



Our portfolio is stronger  
than ever with a true  
24/7 offering.



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Growth pillar

# Leverage our unique 24/7 portfolio

**Highlights in 2021**

- Strong momentum across all segments and continued expansion to become the leading 24/7 beverage partner, creating shared value with our consumers
- Maintained resilience in the sparkling category by leveraging low- and no-sugar variants, Adult Sparkling, flavours and different pack formats
- Achieved another year of strong double-digit revenue growth in energy drinks, with continued new roll-outs and launches
- Rolled out Costa Coffee in additional markets, bringing the product to 17 markets in total
- Acquired a stake in Caffè Vergnano, a premium coffee brand to complement Costa

**Priorities in 2022**

- Continue to prioritise scalable and profitable brands as well as products, whilst driving disciplined innovation
- Continue driving excellence in execution to capture the growing at-home occasion, while maintaining focus behind the out-of-home channels
- Increase the penetration of single-serves and affordable entry packs helping expand our price/mix
- Continue to drive growth in energy
- Continue to grow organically and roll out Costa Coffee and Caffè Vergnano, building our presence in one of the most attractive beverage categories

**KPIs**

- FX-neutral revenue growth
- Volume growth
- FX-neutral revenue per case growth

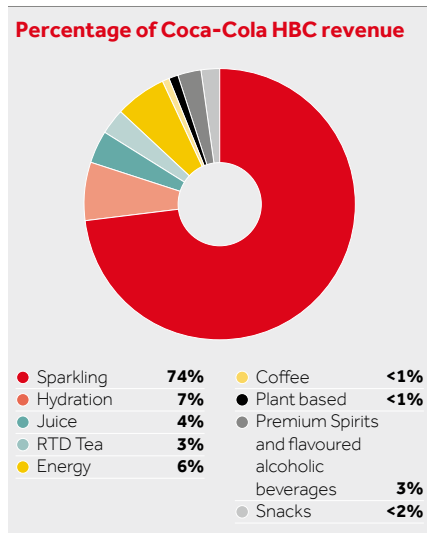
**Stakeholders**

-  Our consumers
-  Our customers
-  Shareholders
-  The Coca-Cola Company

**Principal risks**

- Changing retail environment
- Product related taxes and regulatory changes
- Strategic stakeholder relationships

## Leverage our unique 24/7 portfolio *continued*



### Strong momentum across the portfolio

We performed strongly, despite a challenging backdrop in 2021, with the COVID-19 pandemic still impacting all our markets through the year. Our broad and flexible 24/7 portfolio, together with our expertise in adjusting our pack/price architecture and our continuous execution excellence across channels, once again proved crucial.

Over the summer months, we saw a strong improvement in out-of-home consumption, as government measures eased, consumers started travelling, vaccination rates increased, and hotels, restaurants and cafés gradually reopened across most of our markets. While leveraging the recovery in the out-of-home channel, we maintained our focus on capturing at-home occasions. The breadth and relevance of our portfolio, brand strength and market leadership boosted our Group market share in excess of 2020 and 2019 levels.

With the pandemic still a significant issue across the globe and inflationary pressures growing, we saw consumer focus around both premium occasions and affordability. Our vast portfolio of offerings, propositions and initiatives provided tools to address both issues. We expect to continue to leverage these market trends in the years to come.

### Sparkling growth driven by strategic focus areas

Our sparkling portfolio remained the key focus across our markets in 2021. The main growth and premiumisation drivers continued to be Trademark Coke and Adult Sparkling, which together with our flavoured sparkling portfolio, provided consumers with a variety of choices across the affordable and premium spectrum.

Our ongoing efforts to provide healthier options across our portfolio also helped ensure the resilience of Sparkling, which was one of the best performing categories during the year. The strength of our portfolio and the performance of well-loved brands like Coke, supported by unrivalled execution, allowed us to increase market share by 10 basis points in Sparkling. Our 2021 relaunch of Coke Zero, coupled with the launch of the new Coke Icon visual identity, with strong activations including sampling, demonstrated our commitment to adjust products to provide consumers with healthier options.

With a new flavour profile that is even closer to that of Trademark Coke, Coke Zero volumes increased by 20.0% during the year with low- and no-sugar Sparkling up 47.3% overall. Fanta and Sprite were also activated in select markets, and both delivered double-digit volume growth.

The Coca-Cola System capitalised on the long-awaited UEFA Euro 2020 tournament, with strong activations across our markets that drove both consumer and customer engagement. Towards the end of 2021 the Coca-Cola System also launched the new Real Magic platform and campaign, to bring to life a new marketing platform aimed at engaging with the Gen-Z audience. Real Magic was a core part of marketing activities in December, featuring Trademark Coke to re-connect with our consumers.

Beyond the core Coke brand products, we continued to build our adult sparkling business, providing a variety of sophisticated flavours for straight consumption and mixing. Socialising at home remained very relevant in 2021 and we continued to leverage this trend with our joint activation of Premium Spirits. As hotels, restaurants and cafés reopened, we supported our customers' recovery, building on the important occasion of socialising away from home.

### Loosening of restrictions boosts still portfolio

After a challenging environment in 2020, our still portfolio rebounded significantly in 2021 as hotels, restaurants and cafés reopened and on-the-go consumption occasions returned.

The performance of water significantly improved, helped by greater sales of single-serve products, particularly through the summer months. In 2021 we continued to invest in a targeted way behind Aquarius functional water, meeting the growing demand for hydration enhanced with minerals. We continued to introduce sustainability initiatives in water, rolling out recycled plastic (rPET) bottles in the Czech Republic and further investing in dedicated marketing campaigns.

In Juice, we repositioned Cappy, rejuvenating the visual identity towards a more premium brand positioning and further developed the Cappy Lemonades range to drive profitable growth in our juice business. The strength of our portfolio, combined with the new visual identity and excellent execution in store, allowed us to increase value share by 60 bps.



### UN Sustainable Development Goals

We serve our consumers with a broad range of high-quality products. In doing so, we create value by contributing to global goals for good health and wellbeing, innovation, responsible production and consumption as well as partnerships.

In tea, we expanded the no-sugar portfolio for FUZETEA and launched a new label design across markets.

AdeZ, our plant-based, sugar-free beverage line, has continued to perform well in Italy, an important market for our plant-based business, delivering double-digit revenue growth in 2021 and value share growth of 30bps. The recently launched multi-seed variants made progress, increasing their volume contribution from 9% to 12% across markets.

### Products for every occasion and demographic

Energy is one of the fastest growing non-alcoholic, ready-to-drink (NARTD) categories across our markets, driven by both new demographics and higher per capita consumption. Our broad portfolio continues to evolve, and we have been agile at responding to affordability and premiumisation trends that have emerged through the COVID-19 pandemic.

Energy was one of our best performing categories during the year and delivered a sixth consecutive year of double-digit volume growth. Revenue growth was 42% for the total energy portfolio, driven by clear strategic priorities for all markets. Our revenue growth came from existing products, as well as product innovations and brand launches into new markets during the year.

The category accounted for 6.4% of our Group revenues in 2021, up 100 basis points.

With new packs and flavours for existing brands, the expansion of newly introduced brands, impactful activations and increased product availability in the market, we increased value share for our energy brands by 40 basis points.

We have an increasingly broad portfolio of brands and our strong partnership with Monster supports our continued growth. To develop the category further into adjacent segments, after a successful launch in 2019 in Ireland we launched Reign, a performance energy beverage with caffeine and electrolytes, in Poland in 2021.

The coffee category is important to our efforts to become the leading 24/7 beverage partner. We launched Costa Coffee in three additional markets in 2021, bringing the product to 17 markets in all, and we continued to see market share growth. While the initial 2020 Costa launch primarily targeted the at-home channel, we expanded our efforts in 2021 as restaurants, cafés and offices reopened. Almost all the coffee machines we placed with out-of-home customers were digitally enabled, allowing us to share data and insights with customers.

We recruited 4,000 out-of-home customers during the year, ahead of our plans, with a strong pipeline for 2022.

In 2021 we also acquired a 30% stake in Caffè Vergnano, a premium Italian coffee brand, to complement our existing Costa Coffee proposition. The combination of the two coffee businesses gives us a total coffee portfolio, which addresses a broad range of consumer and customer needs in a fast-growing category. We started distributing Caffè Vergnano products in selected markets at the end of 2021 and we will continue rolling it out during 2022.

As part of our fully integrated 24/7 strategy, we sell premium spirits in 25 of our markets, working closely with partners to distribute world class brands like Jack Daniels, Aperol, Macallan and Famous Grouse. Our focus on mixability provides us with strong cross-selling opportunities with our core beverage portfolio and creates a compelling offering for our hotel, restaurant and café customers, positioning us as a preferred one-stop-shopping partner.

In 2021 we enjoyed strong double-digit growth in Premium Spirits, due to the continued expansion of our portfolio offerings in the markets we operate in, our core focus on premium and super premium products, and rigorous execution around the consumer trend for cocktails. We have made sure we are well set up for the future, further developing targeted capabilities through our Sales Academy.

In 2021, we also continued to pursue a targeted market approach with our hard seltzer proposition, Topo Chico, consistent with our objective to invest further in this category. Topo Chico was rolled out in Switzerland, where distribution was prioritised in out-of-home channels and online.

### Growing responsibly by delivering on our commitments

We are advancing our business strategy to become a total beverage company by giving people more of the drinks they want. Consumers' tastes and preferences continue to evolve, and they are increasingly conscious of their calorie and sugar intake while still wanting more choice.



## Leverage our unique 24/7 portfolio *continued*

An important aspect of our strategy includes changing recipes to reduce added sugar, promoting low- and no-calorie beverage options and making smaller packages more available to enable portion control. The Guideline Daily Amount labels on our packages provide at-a-glance information on calories, as well as sugar and all key nutrients.

We support the current recommendations of leading health authorities, including WHO, that individuals should not consume more than 10% of their total calories from added sugar. We are reducing added sugar in several products, including Sprite and Fanta, using our strength in innovation to meet our consumers' evolving needs. As part of our Mission 2025 sustainability targets, we have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025 across all our markets. By the end of 2021, we had achieved a 15% reduction. Through these efforts, we are contributing to the European Soft Drinks Association's (UNESDA's) target to reduce added sugar in beverages by 10% by 2025 from a 2019 baseline.

We are committed to making the healthier choice the easy choice for consumers, a commitment that spans across all our business activities. We seek to achieve this by delivering on our commitments, adhering to The Coca-Cola Company's Global Responsible Marketing and School Beverage Policies and UNESDA's pledges. We commit to not market directly to children under 13 and we do not offer any soft drinks in primary schools. In the EU and Switzerland, we offer only no- and low-calorie beverages in secondary schools. Through UNESDA and the Coca-Cola System in Europe we contribute to the European Commission's new code of conduct in support of a sustainable food system.



### Managing freshness, quality and food waste

Throughout the COVID-19 pandemic, we maintained supply and continued to deliver the highest quality beverages to our customers and consumers. We increased investment in the capabilities of our employees in more innovative ways, while reinforcing the basics.

We worked closely with our trusted suppliers of key ingredients and packaging materials to overcome unexpected issues, with only two critical non-compliances in the year. These were both related to our packaging suppliers, resulting in a product recall in Italy and a product withdrawn from the market in Romania.

As the pandemic continued to disrupt business activity, we kept product age monitoring as a hybrid model for 2021. Across all operations we used warehouse age measures, which provide us with all the relevant freshness information for products leaving our warehouses. This was combined with regular product age monitoring during storage and transportation to ensure that product age in the market is below the established shelf-life specifications.

Despite accelerated changes in consumer behaviour and preferences, in 2021 we achieved a 22.4% reduction in consumer complaints compared with 2020. We will continue with our efforts to reach zero complaints.

We strive to minimise food loss and food waste in our operations, focusing on all parts of our value chain. Preventing food loss helps us preserve water and other natural resources, avoid related carbon emissions, and mitigate the related social and economic effects in agriculture.

At our manufacturing sites we have targets for production yield, and in our markets we have targets for the age of finished beverage products in order to minimise the number of products at risk of expiration. The trend of expired products was unchanged relative to 2020 at 0.65% in carbonated soft drinks and 0.60% in juices, related to a shift in consumption habits through the pandemic.

Our food loss from finished beverages was 0.14% in 2021, compared with 0.23% in 2020 and 0.17% in 2019. The higher level in 2020 reflected product expirations during out-of-home channel lockdowns, while reopenings in 2021, as well as our continuous efforts, helped us stabilise food loss in 2021.