



News Release

Coca-Cola Reports Third Quarter 2023 Results and Raises Full-Year Guidance

Global Unit Case Volume Grew 2%

Net Revenues Grew 8%;
Organic Revenues (Non-GAAP) Grew 11%

Operating Income Grew 6%;
Comparable Currency Neutral Operating Income (Non-GAAP) Grew 13%

Operating Margin Was 27.4% Versus 27.9% in the Prior Year;
Comparable Operating Margin (Non-GAAP) Was 29.7% Versus 29.5% in the Prior Year

EPS Grew 9% to \$0.71; Comparable EPS (Non-GAAP) Grew 7% to \$0.74

ATLANTA, Oct. 24, 2023 – The Coca-Cola Company today reported third quarter 2023 results, reflecting continued momentum from the first half of the year. “We delivered an overall solid quarter and are raising our full-year topline and bottom-line guidance in light of our year-to-date performance,” said James Quincey, Chairman and CEO of The Coca-Cola Company. “Our leading portfolio of brands, coupled with an aligned and motivated system, positions us to win in the marketplace today while also laying the groundwork for the long term.”

Highlights

Quarterly Performance

- **Revenues:** Net revenues grew 8% to \$12.0 billion, and organic revenues (non-GAAP) grew 11%. Revenue performance included 9% growth in price/mix and 2% growth in concentrate sales. Concentrate sales were in line with unit case volume.
- **Operating margin:** Operating margin was 27.4% versus 27.9% in the prior year, while comparable operating margin (non-GAAP) was 29.7% versus 29.5% in the prior year. Operating margin decline was primarily driven by items impacting comparability and currency headwinds. Comparable operating margin (non-GAAP) expansion was primarily driven by strong topline growth and the impact of refranchising bottling operations, partially offset by an increase in marketing investments versus the prior year, as well as currency headwinds.
- **Earnings per share:** EPS grew 9% to \$0.71, and comparable EPS (non-GAAP) grew 7% to \$0.74. Comparable EPS (non-GAAP) performance included the impact of a 4-point currency headwind.
- **Market share:** The company gained value share in total nonalcoholic ready-to-drink (NARTD) beverages.

- **Cash flow:** Cash flow from operations was \$8.9 billion year-to-date, an increase of \$861 million versus the prior year, driven by strong business performance and working capital initiatives, partially offset by the transition tax payment made during the second quarter. Free cash flow (non-GAAP) was \$7.9 billion year-to-date, an increase of \$636 million versus the prior year.

Company Updates

- **Leveraging consumer passion points on a global stage:** Around the world, the company continues to link consumption occasions with consumer passion points to build deeper brand connections. For the FIFA Women's World Cup 2023™, the biggest female sporting event in history, the company activated a system-wide campaign in Australia and New Zealand that focused equally on the business, society and people. The company used the reach and relevance of its brands, including Trademark Coca-Cola® and Powerade®, to connect to the global soccer phenomenon by engaging with fans and players through digital storytelling and on-the-ground brand experiences. The campaign contributed to Asia Pacific gaining both value and volume share for the quarter. The campaign was also activated on a global scale in markets where soccer is a loved sport, such as in Latin America, where fans received real-time messages while watching matches. During the quarter, the company announced a long-term partnership with the U.S. Soccer Federation, showing the company's commitment to continue using its brands to support the sport.
- **Scaling packaging innovations to continue progress toward a circular economy:** The company, in close alignment with its global partners, continues to pursue its World Without Waste packaging goals by designing and increasing availability of packages that include a combination of recycled materials or reusable containers. During the quarter, Coca-Cola HBC AG unveiled a new, state-of-the-art line for refillable glass bottles in Austria, boosting refillable packaging capacity. In the United States, the system expanded the availability of Trademark Coca-Cola 20-ounce bottles made from 100% recycled PET plastic material (rPET), excluding cap and label. With this expansion, these bottles are now available in 11 major U.S. markets. Following authorization for the use of rPET in several markets over the past year, including India in February, at least one of the company's beverages is now available in 100% rPET, excluding cap and label, in India, Indonesia, Thailand and Türkiye.
- **Building a stronger system while strengthening the balance sheet:** The company continues to evaluate its fit-for-purpose balance sheet and the needs required to support its growth agenda. Recently, the company entered into a letter of intent to rebrand company-owned bottling operations in the Philippines to Coca-Cola Europacific Partners (CCEP) and Aboitiz Equity Ventures (AEV). The combination of CCEP, a strong and experienced bottler, and AEV, a leading Philippines conglomerate with more than 100 years of experience in the market, provides a great opportunity to unlock long-term system growth. The remaining assets in the Bottling Investments segment include operations in India, Africa and several smaller locations primarily in Asia Pacific. The company remains committed to successfully listing Coca-Cola Beverages Africa as a public company via an initial public offering once market conditions become more favorable.

Operating Review – Three Months Ended September 29, 2023

Revenues and Volume

<i>Percent Change</i>	Concentrate Sales ¹	Price/Mix	Currency Impact	Acquisitions, Divestitures and Structural Changes, Net	Reported Net Revenues	Organic Revenues ²	Unit Case Volume ³
Consolidated	2	9	(2)	(1)	8	11	2
Europe, Middle East & Africa	2	19	(12)	0	10	21	(1)
Latin America	5	15	4	0	24	20	7
North America	1	5	0	0	6	6	0
Asia Pacific	1	1	(4)	0	(2)	2	0
Global Ventures ⁴	3	6	6	0	15	9	5
Bottling Investments	10	9	(5)	(9)	4	18	2

Operating Income and EPS

<i>Percent Change</i>	Reported Operating Income	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral Operating Income ²
Consolidated	6	(3)	(5)	13
Europe, Middle East & Africa	9	1	(15)	22
Latin America	38	3	5	31
North America	18	8	0	10
Asia Pacific	(17)	7	(4)	(19)
Global Ventures	21	(2)	5	18
Bottling Investments	185	85	(9)	109

<i>Percent Change</i>	Reported EPS	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral EPS ²
Consolidated	9	3	(4)	11

Note: Certain rows may not add due to rounding.

¹ For Bottling Investments, this represents the percent change in net revenues attributable to the increase (decrease) in unit case volume computed based on total sales (rather than average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any.

² Organic revenues, comparable currency neutral operating income and comparable currency neutral EPS are non-GAAP financial measures. Refer to the Reconciliation of GAAP and Non-GAAP Financial Measures section.

³ Unit case volume is computed based on average daily sales.

⁴ Due to the combination of multiple business models in the Global Ventures operating segment, the composition of concentrate sales and price/mix may fluctuate materially from period to period. Therefore, the company places greater focus on revenue growth as the best indicator of underlying performance of the Global Ventures operating segment.

In addition to the data in the preceding tables, operating results included the following:

Consolidated

- Unit case volume grew 2% for the quarter. Developed markets grew 2% driven by growth in Mexico and Japan. Developing and emerging markets also grew 2% driven by growth in India and the Philippines.

Unit case volume performance included the following:

- Sparkling soft drinks grew 2%, primarily driven by growth in Latin America and Asia Pacific. Trademark Coca-Cola® grew 2%, primarily driven by growth in Latin America and Asia Pacific. Coca-Cola Zero Sugar grew 3%, reflecting growth in Latin America and North America. Sparkling flavors grew 1%, primarily driven by growth in Latin America, Asia Pacific and North America.
- Juice, value-added dairy and plant-based beverages grew 2%, primarily driven by growth in Minute Maid® Pulpy in China, Santa Clara® in Mexico and fairlife® in the United States.
- Water, sports, coffee and tea grew 1%. Water grew 1%, primarily driven by growth in Latin America. Sports drinks grew 3%, primarily driven by Powerade® in Latin America and Europe, Middle East & Africa. Coffee grew 6%, primarily driven by the strong performance of Costa® coffee in the United Kingdom and China. Tea declined 1%, as growth in Asia Pacific was more than offset by declines in Latin America and doğadan® in Türkiye.
- Price/mix grew 9%, primarily driven by pricing actions in the marketplace, including the continued impact of hyperinflationary markets, and favorable segment mix. Concentrate sales were in line with unit case volume.
- Operating income grew 6%, which included items impacting comparability and a 4-point currency headwind. Comparable currency neutral operating income (non-GAAP) grew 13%, driven by organic revenue (non-GAAP) growth across all operating segments, partially offset by an increase in marketing investments.

Europe, Middle East & Africa

- Unit case volume declined 1%, as growth in water, sports, coffee and tea was more than offset by declines in other beverage categories. Volume was impacted by the suspension of business in Russia and a decline in Pakistan.
- Price/mix grew 19%, approximately one-third of which was driven by the continued impact of pricing in hyperinflationary markets and the remaining driven by pricing actions across operating units, partially offset by unfavorable geographic mix. Concentrate sales were 3 points ahead of unit case volume, primarily due to the timing of concentrate shipments.
- Operating income grew 9%, which included a 13-point currency headwind. Comparable currency neutral operating income (non-GAAP) grew 22%, primarily driven by organic revenue (non-GAAP) growth across all operating units, partially offset by an increase in marketing investments and higher operating costs.
- The company gained value share in total NARTD beverages, led by share gains in Türkiye, France and Nigeria.

Latin America

- Unit case volume grew 7%, with strong growth across nearly all categories, led by Mexico and Brazil.
- Price/mix grew 15%, approximately half of which was driven by the continued impact of inflationary pricing in Argentina and the remaining driven by pricing actions in the marketplace and favorable channel mix. Concentrate sales were 2 points behind unit case volume, primarily due to the timing of concentrate shipments.
- Operating income grew 38%, which included a 7-point currency tailwind and items impacting comparability. Comparable currency neutral operating income (non-GAAP) grew 31%, primarily driven by strong organic revenue (non-GAAP) growth, partially offset by an increase in marketing investments.
- The company lost value share in total NARTD beverages, as share gains in Brazil, Colombia and Chile were more than offset by unfavorable mix driven by the inflationary environment in Argentina and share losses in Mexico, Peru and Ecuador.

North America

- Unit case volume was even, as growth in sparkling flavors, juice and value-added dairy beverages was offset by declines in other beverage categories.
- Price/mix grew 5%, primarily driven by pricing actions already in the marketplace. Concentrate sales were 1 point ahead of unit case volume, primarily due to the timing of concentrate shipments.
- Operating income grew 18%, which included items impacting comparability. Comparable currency neutral operating income (non-GAAP) grew 10%, driven by organic revenue (non-GAAP) growth, partially offset by an increase in marketing investments.
- The company gained value share in total NARTD beverages, driven by sparkling soft drinks, juice and value-added dairy beverages.

Asia Pacific

- Unit case volume was even, as growth in Trademark Coca-Cola and other beverage categories was offset by a decline in water. Growth in India and the Philippines was offset by declines in China and Indonesia.
- Price/mix grew 1%, primarily driven by pricing actions in the marketplace. Concentrate sales were 1 point ahead of unit case volume, primarily due to the timing of concentrate shipments.
- Operating income declined 17%, which included items impacting comparability and a 6-point currency headwind. Comparable currency neutral operating income (non-GAAP) declined 19%, as organic revenue (non-GAAP) growth across all operating units was more than offset by higher operating costs and an increase in marketing investments.
- The company gained value share in total NARTD beverages, led by share gains in India, the Philippines, South Korea and Japan.

Global Ventures

- Net revenues grew 15%, and organic revenues (non-GAAP) grew 9%. Revenue performance benefited from the strong performance of Costa® coffee in the United Kingdom and China.
- Operating income grew 21%, which included items impacting comparability and a 5-point currency tailwind. Comparable currency neutral operating income (non-GAAP) grew 18%, driven by solid organic revenue (non-GAAP) growth, partially offset by higher operating costs.

Bottling Investments

- Unit case volume grew 2%, primarily driven by growth in India and the Philippines, partially offset by the impact of refranchising bottling operations.
- Price/mix grew 9%, driven by pricing actions across most markets, partially offset by unfavorable geographic mix.
- Operating income grew 185%, which included items impacting comparability and a 12-point currency headwind. Comparable currency neutral operating income (non-GAAP) grew 109%, driven by strong organic revenue (non-GAAP) growth, partially offset by higher operating costs.

Operating Review – Nine Months Ended September 29, 2023

Revenues and Volume

<i>Percent Change</i>	Concentrate Sales ¹	Price/Mix	Currency Impact	Acquisitions, Divestitures and Structural Changes, Net	Reported Net Revenues	Organic Revenues ²	Unit Case Volume ³
Consolidated	1	10	(4)	(1)	6	11	2
Europe, Middle East & Africa	(1)	18	(11)	0	6	17	(3)
Latin America	4	17	(1)	0	20	21	5
North America	0	8	0	0	8	8	0
Asia Pacific	(1)	4	(6)	1	(1)	3	4
Global Ventures ⁴	6	2	(1)	0	7	8	5
Bottling Investments	6	9	(8)	(8)	(1)	15	0

Operating Income and EPS

<i>Percent Change</i>	Reported Operating Income	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral Operating Income ²
Consolidated	2	(5)	(7)	15
Europe, Middle East & Africa	2	1	(14)	15
Latin America	23	0	(2)	25
North America	18	1	0	18
Asia Pacific	(14)	1	(6)	(9)
Global Ventures	30	(10)	1	38
Bottling Investments	12	11	(5)	7

<i>Percent Change</i>	Reported EPS	Items Impacting Comparability	Currency Impact	Comparable Currency Neutral EPS ²
Consolidated	17	9	(6)	14

Note: Certain rows may not add due to rounding.

¹ For Bottling Investments, this represents the percent change in net revenues attributable to the increase (decrease) in unit case volume computed based on total sales (rather than average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any.

² Organic revenues, comparable currency neutral operating income and comparable currency neutral EPS are non-GAAP financial measures. Refer to the Reconciliation of GAAP and Non-GAAP Financial Measures section.

³ Unit case volume is computed based on average daily sales.

⁴ Due to the combination of multiple business models in the Global Ventures operating segment, the composition of concentrate sales and price/mix may fluctuate materially from period to period. Therefore, the company places greater focus on revenue growth as the best indicator of underlying performance of the Global Ventures operating segment.

Outlook

The 2023 and 2024 outlook information provided below includes forward-looking non-GAAP financial measures, which management uses in measuring performance. The company is not able to reconcile full-year 2023 projected organic revenues (non-GAAP) to full-year 2023 projected reported net revenues, full-year 2023 projected comparable net revenues (non-GAAP) to full-year 2023 projected reported net revenues, full-year 2023 projected comparable cost of goods sold (non-GAAP) to full-year 2023 projected reported cost of goods sold, full-year 2023 projected underlying effective tax rate (non-GAAP) to full-year 2023 projected reported effective tax rate, full-year 2023 projected comparable currency neutral EPS (non-GAAP) to full-year 2023 projected reported EPS, full-year 2023 projected comparable EPS (non-GAAP) to full-year 2023 projected reported EPS, full-year 2024 projected comparable net revenues (non-GAAP) to full-year 2024 projected reported net revenues, or full-year 2024 projected comparable EPS (non-GAAP) to full-year 2024 projected reported EPS without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the exact timing and exact impact of acquisitions, divestitures and structural changes throughout 2023; the exact impact of changes in commodity costs throughout 2023; the exact timing and exact amount of items impacting comparability throughout 2023 and 2024; and the exact impact of fluctuations in foreign currency exchange rates throughout 2023 and 2024. The unavailable information could have a significant impact on the company's full-year 2023 and full-year 2024 reported financial results.

Full Year 2023

The company expects to deliver organic revenue (non-GAAP) growth of 10% to 11%. – *Updated*

For comparable net revenues (non-GAAP), the company expects an approximate 4% currency headwind based on the current rates and including the impact of hedged positions, in addition to an approximate 1% headwind from acquisitions, divestitures and structural changes. – *Updated*

The company expects commodity price inflation to be a mid single-digit percentage headwind on comparable cost of goods sold (non-GAAP) based on the current rates and including the impact of hedged positions. – *No Change*

The company's underlying effective tax rate (non-GAAP) is estimated to be 19.0%. This does not include the impact of ongoing tax litigation with the IRS, if the company were not to prevail. – *Updated*

Given the above considerations, the company expects to deliver comparable currency neutral EPS (non-GAAP) growth of 13% to 14% and comparable EPS (non-GAAP) growth of 7% to 8%, versus \$2.48 in 2022. – *Updated*

Comparable EPS (non-GAAP) percentage growth is expected to include an approximate 6% currency headwind based on the current rates and including the impact of hedged positions, in addition to a slight headwind from acquisitions, divestitures and structural changes. – *Updated*

The company expects to generate free cash flow (non-GAAP) of approximately \$9.5 billion through cash flow from operations of approximately \$11.4 billion, less capital expenditures of approximately \$1.9 billion. This does not include any potential payments related to ongoing tax litigation with the IRS. – *No Change*

The company continues to expect to repurchase shares to offset dilution resulting from employee stock-based compensation plans and may also use a portion of the proceeds we expect to receive from nonoperating activities to repurchase additional shares. – *Updated*

Fourth Quarter 2023 Considerations – *New*

Comparable net revenues (non-GAAP) are expected to include an approximate 4% currency headwind based on the current rates and including the impact of hedged positions, in addition to an approximate 1% headwind from acquisitions, divestitures and structural changes.

Comparable EPS (non-GAAP) percentage growth is expected to include an approximate 8% currency headwind based on the current rates and including the impact of hedged positions.

Full Year 2024 Considerations – *New*

Comparable net revenues (non-GAAP) are expected to include a low single-digit currency headwind based on the current rates and including the impact of hedged positions.

Comparable EPS (non-GAAP) is expected to include a mid single-digit currency headwind based on the current rates and including the impact of hedged positions.

The company will provide full-year 2024 guidance when it reports fourth quarter earnings.

Notes

- All references to growth rate percentages and share compare the results of the period to those of the prior year comparable period, unless otherwise noted.
- All references to volume and volume percentage changes indicate unit case volume, unless otherwise noted. All volume percentage changes are computed based on average daily sales, unless otherwise noted. “Unit case” means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings), with the exception of unit case equivalents for Costa non-ready-to-drink beverage products which are primarily measured in number of transactions. “Unit case volume” means the number of unit cases (or unit case equivalents) of company beverages directly or indirectly sold by the company and its bottling partners to customers or consumers.
- “Concentrate sales” represents the amount of concentrates, syrups, beverage bases, source waters and powders/minerals (in all instances expressed in unit case equivalents) sold by, or used in finished beverages sold by, the company to its bottling partners or other customers. For Costa non-ready-to-drink beverage products, “concentrate sales” represents the amount of beverages, primarily measured in number of transactions (in all instances expressed in unit case equivalents) sold by the company to customers or consumers. In the reconciliation of reported net revenues, “concentrate sales” represents the percent change in net revenues attributable to the increase (decrease) in concentrate sales volume for the geographic operating segments and the Global Ventures operating segment after considering the impact of structural changes, if any. For the Bottling Investments operating segment, this represents the percent change in net revenues attributable to the increase (decrease) in unit case volume computed based on total sales (rather than average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any. The Bottling Investments operating segment reflects unit case volume growth for consolidated bottlers only.
- “Price/mix” represents the change in net operating revenues caused by factors such as price changes, the mix of products and packages sold, and the mix of channels and geographic territories where the sales occurred.
- First quarter 2023 financial results were impacted by one less day as compared to first quarter 2022, and fourth quarter 2023 financial results will be impacted by one additional day as compared to fourth quarter 2022. Unit case volume results for the quarters are not impacted by the variances in days due to the average daily sales computation referenced above.

Conference Call

The company is hosting a conference call with investors and analysts to discuss third quarter 2023 operating results today, Oct. 24, 2023, at 8:30 a.m. ET. The company invites participants to listen to a live webcast of the conference call on the company’s website, <http://www.coca-colacompany.com>, in the “Investors” section. An audio replay in downloadable digital format and a transcript of the call will be available on the website within 24 hours following the call. Further, the “Investors” section of the website includes certain supplemental information and a reconciliation of non-GAAP financial measures to the company’s results as reported under GAAP, which may be used during the call when discussing financial results.

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THE COCA-COLA COMPANY AND SUBSIDIARIES

Consolidated Statements of Income

(In millions except per share data)

	Three Months Ended		
	September 29, 2023	September 30, 2022	% Change
Net Operating Revenues	\$ 11,953	\$ 11,063	8
Cost of goods sold	4,657	4,566	2
Gross Profit	7,296	6,497	12
Selling, general and administrative expenses	3,667	3,279	12
Other operating charges	359	130	175
Operating Income	3,270	3,088	6
Interest income	248	128	95
Interest expense	368	198	87
Equity income (loss) — net	517	479	8
Other income (loss) — net	(130)	(53)	(147)
Income Before Income Taxes	3,537	3,444	3
Income taxes	454	622	(27)
Consolidated Net Income	3,083	2,822	9
Less: Net income (loss) attributable to noncontrolling interests	(4)	(3)	(18)
Net Income Attributable to Shareowners of The Coca-Cola Company	\$ 3,087	\$ 2,825	9
Basic Net Income Per Share¹	\$ 0.71	\$ 0.65	9
Diluted Net Income Per Share¹	\$ 0.71	\$ 0.65	9
Average Shares Outstanding	4,324	4,325	0
Effect of dilutive securities	15	21	(31)
Average Shares Outstanding Assuming Dilution	4,339	4,346	0

Note: Certain growth rates may not recalculate using the rounded dollar amounts provided.

¹ Calculated based on net income attributable to shareowners of The Coca-Cola Company.

THE COCA-COLA COMPANY AND SUBSIDIARIES

Consolidated Statements of Income

(In millions except per share data)

	Nine Months Ended		
	September 29, 2023	September 30, 2022	% Change
Net Operating Revenues	\$ 34,905	\$ 32,879	6
Cost of goods sold	13,886	13,487	3
Gross Profit	21,019	19,392	8
Selling, general and administrative expenses	10,173	9,449	8
Other operating charges	1,808	1,109	63
Operating Income	9,038	8,834	2
Interest income	640	306	109
Interest expense	1,114	578	93
Equity income (loss) — net	1,330	1,133	17
Other income (loss) — net	576	(509)	—
Income Before Income Taxes	10,470	9,186	14
Income taxes	1,753	1,671	5
Consolidated Net Income	8,717	7,515	16
Less: Net income (loss) attributable to noncontrolling interests	(24)	4	—
Net Income Attributable to Shareowners of The Coca-Cola Company	\$ 8,741	\$ 7,511	16
Basic Net Income Per Share¹	\$ 2.02	\$ 1.74	16
Diluted Net Income Per Share¹	\$ 2.01	\$ 1.73	17
Average Shares Outstanding	4,325	4,329	0
Effect of dilutive securities	17	23	(27)
Average Shares Outstanding Assuming Dilution	4,342	4,352	0

Note: Certain growth rates may not recalculate using the rounded dollar amounts provided.

¹ Calculated based on net income attributable to shareowners of The Coca-Cola Company.

THE COCA-COLA COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

(In millions except par value)

	September 29, 2023	December 31, 2022
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 11,883	\$ 9,519
Short-term investments	2,332	1,043
Total Cash, Cash Equivalents and Short-Term Investments	14,215	10,562
Marketable securities	1,220	1,069
Trade accounts receivable, less allowances of \$504 and \$516, respectively	3,495	3,487
Inventories	4,252	4,233
Prepaid expenses and other current assets	4,685	3,240
Total Current Assets	27,867	22,591
Equity method investments	19,256	18,264
Other investments	104	501
Other noncurrent assets	7,031	6,189
Deferred income tax assets	1,575	1,746
Property, plant and equipment — net	8,860	9,841
Trademarks with indefinite lives	14,213	14,214
Goodwill	18,144	18,782
Other intangible assets	528	635
Total Assets	\$ 97,578	\$ 92,763
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 16,837	\$ 15,749
Loans and notes payable	3,915	2,373
Current maturities of long-term debt	2,080	399
Accrued income taxes	1,577	1,203
Total Current Liabilities	24,409	19,724
Long-term debt	34,176	36,377
Other noncurrent liabilities	8,427	7,922
Deferred income tax liabilities	2,733	2,914
The Coca-Cola Company Shareowners' Equity		
Common stock, \$0.25 par value; authorized — 11,200 shares; issued — 7,040 shares	1,760	1,760
Capital surplus	19,081	18,822
Reinvested earnings	73,793	71,019
Accumulated other comprehensive income (loss)	(14,815)	(14,895)
Treasury stock, at cost — 2,716 and 2,712 shares, respectively	(53,494)	(52,601)
Equity Attributable to Shareowners of The Coca-Cola Company	26,325	24,105
Equity attributable to noncontrolling interests	1,508	1,721
Total Equity	27,833	25,826
Total Liabilities and Equity	\$ 97,578	\$ 92,763

THE COCA-COLA COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In millions)

	Nine Months Ended	
	September 29, 2023	September 30, 2022
Operating Activities		
Consolidated net income	\$ 8,717	\$ 7,515
Depreciation and amortization	857	953
Stock-based compensation expense	177	273
Deferred income taxes	(154)	(135)
Equity (income) loss — net of dividends	(952)	(767)
Foreign currency adjustments	(22)	176
Significant (gains) losses — net	(442)	25
Other operating charges	1,665	1,070
Other items	(48)	217
Net change in operating assets and liabilities	(869)	(1,259)
Net Cash Provided by Operating Activities	8,929	8,068
Investing Activities		
Purchases of investments	(4,588)	(3,169)
Proceeds from disposals of investments	2,892	3,049
Acquisitions of businesses, equity method investments and nonmarketable securities	(45)	(40)
Proceeds from disposals of businesses, equity method investments and nonmarketable securities	327	229
Purchases of property, plant and equipment	(1,001)	(776)
Proceeds from disposals of property, plant and equipment	46	46
Collateral (paid) received associated with hedging activities — net	(124)	(1,449)
Other investing activities	70	(79)
Net Cash Provided by (Used in) Investing Activities	(2,423)	(2,189)
Financing Activities		
Issuances of debt	6,013	4,351
Payments of debt	(4,794)	(3,761)
Issuances of stock	424	707
Purchases of stock for treasury	(1,193)	(1,412)
Dividends	(4,078)	(3,910)
Other financing activities	(457)	(1,053)
Net Cash Provided by (Used in) Financing Activities	(4,085)	(5,078)
Effect of Exchange Rate Changes on Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(36)	(392)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents		
Net increase (decrease) in cash, cash equivalents, restricted cash and restricted cash equivalents during the period	2,385	409
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period	9,825	10,025
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents at End of Period	12,210	10,434
Less: Restricted cash and restricted cash equivalents at end of period	327	307
Cash and Cash Equivalents at End of Period	\$ 11,883	\$ 10,127

THE COCA-COLA COMPANY AND SUBSIDIARIES
Operating Segments and Corporate
(In millions)

Three Months Ended

	Net Operating Revenues ¹			Operating Income (Loss)			Income (Loss) Before Income Taxes		
	September 29, 2023	September 30, 2022	% Fav. / (Unfav.)	September 29, 2023	September 30, 2022	% Fav. / (Unfav.)	September 29, 2023	September 30, 2022	% Fav. / (Unfav.)
Europe, Middle East & Africa	\$ 2,176	\$ 1,987	10	\$ 1,136	\$ 1,046	9	\$ 1,154	\$ 1,078	7
Latin America	1,574	1,267	24	985	712	38	988	715	38
North America	4,463	4,201	6	1,276	1,082	18	1,295	1,090	19
Asia Pacific	1,402	1,427	(2)	491	589	(17)	491	598	(18)
Global Ventures	779	679	15	81	67	21	84	69	20
Bottling Investments	1,859	1,786	4	132	46	185	571	466	23
Corporate	40	29	37	(831)	(454)	(83)	(1,046)	(572)	(83)
Eliminations	(340)	(313)	(9)	—	—	—	—	—	—
Consolidated	\$ 11,953	\$ 11,063	8	\$ 3,270	\$ 3,088	6	\$ 3,537	\$ 3,444	3

Note: Certain growth rates may not recalculate using the rounded dollar amounts provided.

¹ During the three months ended September 29, 2023, intersegment revenues were \$167 million for Europe, Middle East & Africa, \$2 million for North America, \$167 million for Asia Pacific and \$4 million for Bottling Investments. During the three months ended September 30, 2022, intersegment revenues were \$143 million for Europe, Middle East & Africa, \$4 million for North America, \$164 million for Asia Pacific and \$2 million for Bottling Investments.

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Operating Segments and Corporate
(In millions)

Nine Months Ended

	Net Operating Revenues ¹			Operating Income (Loss)			Income (Loss) Before Income Taxes		
	September 29, 2023	September 30, 2022	% Fav. / (Unfav.)	September 29, 2023	September 30, 2022	% Fav. / (Unfav.)	September 29, 2023	September 30, 2022	% Fav. / (Unfav.)
Europe, Middle East & Africa	\$ 6,388	\$ 6,004	6	\$ 3,404	\$ 3,344	2	\$ 3,443	\$ 3,326	4
Latin America	4,338	3,621	20	2,635	2,146	23	2,645	2,152	23
North America	12,734	11,821	8	3,525	2,978	18	3,563	3,002	19
Asia Pacific	4,340	4,404	(1)	1,727	2,006	(14)	1,589	2,025	(22)
Global Ventures	2,251	2,103	7	210	162	30	219	173	26
Bottling Investments	5,847	5,909	(1)	393	352	12	1,652	1,312	26
Corporate	95	77	22	(2,856)	(2,154)	(33)	(2,641)	(2,804)	6
Eliminations	(1,088)	(1,060)	(3)	—	—	—	—	—	—
Consolidated	\$ 34,905	\$ 32,879	6	\$ 9,038	\$ 8,834	2	\$ 10,470	\$ 9,186	14

Note: Certain growth rates may not recalculate using the rounded dollar amounts provided.

¹ During the nine months ended September 29, 2023, intersegment revenues were \$505 million for Europe, Middle East & Africa, \$6 million for North America, \$571 million for Asia Pacific and \$6 million for Bottling Investments. During the nine months ended September 30, 2022, intersegment revenues were \$481 million for Europe, Middle East & Africa, \$6 million for North America, \$567 million for Asia Pacific and \$6 million for Bottling Investments.

THE COCA-COLA COMPANY AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Financial Measures

The company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP” or referred to herein as “reported”). To supplement our consolidated financial statements reported on a GAAP basis, we provide the following non-GAAP financial measures: “comparable net revenues,” “comparable currency neutral net revenues,” “organic revenues,” “comparable cost of goods sold,” “comparable operating margin,” “underlying operating margin,” “comparable operating income,” “comparable currency neutral operating income,” “comparable EPS,” “comparable currency neutral EPS,” “underlying effective tax rate” and “free cash flow,” each of which is defined below. Management believes these non-GAAP financial measures provide investors with additional meaningful financial information that should be considered when assessing our underlying business performance and trends. Further, management believes these non-GAAP financial measures also enhance investors’ ability to compare period-to-period financial results. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the company’s reported results prepared in accordance with GAAP. Our non-GAAP financial measures do not represent a comprehensive basis of accounting. Therefore, our non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies. Reconciliations of each of these non-GAAP financial measures to GAAP information are also included below. Management uses these non-GAAP financial measures in making financial, operating, compensation and planning decisions and in evaluating the company’s performance. Disclosing these non-GAAP financial measures allows investors and management to view our operating results excluding the impact of items that are not reflective of the underlying operating performance.

DEFINITIONS

- “Currency neutral operating results” are determined by dividing or multiplying, as appropriate, our current period actual U.S. dollar operating results, by the current period actual exchange rates (that include the impact of current period currency hedging activities), to derive our current period local currency operating results. We then multiply or divide, as appropriate, the derived current period local currency operating results by the foreign currency exchange rates (that also include the impact of the comparable prior period currency hedging activities) used to translate the company’s financial statements in the comparable prior year period to determine what the current period U.S. dollar operating results would have been if the foreign currency exchange rates had not changed from the comparable prior year period.
- “Structural changes” generally refer to acquisitions and divestitures of bottling operations, including the impact of intercompany transactions between our operating segments. In August 2022, the company acquired a controlling interest in a bottling operation in Malawi. The impact of this acquisition has been included in acquisitions, divestitures and structural changes in our analysis of net revenues on a consolidated basis as well as for the Bottling Investments operating segment for the three and nine months ended September 29, 2023. In November 2022, the company refranchised our bottling operations in Cambodia, and in January 2023, the company refranchised our bottling operations in Vietnam. The impact of these refranchisings has been included in acquisitions, divestitures and structural changes in our analysis of net revenues on a consolidated basis as well as for the Bottling Investments and Asia Pacific operating segments for the three and nine months ended September 29, 2023.
- “Comparable net revenues” is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability (discussed further below). “Comparable currency neutral net revenues” is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability (discussed further below) as well as the impact of fluctuations in foreign currency exchange rates. Management believes the comparable net revenues (non-GAAP) growth measure and the comparable currency neutral net revenues (non-GAAP) growth measure provide investors with useful supplemental information to enhance their understanding of the company’s revenue performance and trends by improving their ability to compare our period-to-period results. “Organic revenues” is a non-GAAP financial measure that excludes or has otherwise been adjusted for the impact of acquisitions, divestitures and structural changes, as applicable, and the impact of fluctuations in foreign currency exchange rates. Management believes the organic revenue (non-GAAP) growth measure provides users with useful supplemental information regarding the company’s ongoing revenue performance and trends by presenting revenue growth excluding the impact of foreign exchange as well as the impact of acquisitions, divestitures and structural changes. The adjustments related to acquisitions, divestitures and structural changes for the three and nine months ended September 29, 2023 included the structural changes discussed above. Additionally, in May 2023 and July 2022, the company acquired certain brands in Asia Pacific. The

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Reconciliation of GAAP and Non-GAAP Financial Measures

impact of acquiring these brands has been included in acquisitions, divestitures and structural changes in our analysis of net revenues on a consolidated basis as well as for the Asia Pacific operating segment for the three and nine months ended September 29, 2023.

- “Comparable cost of goods sold” is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability (discussed further below). Management believes comparable cost of goods sold (non-GAAP) provides users with useful supplemental information regarding the company’s ongoing cost of goods sold by improving their ability to compare our period-to-period results.
- “Comparable operating income” is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability (discussed further below). “Comparable currency neutral operating income” is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability (discussed further below) and the impact of fluctuations in foreign currency exchange rates. “Comparable operating margin” is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability (discussed further below). “Underlying operating margin” is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability (discussed further below), the impact of fluctuations in foreign currency exchange rates, and the impact of acquisitions, divestitures and structural changes, as applicable. Management uses these non-GAAP financial measures to evaluate the company’s performance and make resource allocation decisions. Further, management believes the comparable operating income (non-GAAP) growth measure, comparable currency neutral operating income (non-GAAP) growth measure, comparable operating margin (non-GAAP) measure and underlying operating margin (non-GAAP) measure enhance its ability to communicate the underlying operating results and provide investors with useful supplemental information to enhance their understanding of the company’s underlying business performance and trends by improving their ability to compare our period-to-period financial results.
- “Comparable EPS” and “comparable currency neutral EPS” are non-GAAP financial measures that exclude or have otherwise been adjusted for items impacting comparability (discussed further below). Comparable currency neutral EPS (non-GAAP) has also been adjusted for the impact of fluctuations in foreign currency exchange rates. Management uses these non-GAAP financial measures to evaluate the company’s performance and make resource allocation decisions. Further, management believes the comparable EPS (non-GAAP) and comparable currency neutral EPS (non-GAAP) growth measures enhance its ability to communicate the underlying operating results and provide investors with useful supplemental information to enhance their understanding of the company’s underlying business performance and trends by improving their ability to compare our period-to-period financial results.
- “Underlying effective tax rate” is a non-GAAP financial measure that represents the estimated annual effective income tax rate on income before income taxes, which excludes or has otherwise been adjusted for items impacting comparability (discussed further below).
- “Free cash flow” is a non-GAAP financial measure that represents net cash provided by operating activities less purchases of property, plant and equipment. Management uses this non-GAAP financial measure to evaluate the company’s performance and make resource allocation decisions.

ITEMS IMPACTING COMPARABILITY

The following information is provided to give qualitative and quantitative information related to items impacting comparability. Items impacting comparability are not defined terms within GAAP. Therefore, our non-GAAP financial information may not be comparable to similarly titled measures reported by other companies. We determine which items to consider as “items impacting comparability” based on how management views our business; makes financial, operating, compensation and planning decisions; and evaluates the company’s ongoing performance. Items such as charges, gains and accounting changes which are viewed by management as impacting only the current period or the comparable period, but not both, or as pertaining to different and unrelated underlying activities or events across comparable periods, are generally considered “items impacting comparability.” Items impacting comparability include, but are not limited to, asset impairments, transaction gains/losses including associated costs, and charges related to restructuring initiatives, in each case when exceeding a U.S. dollar threshold. Also included are our proportionate share of similar items incurred by our equity method investees, timing differences related to our economic (non-designated) hedging activities, and timing differences related to unrealized mark-to-market adjustments of equity securities and

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trading debt securities, regardless of size. In addition, we provide the impact that fluctuations in foreign currency exchange rates had on our financial results (“currency neutral operating results” defined above).

Asset Impairments

During the three and nine months ended September 30, 2022, the company recorded an impairment charge of \$57 million related to a trademark in Asia Pacific, which was primarily driven by a change in brand strategy resulting in revised projections of future operating results for the trademark.

During the nine months ended September 30, 2022, the company recorded an other-than-temporary impairment charge of \$96 million related to an equity method investee in Russia.

Equity Investees

During the three and nine months ended September 29, 2023, the company recorded net charges of \$48 million and \$132 million, respectively. During the three and nine months ended September 30, 2022, the company recorded net charges of \$14 million and \$44 million, respectively. These amounts represent the company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

Transaction Gains/Losses

During the three and nine months ended September 29, 2023, the company recorded charges of \$296 million and \$1,620 million, respectively, related to the remeasurement of our contingent consideration liability to fair value in conjunction with our acquisition of fairlife, LLC (“fairlife”) in 2020. Additionally, the company recognized gains of \$34 million and \$342 million, respectively, related to the sale of a portion of our ownership interest in an unconsolidated bottling operation.

During the nine months ended September 29, 2023, the company recorded gains of \$439 million and \$3 million related to the refranchising of our bottling operations in Vietnam and Cambodia, respectively.

During the three and nine months ended September 30, 2022, the company recorded charges of \$32 million and \$971 million, respectively, related to the remeasurement of our contingent consideration liability to fair value in conjunction with our acquisition of fairlife. Additionally, the company recognized gains of \$37 million and \$75 million, respectively, related to the sale of a portion of our ownership interest in an unconsolidated bottling operation.

During the nine months ended September 30, 2022, the company recorded a net loss of \$24 million as a result of one of our equity method investees issuing additional shares of its stock.

Restructuring

During the three and nine months ended September 29, 2023, the company recorded charges of \$58 million and \$109 million, respectively. During the three and nine months ended September 30, 2022, the company recorded charges of \$27 million and \$56 million, respectively. The costs incurred were primarily related to certain initiatives designed to further simplify and standardize our organization as part of our productivity and reinvestment program.

During the nine months ended September 29, 2023, the company recorded charges of \$26 million, primarily related to severance costs associated with the restructuring of our North America operating unit.

Other Items

Economic (Non-Designated) Hedges

The company uses derivatives as economic hedges primarily to mitigate the foreign exchange risk for certain currencies, certain interest rate risk, and the price risk associated with the purchase of materials used in our manufacturing processes as well as the purchase of vehicle fuel. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The changes in fair values of these economic hedges are immediately recognized in earnings.

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The company excludes the net impact of mark-to-market adjustments for outstanding hedges and realized gains/losses for settled hedges from our non-GAAP financial information until the period in which the underlying exposure being hedged impacts our consolidated statement of income. Management believes this adjustment provides meaningful information related to the impact of our economic hedging activities. During the three and nine months ended September 29, 2023, the net impact of the company's adjustment related to our economic hedging activities resulted in decreases of \$103 million and \$65 million, respectively, to our non-GAAP income before income taxes.

During the three and nine months ended September 30, 2022, the net impact of the company's adjustment related to our economic hedging activities resulted in increases of \$25 million and \$36 million, respectively, to our non-GAAP income before income taxes.

Unrealized Gains and Losses on Equity and Trading Debt Securities

The company excludes the net impact of unrealized gains and losses resulting from mark-to-market adjustments on our equity and trading debt securities from our non-GAAP financial information until the period in which the underlying securities are sold and the associated gains or losses are realized. Management believes this adjustment provides meaningful information related to the impact of our investments in equity and trading debt securities. During the three and nine months ended September 29, 2023, the net impact of the company's adjustment related to unrealized gains and losses on our equity and trading debt securities resulted in increases of \$113 million and \$178 million, respectively, to our non-GAAP income before income taxes.

During the three and nine months ended September 30, 2022, the net impact of the company's adjustment related to unrealized gains and losses on our equity and trading debt securities resulted in increases of \$78 million and \$501 million, respectively, to our non-GAAP income before income taxes.

Other

During the three and nine months ended September 29, 2023, the company recorded net charges of \$4 million and \$15 million, respectively, related to restructuring our manufacturing operations in the United States. Additionally, the company recorded net charges of \$4 million and \$11 million, respectively, for the amortization of noncompete agreements related to the BODYARMOR acquisition in 2021. The company also recorded charges of \$1 million and \$7 million, respectively, related to tax litigation expense. During the nine months ended September 29, 2023, the company recorded charges totaling \$35 million related to the discontinuation of certain manufacturing operations in Asia Pacific.

During the three and nine months ended September 30, 2022, the company recorded net charges of \$8 million and \$31 million, respectively, related to restructuring our manufacturing operations in the United States. Additionally, the company recorded net charges of \$15 million and \$23 million, respectively, related to the BODYARMOR acquisition, which included various transition and transaction costs, employee retention costs and the amortization of noncompete agreements, net of the reimbursement of distributor termination fees.

Certain Tax Matters

During the three and nine months ended September 29, 2023, the company recorded \$5 million and \$33 million, respectively, of excess tax benefits associated with the company's stock-based compensation arrangements and net income tax benefits of \$106 million and \$111 million, respectively, for changes to our uncertain tax positions, including interest and penalties, as well as for various discrete tax items. Additionally, the company recorded net income tax benefits of \$75 million and \$77 million, respectively, associated with return to provision adjustments. During the nine months ended September 29, 2023, the company recorded a net income tax benefit of \$90 million related to a change in tax law in a certain foreign jurisdiction.

During the three and nine months ended September 30, 2022, the company recorded \$4 million and \$70 million, respectively, of excess tax benefits associated with the company's stock-based compensation arrangements. The company also recorded a net income tax benefit of \$10 million and net income tax expense of \$13 million, respectively, for changes to our uncertain tax positions, including interest and penalties, as well as for various discrete tax items. During the three and nine months ended September 30, 2022, the company recorded net income tax expense of \$12 million associated with return to provision adjustments.