis. The difference between the financial assets and financial liabilities derivatives relate to the counterparty credit adjustment. Therefore, these derivatives do not have a material impact in the income statement.

14. Borrowings

Accounting policy

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised (straight-line) over the period of the facility to which it relates.

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Notes to the financial statements for the year ended 31 December 2023

The Company's borrowings plus accrued interest as at 31 December can be analysed as follows:

	2023	2022
	€'000	€'000
Bonds, bills and unsecured notes falling within one year	599,541	-
Commercial paper	211,000	167,500
Accrued interest on borrowings	16,292	16,337
Total borrowings falling due within one year	826,833	183,837
Bonds, bills and unsecured notes falling due within two to five years	1,194,877	1,791,542
Bonds, bills and unsecured notes falling due after five years	1,092,917	1,091,821
Total borrowings falling due after one year	2,287,794	2,883,363
Total borrowings	3,114,627	3,067,200

a) Euro-Commercial Paper programme

In October 2013, the Company established a €1.0 billion Euro Commercial Paper programme ('CP programme'). The CP programme was updated in September 2014, in May 2017, in May 2020 and then in May 2023, to further diversify its short-term funding sources. All commercial paper issued under the CP programme must be repaid within 7 to 364 days. The CP programme has been granted the Short-Term Euro Paper ('STEP') label, the commercial paper is issued through the Company and is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG. The outstanding amount under the CP programme as at 31 December 2023 was €211.0 million (2022: €167.5 million).

b) Committed credit facilities

In March 2020, the Company exercised its extension option on the €800.0 million revolving credit facility, and the facility was extended to April 2025. In April 2021, the Company exercised its second option to further extend the maturity of the syndicated loan facility to April 2026.

This facility can be used for general corporate purposes and carries a floating interest rate over EURIBOR. No amounts have been drawn under the syndicated loan facility since inception. The facility is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG.

c) Uncommitted money market loan facility

In August 2022, the Company established an uncommitted money market loan agreement of €250.0 million which was subsequently reduced to €200.0 million from October 2022 onwards. The loan agreement can be used for general corporate purposes. No amounts have been drawn under the money market loan agreement since its inception.

d) Euro Medium Term Note programme ('EMTN')

In June 2013, the Company established a €3.0 billion Euro Medium Term Note programme ('the EMTN Programme'). The EMTN programme was updated in September 2014, September 2015, April 2019 (when it was increased to €5.0 billion) and in April 2020, September 2021, September 2022 and then in December 2023. Notes are issued under the EMTN programme through the Company and are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG.

In March 2016, the Company completed the issue of a €600.0 million Euro-denominated fixed rate bond maturing in November 2024. The coupon rate of the bond is 1.875% which, including the amortization of the loss on the forward starting swap contracts over the term of the fixed rate bond, results in an effective interest rate of 2.99%. The net proceeds of the new issue were used to partially repay €214.6 million of the 4.25% seven-year fixed rate notes due in November 2016. The remaining €385.4 million was repaid in November 2016 upon its maturity.

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Notes to the financial statements for the year ended 31 December 2023

In May 2019, the Company completed the issue of a €700.0 million Euro-denominated fixed rate bond maturing in May 2027 with a coupon rate of 1% and a €600.0 million Euro-denominated fixed rate bond maturing in May 2031 with a coupon rate of 1.625%.

The net proceeds of the new issue were used to partially repay €236.6 million of the 2.375%, seven-year fixed rate bond due in June 2020, while the remaining €563.4 million was repaid in June 2020 upon its maturity.

In November 2019, the Company completed the issue of a €500.0 million Euro-denominated fixed rate bond maturing in November 2029 with a coupon rate of 0.625%.

In September 2022, the Company completed the issue of a €500.0 million Euro-denominated fixed rate Green Bond maturing in September 2025 with a coupon rate of 2.750%.

As at 31 December 2023, a total of €2.9 billion (2022: €2.9 billion) in notes issued under the EMTN programme were outstanding.

None of the Company's debt facilities are subject to financial covenants that would impact the Company's liquidity or access to capital.

Bonds summary

The summary of the bonds of the Company at 31 December 2023 and 2022 is as follows:

	Start date	Maturity date	Fixed Coupon	Book value 2023 € '000	Book value 2022 € '000	Fair value 2023 € '000	Fair value 2022 € '000
€600m Eurobond	10 March 2016	11 November 2024	1.875%	599,541	599,010	590,250	581,994
€700m Eurobond	14 May 2019	14 May 2027	1.000%	697,803	697,150	656,859	626,563
€600m Eurobond	14 May 2019	14 May 2031	1.625%	596,890	596,468	540,744	497,118
€500m Eurobond	21 November 2019	21 November 2029	0.625%	496,027	495,353	433,710	403,910
€500m Eurobond	23 September 2022	23 September 2025	2.750%	497,074	495,382	495,800	485,970
Total				2,887,335	2,883,363	2,717,363	2,595,555

e) Fair value, foreign currencies and interest rate information

As at 31 December 2023 the fair value of all bonds and notes payable, including the current portion, was €2,717.4 million (2022: €2,595.6 million) compared to their book value, including the current portion, of €2,887.3 million (2022: €2,883.4 million). The fair values are within level 1 of the fair value hierarchy, refer to Note 13.

The carrying amounts of the borrowings as at 31 December can be analysed as follows:

2023	Fixed interest rate € '000	Total 2023 € '000	Fixed rate liabilities weighted average interest rate	Weighted average maturity for which rate is fixed (years)
Euro	3,098,335	3,098,335	1.85%	3.6
Financial liabilities	3,098,335	3,098,335	1.85%	3.6

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Notes to the financial statements for the year ended 31 December 2023

2022	Fixed interest rate € '000	Total 2022 € '000	Fixed rate liabilities weighted average interest rate	Weighted average maturity for which rate is fixed (years)
Euro	3,050,863	3,050,863	1.78%	4.6
Financial liabilities	3,050,863	3,050,863	1.78%	4.6

The majority of the Company's borrowing from external parties only comprise of fixed rate borrowings as at 31 December 2023 and 31 December 2022.

15. Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Time deposits which do not meet the definition of cash and cash equivalents are classified as financial assets at amortised cost. Bank overdrafts are classified as short-term borrowings in the balance sheet and in the cash flow statement.

Cash and cash equivalents at 31 December comprise the following:

	2023 €'000	2022 €'000
Cash at bank, in transit and on hand	73,666	44,524
Short-term deposits	452,500	214,000
Total cash and cash equivalents	526,166	258,524

The short-term deposits have different tenors ranging from 1 to 90 days as at 31 December 2023. These deposits bear, on average, a positive interest rate of 4.04%. Time deposits of €53.3 million (2022: €524.5 million), which do not meet the definition of cash and cash equivalents, are recognised as financial assets and disclosed in the line 'financial assets at amortised cost – time deposits' in the balance sheet. These time deposits have a weighted average tenor of 183 days.

16. Net debt reconciliation

Net debt is defined as current borrowings plus non-current borrowings less cash and cash equivalents, and certain other financial assets. This section sets out the analysis of net debt as at the end of 2023 and 2022 and the movement in net debt for these years.

	2023 €'000	2022 €'000
Cash and cash equivalents	526,166	258,524
Financial assets at amortised cost	53,250	524,531
Financial assets at fair value through profit or loss	513,788	497,217
Short-term borrowings including accrued interest	(826,833)	(183,837)
Long-term borrowings	(2,287,794)	(2,883,363)
Net debt	(2,021,423)	(1,786,928)

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Notes to the financial statements for the year ended 31 December 2023

	Cash and cash equivalents €'000	Financial assets at amortised cost €'000	Financial assets at FVPL €'000	Short-term borrowings incl. accrued interest €'000	Long-term borrowings €'000	Total €'000
Net debt at 1 January 2022	512,867	189,867	638,826	(247,570)	(2,385,700)	(1,291,710)
Cash flows	(258,248)	333,000	(142,620)	67,500	(500,000)	(500,368)
Other non-cash movements	3,905	1,664	1,011	(3,767)	2,337	5,150
Net debt at 31 December 2022	258,524	524,531	497,217	(183,837)	(2,883,363)	(1,786,928)
Cash flows	276,274	(470,000)	83	(43,500)	-	(237,143)
Other non-cash movements	(8,632)	(1,281)	16,488	(599,496)	595,569	2,648
Net debt at 31 December 2023	526,166	53,250	513,788	(826,833)	(2,287,794)	(2,021,423)

The 'Other non-cash movements' primarily include foreign currency impact, valuation of financial assets at FVPL, transfer from long-term to short-term borrowings, accrued interest on borrowings and amortisation of costs related to outstanding bonds.

17. Equity

Accounting policy

Ordinary shares are classified as equity.

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded to the share premium reserve.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds and recorded to the share premium reserve.

Where any Group Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any direct attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holder until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holder and recorded in the share premium reserve.

Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholder.

The authorised capital of the Company is €5.0 million and is divided into 50,000 shares of €100 each. The issued share capital at 31 December 2023 and 2022 comprised 10,180 shares of €100 each fully paid, with total nominal value €1,018,000.

There is only one class of shares, of which the par value is €100. Each share provides the right to one vote at the general meetings of the Company and entitles the holder to dividends declared by the Company.

As at 31 December 2023, the Company's share premium amounted to €263.1 million (2022: €263.1 million).

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The hedging reserve amounts to a €10.9 million loss as at 31 December 2023 (2022: €14.1 million loss), which is not available for distribution.

The movement in the hedging reserve during the year can be analysed as follows:

	2023	2022
	€'000	€'000
Net book value as at 1 January	14,067	24,807
Net loss/(gain) on cash flow hedges	235	(5,119)
Cost of hedging	3,159	1,766
Losses reclassified to the income statement	(6,575)	(7,387)
Net book value as at 31 December	10,886	14,067

18. Property, plant and equipment

Accounting policy

All property, plant and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the operation. Depreciation is calculated on a straight-line basis to allocate the depreciable amount over the estimated useful life of the assets as follows:

Computers & software	4 years
Furniture & fittings	8 years

The depreciation charge is recorded in the line 'Net other income and expenses' in the income statement.

The movements of property, plant and equipment by class of assets are as follows:

2023:

	Computers & software	Furniture & fittings	Total
	€'000	€'000	€'000
Net book value as at 1 January 2023	1,023	1	1,024
Additions	314	-	314
Depreciation charge	(239)	-	(239)
Net book value as at 31 December 2023	1,098	1	1,099
Cost	1,508	2	1,510
Accumulated depreciation	(410)	(1)	(411)
Net book value as at 31 December 2023	1,098	1	1,099

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2022:

	Computers & software €'000	Furniture and fittings €'000	Total €'000
Net book value as at 1 January 2022	50	1	51
Additions	1,074	-	1,074
Depreciation charge	(101)	-	(101)
Net book value as at 31 December 2022	1,023	1	1,024
Cost	1,194	2	1,196
Accumulated depreciation	(171)	(1)	(172)
Net book value as at 31 December 2022	1,023	1	1,024

The income statement 'Net other income and expenses' includes the following amounts relating to the depreciation charge of property, plant and equipment:

	2023 €'000	2022 €'000
Computers & software	239	101
Total depreciation charge	239	101

19. Other non-current assets

Other non-current assets consist mainly of deferred facility fees in both 2023 and 2022.

20. Current tax liabilities

The current tax liabilities which amounted to €11.7 million as at 31 December 2023 (2022: €11.1 million), reflect the current account balance with Coca-Cola HBC Holdings B.V. in relation to income tax liabilities.

21. Related party transactions

Since the principal activity of the Company is the provision of financial services to the Group, related party transactions primarily relate to the borrowing and lending activities of the Company with the Group.

Related party balances are classified as current assets or liabilities if settlement is due within one year or less, otherwise they are classified as non-current assets or liabilities. Loans receivable from/payable to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. As disclosed in Note 13, the calculation of Expected Credit Losses in connection with loans receivable from related parties resulted in an immaterial amount for both the current and prior year, thus there is no doubtful debt recognised in connection with loan receivables in both 2023 and 2022.

The interest rate conditions applied in the lending to/from related parties are further disclosed in the Directors' report under section 'Interest rate risk'. For more information on characteristics of loans receivable from/payable to related parties, refer also to sections c and d below.

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Notes to the financial statements for the year ended 31 December 2023

The Directors of the Company have been appointed by the shareholder of the Company. There have been no transactions between the Company and the Directors during the year.

Refer to Note 20 for the income tax liability, which is a short-term payable to CC Beverages Holdings II B.V., Coca-Cola HBC Holdings B.V., Coca-Cola HBC Sourcing B.V. and CCHBC Ventures B.V. and which is not included in the paragraphs (a) to (d) below.

Refer to Note 12 for the fiscal unity for corporate income taxes and the related tax sharing agreement between the Company and CC Beverages Holdings II B.V., Coca-Cola HBC Holdings B.V., Coca-Cola HBC Sourcing B.V. and CCHBC Ventures B.V.

a) Interest revenue and receivables

Company	Country	Related parties receivable as at 31 December		Interest revenue	
		2023	2022	2023	2022
		€'000	€'000	€'000	€'000
CC Beverages Holdings II B.V.	The Netherlands	1,727,192	1,549,197	35,415	39,667
Coca-Cola HBC Holdings B.V.	The Netherlands	482,871	410,895	8,978	4,860
Coca-Cola HBC Italia S.r.l.	Italy	271,309	272,038	6,353	7,267
Nigerian Bottling Company Ltd.	Nigeria	140,689	71,865	6,315	3,505
Coca-Cola HBC Northern Ireland Limited	Northern Ireland	132,495	129,696	4,940	5,877
Coca-Cola HBC AG	Switzerland	125,812	176,258	3,464	4,459
Coca-Cola HBC Hungary Ltd	Hungary	65,926	52,787	9,226	6,466
Coca-Cola HBC Polska sp. Z.o.o.	Poland	60,880	69,930	4,908	5,687
Coca-Cola HBC Česko a Slovensko, s.r.o. - organizačná zložka	Slovakia	48,006	48,110	1,102	1,125
CCB Management Services GmbH	Austria	41,285	43,146	1,092	1,957
Coca-Cola HBC Cesko a Slovensko, s.r.o.	Czech Republic	30,721	36,836	2,429	3,654
CCH CirculaRPET S.r.l.	Italy	29,169	29,211	619	311
Coca-Cola HBC Romania Ltd.	Romania	8,719	8,794	613	670
Valsler Service AG	Switzerland	8,544	8,166	-	94
CCH Business Services Organization EOOD	Bulgaria	8,389	15,757	420	159
Coca-Cola HBC Cyprus Ltd.	Cyprus	8,052	14,065	344	194
Coca-Cola HBC Austria GmbH	Austria	7,782	7,799	294	206
AS Coca-Cola HBC Eesti	Estonia	7,041	11,096	217	291
dCommerce Solutions B.V.	The Netherlands	4,279	4,270	93	23
Three Cents Hellas S.M. SA	Greece	3,432	-	63	-
Brown-Forman Finland Oy	Finland	3,009	-	9	-
Other related parties		18,425	2,734	1,475	746
Total		3,234,027	2,962,650	88,369	87,218

Coca-Cola HBC Finance B.V. – Annual Report 2023

Notes to the financial statements for the year ended 31 December 2023

b) Interest expense and payables

Company	Country	Related parties payable as at 31 December		Interest expense	
		2023	2022	2023	2022
		€'000	€'000	€'000	€'000
Coca-Cola HBC Sourcing B.V.	The Netherlands	208,145	219,256	8,769	1,674
Coca-Cola HBC Italia Srl	Italy	88,548	32,643	593	193
Coca-Cola HBC Switzerland Ltd	Switzerland	71,019	93,942	659	531
Multon AO	Russia	56,743	66,113	5,862	11,325
CC Beverages Holdings II B.V.	The Netherlands	47,100	40,297	1,023	160
Coca-Cola HBC Procurement GmbH	Austria	38,755	38,236	779	280
Coca-Cola HBC Romania Ltd	Romania	34,025	17,450	988	593
Coca-Cola HBC Greece S.A.I.C.	Greece	26,155	57,104	532	242
Coca-Cola HBC Ireland Ltd	Ireland	25,440	18,444	247	18
Coca-Cola HBC Armenia CJSC	Armenia	15,010	15,546	700	335
Coca-Cola HBC Austria GmbH	Austria	13,661	10,010	350	42
Coca-Cola HBC Slovenija d.o.o.	Slovenia	12,698	14,603	254	101
Coca-Cola HBC Polska sp. Z.o.o.	Poland	12,038	14,752	1,001	451
CCB Management Services GmbH	Austria	10,711	363	58	7
Coca-Cola HBC Hungary Ltd	Hungary	9,503	614	601	128
LLC Multon Partners	Russia	9,226	10,805	902	1,775
Coca-Cola HBC Northern Ireland Ltd	Northern Ireland	8,632	95	248	25
Coca-Cola HBC Cesko a Slovensko, s.r.o.	Czech Republic	7,130	2,177	246	121
UAB Coca-Cola HBC Lietuva	Lithuania	6,607	6,774	207	75
CCHBC Bulgaria AD	Bulgaria	5,663	7,546	134	2
Sirvis S.r.L.	Italy	5,002	-	2	-
Adelink Limited (Nicosia)	Cyprus	4,211	4,504	174	33
Coca-Cola HBC Services MEPE	Greece	3,846	20,385	344	154
Coca-Cola HBC Hrvatska d.o.o.	Croatia	3,704	201	41	90
Coca-Cola HBC Kosovo LLC	Kosovo	3,502	8,000	113	1
Coca-Cola HBC Holdings B.V.	The Netherlands	3,132	5,431	293	8
CCH CirculaRPET	Italy	1,908	779	50	6
Coca-Cola HBC Cyprus	Cyprus	1,194	-	2	40
Coca-Cola HBC AG	Switzerland	-	673	2,615	2,519
Other related parties		16,507	7,415	289	25
Total		749,815	714,158	28,076	20,954

The amount of interest expense from Coca-Cola HBC AG relates mainly to the guarantee fee. The Parent, as guarantor of the EMTN and CP programmes, and the revolving credit facility charges an arm's length guarantee fee to the Company.

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Notes to the financial statements for the year ended 31 December 2023

c) Financing within the Group by category

The loans to and borrowings from Group companies per category are as follows:

	As at 31 December 2023		As at 31 December 2022	
	Assets €'000	Liabilities €'000	Assets €'000	Liabilities €'000
Long-term loans and borrowings	2,184,437	224,292	2,732,282	292,515
Short-term loans and borrowings	1,030,527	252,455	190,337	270,549
IHC-balances	17,360	272,197	37,540	140,888
Other	1,703	871	2,491	10,206
Total	3,234,027	749,815	2,962,650	714,158

As at 31 December 2023, the amounts of €1,223.0 million (2022: €1,536.8 million) included in long-term loans receivable, €487.3 million (2022: €12.4 million) included in short-term loans receivable, €16.9 million (2022: nil) included in IHC receivable balances and €47.1 million (2022: €36.6 million) included in IHC payable balances are related to CC Beverages Holdings II B.V.

The non-current receivables will fall due in over five years. The interest revenue and expense on loans to/from the Coca-Cola HBC Group for the year was settled, for most of the loans listed above, on a three-month basis. The interest accrual related to the last quarter of 2023 was settled in January 2024.

Both the In-House-Cash ('IHC') receivable balances as well as the IHC payable balances are classified under current Group receivables, respectively payables, as the IHC balances have the same liquidity characteristics as bank balances. The interest revenues and expenses from the IHC program are reflected in Note 8. The remaining contractual maturities for the Company's liabilities to related parties are included in the liquidity tables in Note 6.

d) Currency and interest characteristics of financing within the Group

The financing to and from Group companies per currency is as follows:

	As at 31 December 2023		As at 31 December 2022	
	Assets €'000	Liabilities €'000	Assets €'000	Liabilities €'000
Euro	2,767,814	521,097	2,582,437	492,300
UK sterling	132,494	8,638	129,701	36
Hungarian forint	65,926	9,479	52,790	423
Czech crown	30,719	6,636	36,831	2,158
Polish zloty	60,880	11,907	69,929	12,926
Swiss franc	8,544	73,616	8,168	94,263
Russian rouble	-	65,969	665	76,918
Romanian leu	10,065	32,869	8,834	14,992
US dollar	157,560	13,024	73,268	13,559
Other	25	6,580	27	6,583
Total	3,234,027	749,815	2,962,650	714,158

Financing in currencies other than Euro is hedged with forward contracts.

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Notes to the financial statements for the year ended 31 December 2023

The financing to and from Group companies by interest rate profile is as follows:

	31 December 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
Average borrowing cost rate*	3,211,898	-	2,921,376	-
Fixed rate*	3,066	67,796	3,004	92,439
Floating rate*	17,360	681,148	37,527	611,512
Other	1,703	871	743	10,207
Total	3,234,027	749,815	2,962,650	714,158

* Amounts include related interest accruals.

The average borrowing cost rate is reset on a quarterly basis and is based on the average borrowing cost of the Company. The weighted average fixed rate for loans received in 2023 amounted to 0.2% (2022: 0.0%).

The floating rates are based upon the underlying currency reference rate plus a margin that varies depending on the underlying currency and risk profile.

e) Intra-Group charge for In-House-Cash and treasury services

The Company charges fees for the In-House-Cash and treasury services which are included in the line 'Net other income and expenses' in the income statement (refer to Note 10).

f) Intra-Group guarantees

The external debt under the EMTN Programme, the Euro-commercial paper programme and the Committed credit facilities (refer to Note 14) are guaranteed by the related party entity of the Company, Coca-Cola HBC AG.

g) Back-to-back derivatives

Refer to Note 13 for back-to-back structured commodity derivatives with Group subsidiaries. As at 31 December 2023, the carrying amounts of forward currency and option derivatives include an amount of €5.2 million asset (2022: €2.3 million) and €1.2 million liability (2022: €0.6 million) regarding back-to-back structured derivatives with Group subsidiaries.

22. Directors' remuneration

The Directors did not receive any remuneration during the year (2022: €nil). The Directors also provide managing services to other Coca-Cola HBC subsidiaries.

23. Commitments

The Company, CC Beverages Holdings II B.V., Coca-Cola HBC Holdings B.V., Coca-Cola HBC Sourcing B.V. and CCHBC Ventures B.V. form a fiscal unity for Dutch corporate income tax purposes. All companies included in the fiscal unity are jointly and severally liable for Dutch tax liabilities of the companies.

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Notes to the financial statements for the year ended 31 December 2023

24. Proposed appropriation of result and dividends

The Directors recommend to add the net profit of the year ended 31 December 2023 to retained earnings and to not distribute any dividends for the year 2023 (2022: €nil):

	€'000
Addition to retained earnings	13,235
Net profit	13,235

25. Events after the balance sheet date

At 25 January 2024, the Company transferred several loan agreements with Group company Nigerian Bottling Company Limited with a total outstanding receivable balance of USD 156.2 million, consisting of USD 152.1 million in principal amount and USD 4.1 million in accrued and unpaid interest, to Group company CC Beverages Holdings II B.V., which company subsequently converted these intercompany loans into equity.

In February 2024, the Company completed the issue of a €600.0 million Euro-denominated fixed rate bond maturing in February 2028 with a coupon rate of 3.375%. The new bond was issued under the Group's €5.0bn Euro Medium Term Note programme and it is guaranteed by Coca-Cola HBC AG. At the same time, the Company unwound €525.0 million nominal amount swaptions, which had been designated as cash flow hedges in connection with the interest rate risk of the new bond. As a result, effective February 2024, the relevant accumulated valuation loss of €2.9 million recorded in other comprehensive income is being reclassified to the income statement over the term of the swaptions, while the settlement will take place in June and July 2024.

There are no other events after the balance sheet date which should be reported.

The financial statements on pages 7 to 10 and the accompanying notes on pages 11 to 42 have been approved by the Directors in Amsterdam on 9 April 2024.

Directors

Garyfallia Spyriouni

Michail Imellos

Ben Almanzar

Steven Hather

Huig Johan Braamskamp

Hans-Peter Visser

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OTHER INFORMATION

Profit appropriation according to the Articles of Association

According to article 18 of the Articles of Association, the net result for the year is at the disposal of the General Meeting of Shareholders.

Independent auditor's report

The Independent Auditor's report can be found on page 44.



Independent auditor's report

To: the general meeting of Coca-Cola HBC Finance B.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion, the financial statements of Coca-Cola HBC Finance B.V. (or 'the Company') give a true and fair view of the financial position of the Company as at 31 December 2023, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of Coca-Cola HBC Finance B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2023;
- the following statements for 2023: the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flow statement; and
- the notes to the financial statements for the year ended 31 December 2023, including material accounting policy information and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

We are independent of Coca-Cola HBC Finance B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

The Company's main activity is the financing of Coca-Cola HBC AG and its subsidiaries (the 'group' or the 'Coca-Cola HBC group'), through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by the ultimate parent Coca-Cola HBC AG as disclosed in note 14 to the financial statements. The Company has derivative financial instruments in place to mitigate interest rate risk and currency risk. The Company receives a margin in return for facilitating the Coca-Cola HBC group in its financing activities. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We considered where the directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also paid attention to climate-related risks.

In note 3 'Critical accounting estimates and judgements' of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in measurement of expected credit losses, we considered this matter to be a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the existence of the loans issued as key audit matter because of the importance of existence for users of the financial statements.

The Company assessed the possible effects of climate change on its financial position, refer to 'Corporate social responsibility and climate change' in the directors' report and note 2 'Basis of preparation' in the financial statements. We discussed the Company's assessment and governance thereof with the directors and evaluated the potential impact on the financial position including underlying assumptions and estimates included in the financial statements. Given the nature of the Company's activities, the impact of climate change is not considered a key audit matter.



We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company. We therefore included tax specialists in our team.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Based on our professional judgement, we determined the materiality for the financial statements as a whole at €43.6 million (2022: €42.8 million). As a basis for our judgement, we used 1% of total assets. We used total assets as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the stakeholders.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with management that we would report to them any misstatement identified during our audit above €4.36 million (2022: €4.28 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Coca-Cola HBC Finance B.V. and its environment and the components of the internal control system. This included the management's risk assessment process, the management's process for responding to the risks of fraud and monitoring the internal control system. We refer to section 'Fraud, bribery and corruption prevention' of the directors' report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked management whether they are aware of any actual or suspected fraud.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.



We identified the following fraud risk and performed the following specific procedures:

Identified fraud risk	Audit work and observations
<p>The risk of management override of control</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in:</p> <ul style="list-style-type: none">• the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;• estimates;• significant transactions, if any, outside the normal course of business for the entity.	<p>We evaluated the design and implementation of the internal control measures, i.e. authorisation of payments, that are intended to mitigate the risk of management override of control and to the extent relevant for our audit tested the effectiveness of these controls. Furthermore, we evaluated the design and implementation of the controls in the processes for generating and processing journal entries and making of estimates.</p> <p>We have selected journal entries based on risk criteria such as unusual account combinations and performed specific audit procedures on these, also paying attention to significant transactions outside the normal business operations, when applicable.</p> <p>We also performed specific audit procedures on significant management estimates, including measurement of expected credit losses issued. We refer to the section 'Key audit matters' for the audit procedures performed.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.</p>

We pay particular attention to tendencies due to possible interests of management.

We incorporated an element of unpredictability in our audit. We have tested low value revenue entries that we would normally not consider within our audit given our materiality levels. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in note 2 of the financial statements, management performed their assessment of the entity's ability to continue as a going concern for the foreseeable future from the date of preparation of the financial statements and have not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate management's going-concern assessment included, among other things:

- Considering whether the management's going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying its going-concern assessment.
- Analysing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going-concern risk.



- Evaluating the financial position of the Company, the counterparties of loans to group companies (including the financial position of the guarantor to the bonds issued on capital markets) and their ability to repay the notional and interest to the Company, by assessing observable data from rating agencies, developments in credit spreads, current financial data (such as recent financial information and cash flows) and other publicly available data and by discussing and obtaining information from the group auditor.
- Performing inquiries of management as to its knowledge of going-concern risks beyond the period of management’s assessment.

Our procedures did not result in outcomes contrary to the management’s assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the directors. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Due to the nature of the Company, key audit matters do not significantly change year over year. As compared to last year there have been no changes in key audit matters.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><i>Measurement of expected credit losses</i> <i>Note 13 and 21</i></p> <p>We considered the valuation of the loans to group companies, as disclosed in note 13 and 21 to the financial statements for a total amount of €3,234 million, to be a key audit matter. This is due to the size of the loan portfolio and impairment rules stipulated by IFRS 9.</p> <p>The impairment rules of IFRS 9 are complex and require judgement to calculate the ECL. Among other things, this applies to choices and judgements made in the impairment methodology, including the determination of the probability of default (‘PD’), the loss given default (‘LGD’) and the exposure at default (‘EAD’). With the application of the impairment rules of IFRS 9, these calculations must also consider forward-looking information of macro-economic factors considering multiple scenarios.</p> <p>Management monitors the need for changes in the methods, significant assumptions or the data used in making the accounting estimate by monitoring key performance indicators that may indicate unexpected or inconsistent performance.</p>	<p>We performed the following procedures to test management’s assessment of the expected credit losses to support the valuation of the loans to Coca-cola HBC AG group companies:</p> <ul style="list-style-type: none"> • With respect to the ECL calculation, we determined that the loans qualify as stage 1 loans by assessing the actual performance of the loans (i.e. no significant deterioration of credit risk). • We evaluated the financial position of the guarantor by assessing observable data from rating agencies, developments in credit spreads, the latest available financial information and other publicly available data in order to assess if there are no adverse conditions present suggesting classifying the loans as stage 2 or stage 3 loans. • For the expected credit loss, we assessed that the impairment methodology and model applied by the entity were in accordance with the impairment requirements of IFRS 9. We assessed that the forward-looking information used by the client as part of the impairment methodology was appropriate considering the characteristics of the loan portfolio of Coca-Cola HBC Finance B.V. • We assessed for a sample of financial instruments that the PD and LGD and the assumptions applied by the directors, are appropriate and were based



Key audit matter

Mainly with respect to the PD and LGD used in the determination of the expected credit losses, management has applied significant judgement given the low default character of the Company's loan portfolio. As a result, there is limited internal historical data to support and back-test the PD and LGD.

Management has determined that all loans to group companies are categorised as stage 1 loans, hence only a twelve-month expected credit loss ('ECL') has been recognised.

In the absence of internal historical losses and default information, management uses data from external data source providers in determining the ECL.

Due to the degree of estimation uncertainty, the complexity and subjectivity of the measurement of expected credit losses this area is subject to a higher risk of material misstatement due to error or fraud. Therefore, we consider the measurement of expected credit losses as a key audit matter in our audit.

Existence of the loans to group companies**Note 13 and 21**

We considered the existence of the loans to group companies, as disclosed in note 13 and 21 to the financial statements for a total amount of €3,234, to be a key audit matter. Significant auditor's attention is necessary because of the size of the loan portfolio and the importance of existence of the loans for users of the financial statements.

How our audit addressed the matter

upon data from external data source providers including indicators for potential management bias. We assessed the completeness, accuracy and adequacy of the disclosures relating to the measurement of expected credit losses as disclosed in note 13 to the financial statements, to evaluate compliance with the IFRS 9 disclosure requirements.

We found management's assessment of expected credit losses to be adequate. Our procedures as set out above did not indicate material differences.

We performed the following procedures to support the existence of the loans to Coca-cola HBC AG group companies:

- We confirmed the existence of the loans with the counterparties on a sample basis.
- We tested the input of contracts in the Company's treasury management system.
- We performed a substantive analytical procedure on the relationship between the interest expenses versus interest income, taken into consideration the applicable spread.
- We compared interest receipts with bank statements.

Based on the procedures as set out above, we found no material differences.



Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The directors are responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the directors

The directors are responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the directors should prepare the financial statements using the going-concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so. The directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 9 April 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by V.J.C. Valckx RA EMoC



Appendix to our auditor's report on the financial statements 2023 of Coca-Cola HBC Finance B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluding on the appropriateness of the directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.