Financial Statements

In this section

Independent auditor's report to the members of Coca-Cola Europacific Partners plc

Opinion

In our opinion:

- Coca-Cola Europacific Partners plc's Group financial statements and Parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022, and of the Group's and the Parent Company's profit for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with U.K. adopted International Accounting Standards; International Financial Reporting Standards ('IFRS') as adopted by the European Union and International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Coca-Cola Europacific Partners plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise:

Group	Parent Company
Consolidated statement of financial position as at 31 December 2022	Statement of financial position as at 31 December 2022
Consolidated income statement for the year then ended	Statement of comprehensive income for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of cash flows for the year then ended	Related notes 1 to 12 to the financial statements including a summary of significant accounting policies
Related notes 1 to 28 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law, U.K. adopted International Accounting Standards, International Financial Reporting Standards ('IFRS') as adopted by the European Union and International Financial Reporting Standards as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of management's going concern assessment process.
- We obtained management's going concern assessment, including the liquidity forecast for the going concern period which covers a year from the date of signing this audit opinion. The Group has modelled downside scenarios in their liquidity forecasts in order to incorporate unexpected changes to the forecasted liquidity of the Group. We understood the factors and assumptions included in each modelled downside scenario and assessed the plausibility of these in the context of our understanding of the Group and its principal risks, including climate-related risks.
- We tested the clerical accuracy of the model used to prepare the Group's going concern assessment.
- We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations, that the methods utilised were appropriate.
- We confirmed the cash and cash equivalents balance of €1.4 billion as at 31 December 2022 and verified the cash flows from operating activities of €2.9 billion in the year. We obtained evidence of the Group's €1.95 billion revolving credit facility which is available through to January 2028, noting no associated financial covenants. The facility is undrawn as at 16 March 2023.
- We reviewed the debt maturity ladder and concluded that all debt repayments were included in the forecasts. We also checked that the Group is forecast to have sufficient liquidity to repay debt which matures in the 12 months after the going concern period.
- We considered whether the Group's forecasts used in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including those used in the annual impairment test.
- We assessed the ability of the subsidiaries of the Group to remit earnings to the Parent Company.
- We reviewed the Group and Parent Company going concern disclosures included in the Directors' Report on page 143 and Note 1 to the consolidated and Parent Company financial statements on pages 165 and 217 respectively, in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 7 components and audit procedures on specific balances for a further 5 components. • The components where we performed full or specific audit procedures accounted for 101% of adjusted profit before tax (measure used to calculate materiality), 85% of revenue and 90% of total assets.
Key audit matters	• Accrued customer marketing costs. • Accounting for uncertain tax positions. • Carrying value of goodwill and indefinite lived intangibles.
Materiality	• Overall Group materiality of €87 million which represents 4.7% of the adjusted profit before tax.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each reporting component within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 67 reporting components of the Group (17 of which are trading components), we selected 34 components covering 25 corporate components and 10 trading components, which represent the principal business units within the Group.

Of the 34 components selected, we performed an audit of the complete financial information of seven components ("full scope components") which were selected based on their size or risk characteristics. For five components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. We have also performed specified procedures over 22 locations, primarily in relation to the testing of cash and cash equivalents.

The table below illustrates the coverage obtained from the work performed by our audit teams.

	Number		% Group adjusted profit before tax		% Group revenue		% Total assets		
	2022	2021	2022	2021	2022	2021	2022	2021	See Notes
Full scope	7	7	97%	101%	75%	76%	84%	89%	A, B
Specific scope	5	5	4 %	(4)%	10%	11%	6%	4%	A, B, C, D
Coverage	**12**	**12**	**101%**	**97%**	**85%**	**87%**	**90%**	**93%**	
Specified procedures	22	10	—%	8%	3%	6%	3%	3%	B
Remaining components	33	41	(1)%	(5)%	12%	7%	7%	4%	E
Total reporting components	**67**	**63**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	

Notes
(A) The Group audit risk in relation to tax was subject to audit procedures performed by both the component teams and the Group team.
(B) The Group audit risk in relation to accrued customer marketing costs was subject to audit procedures performed by the Group team and at six full scope components, three specific scope components and specified procedures at one component.
(C) The specific scope components relate to four trading components.
(D) The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. Significant accounts that were not subject to the specific scope audit procedures were subjected to testing of Group wide controls and analytical review.
(E) Of the remaining 33 components that together represent (1)% of the Group's adjusted profit before tax, none are individually greater than 3% of the Group's adjusted profit before tax. These components primarily record administrative expenses across the Group. For the remaining components in this category, we performed other procedures, including testing of Group wide controls, analytical review procedures and testing of consolidation journals including intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Changes from the prior year

We have not changed the full scope or specific scope components from the prior year as these components remain the most significant to the Group, by size and risk, and the coverage remains consistent with the prior year. We performed specified procedures for a larger number of components, primarily relating to cash and cash equivalents across the Group.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the seven full scope components, audit procedures were performed on six of these directly by the component audit teams. For the 27 specific scope and specified procedures components, five represented work performed directly by component auditors. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current audit cycle, we completed a combination of physical visits to component teams and alternative oversight procedures, including meeting our European full and specific scope components at our global planning event held in Bulgaria, which is the shared service centre in the Group. We also attended video meetings and live reviewed our local audit teams' working papers. Our physical visits included the Senior Statutory Auditor visiting Australia, Spain, France and Great Britain.

Our site visits (both physical and virtual) involved: meeting with our component teams to discuss and direct their audit approach; reviewing relevant working papers and understanding the significant audit findings in response to the risk areas including accrued customer marketing costs and taxation; holding meetings with local management; and obtaining updates on local regulatory matters including tax, pensions, restructuring and legal. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact companies. The Group has determined that the most significant future impacts from climate change on its operations will be from the increased severity of extreme weather events which could cause disruption to facilities and logistics routes, increasing water stress or water scarcity, changes to weather and precipitation patterns which could cause disruption to the supply of ingredients as well future regulations (e.g. carbon tax related to greenhouse gas emissions). These are explained on pages 28-37 in the Task Force for Climate-related Financial Disclosures and on pages 64-71 in the principal risks. They have also explained their climate commitments on page 38. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit, we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Note 1 (Impact of climate change) its articulation of how climate change has been reflected in the financial statements including how this aligns with their commitment to achieve Net Zero emissions by 2040. In Note 7 (Intangible assets and goodwill) and Note 8 (Property, plant and equipment) to the financial statements, narrative explanation including further details over the Group's considerations has been provided.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 33-36, and the significant judgements and estimates disclosed in Note 3 and whether these have been appropriately reflected in asset values and useful economic lives and cash flow projections used in assessing the recoverable amount of the Group's CGUs and also in the going concern and viability assessment. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accrued customer marketing costs Refer to the Audit Committee Report (page 114); Accounting policies (pages 166 and 167). The Group participates in various programmes and arrangements with customers referred to as promotional programmes, which are recorded as deductions from revenue. The off-invoice discounts activity totalled €5.2 billion for the year ended 31 December 2022 (2021: €4.1 billion), with €1.3 billion of accrued customer marketing costs as of 31 December 2022 (2021: €1.2 billion). Auditing the completeness and measurement of the accrued customer marketing costs is complex and judgemental, particularly in relation to promotional programmes where there is estimation uncertainty related to forecasted sales volumes, expected customer performance or amounts ultimately claimed by customers. The types of promotional programmes are more fully described in Note 3 to the consolidated financial statements with details about accrued customer marketing costs disclosed in Note 15 to the consolidated financial statements.	We performed audit procedures over this matter at eight reporting components which covered 91% of the Group balance. We obtained an understanding of the Group's revenue recognition policies and processes and how they are applied, and for full and specific scope reporting components evaluated the design and tested the operating effectiveness of controls, including IT controls, that address the risks of material misstatement relating to the completeness and measurement of the promotional programmes. For example, we tested controls over management's determination of the total estimated sales volumes used in the assessment of the accrued customer marketing costs. To evaluate the specific estimations that are inherent in the calculation of the accrued customer marketing costs and assess the completeness of the accrual: • We evaluated management's methodology to estimate the year end accrued customer marketing costs, in particular the use of historical trends. • We tested the completeness and accuracy of the underlying data by agreeing key terms of the promotional programmes to the executed sales agreements on a sample basis. We also compared accrued customer marketing costs to subsequent cash settlements on a sample basis. • We performed analytical procedures on the ratio of accrued customer marketing costs to relevant data such as gross revenue to identify any potential outliers and tested material unusual or unexpected journal entries. • We analysed the historical reversals and ageing of the accrued customer marketing costs, to identify potential management bias in the estimate of the year end accrual and considered any changes in the business environment that would warrant changes in the methodology. • We also evaluated the disclosures provided in the consolidated financial statements related to these promotional programmes. The audit procedures performed to address this risk were performed by both the component teams and the Primary team.	We concluded that accrued customer marketing costs in the consolidated statement of financial position represent a reasonable estimate of the associated liability and the related disclosures included in the financial statements are appropriate.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for uncertain tax positions Refer to the Audit Committee Report (page 114); Accounting policies (pages 168 and 199). At 31 December 2022, the Group recorded provisions for uncertain tax positions of which €122 million (31 December 2021: €138 million) are included in current tax liabilities and the remainder in non-current tax liabilities. The Group is subject to income tax in numerous jurisdictions and is routinely under audit by taxing authorities in the ordinary course of business as described in Note 21 and Note 23 of the consolidated financial statements. Management applies judgement in assessing tax exposures in each jurisdiction, which requires interpretation of local tax laws and specific facts and circumstances. Auditing the uncertain tax positions is judgemental, because of the inherent uncertainty related to the tax exposures, which may result in materially different outcomes. Specifically, each tax position involves the evaluation of unique and evolving facts and circumstances.	We performed audit procedures over this matter at four full scope components and one specific scope component. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place over the Group's process to evaluate and account for uncertain tax positions. For example, we tested the Group's controls around evaluation of the facts and circumstances supporting the conclusions on the Group's tax positions. We evaluated the tax positions taken by management in each significant jurisdiction in the context of local tax laws, considering correspondence with tax authorities, the status of any tax audits and third party advice obtained by the Group. Our work involved tax professionals with local knowledge to assess the tax positions taken in each significant jurisdiction in the context of local tax law and significant tax assessments. In evaluating management's tax provisions, we developed our independent range of tax exposures by jurisdiction, which we compared to the Group's provisions. We also considered outcomes for similar fact patterns in different jurisdictions with equivalent tax rules and regulations. We also obtained management's calculation and agreed inputs to source documentation where applicable. We evaluated the adequacy of the related disclosures provided in the Group financial statements. The audit procedures performed to address this risk were performed by both the component teams and the Group team.	We have evaluated the Group's tax provisions and challenged the judgements applied. We concluded that the amounts provided for uncertain tax positions are within an acceptable range considering the latest developments in each jurisdiction and the Group's overall tax exposures and that the related disclosures are appropriate.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

In addition to the key audit matters identified as part of our audit planning, the following area affected the allocation of resources and the direction of our audit efforts and for which our audit response was as follows:

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Carrying value of goodwill and indefinite lived intangibles Refer to the Audit Committee report (page 114); Accounting policies (pages 167 and 173). At 31 December 2022, the carrying value of the goodwill and indefinite lived intangibles was €16,506 million (2021: €16,653 million). As discussed in Note 7 of the consolidated financial statements, goodwill and indefinite lived intangibles are tested for impairment at the CGU level at least annually, in the fourth quarter, or whenever there is an indication of impairment. Although we did not identify a risk of material misstatement during our planning phase due to the improved financial performance of all CGUs when compared to the prior year, we took into consideration the materiality of the goodwill and indefinite lived intangibles to the total Group assets and the recent acquisition of the API business to determine our audit response. Auditing management's impairment assessment required significant allocation of resources and direction due to the estimation of the key assumptions used to determine the recoverable amount, in particular discount rate, revenue growth rates and operating profit margin. We identified that the Pacific CGU was most sensitive to a change in assumptions. The Iberia CGU is less sensitive to changes in assumptions compared to the prior year due to the strong recovery of the away from home channel.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place within the impairment review process. This included evaluating controls over the Group's budgetary and forecasting process used to develop the estimated future earnings and cash flows used in estimating the value in use. We also tested controls over management's data included in the value in use model and their determination of the significant assumptions such as estimation of discount rate, revenue growth rates and operating profit margin. We performed additional procedures to assess and corroborate the key inputs to the valuation, including: • We reviewed the methodology applied by management in performing the impairment test, tested the completeness and accuracy of the data included in the impairment model, reconciled the carrying value to the financial records and agreed the prospective financial information to Board approved business plans. We also involved our internal valuation specialists to assist with the evaluation of the discount rate and long-term growth rates used in the value in use model, by developing an independent range. • We compared the overall revenue growth included in the five year cash flow period to external sources of information and to prior year growth rates achieved to search for contradictory evidence to management's growth assumptions. • We assessed the historical accuracy of management's estimates and forecasts against actual results for indications of management bias and compared the performance since the testing date with the forecasts used in the value in use model. • We reperformed management's sensitivity analysis, determining the breakeven point by evaluating changes to key assumptions. We evaluated the likelihood of occurrence of those scenarios, based on historical performance and external sources of information. We assessed the adequacy of the related disclosures provided in the consolidated financial statements on the impact of reasonably possible changes in assumptions. The audit procedures to address this risk were mainly performed by the Primary audit team.	We consider management's estimate of the recoverable value of the Group's CGUs to be within an acceptable range and agree with management's conclusion that there is no impairment at 31 December 2022. We reviewed the related disclosures, including the additional sensitivity disclosure included in relation to Pacific, and concluded these to be appropriate.

In the prior year, our auditor's report included a key audit matter in relation to the valuation of the distribution rights and property, plant and equipment acquired from Coca-Cola Amatil Limited. As the Acquisition was completed in 2021 with no material adjustments within the measurement period, we concluded this is no longer applicable in 2022.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be €87 million (2021: €67 million), which is 4.7% (2021: 4.7%) of adjusted profit before tax. We believe that adjusted profit before tax provides us with the most relevant profit basis as the non-recurring items were not related to the ongoing trading of the Group. The increase in Group materiality since 2021 reflects the increase in profit before taxation, driven by the inclusion of the full year results of Coca-Cola Amatil Limited and continued recovery from COVID-19 in 2022, particularly in the away from home channel.

We determined materiality for the Parent Company to be €142.0 million (2021: €144.9 million), which is 1% (2021: 1%) of shareholder's equity.

During the course of our audit, we reassessed initial materiality and the actual adjusted profit before tax and hence the recalculated materiality was higher than the Group's initial estimates used at planning. However, due to the status of our procedures we did not change our materiality assessment to reflect this.

Adjusted profit before tax measure	
Starting basis	• Profit before tax - €1,957 million
Adjustments	• Coal Royalty Income - €96 million
Adjusted basis	• €1,861 million (adjusted profit before tax)
Materiality	• Materiality maintained at planning level of €87 million versus €93 million on adjusted final reported profit before tax

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely €65 million (2021: €50 million). We reviewed any misstatements identified in our 2021 Group audit to assess their potential recurrence in 2022 (which would affect the percentage of Group performance materiality we utilised to determine the extent of our audit procedures). Based on the nature of the adjustments identified last year, we concluded the likelihood of material misstatements would remain low in the current year and, hence, we set performance materiality at 75%.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was €13.1 million to €32.7 million (2021: €10.1 million to €25.2 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €4.3 million (2021: €3.3 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Other information

The other information comprises the information included in the annual report including the Strategic Report set out on pages 1 to 85, Governance and Directors' report set out on pages 86 to 144 and Other Group Information set out on pages 222 to 258, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 143;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 72;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 143;
- Directors' statement on fair, balanced and understandable set out on page 144;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 64-71;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 71 and 116; and;
- The section describing the work of the Audit Committee set out on pages 111-116.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 144, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:
  - those that relate to the reporting framework: U.K. adopted International Accounting Standards, International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Standards as issued by the IASB, the UK Companies Act 2006 and the UK Corporate Governance Code.
  - those that relate to the accrual or recognition of expenses for taxation such as various country specific tax regulations in which the Group has operations.
  - those that relate to the accrual or recognition of expenses for pension costs, as well as the treatment of its employees, such as labour agreements in countries where the Group operates.
  - In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, primarily being The US Securities Act and Exchange Act of 1934 and the Listing Rules of the UK Listing Authority.

  We understood how Coca-Cola Europacific Partners plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and attendance at all meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the Group.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We did this by:
  - Meeting with management from various parts of the business to understand where they considered there to be susceptibility to fraud;
  - Assessing whistleblowing incidences for those with a potential financial reporting impact;
  - Evaluating the historical performance of CCEP against similar companies;
  - Understanding the Group's annual bonus scheme and long-term incentive plan performance targets and their propensity to influence on efforts made by management to manage revenue and earnings;
  - Understanding the related party transactions and significant transactions occurring with related parties in the year;
  - Assessing the key judgements and estimates and significant transactions occurring in year; and
  - Considering the controls framework, including IT General controls, that the Group has established to prevent, deter and detect fraud; and how senior management monitors those programmes and control.

  Where the risk was considered to be higher, we performed audit procedures to address identified risks of material misstatement. These procedures included those referred to in the "Accrued customer marketing costs" key audit matters section above. In addition, we used data analytics at our full and specific scope components to correlate revenue with trade receivables and cash received, as well as promotional programmes expense with promotional programmes accruals and settlements. We also performed journal entry testing, focusing on manual and consolidation journals, and inspected documentation for any material unusual or unexpected journals.

  Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations, including specific instructions to full and specific scope component audit teams. At a Group level, our procedures involved: enquiries of Group management and those charged with governance, legal counsel and internal audit and also testing over manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business. At a component level, our full and specific scope component audit team's procedures included enquiries of component management; journal entry testing; and focused testing over areas we considered more susceptible to management override, including as referred to in the "Accrued customer marketing costs" key audit matters section above. Any instances of non-compliance with laws and regulations, including in relation to fraud, were communicated by/to components and considered in our audit approach, if applicable. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

  A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Coca-Cola Europacific Partners plc continued

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Company on 22 June 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is seven years, covering the years ending 31 December 2016 to 31 December 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Kokot (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
17 March 2023

Report of independent registered public accounting firm

To the Shareholders and the Board of Directors of Coca-Cola Europacific Partners plc

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Coca-Cola Europacific Partners plc (the "Group") as of 31 December 2022 and 2021, the related consolidated statements of income, comprehensive income, statement of changes in equity and cash flows for each of the three years in the period ended 31 December 2022 and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group at 31 December 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Group's internal control over financial reporting as of 31 December 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated 17 March 2023 expressed an unqualified opinion thereon.

Basis for opinion

These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Report of independent registered public accounting firm continued

	Description of the matter	How we addressed the matter in our audit
Accrued customer marketing costs	The Group participates in various programmes and arrangements with customers referred to as promotional programmes, which are recorded as deductions from revenue. The off-invoice discounts activity totalled €5.2 billion for the year ended 31 December 2022, with €1.3 billion of accrued customer marketing costs as of 31 December 2022. Auditing the completeness and measurement of the accrued customer marketing costs is complex and judgemental, particularly in relation to promotional programmes where there is estimation uncertainty related to the forecasted sales volumes, expected customer performance or amounts ultimately claimed by customers. The types of promotional programmes are more fully described in Note 3 to the consolidated financial statements with details about accrued customer marketing costs disclosed in Note 15 to the consolidated financial statements.	We obtained an understanding of the Group's revenue recognition policies and processes and how they are applied, evaluated the design and tested the operating effectiveness of controls that address the risks of material misstatement relating to the completeness and measurement of the promotional programmes. For example, we tested controls over management's determination of the total estimated sales volumes used in the assessment of the accrued customer marketing costs. To evaluate the specific estimations that are inherent in the calculation of the accrued customer marketing costs and the completeness of the accrual, our audit procedures included, among others, testing management's methodology to estimate the year end accrued customer marketing costs, in particular the use of historical trends. We tested the completeness and accuracy of the underlying data by agreeing key terms of the promotional programmes to the executed sales agreements on a sample basis. We compared accrued customer marketing costs to subsequent cash settlements on a sample basis. We performed analytical procedures on the ratio of accrued customer marketing costs to relevant data such as gross revenue to identify any potential outliers and tested material unusual or unexpected journal entries. We also analysed the historical reversals and ageing of the accrued customer marketing costs, to identify potential management bias in the estimate of the year end accrual and considered any changes in the business environment that would warrant changes in the methodology.
Accounting for uncertain tax positions	At 31 December 2022, the Group recorded provisions for uncertain tax positions of which €122 million are included in current tax liabilities and the remainder in non-current tax liabilities. The Group is subject to income tax in numerous jurisdictions and is routinely under audit by taxing authorities in the ordinary course of business as described in Note 21 and Note 23 of the consolidated financial statements. Management applies judgement in assessing tax exposures in each jurisdiction, which requires interpretation of local tax laws and specific facts and circumstances. Auditing the uncertain tax positions is judgemental, because of the inherent uncertainty related to the tax exposures, which may result in materially different outcomes. Specifically, each tax position involves the evaluation of unique and evolving facts and circumstances.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls in place over the Group's process to evaluate and account for uncertain tax positions. For example, we tested the Group's controls around evaluation of the facts and circumstances supporting the conclusions on the Group's tax positions. We evaluated the tax positions taken by management in each significant jurisdiction in the context of local tax laws, considering correspondence with tax authorities, the status of any tax audits and third party advice obtained by the Group. Our work involved tax professionals with local knowledge to assess the tax positions taken in each significant jurisdiction in the context of local tax law and significant tax assessments. In evaluating management's tax provisions, we developed our independent range of tax exposures by jurisdiction, which we compared to the Group's provisions. We also considered outcomes for similar fact patterns in different jurisdictions with equivalent tax rules and regulations. We also obtained management's calculation and agreed inputs to source documentation where applicable.

/s/ Ernst & Young LLP
We have served as the Group's auditor since 2016.
London, United Kingdom
17 March 2023

Report of independent registered public accounting firm continued

To the Shareholders and the Board of Directors of Coca-Cola Europacific Partners plc

Opinion on Internal Control Over Financial Reporting

We have audited Coca-Cola Europacific Partners plc's internal control over financial reporting as of 31 December 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Coca-Cola Europacific Partners plc (the "Group") maintained, in all material respects, effective internal control over financial reporting as of 31 December 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Group as of 31 December 2022 and 2021, the related consolidated statements of income, comprehensive income, statement of changes in equity and cash flows for each of the three years in the period ended 31 December 2022 and the related notes and our report dated 17 March 2023 expressed an unqualified opinion thereon.

Basis for opinion

The Group's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
London, United Kingdom
17 March 2023

Consolidated income statement

		Year ended 31 December		
		2022	2021	2020
	Note	€ million	€ million	€ million
Revenue	5	17,320	13,763	10,606
Cost of sales		(11,096)	(8,677)	(6,871)
Gross profit		**6,224**	**5,086**	**3,735**
Selling and distribution expenses	18	(2,984)	(2,496)	(1,939)
Administrative expenses	18	(1,250)	(1,074)	(983)
Other income	23	96	—	—
Operating profit		**2,086**	**1,516**	**813**
Finance income	19	67	43	33
Finance costs	19	(181)	(172)	(144)
Total finance costs, net		(114)	(129)	(111)
Non-operating items		(15)	(5)	(7)
Profit before taxes		**1,957**	**1,382**	**695**
Taxes	21	(436)	(394)	(197)
Profit after taxes		**1,521**	**988**	**498**
Profit attributable to shareholders		1,508	982	498
Profit attributable to non-controlling interests		13	6	—
Profit after taxes		**1,521**	**988**	**498**
Basic earnings per share (€)	6	**3.30**	**2.15**	**1.09**
Diluted earnings per share (€)	6	**3.29**	**2.15**	**1.09**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

		Year ended 31 December		
		2022	2021	2020
	Note	€ million	€ million	€ million
Profit after taxes		**1,521**	**988**	**498**
Components of other comprehensive income/(loss):				
Items that may be subsequently reclassified to the income statement:				
Foreign currency translations:				
Pretax activity, net		(205)	260	(125)
Tax effect		—	—	—
Foreign currency translation, net of tax		(205)	260	(125)
Cash flow hedges:				
Pretax activity, net		(64)	277	33
Tax effect	21	17	(63)	4
Cash flow hedges, net of tax	13	(47)	214	37
Other reserves:				
Pretax activity, net		(9)	7	—
Tax effect	21	3	(1)	—
Other reserves, net of tax		(6)	6	—
Items that may be subsequently reclassified to the income statement		**(258)**	**480**	**(88)**
Items that will not be subsequently reclassified to the income statement:				
Pension plan remeasurements:				
Pretax activity, net	16	(45)	301	(71)
Tax effect	21	11	(63)	16
Pension plan remeasurements, net of tax		(34)	238	(55)
Items that will not be subsequently reclassified to the income statement		**(34)**	**238**	**(55)**
Other comprehensive income/(loss) for the period, net of tax		**(292)**	**718**	**(143)**
Comprehensive income for the period		**1,229**	**1,706**	**355**
Comprehensive income attributable to shareholders		1,202	1,684	355
Comprehensive income attributable to non-controlling interests		27	22	—
Comprehensive income for the period		**1,229**	**1,706**	**355**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	Year ended 31 December 2022 € million	2021 € million
ASSETS			
Non-current:			
Intangible assets	7	12,505	12,639
Goodwill	7	4,600	4,623
Property, plant and equipment	8	5,201	5,248
Non-current derivative assets	13	191	226
Deferred tax assets	21	21	60
Other non-current assets	25	252	534
Total non-current assets		**22,770**	**23,330**
Current:			
Current derivative assets	13	257	150
Current tax assets		85	46
Inventories	9	1,380	1,157
Amounts receivable from related parties	20	139	143
Trade accounts receivable	10	2,466	2,305
Other current assets	24	479	271
Assets held for sale	24	94	223
Short-term investments	11	256	58
Cash and cash equivalents	11	1,387	1,407
Total current assets		**6,543**	**5,760**
Total assets		**29,313**	**29,090**
LIABILITIES			
Non-current:			
Borrowings, less current portion	14	10,571	11,790
Employee benefit liabilities	16	108	138
Non-current provisions	23	55	48
Non-current derivative liabilities	13	187	47
Deferred tax liabilities	21	3,513	3,617
Non-current tax liabilities		82	110
Other non-current liabilities		37	37
Total non-current liabilities		**14,553**	**15,787**

	Note	Year ended 31 December 2022 € million	2021 € million
Current:			
Current portion of borrowings	14	1,336	1,350
Current portion of employee benefit liabilities	16	8	10
Current provisions	23	115	86
Current derivative liabilities	13	76	19
Current tax liabilities		241	181
Amounts payable to related parties	20	485	210
Trade and other payables	15	5,052	4,237
Total current liabilities		**7,313**	**6,093**
Total liabilities		**21,866**	**21,880**
EQUITY			
Share capital	17	5	5
Share premium	17	234	220
Merger reserves	17	287	287
Other reserves	17	(507)	(156)
Retained earnings		7,428	6,677
Equity attributable to shareholders		**7,447**	**7,033**
Non-controlling interest	17	—	177
Total equity		**7,447**	**7,210**
Total equity and liabilities		**29,313**	**29,090**

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2023. They were signed on its behalf by:

Damian Gammell,
Chief Executive Officer
17 March 2023

Consolidated statement of cash flows

	Note	Year ended 31 December 2022 € million	2021 € million	2020 € million
Cash flows from operating activities:				
Profit before taxes		1,957	1,382	695
Adjustments to reconcile profit before tax to net cash flows from operating activities:				
Depreciation	8	715	693	665
Amortisation of intangible assets	7	101	89	62
Share-based payment expense	22	33	16	14
Finance costs, net	19	114	129	111
Income taxes paid		(415)	(306)	(273)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(282)	(242)	208
(Increase)/decrease in inventories		(244)	(1)	34
Increase in trade and other payables		885	507	53
(Decrease)/increase in net payable receivable from related parties		(15)	8	(112)
Increase/(decrease) in provisions		37	(116)	43
Change in other operating assets and liabilities[(A)]		46	(42)	(10)
Net cash flows from operating activities		**2,932**	**2,117**	**1,490**
Cash flows from investing activities:				
Acquisition of bottling operations, net of cash acquired	4	—	(5,401)	—
Purchases of property, plant and equipment		(500)	(349)	(348)
Purchases of capitalised software		(103)	(97)	(60)
Proceeds from sales of property, plant and equipment		11	25	49
Proceeds from sales of intangible assets	20	143	—	—
Net proceeds/(payments) of short-term investments		(207)	198	—
Investments in equity instruments		(2)	(4)	(11)
Proceeds from sale of equity instruments		13	25	—
Other investing activity, net		—	(2)	—
Net cash flows used in investing activities		**(645)**	**(5,605)**	**(370)**

	Note	Year ended 31 December 2022 € million	2021 € million	2020 € million
Cash flows from financing activities:				
Proceeds from borrowings, net	14	—	4,877	1,598
Changes in short-term borrowings	14	(285)	276	(221)
Repayments on third party borrowings	14	(938)	(950)	(569)
Payments of principal on lease obligations	14	(153)	(139)	(116)
Interest paid, net		(130)	(97)	(91)
Dividends paid	17	(763)	(638)	(386)
Purchase of own shares under share buyback programme	17	—	—	(129)
Exercise of employee share options		13	28	14
Transactions with non-controlling interests		—	(73)	—
Other financing activities, net		(20)	5	—
Net cash flows (used in)/from financing activities		**(2,276)**	**3,289**	**100**
Net change in cash and cash equivalents		**11**	**(199)**	**1,220**
Net effect of currency exchange rate changes on cash and cash equivalents		(31)	83	(13)
Cash and cash equivalents at beginning of period	11	**1,407**	**1,523**	**316**
Cash and cash equivalents at end of period	11	**1,387**	**1,407**	**1,523**

(A) Amounts include €252 million in cash proceeds received in December 2022 from the regional tax authorities in Bizkaia (Basque region) in connection with an ongoing dispute regarding historical VAT amounts related to the period 2013-2016. Refer to Note 25 for additional information.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Note	Share capital € million	Share premium € million	Merger reserves € million	Other reserves € million	Retained earnings € million	Total € million	Non-controlling interest € million	Total equity € million
As at 1 January 2020		**5**	**178**	**287**	**(449)**	**6,135**	**6,156**	**—**	**6,156**
Profit after taxes		—	—	—	—	498	498	—	498
Other comprehensive loss		—	—	—	(88)	(55)	(143)	—	(143)
Total comprehensive income/(loss)		—	—	—	(88)	443	355	—	355
Issue of shares during the year	17	—	14	—	—	—	14	—	14
Equity-settled share-based payment expense	22	—	—	—	—	14	14	—	14
Share-based payment tax effects	21	—	—	—	—	2	2	—	2
Dividends	17	—	—	—	—	(387)	(387)	—	(387)
Own shares purchased under share buyback programme		—	—	—	—	(129)	(129)	—	(129)
As at 31 December 2020		**5**	**192**	**287**	**(537)**	**6,078**	**6,025**	**—**	**6,025**
Profit after taxes		—	—	—	—	982	982	6	988
Other comprehensive income		—	—	—	465	237	702	16	718
Total comprehensive income		—	—	—	465	1,219	1,684	22	1,706
Non-controlling interests recognised relating to business combination	17	—	—	—	—	—	—	228	228
Transactions with non-controlling interests	17	—	—	—	—	—	—	(73)	(73)
Cash flow hedge gains transferred to goodwill relating to business combination	13	—	—	—	(84)	—	(84)	—	(84)
Issue of shares during the year	17	—	28	—	—	—	28	—	28
Equity-settled share-based payment expense	22	—	—	—	—	16	16	—	16
Share-based payment tax effects	21	—	—	—	—	3	3	—	3
Dividends	17	—	—	—	—	(639)	(639)	—	(639)
As at 31 December 2021		**5**	**220**	**287**	**(156)**	**6,677**	**7,033**	**177**	**7,210**
Profit after taxes		—	—	—	—	1,508	1,508	13	1,521
Other comprehensive income/(loss)		—	—	—	(272)	(34)	(306)	14	(292)
Total comprehensive income/(loss)		—	—	—	(272)	1,474	1,202	27	1,229
Acquisition of non-controlling interests	17	—	—	—	(79)	—	(79)	(204)	(283)
Issue of shares during the year	17	—	14	—	—	—	14	—	14
Equity-settled share-based payment expense	22	—	—	—	—	33	33	—	33
Share-based payment tax effects	21	—	—	—	—	10	10	—	10
Dividends	17	—	—	—	—	(766)	(766)	—	(766)
As at 31 December 2022		**5**	**234**	**287**	**(507)**	**7,428**	**7,447**	**—**	**7,447**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Note 1
General information and basis of preparation

Coca-Cola Europacific Partners plc (the Company) and its subsidiaries (together CCEP, or the Group) are a leading consumer goods group in Western Europe and the Asia Pacific region, making, selling and distributing an extensive range of primarily non-alcoholic ready to drink beverages.

The Company has ordinary shares with a nominal value of €0.01 per share (Shares). CCEP is a public company limited by shares, incorporated under the laws of England and Wales with the registered number in England of 9717350. The Group's Shares are listed and traded on Euronext Amsterdam, the NASDAQ Global Select Market, London Stock Exchange and on the Spanish Stock Exchanges. The address of the Company's registered office is Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved and signed by Damian Gammell, Chief Executive Officer on 17 March 2023 having been duly authorised to do so by the Board of Directors.

Impact of climate change

As part of the preparation of these consolidated financial statements, we have considered the impact of climate change risks on the current valuation of the Group's assets and liabilities, particularly in the context of the risks and scenarios identified in the Task Force on Climate-related Financial Disclosures (TCFD) on pages 28-37 of the Strategic Report. There has been no material impact on the financial reporting judgements and estimates arising from our considerations and as a result, the valuation of the Group's assets and liabilities as of 31 December 2022 have not been affected. Our considerations were specifically focused on the impact of climate change risks on the projected cash flows used in the impairment assessment of our indefinite lived intangible assets and goodwill (refer to Note 7) as well as the carrying value and useful economic lives of property, plant and equipment (refer to Note 8). As the pace and effectiveness of a global transition to a low-carbon economy evolve, including the development of government policies aiming to address the risks arising from climate change, we will continue to monitor and assess the relevant implications on the valuation of the Group's assets and liabilities that could arise in future years.

Basis of preparation

These consolidated financial statements of the Group reflect the following:

- They have been prepared in accordance with UK adopted International Accounting Standards, International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).
- They have been prepared under the historical cost convention, except for certain items measured at fair value. Those accounting policies have been applied consistently in all periods, except for the adoption of new standards and amendments as of 1 January 2022, as described below under accounting policies.
- They are presented in euros, which is also the Parent Company's functional currency, and all values are rounded to the nearest euro million except where otherwise indicated.
- They have been prepared on a going concern basis (refer to the "Going concern" paragraph on page 143).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. All subsidiaries have accounting years ended 31 December and apply consistent accounting policies for the purpose of the consolidated financial statements.

Subsidiary undertakings are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the Group's power to direct the activities of the entity. All intercompany accounts and transactions are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions.

When the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and any other components of equity, while any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The financial results presented herein for the period from 1 January 2021 through to the acquisition of CCL (the Acquisition) effective 10 May 2021 refer to Coca-Cola European Partners plc (Legacy CCEP) and its consolidated subsidiaries. The periods from the Acquisition to 31 December 2021 and for the year ended 31 December 2022 refer to the combined financial results of CCEP.

Foreign currency

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the subsidiary operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each subsidiary are expressed in euros.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured to the functional currency of the entity at the rate of exchange in effect at the statement of financial position date with the resulting gain or loss recorded in the consolidated income statement.

The consolidated income statement includes non-operating items which are primarily made up of remeasurement gains and losses related to currency exchange rate fluctuations on financing transactions denominated in a currency other than the subsidiary's functional currency. Non-operating items are shown on a net basis and reflect the impact of any derivative instruments utilised to hedge the foreign currency movements of the underlying financing transactions.

Notes to the consolidated financial statements continued

The assets and liabilities of the Group's foreign operations are translated from local currencies to the euro reporting currency at currency exchange rates in effect at the end of each reporting period. Revenues and expenses are translated at average monthly currency exchange rates, with average rates being a reasonable approximation of the rates prevailing on the transaction dates. Gains and losses from translation are included in other comprehensive income. On disposal of a foreign operation, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

The principal exchange rates used for translation purposes in respect of one euro were:

	Average for the year ended 31 December[A]			Closing as at 31 December	
	2022	2021	2020	2022	2021
British pound	1.17	1.16	1.13	1.13	1.19
US dollar	0.95	0.85	0.88	0.94	0.88
Norwegian krone	0.10	0.10	0.09	0.10	0.10
Swedish krone	0.09	0.10	0.10	0.09	0.10
Icelandic krone	0.01	0.01	0.01	0.01	0.01
Australian dollar	0.66	0.63	n/a	0.64	0.64
Indonesian rupiah[B]	0.06	0.06	n/a	0.06	0.06
New Zealand dollar	0.60	0.60	n/a	0.60	0.60
Papua New Guinean kina	0.27	0.24	n/a	0.27	0.25

(A) For the year ended 31 December 2021, the rates for the Asia Pacific region are calculated as average for the period from 10 May 2021 to 31 December 2021.
(B) Indonesian rupiah is shown as 1000 IDR versus 1 EUR.

Reporting periods

In these consolidated financial statements, the Group is reporting the financial results for the years ended 31 December 2022, 31 December 2021 and 31 December 2020.

There was one less selling day in the six months ended 1 July 2022 versus the six months ended 2 July 2021, and there were equal selling days in the second six months of 2022 versus the second six months of 2021 (based upon a standard five day selling week).

The following table summarises the number of selling days for the years ended 31 December 2022, 31 December 2021 and 31 December 2020 (based on a standard five day selling week):

	First Half	Second Half	Full Year
2022	**130**	**130**	**260**
2021	131	130	261
2020	128	134	262

Comparability

The COVID-19 pandemic and related response measures have had and may continue to have an adverse effect on global economic conditions, as well as our business, results of operations, cash flows and financial condition. At this time, we cannot predict the degree to which, or the time period over which, our business will continue to be affected by COVID-19 and the related response measures. These impacts limit the comparability of these consolidated financial statements with prior periods.

In addition, sales of the Group's products are seasonal. In Europe, the second and third quarters typically account for higher unit sales of the Group's products than the first and fourth quarters. In the Group's Asia Pacific territories, the fourth quarter would typically reflect higher sales volumes in the year. The seasonality of the Group's sales volume, combined with the accounting for fixed costs such as depreciation, amortisation, rent and interest expense, impacts the Group's reported results for the first and second halves of the year. Additionally, year over year shifts in holidays, selling days and weather patterns can impact the Group's results on an annual or half yearly basis.

Note 2
Accounting policies

IFRS 15 "Revenue recognition and deductions from revenue"

The Group derives its revenues by making, selling and distributing ready to drink beverages. The revenue from the sale of products is recognised at the point in time at which control passes to a customer, typically when products are delivered to a customer. A receivable is recognised by the Group at the point in time at which the right to consideration becomes unconditional.

The Group uses various promotional programmes under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Group is entitled to varies because of such programmes, it is deemed to be variable consideration. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer. Variable consideration is only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future normal commercial terms.

Financing elements are not deemed present in our contracts with customers as the sales are made with credit terms not exceeding normal commercial terms. Taxes on sugared soft drinks, excise taxes and taxes on packaging are recorded on a gross basis (i.e. included in revenue) where the Group is the principal in the arrangement. Value added taxes are recorded on a net basis (i.e. excluded from revenue). The Group assesses these taxes and duties on a jurisdiction by jurisdiction basis to conclude on the appropriate accounting treatment.

The rest of the accounting policies applied by the Group are included in the relevant notes herein.

Notes to the consolidated financial statements continued

New and amended standards and interpretation

The Group has applied the following amendments for the first time in the year ended 31 December 2022.

Onerous contracts – Costs of fulfilling a contract – Amendments to IAS 37

The amendments clarify that when assessing whether a contract is onerous, an entity needs to include costs that relate directly to a contract capturing both the incremental costs of fulfilling a contract as well as an allocation of other costs directly related to contract activities. These amendments had no impact on the consolidated financial statements of the Group.

Property, plant and equipment: proceeds before intended use – Amendments to IAS 16

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment (PP&E) any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items.

IFRS 9 Financial instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The pronouncement clarifies which fees should be included in the 10% test for derecognition of financial liabilities. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The pronouncement had no impact on the consolidated financial statements of the Group as there were no modifications to the Group's financial instruments during the period.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the reference to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria under IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also confirms that contingent assets should not be recognised at the acquisition date. These amendments had no impact on the consolidated financial statements of the Group as there were no acquisitions taking place during the period.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective. These standards, interpretations or amendments are not expected to have a material impact to the Group in the current or future periods and on foreseeable future transactions.

Note 3

Significant judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The significant judgements made in applying the Group's accounting policies were applied consistently across the annual periods.

The significant judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in these financial statements are outlined below.

Significant judgements

Intangible assets and goodwill

The Group has assigned indefinite lives to its bottling agreements with TCCC. This judgement has been made after evaluating the contractual provisions of the bottling agreements, the Group's mutually beneficial relationship with TCCC and the history of renewals for bottling agreements.

Refer to Note 7 for further details on the judgement regarding the lives of bottling agreements.

Significant estimates

Impairment of indefinite lived intangible assets and goodwill

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use or the fair value less costs to sell of the cash generating unit (CGU) to which the goodwill or intangible asset has been allocated. The value in use calculation requires management's estimation of the future cash flows expected to arise from the CGU, including the impact of COVID-19 and climate-related risks. Refer to Note 7 for the sensitivity analysis of the assumptions used in the impairment analysis of goodwill and intangible assets with indefinite lives.

Deductions from revenue and sales incentives

The Group participates in various promotional programmes with customers designed to increase the sale of products. Among the programmes are arrangements under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels, or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Group is entitled to varies because of such programmes, the amount payable is deemed to be variable consideration. Management makes estimates on an ongoing basis for each individual promotion to assess the value of the variable consideration based upon historical customer experience, expected customer performance and/or estimated sales volumes. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer. Refer to Note 15 for further details.

Notes to the consolidated financial statements continued

Income tax

The Group is subject to income taxes in numerous jurisdictions and there are many transactions for which the ultimate tax determination cannot be assessed with certainty in the ordinary course of business. The Group recognises a provision for situations that might arise in the foreseeable future based on an assessment of the probabilities as to whether additional taxes will be due. In addition, the Group is involved in various legal proceedings and tax matters. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made, management provides for its best estimate of the liability. Where the final outcome on these matters is different from the amounts that were initially recorded, such differences impact the tax provision in the period in which such determination is made. These estimates are subject to potential change over time as new facts emerge and each circumstance progresses. The evaluation of deferred tax asset recoverability requires estimates to be made regarding the availability of future taxable income in the jurisdiction giving rise to the deferred tax asset. Refer to Note 21 for further details regarding income taxes.

Defined benefit plans

The determination of pension benefit costs and obligations are estimated based on assumptions determined with the assistance of external actuarial advice. The key assumptions impacting the valuations are the discount rate, salary rate of inflation and mortality rates. Refer to Note 16 for further details about the Group's defined benefit pension plan costs and obligations.

Note 4
Business combinations

On 10 May 2021, the Company acquired 100% of the issued and outstanding Shares of API. API was one of the largest bottlers and distributors of ready to drink non-alcoholic and alcoholic beverages and coffee in the Asia Pacific region and was the authorised bottler and distributor of The Coca-Cola Company's (TCCC) beverage brands in Australia, New Zealand and Pacific Islands, Indonesia and Papua New Guinea. Details surrounding this business combination transaction, including the provisional fair values of assets and liabilities acquired, were disclosed in Note 4 of the Group's annual consolidated financial statements for the year ended 31 December 2021. The valuation exercise was completed during the first half of 2022. Subsequent changes to the provisional amounts previously disclosed are immaterial.

Note 5
Segment information

Description of segment and principal activities

The Group derives its revenues through a single business activity, which is making, selling and distributing an extensive range of primarily non-alcoholic ready to drink beverages. The Group's Board continues to be its Chief Operating Decision Maker (CODM), which allocates resources and evaluates performance of its operating segments based on volume, revenue and comparable operating profit. Comparable operating profit excludes items impacting the comparability of period over period financial performance.

The following table provides a reconciliation between reportable segment operating profit and consolidated profit before tax:

	Year ended 31 December								
	2022			2021			2020		
	Europe	API	Total	Europe	API	Total	Europe	API	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Revenue	13,529	3,791	17,320	11,584	2,179	13,763	10,606	—	10,606
Comparable operating profit[(A)]	1,670	468	2,138	1,500	272	1,772	1,194	—	1,194
Items impacting comparability[(B)]			(52)			(256)			(381)
Reported operating profit			**2,086**			**1,516**			**813**
Total finance costs, net			(114)			(129)			(111)
Non-operating items			(15)			(5)			(7)
Reported profit before tax			**1,957**			**1,382**			**695**

(A) Comparable operating profit includes comparable depreciation and amortisation of €549 million and €223 million for Europe and API respectively, for the year ended 31 December 2022. Comparable depreciation and amortisation charges for the year ended 31 December 2021 totalled €564 million and €162 million for Europe and API respectively. Comparable depreciation and amortisation charges for the year ended 31 December 2020 totalled €606 million for Europe.

(B) Items impacting the comparability of period over period financial performance for 2022 primarily include restructuring charges of €163 million (refer to Note 18), partially offset by €96 million of other income arising from the favourable court ruling pertaining to the ownership of certain mineral rights in Australia (refer to Note 23) and net insurance recoveries received of €11 million arising from the July 2021 flooding events. Items impacting the comparability for 2021 included restructuring charges of €153 million (refer to Note 18), acquisition and integration-related costs of €49 million, and the inventory fair value step up related to acquisition accounting of €48 million (refer to Note 4). Items affecting the comparability for 2020 include restructuring charges of €368 million (refer to Note 18).

No single customer accounted for more than 10% of the Group's revenue during the years ended 31 December 2022, 31 December 2021 and 31 December 2020.

Notes to the consolidated financial statements continued

Revenue by geography

The following table summarises revenue from external customers by geography, which is based on the origin of the sale:

	Year ended 31 December		
	2022	2021	2020
Revenue:	€ million	€ million	€ million
Iberia[(A)]	3,034	2,495	2,173
Germany	2,682	2,335	2,270
Great Britain	3,088	2,613	2,203
France[(B)]	2,089	1,813	1,709
Belgium/Luxembourg	1,042	926	892
Netherlands	682	557	529
Norway	404	391	423
Sweden	421	375	337
Iceland	87	79	70
Total Europe	**13,529**	**11,584**	**10,606**
Australia	2,339	1,359	—
New Zealand and Pacific Islands	649	377	—
Indonesia and Papua New Guinea	803	443	—
Total API	**3,791**	**2,179**	**—**
Total CCEP	**17,320**	**13,763**	**10,606**

(A) Iberia refers to Spain, Portugal and Andorra.
(B) France refers to continental France and Monaco.

Assets by geography

Assets are allocated based on operations and physical location. The following table summarises non-current assets, other than financial instruments and deferred tax assets, by geography:

	Year ended 31 December	
	2022	2021
Assets:	€ million	€ million
Iberia[(A)]	6,401	6,644
Germany	3,091	3,077
Great Britain	2,469	2,680
France[(B)]	896	887
Belgium/Luxembourg	613	600
Netherlands	428	432
Sweden	349	379
Norway	242	247
Iceland	36	34
Other unallocated	271	245
Total Europe	**14,796**	**15,225**
Australia	5,281	5,356
New Zealand and Pacific Islands	1,755	1,751
Indonesia and Papua New Guinea	726	712
Total API	**7,762**	**7,819**
Total CCEP	**22,558**	**23,044**

(A) Iberia refers to Spain, Portugal and Andorra.
(B) France refers to continental France and Monaco.

Notes to the consolidated financial statements continued

Note 6
Earnings per share

Basic earnings per share is calculated by dividing profit after taxes by the weighted average number of Shares in issue and outstanding during the period. Diluted earnings per share is calculated in a similar manner, but includes the effect of dilutive securities, principally share options, restricted stock units and performance share units. Share-based payment awards that are contingently issuable upon the achievement of specified market and/or performance conditions are included in the diluted earnings per share calculation based on the number of Shares that would be issuable if the end of the period was the end of the contingency period.

The following table summarises basic and diluted earnings per share calculations for the years presented:

	Year ended 31 December		
	2022	2021	2020
Profit after taxes attributable to equity shareholders (€ million)	1,508	982	498
Basic weighted average number of Shares in issue[(A)] (million)	457	456	455
Effect of dilutive potential Shares[(B)] (million)	1	1	1
Diluted weighted average number of Shares in issue[(A)] (million)	458	457	456
Basic earnings per share (€)	3.30	2.15	1.09
Diluted earnings per share (€)	3.29	2.15	1.09

(A) As at 31 December 2022, 31 December 2021 and 31 December 2020 the Group had 457,106,453, 456,235,032 and 454,645,510 Shares, respectively, in issue and outstanding.
(B) For the years ended 31 December 2022, 31 December 2021 and 31 December 2020, no options to purchase Shares were excluded from the diluted earnings per share calculation. The dilutive impact of all outstanding options, unvested restricted stock units and unvested performance share units was included in the effect of dilutive securities.

Note 7
Intangible assets and goodwill

Intangible assets with indefinite lives

Intangible assets with indefinite lives acquired through business combination transactions are measured at fair value at the date of acquisition. These assets are not subject to amortisation but are tested for impairment annually at the CGU level or more frequently if facts and circumstances indicate an impairment may exist. In addition to the annual impairment test, the assessment of indefinite lives is also reviewed annually.

TCCC franchise intangible assets

The Group's bottling agreements contain performance requirements and convey the rights to distribute and sell products within specified territories. The Group's agreements with TCCC in each territory are for terms of 10 year and each contain the right for the Group to request a 10 year renewal. The existing bottling agreements expire no earlier than 1 September 2025. While these agreements contain no automatic right of renewal beyond that date, the Group believes that its interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by non-renewal ensure that these agreements will continue to be renewed and, therefore, are essentially perpetual. The Group has never had a bottling agreement with TCCC terminated due to non-performance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term. After evaluating the contractual provisions of bottling agreements, the Group's mutually beneficial relationship with TCCC and history of renewals, indefinite lives have been assigned to all of the Group's TCCC bottling agreements.

Brands

In connection with the Acquisition, the Group acquired a portfolio of brands, predominantly comprised of certain non-alcoholic ready to drink beverages distributed and sold in Australia and New Zealand. These are considered to have an indefinite life, given the strength and durability of the brands. Refer to Note 20 and Note 24 for details surrounding the sale of certain non-alcoholic ready to drink brands, which was partially completed during the current period.

Notes to the consolidated financial statements continued

Goodwill

Goodwill is initially measured as the excess of the total consideration transferred over the amount recognised for net identifiable assets acquired and liabilities assumed in a business combination. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the consolidated income statement as a bargain purchase. Goodwill is not subject to amortisation. It is tested annually for impairment at the CGU level or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill acquired in a business combination is allocated to the CGU that is expected to benefit from the synergies of the combination irrespective of whether a CGU is part of the business combination.

Intangible assets with finite lives

Intangible assets with finite lives are measured at cost of acquisition or production and are amortised using the straight-line method over their respective estimated useful lives. Finite lived intangible assets are assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed annually.

Internally generated software

The Group capitalises certain development costs associated with internally developed software, including external direct costs of materials and services, and payroll costs for employees devoting time to a software project and any such software acquired as part of a business combination. Development expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. When capitalised software is not integral to related hardware it is treated as an intangible asset; otherwise it is included within property, plant and equipment. The estimated useful life of capitalised software is predominantly between five and seven years. Amortisation expense for capitalised software is included within administrative expenses and was €83 million, €75 million and €54 million for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

Customer relationships

The Group has acquired certain customer relationships in connection with business combinations. These customer relationships are recorded at fair value on the date of acquisition, and amortised over an estimated economic useful life of 20 years. Amortisation expense for these assets is included within administrative expenses and was €10 million, €9 million and €8 million for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

Non-TCCC franchise intangible

In connection with the Acquisition, the Group acquired certain bottling agreements with non-TCCC distribution partners which contain performance requirements and convey the rights to distribute and sell products within specified API territories. The non-TCCC bottling arrangements are recorded at fair value at the acquisition date and amortised over an expected economic useful life of 20 years. Amortisation expense for these assets is recognised within administrative expenses and totalled €8 million and €5 million for the years ended 31 December 2022 and 31 December 2021, respectively.

Notes to the consolidated financial statements continued

Balances and movements in intangible assets and goodwill

The following table summarises the movements in the carrying amounts of intangible assets and goodwill for the periods presented:

	TCCC franchise intangible € million	Brands € million	Software € million	Customer relationships € million	Non-TCCC franchise intangible € million	Assets under construction € million	Total intangibles € million	Goodwill € million
Cost:								
As at 31 December 2020	**8,078**	**—**	**382**	**161**	**—**	**69**	**8,690**	**2,517**
Acquisition of CCL	3,822	211	55	37	149	11	4,285	2,097
Additions	—	—	65	—	—	40	105	—
Disposals	—	—	(23)	—	—	—	(23)	—
Transfers and reclassifications	—	—	74	—	—	(74)	—	—
Assets held for sale	—	(189)	—	—	—	—	(189)	—
Currency translation adjustments	108	—	18	(1)	—	1	126	9
As at 31 December 2021	**12,008**	**22**	**571**	**197**	**149**	**47**	**12,994**	**4,623**
Additions	—	—	40	1	—	63	104	—
Disposals	—	—	(27)	—	—	(1)	(28)	—
Transfers and reclassifications	—	11	39	—	—	(38)	12	—
Currency translation adjustments	(134)	6	(2)	(3)	(1)	(2)	(136)	(23)
As at 31 December 2022	**11,874**	**39**	**621**	**195**	**148**	**69**	**12,946**	**4,600**
Accumulated amortisation:								
As at 31 December 2020	**—**	**—**	**(233)**	**(43)**	**—**	**—**	**(276)**	**—**
Amortisation expense	—	—	(75)	(9)	(5)	—	(89)	—
Disposals	—	—	20	—	—	—	20	—
Currency translation adjustments	—	—	(9)	(1)	—	—	(10)	—
As at 31 December 2021	**—**	**—**	**(297)**	**(53)**	**(5)**	**—**	**(355)**	**—**
Amortisation expense	—	—	(83)	(10)	(8)	—	(101)	—
Disposals	—	—	22	—	—	—	22	—
Currency translation adjustments	—	(7)	(2)	2	—	—	(7)	—
As at 31 December 2022	**—**	**(7)**	**(360)**	**(61)**	**(13)**	**—**	**(441)**	**—**
Net book value:								
As at 31 December 2020	8,078	—	149	118	—	69	8,414	2,517
As at 31 December 2021	12,008	22	274	144	144	47	12,639	4,623
As at 31 December 2022	**11,874**	**32**	**261**	**134**	**135**	**69**	**12,505**	**4,600**

Notes to the consolidated financial statements continued

Impairment of indefinite lived intangible assets and goodwill

Each CGU is tested for impairment annually in the fourth quarter or whenever there is an indication of impairment. The recoverable amount of each CGU is normally determined through a value in use calculation. To determine value in use for a CGU, estimated future cash flows are discounted to their present values using a pre-tax discount rate reflective of the current market conditions and risks specific to each CGU. If the carrying value of a CGU exceeds its recoverable amount, the carrying value of the CGU is reduced to its recoverable amount and impairment charges are recognised immediately within the consolidated income statement. Impairment charges other than those related to goodwill may be reversed in future periods if a subsequent test indicates that the recoverable amount has increased. Such recoveries may not exceed a CGU's original carrying value less any depreciation that would have been recognised if no impairment charges were previously recorded.

The Group's CGUs are based on geography and generally represent the individual territories in which the Group operates. For the purposes of allocating intangibles, each indefinite lived intangible asset is allocated to the geographic region to which the agreement relates and goodwill is allocated to each of the CGUs expected to benefit from a business combination, irrespective of whether other assets and liabilities of the acquired businesses are assigned to the CGUs.

The following table identifies the carrying value of goodwill and indefinite lived intangible assets attributable to each significant CGU of the Group. In addition to the significant CGUs of the Group, as at 31 December 2022 the Group had other CGUs with total indefinite-lived intangible assets of €1,369 million and goodwill of €380 million.

	Year ended 31 December			
	2022		2021	
Cash generating unit	Indefinite lived intangible assets € million	Goodwill € million	Indefinite lived intangible assets € million	Goodwill € million
Iberia	4,289	1,275	4,289	1,275
Australia	2,690	1,450	2,698	1,459
Great Britain	1,646	200	1,740	200
Germany	1,060	748	1,060	748
Pacific[(A)]	849	547	863	556

(A) Pacific refers to New Zealand and Pacific Islands.

The recoverable amount of each CGU was determined through a value in use calculation, which uses cash flow projections for a five year period. These projections reflect the impact of climate change on our business as well as the mitigating actions and strategies we are undertaking to support our commitment to reach Net Zero emissions by 2040. The key assumptions used in projecting these cash flows were as follows:

- Growth rate and operating margins: Cash flows were projected over four years based on the Group's strategic business plan. Cash flows for the fifth year and beyond were projected using an inflation-based long-term terminal growth rate between 2.0% and 4.5%.
- Discount rate: A weighted average cost of capital was applied specific to each CGU as a hurdle rate to discount cash flows. The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The following table summarises the pre-tax discount rate attributable to each significant CGU.

	2022	2021
Cash generating unit	Pre-tax discount rate %	Pre-tax discount rate %
Iberia	8.7	9.3
Australia	9.1	—
Great Britain	9.3	9.9
Germany	7.9	9.3
Pacific	9.7	—

The Group did not record any impairment charges as a result of the tests conducted in 2022 and 2021.

The Group's Great Britain, Germany, Iberia and Australia CGUs have substantial headroom when comparing the value in use calculation of the CGU versus the CGU's carrying value.

For the Group's Pacific CGU, the headroom in the 2022 impairment analysis was approximately 15% of carrying value.

The Group estimates that a 1.0% reduction in the terminal growth rate or a 0.8% increase in the discount rate, each in isolation, would eliminate existing headroom in Pacific.

Notes to the consolidated financial statements continued

Note 8
Property, plant and equipment

Property, plant and equipment is recorded at cost, net of accumulated depreciation and accumulated impairment losses, where cost is the amount of cash or cash equivalents paid to acquire an asset at the time of its acquisition or construction. Major property additions, replacements and improvements are capitalised, while maintenance and repairs that do not extend the useful life of an asset or add new functionality are expensed as incurred. Land is not depreciated, as it is considered to have an indefinite life. For all property, plant and equipment, other than land, depreciation is recorded using the straight-line method over the respective estimated useful lives as follows:

	Useful life (years)	
Category	Low	High
Buildings and improvements	10	40
Machinery, equipment and containers	3	20
Cold drink equipment	2	12
Vehicle fleet	3	12
Furniture and office equipment	3	10

Gains or losses arising on the disposal or retirement of an asset are determined as the difference between the carrying amount of the asset and any proceeds from its sale. Leasehold improvements are amortised using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, an impairment test is performed to estimate the potential loss of value that may reduce the recoverable amount of the asset to below its carrying amount. Any impairment loss is recognised within the consolidated income statement by the amount which the carrying amount exceeds the recoverable amount. Useful lives and residual amounts are reviewed annually and adjustments are made prospectively as required.

For property, plant and equipment, the Group assesses annually whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, a previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised and only up to the recoverable amount or the original carrying amount net of depreciation that would have been incurred had no impairment losses been recognised.

The transition to a low-carbon economy may impact the carrying value and remaining useful economic lives of the Group's property, plant and equipment. The Group continues to invest in more efficient, cleaner and technologically advanced assets, however, the significant majority of the Group's current assets are likely to be substantially depreciated ahead of our 2040 Net Zero emission commitments, as set out in our Strategic Report on pages 38-41. In addition, the Group continuously monitors the latest developments in the government legislation in relation to climate-related risks. Currently, no legislation has been passed that will materially impact the carrying value and remaining useful economic lives of the Group.

The Group leases land, office and warehouse property, computer hardware, machinery and equipment and vehicles under non-cancellable lease agreements, most of which expire at various dates through to 2030. Since the adoption of IFRS 16, "Leases", effective 1 January 2019, the Group includes right of use assets within property, plant and equipment. Right of use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any direct costs and an estimate of asset retirement obligations, less lease incentives. Subsequently, right of use assets are measured at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease.

The Group does not separate lease from non-lease components for each of its lease categories, except for property leases. All low value leases with total minimum lease payments under €5,000 and leases with a term less than 12 months are expensed on a straight-line basis.

Extension and termination options are included in a number of property and equipment leases across the Group and are used to maximise operational flexibility in terms of managing contracts. Extension options (or periods after termination options) are only included in the lease term if the Group has an enforceable right to extend or terminate the lease and is reasonably certain to do so.

Notes to the consolidated financial statements continued

The following table summarises the movement in net book value for property, plant and equipment for the periods presented:

	Land	Buildings and improvements	Machinery, equipment and containers	Cold drink equipment	Vehicle fleet	Furniture and office equipment	Assets under construction	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Cost:								
As at 31 December 2020	**317**	**1,846**	**2,975**	**1,155**	**283**	**144**	**125**	**6,845**
Acquisition of CCL	339	492	529	108	7	15	78	1,568
Additions	2	41	119	50	62	10	195	479
Disposals	(3)	(28)	(218)	(319)	(54)	(16)	1	(637)
Transfers and reclassifications[(A)]	—	47	129	11	1	5	(197)	(4)
Currency translation adjustments	8	31	44	21	(1)	2	4	109
As at 31 December 2021	**663**	**2,429**	**3,578**	**1,026**	**298**	**160**	**206**	**8,360**
Additions	1	131	221	65	59	21	287	785
Disposals	(3)	(28)	(103)	(49)	(58)	(8)	—	(249)
Assets held for sale	(29)	(26)	(8)	—	—	—	—	(63)
Transfers and reclassifications	27	37	75	36	2	8	(184)	1
Currency translation adjustments	(11)	(42)	(40)	32	(4)	(2)	(4)	(71)
As at 31 December 2022	**648**	**2,501**	**3,723**	**1,110**	**297**	**179**	**305**	**8,763**
Accumulated depreciation:								
As at 31 December 2020	**—**	**(651)**	**(1,337)**	**(772)**	**(141)**	**(84)**	**—**	**(2,985)**
Depreciation expense	—	(123)	(326)	(163)	(61)	(20)	—	(693)
Disposals	—	17	208	319	51	15	—	610
Currency translation adjustments	—	(9)	(18)	(15)	—	(2)	—	(44)
As at 31 December 2021	**—**	**(766)**	**(1,473)**	**(631)**	**(151)**	**(91)**	**—**	**(3,112)**
Depreciation expense	—	(128)	(380)	(127)	(58)	(22)	—	(715)
Disposals	—	19	105	49	53	8	—	234
Assets held for sale	—	10	9	—	—	—	—	19
Transfers and reclassifications	—	—	3	(2)	—	—	—	1
Currency translation adjustments	—	22	(2)	(14)	3	2	—	11
As at 31 December 2022	**—**	**(843)**	**(1,738)**	**(725)**	**(153)**	**(103)**	**—**	**(3,562)**
Net book value:								
As at 31 December 2020	317	1,195	1,638	383	142	60	125	3,860
As at 31 December 2021	663	1,663	2,105	395	147	69	206	5,248
As at 31 December 2022	**648**	**1,658**	**1,985**	**385**	**144**	**76**	**305**	**5,201**

(A) Includes €4 million related to assets held for sale for the year ended 31 December 2021.

Notes to the consolidated financial statements continued

Right of use assets

The following table summarises the net book value of right of use assets included within property, plant and equipment:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Buildings and improvements	465	438
Vehicle fleet	133	135
Machinery, equipment and containers	82	71
Furniture and office equipment	3	5
Total	**683**	**649**

Total additions to right of use assets during 2022 were €208 million (2021: €120 million).

The following table summarises depreciation charges relating to right of use assets for the periods presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Buildings and improvements	63	56
Vehicle fleet	57	59
Machinery, equipment and containers	34	22
Furniture and office equipment	2	2
Total	**156**	**139**

During the years ended 31 December 2022 and 31 December 2021, the total expense relating to low value and short-term leases was €24 million and €16 million, respectively, which is primarily included in administrative expenses. The Group does not have any residual value guarantees in relation to its leases. As at 31 December 2022 the total value of lease extension and termination options included within right of use assets was €35 million (2021: €16 million).

The Group incurred variable lease expenses of €153 million in 2022 (2021: €93 million), primarily included in administrative expenses. This amount mainly consists of the variable component of lease payments for product transportation services in Australia and New Zealand, whereby these components are dependent on various factors such as number of cases of product delivered, number of trips and pallets.

Note 9
Inventories

Inventories are valued at the lower of cost or net realisable value and cost is determined using the first-in, first-out (FIFO) method. Inventories consist of raw materials, supplies (primarily including concentrate, other ingredients and packaging) and finished goods, which also include direct labour, indirect production and overhead costs. Cost includes all costs incurred to bring inventories to their present location and condition. Spare parts, classified and accounted as inventories, are recorded as assets at the time of purchase and are expensed as utilised. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

The following table summarises the inventory outstanding in the consolidated statement of financial position as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Finished goods	777	635
Raw materials and supplies	452	375
Spare parts and other	151	147
Total inventories	**1,380**	**1,157**

Write downs of inventories totalled €41 million, €41 million and €29 million for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively. The majority of these write downs were included in cost of sales on the consolidated income statement. None of these write downs of inventory were subsequently reversed.

Notes to the consolidated financial statements continued

Note 10
Trade accounts receivable

The Group sells its products to retailers, wholesalers and other customers and extends credit, generally without requiring collateral, based on an evaluation of the customer's financial condition. While the Group has a concentration of credit risk in the retail sector, this risk is mitigated due to the diverse nature of the customers the Group serves, including, but not limited to, their type, geographic location, size and beverage channel.

Trade accounts receivable are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. Typically, accounts receivable have terms of 30 to 60 days and do not bear interest. The Group applies an expected credit loss reserve methodology to assess possible impairments. Balances are considered for impairment on an individual basis rather than by reference to the extent that they become overdue. The Group considers factors such as delinquency in payment, financial difficulties, payment history of the debtor as well as certain forward-looking macroeconomic indicators. The carrying amount of trade accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Credit insurance on a portion of the accounts receivable balance is also carried. Refer to Note 26 for further details on credit risk management.

As a result of increased recession risk across our European territories, the Group supplemented its existing credit loss reserve methodology to include an incremental loss allowance for those receivable balances that were deemed to be higher risk in the current environment. The incremental allowance is included within allowance for doubtful accounts below, as at 31 December 2022.

The following table summarises the trade accounts receivable outstanding in the consolidated statement of financial position as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Trade accounts receivable, gross	2,523	2,354
Allowance for doubtful accounts	(57)	(49)
Total trade accounts receivable	**2,466**	**2,305**

The following table summarises the ageing of trade accounts receivable, net of allowance for doubtful accounts, in the consolidated statement of financial position as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Not past due	2,287	2,172
Past due 1 – 30 days	102	88
Past due 31 – 60 days	30	18
Past due 61 – 90 days	15	9
Past due 91 – 120 days	14	3
Past due 121+ days	18	15
Total	**2,466**	**2,305**

The following table summarises the change in the allowance for doubtful accounts for the periods presented:

	Allowance for doubtful accounts
	€ million
As at 31 December 2020	**(39)**
Provision for impairment recognised during the year	(13)
Receivables written off during the year as uncollectible	3
As at 31 December 2021	**(49)**
Provision for impairment recognised during the year	(15)
Receivables written off during the year as uncollectible	5
Reversals	1
Currency translation adjustments	1
As at 31 December 2022	**(57)**

Notes to the consolidated financial statements continued

Note 11
Cash and cash equivalents and short-term investments
Cash and cash equivalents

Cash and cash equivalents include cash and short-term, highly liquid financial instruments with maturity dates of less than three months when acquired that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Counterparties and instruments used to hold the Group's cash and cash equivalents are continually assessed, with a focus on preservation of capital and liquidity.

The following table summarises the cash and cash equivalents outstanding in the consolidated statement of financial position as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Cash at banks and on hand	491	708
Short-term deposits and securities	896	699
Total cash and cash equivalents	**1,387**	**1,407**

Cash and cash equivalents are held in the following currencies as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Euro	477	524
British pound	190	337
US dollar	88	74
Norwegian krone	35	64
Swedish krona	21	31
Australian dollar	358	234
Indonesian rupiah	26	41
Papua New Guinean kina	102	45
Other	90	57
Total cash and cash equivalents	**1,387**	**1,407**

Included within Cash and cash equivalents as at 31 December 2022 and 31 December 2021 are Papua New Guinea cash assets of €102 million and €45 million respectively, denominated in local currency (Kina). Government-imposed currency controls impact the extent to which the cash held in Papua New Guinea can be converted into foreign currency and remitted for use elsewhere in the Group. There are no other material restrictions on the Group's cash and cash equivalents.

Short-term investments

Short-term investments are financial assets that are initially recognised at fair value and subsequently measured at amortised cost. The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments for principal and interest.

The short-term investment balance is comprised of time deposits and treasury bills, with maturity dates of greater than three months and less than one year when acquired, which do not meet the definition of cash and cash equivalents, and are expected to be held until maturity. These are highly liquid investments and due to their short-term nature, their carrying amount is not significantly different from the fair values.

As at 31 December 2022 and 31 December 2021 short-term investments were €256 million and €58 million respectively , which included €49 million and €44 million respectively, denominated in Papua New Guinea kina that are subject to government-imposed currency controls which impact the extent to which these investments, upon maturity, can be converted into foreign currency and remitted for use elsewhere in the Group.

Note 12
Fair values
Fair value measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described as one of the following, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1. The Group values assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair values of the Group's cash and cash equivalents, short-term investments, trade accounts receivable, amounts receivable from related parties, trade and other payables and amounts payable to related parties approximate their carrying amounts due to their short-term nature.

The fair values of the Group's borrowings are estimated based on borrowings with similar maturities and credit quality and current market interest rates. These are categorised within Level 2 of the fair value hierarchy as the Group uses certain pricing models and quoted prices for similar liabilities in active markets in assessing their fair values. Refer to Note 14 for further details regarding the Group's borrowings.

Notes to the consolidated financial statements continued

The following table summarises the book value and fair value of the Group's borrowings as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Fair value of borrowings	10,503	13,316
Book value of borrowings (Note 14)	11,907	13,140

The Group's derivative assets and liabilities are carried at fair value, which is determined using a variety of valuation techniques, depending on the specific characteristics of the hedging instrument, taking into account credit risk. The fair value of its derivative contracts (including forwards, options, futures, cross currency swaps and interest rate swaps) is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and, therefore, the derivative contracts have been classified as Level 2. Inputs used in these standard valuation models include the applicable spot, forward and discount rates. The standard valuation model for the option contracts also includes implied volatility, which is specific to individual options and is based on rates quoted from a widely used third party resource. Refer to Note 13 for further details about the Group's derivatives.

The following table summarises the fair value of the derivative assets and liabilities as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Assets at fair value:		
Derivatives (Note 13)	448	376
Liabilities at fair value:		
Derivatives (Note 13)	263	66

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. There have been no transfers between levels during the periods presented.

Note 13
Hedging activities
Derivative financial instruments

The Group utilises derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations. The primary risks that it seeks to manage through the use of derivative financial instruments include currency exchange risk, commodity price risk and interest rate risk.

All derivative financial instrument assets and liabilities are recorded at fair value on the consolidated statement of financial position. The Group does not use derivative financial instruments for trading or speculative purposes and all hedge ratios are on a 1:1 basis. At the inception of a hedge transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecasted transaction. Refer to Note 26 for further details about the Group's risk management strategy and objective. Both at the hedge inception and on an ongoing basis, the Group assesses and documents whether the derivative financial instrument used in the hedging transaction is highly effective in maintaining the risk management objectives. Where critical terms match, the Group uses a qualitative assessment to ensure initial and ongoing effectiveness criteria. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

While certain derivative financial instruments are designated as hedging instruments, the Group may also enter into derivative financial instruments that are designed to hedge a risk but are not designated as hedging instruments (referred to as an economic hedge or a non-designated hedge). The decision regarding whether or not to designate a hedge for hedge accounting is made by management considering the size, purpose and tenure of the hedge, as well as the anticipated ability to achieve and maintain the Group's risk management objective.

The Group is exposed to counterparty credit risk on all of its derivative financial instruments. It has established and maintained strict counterparty credit guidelines and enters into hedges only with financial institutions that are investment grade or better. It continuously monitors counterparty credit risk and utilises numerous counterparties to minimise its exposure to potential defaults.

The following table summarises the fair value of the assets and liabilities related to derivative financial instruments and the respective line items in which they were recorded in the consolidated statement of financial position as at the dates presented. All derivative instruments are classified as Level 2 within the fair value hierarchy.

Discussion of the Group's other financial assets and liabilities is contained elsewhere in these financial statements. Refer to Note 10 for trade accounts receivable, Note 15 for trade and other payables, Note 14 for borrowings and Note 20 for amounts receivable and payable with related parties.

Notes to the consolidated financial statements continued

Hedging instrument	Location – statement of financial position	Year ended 31 December 2022 € million	2021 € million
Assets:			
Derivatives designated as hedging instruments:			
Commodity contracts	Non-current derivative assets	30	75
Foreign currency contracts	Non-current derivative assets	4	3
Interest rate and cross currency swaps	Non-current derivative assets	157	148
Commodity contracts	Current derivative assets	133	128
Foreign currency contracts	Current derivative assets	27	16
Interest rate and cross currency swaps	Current derivative assets	97	6
	Total assets	**448**	**376**
Liabilities:			
Derivatives designated as hedging instruments:			
Commodity contracts	Non-current derivative liabilities	6	3
Foreign currency contracts	Non-current derivative liabilities	10	—
Interest rate and cross currency swaps	Non-current derivative liabilities	171	44
Commodity contracts	Current derivative liabilities	47	5
Foreign currency contracts	Current derivative liabilities	29	14
	Total liabilities	**263**	**66**

Cash flow hedges

The Group uses cash flow hedges to mitigate its exposure to changes in cash flows attributable to currency fluctuations and commodity price fluctuations associated with certain forecasted transactions, including purchases of raw materials, finished goods and services denominated in non-functional currencies, the receipt of interest and principal on intercompany loans denominated in non-functional currencies and the payment of interest and principal on debt issuances in non-functional currencies. Effective changes in the fair value of these cash flow hedging instruments are recognised as a component of other reserves on the consolidated statement of financial position. The effective changes are then recognised within the line item on the consolidated income statement that is consistent with the nature of the underlying hedged item in the period that the forecasted purchases or payments impact earnings. Any changes in the fair value of these cash flow hedges that are the result of ineffectiveness are recognised immediately in the line item on the consolidated income statement that is consistent with the nature of the underlying hedged item. Historically, the Group has not experienced, nor does it expect to experience, material hedge ineffectiveness with the value of the hedged instrument equalling that of the hedged item.

The net notional amount of outstanding interest rate and cross currency swaps used to hedge interest rate risk and currency fluctuations of non-functional currency borrowings was €2.1 billion as at 31 December 2022 and €2.2 billion as at 31 December 2021. The net notional amount of the other outstanding currency-related cash flow hedges was €1.7 billion as at 31 December 2022 and €1.1 billion as at 31 December 2021. The net notional amount of outstanding commodity-related cash flow hedges was €1.4 billion as at 31 December 2022 and €0.9 billion as at 31 December 2021. Outstanding cash flow hedges as at 31 December 2022 are expected to settle and affect profit or loss between 2023 and 2036.

Notes to the consolidated financial statements continued

The following table summarises the Group's outstanding cash flow hedges by risk category as at the dates presented (all contracts denominated in a foreign currency have been converted into euros using the respective year end spot rate):

	Notional maturity profile				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years
Cash flow hedges	€ million	€ million	€ million	€ million	€ million
Deal contingent foreign currency forwards	3,000	3,000	—	—	—
Foreign currency contracts	310	174	136	—	—
Interest rate and cross currency swaps	396	396	—	—	—
Commodity contracts	677	403	274	—	—
As at 31 December 2020	**4,383**	**3,973**	**410**	**—**	**—**
Foreign currency contracts	1,074	912	162	—	—
Interest rate and cross currency swaps	2,225	144	1,365	—	716
Commodity contracts	922	566	356	—	—
As at 31 December 2021	**4,221**	**1,622**	**1,883**	**—**	**716**
Foreign currency contracts	1,723	1,292	431	—	—
Interest rate and cross currency swaps	2,079	760	604	416	299
Commodity contracts	1,397	834	563	—	—
As at 31 December 2022	**5,199**	**2,886**	**1,598**	**416**	**299**

The Group recognised within other comprehensive income net gains of €3 million, €125 million and €25 million for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively, related to changes in the fair values of outstanding cash flow hedges. The amount of ineffectiveness associated with these cash flow hedges was not material during any year presented within these financial statements.

During 2021, the Group entered into deal contingent foreign currency forwards with a total notional amount of €5.6 billion in order to mitigate the foreign currency risk arising from the Acquisition. These instruments were recorded as cash flow hedges, and on completion of the Acquisition, gains of €84 million were reclassified to goodwill.

The following table summarises the net of tax effect for cash flow hedges for the periods presented within the consolidated income statement:

		Amount of gain/(loss) reclassified from the hedging reserve into profit		
		Year ended 31 December		
		2022	2021	2020
Cash flow hedging instruments	Location – Income statement	€ million	€ million	€ million
Foreign currency contracts	Cost of sales	19	(3)	1
Commodity contracts	Cost of sales	83	74	(33)
Commodity contracts	Selling and distribution expenses	34	2	(3)
Interest rate and cross currency swaps[(A)]	Finance costs	(86)	(78)	23
Total		**50**	**(5)**	**(12)**

(A) The gain/(loss) recognised on these currency contracts is offset by the gain/(loss) recognised on the remeasurement of the underlying debt instruments; therefore, there is a minimal consolidated net effect in non-operating items on the consolidated income statement.

Fair value hedges

The Group has designated certain cross currency swaps used to mitigate FX risk and interest rate risk on foreign currency borrowings as fair value hedges. There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contracts match the terms of the fixed rate borrowings. The Group has established a hedge ratio of 1:1 for the hedging relationship.

Notes to the consolidated financial statements continued

The following table summarises the Group's outstanding fair value hedges by risk category as at the dates presented (all contracts denominated in a foreign currency have been converted into euros using the respective year end spot rate):

Fair value hedges	Total	Less than 1 year € million	1 to 3 years € million	3 to 5 years € million	Over 5 years € million
As at 31 December 2020	**—**	**—**	**—**	**—**	**—**
Interest rate and cross currency swaps	166	—	—	—	166
As at 31 December 2021	**166**	**—**	**—**	**—**	**166**
Interest rate and cross currency swaps	1,165	—	—	500	665
As at 31 December 2022	**1,165**	**—**	**—**	**500**	**665**

The following table summarises the gains/(losses) recognised from fair value hedges that settled for the periods presented within the consolidated income statement:

		Year ended 31 December		
Fair value hedges	Location – Income statement	2022 € million	2021 € million	2020 € million
Interest rate and cross currency swaps	Finance costs	2	(2)	—
Total		**2**	**(2)**	**—**

The carrying value of the hedged item recognised in borrowings is €1,019 million (2021: €173 million), which includes accumulated amounts of fair value adjustments of €(146) million (2021: €15 million).

Non-designated hedges

The Group periodically enters into derivative instruments that are designed to hedge various risks but are not designated as hedging instruments.

At times, it enters into other short-term non-designated hedges to mitigate its exposure to changes in cash flows attributable to currency fluctuations associated with short-term intercompany loans and certain cash equivalents denominated in non-functional currencies. Changes in the fair value of outstanding non-designated hedges are recognised each reporting period in the line item on the consolidated income statement that is consistent with the nature of the hedged risk.

There were €29 million outstanding non-designated foreign currency hedges, hedging intercompany loans as at 31 December 2022. There were €59 million outstanding non-designated hedges as at 31 December 2021.

The following table summarises the gains/(losses) recognised from non-designated derivative financial instruments in the consolidated income statement for the years presented.

		Year ended 31 December		
Non-designated hedging instruments	Location – Income statement	2022 € million	2021 € million	2020 € million
Commodity contracts	Selling and distribution expenses	—	—	(12)
Foreign currency contracts[(A)]	Non-operating items	(5)	—	(4)
Total		**(5)**	**—**	**(16)**

(A) The gain/(loss) recognised on these currency contracts is offset by the gain/(loss) recognised on the remeasurement of the underlying hedged items; therefore, there is a minimal consolidated net effect in non-operating items on the consolidated income statement.

Net investment hedges

The Group had no net investment hedges in place as at 31 December 2022 or 31 December 2021, however it continues to monitor its exposure to currency exchange rates and may enter into future net investment hedges as a result of volatility in the functional currencies of certain of its subsidiaries.

Note 14
Borrowings and leases

Borrowings

Borrowings are initially recognised at fair value, net of issuance costs incurred. Borrowings acquired by the Group as part of the Acquisition have been recognised at fair value at the acquisition date. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortisation of transaction costs, fair value adjustments made on acquisition, premiums and discounts are recognised as part of finance costs within the consolidated income statement.

Leases

Since the adoption of IFRS 16, "Leases", effective 1 January 2019, lease liabilities are included within borrowings in our consolidated statement of financial position.

The lease liability is measured at the present value of lease payments, discounted using the Group's incremental borrowing rate (IBR). The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease whenever the Group is reasonably certain to exercise that option and has an enforceable right to do so. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by lease payments made.

Notes to the consolidated financial statements continued

Borrowings outstanding

The following table summarises the carrying value of the Group's borrowings as at the dates presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Non-current:		
Euro denominated bonds:		
€350 million 2.625% Notes 2023	—	349
€500 million 1.125% Notes 2024	498	497
€350 million 2.375% Notes 2025	349	348
€250 million 2.75% Notes 2026[E]	240	249
€600 million 1.75% Notes 2026[E]	580	594
€400 million 1.50% Notes 2027[E]	370	397
€250 million 1.50% Notes 2027	259	261
€500 million 1.75% Notes 2028[E]	466	495
€750 million 0.20% Notes 2028	744	743
€500 million 1.125% Notes 2029	495	494
€500 million 1.875% Notes 2030[E]	472	496
€500 million 0.70% Notes 2031[E]	473	496
€800 million 0.00% Notes 2025	798	797
€700 million 0.50% Notes 2029	695	694
€1,000 million 0.875% Notes 2033	991	990
€750 million 1.50% Notes 2041	746	746
Foreign currency bonds (swapped into euro)[D]:		
US$850 million 0.50% Notes 2023	—	747
US$650 million 0.80% Notes 2024	608	571
US$500 million 1.50% Notes 2027	466	439

	Year ended 31 December	
	2022	2021
	€ million	€ million
Australian dollar denominated bonds:		
A$100 million 3.50% Notes 2024	66	68
A$30 million 4.166% Notes 2025	21	21
A$20 million 4.25% Notes 2025	14	14
A$30 million 4.125% Notes 2026	20	21
A$50 million 4.155% Notes 2028	35	36
A$133 million 2.45% Notes 2029	86	87
A$50 million 4.20% Notes 2031	36	37
A$187 million 4.20% Notes 2031	135	138
A$13 million 4.20% Notes 2031	9	10
Foreign currency bonds (swapped into Australian dollar or New Zealand dollar)[D]:		
US$25 million 4.34% Notes 2023	—	23
US$25 million 4.34% Notes 2023	—	23
NOK1 billion 3.04% Notes 2028	99	105
NOK750 million 2.75% Notes 2030	73	77
US$50 million 2.653% Notes 2030	47	45
JPY10 billion 4.15% Notes 2036[E]	74	90
JPY12.3 billion 1.06% Notes 2037[E]	71	83
Lease obligations	535	509
Total non-current borrowings	**10,571**	**11,790**

Notes to the consolidated financial statements continued

	Year ended 31 December	
	2022	2021
	€ million	€ million
Current:		
Euro denominated bonds:		
€350 million 2.625% Notes 2023	350	—
€700 million 0.75% Notes 2022[A]	—	700
Foreign currency bonds (swapped into euro)[D]:		
US$850 million 0.50% Notes due 2023	797	—
Australian dollar denominated bonds:		
A$200 million 3.375% Notes 2022[B]	—	129
A$30 million 5.06% Notes 2022[C]	—	20
A$125 million 3.125% Notes 2022[C]	—	81
Foreign currency bonds (swapped into New Zealand dollar)[D]:		
US$25 million 4.34% Notes 2023	24	—
US$25 million 4.34% Notes 2023	24	—
EUR commercial paper	—	285
Bank overdraft	—	1
Lease obligations	141	134
Total current borrowings	**1,336**	**1,350**

(A) In January 2022, the Group repaid prior to maturity the outstanding amount related to the €700 million 0.75% Notes due in February 2022.
(B) In March 2022, the Group repaid on maturity the outstanding amount related to the A$200 million 3.375% Notes 2022 acquired as part of the Acquisition.
(C) In July 2022, the Group repaid on maturity the outstanding amounts related to the A$30 million 5.06% Notes 2022 and A$125 million 3.125% Notes 2022 acquired as part of the Acquisition.
(D) Cross currency swaps are used by the Group to swap foreign currency bonds into the required local currency.
(E) Bond designated in full or partially in a fair value hedge relationship.

During the year, the Group entered into interest rate swaps with notional value of €1 billion, which were designated in a fair value hedge relationship with euro denominated bonds. As at 31 December 2022, fair value adjustments in respect of those interest rate swaps are €(130) million, included within non-current borrowings.

Borrowings are stated net of unamortised financing fees of €33 million and €42 million, as at 31 December 2022 and 31 December 2021, respectively.

Interest expense recognised on lease liabilities totalled €14 million, €10 million and €4 million in 2022, 2021 and 2020, respectively.

Credit facilities

During 2022, the amount available under the Group's multi currency credit facility was €1.95 billion. This amount is available for borrowing with a syndicate of 13 banks. This credit facility matures in 2025 and is for general corporate purposes and supporting the Group's working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfill their commitments to the Group as at the date of these consolidated financial statements. The Group's current credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2022, the Group had no amounts drawn under this credit facility.

Cash flows from financing activities

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities:

	Current portion of borrowings	Borrowings, less current portion	Total
	€ million	€ million	€ million
As at 31 December 2020	**805**	**6,382**	**7,187**
Acquisition of CCL	381	1,251	1,632
Changes from financing cash flows			
Proceeds from third party borrowings, net	—	4,877	4,877
Changes in short-term borrowings[B]	276	—	276
Repayments on third party borrowings[A]	(950)	—	(950)
Payment of principal and interest on lease obligations	(149)	—	(149)
Other non-cash changes			
Amortisation of discount, premium and issue costs	—	(3)	(3)
Lease additions and other non-cash movements	39	83	122
Movement as a result of fair value hedges	6	9	15
Currency translation	33	100	133
Reclassifications	909	(909)	—
Total changes	**545**	**5,408**	**5,953**

Notes to the consolidated financial statements continued

	Current portion of borrowings € million	Borrowings, less current portion € million	Total € million
As at 31 December 2021	**1,350**	**11,790**	**13,140**
Changes from financing cash flows			
Changes in short-term borrowings[B]	(285)	—	(285)
Repayments on third party borrowings	(938)	—	(938)
Payment of principal and interest on lease obligations	(167)	—	(167)
Other financing activities	(1)	—	(1)
Other non-cash changes			
Amortisation of discounts, premium, issue costs and fair value adjustments	(1)	4	3
Lease additions and other non-cash movements	34	171	205
Movement as a result of fair value hedges	11	(172)	(161)
Currency translation	—	111	111
Reclassifications	1,333	(1,333)	—
Total changes	**(14)**	**(1,219)**	**(1,233)**
As at 31 December 2022	**1,336**	**10,571**	**11,907**

(A) This line item includes the impact of the cross currency swap hedge from USD to EUR.
(B) In 2022, changes in short-term borrowings include €2,464 million of newly issued and €2,749 million of repaid EUR commercial paper. In 2021, changes in short-term borrowings included €700 million and €424 million of newly issued and repaid EUR commercial paper, respectively.

Cash flows from financing activities includes €32 million, €27 million and €24 million of cash received related to income on a cross currency swap for 2022, 2021 and 2020, respectively.

Total cash outflows for leases were €167 million, €149 million and €120 million for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

Note 15
Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade payables are non-interest bearing and are normally settled between 60 to 70 days.

The Group participates in various programmes and arrangements with customers designed to increase the sale of our products. The costs of these programmes are recorded as deductions from revenue. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. When these allowances are paid in arrears, the Group accrues the estimated amount to be paid based upon historical customer experience, the programme's contractual terms, expected customer performance and/or estimated sales volume. The costs of these off-invoice customer marketing costs totalled €5.2 billion, €4.1 billion and €3.2 billion for 2022, 2021 and 2020, respectively.

The following table summarises trade and other payables as at the dates presented:

	Year ended 31 December	
	2022 € million	2021 € million
Trade accounts payable[A]	2,221	1,691
Accrued customer marketing costs	1,348	1,160
Accrued deposits	288	264
Accrued compensation and benefits	500	482
Accrued taxes[B]	253	220
Other accrued expenses	442	420
Total trade and other payables	**5,052**	**4,237**

(A) Includes amounts of €212 million (2021: €266 million) which are part of a supply chain finance programme facilitated by the Group. The programme permits suppliers to elect on an invoice by invoice basis to receive a discounted payment from the partner bank earlier than the agreed payment terms with the Group. If a supplier makes this election, the value and the due date of the invoice payable by the Group remains unchanged.
(B) This line item includes a payable of €57 million to the Spanish tax authorities. Refer to Note 25 for further details.

Notes to the consolidated financial statements continued

Note 16
Post-employment benefits

The cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. All remeasurements of the defined benefit obligation, such as actuarial gains and losses and return on plan assets, are recognised directly in other comprehensive income. Remeasurements recognised in other comprehensive income are reflected immediately in retained earnings and are not reclassified to profit or loss. Service cost is presented within cost of sales, selling and distribution expenses and administrative expenses in the consolidated income statement. Past service cost is recognised immediately within cost of sales, selling and distribution expenses and administrative expenses in the consolidated income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. Net interest cost is presented within finance costs or finance income, as applicable, in the consolidated income statement. The defined benefit obligation recognised in the consolidated statement of financial position represents the present value of the estimated future cash outflows, using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

The Group recognises termination benefits at the earlier of the following dates: (1) when the Group can no longer withdraw the offer of those benefits and (2) when the Group recognises costs for restructuring that is within the scope of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for those benefits.

The following table summarises our non-current employee benefit liabilities as at the dates presented:

	Year ended 31 December					
	2022			2021		
	GB	Rest of world	Total	GB	Rest of world	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Retirement benefit obligation	—	77	77	—	103	103
Other employee benefit liabilities	—	31	31	—	35	35
Total non-current employee benefit liabilities	**—**	**108**	**108**	**—**	**138**	**138**

Defined benefit plans

The Group sponsors a number of defined benefit pension plans in Belgium, France, Germany, Great Britain, Luxembourg, Norway, Australia and Indonesia. The majority of the defined benefit plans are either career average, final salary or hybrid plans, and operate on a funded basis with assets held in external funds. The Group's Great Britain plan (GB Scheme) is the most significant.

The GB Scheme's defined benefit obligation includes benefits for current employees, former employees and current pensioners. The level of benefits provided (funded final salary pension) depends on the member's length of service and salary at retirement age. Part of the pension may be exchanged for a tax free cash lump sum. The GB Scheme was closed to new members with effect from 1 October 2005 and is administered by a board of trustees, which is legally separate from the Group. The board of trustees is composed of representatives of both the employer and employees. The board of trustees is required by law to act in the interest of all relevant beneficiaries and is responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

On 8 October 2020, the Group announced a proposal to close the GB Scheme to future accrual, which was implemented on 31 March 2021. The affected employees were offered to enrol in the Group's defined contribution scheme (DC scheme). Subsequent to the implementation of the closure of the GB Scheme, the members moved from active to deferred status, with future indexation of deferred pensions before retirement measured by reference to the consumer price index (CPI).

A full actuarial valuation of the GB Scheme occurs on a triennial basis by a qualified external actuary, which is used as the basis of determining the Group's future contributions to the plan. The latest triennial valuation was carried out as at 5 April 2022 and has been updated to 31 December 2022 to reflect our defined benefit obligation, for known events and changes in market conditions as allowed under IAS 19, "Employee Benefits".

Risks

The Group's defined benefit pension schemes expose the Group to a number of risks, including:

- Asset volatility – the plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, a deficit would occur. Some of our plans hold a significant proportion of growth assets (equities and property) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given each scheme's long-term objectives.
- Changes in bond yields – a decrease in corporate bond yields will increase the defined benefit liability, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Inflation risk – a significant proportion of our benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy – the majority of our plans have an obligation to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the defined benefit liabilities.

Notes to the consolidated financial statements continued

Benefit costs

The following table summarises the expense related to pension plans recognised in the consolidated income statement for the years presented:

	Year ended 31 December								
	2022			2021			2020		
	GB	Rest of world	Total	GB	Rest of world	Total	GB	Rest of world	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Service cost	—	18	18	10	16	26	37	15	52
Past service (credit)/cost[(A)]	—	(2)	(2)	(29)	6	(23)	—	—	—
Net interest (income)/cost	(2)	1	(1)	1	1	2	1	1	2
Administrative expenses	—	1	1	1	1	2	2	—	2
Total cost	**(2)**	**18**	**16**	**(17)**	**24**	**7**	**40**	**16**	**56**

(A) Predominantly comprised of the impact of a plan amendment arising from legislative changes in respect of the minimum retirement age in Indonesia.

Other comprehensive income

The following table summarises the changes in other comprehensive income related to our pension plans for the years presented:

	Year ended 31 December								
	2022			2021			2020		
	GB	Rest of world	Total	GB	Rest of world	Total	GB	Rest of world	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Actuarial (gain)/loss on defined benefit obligation arising during the period	(712)	(125)	(837)	(60)	(6)	(66)	159	1	160
Return on plan assets less/(greater) than discount rate	808	74	882	(177)	(58)	(235)	(72)	(17)	(89)
Net charge to other comprehensive income	**96**	**(51)**	**45**	**(237)**	**(64)**	**(301)**	**87**	**(16)**	**71**

Benefit obligation and fair value of plan assets

The following table summarises the changes in the pension plan benefit obligation and the fair value of plan assets for the periods presented:

	Year ended 31 December					
	2022			2021		
	GB	Rest of world	Total	GB	Rest of world	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Reconciliation of benefit obligation:						
Benefit obligation at beginning of plan year	**1,739**	**674**	**2,413**	**1,733**	**607**	**2,340**
Service cost	—	18	18	10	16	26
Past service (credit)/cost	—	(2)	(2)	(29)	6	(23)
Interest costs on defined benefit obligation	32	7	39	31	5	36
Plan participants contribution	—	28	28	—	59	59
Actuarial loss/(gain) – experience	26	7	33	1	1	2
Actuarial loss/(gain) – demographic assumptions	2	—	2	(1)	(1)	(2)
Actuarial (gain)/loss – financial assumptions	(740)	(132)	(872)	(60)	(6)	(66)
Benefit payments	(57)	(72)	(129)	(69)	(81)	(150)
Administrative expenses	—	1	1	1	1	2
Acquisition of CCL	—	—	—	—	66	66
Currency translation adjustments	(65)	—	(65)	122	1	123
Benefit obligation at end of plan year	**937**	**529**	**1,466**	**1,739**	**674**	**2,413**
Reconciliation of fair value of plan assets:						
Fair value of plan assets at beginning of plan year	**1,840**	**664**	**2,504**	**1,568**	**564**	**2,132**
Interest income on plan assets	34	6	40	30	4	34
Return on plan assets (less)/greater than discount rate	(808)	(74)	(882)	177	58	235
Plan participants contributions	—	28	28	—	59	59
Employer contributions	11	21	32	19	20	39
Benefit payments	(57)	(72)	(129)	(69)	(81)	(150)
Acquisition of CCL	—	—	—	—	40	40
Currency translation adjustment	(68)	(1)	(69)	115	—	115
Fair value of plan assets at end of plan year	**952**	**572**	**1,524**	**1,840**	**664**	**2,504**

Notes to the consolidated financial statements continued

Timing of benefit payments

The weighted average duration of the defined benefit plan obligation as at 31 December 2022 is 16 years, including 17 years for the GB Scheme. The weighted average duration of the defined benefit plan obligation as at 31 December 2021 was 20 years, including 22 years for the GB Scheme.

Retirement benefit status

The following table summarises the retirement benefit status of pension plans as at the dates presented:

	Year ended 31 December					
	2022			2021		
	GB	Rest of world	Total	GB	Rest of world	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net benefit status:						
Present value of obligation	(937)	(529)	(1,466)	(1,739)	(674)	(2,413)
Fair value of assets	952	572	1,524	1,840	664	2,504
Net benefit status:	**15**	**43**	**58**	**101**	**(10)**	**91**
Retirement benefit surplus (Note 25)	15	120	135	101	93	194
Retirement benefit obligation	—	(77)	(77)	—	(103)	(103)

The surplus for 2022 is primarily related to the defined benefit plans in Germany and Belgium as well as the GB Scheme. The surplus is recognised on the balance sheet on the basis that the Group is entitled to a refund of any remaining assets once all members have left the plan.

Actuarial assumptions

The following tables summarise the weighted average actuarial assumptions used to determine the benefit obligations of pension plans as at the dates presented:

	Year ended 31 December					
	2022			2021		
	GB	Rest of world	Average	GB	Rest of world	Average
Financial assumptions	%	%	%	%	%	%
Discount rate	4.8	4.0	4.5	1.9	1.4	1.8
Rate of compensation increase	N/A	3.6	3.6	N/A	3.2	3.2
Rate of price inflation	3.3	2.4	3.0	3.4	2.1	3.1

	Year ended 31 December					
	2022			2021		
Demographic assumptions (weighted average)[A]	GB	Rest of world	Average	GB	Rest of world	Average
Retiring at the end of the reporting period						
Male	21.9	19.8	21.3	21.9	24.3	22.4
Female	24.4	23.1	24.0	24.4	27.7	25.0
Retiring 15 years after the end of the reporting period						
Male	22.8	20.0	22.1	22.8	25.4	23.3
Female	25.5	23.5	24.9	25.5	28.5	26.1

(A) These assumptions translate into an average life expectancy in years, post-retirement, for an employee retiring at age 65.

The following tables summarise the sensitivity of the defined benefit obligation to changes in the weighted average principal assumptions for the periods presented:

		Year ended 31 December 2022					
		Impact on defined benefit obligation (%)					
		Increase in assumption			Decrease in assumption		
Principal assumptions	**Change in assumption**	GB	Rest of world	Average	GB	Rest of world	Average
Discount rate	0.5%	(7.9)	(4.0)	(6.5)	8.6	4.4	7.1
Rate of compensation increase[A]	0.5%	N/A	1.6	0.6	N/A	(1.4)	(0.5)
Rate of price inflation	0.5%	3.9	3.1	3.6	(3.8)	(2.9)	(3.4)
Mortality rates	1 year	3.0	1.7	2.5	(2.8)	(1.7)	(2.4)

		Year ended 31 December 2021					
		Impact on defined benefit obligation (%)					
		Increase in assumption			Decrease in assumption		
Principal assumptions	**Change in assumption**	GB	Rest of world	Average	GB	Rest of world	Average
Discount rate	0.5%	(9.9)	(4.8)	(8.5)	11.4	5.3	9.7
Rate of compensation increase[A]	0.5%	N/A	1.7	0.5	N/A	(1.5)	(0.4)
Rate of price inflation	0.5%	7.8	3.8	6.7	(6.8)	(3.5)	(5.9)
Mortality rates	1 year	4.0	2.1	3.5	(4.0)	(2.1)	(3.4)

(A) The compensation increase assumption is no longer applicable to the valuation of the defined benefit obligation associated with the GB Scheme in light of the plan closure effective 31 March 2021.

Notes to the consolidated financial statements continued

The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Pension plan assets

There are formal investment policies for the assets associated with our pension plans. Policy objectives include: (1) maximising long-term return at acceptable risk levels; (2) diversifying among asset classes, if appropriate, and among investment managers; and (3) establishing relevant risk parameters within each asset class. Investment policies reflect the unique circumstances of the respective plans and include requirements designed to mitigate risk, including quality and diversification standards. Asset allocation targets are based on periodic asset liability and/or risk budgeting study results, which help determine the appropriate investment strategies for acceptable risk levels. The investment policies permit variances from the targets within certain parameters.

The following table summarises pension plan assets measured at fair value as at the dates presented:

	Year ended 31 December 2022					Year ended 31 December 2021				
	Total	Investments quoted in active markets		Unquoted investments		Total	Investments quoted in active markets		Unquoted investments	
		GB	Rest of world	GB	Rest of world		GB	Rest of world	GB	Rest of world
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Equity securities[A]	185	—	185	—	—	221	—	221	—	—
Fixed income securities:[B]										
Corporate bonds and notes	56	—	56	—	—	54	—	54	—	—
Government bonds [C]	692	1,131	28	(467)	—	1,506	1,476	30	—	—
Cash and other short-term investments[D]	28	23	5	—	—	6	1	5	—	—
Other investments:										
Real estate funds[E]	274	43	15	216	—	346	—	39	306	1
Insurance contracts[F]	207	—	—	—	207	240	—	—	—	240
Investment funds[G]	76	—	5	—	71	73	—	—	—	73
Derivatives[H]	6	5	—	1	—	58	—	—	57	1
Total	**1,524**	**1,202**	**294**	**(250)**	**278**	**2,504**	**1,477**	**349**	**363**	**315**

(A) Equity securities are comprised of ordinary shares and investments in equity funds. Investments in ordinary shares are valued using quoted market prices multiplied by the number of shares owned. Investments in equity funds are valued at the net asset value per share, which is calculated predominantly based on the underlying quoted investments market price, multiplied by the number of shares held as of the measurement date.
(B) The fair values of the fixed income securities are determined based on quoted market prices in active markets. Bonds are held mainly in the currency of the geography of the plan.
(C) The unquoted amounts within this category relate to repurchase agreements (where the Scheme has sold government bonds with the agreement to repurchase at a fixed date and price). The commitment to repurchase the government bonds reduces the pension assets and are valued at the fair value based on the fixed repurchase price. The assets sold are reported at their fair value reflecting that the Scheme retains the risks and rewards of ownership of those assets. The asset portfolio of the GB Scheme was refined during 2022 by entering into repurchase agreement of government bonds in order to better match the Scheme liability and to offset the exposure to interests and inflation rates, whilst remaining invested in the assets of similar risk profile.
(D) Cash and other short-term investments are valued at €1.00/unit, which approximates fair value. Amounts are generally invested in cash or interest bearing accounts.
(E) The valuation of unquoted real estate funds is based on net assets value per share multiplied by the number of shares owned. For quoted real estate funds, the calculation is based on the underlying quoted investments market price, multiplied by the number of shares held as of the measurement date.
(F) Insurance contracts exactly match the amount and timing of certain benefits, therefore the fair value of these insurance policies is deemed to be the present value of the related obligations.
(G) Primarily includes investments in equity securities, fixed income securities and combinations of both. Fair values are sourced from broker quotes.
(H) Derivatives are comprised of futures and return swaps the fair values of which are not based on quoted market prices in active markets.

Notes to the consolidated financial statements continued

Contributions

To support a long-term funding arrangement, during 2019 the Group entered into a partnership agreement with the GB Scheme, the CCEP Scottish Limited Partnership (the Partnership). Certain property assets in Great Britain, with a market value of £171 million were transferred into the Partnership and subsequently leased back to the Group's operating subsidiary in Great Britain. The GB Scheme receives semi-annual distributions from the Partnership, increasing each year at a fixed cumulative rate of 3% through to 2034. The Group exercises control over the Partnership and as such it is fully consolidated in these consolidated financial statements. Under IAS 19, the investment held by the GB Scheme in the Partnership does not represent a plan asset for the purposes of these consolidated financial statements. Similarly, the associated liability is not included in the consolidated statement of financial position, rather the distributions are recognised when paid as a contribution to the plan assets of the scheme.

Contributions to pension plans totalled €32 million, €39 million and €52 million during the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively. Included within the 2022 contribution is €11 million relating to the Partnership agreement. The Group expects to make contributions of €30 million for the full year ending 31 December 2023.

Other employee benefit liabilities

In certain territories, the Group has an early retirement programme designed to create an incentive for employees, within a certain age group, to transition from (full or part time) employment into retirement before their legal retirement age. Furthermore, the Group also sponsors deferred compensation plans in other territories. The current portion of these liabilities totalled €8 million and €10 million as at 31 December 2022 and 31 December 2021, respectively, and is included within the current portion of employee benefit liabilities. The non-current portion of these liabilities totalled €31 million and €35 million as at 31 December 2022 and 31 December 2021, respectively, and is included within employee benefit liabilities.

Defined contribution plans

The Group sponsors a number of defined contribution plans across its territories. Contributions payable for the period are charged to the consolidated income statement as an operating expense for defined contribution plans. Contributions to these plans totalled €79 million for the year ended 31 December 2022, €62 million for the year ended 31 December 2021 and €34 million for the year ended 31 December 2020.

Note 17
Equity

Share capital

As at 31 December 2022, the Company has issued and fully paid 457,106,453 Shares. Shares in issue have one voting right each and no restrictions related to dividends or return of capital.

	Number of Shares millions	Share capital € million
As at 1 January 2020	**456**	**5**
Issuances of Shares	2	—
Cancellation of Shares	(3)	—
As at 31 December 2020	**455**	**5**
Issuance of Shares	1	—
Cancellation of Shares	—	—
As at 31 December 2021	**456**	**5**
Issuance of Shares	1	—
Cancellation of Shares	—	—
As at 31 December 2022	**457**	**5**

The number of Shares increased in 2022, 2021 and 2020 from the issue of 871,421, 1,589,522 and 1,310,833 Shares, respectively, following the exercise of share-based payment awards.

In connection with the Company's share buyback programmes 3,065,200 shares were cancelled in 2020. No shares were repurchased in 2022 and 2021.

Share premium

The share premium account increased by cash received for the exercise of options by €14 million in 2022, €28 million in 2021 and €14 million in 2020.

Merger reserves

The consideration transferred to acquire CCIP and CCEG qualified for merger relief under the Companies Act. As such, the excess consideration transferred over nominal value of €287 million was required to be excluded from the share premium account and recorded to merger reserves.

Notes to the consolidated financial statements continued

Other reserves

The following table summarises the balances in other reserves (net of tax) as at the dates presented:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Cash flow hedge reserve	104	151	20
Net investment hedge reserve	197	197	197
Foreign currency translation adjustment reserve	(728)	(509)	(754)
Reserve related to the acquisition of non-controlling interests	(79)	—	—
Other reserves[A]	(1)	5	—
Total other reserves	**(507)**	**(156)**	**(537)**

(A) Other reserves relates to cost of hedging which represents forward point on spot designations, time value of options and currency basis.

Movements, including the tax effects, in these accounts through to 31 December 2022 are included in the consolidated statement of comprehensive income.

Dividends

Dividends are recorded within the Group's consolidated financial statements in the period in which they are paid.

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
First half dividend[A]	256	—	—
Second half dividend[B]	507	638	386
Total dividend on ordinary shares paid	**763**	**638**	**386**

(A) Dividend of €0.56 per Share was paid in first half of 2022.
(B) Dividend of €1.12 per Share was paid in second half of 2022.
A full year dividend of €1.40 per Share and €0.85 per Share were paid in 2021 and 2020, respectively.

Dividends attributable to restricted stock units and performance share units that are unvested at the period end date are accrued accordingly. During 2022, an incremental dividend accrual of €3 million has been recognised (2021: €1 million, 2020: €1 million).

Non-controlling interest

In December 2022, the Group entered into a share purchase agreement (SPA) with TCCC to acquire the remaining 29.4% ownership interest of its subsidiary, PT Coca-Cola Bottling Indonesia, for a total consideration of €282 million. The acquisition is expected to be completed in the first quarter of 2023, following the resolution of customary conditions (refer to Note 27 for further details). As at 31 December 2022, the non-controlling interest of €205 million has been derecognised, other reserves have been decreased by €77 million and a redemption liability of €282 million has been recorded within the Amounts payable to related parties line of our consolidated statement of financial position.

As at 31 December 2021, equity attributable to non-controlling interest was €177 million representing 29.4% of PT Coca-Cola Bottling Indonesia held by TCCC and 6.1% of Samoa Breweries Limited held by numerous investors.

Note 18
Total operating costs

The following tables summarise the significant cost items by nature within operating costs for the years presented:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Transportation costs[A]	851	631	447
Employee benefits	1,110	975	788
Depreciation of property, plant and equipment, excluding restructuring	246	245	219
Amortisation of intangible assets	7	4	1
Restructuring charges, including accelerated depreciation[B]	1	45	58
Other selling and distribution expenses	769	596	426
Total selling and distribution expenses	**2,984**	**2,496**	**1,939**
Transportation costs[A]	16	2	2
Employee benefits	544	462	353
Depreciation of property, plant and equipment, excluding restructuring	99	76	45
Amortisation of intangible assets	94	83	53
Acquisition related costs	3	49	11
Restructuring charges, including accelerated depreciation[B]	143	91	248
Other administrative expenses	351	311	271
Total administrative expenses	**1,250**	**1,074**	**983**
Total operating expenses	**4,234**	**3,570**	**2,922**

(A) Transportation costs include warehousing and delivery costs to the final customer destination. They exclude depreciation and amortisation.
(B) See restructuring costs on page 192.

Notes to the consolidated financial statements continued

(B) Restructuring costs	Year ended 31 December 2022 € million	2021 € million	2020 € million
Increase in provision for restructuring programmes (Note 23)	115	93	242
Amount of provision unused (Note 23)	(8)	(13)	(7)
Accelerated depreciation and non-cash costs	44	60	121
Other cash costs[A]	12	13	12
Total restructuring costs	**163**	**153**	**368**
Restructuring costs by function:			
Cost of sales	19	17	62
Selling and distribution expenses	1	45	58
Administrative expenses	143	91	248

(A) Other cash costs primarily relate to professional fees, which include consultancy costs, legal fees and other costs directly associated with restructuring.

Restructuring costs charged in arriving at operating profit for the years presented include restructuring costs arising under the following programmes and initiatives:

Accelerate Competitiveness

In October 2020, the Group announced a number of proposals aimed at improving productivity through the use of technology enabled solutions. Included in these proposals was the closure of certain production facilities, including Liederbach and Sodenthaler in Germany and Malaga in Iberia. These proposals continue the focus on network optimisation and site rationalisation of the Group, with the majority of the impacted activities to be transferred within our network of facilities in each respective territory.

The proposals are also expected to impact a number of functions across the Group, including business process technology, customer service, sales and marketing, and finance as the Group seeks to reduce complexity, improve efficiency and increase the use of technology.

In 2022, as part of the continuation of this programme, the Group announced additional restructuring proposals, mainly related to the transformation of the full service vending operations and related initiatives in Germany. These initiatives resulted in €82 million of restructuring charges primarily related to expected severance costs.

During the year ended 31 December 2022, the Group incurred total restructuring charges related to this programme of €145 million, primarily made up of expected severance costs and accelerated depreciation.

Staff costs

Staff costs included within the income statement were as follows:

Employee costs	Year ended 31 December 2022 € million	2021 € million	2020 € million
Wages and salaries	1,769	1,544	1,253
Social security costs	316	302	283
Pension and other employee benefits	233	170	119
Total employee costs	**2,318**	**2,016**	**1,655**

Directors' remuneration information is disclosed in the Directors' remuneration report.

The average number of persons employed by the Group (including Directors) for the periods presented were as follows:

	2022 No. in thousands	2021 No. in thousands	2020 No. in thousands
Commercial	12.5	10.9	7.3
Supply chain	16.6	14.9	12.4
Support functions	4.0	3.9	2.5
Total average staff employed	**33.1**	**29.7**	**22.2**

Notes to the consolidated financial statements continued

Auditor's remuneration

Audit and other fees charged in the income statement concerning the statutory auditor of the consolidated financial statements, Ernst & Young LLP, were as follows:

	Year ended 31 December		
	2022	2021	2020
	€ thousand	€ thousand	€ thousand
Audit of Parent Company and consolidated financial statements[A]	3,136	4,751	3,149
Audit of the Company's subsidiaries	6,248	5,493	3,046
Total audit	**9,384**	**10,244**	**6,195**
Audit-related assurance services[B]	1,002	1,234	909
Other assurance services	213	313	279
Total audit and audit-related assurance services	**10,599**	**11,791**	**7,383**
All other services[C]	47	35	30
Total non-audit or non-audit-related assurance services	**47**	**35**	**30**
Total audit and all other fees	**10,646**	**11,826**	**7,413**

(A) Fees in respect of the audit of the accounts of the Company, including the Group's consolidated financial statements.
(B) Includes professional fees for interim reviews, reporting on internal financial controls, services related to the transactions entered into with TCCC, issuance of comfort letters for debt issuances, regulatory inspections, certain accounting consultations and other attest engagements.
(C) Represents fees for all other allowable services.

Note 19
Finance costs

Finance costs are recognised in the consolidated income statement in the period in which they are incurred, with the exception of general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised within the consolidated income statement in the period in which they are incurred based upon the effective interest rate method. Interest income is recognised using the effective interest rate method.

The following table summarises net finance costs for the years presented:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Interest income[A]	67	43	33
Interest expense on external debt[A]	(162)	(153)	(132)
Other finance costs[B]	(19)	(19)	(12)
Total finance costs, net	**(114)**	**(129)**	**(111)**

(A) Includes interest income and expense amounts, as applicable, on cross currency swaps and interest rate swaps. Cross currency swap and interest rate swap income totalled €50 million, €27 million and €24 million in 2022, 2021 and 2020, respectively. Cross currency swap and interest rate swap expense totalled €31 million, €14 million and €12 million in 2022, 2021 and 2020, respectively. Refer to Note 13 for further details.
(B) Other finance costs principally includes amortisation of the discount on external debt and interest on leases.

Note 20
Related party transactions

For the purpose of these consolidated financial statements, transactions with related parties mainly comprise transactions between subsidiaries of the Group and the related parties of the Group.

Transactions with entities with significant influence over the Group

Transactions with TCCC

TCCC exerts significant influence over the Group, as defined by IAS 24, "Related Party Disclosures". As at 31 December 2022, 19.24% of the total outstanding Shares in the Group were owned by European Refreshments, a wholly owned subsidiary of TCCC. The Group is a key bottler of TCCC products and has entered into bottling agreements with TCCC to make, sell and distribute products of TCCC within the Group's territories. The Group purchases concentrate from TCCC and also receives marketing funding to help promote the sale of TCCC products. The Group's agreements with TCCC in each territory are for 10 year terms and each contains the right for the Group to request a 10 year renewal. The existing bottling agreements expire no earlier than 1 September 2025. Additionally, two of the Group's 17 Directors are nominated by TCCC.

The Group and TCCC engage in a variety of marketing programmes to promote the sale of TCCC products in territories in which the Group operates. The Group and TCCC operate under an incidence based concentrate pricing model and funding programme across most territories, the terms of which are tied to the bottling agreements. In certain API territories, the Group operates under a fixed price model with marketing rebates and support.

TCCC makes discretionary marketing contributions under shared marketing agreements to CCEP's operating subsidiaries. Amounts to be paid to the Group by TCCC under the programmes are generally determined annually and are periodically reassessed as the programmes progress. Under the bottling agreements, TCCC is under no obligation to participate in the programmes or continue past levels of funding in the future. The amounts paid and terms of similar programmes with other franchises may differ.

Notes to the consolidated financial statements continued

Marketing support funding programmes granted to the Group provide financial support principally based on product sales or on the completion of stated requirements and are intended to offset a portion of the costs of the programmes.

Payments from TCCC for marketing programmes to promote the sale of products are classified as a reduction in cost of sales, unless the presumption that the payment is a reduction in the price of the franchisors' products can be overcome. Payments for marketing programmes are recognised as product is sold.

The following table summarises the transactions with TCCC that directly impacted the consolidated income statement for the years presented:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Amounts affecting revenue[(A)]	117	50	50
Amounts affecting cost of sales[(B)]	(3,805)	(3,056)	(2,555)
Amounts affecting operating expenses[(C)]	19	9	8
Total net amount affecting the consolidated income statement	**(3,669)**	**(2,997)**	**(2,497)**

(A) Amounts principally relate to fountain syrup and packaged product sales.
(B) Amounts principally relate to the purchase of concentrate, syrup, mineral water and juice, as well as funding for marketing programmes.
(C) Amounts principally relate to certain costs associated with new product development initiatives and reimbursement of certain marketing expenses.

The following table summarises the transactions with TCCC that impacted the consolidated statement of financial position for the periods presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Amounts due from TCCC	130	135
Amounts payable to TCCC	442	189

In December 2022, the Group entered into a share purchase agreement (SPA) with TCCC to acquire the remaining 29.4% ownership interest of its subsidiary, PT Coca-Cola Bottling Indonesia, for a total consideration of €282 million. The acquisition is expected to be completed in the first quarter of 2023, following the resolution of customary conditions (refer to Note 27 for further details). As at 31 December, we have recognised a redemption liability equalling the consideration amount, which is reflected within the amounts payable to related parties line of our consolidated statement of financial position.

In February 2022, the Group entered into asset sale arrangements with TCCC, pursuant to which, the Group agreed to sell certain non-alcoholic ready to drink beverage brands predominantly available in Australia and New Zealand, which were acquired as part of the business combination transaction consummated on 10 May 2021, for a total consideration approximating €182 million. The sale price approximated the fair value of the brands assessed at the acquisition date. These brands were classified as assets held for sale in our consolidated statement of financial position as at 31 December 2021. During the first half of 2022, the Group partially completed the asset sale transaction and expects to finalise the remaining portion during 2023. The remaining part of the transaction was initially expected to be finalised by the end of 2022, however, due to certain administrative procedures required to be performed, the completion was extended to the first half of 2023. The Group has also entered into commercial agreements with TCCC to facilitate ongoing manufacturing, distributing and/or selling activities pertaining to these brands. The consideration relating to the brands which are yet to be sold to TCCC amounts to €40 million and those brands are classified as assets held for sale in our consolidated statement of financial position as at 31 December 2022.

Terms and conditions of transactions with TCCC

Outstanding balances on transactions with TCCC are unsecured, interest free and generally settled in cash. Receivables from TCCC are considered to be fully recoverable.

Transactions with Cobega companies

Cobega, S.A. (Cobega) exhibits significant influence over the Group, as defined by IAS 24, "Related Party Disclosures". As at 31 December 2022, 20.87% of the total outstanding Shares in the Group were indirectly owned by Cobega through its ownership interest in Olive Partners, S.A. Additionally, five of the Group's 17 Directors, including the Chairman, are nominated by Olive Partners, three of whom are affiliated with Cobega.

The principal transactions with Cobega are for the purchase of packaging materials and maintenance services for vending machines. The following table summarises the transactions with Cobega that directly impacted the consolidated income statement for the years presented:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Amounts affecting revenue[(A)]	2	1	1
Amounts affecting cost of sales[(B)]	(76)	(49)	(43)
Amounts affecting operating expenses[(C)]	(17)	(11)	(8)
Total net amount affecting the consolidated income statement	**(91)**	**(59)**	**(50)**

(A) Amounts principally relate to packaged product sales.
(B) Amounts principally relate to the purchase of packaging materials and concentrate.
(C) Amounts principally relate to maintenance and repair services and transportation.

Notes to the consolidated financial statements continued

The following table summarises the transactions with Cobega that impacted the consolidated statement of financial position for the periods presented:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Amounts due from Cobega	3	2
Amounts payable to Cobega	24	19

Terms and conditions of transactions with Cobega

Outstanding balances on transactions with Cobega are unsecured, interest free and generally settled in cash. Receivables from Cobega are considered to be fully recoverable.

Other related parties

Transactions with associates, joint ventures and other related parties

Joint venture investments relate to interests in a manufacturer of alcoholic beverages (divested during the first half of 2022), a service provider supporting the operation of container refund schemes in certain Australian states and a PET recycling plant in Indonesia.

Associate investments relate to interests in deposit scheme coordinators and a holding company of container deposit schemes in certain Australian states and territories. Associate investments also include the Group's equity interests in early stage development companies as part of CCEP Ventures.

Other related parties include coordinators of container deposit schemes in certain Australian states over which significant influence is held.

The following table summarises the transactions with associates, joint ventures and other related parties:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Net amounts affecting consolidated income statement – associates[(A)]	(73)	(49)	—
Net amounts affecting consolidated income statement – joint ventures[(B)]	(9)	(9)	—
Net amounts affecting consolidated income statement – other related parties[(A)]	(85)	(52)	—
Total net amount affecting the consolidated income statement	**(167)**	**(110)**	**—**

(A) Amounts principally relate to container deposit scheme charges in Australia.
(B) Amounts principally relate to the purchase of finished products and resin.

The following table summarises the balances with associates, joint ventures and other related parties:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Amounts due from associates	6	6
Amounts payable to associates	9	—
Amounts payable to joint ventures	—	2
Amounts payable to other related parties	10	—

Terms and conditions of transactions with associates, joint ventures and other related parties

Outstanding balances on transactions are unsecured, interest free and generally settled in cash. Receivables are considered to be fully recoverable.

Refer to Note 28 for a listing of associates, joint ventures and other related parties.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors and the members of the Executive Leadership Team. The following table summarises the total remuneration paid or accrued during the reporting period related to key management personnel:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Salaries and other short-term employee benefits[(A)]	30	22	20
Post-employment benefits	—	—	1
Share-based payments	15	7	6
Termination benefits	—	—	5
Total	**45**	**29**	**32**

(A) Short-term employee benefits include wages, salaries and social security contributions, paid annual leave and paid sick leave, paid bonuses and non-monetary benefits.

The Group did not have any loans with key management personnel and was not party to any other transactions with key management personnel during the periods presented.

Notes to the consolidated financial statements continued

Note 21
Income taxes

Current tax

Current tax for the period includes amounts expected to be payable on taxable income in the period together with any adjustments to taxes payable in respect of previous periods, and is determined based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is determined by identifying the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax for the period includes origination and reversal of temporary differences, remeasurements of deferred tax balances and adjustments in respect of prior periods.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income tax is recognised in the consolidated income statement. Income tax is recognised in other comprehensive income or directly in equity to the extent that it relates to items recognised in other comprehensive income or in equity.

2022, 2021 and 2020 results

The following table summarises the major components of income tax expense for the periods presented:

	Year ended 31 December		
	2022 € million	2021 € million	2020 € million
Current tax:			
Current tax charge	460	323	230
Adjustment in respect of current tax from prior periods	(37)	(53)	3
Total current tax	**423**	**270**	**233**
Deferred tax:			
Relating to the origination and reversal of temporary differences	35	6	(73)
Adjustment in respect of deferred income tax from prior periods	(22)	(9)	(6)
Relating to changes in tax rates or the imposition of new taxes	—	127	43
Total deferred tax	**13**	**124**	**(36)**
Income tax charge per the consolidated income statement	**436**	**394**	**197**

Notes to the consolidated financial statements continued

The following table summarises the taxes on items recognised in other comprehensive income (OCI) and directly within equity for the periods presented:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Taxes charged/(credited) to OCI:			
Deferred tax on net gain/loss on revaluation of cash flow hedges	(20)	63	(4)
Deferred tax on net gain/loss on pension plan remeasurements	(11)	63	(16)
Current tax on net gain/loss on pension plan remeasurements	—	1	—
Total taxes charged/(credited) to OCI	**(31)**	**127**	**(20)**
Taxes charged/(credited) to equity:			
Deferred tax charge/(credit): share-based compensation	(2)	(3)	1
Current tax charge/(credit): share-based compensation	(8)	—	(3)
Total taxes charged/(credited) to equity	**(10)**	**(3)**	**(2)**

The effective tax rate was 22.3%, 28.5% and 28.3% for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, respectively. The parent company of the Group is a UK company.

Accordingly, the following tables provide reconciliations of the Group's income tax expense at the UK statutory tax rate to the actual income tax expense for the periods presented:

	Year ended 31 December		
	2022	2021	2020
	€ million	€ million	€ million
Accounting profit before tax from continuing operations	**1,957**	**1,382**	**695**
Tax expense at the UK statutory rate	371	262	132
Taxation of foreign operations, net[(A)]	115	72	23
Non-deductible expense items for tax purposes	2	2	6
Rate and law change impact, net[(B)(C)(D)]	—	127	43
Deferred taxes not recognised	7	(7)	(4)
Adjustment in respect of prior periods[(E)]	(59)	(62)	(3)
Total provision for income taxes	**436**	**394**	**197**

(A) This reflects the impact, net of income tax contingencies, of having operations outside the UK, which are taxed at rates other than the statutory UK rate of 19% (2021: 19%, 2020: 19%). In prior periods, this included the benefit of some income being fully or partially exempt from income taxes due to various operating and financing activities.
(B) In 2021, the UK enacted a law change that increased its tax rate to 25% with effect from 1 April 2023. The Group recognised a deferred tax expense of €123 million to reflect the impact of this change.
(C) In 2021, the Netherlands enacted a law change that increased its tax rate to 25.8% with effect from 1 January 2022. The Group recognised a deferred tax expense of €2 million to reflect the impact of this change.
(D) In 2021, Indonesia enacted a law change that retained its tax rate of 22% with effect from 1 January 2022, reversing a previously enacted decrease to 20%. The Group recognised a deferred tax expense of €2 million to reflect the impact of this change.
(E) The prior year adjustment is principally due to the reassessment of our uncertain tax positions and release of tax reserves that are no longer required primarily due to expiration of statute of limitations.

Notes to the consolidated financial statements continued

Deferred income taxes

The following table summarises the movements in the carrying amounts of deferred tax liabilities and assets by significant component during the periods presented:

	Franchise and other intangible assets	Property, plant and equipment	Financial assets and liabilities	Tax losses	Employee and retiree benefit accruals	Tax credits	Other, net	Total, net
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
As at 31 December 2020	**1,982**	**187**	**(6)**	**(6)**	**(89)**	**(10)**	**49**	**2,107**
Amount charged/(credited) to income statement (excluding effect of tax rate changes)	1	2	(1)	(4)	8	(2)	(7)	**(3)**
Effect of tax rate changes on income statement	106	8	1	—	12	—	—	**127**
Amounts charged/(credited) directly to OCI	—	—	63	—	63	—	—	**126**
Amount charged/(credited) to equity	—	—	—	—	(3)	—	—	**(3)**
Acquired through business combinations	1,174	51	(19)	(4)	(6)	—	(20)	**1,176**
Effect of movements in foreign exchange	22	3	(2)	—	1	—	3	**27**
As at 31 December 2021	**3,285**	**251**	**36**	**(14)**	**(14)**	**(12)**	**25**	**3,557**
Amount charged/(credited) to income statement (excluding effect of tax rate changes)	(4)	(11)	5	7	5	—	11	**13**
Amounts charged/(credited) directly to OCI	—	—	(20)	—	(11)	—	—	**(31)**
Amount charged/(credited) to equity	—	—	—	—	(2)	—	—	**(2)**
Acquired through business combinations	(4)	2	—	—	—	—	—	**(2)**
Balance sheet reclassifications	(1)	(2)	(1)	(4)	—	—	4	**(4)**
Effect of movements in foreign exchange	(22)	(4)	(3)	—	(1)	—	(9)	**(39)**
As at 31 December 2022	**3,254**	**236**	**17**	**(11)**	**(23)**	**(12)**	**31**	**3,492**
Analysed as follows:								
Deferred tax asset								**(21)**
Deferred tax liability								**3,513**

This net deferred tax liability includes a net liability of €1,174 million related to the 2021 Acquisition, a €36 million liability arising on assets capitalised under IFRS but expensed for tax, and a €22 million liability related to purchase accounting on earlier transactions in an acquired entity.

Notes to the consolidated financial statements continued

Unrecognised tax items

The utilisation of tax losses and temporary differences carried forward, for which no deferred tax asset is currently recognised, is subject to the resolution of tax authority enquiries and the achievement of positive income in periods which are beyond the Group's current business plan, and therefore this utilisation is uncertain.

The gross and tax effected amounts including expiry dates, where applicable, of unrecognised losses, tax credits and deductible temporary differences available for carry forward are as follows:

	Year ended 31 December					
	2022		2021		2020	
	€ million		€ million		€ million	
	Gross amount	Tax effected	Gross amount	Tax effected	Gross amount	Tax effected
Tax losses expiring:						
Within 10 years	—	—	—	—	7	2
Beyond 10 years	3	1	—	—	—	—
No time limit	1,799	330	1,803	310	1,802	278
	1,802	**331**	**1,803**	**310**	**1,809**	**280**
Tax credits expiring:						
Within 10 years	58	58	100	100	122	122
Beyond 10 years	43	43	45	45	47	47
No time limit	—	—	—	—	—	—
	101	**101**	**145**	**145**	**169**	**169**
Deductible temporary differences						
No time limit	79	20	53	11	65	14
	79	**20**	**53**	**11**	**65**	**14**
Total	**1,982**	**452**	**2,001**	**466**	**2,043**	**463**

As at 31 December 2022, no deferred tax liability has been recognised in respect of €309 million of unremitted earnings in subsidiaries, associates and joint ventures.

Tax provisions

The Group is routinely under audit by tax authorities in the ordinary course of business. Due to their nature, such proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, settlements between affected parties and/or governmental actions. The probability of outcome is assessed and accrued as a liability and/or disclosed, as appropriate. The Group maintains provisions for uncertainty relating to these tax matters that it believes appropriately reflect its risk. As at 31 December 2022, €122 million of these provisions is included in current tax liabilities and the remainder is included in non-current tax liabilities.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax matters, it is possible that at some future date, liabilities resulting from audits or litigation could vary significantly from the Group's provisions.

The Group has received tax assessments in certain jurisdictions for potential tax related to the Group's purchases of concentrate. The value of the Group's concentrate purchases is significant, and therefore, the tax assessments are substantial. The Group strongly believes the application of tax has no technical merit based on applicable tax law, and its tax position would be sustained. Accordingly, the Group has not recorded a tax liability for these assessments, and is vigorously defending its position against these assessments.

Note 22
Share-based payment plans

The Group has an established Share options plan and a Long-Term Incentive Plan (LTIP) to certain executive and management level employees that provide for granting restricted stock units, some with performance and/or market conditions. These awards are designed to align the interests of executives and management with the interests of shareholders.

During 2022, the Group launched a new global Employee Share Purchase Plan (ESPP), which gives the employees the opportunity to purchase CCEP Shares on a regular basis and become a shareholder, promoting an ownership culture. Under the ESPP, participating employees are granted matching Shares given that certain vesting and non-vesting conditions are met.

The Group recognises compensation expense equal to the grant date fair value for all share-based payment awards that are expected to vest. Expense is generally recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award.

During the years ended 31 December 2022, 31 December 2021 and 31 December 2020, compensation expense related to our share-based payment plans totalled €33 million, €17 million and €14 million, respectively.

Share options

Share options: (1) are granted with exercise prices equal to or greater than the fair value of the Group's stock on the date of grant, (2) generally vest in three annual tranches over a period of 36 months and (3) expire 10 years from the date of grant. Generally, when options are exercised, new Shares will be issued rather than issuing treasury Shares, if available. No options were granted during the years ended 31 December 2022, 31 December 2021 and 31 December 2020. All options outstanding as at 31 December 2022, 31 December 2021 and 31 December 2020 were valued and had exercise prices in US dollars.

Notes to the consolidated financial statements continued

The following table summarises our share option activity for the periods presented:

	2022		2021		2020	
	Shares thousands	Average exercise price US$	Shares thousands	Average exercise price US$	Shares thousands	Average exercise price US$
Outstanding at beginning of year	**2,758**	34.19	**4,051**	31.68	**4,815**	29.80
Granted	—	—	—	—	—	—
Exercised	(484)	29.00	(1,290)	26.33	(761)	19.79
Forfeited, expired or cancelled	(2)	23.21	(3)	19.68	(3)	31.97
Outstanding at end of year	**2,272**	35.30	**2,758**	34.19	**4,051**	31.68
Options exercisable at end of year	**2,272**	35.30	**2,758**	34.19	**4,051**	31.68

The weighted average Share price during the years ended 31 December 2022, 31 December 2021 and 31 December 2020 was US$51.21, US$55.68 and US$42.71, respectively.

The following table summarises the weighted average remaining life of options outstanding for the periods presented:

	2022		2021		2020	
Range of exercise prices US$	Options outstanding thousands	Weighted average remaining life years	Options outstanding thousands	Weighted average remaining life years	Options outstanding thousands	Weighted average remaining life years
15.01 to 25.00	—	0	151	0.85	931	1.75
25.01 to 40.00	2,272	2.20	2,607	3.04	3,120	3.85
Total	**2,272**	2.20	**2,758**	2.92	**4,051**	3.37

Restricted Stock Units (RSUs) and Performance Share Units (PSUs)

RSU awards entitle the participant to accrue dividends, which are paid in cash only if the RSUs vest. They do not have voting rights. Upon vesting, the participant is granted one Share for each RSU. They generally vest subject to continued employment for a period of 36 months. Unvested RSUs are restricted as to disposition and subject to forfeiture.

There were 0.1 million, 0.1 million and 0.2 million unvested RSUs outstanding with a weighted average grant date fair value of US$42.74, US$43.29 and US$41.77 as at 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

PSU awards entitle the participant to the same benefits as RSUs. They generally vest subject to continued employment for a period of 36 months and the attainment of certain performance targets. There were 1.8 million, 1.3 million and 1.1 million of unvested PSUs with weighted average grant date fair values of US$41.65, US$43.07 and US$40.45 outstanding as at 31 December 2022, 31 December 2021 and 31 December 2020, respectively.

The PSUs granted in 2022, 2021 and 2020 are subject to performance conditions of absolute EPS and ROIC, each with a 42.5% weighting and to a sustainability metric, focused on the reduction of greenhouse gas emissions (CO_2e) across our entire value chain with a 15% weighting.

Key assumptions for grant date fair value

The following table summarises the weighted average grant date fair values per unit:

Restricted stock units and performance share units	2022	2021
Grant date fair value – service conditions (US$)	45.43	47.77
Grant date fair value – service and performance conditions (US$)	45.44	47.68

Employee share purchase plan

Through the ESPP, employees are able to contribute on a regular basis up to a maximum amount deducted from their salary for the purpose of purchasing CCEP Shares. Every quarter, for each purchased share, CCEP awards participating employees matching Shares at the same time. Participating employees become owners of the matching Shares 12 months after the award, as long as they remain in employment and do not sell the related purchased Shares during this period. Participants have all the rights of a shareholder in respect of their purchased Shares and matching Shares (once they are fully owned by the employees), including in respect of dividend rights and voting rights. During the year ended 31 December 2022, the Group recognised a compensation expense of €3 million related to the newly launched ESPP.

Note 23
Provisions, contingencies and commitments

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all of a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement, net of any reimbursement.

Asset retirement obligations are estimated at the inception of a lease or contract, for which a liability is recognised. A corresponding asset is also created and depreciated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the consolidated financial statements continued

Provisions

The following table summarises the movement in each class of provision for the periods presented:

	Restructuring provision € million	Decommissioning provision € million	Other provisions[(A)] € million	Total € million
As at 31 December 2020	**208**	**15**	**14**	**237**
Acquisition of CCL	9	—	—	9
Charged/(credited) to profit or loss:				
Additional provisions recognised	93	6	5	104
Unused amounts reversed	(13)	—	(2)	(15)
Utilised during the period	(192)	(1)	(6)	(199)
Translation	(2)	—	—	(2)
As at 31 December 2021	**103**	**20**	**11**	**134**
Charged/(credited) to profit or loss:				
Additional provisions recognised	115	7	2	124
Unused amounts reversed	(8)	(2)	(3)	(13)
Utilised during the period	(74)	(1)	(1)	(76)
Translation	1	—	—	1
As at 31 December 2022	**137**	**24**	**9**	**170**
Non-current	26	24	5	55
Current	111	—	4	115
As at 31 December 2022	**137**	**24**	**9**	**170**

(A) Other provisions primarily relate to property tax assessment provisions and legal reserves, and are not considered material to the consolidated financial statements.

Restructuring provision

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline, and the employees affected have been notified of the plan's main features. These provisions are expected to be resolved by the time the related programme is substantively complete.

Refer to Note 18 for further details regarding our restructuring programmes.

Decommissioning provisions

Decommissioning liabilities relate to contractual or legal obligations to pay for asset retirement costs. The liabilities represent both the reinstatement obligations when the Group is contractually obligated to pay for the cost of retiring leased buildings and the costs for collection, treatment, reuse, recovery and environmentally sound disposal of cold drink equipment. Specific to cold drink equipment obligations, the Group is subject to, and operates in accordance with, the EU Directive on Waste Electrical and Electronic Equipment (WEEE). Under the WEEE, companies that put electrical and electronic equipment (such as cold drink equipment) on the EU market are responsible for the costs of collection, treatment, recovery and disposal of their own products. Where applicable, the WEEE provision estimate is calculated using assumptions including disposal cost per unit, average equipment age and the inflation rate, to determine the appropriate accrual amount.

The period over which the decommissioning liabilities on leased buildings and cold drink equipment will be settled ranges from 1 to 30 years and 2 to 9 years, respectively.

Contingencies

Legal proceedings and tax matters

The Group is involved in various legal proceedings and tax matters and is routinely under audit by tax authorities in the ordinary course of business. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, settlements between affected parties and/or governmental actions. The probability of loss for such contingencies is assessed and accrued as a liability and/or disclosed, as appropriate.

On 24 July 2020, a CCEP subsidiary 'Associated Products & Distribution Proprietary Limited' (APD), was joined to proceedings in the Supreme Court of Queensland between a Glencore joint venture and the State of Queensland, whereby APD's entitlement to royalties, from its sub-surface strata and associated mineral rights, has been challenged by the State of Queensland. Since 2014 and through to 24 July 2020, CCEP has received and recognised approximately €50 million in royalties. Effective the commencement of the proceedings, royalties have been paid directly to court and/or state government and have not been recognised by the Group. In November 2022, the Group was granted a favourable court ruling confirming its entitlement to the past and future royalty payments arising from the ownership of the mineral rights. In December 2022, the Group recognised approximately €96 million of royalty income related to historical payments as well as the entitlement for the fourth quarter of 2022. This amount is reflected as "Other Income" in our consolidated income statement for the year ended 31 December 2022. As at 31 December 2022 the Group is exploring various opportunities in respect of a potential divestment of the mineral rights. Refer to Note 27 for further details.

Guarantees

In connection with ongoing litigation and tax matters in certain territories, guarantees of approximately €646 million have been issued (2021: €340 million). The Group was required to issue these guarantees to satisfy potential obligations arising from such litigation. In addition, we have approximately €29 million of guarantees issued to third parties through the normal course of business (2021: €35 million). The guarantees have various terms and the amounts represent the maximum potential future payments that we could be required to make under the guarantees. No significant additional liabilities in the accompanying consolidated financial statements are expected to arise from guarantees issued.

Notes to the consolidated financial statements continued

Commitments

Commitments beyond 31 December 2022 are disclosed herein but not accrued for within the consolidated statement of financial position.

Purchase agreements

Total purchase commitments were €0.1 billion as at 31 December 2022. This amount represents non-cancellable purchase agreements with various suppliers that are enforceable and legally binding, and that specify a fixed or minimum quantity that we must purchase. All purchases made under these agreements have standard quality and performance criteria. In addition to these amounts, the Group has outstanding capital expenditure purchase orders of approximately €109 million as at 31 December 2022. The Group also has other purchase orders raised in the ordinary course of business which are settled in a reasonably short period of time.

Lease agreements

As at 31 December 2022, the Group had committed to a number of lease agreements that have not yet commenced. The minimum lease payments for these lease agreements totalled €23 million.

Note 24
Other current assets and assets held for sale

Other current assets

The following table summarises the Group's other current assets as at the dates presented:

	Year ended 31 December	
	2022	2021
Other current assets	€ million	€ million
Prepayments	180	101
VAT receivables[(A)]	41	16
Coal royalties[(B)]	96	—
Miscellaneous receivables	162	154
Total other current assets	**479**	**271**

(A) This line item includes a receivable of €25 million from the Basque Region. Refer to Note 25 for further details.
(B) Amount relates to the royalty income recognised in connection with a favourable court ruling pertaining to the ownership of certain mineral rights in Australia. Refer to Note 23 for further detail.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they would be recovered through sale rather than continuous use. In order for a sale to be considered highly probable, all of the following criteria needs to be met: management is committed to a plan to sell the assets, an active programme to locate a buyer and complete the plan has been initiated, the assets are actively marketed at reasonable price, and the sale is expected to be completed within one year from the date of classification.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less cost to sale.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

Assets classified as held for sale as at 31 December 2022 totalled €94 million and are predominantly comprised of €40 million related to certain non-alcoholic ready to drink beverage brands, which are to be sold to TCCC (See Note 20 for further details), as well as €29 million related to a sale of property in Germany. The Group expects to complete these transactions during the first half of 2023.

Assets classified as held for sale as at 31 December 2021 totalled €223 million and were predominantly comprised of certain non-alcoholic ready to drink brands that were acquired as part of the Acquisition.

Note 25
Other non-current assets

The following table summarises the Group's other non-current assets as at the dates presented:

	Year ended 31 December	
	2022	2021
Other non-current assets	€ million	€ million
VAT receivables	—	214
Retirement benefit surplus (Note 16)	135	194
Investments	35	40
Other	82	86
Total other non-current assets	**252**	**534**

VAT receivables

As at 31 December 2021, the Group had a VAT receivable of €214 million, included within other non-current assets, relating to a dispute that began in 2014 between the Spanish tax authorities and the regional tax authorities of Bizkaia (Basque Region) as to the responsibility for refunding VAT to CCEP for years 2013 to 2016. Under relevant tax laws in Spain, conflicts between jurisdictions are ruled by a special Arbitration Board and the refund of the VAT is mandated following the resolution of the issue at the Arbitration Board. As a result of the Arbitration Board ruling issued in July 2022, €252 million, inclusive of interest, was received in December from the regional tax authorities of Bizkaia. As at 31 December 2022, in connection with the dispute and the ruling, the Group has an additional VAT receivable of €25 million from the Basque Region included within Other current assets, and a payable of €57 million to the Spanish tax authorities included within Trade and other payables, both inclusive of interest. We believe it remains a certainty that the Group will continue to be held neutral in respect of the VAT dispute.

Investments

Joint ventures are undertakings in which the Group has an interest and which are jointly controlled by the Group and one or more other parties. Associates are undertakings where the Group has an investment in which it does not have control or joint control but can exercise significant influence. Interests in joint ventures and associates are accounted for using the equity method and are stated in the consolidated balance sheet at cost, adjusted for the movement in the Group's share of their net assets and liabilities. The Group's share of the profit or loss after tax of joint ventures and associates is included in the Group's consolidated income statement as non-operating items. Where the Group's share of losses exceeds its interest in the equity

Notes to the consolidated financial statements continued

accounted investee, the carrying amount of the investment is reduced to zero and the recognition of further losses is discontinued, except to the extent that the Group has an obligation to make payments on behalf of the investee.

Financial assets at fair value through other comprehensive income relate to equity investments. These investments are not held for trading purposes and hence the Group has opted to recognise fair value movements through other comprehensive income. There have been no significant changes in fair value of these investments during the period.

The following table summarises the Group's carrying value of investments as at the dates presented:

	Year ended 31 December	
	2022	2021
Investments	€ million	€ million
Investments accounted using equity method	33	35
Financial assets at fair value through other comprehensive income	2	5
Total investments	**35**	**40**

Note 26
Financial risk management
Financial risk factors, objectives and policies

The Group's activities expose it to several financial risks including market risk, credit risk and liquidity risk. Financial risk activities are governed by appropriate policies and procedures to minimise the uncertainties these risks create on the Group's future cash flows. Such policies are developed and approved by the Group's treasury and commodities risk committee, through the authority delegated to it by the Board.

Market risk

Market risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices and includes interest rate risk, currency risk and other price risk such as commodity price risk. Market risk affects outstanding borrowings, as well as derivative financial instruments.

Interest rates

The Group is subject to interest rate risk for its outstanding borrowings. To manage interest rate risk, the Group maintains a significant proportion of its borrowings at fixed rates. Approximately 90% and 95% of the Group's interest bearing borrowings were comprised of fixed rate borrowings at 31 December 2022 and 31 December 2021, respectively. As part of the Acquisition, the Group acquired interest rate swaps used to hedge its interest rate risk associated with CCL-related borrowings. As at 31 December 2022 and 31 December 2021 the notional value of the Group's interest rate swaps was €1,146 million and €291 million, respectively.

If interest rates on the Group's floating rate debt were adjusted by 1% for the years ended 31 December 2022, 31 December 2021 and 31 December 2020, the Group's finance costs and pre-tax equity would change on an annual basis by approximately €9 million, €7 million and €2 million, respectively. This amount is determined by calculating the effect of a hypothetical interest rate change on the Group's floating rate debt. This estimate does not include the effects of other actions to mitigate this risk or changes in the Group's financial structure.

Currency exchange rates

The Group's exposure to the risk of changes in currency exchange rates relates primarily to its operating activities denominated in currencies other than the functional currency, the euro. To manage currency exchange risk arising from future commercial transactions and recognised monetary assets and liabilities, foreign currency forward and option contracts with external third parties are used. Typically, up to 80% of anticipated cash flow exposures in each major foreign currency for the next calendar year are hedged using a combination of forward and option contracts with third parties.

The Group is also exposed to the risk of changes in currency exchange rates between US dollar and euro relating to its US denominated borrowings. The following table demonstrates the sensitivity of the Group's profit before income taxes and pre-tax equity as a result of changes in the value of outstanding debt instruments due to reasonable movements in the US dollar against the euro, with all other variables held constant. This does not take into account the effects of derivative instruments used to manage exposure to this risk. Movements in foreign currencies related to the Group's other financial instruments do not have a material impact on profit before income taxes or pre-tax equity.

The Group also has borrowing denominated in Australian dollars that are not swapped into euro and are converted as part of the currency translation of the net assets of API, and as such, movements in exchange rates would not impact profit.

	Change in currency rate	€ strengthens against US$	€ weakens against US$
Effect on profit before tax and pre-tax equity	%	€ million	€ million
Year ended 31 December 2022	10	197	(197)
Year ended 31 December 2021	10	176	(176)
Year ended 31 December 2020	10	33	(36)

Notes to the consolidated financial statements continued

Commodity price risk

The competitive marketplace in which the Group operates may limit its ability to recover increased costs through higher prices. As such, the Group is subject to market risk with respect to commodity price fluctuations, principally related to its purchases of aluminium, PET (plastic, including recycled PET, LDPE), ethylene, sugar and vehicle fuel. When possible, exposure to this risk is managed primarily through the use of supplier pricing agreements, which enable the Group to establish the purchase price for certain commodities. Certain suppliers restrict the Group's ability to hedge prices through supplier agreements. As a result, commodity hedging programmes are entered into and generally designated as hedging instruments. Refer to Note 13 for more information. Typically, up to 80% of the anticipated commodity transaction exposures for the next calendar year are hedged using a combination of forward and option contracts executed with third parties. The Group estimates that a 10% change in the market price of these commodities over the current market prices would affect operating profit during the next 12 months by approximately €150 million (2021: €116 million, 2020: €47 million). This does not take into account the effects of derivative instruments used to manage exposure to this risk or pricing agreements in place.

Credit risk

The Group is exposed to counterparty credit risk on all of its derivative financial instruments. Strict counterparty credit guidelines are maintained and only financial institutions that are investment grade or better are acceptable counterparties. Counterparty credit risk is continuously monitored and numerous counterparties are used to minimise exposure to potential defaults. Where required, collateral is paid between the counterparties to minimise counterparty risk. The maximum credit risk exposure for each derivative financial instrument is the carrying amount of the derivative. Included in trade and other payables is €25 million (2021: €46 million) related to collateral received from counterparties and included in other current assets is nil (2021: €4 million) related to collateral paid to counterparties.

Credit is extended in the form of payment terms for trade to customers of the Group, consisting of retailers, wholesalers and other customers, generally without requiring collateral, based on an evaluation of the customer's financial condition. While the Group has a concentration of credit risk in the retail sector, this risk is mitigated due to the diverse nature of the customers the Group serves, including, but not limited to, their type, geographic location, size and beverage channel. Depending on the risk profile of certain customers, we may also seek bank guarantees. Collections of receivables are dependent on each individual customer's financial condition and sales adjustments granted. Trade accounts receivable are carried at net realisable value. Typically, accounts receivable have terms of 30 to 60 days and do not bear interest. Exposure to losses on receivables is monitored, and balances are adjusted for expected credit losses. Expected credit losses are determined by: (1) evaluating the ageing of receivables; (2) analysing the history of adjustments; and (3) reviewing high risk customers. Credit insurance on a portion of the accounts receivable balance is also carried.

Liquidity risk

Liquidity risk is actively managed to ensure that the Group has sufficient funds to satisfy its commitments. The Group's sources of capital include, but are not limited to, cash flows from operations, public and private issuances of debt and equity securities and bank borrowings. The Group believes its operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund its working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to its shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity. Based on information currently available, the Group does not believe it is at significant risk of default by its counterparties.

The Group has amounts available for borrowing under a €1.95 billion multi currency credit facility (2021: €1.95 billion) with a syndicate of 13 banks. This credit facility matures in 2025 and is for general corporate purposes, including serving as a backstop to its commercial paper programme and supporting the Group's working capital needs. Based on information currently available, the Group has no indication that the financial institutions participating in this facility would be unable to fulfil their commitments as at the date of these financial statements. The current credit facility contains no financial covenants that would impact the Group's liquidity or access to capital. As at 31 December 2022, the Group had no amounts drawn under this credit facility.

During the year the Group implemented a new sustainability-linked supply chain finance programme. The facility is provided by a third party bank and will help our suppliers get paid earlier than under contractual credit terms. Supplier balances under supply chain finance facilities are disclosed in Note 15.

Notes to the consolidated financial statements continued

The following table analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Financial liabilities	Total € million	Less than 1 year € million	1 to 3 years € million	3 to 5 years € million	More than 5 years € million
31 December 2022					
Trade and other payables	4,714	4,714	—	—	—
Amounts payable to related parties	485	485	—	—	—
Borrowings	12,314	1,336	2,597	2,179	6,202
Derivatives	263	76	17	51	119
Lease liabilities	752	149	217	129	257
Total financial liabilities	**18,528**	**6,760**	**2,831**	**2,359**	**6,578**
31 December 2021					
Trade and other payables	3,933	3,933	—	—	—
Amounts payable to related parties	210	210	—	—	—
Borrowings	13,599	1,369	2,551	2,274	7,405
Derivatives	66	19	4	15	28
Lease liabilities	714	145	208	111	250
Total financial liabilities	**18,522**	**5,676**	**2,763**	**2,400**	**7,683**

Capital management

The primary objective of the Group's capital management is to ensure a strong credit rating and appropriate capital ratios are maintained to support the Group's business and maximise shareholder value. The Group's credit ratings are periodically reviewed by rating agencies. Currently, the Group's long-term ratings from Moody's and Fitch are Baa1 and BBB+, respectively. Changes in the operating results, cash flows or financial position could impact the ratings assigned by the various rating agencies. The credit rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, capital management activities of TCCC and/or changes in the credit rating of TCCC. Should the credit ratings be adjusted downward, the Group may incur higher costs to borrow, which could have a material impact on the financial condition and results of operations.

The capital structure is managed and, as appropriate, adjustments are made in light of changes in economic conditions and the Group's financial policy. The Group monitors its operating performance in the context of targeted financial leverage by comparing the ratio of net debt with adjusted EBITDA. Net debt is calculated as being the net of cash and cash equivalents, short-term investments, borrowings, fair value of hedging instruments related to borrowings and financial assets/liabilities related to borrowings. Adjusted EBITDA is calculated as EBITDA and adjusted for items impacting comparability.

Refer to Note 12 for the presentation of fair values for each class of financial assets and financial liabilities and Note 13 for an outline of how the Group utilises derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations.

Refer to the Strategic Report included within this Integrated Report for disclosure of strategic, commercial and operational risk relevant to the Group.

Notes to the consolidated financial statements continued

Note 27
Significant events after the reporting period

In January 2023, the Group extended the maturity date of the revolving credit facility from August 2025 to January 2028. The size of the facility remains unchanged at €1.95 billion.

On 15 February 2023, the Group completed the acquisition of the remaining 29.4% ownership interest of its subsidiary, PT Coca-Cola Bottling Indonesia, for a total consideration of €282 million.

On 8 February 2023, the Group received a proposed VAT assessment for years 2017 to 2019, approximating €250 million, inclusive of interest, in relation to a dispute between the Spanish tax authorities and the regional tax authorities of Bizkaia (Basque Region) regarding the responsibility for ultimately refunding VAT to the Group. For the period under the proposed assessment, the VAT refund was issued by the Spanish tax authorities. In July 2022, the Arbitration Board ruled that the regional tax authorities of Bizkaia were responsible for refunding the VAT to the Group for years 2013 and 2016 (refer to Note 25 for additional details). We believe that the Group will continue to be held neutral in respect of the VAT dispute.

On 7 March 2023, the Group entered into an agreement to sell sub-strata and associated mineral rights in Queensland, Australia. Subject to regulatory approval, the transaction is expected to complete in the first half of 2023. The financial effects of the transaction will not be material for the Group.

Notes to the consolidated financial statements continued

Note 28
Group companies

In accordance with section 409 of the Companies Act 2006, a full list of the Company's subsidiaries, partnerships, associates, joint ventures and joint arrangements as at 31 December 2022 is disclosed below, along with the country of incorporation, the registered address and the effective percentage of equity owned at that date. Unless otherwise stated, each entity has a share capital comprising a single class of ordinary shares and is wholly owned and indirectly held by CCEP.

Name	Country of incorporation	% equity interest	Registered address
Agua De La Vega Del Codorno, S.L.U.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
Aguas De Cospeito, S.L.U.	Spain	100%	Crta. Pino km. 1 - 2, 27377, Cospeito (Lugo), Spain
Aguas De Santolin, S.L.U.	Spain	100%	C/ Real, s/n 09246, Quintanaurria , Burgos , Spain
Aguas Del Maestrazgo, S.L.U.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
Aguas Del Toscal, S.A.U.	Spain	100%	Ctra. de la Pasadilla, km, 3-35250, ingenio (Gran Canaria), Spain
Aguas Vilas Del Turbon, S.L.U.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
Aitonomi AG	Switzerland	15%	Bruderhausstrasse 10, CH-6372 Ennetmoos, Switzerland
Amalgamated Beverages Great Britain Limited	United Kingdom	100%(D)	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Apand Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Associated Products & Distribution Proprietary	Australia	100%(D)	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
BBH Investment Ireland Limited	Ireland	100%	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
Bebidas Gaseosas Del Noroeste, S.L.U.	Spain	100%	Avda. Alcalde Alfonso Molina , S/N-15007, (A Coruna), Spain
Beganet, S.L.U.	Spain	100%	Avda Paisos Catalans, 32, 08950 , Esplugues de Llobregat, Spain
Beverage Bottlers (NQ) Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Beverage Bottlers (QLD) Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Birtingahúsið ehf.	Iceland	34.5%	Laugavegur 174, 105, Reykjavík, Iceland
BL Bottling Holdings UK Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Bottling Great Britain Limited	United Kingdom	100%(D)	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Bottling Holding France SAS	France	100%	9 chemin de Bretagne , 92784, Issy-les-Moulineaux, France
Bottling Holdings (Luxembourg) SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald, Luxembourg
Bottling Holdings (Netherlands) B.V.	Netherlands	100%	Marten Meesweg 25 J, 3068 AV ROTTERDAM, Netherlands
Bottling Holdings Europe Limited	United Kingdom	100%(B)(E)	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom

Notes to the consolidated financial statements continued

Name	Country of incorporation	% equity interest	Registered address
Brewcorp Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Brewhouse Investments Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
C - C Bottlers Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Can Recycling (S.A.) Pty. Ltd.	Australia	100%[B]	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
CC Digital GmbH	Germany	50%	Stralauer Allee 4, 10245, Berlin, Germany
CC Erfrischungsgetränke Oldenburg Verwaltungs GmbH	Germany	100%[I]	Stralauer Allee 4, 10245, Berlin, Germany
CC Iberian Partners Gestion S.L.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
CC Verpackungsgesellschaft mit beschraenkter Haftung	Germany	100%	Schieferstrasse 20, 06126, Halle (Saale), Germany
CCA Bayswater Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
CCEP Australia Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
CCEP Finance (Australia) Limited	United Kingdom	100%[A]	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
CCEP Finance (Ireland) Designated Activity Company	Ireland	100%	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
CCEP Group Services Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
CCEP Holdings (Australia) Limited	United Kingdom	100%[A][D]	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
CCEP Holdings (Australia) Pty Ltd	Australia	100%[A]	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
CCEP Holdings Norge AS	Norway	100%	Robsrudskogen 5, Lørenskog, 1470, Norway
CCEP Holdings Sverige AB	Sweden	100%	Dryckesvägen 2 C, 136 87, Haninge, Sweden
CCEP Holdings UK Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
CCEP Ventures Australia Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
CCEP Ventures Europe Limited	United Kingdom	100%[A]	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
CCEP Ventures UK Limited	United Kingdom	100%[A]	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
CCEP Scottish Limited Partnership	United Kingdom	100%	52 Milton Road, East Kilbride, Glasgow, Scotland, G74 5DJ
CCIP Soporte, S.L.U.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
Circular Plastics Australia (PET) Holdings Pty Ltd	Australia	16.67%	Building 3, 658 Church Street, Cremorne VIC 3121, Australia
Classic Brand (Europe) Designated Activity Company	Ireland	100%	4th Floor, 25-28 Adelaide Road, Dublin 2, D02 RY98, Ireland
Cobega Embotellador, S.L.U.	Spain	100%	Avda Paisos Catalans, 32, 08950 , Esplugues de Llobregat, Spain
Coca-Cola Amatil (UK) Limited	United Kingdom	100%[L]	1 Bartholomew Lane, London, EC2N 2AX, United Kingdom
Coca-Cola Europacific Partners (CDE Aust) Pty Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Coca-Cola Europacific Partners (Fiji) Pte Limited	Fiji	100%	Lot 1, Ratu Dovi Road, Laucala Beach Estate, NASINU, Fiji

Notes to the consolidated financial statements continued

Name	Country of incorporation	% equity interest	Registered address
Coca-Cola Europacific Partners (Holdings) Pty Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Coca-Cola Europacific Partners (Initial LP) Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Coca-Cola Europacific Partners (Scotland) Limited	United Kingdom	100%	52 Milton Road, College Milton, East Kilbride, Scotland, G74 5DJ, United Kingdom
Coca-Cola Europacific Partners API Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Coca-Cola Europacific Partners Australia Pty Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Coca-Cola Europacific Partners Belgium SRL/BV	Belgium	100%	Chaussée de Mons 1424, 1070 Brussels, Belgium
Coca-Cola Europacific Partners Deutschland GmbH	Germany	100%[(F)]	Stralauer Allee 4, 10245, Berlin, Germany
Coca-Cola Europacific Partners France SAS	France	100%[(G)]	9 chemin de Bretagne , 92784, Issy-les-Moulineaux, France
Coca-Cola Europacific Partners Great Britain Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Coca-Cola Europacific Partners Holdings Great Britain Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Coca-Cola Europacific Partners Holdings NZ Limited	New Zealand	100%	The Oasis, 19 Carbine Road, Mount Wellington, Auckland, 1060, New Zealand
Coca-Cola Europacific Partners Holdings US, Inc.	United States	100%[(A)(D)]	Corporation Trust Center, 1209 Orange Street, Wilmington DE, USA
Coca-Cola Europacific Partners Iberia, S.L.U.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
Coca-Cola Europacific Partners Investments (Singapore) Pte. Ltd.	Singapore	100%	80 Robinson Road, #02-00, 068898, Singapore
Coca-Cola Europacific Partners Ísland ehf.	Iceland	100%	Studlahals 1, 110, Reykjavik, Iceland
Coca-Cola Europacific Partners Luxembourg sàrl	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald, Luxembourg
Coca-Cola Europacific Partners Nederland B.V.	Netherlands	100%	Marten Meesweg 25 J, 3068 AV ROTTERDAM, Netherlands
Coca-Cola Europacific Partners New Zealand Limited	New Zealand	100%	The Oasis, 19 Carbine Road, Mount Wellington, Auckland, 1060, New Zealand
Coca-Cola Europacific Partners Norge AS	Norway	100%	Robsrudskogen 5, Lørenskog, 1470, Norway
Coca-Cola Europacific Partners Papua New Guinea Limited	Papua New Guinea	100%	Section 23, Allotment 14, Milfordhaven Road, LAE, Morobe Province, 411, Papua New Guinea
Coca-Cola Europacific Partners Pension Scheme Trustees Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Coca-Cola Europacific Partners Portugal Unipessoal LDA	Portugal	100%	Quinta da Salmoura - Cabanas-2925-362 Azeitão, Setúbal, Portugal
Coca-Cola Europacific Partners Services Bulgaria EOOD	Bulgaria	100%	48 Sitnyakovo Blvd. , Serdika Centre , Office Building, floor 5 , Sofia , 1505, Bulgaria
Coca-Cola Europacific Partners Services Europe Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Coca-Cola Europacific Partners Services SRL	Belgium	100%[(O)]	Chaussée de Mons 1424, 1070 Brussels, Belgium
Coca-Cola Europacific Partners Sverige AB	Sweden	100%	136 87, Haninge, Sweden
Coca-Cola Europacific Partners US II, LLC	United States	100%	Corporation Trust Center, 1209 Orange Street, Wilmington 19801, Delaware, USA

Notes to the consolidated financial statements continued

Name	Country of incorporation	% equity interest	Registered address
Coca-Cola Europacific Partners US, LLC	United States	100%	Corporation Trust Center, 1209 Orange Street, Wilmington 19801, USA
Coca-Cola Europacific Partners Vanuatu Limited	Vanuatu	100%	1st Floor, Govant Building, Kumul Highway, Port Vila, Vanuatu
Coca-Cola Immobilier SCI	France	100%(G)	9 chemin de Bretagne , 92784, Issy-les-Moulineaux, France
Coca-Cola Production SAS	France	100%	Zone d' entreprises de Bergues , 59380, Commune de Socx, France
Coca-Cola Australia Foundation Limited	Australia	—%(M)	Level 13 , 40 Mount Street , North Sydney NSW 2060, Australia
Compañía Asturiana De Bebidas Gaseosas, S.L.U.	Spain	100%	C/ Nava, 18- 3ª (Granda) Siero - 33006, Oviedo, Spain
Compañía Castellana De Bebidas Gaseosas, S.L.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, (Madrid), Spain
Compañía Levantina De Bebidas Gaseosas, S.L.U.	Spain	100%	Av. Real Monasterio de Sta. , Maria de Poblet , 3646930, Quart de Poblet , Spain
Compañía Norteña De Bebidas Gaseosas, S.L.U.	Spain	100%	C/ Ibaizábal, 57 , Galdakao, 48960, Bizkaia, Spain
Compañía Para La Comunicación De Bebidas Sin Alcohol, S.L.U.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
Container Exchange (QLD) Limited	Australia	—%(M)	Level 17, 100 Creek Street, Brisbane QLD 4000, Australia
Container Exchange (Services) Pty Ltd	Australia	50%	Maddocks, Angel Place, Level 27, 123 Pitt Street, Sydney NSW 2000, Australia
Conversia IT, S.L.U.	Spain	100%	C/ Ribera Del Loira 20-22, 2a Planta , 28042, Madrid, Spain
Crusta Fruit Juices Proprietary Limited	Australia	100%(J)	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Developed System Logistics, S.L.U.	Spain	100%	Av. Henry Ford 25, Manzana 19, Complejo Pq.Ind.Juan , CARLOS I , 46220, Picassent , Valencia , Spain
Endurvinnslan hf.	Iceland	20%	Knarravogur 4, 104 Reykjavik, Iceland
Exchange for Change (ACT) Pty Ltd	Australia	20%	Building C, Suite 6, Level 1, 1 Homebush Bay Drive, Rhodes NSW 2138, Australia
Exchange for Change (Australia) Pty Ltd	Australia	20%	Building C, Suite 6, Level 1, 1 Homebush Bay Drive, Rhodes NSW 2138, Australia
Exchange for Change (NSW) Pty Ltd	Australia	20%	Building C, Suite 6, Level 1, 1 Homebush Bay Drive, Rhodes NSW 2138, Australia
Feral Brewing Company Pty Ltd	Australia	100%(K)	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Foodl B.V.	Netherlands	33.3%	HNK Utrecht West, V.02, Weg der Verenigde Naties 1, 3527 KT, Utrecht, Netherlands
GR Bottling Holdings UK Limited	United Kingdom	100%(A)	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Infineo Recyclage SAS	France	49%(H)	Sainte Marie la Blanche , 21200, Dijon , France
Innovative Tap Solutions Inc.	United States	21.8%	300 Brookside Avenue, Ambler, PA 19002, USA
Instelling voor Bedrijfspensioenvoorziening Coca-Cola Europacific Partners Belgium/Coca-Cola Europacific Partners Services – Bedienden-Arbeiders OFP	Belgium	100%	1424 – B1070 Bergensesteenweg, Brussels, Belgium
Instelling voor Bedrijfspensioenvoorziening Coca-Cola Europacific Partners Belgium/Coca-Cola Europacific Partners Services – Kaderleden OFP	Belgium	100%	1424 – B1070 Bergensesteenweg, Brussels, Belgium

Notes to the consolidated financial statements continued

Name	Country of incorporation	% equity interest	Registered address
Iparbal, 99 S.L.	Spain	100%	C/ Ibaizábal, 57, 48960, Bizkaia, Galdakao, Spain
Iparsoft, 2004 S.L.	Spain	100%	C/ Ibaizábal, 57, 48960, Bizkaia, Galdakao, Spain
Kollex GmbH	Germany	20%	Kottbusser Damm 25-26 , 10967, Berlin, Germany
Lavit Holdings Inc	United States	13.7%	27 West 20th Street, Suite 1004, New York NY 10011, USA
Lusobega, S.L.	Spain	100%	C/ Ibaizábal, 57, 48960, Bizkaia, Galdakao, Spain
Madrid Ecoplatform, S.L.U.	Spain	100%	C/Pedro Lara, 8 Pq. Tecnologico de Leganes , 28919, (Leganes), Spain
Mahija Parahita Nusantara Foundation	Indonesia	—%[M]	South Quarter Tower C, 22nd (P) Floor, Jalan R.A. Kartini, Kav.8, Cilandak Barat, Cilandak, South Jakarta , 12430, Indonesia
Matila Nominees Pty. Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Neverfail Bottled Water Co Pty Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Neverfail SA Pty. Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Neverfail Springwater (VIC) Pty Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Neverfail Springwater Co Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Neverfail Springwater Co. (QLD) Pty. Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Neverfail Springwater Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Neverfail WA Pty. Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Pacbev Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Paradise Beverages (Fiji) Pte Limited	Fiji	100%	122-164 Foster Road, Walu Bay, Suva, Fiji
PEÑA Umbria S.L.U.	Spain	100%	Av. Real Monasterio de Sta. , Maria de Poblet , 3646930, Quart de Poblet , Spain
Perfect Fruit Company Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
PT Amandina Bumi Nusantara	Indonesia	35.31%	South Quarter Tower C, 22nd (P) Floor, Jalan R.A. Kartini, Kav.8, Cilandak Barat, Cilandak, South Jakarta , 12430, Indonesia
PT Coca-Cola Bottling Indonesia	Indonesia	70.6%[C]	South Quarter Tower C, 22nd (P) Floor, Jalan R.A. Kartini, Kav.8, Cilandak Barat, Cilandak, South Jakarta , 12430, Indonesia
PT Coca-Cola Distribution Indonesia	Indonesia	70.63%	South Quarter Tower C, 22nd (P) Floor, Jalan R.A. Kartini, Kav.8, Cilandak Barat, Cilandak, South Jakarta , 12430, Indonesia
Purna Pty. Ltd.	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Quenchy Crusta Sales Pty. Ltd.	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Real Oz Water Supply Co (QLD) Pty Limited	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Refrescos Envasados Del Sur, S.L.U.	Spain	100%	Autovía del Sur A-IV, km.528- 41309 , La Rinconada, Sevilla, Spain
Refrige SGPS, Unipessoal, LDA	Portugal	100%	Quinta da Salmoura - Cabanas-2925-362 Azeitão, Setúbal, Portugal
Roalba, S.L.U.	Spain	100%	C/ Ibaizábal, 57, 48960, Bizkaia, Galdakao, Spain

Notes to the consolidated financial statements continued

Name	Country of incorporation	% equity interest	Registered address
Sale Proprietary Co 1 Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Sale Proprietary Co 2 Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Sale Proprietary Co 3 Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Sale Proprietary Co 4 Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Sale Proprietary Co 5 Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Sale Proprietary Co 6 Pty Ltd	Australia	100%(P)	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Sale Proprietary Co 7 Pty Ltd	Australia	100%	Level 13, 40 Mount Street, North Sydney NSW 2060, Australia
Samoa Breweries Limited	Samoa	93.85%	Vaitele Industrial Zone, Vaitele Tai, Faleata Sisifo, Samoa
Solares y Edificios Norteños, S.L.U.	Spain	100%	C/ Ibaizábal, 57, 48960, Bizkaia, Galdakao, Spain
Starstock Group Limited	United Kingdom	28.05%	2nd Floor, 140, Fenchurch Street, London, England, EC3M 6BL, United Kingdom
TasRecycle Limited	Australia	—%(N)	Level 9, 85 Macquarie Street, Hobart TAS 7000, Australia
VicRecycle Limited	Australia	—%(N)	HWL Ebsworth Lawyers, Level 8, 447 Collins Street, Melbourne VIC 3000, Australia
WA Return Recycle Renew Ltd	Australia	—%(M)	Unit 2, 1 Centro Avenue, Subiaco WA 6008, Australia
Wabi Portugal, Unipessoal LDA	Portugal	100%	Nº 16-A, Fracçao B, 5º Piso, Edificio Miraflores Premium Distrito: Lisboa Concelho: Oieras Freguesia: Algés, Linda-a-Velha e Cruz Quebrada-Dafundo 1495 190 Algés, Portugal
WB Investment Ireland 2 Limited	Ireland	100%	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
WBH Holdings Luxembourg SCS	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald, Luxembourg
WIH UK Limited	United Kingdom	100%(A)	Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ, United Kingdom
Wir Sind Coca-Cola GmbH	Germany	100%	Stralauer Allee 4, 10245, Berlin, Germany

(A) 100% equity interest directly held by Coca-Cola Europacific Partners plc.
(B) Class A and B ordinary shares.
(C) Series A, B, and C shares.
(D) Including preference shares issued to the Group.
(E) 38.3% equity interest directly held by Coca-Cola Europacific Partners plc (100% of A ordinary shares in issue).
(F) 10% equity interest directly held by Coca-Cola Europacific Partners plc.
(G) Group shareholding of 99.99% or greater.
(H) Class A and B shares. The Group holds 49% of Class B shares.
(I) In liquidation.
(J) Class A and F shares.
(K) Includes ordinary shares and B Class shares.
(L) Strike off action in process.
(M) Company limited by guarantee. CCEP is a member along with one other member.
(N) Company limited by guarantee. CCEP is a member along with two other members.
(O) Class A, B and C ordinary shares.
(P) Includes redeemable preference shares and discretionary dividend shares issued to the Group.

Coca-Cola Europacific Partners plc Company financial statements
Statement of comprehensive income

		Year ended 31 December	
		2022	2021
	Note	€ million	€ million
Revenue from management fees		34	52
Dividend income	3	581	—
Administrative expenses		(47)	(71)
Operating profit		**568**	**(19)**
Finance income	4	20	15
Finance costs	4	(127)	(133)
Total finance costs, net		(107)	(118)
Non-operating items		(15)	46
Profit before taxes		**446**	**(91)**
Taxes		2	(13)
Profit after taxes		**448**	**(104)**
Components of other comprehensive income:			
Cash flow hedges that may be subsequently reclassified to the income statement:			
Pretax activity, net		(3)	2
Tax effect		—	—
Other comprehensive income for the period, net of tax		**(3)**	**2**
Comprehensive income for the period		**445**	**(102)**

The accompanying notes are an integral part of these Company financial statements.

Statement of financial position

	Note	Year ended 31 December 2022 € million	2021 € million
ASSETS			
Non-current:			
Investments	5	27,632	27,626
Non-current derivative assets	9	123	92
Other non-current assets		9	12
Total non-current assets		**27,764**	**27,730**
Current:			
Current derivative assets	9	86	6
Other current assets		14	7
Total current assets		**100**	**13**
Total assets		**27,864**	**27,743**
LIABILITIES			
Non-current:			
Borrowings, less current portion	7	6,063	7,237
Amounts payable to related parties	6	3,227	3,227
Non-current derivative liabilities	9	130	—
Other non-current liabilities		11	14
Total non-current liabilities		**9,431**	**10,478**
Current:			
Amounts payable to related parties	6	3,000	1,703
Current portion of borrowings	7	1,148	986
Trade and other payables		69	85
Total current liabilities		**4,217**	**2,774**
Total liabilities		**13,648**	**13,252**
EQUITY			
Share capital	8	5	5
Share premium	8	233	220
Merger reserves	8	8,466	8,466
Retained earnings	8	5,512	5,800
Total equity		**14,216**	**14,491**
Total equity and liabilities		**27,864**	**27,743**

The accompanying notes are an integral part of these Company financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 March 2023. They were signed on its behalf by:

Damian Gammell, Chief Executive Officer
17 March 2023

Statement of cash flows

	Note	Year ended 31 December 2022 € million	2021* € million
Cash flows from operating activities:			
(Loss)/profit before taxes		446	(91)
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
Dividend income	3	(581)	—
Depreciation		1	2
Amortisation of intangible assets		2	1
Share-based payment expense		16	10
Finance costs, net		107	118
Other non-operating income/(expense)		—	(46)
Investment write-down		11	—
Change in operating assets/liabilities		(29)	45
Net cash flows from operating activities*		**(27)**	**39**
Cash flows from investing activities:			
Investment in subsidiaries, net	5	—	(5,729)
Proceeds from loans to related parties		—	350
Dividend received	3	581	—
Interest received		19	15
Purchase of capitalised software		—	(1)
Net cash flows used in investing activities		**600**	**(5,365)**

	Note	Year ended 31 December 2022 € million	2021* € million
Cash flows from financing activities:			
Proceeds from borrowings, net		1,304	6,769
Repayments on borrowings		(985)	(713)
Payments of principal on lease obligations		(1)	(7)
Interest paid		(138)	(114)
Dividends paid	8	(766)	(639)
Exercise of employee share options		13	30
Net cash flows from financing activities		**(573)**	**5,326**
Net change in cash and cash equivalents		**—**	**—**
Net effect of currency exchange rate changes on cash and cash equivalents*		—	—
Cash and cash equivalents at beginning of period		**—**	**—**
Cash and cash equivalents at end of period		**—**	**—**

The accompanying notes are an integral part of these Company financial statements.
*Comparative information has been reclassified. Refer to Note 1.

Statement of changes in equity

	Share capital € million	Share premium € million	Merger reserves € million	Retained earnings € million	Total equity € million
As at 31 December 2020	**5**	**190**	**8,466**	**6,525**	**15,186**
Issue of shares during the year	—	30	—	—	30
Equity-settled share-based payments	—	—	—	16	16
Total comprehensive income for the period	—	—	—	(102)	(102)
Dividends	—	—	—	(639)	(639)
As at 31 December 2021	**5**	**220**	**8,466**	**5,800**	**14,491**
Issue of shares during the year	—	13	—	—	13
Equity-settled share-based payments	—	—	—	33	33
Total comprehensive income for the period	—	—	—	445	445
Dividends	—	—	—	(766)	(766)
As at 31 December 2022	**5**	**233**	**8,466**	**5,512**	**14,216**

The accompanying notes are an integral part of these Company financial statements.

Notes to the Company financial statements

Note 1
General information and basis of preparation

Coca-Cola Europacific Partners plc (the Company) acts as a holding company for investments in subsidiaries, as well as a provider of various intragroup services. In addition, the Company engages in general corporate activities such as third party borrowings.

The financial statements of the Company have been prepared in accordance with the UK adopted International Accounting Standards, International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The financial statements were approved and signed by Damian Gammell, Chief Executive Officer on 17 March 2023 having been duly authorised to do so by the Board of Directors.

As described in the accounting policies in Note 2, the financial statements have been prepared under the historical cost convention except for certain items measured at fair value. Those accounting policies have been applied consistently in all periods. The functional and presentation currency of the Company is euros and amounts are rounded to the nearest million.

The financial statements of the Company have been prepared on a going concern basis (refer to the "Going concern" paragraph on page 143).

The Company's prior year Statement of Cash Flows included €146 million of foreign currency changes within "Net effect of currency exchange changes on cash and cash equivalents". To reflect the cross currency hedging in place, the foreign currency changes are presented within "Change in operating assets/liabilities" in the current year Statement of Cash Flows and the prior period comparatives have been reclassified. As a consequence, net cash flows from operating activities and net change in cash and cash equivalents for the period ending 31 December 2021 have increased by €146 million and the net effect of currency exchange changes on cash and cash equivalents decreased by the same amount.

Note 2
Significant accounting policies

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made in applying the Company's accounting policies were applied consistently across the annual periods.

Investments

Investments in subsidiaries are initially recognised at cost and carried net of any impairment. Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts of those investments may not be recoverable. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or CGU in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Share-based payments

The Company has established share-based payment plans that provide for the granting of share options and restricted stock units, some with performance and/or market conditions, to certain executive and management level employees that are employed by the Company and its subsidiaries. These awards are designed to align the interests of its employees with the interests of its shareholders.

The Company recognises compensation expense equal to the grant date fair value for all share-based payment awards that are expected to vest. Expense is generally recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. As per IAS 27 the Company equity settles share-based payments for employees of subsidiary entities and accounts for the settlement as an addition to the cost of its investment in the employing subsidiary. Upon vesting, the Company recharges the costs of the share-based awards to the employing subsidiary and records a reduction of the investment.

Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9, "Financial Instruments" are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan notes, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the statement of comprehensive income.

Notes to the Company financial statements continued

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. Losses arising from impairment are recognised in the income statement in other operating expenses.

(ii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Interest bearing loans and borrowings
Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance income and finance cost.

Trade and other payables

Trade and other payable amounts represent liabilities for goods and services provided prior to the end of the reporting period which are unpaid as of the balance sheet date. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, as applicable.

Management fees

As the ultimate parent entity of the Group, the Company is involved in the provision of intragroup services to certain subsidiaries. Specifically, the Company's employees are above-market roles, who provide services related but not limited to strategy, people and culture, finance, legal, and business process and technology. In addition, certain intragroup services are charged to the Company by its subsidiaries. Management fees revenue for intragroup services provided to subsidiaries is recorded in Revenue. Costs incurred by subsidiaries are recharged to the Company and are recorded in administrative expenses in the statement of comprehensive income.

Note 3
Dividend income

Dividends are recognised when the right to receive the dividend is established. During the year the Company has received the following dividends:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Coca-Cola Europacific Partners Holdings US Inc	516	—
Bottling Holdings Europe Limited	49	—
Coca-Cola Europacific Partners Deutschland GmbH	16	—
Total	**581**	**—**

Note 4
Finance income/(costs)

	Year ended 31 December	
	2022	2021
	€ million	€ million
Interest income	19	15
Total finance income	**19**	**15**
Interest expense	(125)	(131)
Amortisation of debt discount	(2)	(2)
Total finance costs	**(127)**	**(133)**

Notes to the Company financial statements continued

Note 5
Investments

	Year ended 31 December	
	2022	2021
	€ million	€ million
Balance at 1 January	**27,626**	**22,284**
Subsequent investment in subsidiaries, net	(11)	5,336
Capitalised/vested share-based payments, net	17	6
Balance at 31 December	**27,632**	**27,626**

During 2022, the Company recognised a full write down of its investment in CCEP Ventures UK Limited for €3 million and a partial write down of its investment in CCEP Ventures Europe Limited for €8 million.

During 2021, the Company subscribed for additional AUD preference shares in CCEP Holdings (Australia) Limited in exchange for interest bearing notes. As at the acquisition date, all AUD preference shares were converted into €5,778 million of ordinary shares.

On 31 December 2021, CCEP Holdings (Australia) Limited made a non-cash distribution of €6,171 million to the Company that was set-off against loan notes issued from the Company to CCEP Holdings (Australia) Limited. The transaction was deemed a return of capital and the investment in CCEP Holdings (Australia) Limited was reduced by an equivalent amount. The residual amount of €7 million represents the remaining investment in CCEP Holdings (Australia) Limited.

During 2021, the Company also subscribed for €2,251 million ordinary shares in CCEP Finance (Australia) Limited and for €3,478 million ordinary shares in CCEP Holdings (Australia) Pty in exchange for cash in these amounts, as part of the acquisition of CCL.

Note 6
Amounts receivable from/payable to related parties

	Year ended 31 December	
	2022	2021
	€ million	€ million
Non-current amounts payable to related parties:		
Borrowings[(A)]	3,227	3,227
Total non-current amounts payable to related parties	**3,227**	**3,227**
Current amounts payable to related parties:		
Cash pool payables[(B)]	2,942	1,674
Trade and other payables	58	29
Total current amounts payable to related parties	**3,000**	**1,703**
Total amounts payable to related parties	**6,227**	**4,930**

(A) In relation to the acquisition of CCL, the Company borrowed interest bearing euro denominated loan notes from CCEP Finance (Ireland) DAC due between September 2025 and May 2041 with interest rates between 0.1% and 1.6%.
(B) The Company participates in a cash pooling structure in which its available cash is swept to a cash pool header (CCEP Finance (Ireland) DAC). Pooling allows the Company to deposit and withdraw cash on a daily basis to meet its working capital needs.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors and the members of the Executive Leadership Team that are employed by the Company. The following table summarises the total remuneration paid or accrued during the reporting period related to key management personnel:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Salaries and other short-term employee benefits[(A)]	16	19
Share-based payments	2	4
Total	**18**	**23**

(A) Short-term employee benefits include wages, salaries and social security contributions, paid annual leave and paid sick leave, paid bonuses and non-monetary benefits.

Notes to the Company financial statements continued

Employee costs

The following table summarises the total employee costs of the Company during the reporting period:

	Year ended 31 December	
	2022	2021
	€ million	€ million
Wages and salaries	13	16
Social security costs	3	3
Total employee costs	**16**	**19**

The average number of persons employed by the Company during the year was 7 (2021: 9).

Note 7
Borrowings

	Year ended 31 December	
	2022	2021
	€ million	€ million
Non-current borrowings:		
Loan notes	6,059	7,232
Lease obligations	4	5
Total non-current borrowings	**6,063**	**7,237**
Current borrowings:		
Loan notes	1,147	700
Commercial paper	—	285
Lease obligations	1	1
Total current borrowings	**1,148**	**986**
Total borrowings	**7,211**	**8,223**

The loan notes as at 31 December 2022 are due between May 2023 and September 2031. The principal amounts due are €7,195 million (2021: €7,915 million) and the applicable interest rates are between 0.2% and 2.75%. The loan notes are stated net of unamortised financing fees of €20 million (2021: €27 million).

During the year, the Company entered into interest rate swaps with notional value of €1 billion, which were designated in a fair value hedge relationship with euro denominated bonds. As at 31 December 2022 fair value adjustments in respect of those interest rate swaps are €(130) million included within non-current borrowings.

Trade and other payables includes interest payable on the borrowings of €47 million (2021: €51 million).

Lease obligations represent the present value of the Company's lease obligations in respect of right of use assets.

The Company has amounts available for borrowing under a €1.95 billion multi currency credit facility with a syndicate of 13 banks. This credit facility matures in 2025 and is for general corporate purposes and supporting the working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to the Company as at the date of these financial statements. The Company's credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2022, the Company had no amounts drawn under this credit facility.

Note 8
Equity

Share capital

As at 31 December 2022, the Company has issued and fully paid 457,106,453 (2021: 456,235,032) ordinary Shares with a nominal value of €0.01 per share. Shares in issue have one voting right each and no restrictions related to dividends or return on capital. For more details please refer to Note 17 in the consolidated financial statements.

Share premium

The balance in share premium as at 31 December 2022 represents the excess over nominal value of €0.01 for the 228,244,244 Shares issued to CCE shareholders on 28 May 2016 based on the adjusted closing stock price of CCE ordinary Shares of €33.33 at the time of the CCEP Merger. The balance also includes €146 million excess over nominal value of share-based payment awarded through to 31 December 2022.

Merger reserves

The Company determined that the consideration transferred to acquire CCIP and CCEG qualified for merger relief under the Companies Act. Therefore, the excess consideration transferred over nominal value is excluded from share premium. The cumulative balance of €8.5 billion includes the consideration transferred in excess of nominal value of €0.01 for CCIP and CCEG of €5.5 billion and €2.9 billion, respectively.

Retained earnings

The balance in retained earnings represents the opening balance on 1 January 2022, combined with the result for the period, dividends paid and the share-based payment reserve.

Dividends

Dividends are recorded in the period in which they are paid. Refer to Note 17 in the consolidated financial statements.

Notes to the Company financial statements continued

Note 9
Financial risk management
Financial risk factors, objectives and policies
The Company's activities expose it to several financial risks, market risk and liquidity risk. Financial risk activities are governed by appropriate policies and procedures to minimise the uncertainties these risks create on the Company's future cash flows. Such policies are developed and approved by the Group's treasury and commodities risk committee, through the authority delegated to it by the Board.

Market risk
Market risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices and includes interest rate risk, currency risk and other price risk such as commodity price risk. Market risk affects outstanding borrowings, as well as derivative financial instruments.

Interest rates
The Company is subject to interest rate risk for its outstanding borrowings. To manage interest rate risk, the Company maintains a significant proportion of its borrowings at fixed rates.

Currency exchange rates
The Company's exposure to the risk of changes in currency exchange rates relates primarily to its operating activities denominated in currencies other than the functional currency, the euro. To manage currency exchange risk arising from future commercial transactions and recognised monetary assets and liabilities, foreign currency forward and option contracts with external third parties are used. Such cash flow exposures are hedged using a combination of forward and option contracts with third parties.

The Company is exposed to the risk of changes in currency exchange rates between US dollar and euro relating to its US denominated borrowings.

In the statement of financial position, non-current derivative assets represent the fair value (Level 2) of the cross currency swap of the USD denominated debt to EUR.

Liquidity risk
Liquidity risk is actively managed to ensure that the Company has sufficient funds to satisfy its commitments. The Company's sources of capital include, but are not limited to, dividend income, public and private issuances of debt and equity securities and bank borrowings. The Company believes its operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund its working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to its shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity. Based on information currently available, the Company does not believe it is at significant risk of default by its counterparties.

Note 10
Auditor's remuneration
Refer to Note 18 of the consolidated financial statements for details of the remuneration of the Company's auditor.

Note 11
Commitments
The Company has fully and unconditionally guaranteed unsecured borrowings outstanding as at 31 December 2022. These borrowings have been issued by CCEP Finance (Ireland) DAC for €3.3 billion, and, prior to the acquisition, Coca-Cola Amatil Limited for €0,8 billion and Coca-Cola Amatil (NZ) Limited for €46 million.

Note 12
Significant events after the reporting period
In January 2023, the Company extended the revolving credit facility maturity date from August 2025 to January 2028. The size of the facility remained unchanged at €1.95 billion.