STRONG EXECUTION DRIVES GROWTH MOMENTUM

Coca-Cola HBC AG, a growth-focused Consumer Packaged Goods business and strategic bottling partner of The Coca-Cola Company, reports its financial results for the full year ended December 2021.

Full-year highlights

- Effective execution in a volatile environment drove strong recovery
  - FX-neutral revenue growth +20.6% like-for-like[1]. Reported revenues +16.9%
  - Business gained momentum in Q4, with FX-neutral revenue closing 10% above 2019[2] levels for the year like-for-like
  - Value share gains continued to increase, +80bps in NARTD

- Volume growth of 14.0% like-for-like, or 13% on a reported basis, led by the Emerging and Established segments as well as the strategic priorities in our portfolio
  - Sparkling volume +13.8%, Low/no sugar +47.3%; Adult sparkling +31.8%
  - Energy volume + 45.3%, driven by the performance of Monster, Burn and Predator

- Strength of brand portfolio demonstrated as pricing and other revenue growth management actions drove FX-neutral revenue per case +5.8%, or +3.9% excluding Poland

- Consistent investment behind strategic priorities building growth momentum
  - Costa Coffee now available in 17 markets; Caffè Vergnano launched in Q4, now live in 5 markets
  - Geographical expansion into Egypt adds exciting growth opportunity, integration on track
  - Net Zero commitment backed by €250 million investment by 2025

- Expanded EBIT margin while increasing marketing investment
  - Comparable EBIT grew by 23.6% with margins +60bps to 11.6%, including c. 30bps benefit from Cyprus property sale. Reported EBIT grew by 21.0%
  - Opex as a percent of revenue improved by 2.2pp, driven by operating leverage, cost savings higher than plan; 30 bps benefit from Cyprus property sale
  - Marketing expenditure +63%, full year spend almost back to pre-pandemic levels

- Strong earnings growth, record high free cash flow and increased dividend pay-out target range
  - Comparable EPS up 33.7% to €1.58 on lower tax rate; free cash flow increased by €104.3 million to €601.3 million
  - Increased dividend pay-out ratio target to 40-50%, previously 35-45%
  - Board of Directors to propose ordinary dividend of €0.71 per share, up +10.9% year-on-year

Segment highlights

Emerging segment strong momentum and ongoing Established and Developing segments recovery

- **Established:** FX-neutral revenue increased by 13.9% with volumes up 9.9% as in-market execution capitalised on reopening. Comparable EBIT expanded 43.9%, or 33% excluding the Cyprus property sale.
- **Developing:** FX-neutral revenue up 18.0%, with volumes up 0.8% and comparable EBIT up 4.3%, despite impact from Polish sugar tax.
- **Emerging:** FX-neutral revenue up 27.1% like-for-like driven by strong momentum in Nigeria, Russia, and Ukraine and recovery through the rest of the segment. Comparable EBIT grew by 17.3%.

---

[1]Performance, unless stated otherwise, is negatively impacted by the change in classification of our Russian Juice business, Multon, from a joint operation to a joint venture, following its re-organisation in May 2020. Performance is also positively impacted by the acquisition of Bambi in June 2019, when compared to 2019. Unless stated otherwise, performance compared to 2019 is presented on a like-for-like basis. For the Group's growth including the respective performance of Multon as a joint operation in the current year, refer to the relevant table in the 'Supporting information' section.

[2]Comparison to 2019 is made to present growth versus pre-pandemic levels of performance.

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

[4] Refer to the condensed consolidated income statement.

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

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

"The business has delivered a very strong recovery in 2021, with all key metrics above pre-pandemic levels, the result of consistent and disciplined focus on our strategic priorities over the last few years. We finished the year with strong revenue growth, our highest ever EBIT margin and free cash flow while continuing to gain share. This performance demonstrates the strength of our 24/7 brand portfolio, revenue growth management capabilities and execution excellence in our markets. It is driven by the strong drive and passion of our people, who continue to show great creativity and adaptability in navigating the volatile operating environment while nurturing our culture which embraces change, challenge and care. Our results and strong future plans are also a reflection of our stronger than ever partnership with The Coca-Cola Company.

2021 also marked 70 years since our early beginnings in Nigeria and I am more excited than ever by the growth potential of our business, further strengthened with the addition of Egypt to our country portfolio.

Revenue growth management actions focused behind both premium and affordable offers, as well as pricing and ongoing productivity improvements have enabled us to continue investing behind our strategic priorities, including in capabilities development, whilst achieving EBIT margin expansion.

We are encouraged by the momentum we see in the business. We expect 2022 to be a year of strong sales supported by ongoing volume momentum, pricing actions and beneficial category mix. While mindful of inflationary headwinds and other risks, our track record and continuous focus on efficiencies give me confidence in delivering another year of EBIT growth. Given the positive long-term outlook for the business we are increasing our targeted dividend pay-out range to 40-50%."

	Full Year		**%**
	2021[1]	**2020**	**Change**
Volume (m unit cases)	**2,412.7**	2,135.6	13.0%
Net sales revenue (€ m)	**7,168.4**	6,131.8	16.9%
Net sales revenue per unit case (€)	**2.97**	2.87	3.5%
FX-neutral net sales revenue[3] (€ m)	**7,168.4**	5,994.9	19.6%
FX-neutral net sales revenue per unit case[3] (€)	**2.97**	2.81	5.8%
Operating expenses/ Net sales revenue (%)	**25.6**	27.4	-190bps
Comparable operating expenses / Net sales revenue (%)	**25.1**	27.3	-220bps
Operating profit (EBIT)[4] (€ m)	**799.3**	660.7	21.0%
Comparable EBIT[3] (€ m)	**831.0**	672.3	23.6%
EBIT margin (%)	**11.2**	10.8	40bps
Comparable EBIT margin[3] (%)	**11.6**	11.0	60bps
Net profit[5] (€ m)	**547.2**	414.9	31.9%
Comparable net profit[3,5] (€ m)	**578.1**	431.4	34.0%
Basic earnings per share (EPS) (€)	**1.499**	1.140	31.5%
Comparable EPS[3] (€)	**1.584**	1.185	33.7%
Free cash flow[3] (€ m)	**601.3**	497.0	21.0%

Footnotes are presented at the end of page 1.

Coca-Cola HBC Group

Coca-Cola HBC is a growth-focused consumer packaged goods business and strategic bottling partner of The Coca-Cola Company. We create value for all our stakeholders by supporting the socio-economic development of the communities in which we operate, and we believe building a more positive environmental impact is integral to our future growth. Together, we and our customers serve 715 million consumers across a broad geographic footprint of 29 countries on three continents. Our portfolio is one of the strongest, broadest and most flexible in the beverage industry, offering consumer-leading beverage brands in the sparkling, juice, water, sport, energy, plant-based, ready-to-drink tea, coffee, adult sparkling and premium spirits categories. These beverages include Coca-Cola, Coca-Cola Zero, Schweppes, Kinley, Costa Coffee, Valser, Römerquelle, Fanta, Sprite, Powerade, FuzeTea, Dobry, Cappy, Monster and Adez. We foster an open and inclusive work environment amongst our 36,000 employees and we are ranked among the top sustainability performers in ESG benchmarks such as the Dow Jones Sustainability Indices, CDP, MSCI ESG and FTSE4Good.

Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE: CCH) and is listed on the Athens Exchange (ATHEX: EEE). For more information, please visit https://www.coca-colahellenic.com.

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

Conference call

Coca-Cola HBC will host a conference call for financial analysts and investors to discuss the 2021 full year results update on Tuesday,22 February 2022 at 9:00 am GMT. Interested parties can access the live, audio webcast of the call through Coca-Cola HBC's website https://www.coca-colahellenic.com/en/investor-relations/results-reports-presentations.

Next event
12 May 2022 — 2022 First quarter trading update

Enquiries
Coca-Cola HBC Group
Investors and Analysts:
Joanna Kennedy — Tel: +44 7802 427505
Investor Relations Director — joanna.kennedy@cchellenic.com

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

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

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

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

Special Note Regarding the Information set out herein

Unless otherwise indicated, the condensed consolidated financial statements and the financial and operating data or other information included herein relate to Coca-Cola HBC AG and its subsidiaries ("Coca-Cola HBC" or the "Company" or "we" or the "Group").

Forward-Looking Statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as "believe", "outlook", "guidance", "intend", "expect", "anticipate", "plan", "target" and similar expressions to identify forward-looking statements. All statements other than statements of historical facts, including, among others, statements regarding our future financial position and results, our outlook for 2022 and future years, business strategy and the effects of the global economic slowdown, the impact of the sovereign debt crisis, currency volatility, our recent acquisitions, and restructuring initiatives on our business and financial condition, our future dealings with The Coca-Cola Company, budgets, projected levels of consumption and production, projected raw material and other costs, estimates of capital expenditure, free cash flow, effective tax rates and plans and objectives of management for future operations, are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect our current expectations and assumptions as to future events and circumstances that may not prove accurate. Our actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the 2020 Integrated Annual Report for Coca-Cola HBC AG and its subsidiaries.

Although we believe that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, we cannot assure you that our future results, level of activity, performance or achievements will meet these expectations. Moreover, neither we, nor our directors, employees, advisors nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. After the date of the condensed consolidated financial statements included in this document, unless we are required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, we will not necessarily update any of these forward-looking statements to conform them either to actual results or to changes in our expectations.

Alternative Performance Measures

The Group uses certain Alternative Performance Measures ("APMs") in making financial, operating and planning decisions as well as in evaluating and reporting its performance. These APMs provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flow. The APMs should be read in conjunction with and do not replace by any means the directly reconcilable IFRS line items. For more details on APMs please refer to 'Definitions and reconciliations of APMs' section.

Group Operational Review

Winning in the marketplace

We continued to make progress on the pillars of our Growth Story 2025 strategy. We prioritised activities behind the highest return opportunities in our portfolio, geographies and route-to-market. These actions, combined with the use of revenue growth management, are building growth momentum in the business.

Category growth and ongoing market share gains drove full year volume up 14.0% on a like-for-like basis, while reported volume was up 13.0% - still impacted by the reorganisation in the structure of our Russian Juice business (Multon). Q4 volume growth of 11.4% year on year, despite 4 fewer selling days (we estimate this had a c. 5pp negative impact on volume growth in the quarter) implies business acceleration in volume in Q4 versus Q3.

The rapid recovery in volumes is notable, with Group volumes 9% ahead of 2019 levels[1]. Emerging volumes finished 2021 21% ahead of 2019 levels, while the Established and Developing segments recovered volumes in the second half, but full year volumes remain below 2019 levels by 5.5% and 3.6% respectively given higher exposure to the out-of-home channel in the Established segment and the Polish sugar tax coming into effect in 2021 in the Developing segment.

We continue to seize the growth potential of new occasions and premiumisation in the at-home channel, while our customer relationships and execution in the out-of-home ensured we captured the opportunity as the channel reopened. Volume recovery in the out-of-home channel drove growth of 24%, 1% above 2019, while the at-home channel continued to grow, with volumes up 10% year on year, 14% above 2019.

We are investing in strengthening our route to market with data-driven insights and digital tools which are deepening the connection to our customers, ensuring better insights and even more targeted actions.

We capitalised on the rapid growth of the digital commerce channel in 2021, investing behind our B2B platforms which now account for 8% of total orders, up from 2% in 2020. Greater use of B2B platforms also allows us to reach new outlets which may previously have been uneconomical. We launched Wabi2B in two of our largest markets, Russia and Nigeria, seeing good expansion in both customer and wholesaler take-up. Strong double digit growth in e-retail continues, generating an attractive revenue per case given high incidence of single serve formats.

Leveraging our unique 24/7 portfolio

Prioritisation of the growth opportunities across our 24/7 portfolio continues to drive performance and has created a stronger and more resilient mix of categories. We accelerated market share gains in non-alcoholic ready-to-drink beverages (NARTD) gaining 80bps in value share in 2021, while also gaining or maintaining share in the majority of markets in Sparkling.

Sparkling volumes grew by 13.8%, propelled by strategic focus areas, with low- and no-sugar variants up 47.3% and adult sparkling brands up 31.8%. We are benefiting from broad-based growth across the brands with Trademark Coca-Cola volumes up 12.3%, Fanta volumes up 14.4% and Sprite volumes up 18.8%.

Energy volumes grew by 45.3% with consistently high growth in all three segments and across the three main brands of Monster, Burn and Predator, benefiting from innovation which is also broadening the appeal of the category across a wider range of consumer profiles.

The coffee category is a significant growth opportunity that we are now addressing with two brands, Costa Coffee in the mass premium segment and Caffè Vergnano in the premium segment. We have been investing in teams and building capability creating the conditions for near- and long-term success. Costa Coffee is now live in 17 markets and Caffe Vergnano in 5, with additional roll out plans for the rest of the year. Revenue momentum built through 2021.

Water volumes grew by 11.3%, a solid recovery after the prior year was heavily impacted by lockdowns. We sell proportionally more Water in the out-of-home channel compared to Sparkling drinks and channel reopening is leading to volume recovery.

Juice volumes grew by 11.7% on a like-for-like basis with growth across all segments.

Ready-to-drink tea ("RTD tea") volume grew by 12.8% with growth from Q2 onwards, aided by category recovery.

[1] Footnotes are presented at the end of page 1.

Group Operational Review (continued)

Premium Spirits volumes increased by 41.9%, as the recovery in the out-of-home channel and continued opportunities in at-home occasions drove growth.

Revenue growth management driving improving price/mix

FX-neutral revenue per case expanded by 5.8%, or 3.9% excluding pricing taken to pass on the Polish sugar tax. The power of our brand portfolio was visible, with price taken in 95% of our markets, while market share expanded and volumes were not negatively impacted, outside of Poland. Pricing was taken throughout the year with actions in every quarter, including an additional wave in Q4 in response to increased COGS pressure.

Our revenue growth management capabilities, enhanced through the use of data, allow us to understand opportunities to drive value in our categories, for us and our customers. This has ensured that our pricing actions are well designed and sustainable. We are proud that in 2021 our portfolio became the number one contributor of incremental value in the FMCG industry for our customers.

Category mix improved as we drove higher Sparkling and Energy penetration. Package mix improved driven by higher single-serve incidence in the at-home channel, as well as the reopening of the out-of-home channel. The rapid Emerging segment volume growth resulted in negative country mix despite the positive performance of price/mix in all geographies.

2021 FX-neutral revenue increased by 20.6% on a like-for-like basis. Reported net sales revenue increased by 16.9%, negatively impacted by the weakening of the Russian Rouble and the Nigerian Naira.

Cost control, operating profit and margins

Comparable gross profit grew by 11.7% while gross profit margins declined by 170 basis points to 36.2%. We saw headwinds from input cost inflation across all our key commodities of sugar, aluminium and PET resin in the second half of the year in particular. FX- neutral raw material cost per case increased by 8.0%, while comparable COGS per case increased by 6.3% in the year.

Depreciation charges were lower by €42.2 million, of which c. €33m was due to the change in the useful economic lives' calculation for specific production equipment categories to reflect the length of use of these assets more accurately, which benefited the Gross Profit margin by c. 40bps. The Polish Sugar Tax had a negative impact on margins caused by inflation in the revenue line as pricing is taken to pass on the tax; this impact was c. -70bps on Gross Profit margin.

The adverse impact from foreign currency movements amounted to €73 million in the period, driven predominantly by the Nigerian Naira and Russian Rouble.

Comparable operating costs increased by only 7.5% or €125.4 million as we retained careful cost discipline throughout the year. As growth opportunities returned, we invested behind those with marketing spend, which expanded by 63% in the year. The balance of investment on revenue generating activities with careful cost savings elsewhere drove strong operational leverage and a 2.2 percentage point decline in comparable operating costs as a percent of revenue, which reached 25.1%.

Comparable EBIT increased by 23.6% to €831.0 million, taking comparable EBIT margins up 60 basis points year on year, to 11.6%. This includes a 30-basis point benefit from the sale of a property in Cyprus in December. The divestment is part of our normal course of business of efficiently managing our fixed asset base. Nevertheless, we do not expect a disposal of this magnitude to repeat.

Net profit and free cash flow

Comparable net profit of €578.1 million and comparable basic earnings per share of €1.584 were 34.0% and 33.7% higher than in the prior year, respectively. Reported net profit and reported basic earnings per share in the year were €547.2 million and €1.499 respectively.

Comparable taxes amounted to €188.2 million, representing a comparable tax rate of 24.5%, 420bps lower than the rate in the prior year as we lapped one-off tax charges in 2020.

Financing costs were €67.6 million in the year, €2.5 million lower compared to the prior-year period, in line with expectations.

Group Operational Review (continued)

Capital expenditure reached €540.9 million, 7.5% of net sales revenue, at the upper end of our targeted 6.5-7.5% range. In 2021, we allocated capital to capacity expansions in targeted categories and markets, additional coolers, our digital agenda and our sustainability commitments.

Free cash flow was €601.3 million, an increase of €104.3 million compared to the prior year, driven by higher profitability and a significant improvement in working capital as growth returned to the business.

Balance sheet

We retain a strong balance sheet ensuring our ability to sustain investment in the business. At the balance sheet date, the Group had net debt/comparable EBITDA of 1.1 times.

Earning our license to operate

In 2021 we made progress across all pillars of our Mission 2025 Sustainability Commitment.

Packaging is a critical area for the industry, and we have made progress with investments in recycled PET production and expanded the number of our brands available in recycled PET. To deliver on our target to collect 100% of primary packaging for recycling or reuse by 2030, significant change in national collection system infrastructure is required in most of our territories. We are working hard in support of well-designed, industry-led Deposit Return Schemes, and in Q4 were pleased to see a DRS launched in Slovakia and Latvia. We are actively supporting further implementation in our markets as the best way of ensuring high collection rates and better availability of recycled PET feedstock.

In 2021 we made our largest commitment to date on sustainability by targeting net-zero emissions by 2040, and linking progress on this metric to management incentives. This target built on an existing, approved science-based target for a 25% reduction in emissions across our value chain by 2030, with a further 50% reduction in the following decade

Operational Review by Reporting Segment

Established markets

	Full Year		%
	2021	**2020**	**Change**
Volume (m unit cases)	**589.9**	536.9	9.9%
Net sales revenue (€ m)	**2,479.0**	2,174.6	14.0%
Net sales revenue per unit case (€)	**4.20**	4.05	3.8%
FX-neutral net sales revenue (€ m)	**2,479.0**	2,175.6	13.9%
FX-neutral net sales revenue per unit case (€)	**4.20**	4.05	3.7%
Operating profit (EBIT) (€ m)	**285.6**	203.3	40.5%
Comparable EBIT (€ m)	**300.8**	209.0	43.9%
EBIT margin (%)	**11.5**	9.3	220bps
Comparable EBIT margin (%)	**12.1**	9.6	250bps

Established markets' volume increased by 9.9% in the full year, cycling -14.0%. Due to greater exposure to the out-of-home channel compared to other segments, the ongoing reopening of outlets provided strong support to volumes. At the same time, we continued to see growth in the at-home channel, which positively contributed to the segment's overall performance.

All categories were in growth for the year. Energy was the best performer, with growth of more than 40%, followed by high single-digit growth in Sparkling. Still volumes recovered from the declines of the prior-year, growing low double-digits, driven mainly by Water.

FX-neutral net sales revenue per unit case grew by 3.7% in the full year, helped by positive category and package mix, as well as pricing taken in all but one market. FX-neutral net sales revenue grew by 13.9%, driven by the higher volumes and positive price mix. Reported net sales revenue increased by 14.0%.

- Volume in Italy grew by 13.3%, with good growth across channels. Performance was mainly driven by volume recovering in the out-of-home channel, with the at-home channel in strong growth. Adult Sparkling delivered the strongest growth, followed by Energy and low- and no-sugar sparkling variants. Italy also saw a good performance from Water and RTD Tea.
- Volume in Greece grew by 15.6% in the full year. The country benefited from the reopening of HoReCa from early May, combined with strong summer activation in the market. Volume grew in all categories, with good performance in low- and no-sugar variants of Trademark Coke, Adult Sparkling and Energy, while Costa Coffee contributed to top-line performance. Stills continued to see a strong recovery, with high double-digit growth.
- In Ireland, volume increased by 11.0%. Volume growth benefited from the reopening of the out-of-home channel, combined with strong performance in the at-home. Sparkling growth was led by low- and no-sugar Trademark Coke variants. Energy saw strong double-digit growth, while Stills grew in the mid-teens. We saw a positive impact from the launches of Costa Coffee and Topo Chico.
- Switzerland saw volumes decline by 4.3%, negatively impacted by a weak tourist season and limited international arrivals which limited out-of-home performance. Energy continues to see strong performance.

Comparable EBIT in the Established segment increased by 43.9% compared to the prior year, to €300.8 million. Comparable EBIT margin increased by 250 basis points to 12.1% or by 160 basis points excluding the benefit of the property sale in Cyprus. On a reported basis, operating profit was €285.6 million, 40.5% higher than the prior year.

Operational Review by Reporting Segment (continued)

Developing markets

	Full Year		%
	2021	**2020**	**Change**
Volume (m unit cases)	**415.5**	412.1	0.8%
Net sales revenue (€ m)	**1,365.6**	1,170.9	16.6%
Net sales revenue per unit case (€)	**3.29**	2.84	15.7%
FX-neutral net sales revenue (€ m)	**1,365.6**	1,157.4	18.0%
FX-neutral net sales revenue per unit case (€)	**3.29**	2.81	17.0%
Operating profit (EBIT) (€ m)	**104.7**	97.0	7.9%
Comparable EBIT (€ m)	**106.5**	102.1	4.3%
EBIT margin (%)	**7.7**	8.3	-60bps
Comparable EBIT margin (%)	**7.8**	8.7	-90bps

Developing markets' volume was broadly stable, up 0.8% in the full year despite the impact of Poland, where pricing taken to pass on the new sugar tax led to anticipated volume declines. Excluding Poland, the segment's volume growth was 4.4%. The segment's performance returned to growth in Q4, cycling strict restrictions in the same period last year.

Energy volumes grew by high-double digits, while Sparkling was down low-single digits, impacted negatively by the Polish sugar tax. Stills returned to growth in the full year, with a mid-single digit increase in Juice while Water saw low-single digit growth.

FX-neutral net sales revenue per unit case increased by 17.0%. Excluding the impact of the Polish sugar tax, the segment's price/mix growth was 5.8% as pricing, package and category mix improved. FX-neutral net sales revenue increased by 18.0% in the full year, while net sales revenue grew by 16.6%, impacted by weakness in the Polish Zloty and Hungarian Forint.

- Volume in Poland declined 7.7% in the year, impacted by pricing taken to pass on the sugar tax effective 1 January 2021. We are pleased by the market share results and the continued good performance of low- and no-sugar variants, with Coke Zero volumes up double-digits. Strong performance in single-serve mix and market share gains shows the actions taken to mitigate the sugar tax have worked well. Energy volumes also continued to be strong, up double-digits, while Costa Coffee is also contributing positively to growth.
- Volume in Hungary grew 12.0%, supported by the reopening of the out-of-home channel as well as strong performance in the at-home channel. We saw double-digit growth in Sparkling with strong performance from Trademark Coke and Kinley, our Adult sparkling proposition in the country. Water returned to growth this year, while Juice and Tea saw double-digit increases.
- In the Czech Republic, volume increased by 0.5%. Volumes recovered during the year as out-of-home restrictions were lifted, offset by weaker performance in the at-home channel, mainly due to commercial and operational challenges we faced in Q3. Energy and Adult sparkling delivered a strong performance during the year, with volumes up double digits, while Coke Zero grew mid-single digits.

The Developing markets segment delivered comparable operating profit of €106.5 million, a 4.3% increase compared to the prior year. Higher input costs and higher operating expenses more than offset improved price and category mix, such that comparable operating profit margin decreased by 90 basis points to 7.8%. On a reported basis, operating profit was €104.7 million, an increase of 7.9% compared to the prior year.

Operational Review by Reporting Segment (continued)

Emerging markets

	Full Year		%
	2021	**2020**	**Change**
Volume (m unit cases)	**1,407.3**	1,186.6	18.6%
Net sales revenue (€ m)	**3,323.8**	2,786.3	19.3%
Net sales revenue per unit case (€)	**2.36**	2.35	0.6%
FX-neutral net sales revenue (€ m)	**3,323.8**	2,661.9	24.9%
FX-neutral net sales revenue per unit case (€)	**2.36**	2.24	5.3%
Operating profit (EBIT) (€ m)	**409.0**	360.4	13.5%
Comparable EBIT (€ m)	**423.7**	361.2	17.3%
EBIT margin (%)	**12.3**	12.9	-60bps
Comparable EBIT margin (%)	**12.7**	13.0	-20bps

Emerging markets volumes grew by 18.6% in the full year, or 20.4% on a like-for-like basis. The segment's impressive performance was driven by Nigeria, Russia and Ukraine, where we saw very strong growth momentum and execution.

All categories expanded double-digits, with Energy the strongest performing. Sparkling volumes grew above 20%, driven by low- and no-sugar variants, while Juice and Water were up high-teens and low-teens respectively.

FX-neutral net sales revenue per unit case grew by 5.3%, or 5.6% on a like-for-like basis, benefiting from pricing taken in all countries through the year, as well as positive category and package mix. Country mix continued to be negative due to good volume growth in lower revenue per case markets such as Nigeria and Ukraine. FX-neutral revenues grew by 24.9% in the full year, or 27.1% on a like-for-like basis. Net sales revenue grew by 19.3%, negatively impacted by the Russian Rouble and Nigerian Naira.

- Volume in Russia grew by 18.3%, or 25.0% on a like-for-like basis, adjusting for the change in the accounting treatment of our Juice business in the country. The at home channel continued to demonstrate strong momentum, while we continue to see a recovery in the out-of-home channel even though Russia has a relatively low proportion of revenue from it. By category, Energy, Adult Sparkling and low- and no-sugar sparkling variants performed very strongly.
- In Nigeria, volumes grew 29.5% in the period, with good momentum in the last quarter of the year and strong price/mix delivery. We are seeing strong growth across all categories, particularly Energy and Sparkling. Our competitive position benefited from our relevant price points, our digitally enabled route-to-market, and increasingly sophisticated localised customer segmentation.
- Volume in Romania grew 9.2% in the year with Energy as the most dynamic category. Stills saw a recovery and Sparkling grew high-single-digits with particularly good performance from Adult Sparkling, up by mid twenties.
- In Ukraine, volumes grew 17.3%. Sparkling was the main driver, particularly Trademark Coke and Adult Sparkling, while Energy continued to grow off a lower base. Volumes of Stills were up slightly, impacted by a weaker performance from Water.
- In Serbia, volumes grew 12.0%. Energy and Adult Sparkling performed strongly, as did Flavours and Coke Zero. Bambi's performance was resilient, while Water grew above 20%.

The Emerging segment had comparable EBIT of €423.7 million, an increase of 17.3% compared to the prior year. Strong volume growth and positive price mix partially offset higher input costs, negative foreign exchange, and higher operating expenses, leading to a 20 basis points decline in comparable EBIT margin to 12.7%. On a reported basis, operating profit was €409.0 million, 13.5% higher compared to the prior year.

Business Outlook

While conscious of risks in 2022, we are encouraged by the strong performance in 2021 and a good start to the year.

We expect volume growth to continue in 2022 with progress in all three segments, led by ongoing good momentum in the Emerging segment. We expect pricing and other revenue growth management actions to drive another year of FX-neutral revenue per case expansion. Overall, in 2022, we expect to see FX-neutral revenue growth excluding Egypt above the 5-6% average target range.

We continue to expect commodity cost inflation in 2022 and reaffirm our previous guidance of high-single digit COGS/case increase, for the full year. We now believe that we will be towards the upper end of that range. We anticipate this will be a more significant headwind in H1 than in H2.

We expect pricing actions, beneficial category mix as well as ongoing productivity and cost saving initiatives to allow the business to continue to invest in our strategic priorities and top line growth while generating comparable EBIT growth in the low to mid-single digits, excluding Egypt.

As noted above, 2021 comparable EBIT benefited from a c. €23 million one-off gain from a property disposal in Cyprus. Excluding this impact from the base we expect growth of mid to high-single digits for FY 2022, excluding Egypt.

We expect the negative impact of foreign currency to be lower in 2022 than 2021 and with minimal translational impact on comparable EBIT.

Given strong free cash flow generation and the positive long-term prospects for the business, we are increasing the targeted dividend pay-out ratio target to 40-50% of comparable net profit, previously 35-45%.

Technical guidance

Restructuring We remain focused on continuously improving our business and seeking productivity opportunities. For 2022, we have identified restructuring initiatives of approximately €11 million. We expect these initiatives to yield €5 million in annualised benefits from 2022 onwards, while the initiatives already taken in 2021 and those that will be taken in 2022 are expected to yield €16 million of total benefits in 2022.

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

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

Move to organic reporting We expect to start reporting using organic growth metrics in 2022. We do not expect this change to have any impact on our guidance ranges. For example, after this change, guidance on FX- neutral revenue growth, excluding Egypt would be replaced with organic revenue growth guidance, while guidance on comparable EBIT growth, excluding Egypt would be replaced with organic EBIT growth guidance.

Group Financial Review

Income statement	**Full Year**		
	2021 € million	**2020 € million**	**% Change**
Volume (m unit cases)	**2,412.7**	2,135.6	13.0%
Net sales revenue	**7,168.4**	6,131.8	16.9%
Net sales revenue per unit case (€)	**2.97**	2.87	3.5%
FX-neutral net sales revenue[1]	**7,168.4**	5,994.9	19.6%
FX-neutral net sales revenue per unit case (€)[1]	**2.97**	2.81	5.8%
Cost of goods sold	**(4,570.2)**	(3,810.3)	19.9%
Comparable cost of goods sold[1]	**(4,574.0)**	(3,808.7)	20.1%
Gross profit	**2,598.2**	2,321.5	11.9%
Comparable gross profit[1]	**2,594.4**	2,323.1	11.7%
Operating expenses	**(1,833.3)**	(1,682.2)	9.0%
Comparable operating expenses[1]	**(1,797.8)**	(1,672.4)	7.5%
Share of results of integral equity method investments[2]	**34.4**	21.4	60.7%
Operating profit (EBIT)[2]	**799.3**	660.7	21.0%
Comparable operating profit (EBIT)[1]	**831.0**	672.3	23.6%
Adjusted EBITDA[1]	**1,151.5**	1,059.2	8.7%
Comparable adjusted EBITDA[1]	**1,183.0**	1,070.8	10.5%
Finance costs, net	**(67.6)**	(70.1)	-3.6%
Share of results of non-integral equity method investments[2]	**3.2**	3.3	-3.0%
Tax	**(187.4)**	(178.9)	4.8%
Comparable tax[1]	**(188.2)**	(174.0)	8.2%
Net profit[3]	**547.2**	414.9	31.9%
Comparable net profit[1,3]	**578.1**	431.4	34.0%
Basic earnings per share (€)	**1.499**	1.140	31.5%
Comparable basic earnings per share (€)[1]	**1.584**	1.185	33.7%

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

Net sales revenue grew by 16.9% in 2021 compared to the prior year, driven by higher volume, pricing and favourable category and package mix, which more than offset unfavourable foreign currency movements. On a currency-neutral basis, net sales revenue grew by 19.6% during 2021, compared to the prior year.

Comparable and reported cost of goods sold increased by 20.1% and 19.9% respectively in 2021 compared to the prior year, mainly driven by the volume increase as well as higher input costs related to our key commodities.

Comparable operating expenses increased by 7.5% in 2021 compared to the prior year driven by higher distribution and marketing expenses, partially offset by the benefits from our continuous efforts on cost control, while operating expenses increased by 9.0% in 2021 compared to the prior year further impacted by the increased restructuring, acquisition and integration costs.

Comparable operating profit grew by 23.6% in 2021 compared to the prior year, reflecting the benefits from volume and net sales revenue growth, which were only partially offset by higher input costs and unfavourable foreign currency movements. Operating profit grew by 21.0% in 2021 compared to the prior year, reflecting the benefits from volume and net sales revenue growth, which were only partially offset by higher input costs, increased restructuring, acquisition and integration costs as well as unfavourable foreign currency movements.

Group Financial Review (continued)

Net finance costs reduced by €2.5 million in 2021, compared to the prior year, mainly driven by lower interest expense due to the bond repayment in June 2020, partially offset by the increased hedging cost of borrowings in Nigeria.

On a comparable basis, the effective tax rate was 24.5% for 2021 and 28.7% for 2020. On a reported basis, the effective tax rate was 25.5% for 2021 and 30.1% for 2020. The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income and other one-off tax items across its territories.

In August 2020, Nigerian Bottling Company Ltd ("NBC"), the Group's subsidiary in Nigeria, settled the additional tax assessed by the Nigerian tax authorities ("FIRS") following the completion of their income tax audit for the years 2005–2019 and transfer pricing ("TP") audit for the years 2011-2019. The net impact in 2020 to the Tax line item in the income statement, following the utilisation of provisions for uncertain tax positions, was €16.5 million, out of which €7.2 million is attributable to the results of the TP audit. This additional tax charge of €16.5 million resulted in a 2.8pp increase of the Group's effective tax rate on a reported basis, for 2020.

Comparable net profit and net profit increased by 34.0% and 31.9% respectively in 2021 compared to the prior year, mainly driven by improved operating profitability.

Balance Sheet

	As at 31 December		
	2021	**2020**	**Change**
Assets	**€ million**	**€ million**	**€ million**
Total non-current assets	**5,357.4**	5,046.0	311.4
Total current assets	**3,156.9**	2,527.1	629.8
Total assets	**8,514.3**	**7,573.1**	941.2
Liabilities			
Total current liabilities	**2,516.4**	2,026.2	490.2
Total non-current liabilities	**2,880.8**	2,913.6	(32.8)
Total liabilities	**5,397.2**	**4,939.8**	457.4
Equity			
Owners to the parent	**3,114.5**	2,630.7	483.8
Non-controlling interests	**2.6**	2.6	-
Total equity	**3,117.1**	**2,633.3**	483.8
Total equity and liabilities	**8,514.3**	**7,573.1**	941.2
Net current assets	**640.5**	**500.9**	139.6

Total non-current assets increased by €311.4 million in 2021, mainly driven by additions of property, plant and equipment, currency translation and the acquisition of a minority equity shareholding in Caffè Vergnano. Net current assets increased by €139.6 million in 2021 mainly as a result of higher investments in financial assets as well as increased trade receivables and inventory, which were only partially offset by lower cash and cash equivalents and higher trade payables, driven by COVID-19 recovery. Total non-current liabilities decreased by €32.8 million in 2021, mainly due to the reclassification of the current portion of loans payable to joint ventures from non-current to current liabilities.

Group Financial Review (continued)

Cash flow

	Full Year		
	2021 € million	2020 € million	% Change
Net cash from operating activities[1]	**1,142.2**	961.5	18.8%
Capital expenditure[1]	**(540.9)**	(464.5)	16.4%
Free cash flow[1]	**601.3**	497.0	21.0%

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

Net cash from operating activities increased by 18.8% or €180.7 million in 2021, compared to the prior-year, mainly due to increased operating profitability and cash generated from working capital movements.

Capital expenditure increased by 16.4% in 2021, compared to the prior year. In 2021, capital expenditure amounted to €540.9 million of which 56% was related to investment in production equipment and facilities and 20% to the acquisition of marketing equipment. In 2020, capital expenditure amounted to €464.5 million of which 56% was related to investment in production equipment and facilities and 18% to the acquisition of marketing equipment.

In 2021, free cash flow increased by 21.0% or €104.3 million, compared to the prior year, driven by the increased cash from operating activities, partially offset by increased capital expenditure.

Supplementary Information

Effective May 2020, following a re-organisation of Multon's structure, the joint arrangement was reclassified from a joint operation to a joint venture. The table below depicts the Group's growth compared to the prior year including the respective performance of Multon as a joint operation in the current year ("like-for-like"):

			Net sales revenue per unit case			
2021 vs 2020	Volume		FX-neutral		Reported	
Growth (%)	Total CCH	Total CCH like-for-like	Total CCH	Total CCH like-for-like	Total CCH	Total CCH like-for-like
Established	9.9	9.9	3.7	3.7	3.8	3.8
Developing	0.8	0.8	17.0	17.0	15.7	15.7
Emerging	18.6	20.4	5.3	5.6	0.6	0.9
Total Group	**13.0**	**14.0**	**5.8**	**5.8**	**3.5**	**3.4**

	Net sales revenue			
2021 vs 2020	FX-neutral		Reported	
Growth (%)	Total CCH	Total CCH like-for-like	Total CCH	Total CCH like-for-like
Established	13.9	13.9	14.0	14.0
Developing	18.0	18.0	16.6	16.6
Emerging	24.9	27.1	19.3	21.5
Total Group	**19.6**	**20.6**	**16.9**	**17.9**

Supplementary Information (continued)

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

	Full Year		%
NARTD	**2021**	**2020**	**Change**
Volume (m unit cases)[1]	**2,409.3**	2,133.2	12.9%
Net sales revenue (€ m)	**6,944.5**	5,974.4	16.2%
Net sales revenue per unit case (€)	**2.88**	2.80	2.9%
FX-neutral net sales revenue (€ m)	**6,944.5**	5,838.6	18.9%
FX-neutral net sales revenue per unit case (€)	**2.88**	2.74	5.3%
	Full Year		**%**
Premium Spirits	**2021**	**2020**	**Change**
Volume (m unit cases)[1]	**3.436**	2.421	41.9%
Net sales revenue (€ m)	**223.9**	157.4	42.2%
Net sales revenue per unit case (€)	**65.16**	65.01	0.2%
FX-neutral net sales revenue (€ m)	**223.9**	156.3	43.3%
FX-neutral net sales revenue per unit case (€)	**65.16**	64.56	0.9%
	Full Year		**%**
Total	**2021**	**2020**	**Change**
Volume (m unit cases)[1]	**2,412.7**	2,135.6	13.0%
Net sales revenue (€ m)	**7,168.4**	6,131.8	16.9%
Net sales revenue per unit case (€)	**2.97**	2.87	3.5%
FX-neutral net sales revenue (€ m)	**7,168.4**	5,994.9	19.6%
FX-neutral net sales revenue per unit case (€)	**2.97**	2.81	5.8%

[1] For NARTD volume, one unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For Premium Spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram.

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

1. Comparable APMs[1]

In discussing the performance of the Group, "comparable" measures are used, which are calculated by deducting from the directly reconcilable IFRS measures the impact of the Group's restructuring costs, the mark-to-market valuation of the commodity hedging activity, acquisition and integration costs and certain other tax items, which are collectively considered as items impacting comparability, due to their nature. More specifically the following items are considered as items that impact comparability:

1) *Restructuring costs*
   Restructuring costs comprise costs arising from significant changes in the way the Group conducts business, such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. These costs are included within the income statement line "Operating expenses". However, they are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.
2) *Commodity hedging*
   The Group has entered into certain commodity derivative transactions in order to hedge its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium, gas oil and plastics price volatility, hedge accounting has not been applied in all cases. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand-alone derivatives and do not qualify for hedge accounting. The fair value gains and losses on the derivatives and embedded derivatives are immediately recognised in the income statement in the cost of goods sold and operating expenses line items. The Group's comparable results exclude the gains or losses resulting from the mark-to-market valuation of these derivatives to which hedge accounting has not been applied (primarily plastics) and embedded derivatives. These gains or losses are reflected in the comparable results in the period when the underlying transactions occur, to match the profit or loss to that of the corresponding underlying transactions. We believe this adjustment provides useful information related to the impact of our economic risk management activities.
3) *Acquisition and integration costs*
   Acquisition costs comprise costs incurred to effect a business combination such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees as well as changes in the fair value of contingent consideration recorded in the income statement. Integration costs comprise direct incremental costs necessary for the acquiree to operate within the Group. These costs are included within the income statement line "Operating expenses". However, to the extent that they relate to business combinations that have completed or are expected to be completed, they are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.
4) *Other tax items*
   Other tax items represent the tax impact of (a) changes in income tax rates affecting the opening balance of deferred tax arising during the year and (b) certain tax related matters selected based on their nature. Both (a) and (b) are excluded from comparable after-tax results so that the users can obtain a better understanding of the Group's underlying financial performance.

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

[1]Comparable APMs refer to comparable COGS, comparable Gross Profit, comparable Operating expenses, comparable EBIT, comparable EBIT margin, comparable Adjusted EBITDA, comparable tax, comparable net profit and comparable EPS.

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

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

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

	Full Year 2021							
	COGS	Gross Profit	Operating expenses	EBIT	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	**(4,570.2)**	**2,598.2**	**(1,833.3)**	**799.3**	**1,151.5**	**(187.4)**	**547.2**	**1.499**
Restructuring costs	**—**	**—**	**21.2**	**21.2**	**21.0**	**(4.6)**	**16.6**	**0.045**
Commodity hedging	**(3.8)**	**(3.8)**	**—**	**(3.8)**	**(3.8)**	**0.7**	**(3.1)**	**(0.008)**
Acquisition and integration costs	**—**	**—**	**14.3**	**14.3**	**14.3**	**—**	**14.3**	**0.039**
Other tax items	**—**	**—**	**—**	**—**	**—**	**3.1**	**3.1**	**0.009**
Comparable	**(4,574.0)**	**2,594.4**	**(1,797.8)**	**831.0**	**1,183.0**	**(188.2)**	**578.1**	**1.584**

	Full Year 2020							
	COGS	Gross Profit	Operating expenses	EBIT[2]	Adjusted EBITDA	Tax	Net Profit[1]	EPS (€)
As reported	(3,810.3)	2,321.5	(1,682.2)	660.7	1,059.2	(178.9)	414.9	1.140
Restructuring costs	—	—	9.8	10.0	10.0	(1.6)	8.4	0.022
Commodity hedging	1.6	1.6	—	1.6	1.6	(0.3)	1.3	0.004
Other tax items[3]	—	—	—	—	—	6.8	6.8	0.019
Comparable	(3,808.7)	2,323.1	(1,672.4)	672.3	1,070.8	(174.0)	431.4	1.185

[1] Net Profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.
[2] EBIT for 2020 includes €0.2 million from restructuring within share of results of integral equity method investments.
[3] Other tax items for 2020 include €7.2 million regarding net impact from the settlement of transfer pricing audit for years 2011-2019 in Nigeria (refer to Group Financial review section for relevant details).

Reconciliation of comparable EBIT per reportable segment *(numbers in € million)*

	Full Year 2021			
	Established	Developing	Emerging	Consolidated
EBIT	**285.6**	**104.7**	**409.0**	**799.3**
Restructuring costs	**14.7**	**3.4**	**3.1**	**21.2**
Commodity hedging	**(3.0)**	**(4.3)**	**3.5**	**(3.8)**
Acquisition and integration costs	**3.5**	**2.7**	**8.1**	**14.3**
Comparable EBIT	**300.8**	**106.5**	**423.7**	**831.0**

	Full Year 2020			
	Established	Developing	Emerging	Consolidated
EBIT[1]	203.3	97.0	360.4	660.7
Restructuring costs	5.5	4.0	0.5	10.0
Commodity hedging	0.2	1.1	0.3	1.6
Comparable EBIT	209.0	102.1	361.2	672.3

[1] EBIT for 2020 includes €0.2 million from restructuring within share of results of integral equity method investments.

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

2. FX-neutral APMs

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

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

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

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

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

	Full Year 2021			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	**2,479.0**	**1,365.6**	**3,323.8**	**7,168.4**
Currency impact	**—**	**—**	**—**	**—**
FX-neutral net sales revenue	**2,479.0**	**1,365.6**	**3,323.8**	**7,168.4**
Volume (m unit cases)	**589.9**	**415.5**	**1,407.3**	**2,412.7**
FX-neutral net sales revenue per unit case (€)	**4.20**	**3.29**	**2.36**	**2.97**

	Full Year 2020			
	Established	**Developing**	**Emerging**	**Consolidated**
Net sales revenue	2,174.6	1,170.9	2,786.3	6,131.8
Currency impact	1.0	(13.5)	(124.4)	(136.9)
FX-neutral net sales revenue	2,175.6	1,157.4	2,661.9	5,994.9
Volume (m unit cases)	536.9	412.1	1,186.6	2,135.6
FX-neutral net sales revenue per unit case (€)	4.05	2.81	2.24	2.81

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

	Full Year 2021	**Full Year 2020**
Input costs	**1,954.8**	1,554.2
Commodity hedging	**3.8**	(1.6)
Comparable input costs	**1,958.6**	1,552.6
Currency impact	**—**	9.6
FX-neutral comparable input costs	**1,958.6**	1,562.2
Volume (m unit cases)	**2,412.7**	2,135.6
FX-neutral comparable input costs per unit case (€)	**0.81**	0.73

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

3. Other APMs

Adjusted EBITDA

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

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

Free cash flow

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

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

Capital expenditure

The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash. Capital expenditure is defined as payments for purchases of property, plant and equipment plus principal repayments of lease obligations less proceeds from sale of property, plant and equipment.

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

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

	Full Year	
	2021	2020
	€ million	€ million
Operating profit (EBIT)	**799.3**	**660.7**
Depreciation and impairment of property, plant and equipment, including right of use assets	**336.3**	388.1
Amortisation of intangible assets	**1.0**	0.9
Employee performance shares	**14.9**	9.5
Adjusted EBITDA	**1,151.5**	**1,059.2**
Share of results of integral equity method investments	**(34.4)**	**(21.4)**
Gain on disposals of non-current assets	**(28.4)**	(1.4)
Cash generated from working capital movements	**195.8**	108.3
Tax paid	**(142.3)**	(183.2)
Net cash from operating activities	**1,142.2**	**961.5**
Payments for purchases of property, plant and equipment[1]	**(513.6)**	(419.2)
Principal repayments of lease obligations	**(63.1)**	(58.7)
Proceeds from sales of property, plant and equipment	**35.8**	13.4
Capital expenditure	**(540.9)**	**(464.5)**
Free cash flow	**601.3**	**497.0**

[1] Payments for purchases of property, plant and equipment for 2021 include €7.1 million (2020: €nil) relating to repayment of borrowings undertaken to finance the purchase of production equipment by the Group's subsidiary in Nigeria, classified as 'Repayments of borrowings' in the condensed consolidated cash flow statement.

Net debt

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

	As at 31 December	
	2021	2020
	€ million	€ million
Current borrowings	**381.7**	315.2
Non-current borrowings	**2,555.7**	2,610.3
Other financial assets	**(834.9)**	(92.9)
Cash and cash equivalents	**(782.8)**	(1,215.8)
Net debt	**1,319.7**	**1,616.8**

Condensed consolidated financial statements for the six months and the year ended 31 December 2021

Condensed consolidated income statement (unaudited)

	Note	**Six months ended 31 December**	
		2021	2020
	Note	**€ million**	€ million
Net sales revenue	3	**3,920.5**	3,300.6
Cost of goods sold		**(2,521.8)**	(2,028.2)
Gross profit		**1,398.7**	**1,272.4**
Operating expenses	4	**(969.8)**	(831.4)
Share of results of integral equity method investments	1	**20.3**	16.8
Operating profit	3	**449.2**	**457.8**
Finance costs, net	5	**(32.9)**	(33.9)
Share of results of non-integral equity method investments	1	**1.4**	2.8
Profit before tax		**417.7**	**426.7**
Tax	6	**(103.6)**	(135.8)
Profit after tax		**314.1**	**290.9**
Attributable to:			
Owners of the parent		**314.1**	**290.9**
Basic and diluted earnings per share (€)	7	**0.86**	0.80

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

Condensed consolidated statement of comprehensive income (unaudited)

	Six months ended 31 December	
	2021	2020
	€ million	€ million
Profit after tax	**314.1**	**290.9**
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	**(1.7)**	—
Net gain of cash flow hedges	**27.4**	18.3
Foreign currency translation gains / (losses)	**53.6**	(116.2)
Share of other comprehensive income / (loss) of equity method investments	**7.4**	(31.3)
Income tax relating to items that may be subsequently reclassified to income statement	**(3.3)**	(2.7)
	83.4	**(131.9)**
Items that will not be subsequently reclassified to income statement:		
Valuation gain on equity investments at fair value through other comprehensive income	**—**	0.1
Actuarial gains	**1.6**	10.8
Income tax relating to items that will not be subsequently reclassified to income statement	**(6.4)**	(2.3)
	(4.8)	**8.6**
Other comprehensive income / (loss) for the period, net of tax	**78.6**	**(123.3)**
Total comprehensive income for the period	**392.7**	**167.6**
Total comprehensive income attributable to:		
Owners of the parent	**392.7**	**167.6**

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

Condensed consolidated income statement (unaudited)

	Note	**Year ended 31 December**	
		2021	2020
		€ million	€ million
Net sales revenue	3	**7,168.4**	6,131.8
Cost of goods sold		**(4,570.2)**	(3,810.3)
Gross profit		**2,598.2**	**2,321.5**
Operating expenses	4	**(1,833.3)**	(1,682.2)
Share of results of integral equity method investments	1	**34.4**	21.4
Operating profit	3	**799.3**	**660.7**
Finance costs, net	5	**(67.6)**	(70.1)
Share of results of non-integral equity method investments	1	**3.2**	3.3
Profit before tax		**734.9**	**593.9**
Tax	6	**(187.4)**	(178.9)
Profit after tax		**547.5**	**415.0**
Attributable to:			
Owners of the parent		**547.2**	414.9
Non-controlling interests		**0.3**	0.1
		547.5	**415.0**
Basic earnings per share (€)	7	**1.50**	1.14
Diluted earnings per share (€)	7	**1.49**	1.14

Condensed consolidated statement of comprehensive income (unaudited)

	Year ended 31 December	
	2021	2020
	€ million	€ million
Profit after tax	**547.5**	**415.0**
Other comprehensive income:		
Items that may be subsequently reclassified to income statement:		
Cost of hedging	**(2.7)**	(2.2)
Net gain of cash flow hedges	**69.5**	22.7
Foreign currency translation gains / (losses)	**73.6**	(254.9)
Share of other comprehensive income / (loss) of equity method investments	**14.6**	(25.4)
Income tax relating to items that may be subsequently reclassified to income statement	**(9.5)**	(2.4)
	145.5	**(262.2)**
Items that will not be subsequently reclassified to income statement:		
Valuation loss on equity investments at fair value through other comprehensive income	**—**	(0.2)
Actuarial gains / (losses)	**16.1**	(12.5)
Income tax relating to items that will not be subsequently reclassified to income statement	**(6.1)**	2.0
	10.0	**(10.7)**
Other comprehensive income / (loss) for the year, net of tax	**155.5**	**(272.9)**
Total comprehensive income for the year	**703.0**	**142.1**
Total comprehensive income attributable to:		
Owners of the parent	**702.7**	142.0
Non-controlling interests	**0.3**	0.1
	703.0	**142.1**

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

Condensed consolidated balance sheet (unaudited)

	Note	**2021** **€ million**	2020 € million
		As at 31 December	
Assets			
Intangible assets	8	**2,043.3**	1,986.1
Property, plant and equipment	8	**2,830.9**	2,616.6
Other non-current assets		**483.2**	443.3
Total non-current assets		**5,357.4**	**5,046.0**
Inventories		**519.8**	417.6
Trade, other receivables and assets		**975.3**	787.1
Other financial assets	10	**878.9**	106.6
Cash and cash equivalents	10	**782.8**	1,215.8
		3,156.8	**2,527.1**
Assets classified as held for sale	8	**0.1**	—
Total current assets		**3,156.9**	**2,527.1**
Total assets		**8,514.3**	**7,573.1**
Liabilities			
Borrowings	10	**381.7**	315.2
Other current liabilities		**2,134.7**	1,711.0
Total current liabilities		**2,516.4**	**2,026.2**
Borrowings	10	**2,555.7**	2,610.3
Other non-current liabilities		**325.1**	303.3
Total non-current liabilities		**2,880.8**	**2,913.6**
Total liabilities		**5,397.2**	**4,939.8**
Equity			
Owners of the parent		**3,114.5**	2,630.7
Non-controlling interests		**2.6**	2.6
Total equity		**3,117.1**	**2,633.3**
Total equity and liabilities		**8,514.3**	**7,573.1**

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2020	**2,010.8**	**3,545.3**	**(6,472.1)**	**(169.8)**	**(964.7)**	**256.3**	**4,491.7**	**2,697.5**	**2.7**	**2,700.2**
Shares issued to employees exercising stock options (note 11)	3.6	4.0	—	—	—	—	—	**7.6**	—	**7.6**
Share-based compensation:										**—**
Performance shares	—	—	—	—	—	9.5	—	**9.5**	—	**9.5**
Appropriation of reserves (note 11)	—	—	—	14.3	—	(13.9)	(0.4)	**—**	—	**—**
Dividends (note 13)	—	(227.9)	—	—	—	—	2.2	**(225.7)**	(0.2)	**(225.9)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of tax[1]	—	—	—	—	—	(0.2)	—	**(0.2)**	—	**(0.2)**
	2,014.4	**3,321.4**	**(6,472.1)**	**(155.5)**	**(964.7)**	**251.7**	**4,493.5**	**2,488.7**	**2.5**	**2,491.2**
Profit for the year, net of tax	—	—	—	—	—	—	414.9	**414.9**	0.1	**415.0**
Other comprehensive loss for the year, net of tax	—	—	—	—	(277.4)	15.0	(10.5)	**(272.9)**	—	**(272.9)**
Total comprehensive income for the year, net of tax[2]	—	—	—	—	(277.4)	15.0	404.4	**142.0**	0.1	**142.1**
Balance as at 31 December 2020	**2,014.4**	**3,321.4**	**(6,472.1)**	**(155.5)**	**(1,242.1)**	**266.7**	**4,897.9**	**2,630.7**	**2.6**	**2,633.3**

[1] *The amount included in other reserves of €0.2 million gain for 2020 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €0.1 million loss, and the deferred tax income thereof amounting to €0.3 million.*

[2] *The amount included in the exchange equalisation reserve of €277.4 million loss for 2020 represents the exchange loss attributed to the owners of the parent, primarily related to the Nigerian Naira and the Russian Rouble, including €22.5 million loss relating to the share of other comprehensive income of equity methods investments.*

The amount of other comprehensive income net of tax included in other reserves of €15.0 million gain for 2020 consists of loss on valuation of equity investments at fair value through other comprehensive income of €0.2 million, cash flow hedges gain of €20.5 million, share of other comprehensive income of equity method investments of €2.9 million loss and the deferred tax expense thereof amounting to €2.4 million.

The amount of €404.4 million gain attributable to owners of the parent comprises profit for the period of €414.9 million, actuarial losses of €12.5 million and deferred tax income of €2.0 million.

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

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2021	**2,014.4**	**3,321.4**	**(6,472.1)**	**(155.5)**	**(1,242.1)**	**266.7**	**4,897.9**	**2,630.7**	**2.6**	**2,633.3**
Shares issued to employees exercising stock options (note 11)	7.9	11.7	—	—	—	—	—	**19.6**	—	**19.6**
Share-based compensation:										
Performance shares	—	—	—	—	—	15.1	—	**15.1**	—	**15.1**
Movement in shares held for equity compensation plan	—	—	—	—	—	(0.1)	—	**(0.1)**	—	**(0.1)**
Appropriation of reserves (note 11)	—	—	—	8.9	—	(9.0)	0.1	**—**	—	**—**
Dividends (note 13)	—	(235.8)	—	—	—	—	2.2	**(233.6)**	(0.3)	**(233.9)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of tax[3]	—	—	—	—	—	(19.9)	—	**(19.9)**	—	**(19.9)**
	2,022.3	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,242.1)**	**252.8**	**4,900.2**	**2,411.8**	**2.3**	**2,414.1**
Profit for the year net of tax	—	—	—	—	—	—	547.2	**547.2**	0.3	**547.5**
Other comprehensive income for the year, net of tax	—	—	—	—	88.1	57.4	10.0	**155.5**	—	**155.5**
Total comprehensive income for the year, net of tax[4]	—	—	—	—	88.1	57.4	557.2	**702.7**	0.3	**703.0**
Balance as at 31 December 2021	**2,022.3**	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,154.0)**	**310.2**	**5,457.4**	**3,114.5**	**2.6**	**3,117.1**

[3] *The amount included in other reserves of €19.9 million gain for 2021 represents the cash flow hedge reserve, including cost of hedging, transferred to inventory of €24.0 million gain, and the deferred tax expense thereof amounting to €4.1 million.*

[4] *The amount included in the exchange equalisation reserve of €88.1 million gain for 2021 represents the exchange gain attributed to the owners of the parent, primarily related to the Swiss Franc and the Russian Rouble, including €14.5 million gain relating to the share of other comprehensive income of equity methods investments.*

The amount of other comprehensive income net of tax included in other reserves of €57.4 million gain for 2021 consists of cash flow hedges gain of €66.8 million, share of other comprehensive income of equity method investments of €0.1 million gain and the deferred tax expense thereof amounting to €9.5 million.

The amount of €557.2 million gain attributable to owners of the parent comprises profit for the period of €547.2 million, actuarial gains of €16.1 million and deferred tax expense of €6.1 million.

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

Condensed consolidated cash flow statement (unaudited)

	Note	Year ended 31 December **2021** € million	2020 € million
Operating activities			
Profit after tax for the period		**547.5**	415.0
Finance costs, net	5	**67.6**	70.1
Share of results of non-integral equity method investments		**(3.2)**	(3.3)
Tax charged to the income statement		**187.4**	178.9
Depreciation and impairment of property, plant and equipment		**336.3**	388.1
Employee performance shares		**14.9**	9.5
Amortisation of intangible assets	8	**1.0**	0.9
		1,151.5	**1,059.2**
Share of results of integral equity method investments		**(34.4)**	(21.4)
Gain on disposals of non-current assets		**(28.4)**	(1.4)
(Increase) / Decrease in inventories		**(114.5)**	9.4
(Increase) / Decrease in trade and other receivables		**(109.0)**	178.5
Increase / (Decrease) in trade and other payables		**419.3**	(79.6)
Tax paid		**(142.3)**	(183.2)
Net cash inflow from operating activities		**1,142.2**	**961.5**
Investing activities			
Payments for purchases of property, plant and equipment		**(506.5)**	(419.2)
Proceeds from sales of property, plant and equipment		**35.8**	13.4
Payments for business combinations	14	**(5.6)**	—
Payment for acquisition of joint operation		**(0.9)**	—
Net payment for acquisition of integral equity method investment	15	**—**	(0.5)
Payments for acquisition of non-integral equity method investments	15	**(87.0)**	(2.4)
Net receipts from integral equity method investments	16	**47.8**	27.1
Net receipts from non-integral equity method investments	16	**1.9**	1.3
Joint arrangement reclassification	15	**—**	(13.1)
Net (payments for) / proceeds from investments in financial assets at amortised cost		**(102.8)**	264.4
Net (payments for) / proceeds from investments in financial assets at fair value through profit or loss		**(640.6)**	370.4
Loans to related parties		**(0.9)**	(2.5)
Interest (paid) / received		**(0.3)**	0.2
Net cash (outflow) / inflow from investing activities		**(1,259.1)**	**239.1**
Financing activities			
Proceeds from shares issued to employees, exercising stock options	11	**19.6**	7.6
Proceeds from borrowings		**129.3**	211.8
Repayments of borrowings		**(133.8)**	(655.8)
Principal repayments of lease obligations		**(63.1)**	(58.7)
Dividends paid to owners of the parent		**(233.6)**	(225.7)
Dividends paid to non-controlling interests		**(0.2)**	(0.2)
Proceeds from / (payments for) settlement of derivatives regarding financing activities		**4.9**	(1.1)
Interest paid		**(45.5)**	(64.7)
Net cash outflow from financing activities		**(322.4)**	**(786.8)**
Net (decrease) / increase in cash and cash equivalents		**(439.3)**	**413.8**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**1,215.8**	823.0
Net (decrease) / increase in cash and cash equivalents (2020: Net increase in cash and cash equivalents, excl. joint arrangement reclassification)		**(439.3)**	426.9
Joint arrangement reclassification		**—**	(13.1)
Effect of changes in exchange rates		**6.3**	(21.0)
Cash and cash equivalents at the end of the year		**782.8**	**1,215.8**

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

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

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

Basis of preparation

These condensed consolidated financial statements are prepared in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', as adopted by the European Union ('EU'), and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. The Group's annual consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. These differences have no impact on the Group's condensed consolidated financial statements for the periods presented.

Going concern

In 2021 the Group experienced the gradual recovery from COVID-19 pandemic as evidenced by the re-opening of its markets and return to pre-pandemic levels of performance. However, COVID-19 continues to be a source of uncertainty for the near-term and could potentially lead to further economic disruption. Management has reviewed a range of scenarios and forecasts as part of its continuous focus on risk management, including the potential financial impact of a slower COVID-19 pandemic recovery along with the Group's proposed responses. The relevant assumptions have been modelled on the estimated potential impact of severe but plausible downside scenarios, linked to the Group's principal risks. The Group's strong balance sheet and liquidity position (refer to note 9), its leading market shares and largely variable cost base, together with its unique portfolio of brands and resilient and talented people will, management believe, allow the Group to fully overcome the challenges posed by the ongoing COVID-19 pandemic. Having considered the outcome of these assessments, based on a quantitative viability exercise, the Group has a reasonable expectation that there are adequate resources to continue in operational existence for at least 12 months from the date of approval of the condensed consolidated financial statements and considers appropriate to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

Accounting policies

The accounting policies used in the preparation of the condensed consolidated financial statements of Coca-Cola HBC AG ('Coca-Cola HBC', the 'Company' or the 'Group') are consistent with those used in the 2020 annual financial statements, except for the adoption of applicable amendments to accounting standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amended standards adopted by the Group

The below amendments to the standards became applicable as of 1 January 2021 and were adopted by the Group. The adoption of these amendments did not have a significant impact on the Group's condensed consolidated financial statements.

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

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

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

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

Change in accounting estimate

In 2021, the Group re-assessed the estimated useful life for specific categories of production equipment, following changes in estimates over their expected period of usage. As a result, effective 1 January 2021, the expected useful life of the specific categories of production equipment was extended by five years. Therefore, the depreciation expense for 2021 is approximately €33 million less compared to the depreciation expense calculated using the previously applied useful lives. This is primarily reflected in the 'Cost of goods sold' line of the consolidated income statement.

2. Foreign currency and translation

The Group's reporting currency is the Euro (€). Coca-Cola HBC translates the income statements of foreign operations to the Euro at average exchange rates and the balance sheets at the closing exchange rates on 31 December. The principal exchange rates used for translation purposes in respect of one Euro are:

	Average rate for the year ended		**Closing rate as at**	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
US Dollar	**1.18**	1.14	**1.13**	1.22
UK Sterling	**0.86**	0.89	**0.84**	0.91
Polish Zloty	**4.56**	4.44	**4.60**	4.54
Nigerian Naira	**484.31**	435.06	**481.32**	480.68
Hungarian Forint	**358.49**	350.65	**370.08**	364.83
Swiss Franc	**1.08**	1.07	**1.04**	1.08
Russian Rouble	**87.23**	82.23	**83.87**	90.55
Romanian Leu	**4.92**	4.84	**4.95**	4.88
Ukrainian Hryvnia	**32.30**	30.66	**30.78**	34.64
Czech Koruna	**25.64**	26.45	**24.95**	26.21
Serbian Dinar	**117.57**	117.58	**117.56**	117.57

3. Segmental analysis

The Group has essentially one business, being the production, sale and distribution of ready-to-drink, primarily non-alcoholic, beverages. The Group operates in 28 countries which are aggregated in reportable segments as follows:

Established markets: Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.

Developing markets: Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

Emerging markets: Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

3. Segmental analysis (continued)

a) Volume and net sales revenue

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

	Six months ended 31 December		Year ended 31 December	
	2021	2020	**2021**	2020
Established	**315.6**	291.6	**589.9**	536.9
Developing	**224.6**	222.4	**415.5**	412.1
Emerging	**745.8**	631.1	**1,407.3**	1,186.6
Total volume	**1,286.0**	**1,145.1**	**2,412.7**	**2,135.6**

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

Net sales revenue per reportable segment for the six months and the years ended 31 December is presented below:

	Six months ended 31 December		Year ended 31 December	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Established	**1,329.2**	1,188.7	**2,479.0**	2,174.6
Developing	**764.0**	650.7	**1,365.6**	1,170.9
Emerging	**1,827.3**	1,461.2	**3,323.8**	2,786.3
Total net sales revenue	**3,920.5**	**3,300.6**	**7,168.4**	**6,131.8**

In addition to non-alcoholic ready-to-drink beverages ("NARTD"), the Group sells and distributes Premium Spirits. An analysis of volume and net sales revenue per product type for the six months and the years ended 31 December is presented below:

	Six months ended 31 December		Year ended 31 December	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Volume in million unit cases[1]				
NARTD[2]	**1,284.0**	1,143.6	**2,409.3**	2,133.2
Premium spirits	**2.0**	1.5	**3.4**	2.4
Total volume	**1,286.0**	**1,145.1**	**2,412.7**	**2,135.6**
Net sales revenue (€ million)				
NARTD	**3,784.2**	3,202.4	**6,944.5**	5,974.4
Premium spirits	**136.3**	98.2	**223.9**	157.4
Total net sales revenue	**3,920.5**	**3,300.6**	**7,168.4**	**6,131.8**

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

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

3. Segmental analysis (continued)

b) Other income statement items

	Six months ended 31 December		Year ended 31 December	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Operating profit				
Established	**175.0**	156.7	**285.6**	203.3
Developing	**69.0**	80.9	**104.7**	97.0
Emerging	**205.2**	220.2	**409.0**	360.4
Total operating profit	**449.2**	**457.8**	**799.3**	**660.7**
Reconciling items				
Finance costs, net	**(32.9)**	(33.9)	**(67.6)**	(70.1)
Tax	**(103.6)**	(135.8)	**(187.4)**	(178.9)
Share of results of non-integral equity method investments	**1.4**	2.8	**3.2**	3.3
Non-controlling interests	**—**	—	**(0.3)**	(0.1)
Profit after tax attributable to owners of the parent	**314.1**	**290.9**	**547.2**	**414.9**

c) Other items

The Group continues to monitor the situation in Nigeria in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on its performance, particularly in relation to potential currency volatility. During 2021, revenue from our operations in Nigeria amounted to 10% of consolidated net sales revenue; as at 31 December 2021 non-current assets of our operations in Nigeria amounted to 12% of the consolidated non-current assets.

4. Restructuring expenses

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. Restructuring mainly concerns employee costs, which are included within operating expenses. Restructuring expenses per reportable segment for the six months and years ended 31 December are presented below:

	Six months ended 31 December		Year ended 31 December	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Established	**15.1**	4.7	**14.7**	5.5
Developing	**2.5**	4.0	**3.4**	4.0
Emerging	**3.1**	0.3	**3.1**	0.3
Total restructuring costs	**20.7**	**9.0**	**21.2**	**9.8**

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

5. Finance costs, net

	Six months ended 31 December		Year ended 31 December	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Interest income	**(3.0)**	(1.7)	**(5.3)**	(3.8)
Finance costs	**35.3**	35.0	**68.8**	73.6
Net foreign exchange losses	**0.6**	0.6	**4.1**	0.3
Finance costs, net	**32.9**	**33.9**	**67.6**	**70.1**

6. Tax

	Six months ended 31 December		Year ended 31 December	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Profit before tax	**417.7**	426.7	**734.9**	593.9
Tax	**(103.6)**	(135.8)	**(187.4)**	(178.9)
Effective tax rate	**24.8%**	**31.8%**	**25.5%**	**30.1%**

The Group's effective tax rate for 2021 may differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. This difference can be a consequence of a number of factors, the most significant of which are the application of statutory tax rates of the countries in which the Group operates, the non-deductibility of certain expenses, the non-taxable income and one-off tax items.

In August 2020, Nigerian Bottling Company Ltd, the Group's subsidiary in Nigeria, settled the additional tax assessed by the Nigerian tax authorities following the completion of their income tax audit, for the years 2005–2019, and their transfer pricing audit, for the years 2011-2019. The net impact to the Tax line item of the income statement, following the utilisation of provisions for uncertain tax positions, was €16.5 million. These additional tax charges resulted in a 3.8pp and 2.8pp increase of the Group's effective tax rate for the six months ended 31 December 2020 and full year of 2020, respectively.

7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of shares outstanding during the period (full year of 2021: 365,011,304, full year of 2020: 363,991,866, six months ended 31 December 2021: 365,500,180, six months ended 31 December 2020: 364,205,261). Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares arising from exercising employee stock options.

8. Intangible assets and property, plant and equipment

	Intangible assets € million	Property, plant and equipment € million
Net book value as at 1 January 2021 excluding right-of-use assets	1,986.1	2,434.5
Additions (note 15)	16.4	482.6
Arising from business combinations (note 14)	4.1	1.3
Reclassified to assets held for sale	—	(0.1)
Disposals	—	(11.2)
Depreciation, impairment, and amortisation	(1.0)	(283.0)
Foreign currency translation	37.7	44.2
Net book value as at 31 December 2021 excluding right-of-use assets	**2,043.3**	**2,668.3**
Net book value as at 1 January 2021 of right-of-use assets		182.1
Net book value as at 31 December 2021 of right-of-use assets		**162.6**
Net book value as at 31 December 2021		**2,830.9**

Impairment testing for goodwill and other indefinite-lived intangible assets

The Group performs its impairment test annually. The recoverable amount of the cash-generating units is determined through a value-in-use calculation, which uses cash flow projections based on operation and market-specific high-level assumptions including growth rates, discount rates, forecast selling prices and direct costs. Management has considered the key impacts from COVID-19 when determining the relevant assumptions and has found them to be limited considering the strong performance throughout the development of the pandemic across our territories and the re-opening of global economies along with vaccinations' progress. No impairment of goodwill and other indefinite-lived intangible assets was identified as at 31 December 2021.

9. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk, liquidity risk and capital risk. There have been no material changes in the risk management policies since the previous year end.

As described in the 2020 Integrated Annual Report, the Group actively manages its liquidity risk, which has been an area of focus during the pandemic. The Group maintains its healthy liquidity position and is able to meet its liabilities as they fall due. As at 31 December 2021, the Group has net debt of €1.3 billion (refer to note 10). In addition, as at 31 December 2021, the Group has cash and cash equivalents and other financial assets of €1.6 billion, an undrawn Revolving Credit Facility of €0.8 billion, as well as €0.8 billion available out of the €1.0 billion Commercial Paper Programme. None of our debt facilities are subject to any financial covenants that would impact the Group's liquidity or access to capital. The Group credit ratings as disclosed in the 2020 Integrated Annual Report were reaffirmed within 2021.

The Group's financial instruments recorded at fair value are included in Level 1, Level 2 and Level 3 within the fair value hierarchy as described in the 2020 Integrated Annual Report. The money market funds recorded at fair value are included in Level 1 within the fair value hierarchy. As at 31 December 2021, the fair value of the money market funds amounted to €638.8 million (31 December 2020: €nil). As at 31 December 2021, the total derivatives included in Level 2 were financial assets of €42.2 million and financial liabilities of €3.8 million.

The Group uses derivatives to mitigate the commodity price risk related to plastics. As the valuation of these derivatives uses prices that are not observable in the market, it is classified within Level 3. The fair value of the derivatives related to plastics as at 31 December 2021 amounted to a financial asset of €6.0 million and financial liability of €6.9 million.

The Group uses foreign currency derivatives to mitigate the currency risk related to Nigerian Naira. As the valuation technique of these derivatives incorporates greater use of unobservable inputs, their fair value is

9. Financial risk management and financial instruments (continued)

classified within Level 3. The fair value of these derivatives as at 31 December 2021 amounted to a financial liability of €3.9 million.

The fair value of bonds and notes payable applying the clean market price, as at 31 December 2021, was €2,486.5 million compared to their book value of €2,385.7 million, as at the same date.

10. Net debt

	As at 31 December	
	2021	2020
	€ million	€ million
Current borrowings	**381.7**	315.2
Non-current borrowings	**2,555.7**	2,610.3
Less: Cash and cash equivalents	**(782.8)**	(1,215.8)
- Financial assets at amortised cost	(196.1)	(92.9)
- Financial assets at fair value through profit or loss	(638.8)	—
Less: Other financial assets	**(834.9)**	(92.9)
Net debt	**1,319.7**	**1,616.8**

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

In December 2019 the Group established a loan facility of US Dollar 85.0 million to finance the purchase of production equipment by the Group's subsidiary in Nigeria. The facility was being drawn down by Nigerian Bottling Company Ltd ('NBC') over the course of 2020 and 2021 maturing in 2027. The obligations under this facility are guaranteed by Coca-Cola HBC AG. As at 31 December 2021, the outstanding liability amounted to €63.2 million (€48.2 million as at 31 December 2020).

Cash and cash equivalents include an amount of €161.4 million equivalent in Nigerian Naira. This includes an amount of €8.9 million equivalent in Nigerian Naira, which relates to the outstanding balance held for the repayment of NBC's former minority shareholders, following the 2011 acquisition of non-controlling interests.

The financial assets at amortised cost comprise of time deposits amounting to €189.9 million (31 December 2020: €92.9 million) and also include an amount of €6.2 million (31 December 2020: €nil) equivalent in Nigerian Naira invested in Treasury Bills related to the outstanding balance of the bank account held for the repayment of NBC's former minority shareholders as described above. The financial assets at fair value through profit or loss are related to money market funds. Included in 'Other financial assets' of the condensed consolidated balance sheet are derivative financial instruments of €39.2 million (31 December 2020: €13.5 million) and related party loans receivable of €4.8 million (31 December 2020: €0.2 million).

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

11. Share capital, share premium and treasury shares

	Number of shares (authorised and issued)	Share capital € million	Share premium € million
Balance as at 1 January 2020	**369,930,157**	**2,010.8**	**3,545.3**
Shares issued to employees exercising stock options	582,440	3.6	4.0
Dividends (note 13)	—	—	(227.9)
Balance as at 31 December 2020	**370,512,597**	**2,014.4**	**3,321.4**
Shares issued to employees exercising stock options	1,282,821	7.9	11.7
Dividends (note 13)	—	—	(235.8)
Balance as at 31 December 2021	**371,795,418**	**2,022.3**	**3,097.3**

In 2021, the share capital of Coca-Cola HBC increased by the issuance of 1,282,821 (2020: 582,440) new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees' stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €19.6 million (2020: €7.6 million).

An amount of €8.9 million in 2021 (2020: €14.3 million) relates to treasury shares provided to employees in connection with vested performance share awards under the Company's employee incentive scheme, which was reflected as an appropriation of reserves between 'Treasury shares' and 'Other reserves' in the condensed consolidated statement of changes in equity.

Following the above changes, on 31 December 2021 the share capital of the Group amounted to €2,022.3 million and comprised 371,795,418 shares with a nominal value of CHF 6.70 each.

12. Leases

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

	2021 € million	2020 € million
Land and buildings	**63.2**	71.9
Plant and equipment	**99.4**	110.2
Total right-of-use assets	**162.6**	**182.1**
Current lease liabilities	**50.9**	54.8
Non-current lease liabilities	**109.4**	129.4
Total lease liability	**160.3**	**184.2**

13. Dividends

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

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

The Board of Directors of Coca-Cola HBC AG has proposed a 0.71 euro dividend per share in respect of 2021. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2022.

14. Business combinations

On 31 October 2021, the Group acquired a self-serve coffee vending business in Poland (the 'Costa Express Business'). The acquisition was of a group of assets that constituted a business, and which have been integrated into the Group's operations in Poland. Consideration paid for the acquisition amounted to €5.6 million and is included in line 'Payment for business combination' of the condensed consolidated cash flow statement. As a result of the above acquisition, other intangible assets of €3.1 million, goodwill of €1.0 million and property, plant and equipment of €1.3 million were recorded in the Group's Developing segment (refer to note 8). Acquisition-related costs of €0.4 million were included in 2021 'Operating expenses' line of the condensed consolidated income statement, as a result of the above acquisition.

In addition, acquisition and integration costs of €13.9 million incurred in 2021 regarding acquisitions completed in 2022 (refer to note 20) were included in 'Operating expenses' line of the condensed consolidated income statement.

15. Interests in other entities

The Group has a 50% interest in the Multon Z.A.O. Group of companies ('Multon'), which is engaged in the production and distribution of juices in Russia and is jointly controlled by the Group and The Coca-Cola Company. The joint arrangement was initially classified as a joint operation, as it provided to the Group and The Coca-Cola Company rights to the assets and obligations for the liabilities of the joint arrangement. Effective May 6, 2020 following the completion of Multon's reorganisation, the joint arrangement was reclassified from a joint operation to an integral joint venture, as the new structure provided to the Group and The Coca-Cola Company rights to the joint arrangement's net assets. As a result, the Group derecognised its share of the joint arrangement's assets and liabilities with a corresponding increase in equity method investments included in line 'Other non-current assets' of the condensed consolidated balance sheet. The decrease of cash and cash equivalents in 2020, resulting from the reorganisation of Multon, amounting to €13.1 million, was reported in line 'Joint arrangement reclassification' within investing activities in the condensed consolidated cash flow statement. No gain or loss was recognised as a result of the above reorganisation. Following Multon's reorganisation, transactions between the Group entities and the joint arrangement are reported as related party transactions under the joint venture category (refer to note 16).

In January 2021, a demerger of Acque Minerali S.r.l., our mineral water and adult sparkling beverages integral joint venture with The Coca-Cola Company in Italy, was completed. As part of the demerger, certain operating activities were transferred to the Group, resulting in the recognition of €15.6 million of goodwill as part of the Group's Established segment (refer to note 8). There was no significant impact to the Group's net assets or income statement from the demerger. During 2020, the Group paid outstanding consideration and acquisition costs of €1.8 million and €0.2 million respectively as well as further €0.2 million consideration in connection with the acquisition of Acque Minerali S.r.l., while it received an amount of €1.7 million as adjustment to the purchase price.

In April 2021, the Group acquired a 50% interest in Stockday S.R.L., an online business-to-business platform and distributor in Romania, which was up until that point wholly owned by HEINEKEN Romania S.A. The transaction resulted in the two shareholders jointly controlling Stockday S.R.L. The joint arrangement was classified as a joint operation in accordance with the requirements of IFRS 11 'Joint arrangements', as it provides to the shareholders rights to the assets and obligations for the liabilities of the joint arrangement. As a result of the above transaction, goodwill of €0.8 million was recorded as part of the Group's Emerging segment (refer to note 8).

On 7 October 2021, the Group acquired a 30% equity shareholding in Casa Del Caffè Vergnano S.p.A. ('Caffè Vergnano'), a premium Italian coffee company. The Group also entered into an exclusive distribution agreement for Caffè Vergnano's products in all its territories outside of Italy. The corresponding investment was classified as an associate in accordance with the requirements of IAS 28 'Investments in Associates and Joint Ventures' since the terms of the transaction provide to the Group significant influence over the investee. The investment is accounted for using the equity method and was further classified as a non-integral equity-method investment in the condensed consolidated financial statements of the Group, considering that the distribution agreement is separate to the shareholding. The total consideration and acquisition costs paid amounted to €87.0 million,

15. Interests in other entities (continued)

reflected in line 'Payments for acquisition of non-integral equity method investments' of the condensed consolidated cash flow statement.

16. Related party transactions

a) The Coca-Cola Company

As at 31 December 2021, The Coca-Cola Company and its subsidiaries (collectively, ''TCCC'') indirectly owned 21.0% (31 December 2020: 23.0%) of the issued share capital of Coca-Cola HBC. The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	Six months ended 31 December		**Year ended 31 December**	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Purchases of concentrate, finished products and other items	**821.1**	688.4	**1,598.8**	1,374.6
Net contributions received for marketing and promotional incentives	**51.5**	58.2	**83.1**	90.7
Sales of finished goods and raw materials	**2.6**	2.3	**4.5**	3.5
Other income	**1.5**	4.3	**2.8**	6.3
Other expenses	**2.1**	3.0	**4.2**	5.6

As at 31 December 2021, the Group was owed €52.8 million (€40.9 million as at 31 December 2020) by TCCC and owed €223.1 million (€196.4 million as at 31 December 2020) to TCCC. In the second half of 2021, the Group paid a total consideration of €5.6 million for the acquisition of Costa Express Business (refer to note 14).

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

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. Truad Verwaltungs AG currently indirectly owns 48.6% of Frigoglass and 99.3% of AG Leventis (Nigeria) Plc and also indirectly controls Kar Tess Holding, which holds approximately 23.0% (31 December 2020: 23.0%) of Coca-Cola HBC's total issued capital. Frigoglass has a controlling interest in Frigoglass Industries (Nigeria) Limited, in which Coca-Cola HBC has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd.

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

	Six months ended 31 December		**Year ended 31 December**	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Purchases of coolers and other equipment, raw and other materials	**56.8**	31.8	**126.9**	97.8
Maintenance and other expenses	**16.4**	10.5	**28.7**	21.8

As at 31 December 2021, Coca-Cola HBC owed €14.9 million (€11.8 million as at 31 December 2020) to and was owed €0.8 million (€0.8 million as at 31 December 2020) from Frigoglass and its subsidiaries. As at 31 December 2021, Coca-Cola HBC owed €0.9 million (€1.8 million as at 31 December 2020) and had a lease liability of €6.0 million (€nil as at 31 December 2020) to AG Leventis (Nigeria) Plc. Capital commitments to Frigoglass and its subsidiaries as at 31 December 2021, amounted to €33.5 million (€14.1 million as at 31 December 2020) including the Group's share of its joint ventures' capital commitments to Frigoglass.

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

16. Related party transactions (continued)

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

Frigoglass Industries (Nigeria) Limited, an associate in which the Group holds an effective interest of 23.9% through its subsidiary Nigerian Bottling Company Ltd, is guarantor under the amended banking facilities and notes issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group has no direct exposure arising from this guarantee arrangement, but the Group's investment in this associate, which stood at €25.2 million as at 31 December 2021 (31 December 2020: €23.9 million), would be at potential risk if there was a default under the terms of the amended banking facilities or the notes and the Frigoglass Group (including the guarantor) were unable to meet their obligations thereunder. During the six months and the full year ended 31 December 2021, the Group received dividends of €1.4 million (€nil in the respective prior year periods) from Frigoglass Industries (Nigeria) Limited, which are included in line `Net receipts from non-integral equity method investments' of the condensed consolidated cash flow statement.

c) Other related parties

Other

During the six months and the full year ended 31 December 2021, the Group incurred other expenses of €7.8 million and €15.1 million (€7.4 million and €16.4 million in the respective prior-year periods) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment as well as subsequent expenditure for fixed assets of €0.7 million and €1.5 million (€0.9 million and €1.8 million in the respective prior-year periods) from other related parties. As at 31 December 2021, the Group owed €0.6 million (€1.9 million as at 31 December 2020) to and was owed loans receivable of €0.9 million (€nil as at 31 December 2020) from other related parties.

During the six months and the full year ended 31 December 2021, the Group received dividends of €nil and €0.5 million, respectively, from BevService S.r.l. (€nil and €1.3m in the respective prior year periods), which are included in line `Net receipts from non-integral equity method investments' of the condensed consolidated cash flow statement.

d) Joint ventures

The below table summarises transactions with joint ventures:

	Six months ended 31 December		**Year ended 31 December**	
	2021	2020	**2021**	2020
	€ million	€ million	**€ million**	€ million
Purchases of inventory	**2.5**	4.7	**5.2**	10.9
Sales of finished goods and raw materials	**2.7**	1.7	**4.8**	2.8
Other income	**9.0**	7.5	**16.2**	10.2
Other expenses	**7.4**	8.9	**13.4**	11.5

As at 31 December 2021, the Group owed €149.8 million including loans payable of €63.2 million (€159.6 million as at 31 December 2020 including loans payable of €86.3 million) to, and was owed €13.9 million including loans receivable of €7.1 million (€13.1 million as at 31 December 2020 including loans receivable of €7.0 million) from joint ventures. During the six months and the full year ended 31 December 2021, the Group received dividends of €41.3 million and €47.8 million from integral joint ventures (dividends from integral joint ventures of €nil million and €27.1 million in the respective prior-year periods), which are included in line `Net receipts from integral equity method investments' of the condensed consolidated cash flow statement.

e) Directors

Bruno Pietracci and Henrique Braun have been elected to the Board of Coca-Cola HBC following a proposal made by TCCC. There have been no transactions between Coca-Cola HBC and the Directors and senior management except for remuneration for both the six months and years ended 31 December 2021 and 2020.

There were no other significant transactions with other related parties for the year ended 31 December 2021.

17. Contingencies

In relation to the Greek Competition Authority's decision of 25 January 2002, one of Coca-Cola Hellenic Bottling Company S.A.'s competitors had filed a lawsuit against Coca-Cola Hellenic Bottling Company S.A. claiming damages in an amount of €7.7 million. The court of first instance heard the case on 21 January 2009 and subsequently rejected the lawsuit. The plaintiff appealed the judgement and on 9 December 2013 the Athens Court of Appeals rejected the plaintiff's appeal. On 19 April 2014, the same plaintiff filed a new lawsuit against Coca-Cola Hellenic Bottling Company S.A. (following the spin-off, Coca-Cola HBC Greece S.A.I.C.) claiming payment of €7.5 million as compensation for losses and moral damages for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. between 1994 and 2013. On 21 December 2018, the plaintiff served their withdrawal from the lawsuit. However, on 20 June 2019, the same plaintiff filed a new lawsuit against Coca-Cola HBC Greece S.A.I.C. claiming payment of €10.1 million as compensation for losses and moral damages again for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. for the same period between 1994 and 2013. On July 16, 2021 the Athens Multimember Court of First Instance issued its judgment number 1929/2021 (hereinafter the "Judgment"), which adjudicates that Coca-Cola HBC Greece S.A.I.C. is obliged to pay to the plaintiff an amount of circa €0.9 million plus interest as of 31.12.2003. Both Coca-Cola HBC Greece S.A.I.C and the plaintiff have appealed against this decision to the court of appeals. Both appeals have been scheduled to be heard on 19 January 2023. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

With respect to the ongoing investigation of the Greek Competition Commission initiated on 6 September 2016, regarding Coca-Cola HBC Greece S.A.I.C.'s operations in certain commercial practices in the non-alcoholic beverages market, the Rapporteur of the Greek Competition Commission appointed for this case issued her Statement of Objections on 5 July 2021. According to this Statement of Objections, Coca-Cola HBC Greece S.A.I.C. has allegedly breached Article 2 of Law 3959/2011 and Article 102 of 'Treaty on the Functioning of the European Union' ('TFEU') in the Greek on premise market for the sale of cola and non-cola beverages. In particular, according to this Statement of Objections, during the period 2015-2020 Coca-Cola HBC Greece S.A.I.C. allegedly undertook a series of anti-competitive practices, in the relevant market, thereby excluding competitors and limiting their growth possibilities. The Statement of Objections recommends that the Greek Competition Commission should impose a fine upon Coca-Cola HBC Greece S.A.I.C., and that the latter is required to omit the allegedly anti-competitive practices in the future. The Statement of Objections is not binding on the Greek Competition Commission, which will decide on the case after it has taken into consideration all evidence, as well as the arguments put forward by all the parties involved. Coca-Cola HBC Greece S.A.I.C. has vigorously defended its commercial practices, in rebuttal of the allegations set out in the Statement of Objections. The hearing of the case, before the plenary session of the Greek Competition Commission, was concluded on 29 November 2021 and the supplementary briefs of the parties were submitted on 16 December 2021. At this stage, it is difficult to predict with certainty the outcome of the hearing and the timing of the decision by the Greek Competition Commission.

In 1992, our subsidiary Nigerian Bottling Company ('NBC') acquired a manufacturing facility in Nigeria from Vacunak, a Nigerian company. In 1994, Vacunak filed a lawsuit against NBC, alleging that a representative of NBC had orally agreed to rescind the sale agreement and instead enter into a lease agreement with Vacunak. As part of its lawsuit, Vacunak sought compensation for rent and loss of business opportunities. NBC discontinued all use of the facility in 1995. On 19 August 2013, NBC received the written judgment of the Nigerian court of first instance issued on 28 June 2012 providing for damages of approximately €17.2 million. NBC has filed an appeal against the judgment. Based on advice from NBC's outside legal counsel, we believe that it is unlikely that NBC will suffer material financial losses from this case. We have consequently not provided for any losses in relation to this case.

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

17. Contingencies (continued)

The tax filings of the Group and its subsidiaries are routinely subjected to audit by tax authorities in most of the jurisdictions in which the Group conducts business. These audits may result in assessments of additional taxes. The Group provides for additional tax in relation to the outcome of such tax assessments, to the extent that a liability is probable and estimable.

The Group is also involved in various other legal proceedings. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

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

18. Commitments

As at 31 December 2021 the Group had capital commitments including commitments for leases and the share of its joint ventures' capital commitments of €166.1 million (31 December 2020: €115.4 million), which mainly relate to plant and machinery equipment.

19. Number of employees

The average number of full-time equivalent employees in 2021 was 26,787 (2020: 27,722).

20. Subsequent events

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

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

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

The operating results and assets and liabilities of CCBCE will be consolidated from 14 January 2022.

The fair value of the consideration for the MBL acquisition consists of €264.9 million, which has already been transferred, and an additional payment that is to be determined, following discussions and conditions agreed between the Group and MBL, based on CCBE's past performance, net financial position and working capital movement.

As part of the MBL acquisition completion, a convertible loan which had been granted to CCBCE from a wholly-owned affiliate of TCCC, one of its major shareholders, was also transferred to the Group for a consideration of €19.1 million. The consideration was equal to the outstanding principle amount of the convertible loan and any unpaid interest at the time of its transfer. The loan is convertible at its maturity in March 2022 into new CCBCE shares at fair market value and was eliminated upon consolidation of CCBCE.

20. Subsequent events (continued)

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

Details of the MBL acquisition with regards to provisionally determined fair values of the net assets acquired, non-controlling interests and goodwill are as follows:

	Fair Value
	€ million
Franchise agreements	367.7
Property, plant and equipment	315.3
Inventories	59.2
Trade, other receivables and assets	65.2
Cash and cash equivalents	15.9
Borrowings	(217.0)
Trade and other payables	(127.4)
Net deferred tax liabilities	(121.9)
Net identifiable assets acquired	**357.0**
Less: Non-controlling interests	(169.0)
Add: Goodwill arising on acquisitions	76.9
Net assets acquired	**264.9**

The table above excludes the additional payment that may adjust the provisionally determined fair values of the net assets acquired, non-controlling interests and goodwill.

Fair values on acquisition are provisional due to the timing of the transaction and will be finalised within 12 months of the acquisition date. The goodwill is attributable to CCBCE's strong market position and growth potential. Line 'Borrowings' in the above table includes the convertible loan as well as third party loans of €122.7 million, which have been repaid and replaced with intragroup borrowings. The Group has chosen to recognise the non-controlling interests at their proportionate share of the fair value of CCBCE's net identifiable assets acquired.

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

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

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

b) Other subsequent events

There were no other subsequent events following 31 December 2021.

Volume by country for 2021 and 2020

Unit cases (million)[1]	2021	2020	% Change 2021 vs 2020
Established Markets			
Austria	**79.4**	75.5	5%
Cyprus	**14.3**	13.7	4%
Greece	**103.4**	89.4	16%
Italy	**254.5**	224.7	13%
Republic of Ireland and Northern Ireland	**75.4**	67.9	11%
Switzerland	**62.9**	65.7	-4%
Total	**589.9**	536.9	**10%**
Developing Markets			
Baltics	**33.1**	33.0	-
Croatia	**28.1**	22.7	24%
Czech Republic	**51.1**	50.8	1%
Hungary	**91.9**	82.1	12%
Poland	**180.0**	195.2	-8%
Slovakia	**23.2**	21.5	8%
Slovenia	**8.1**	6.8	19%
Total	**415.5**	412.1	**1%**
Emerging Markets			
Armenia	**14.0**	10.8	30%
Belarus	**41.1**	37.4	10%
Bosnia and Herzegovina	**21.3**	18.6	15%
Bulgaria	**62.6**	54.9	14%
Moldova	**8.4**	6.9	22%
Nigeria	**400.4**	309.2	29%
Romania	**202.5**	185.5	9%
Russian Federation	**373.3**	315.6	18%
Serbia (including the Republic of Kosovo) and Montenegro	**146.4**	130.7	12%
Ukraine	**137.3**	117.0	17%
Total	**1,407.3**	1,186.6	**19%**
Total Coca-Cola HBC	**2,412.7**	2,135.6	**13%**

[1] One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For Premium Spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram. Volume data is derived from unaudited operational data.
- Our joint venture with Heineken in North Macedonia generated volume of 25.2 million unit cases in 2021 (2020: 21.5 million unit cases), increased by 17% compared to the prior year.
- Multon joint venture, our Russian juice business, generated volume of 69.9 million unit cases in 2021 (2020: 40.2 million unit cases, following its reorganisation in May 2020), which is not included in the performance of the Russian Federation.