

Growth pillars

1 Leverage our unique 24/7 portfolio



Growth pillars

1 Leverage our unique 24/7 portfolio

2023 highlights

- Continued to deliver on our strategic priorities of Sparkling, Energy and Coffee
- Launched Jack and Coke in three markets
- Acquired Finlandia from Brown-Forman
- Focused on pack architecture and price/mix to balance affordability and premiumisation
- Continued to expand 'zero' ranges, including Coke Zero Zero, to meet low- and no-sugar demand

KPIs

- Organic revenue growth
- Organic revenue per case growth
- Volume growth

Principal risks and opportunities

- Marketplace conditions
- Competing in the digital marketplace
- Product relevance and acceptability
- Strategic stakeholder relationships

[Read more p88 to 107](#)

Material topics

- Product quality
- Food loss and waste
- Responsible marketing
- Sustainable packaging

[Read more p26 to 32](#)

Stakeholders



[Our customers](#)



[Our consumers](#)



[The Coca-Cola Company](#)



[Our investors](#)



A successful year

Our portfolio allows us to cater for the needs of consumers 24/7 through three strategic priorities: Sparkling, Energy and Coffee. They represent close to 80% of the business, with significant headroom for growth.

The success drivers of this growth pillar are market penetration and share, supported by continuous innovation, underpinned by our strong customer relationships and unrivalled market execution.

A strong partnership with TCCC is at the heart of our success. Together with TCCC, we focus on consumer loyalty, strong innovation and marketing investment, particularly in Sparkling. In Coffee, our dual-brand strategy works well: TCCC's COSTA Coffee gives us access to the mass-premium segment and our investment in Caffè Vergnano gives access to the premium segment (see our feature on page 31). Our close partnership with Monster Energy brings a broad portfolio of energy drinks, from affordable to premium brands.

Alongside Sparkling, Energy and Coffee, we have a diverse offering of locally relevant brands where, together with TCCC, we prioritise country and category combinations based on the attractiveness of profitable revenue pools in each market. These include important growth enablers such as juices, ready-to-drink tea, enhanced and premium water, sport drinks brands such as Powerade, and premium spirits – the latter critical to our HoReCa offering.

Sparkling foundation

Sparkling is our key engine of growth and our foundation. Sparkling volumes grew overall by 2.5% in 2023, on an organic basis. Excluding Russia, where we no longer sell any brands of TCCC, Trademark Coke brands grew 1.9%.

We have consistently invested in our core brands with zero-sugar formulations and new flavours. TCCC is critical in identifying the exact innovations that work for each market or channel.

Recent innovation examples included Coca-Cola Zero Sugar Zero Caffeine and new flavour creations within the Fanta and Schweppes brands.

Indeed, we have introduced new zero formulations across all Sparkling brands, showing how constant innovation is keeping us at the forefront of consumer choice and customer preference.

Low- and no-sugar sparkling variants have grown significantly since 2019, driven by consumer demand, and now represent a material part of the Sparkling category. Coke Zero has played a leading role in this, driven by successful reformulation and targeted campaigns. And we will continue to build on the 2022 launch of Coke Zero Sugar Zero Caffeine, with focused marketing campaigns in 2024.

We are continuing to increase the number of flavours within zero options, as well as limited-edition Coke Creations, and there is further opportunity to expand our distribution and increase presence in emerging markets.

Our focus on growing zero formulations supports one of our sustainability targets within Mission 2025, to reduce calories per 100ml, and you can read about this on page 27.



There is more to come from zero-sugar formulations."

Naya Kalogeraki
COO

Growth pillars continued

Leverage our unique 24/7 portfolio

Adult Sparkling

Adult Sparkling revenue per case is above the average for the Group and the work we are doing on mixability is critical here, as shown in our feature on page 29. Our Adult Sparkling portfolio benefitted from strong performance in the Established and Developing segments, following a tough consumer backdrop in the first half of the year. We continue to focus on Adult Sparkling activations, focused on socialising, particularly summer and festive occasions where mixability plays an important role. In 2023, we capitalised on consumer trends, expanding our range of 'pink drinks', tonics and zero-sugar choices.

Thanks to the 2022 acquisition of Three Cents, we have expanded our footprint into the super-premium Adult Sparkling segment, targeted to mixologists and high-end hotel, restaurant and café outlets. We have begun distributing Three Cents in six markets where we currently operate, while continuing collaboration via distributors to develop further market opportunities.

Energy opens up new consumer groups

Energy is one of the fastest-growing segments within NARTD. We have achieved double-digit volume growth over the past eight years, averaging 32% in the last five years alone. In 2023, Energy made up c.7% of Group revenue. This performance is the result of a well-defined strategy, with a complete brand portfolio that reflects diverse consumer needs with premium (Burn), mid-range (Monster), and more affordable (Predator, Ultra, BPM and Fury) brands. We launched Fury and Monster in our newest market of Egypt during 2023, and we continue to work closely with Monster Energy to help launch new flavours, expanding our consumer appeal across all of our energy brands.

Through disruptive marketing platforms and a range of flavours, we are giving consumers choice and enticing newcomers into the segment.

We are excited about the potential of this category and are aiming for double-digit growth in contribution to Group revenue in the medium term through continuous expansion in per-capita consumption, further distribution expansion and broadening our reach to new markets.

32%

growth in Energy average volume (2019–23)

Coffee – core to our 24/7 strategy

Coffee continued to make good progress in the year, with volumes up 31.5% versus 2022 and market share continuing to grow – see our feature on page 31. COSTA performed strongly across all markets and especially in the away-from-home segment, where we added 4,000 outlets to make a total of 11,000 outlets served (7,000 in 2022) in 20 markets. COSTA continued to gain market share in the at-home market, as measured by market intelligence provider, Nielsen. We rolled out Caffè Vergnano to three more markets, bringing our total to 17. Over the past two years, we have already recruited over 2,000, mostly premium, HoReCa customers, including five-star hotels and other high-end coffee shops, bars and restaurants that want a premium coffee experience for their guests. Premium HoReCa, which currently represents more than 60% of our customer base, remains our top priority for Caffè Vergnano.

Our Coffee Academy goes from strength to strength, training over 9,000 colleagues in 2023, both face-to-face and online, developing our capabilities as we continue our journey to scale and invest into this business. Overall, our aim is to reach a low- to mid-single-digit market share in Coffee over the mid-term.

Born Ready: Jack and Coke launched in three markets



**GETTING TOGETHER
IS JUST THE START**



Jack and Coke is a number one bar call in the world, and now, we are delighted to be able to bring it to consumers in a new ready-to-drink offering."

Jonathan Scott,
Coffee and Premium Spirits Business
Director, Coca-Cola HBC Ireland and
Northern Ireland

Two years ago, Jack Daniel's, owned by one of our partners, Brown-Forman, and TCCC announced that they would be teaming up to provide consumers with the option to enjoy the drink inspired by one of the world's most popular branded 'bar calls' – a cocktail ordered with specific brand names – in a convenient, ready-to-drink format. During the second quarter of 2023, we successfully launched Jack and Coke in Poland, Hungary and the island of Ireland.

We are excited about the future of Jack and Coke and extending its reach into other markets.

Growth pillars continued

Leverage our unique 24/7 portfolio

Welcoming Finlandia to our Premium Spirits family



Having been associated with the distribution of Finlandia for 17 years in several markets, we were excited by the unique and regionally relevant opportunity to purchase the Finlandia Vodka brand from our long-term partner, Brown Forman, which completed in November. The acquisition supports the acceleration of our on-premise business across more of our markets. The proven complementarity of our Premium Spirits business with our strong NARTD portfolio enables us to offer solutions for a broad range of 24/7 consumption occasions, particularly socialising moments.

Finlandia distribution

7

markets at acquisition

11

markets added since acquisition

3

more markets planned for 2024



We view this as an attractive investment and a natural evolution of our role as one of Finlandia's distribution partners, further attesting to the strength of our time-tested and wide-ranging partnership with Brown-Forman. We appreciate the trust placed in us and look forward to creating more value for our partners and customers by capturing new opportunities with our well-rounded beverage portfolio."

Zoran Bogdanovic
CEO

Premium Spirits

In 2023, Premium Spirits delivered a strong performance, with volumes growing by 13.1% on an organic basis, driven by all segments.

The acquisition of the Finlandia Vodka business from our long-standing partner, Brown-Forman, completed in November and is a unique opportunity with significant geographic overlap in our territories, enhancing our premium spirits credentials and opening incremental mixability opportunities for our NARTD portfolio (see case study to left).

In 2023, we were excited by the launch of Jack and Coke in three markets (see previous page), and performance exceeded our expectations.

We continue to exploit our bespoke capabilities of data, insights & analytics and digital commerce, to drive revenue generation in the category, and continue to train our business developers in our Premium Spirits Academy. We are on track to upskill more than 6,000 Business Developers by the end of 2025.

Still brands innovation

We made a number of innovations across our Still brands in 2023, such as FUZETEA and Cappy Lemonade flavour extensions, Cappy enhanced blends launch, a formula upgrade for Mono fruit nectars range, a new concept for Römerquelle Flavoured water (launched in Austria) and entering the enhanced waters segment by launching Vitaminwater in Switzerland.

In 2023, Stills were exposed to a challenging market environment. However, we managed to deliver revenue growth across all categories, driven by price increases and good immediate consumption (or on-the-go consumption) and single-serve mix for Water and ready-to-drink Tea.

Focusing on profitable revenue growth for Water, we grew single-serve mix and selectively expanded into highly-accretive emerging segments such as functional and flavoured waters. We did, however, lose volume in the at-home multi-serve offering, leading to an overall Water volume drop of 5.9% versus 2022.

Helping consumers make the right choices for their diet and lifestyle

Our purpose is to open up moments that refresh us all, and in order to do this we listen to consumers and customers. First and foremost, consumers want drinks that taste good, and they increasingly demand drinks with less sugar and more nutritional benefits. You can read more about nutrition trends in Market trends on pages 20 and 21 and in Earn our licence to operate on pages 53 to 68. As part of the Coca-Cola System, we are committed to satisfying both great taste and healthy and balanced diets. Our actions across the System fall within five pillars: 1) Less Sugar, More Choices, 2) New and Different Drinks, 3) Informed Decisions, 4) No Marketing Targeting Children, and 5) Promoting Low- No-Sugar Choices.

1) Less sugar, more choices

We support the recommendation of leading health authorities that individuals should consume no more than 10% of their total daily calories from added sugar. We have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025 across all our markets. You can read more about our Mission 2025 performance in the Earn our licence to operate section on page 53 to 68. Through these efforts we are contributing to the European Soft Drinks Association's (UNESDA's) target to reduce added sugar in beverages by 10% by 2025 from a 2019 baseline.

Growth pillars continued

Leverage our unique 24/7 portfolio

2) New and different drinks – innovating and producing new and different drinks to boost consumer choice

From sparkling soft drinks, energy drinks, stills, coffee, and premium spirits, to juices and snacks, we offer drinks that meet consumers' needs throughout the day. Many of our sparkling brands now have zero-sugar or low-sugar variants.

3) Informed decisions – giving consumers clear and transparent information helping them make the right choices

We provide clear and transparent nutrition information about what's inside our drinks, such as the Guideline Daily Amount (GDA) and traffic-light labels on our core sparkling drinks in 22 markets.

4) No marketing targeting children

We strictly follow the Coca-Cola System policies for Global Responsible Marketing, the Global School Beverage Policy and the Global Responsible Alcohol Marketing Policy.

Also, we follow the EU Code of Conduct for Responsible Business and Marketing Practices covering product reformulation, portion control and responsible marketing to tackle important public health issues, as well as to UNESDA's pledges. We commit to not market any of our drinks directly to children under 13 and do not offer any soft drinks in primary schools. Every year, relevant employees and both direct and indirect distributors are made aware of The Coca-Cola Company's Responsible Marketing Policies.

5) Promoting low- and no-sugar choices

We are taking actions to help people better manage their sugar intake from our drinks by reducing sugar in our beverages, innovating new low- and no-sugar drinks, offering small packs for portion control and promoting our low- and no-sugar beverage choices, including by promoting Coke Zero Sugar as our 'hero' in many marketing campaigns.

Ensuring fresh, quality products and reducing waste

Our low base of consumer complaints increased from 0.12 to 0.14 per million bottles sold in 2023 compared with 2022, mainly due to consumer sensitivity to the introduction of tethered closures following new EU legislation, as well as the fluctuating natural colour range of orange juice concentrate. We continue to improve and modernise manufacturing processes and to focus on product quality, safety and integrity, within the context of external challenges.

In Croatia, we had an isolated, unfounded incident connected to one product. Once accurate and factual information was available, the authorities confirmed all our products safe for consumption. The local team worked diligently to protect our reputation in the market, while giving the authorities time to complete their investigation. As this year marks the 55th anniversary of our operations in Croatia, and 20 years of corporate sustainability reporting, it was an important reminder of upholding the highest quality standards that our consumers and customers can rely on.

Our Supply Chain Academy has gone from strength to strength this year, with colleagues focusing on quality and logistics, and we continued to mark World Food Safety Day in June and World Quality Week in November.

We strive to minimise food loss and food waste in our operations as this helps us preserve water and other natural resources, avoid carbon emissions and mitigate the social and economic impacts of agriculture.

Priorities in 2024

- Continue to deliver on our strategic priorities of Sparkling, Energy and Coffee
- Continue to connect with consumers and their preferences through close partnership with TCCC
- Focus on zeros, with increased marketing effort behind Coke Zero Zero and innovating to develop our range of zero flavours
- Integrate Finlandia Vodka into our business and develop growth opportunities
- Continue to focus on product quality, safety and integrity
- Develop the capabilities of our people through our broad range of academies

UN Sustainable Development Goals

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

