(Mark One)

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

#### For the quarterly period ended September 30, 2022 OR

* **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

#### For the transition period from to

**Commission File Number 001-02217**



(Exact name of Registrant as specified in its charter)

#### Delaware 58-0628465

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

#### One Coca-Cola Plaza

#### Atlanta Georgia 30313

(Address of principal executive offices) (Zip Code)

#### Registrant’s telephone number, including area code: (404) 676-2121 Securities registered pursuant to Section 12(b) of the Act:

|  |  |  |
| --- | --- | --- |
| **Title of each class**  **Common Stock, $0.25 Par Value** | **Trading Symbol(s)**  **KO** | **Name of each exchange on which registered**  **New York Stock Exchange** |
| **0.500% Notes Due 2024** | **KO24** | **New York Stock Exchange** |
| **1.875% Notes Due 2026** | **KO26** | **New York Stock Exchange** |
| **0.750% Notes Due 2026** | **KO26C** | **New York Stock Exchange** |
| **1.125% Notes Due 2027** | **KO27** | **New York Stock Exchange** |
| **0.125% Notes Due 2029** | **KO29A** | **New York Stock Exchange** |
| **0.125% Notes Due 2029** | **KO29B** | **New York Stock Exchange** |
| **0.400% Notes Due 2030** | **KO30B** | **New York Stock Exchange** |
| **1.250% Notes Due 2031** | **KO31** | **New York Stock Exchange** |
| **0.375% Notes Due 2033** | **KO33** | **New York Stock Exchange** |
| **0.500% Notes Due 2033** | **KO33A** | **New York Stock Exchange** |
| **1.625% Notes Due 2035** | **KO35** | **New York Stock Exchange** |
| **1.100% Notes Due 2036** | **KO36** | **New York Stock Exchange** |
| **0.950% Notes Due 2036** | **KO36A** | **New York Stock Exchange** |
| **0.800% Notes Due 2040** | **KO40B** | **New York Stock Exchange** |
| **1.000% Notes Due 2041** | **KO41** | **New York Stock Exchange** |

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

|  |  |  |  |
| --- | --- | --- | --- |
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer  Emerging growth company | ☐  ☐ | Smaller reporting company | ☐ |

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or

revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark if the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒ Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of the latest practicable date.

Class of Common Stock Shares Outstanding as of October 24, 2022

$0.25 Par Value 4,324,513,264

#### THE COCA-COLA COMPANY AND SUBSIDIARIES

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**FORWARD-LOOKING STATEMENTS**

*This report contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “will” and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating*

*results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward- looking statements are subject to certain risks and uncertainties that could cause our Company’s actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, the possibility that the assumptions used to calculate our estimated aggregate incremental tax and interest liability related to the potential unfavorable outcome of the ongoing tax dispute with the U.S. Internal Revenue Service could significantly change; those described in Part II, “Item 1A. Risk Factors” and elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2021 and in our Quarterly Report on Form 10-Q for the quarter ended April 1, 2022; and those described from time to time in our future reports filed with the Securities and Exchange Commission.*

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#### Part I. Financial Information

##### Item 1. Financial Statements

**THE COCA-COLA COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME**

(In millions except per share data)

**$**

**0.65** $

0.57 **$**

**1.73** $

1.70

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Three Months Ended |  |  | Nine Months Ended | |  |
| **September 30,**  **2022** | October 1,  2021 |  | **September 30,**  **2022** | | October 1,  2021 |
| **Net Operating Revenues** | **$ 11,063** $ | 10,042 |  | **$ 32,879** $ | | 29,191 |
| Cost of goods sold | **4,566** | 3,977 |  | **13,487** | | 11,269 |
| **Gross Profit** | **6,497** | 6,065 |  | **19,392** | | 17,922 |
| Selling, general and administrative expenses | **3,279** | 3,122 |  | **9,449** | | 8,808 |
| Other operating charges | **130** | 45 |  | **1,109** | | 478 |
| **Operating Income** | **3,088** | 2,898 |  | **8,834** | | 8,636 |
| Interest income | **128** | 68 |  | **306** | | 205 |
| Interest expense | **198** | 210 |  | **578** | | 1,432 |
| Equity income (loss) — net | **479** | 455 |  | **1,133** | | 1,136 |
| Other income (loss) — net | **(53)** | (127) |  | **(509)** | | 920 |
| **Income Before Income Taxes** | **3,444** | 3,084 |  | **9,186** | | 9,465 |
| Income taxes | **622** | 609 |  | **1,671** | | 2,111 |
| **Consolidated Net Income** | **2,822** | 2,475 |  | **7,515** | | 7,354 |
| Less: Net income (loss) attributable to noncontrolling interests | **(3)** | 4 |  | **4** | | (3) |
| **Net Income Attributable to Shareowners of The Coca-Cola Company** | **$ 2,825** $ | 2,471 | **$ 7,511** | | $ 7,357 | |
| **Basic Net Income Per Share1** | **$ 0.65** $ | 0.57 | **$ 1.74** | | $ 1.71 | |
| **Diluted Net Income Per Share1** | | | | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Average Shares Outstanding — Basic** | **4,325** | 4,318 | **4,329** | 4,313 |
| Effect of dilutive securities | **21** | 26 | **23** | 24 |
| **Average Shares Outstanding — Diluted** | **4,346** | 4,344 | **4,352** | 4,337 |
| 1 Calculated based on net income attributable to shareowners of The Coca-Cola Company.  Refer to Notes to Consolidated Financial Statements. |  |  |  |  |

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#### THE COCA-COLA COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Three Months Ended | |  |  | Nine Months Ended |  |
| **September 30,**  **2022** | | October 1,  2021 |  | **September 30,**  **2022** | October 1,  2021 |
| **Consolidated Net Income $ 2,822** $ | | 2,475 |  | **$ 7,515** $ | 7,354 |
| **Other Comprehensive Income:** |  |  |  | |  |
| Net foreign currency translation adjustments | **(1,364)** | (991) | **(2,265)** | | (131) |
| Net gains (losses) on derivatives | **93** | 28 | **250** | | 184 |
| Net change in unrealized gains (losses) on available-for-sale debt securities | **18** | (22) | **(12)** | | (83) |
| Net change in pension and other postretirement benefit liabilities | **34** | (32) | **284** | | 368 |
| **Total Comprehensive Income** | **1,603** | 1,458 | **5,772** | | 7,692 |
| Less: Comprehensive income (loss) attributable to noncontrolling interests | **(154)** | (62) | **(200)** | | (16) |
| **Total Comprehensive Income Attributable to Shareowners of The Coca-Cola Company** | **$ 1,757** $ | 1,520 | **$ 5,972** $ | | 7,708 |

Refer to Notes to Consolidated Financial Statements.

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#### THE COCA-COLA COMPANY AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(In millions except par value)

**September 30,**

**2022**

December 31,

2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **ASSETS** | |  | | |
| **Current Assets** | |  |  | |
| Cash and cash equivalents | | **$ 10,127** | $ 9,684 | |
| Short-term investments | | **1,120** | 1,242 | |
| **Total Cash, Cash Equivalents and Short-Term Investments** | | **11,247** | 10,926 | |
| Marketable securities | | **1,973** | 1,699 | |
| Trade accounts receivable, less allowances of $517 and $516, respectively | | **3,994** | 3,512 | |
| Inventories | | **3,708** | 3,414 | |
| Prepaid expenses and other current assets | | **3,217** | 2,994 | |
| **Total Current Assets** | | **24,139** | 22,545 | |
| Equity method investments | | **17,723** | 17,598 | |
| Other investments | | **582** | 818 | |
| Other noncurrent assets | | **6,130** | 6,731 | |
| Deferred income tax assets | | **1,708** | 2,129 | |
| Property, plant and equipment, less accumulated depreciation of $8,992 and $8,942, respectively | | **9,243** | 9,920 | |
| Trademarks with indefinite lives | | **13,968** | 14,465 | |
| Goodwill | | **18,329** | 19,363 | |
| Other intangible assets | | **649** | 785 | |
| **Total Assets** | | **$ 92,471** | $ 94,354 | |
| **LIABILITIES AND EQUITY** | |  |  | |
| **Current Liabilities** |  |  | |  |
| Accounts payable and accrued expenses |  | **$ 16,103** $ | | 14,619 |
| Loans and notes payable |  | **3,396** | | 3,307 |
| Current maturities of long-term debt |  | **729** | | 1,338 |
| Accrued income taxes |  | **1,211** | | 686 |
| **Total Current Liabilities** |  | **21,439** | | 19,950 |
| Long-term debt |  | **35,462** | | 38,116 |
| Other noncurrent liabilities |  | **8,010** | | 8,607 |
| Deferred income tax liabilities |  | **3,124** | | 2,821 |
| **The Coca-Cola Company Shareowners’ Equity** |  |  | |  |
| Common stock, $0.25 par value; authorized — 11,200 shares; issued — 7,040 shares |  | **1,760** | | 1,760 |
| Capital surplus |  | **18,687** | | 18,116 |
| Reinvested earnings |  | **70,893** | | 69,094 |
| Accumulated other comprehensive income (loss) |  | **(15,869)** | | (14,330) |
| Treasury stock, at cost — 2,716 and 2,715 shares, respectively |  | **(52,666)** | | (51,641) |
| **Equity Attributable to Shareowners of The Coca-Cola Company** |  | **22,805** | | 22,999 |
| Equity attributable to noncontrolling interests |  | **1,631** | | 1,861 |
| **Total Equity** |  | **24,436** | | 24,860 |
| **Total Liabilities and Equity** |  | **$ 92,471** $ | | 94,354 |
| Refer to Notes to Consolidated Financial Statements. | 4 |  | |  |

#### THE COCA-COLA COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

Nine Months Ended

**September 30,**

**2022**

October 1,

2021

|  |  |  |  |
| --- | --- | --- | --- |
| **Operating Activities** |  | | |
| Consolidated net income | **$** | **7,515** $ | 7,354 |
| Depreciation and amortization | **953** | | 1,111 |
| Stock-based compensation expense | **273** | | 236 |
| Deferred income taxes | **(135)** | | 726 |
| Equity (income) loss — net of dividends | **(767)** | | (621) |
| Foreign currency adjustments | **176** | | (5) |
| Significant (gains) losses — net | **25** | | (498) |
| Other operating charges | **1,070** | | 243 |
| Other items | **217** | | 517 |
| Net change in operating assets and liabilities | **(1,259)** | | 168 |
| **Net Cash Provided by Operating Activities** | **8,068** | | 9,231 |
| **Investing Activities** |  | |  |
| Purchases of investments | **(3,169)** | | (4,732) |
| Proceeds from disposals of investments | **3,049** | | 5,294 |
| Acquisitions of businesses, equity method investments and nonmarketable securities | **(40)** | | (11) |
| Proceeds from disposals of businesses, equity method investments and nonmarketable securities | **229** | | 1,950 |
| Purchases of property, plant and equipment | **(776)** | | (728) |
| Proceeds from disposals of property, plant and equipment | **46** | | 65 |
| Collateral (paid) received associated with hedging activities — net | **(1,449)** | | — |
| Other investing activities | **(79)** | | 81 |
| **Net Cash Provided by (Used in) Investing Activities** | **(2,189)** | | 1,919 |
| **Financing Activities** |  | |  |
| Issuances of debt | **4,351** | | 11,848 |
| Payments of debt | **(3,761)** | | (13,037) |
| Issuances of stock | **707** | | 493 |
| Purchases of stock for treasury | **(1,412)** | | (104) |
| Dividends | **(3,910)** | | (5,437) |
| Other financing activities | **(1,053)** | | (354) |
| **Net Cash Provided by (Used in) Financing Activities** | **(5,078)** | | (6,591) |
| **Effect of Exchange Rate Changes on Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents** | **(392)** | | (56) |
| **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 | **409** | | 4,503 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of period | **10,025** | | 7,110 |
| **Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents at End of Period** | **10,434** | | 11,613 |
| Less: Restricted cash and restricted cash equivalents at end of period | **307** | | 312 |
| **Cash and Cash Equivalents at End of Period** | **$ 10,127** $ | | 11,301 |
| Refer to Notes to Consolidated Financial Statements. |  | |  |

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#### THE COCA-COLA COMPANY AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by

U.S. GAAP for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K of The Coca-Cola Company for the year ended December 31, 2021.

When used in these notes, the terms “The Coca-Cola Company,” “Company,” “we,” “us” and “our” mean The Coca-Cola Company and all entities included in our consolidated financial statements. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included.

Operating results for the three and nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. Sales of our ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters typically accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions.

Each of our quarterly reporting periods, other than the fourth quarter, ends on the Friday closest to the last day of the corresponding quarterly calendar period. The third quarter of 2022 and the third quarter of 2021 ended on September 30, 2022 and October 1, 2021, respectively. Our fourth quarter and our fiscal year end on December 31 regardless of the day of the week on which December 31 falls.

##### Advertising Costs

The Company’s accounting policy related to advertising costs for annual reporting purposes is to expense production costs of print, radio, television and other advertisements as of the first date the advertisements take place. All other marketing expenditures are expensed in the annual period in which the expenditure is incurred.

For quarterly reporting purposes, we allocate our estimated full year marketing expenditures that benefit multiple quarters to each of those quarters. We use the proportion of each quarter’s actual unit case volume to the estimated full year unit case volume as the basis for the allocation. This methodology results in our marketing expenditures being recognized at a standard rate per unit case. At the end of each quarter, we review our estimated full year unit case volume and our estimated full year marketing expenditures that benefit multiple quarters in order to evaluate if a change in estimate is necessary. The impact of any change in the full year estimate is recognized in the quarter in which the change in estimate occurs. Our full year marketing expenditures are not impacted by this interim accounting policy.

##### Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents

We classify time deposits and other investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents or restricted cash equivalents, as applicable. Restricted cash and restricted cash equivalents generally consist of amounts held by our captive insurance companies, which are included in the line item other noncurrent assets on our consolidated balance sheet. We manage our exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties and procedures to monitor our concentrations of credit risk.

The following tables provide a summary of cash, cash equivalents, restricted cash and restricted cash equivalents that constitute the total amounts shown in our consolidated statements of cash flows (in millions):

|  |  |  |
| --- | --- | --- |
|  | **September 30,** | December 31, |
| **2022** | 2021 |
| Cash and cash equivalents | **$ 10,127** $ | 9,684 |
| Restricted cash and restricted cash equivalents1,2 | **307** | 341 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents | **$ 10,434** $ | 10,025 |

1 Amounts include cash and cash equivalents in our solvency capital portfolio, which are included in the line item other noncurrent assets in our consolidated balance sheets. Refer to Note 4. 2 Amounts include cash and cash equivalents related to assets held for sale, which are included in the line item prepaid expenses and other current assets in our consolidated balance sheets. Refer to Note 2.

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|  |  |  |
| --- | --- | --- |
|  | October 1, | December 31, |
| 2021 | 2020 |
| Cash and cash equivalents | $ 11,301 $ | 6,795 |
| Restricted cash and restricted cash equivalents1 | 312 | 315 |
| Cash, cash equivalents, restricted cash and restricted cash equivalents | $ 11,613 $ | 7,110 |

1 Amounts represent cash and cash equivalents in our solvency capital portfolio, which are included in the line item other noncurrent assets in our consolidated balance sheets. Refer to Note 4.

#### NOTE 2: ACQUISITIONS AND DIVESTITURES

##### Acquisitions

Our Company’s acquisitions of businesses, equity method investments and nonmarketable securities totaled $40 million and $11 million during the nine months ended September 30, 2022 and October 1, 2021, respectively.

##### Divestitures

Proceeds from disposals of businesses, equity method investments and nonmarketable securities during the nine months ended September 30, 2022 and October 1, 2021 totaled

$229 million and $1,950 million, respectively. In 2022, we sold our ownership interest in one of our equity method investments and received cash proceeds of $123 million, resulting in a gain of $13 million. In 2021, we sold our ownership interest in Coca-Cola Amatil Limited (“CCA”), an equity method investee, to Coca-Cola Europacific Partners plc, also an equity method investee. We received cash proceeds of $1,738 million and recognized a gain of $695 million as a result of the sale and the related reversal of cumulative translation adjustments. In 2021, we also sold a portion of our ownership interest in one of our equity method investments and received cash proceeds of $134 million, resulting in a gain of $63 million. All of the gains were recorded in the line item other income (loss) — net in our consolidated statements of income.

##### Assets and Liabilities Held for Sale

The Company had certain bottling operations in Asia Pacific that met the criteria to be classified as held for sale. As a result, we were required to record their assets and liabilities at the lower of carrying value or fair value less any costs to sell. As the fair value less any costs to sell exceeded the carrying value, the related assets and liabilities were recorded at their carrying value. These assets and liabilities were included in the Bottling Investments operating segment. The Company expects these bottling operations to be refranchised during the fourth quarter of 2022, subject to regulatory approval.

The following table presents information related to the major classes of assets and liabilities that were classified as held for sale and were included in the line items prepaid expenses and other current assets and accounts payable and accrued expenses, respectively, in our consolidated balance sheets (in millions):

**September 30,**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **2022** |  | December 31, 2021 |
| Cash, cash equivalents and short-term investments | **$** | **222** | $ | 228 |
| Trade accounts receivable, less allowances |  | **17** |  | 21 |
| Inventories |  | **63** |  | 55 |
| Prepaid expenses and other current assets |  | **46** |  | 36 |
| Other noncurrent assets |  | **34** |  | 9 |
| Deferred income tax assets |  | **7** |  | 6 |
| Property, plant and equipment — net |  | **289** |  | 282 |
| Goodwill |  | **35** |  | 37 |
| Assets held for sale | **$** | **713** | $ | 674 |
| Accounts payable and accrued expenses | **$** | **165** | $ | 139 |
| Accrued income taxes |  | **6** |  | 4 |
| Other noncurrent liabilities |  | **9** |  | 9 |
| Deferred income tax liabilities |  | **5** |  | 5 |
| Liabilities held for sale | **$** | **185** | $ | 157 |

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#### NOTE 3: NET OPERATING REVENUES

The following tables present net operating revenues disaggregated between the United States and International and further by line of business (in millions):

|  |  |  |  |
| --- | --- | --- | --- |
|  | United States | International | Total |
| **Three Months Ended September 30, 2022** |  |  |  |
| Concentrate operations | **$ 2,235 $** | **4,339 $** | **6,574** |
| Finished product operations | **1,909** | **2,580** | **4,489** |
| Total | **$ 4,144 $** | **6,919 $** | **11,063** |
| Three Months Ended October 1, 2021 |  |  |  |
| Concentrate operations | $ 1,749 $ | 4,122 $ | 5,871 |
| Finished product operations | 1,669 | 2,502 | 4,171 |
| Total | $ 3,418 $ | 6,624 $ | 10,042 |
|  | United States | International | Total |
| **Nine Months Ended September 30, 2022** |  |  |  |
| Concentrate operations | **$ 5,768 $** | **12,895 $** | **18,663** |
| Finished product operations | **5,856** | **8,360** | **14,216** |
| Total | **$ 11,624 $** | **21,255 $** | **32,879** |
| Nine Months Ended October 1, 2021 |  |  |  |
| Concentrate operations | $ 4,899 $ | 11,948 $ | 16,847 |
| Finished product operations | 4,744 | 7,600 | 12,344 |
| Total | $ 9,643 $ | 19,548 $ | 29,191 |
| Refer to Note 16 for disclosures of net operating revenues by operating segment and Corporate. |  |  |  |

#### NOTE 4: INVESTMENTS

##### Equity Securities

The carrying values of our equity securities were included in the following line items in our consolidated balance sheets (in millions):

Fair Value with Measurement Alternative

Changes Recognized in

Income

— No Readily Determinable Fair Value

|  |  |  |  |
| --- | --- | --- | --- |
| **September 30, 2022** |  | | |
| Marketable securities | **$** | **296 $** | **—** |
| Other investments |  | **542** | **40** |
| Other noncurrent assets |  | **1,174** | **—** |
| Total equity securities | **$** | **2,012 $** | **40** |
| December 31, 2021 |  |  |  |
| Marketable securities | $ | 376 $ | — |
| Other investments |  | 771 | 47 |
| Other noncurrent assets |  | 1,576 | — |
| Total equity securities | $ | 2,723 $ | 47 |

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The calculation of net unrealized gains and losses recognized during the period related to equity securities still held at the end of the period is as follows (in millions):

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Three Months Ended | | | | | | | |
|  | | | |  | **September 30,**  **2022** | | October 1,  2021 |
| Net gains (losses) recognized during the period related to equity securities | | | |  | **(38)** $ | | 4 |
| Less: Net gains (losses) recognized during the period related to equity securities sold during the period | | | |  | **(95)** | | 5 |
| Net unrealized gains (losses) recognized during the period related to equity securities still held at the end of the period | | | |  | **57** $ | | (1) |
| Nine Months Ended | | | | | | | |
|  | | | | |  | **September 30,**  **2022** | October 1,  2021 |
| Net gains (losses) recognized during the period related to equity securities | | | | | **$** | **(399)** $ | 361 |
| Less: Net gains (losses) recognized during the period related to equity securities sold during the period  Net unrealized gains (losses) recognized during the period related to equity securities | | | | |  | **(350)** | 33 |
| still held at the end of the period |  |  | **$** | | | **(49)** $ | 328 |
| ***Debt Securities*** |  |  |  | | |  |  |
| Our debt securities consisted of the following (in millions): |  |  |  | | |  |  |
|  |  | Cost | Gross Unrealized Gains | | | Losses | Estimated Fair Value |
| **September 30, 2022** |  |  |  | | |  |  |
| Trading securities | **$** | **43 $** | **— $** | | | **(4) $** | **39** |
| Available-for-sale securities  **1,960 22 (131) 1,851** | | | | | | | |

#### $

**$**

Total debt securities

#### $ 2,003 $ 22 $ (135) $ 1,890

December 31, 2021

Trading securities

|  |  |  |  |
| --- | --- | --- | --- |
| $ 39 $ | 1 $ | — $ | 40 |
| Available-for-sale securities  1,648 | 33 | (132) | 1,549 |
| Total debt securities  $ 1,687 $ | 34 $ | (132) $ | 1,589 |

The carrying values of our debt securities were included in the following line items in our consolidated balance sheets (in millions):

**September 30, 2022** December 31, 2021

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Trading Securities** | **Available-for-Sale**  **Securities** |  |  | Trading Securities | Available-for-Sale  Securities |
| Marketable securities  **$** | **39 $** | **1,638** |  | $ | 40 $ | 1,283 |
| Other noncurrent assets | **—** | **213** |  |  | — | 266 |
| Total debt securities **$** | **39 $** | **1,851** |  | $ | 40 $ | 1,549 |
| The contractual maturities of these available-for-sale debt securities as of September 30, 2022 were as follows (in millions): | | |  | |  |  |
|  | | |  | | Cost | Estimated Fair Value |
| Within 1 year | | | $ | | 352 $ | 342 |
| After 1 year through 5 years | | |  | | 1,409 | 1,317 |
| After 5 years through 10 years | | |  | | 35 | 47 |
| After 10 years | | |  | | 164 | 145 |
| Total | | | $ | | 1,960 $ | 1,851 |

The Company expects that actual maturities may differ from the contractual maturities above because borrowers have the right to call or prepay certain obligations.

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The sale and/or maturity of available-for-sale debt securities resulted in the following realized activity (in millions):

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Three Months Ended |  |  |  | Nine Months Ended |  |
|  | **September 30,**  **2022** | October 1,  2021 |  |  | **September 30,**  **2022** | October 1,  2021 |
| Gross gains | **$** | **2** $ | 2 |  | **$** | **5** $ | 4 |
| Gross losses |  | **(43)** | — |  |  | **(51)** | (8) |
| Proceeds |  | **135** | 91 |  |  | **479** | 1,058 |

##### Captive Insurance Companies

In accordance with local insurance regulations, our consolidated captive insurance companies are required to meet and maintain minimum solvency capital requirements. The Company elected to invest a majority of its solvency capital in a portfolio of marketable equity and debt securities. These securities are included in the disclosures above. The Company uses one of our consolidated captive insurance companies to reinsure group annuity insurance contracts that cover the obligations of certain of our European and Canadian pension plans. This captive’s solvency capital funds included total equity and debt securities of $1,249 million and $1,670 million as of September 30, 2022 and December 31, 2021, respectively, which were classified in the line item other noncurrent assets in our consolidated balance sheets because the assets are not available to satisfy our current obligations.

|  |  |  |
| --- | --- | --- |
| **NOTE 5: INVENTORIES** |  | |
| Inventories consisted of the following (in millions): |
|  | **September 30,**  **2022** | December 31,  2021 |
| Raw materials and packaging | **$ 2,123** $ | 2,133 |
| Finished goods | **1,246** | 982 |
| Other | **339** | 299 |
| Total inventories | **$ 3,708** $ | 3,414 |

#### NOTE 6: HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

The following table presents the fair values of the Company’s derivative instruments that were designated and qualified as part of a hedging relationship (in millions):

Fair Value1,2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Derivatives Designated as Hedging Instruments | Balance Sheet Location1 |  | **September 30,**  **2022** | December 31,  2021 |
| Assets: |  |  |  |  |
| Foreign currency contracts | Prepaid expenses and other current assets | **$** | **391** $ | 151 |
| Foreign currency contracts | Other noncurrent assets |  | **83** | 27 |
| Interest rate contracts | Prepaid expenses and other current assets |  | **—** | 1 |
| Interest rate contracts | Other noncurrent assets |  | **—** | 282 |
| Total assets |  | **$** | **474** $ | 461 |
| Liabilities: | | | | |
| Foreign currency contracts | Accounts payable and accrued expenses | **$** | **52** $ | 15 |
| Foreign currency contracts | Other noncurrent liabilities |  | **151** | 17 |
| Interest rate contracts | Other noncurrent liabilities |  | **1,604** | 14 |
| Total liabilities |  | **$** | **1,807** $ | 46 |

1 All of the Company’s derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 15 for the net presentation of the Company’s derivative instruments.

2 Refer to Note 15 for additional information related to the estimated fair value.

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The following table presents the fair values of the Company’s derivative instruments that were not designated as hedging instruments (in millions):

Fair Value1,2

Derivatives Not Designated as Hedging Instruments Balance Sheet Location1

**September 30,**

**2022** December 31, 2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Assets: |  | | | |
| Foreign currency contracts | Prepaid expenses and other current assets | **$** | **105** $ | 53 |
| Foreign currency contracts | Other noncurrent assets |  | **10** | — |
| Commodity contracts | Prepaid expenses and other current assets |  | **131** | 131 |
| Commodity contracts | Other noncurrent assets |  | **—** | 3 |
| Other derivative instruments | Prepaid expenses and other current assets |  | **—** | 9 |
| Total assets |  | **$** | **246** $ | 196 |
| Liabilities: |  |  |  |  |
| Foreign currency contracts | Accounts payable and accrued expenses | **$** | **22** $ | 34 |
| Foreign currency contracts | Other noncurrent liabilities |  | **3** | 9 |
| Commodity contracts | Accounts payable and accrued expenses |  | **40** | 6 |
| Commodity contracts | Other noncurrent liabilities |  | **6** | 1 |
| Other derivative instruments | Accounts payable and accrued expenses |  | **19** | — |
| Total liabilities |  | **$** | **90** $ | 50 |

1 All of the Company’s derivative instruments are carried at fair value in our consolidated balance sheets after considering the impact of legally enforceable master netting agreements and cash collateral held or placed with the same counterparties, as applicable. Current disclosure requirements mandate that derivatives must also be disclosed without reflecting the impact of master netting agreements and cash collateral. Refer to Note 15 for the net presentation of the Company’s derivative instruments.

2 Refer to Note 15 for additional information related to the estimated fair value.

##### Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review any downgrade in credit rating immediately. If a downgrade in the credit rating of a counterparty were to occur, we have provisions requiring collateral for substantially all of our transactions. To mitigate presettlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. In addition, the Company’s master netting agreements reduce credit risk by permitting the Company to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Furthermore, for certain derivative financial instruments, the Company has agreements with counterparties that require collateral to be exchanged based on changes in the fair value of the instruments. As a result of these factors, we consider the risk of counterparty default to be minimal.

##### Cash Flow Hedging Strategy

The Company uses cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates, commodity prices or interest rates. The changes in the fair values of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income (loss) (“AOCI”) and are reclassified into the line item in our consolidated statement of income in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in the fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. The maximum length of time for which the Company hedges its exposure to the variability in future cash flows is typically three years.

The Company maintains a foreign currency cash flow hedging program to reduce the risk that our U.S. dollar net cash inflows from sales outside the United States and U.S. dollar net cash outflows from procurement activities will be adversely affected by fluctuations in foreign currency exchange rates. We enter into forward contracts and purchase foreign currency options and collars (principally euro, British pound sterling and Japanese yen) to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the U.S. dollar strengthens against the foreign currencies, the decline in the present value of future foreign currency cash flows is partially offset by gains in the fair value of the derivative instruments. Conversely, when the U.S. dollar weakens, the increase in the present value of future foreign currency cash flows is partially offset by losses in the fair value of the derivative instruments. The total notional values of derivatives that were designated and qualified for the Company’s foreign currency cash flow hedging program were $5,963 million and $7,399 million as of September 30, 2022 and December 31, 2021, respectively.

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The Company uses cross-currency swaps to hedge the changes in cash flows of certain of its foreign currency denominated debt and other monetary assets or liabilities due to fluctuations in foreign currency exchange rates. For this hedging program, the Company recognizes in earnings each period the changes in carrying values of these foreign currency denominated assets and liabilities due to fluctuations in exchange rates. The changes in fair values of the cross-currency swap derivatives are recorded in AOCI with an immediate reclassification into earnings for the changes in fair values attributable to fluctuations in foreign currency exchange rates. The total notional values of derivatives that were designated as cash flow hedges for the Company’s foreign currency denominated assets and liabilities were $1,524 million and $1,994 million as of September 30, 2022 and December 31, 2021, respectively.

The Company has entered into commodity futures contracts and other derivative instruments on various commodities to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments were designated as part of the Company’s commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of certain commodities. The total notional values of derivatives that were designated and qualified for this program were $45 million and $10 million as of September 30, 2022 and December 31, 2021, respectively.

Our Company monitors our mix of short-term debt and long-term debt regularly. We manage our risk to interest rate fluctuations through the use of derivative financial instruments. From time to time, the Company enters into interest rate swap agreements and designates these instruments as part of the Company’s interest rate cash flow hedging program. The objective of this hedging program is to mitigate the risk of adverse changes in benchmark interest rates on the Company’s future interest payments. As of September 30, 2022 and December 31, 2021, we did not have any interest rate swaps designated as a cash flow hedge.

The following tables present the pretax impact that changes in the fair values of derivatives designated as cash flow hedges had on other comprehensive income (“OCI”), AOCI and earnings (in millions):

Gain (Loss)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Recognized  in OCI | Location of Gain (Loss) Recognized in Income | Gain (Loss) Reclassified from AOCI into Income |
| **Three Months Ended September 30, 2022** |  |  |  |
| Foreign currency contracts | **$ 197** | Net operating revenues | **$ 88** |
| Foreign currency contracts | **12** | Cost of goods sold | **10** |
| Foreign currency contracts | **—** | Interest expense | **(1)** |
| Foreign currency contracts | **(56)** | Other income (loss) — net | **(71)** |
| Total | **$ 153** |  | **$ 26** |
| Three Months Ended October 1, 2021 |  |  |  |
| Foreign currency contracts | $ 15 | Net operating revenues | $ (21) |
| Foreign currency contracts | 6 | Cost of goods sold | (6) |
| Foreign currency contracts | — | Interest expense | (1) |
| Foreign currency contracts | (43) | Other income (loss) — net | (35) |
| Total | $ (22) |  | $ (63) |

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Gain (Loss)

Recognized

in OCI Location of Gain (Loss) Recognized in Income

Gain (Loss) Reclassified from AOCI into Income

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Nine Months Ended September 30, 2022** |  | | | |
| Foreign currency contracts | **$ 475** | Net operating revenues | **$** | **148** |
| Foreign currency contracts | **34** | Cost of goods sold |  | **13** |
| Foreign currency contracts | **—** | Interest expense |  | **(3)** |
| Foreign currency contracts | **(175)** | Other income (loss) — net |  | **(171)** |
| Total | **$ 334** |  | **$** | **(13)** |
| Nine Months Ended October 1, 2021 |  |  |  |  |
| Foreign currency contracts | $ (1) | Net operating revenues | $ | (71) |
| Foreign currency contracts | (5) | Cost of goods sold |  | (9) |
| Foreign currency contracts | — | Interest expense |  | (12) |
| Foreign currency contracts | 15 | Other income (loss) — net |  | 49 |
| Interest rate contracts | 110 | Interest expense |  | (90) |
| Total | $ 119 |  | $ | (133) |

As of September 30, 2022, the Company estimates that it will reclassify into earnings during the next 12 months net gains of $324 million from the pretax amount recorded in AOCI as the anticipated cash flows occur.

##### Fair Value Hedging Strategy

The Company uses interest rate swap agreements designated as fair value hedges to minimize exposure to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. The Company also uses cross-currency interest rate swaps to hedge the changes in the fair value of foreign currency denominated debt relating to fluctuations in foreign currency exchange rates and benchmark interest rates. The changes in the fair values of derivatives designated as fair value hedges and the offsetting changes in the fair values of the hedged items are recognized in earnings. As a result, any difference is reflected in earnings as ineffectiveness. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured or has been extinguished. The total notional values of derivatives that were designated and qualified as fair value hedges of this type were $12,701 million and $12,113 million as of September 30, 2022 and December 31, 2021, respectively.

The following tables summarize the pretax impact that changes in the fair values of derivatives designated as fair value hedges had on earnings (in millions):

Gain (Loss) Recognized in Income

Three Months Ended

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Hedging Instruments and Hedged Items | Location of Gain (Loss) Recognized in Income | **September 30,**  **2022** | | October 1,  2021 |
| Interest rate contracts | Interest expense | **$ (688)** $ | | (56) |
| Fixed-rate debt | Interest expense | **705** | | 55 |
| Net impact of fair value hedging instruments | **$** | | **17** $ | (1) |

Gain (Loss) Recognized in Income

Nine Months Ended

|  |  |  |  |
| --- | --- | --- | --- |
| Hedging Instruments and Hedged Items | Location of Gain (Loss) Recognized in Income | **September 30,**  **2022** | October 1,  2021 |
| Interest rate contracts | Interest expense | **$ (1,873)** $ | (236) |
| Fixed-rate debt | Interest expense | **1,871** | 237 |
| Net impact of fair value hedging instruments |  | **$ (2)** $ | 1 |

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The following table summarizes the amounts recorded in our consolidated balance sheets related to hedged items in fair value hedging relationships (in millions):

Cumulative Amount of Fair Value Hedging Adjustments 1

Carrying Values of Hedged Items

Included in the Carrying Values of Hedged Items

Remaining for Which Hedge Accounting Has Been Discontinued

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **September 30,** | December 31, | **September 30,** | December 31, | **September 30,** | December 31, |
| Balance Sheet Location of Hedged Items |  | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| Current maturities of long-term debt | **$** | **—** $ | 200 **$** | **—** $ | 1 **$** | **—** $ | — |
| Long-term debt |  | **11,243** | 12,353 | **(1,568)** | 255 | **203** | 228 |

1 Cumulative amount of fair value hedging adjustments does not include changes due to foreign currency exchange rate fluctuations.

##### Hedges of Net Investments in Foreign Operations Strategy

The Company uses forward contracts and a portion of its foreign currency denominated debt, a non-derivative financial instrument, to protect the value of our net investments in a number of foreign operations. For derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in the fair values of the derivative financial instruments are recognized in net foreign currency translation adjustments, a component of AOCI, to offset the changes in the values of the net investments being hedged. For non-derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations, the changes in the carrying values of the designated portions of the non-derivative financial instruments due to fluctuations in foreign currency exchange rates are recorded in net foreign currency translation adjustments. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change.

The following table summarizes the notional values and pretax impact of changes in the fair values of instruments designated as net investment hedges (in millions):

Notional Values Gain (Loss) Recognized in OCI

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | as of |  |  |  | Three Months Ended |  |  |  | Nine Months Ended |  |
| **September 30,** | December 31, |  |  | **September 30,** | October 1, |  |  | **September 30,** | October 1, |
| **2022** | 2021 |  |  | **2022** | 2021 |  |  | **2022** | 2021 |
| Foreign currency contracts | **$ 37** $ | 40 |  | **$** | **(1)** $ | 6 |  | **$** | **(2)** $ | (1) |
| Foreign currency denominated debt | **11,043** | 12,812 |  |  | **709** | 304 |  |  | **1,768** | 673 |
| Total | **$ 11,080** $ | 12,852 |  | **$** | **708** $ | 310 |  | **$** | **1,766** $ | 672 |

The Company did not reclassify any gains or losses related to net investment hedges from AOCI into earnings during the three and nine months ended September 30, 2022. During the nine months ended October 1, 2021, the Company reclassified a loss of $4 million related to net investment hedges from AOCI into earnings. In addition, the Company did not have any ineffectiveness related to net investment hedges during the three and nine months ended September 30, 2022 and October 1, 2021. The cash inflows and outflows associated with the Company’s derivative contracts designated as net investment hedges are classified in the line item other investing activities in our consolidated statement of cash flows.

##### Economic (Non-Designated) Hedging Strategy

In addition to derivative instruments that are designated and qualify for hedge accounting, the Company also uses certain derivatives as economic hedges of foreign currency, interest rate and commodity exposure. Although these derivatives were not designated and/or did not qualify for hedge accounting, they are effective economic hedges. The changes in the fair values of economic hedges are immediately recognized in earnings.

The Company uses foreign currency economic hedges to offset the earnings impact that fluctuations in foreign currency exchange rates have on certain monetary assets and liabilities denominated in nonfunctional currencies. The changes in the fair values of economic hedges used to offset those monetary assets and liabilities are immediately recognized in earnings in the line item other income (loss) — net in our consolidated statement of income. In addition, we use foreign currency economic hedges to minimize the variability in cash flows associated with fluctuations in foreign currency exchange rates, including those related to certain acquisition and divestiture activities. The changes in the fair values of economic hedges used to offset the variability in U.S. dollar net cash flows are immediately recognized in earnings in the line items net operating revenues, cost of goods sold or other income (loss) — net in our consolidated statement of income, as applicable. The total notional values of derivatives related to our foreign currency economic hedges were $4,681 million and $4,258 million as of September 30, 2022 and December 31, 2021, respectively.

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The Company uses interest rate contracts as economic hedges to minimize exposure to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. The total notional value of derivatives related to our economic hedges of this type was $200 million as of December 31, 2021. As of September 30, 2022, we did not have any interest rate contracts used as economic hedges.

The Company also uses certain derivatives as economic hedges to mitigate the price risk associated with the purchase of materials used in the manufacturing process and vehicle fuel. The changes in the fair values of these economic hedges are immediately recognized in earnings in the line items net operating revenues, cost of goods sold, or selling, general and administrative expenses in our consolidated statement of income, as applicable. The total notional values of derivatives related to our economic hedges of this type were $501 million and $908 million as of September 30, 2022 and December 31, 2021, respectively.

The following tables present the pretax impact that changes in the fair values of derivatives not designated as hedging instruments had on earnings (in millions):

Gain (Loss) Recognized in Income

Three Months Ended

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Derivatives Not Designated as Hedging Instruments | Location of Gain (Loss) Recognized in Income |  | **September 30,**  **2022** |  | October 1,  2021 |
| Foreign currency contracts | Net operating revenues | **$** | **16** | $ | 2 |
| Foreign currency contracts | Cost of goods sold |  | **21** |  | (10) |
| Foreign currency contracts | Other income (loss) — net |  | **41** |  | (43) |
| Commodity contracts | Cost of goods sold |  | **(10)** |  | (32) |
| Other derivative instruments | Selling, general and administrative expenses |  | **(17)** |  | (2) |
| Total |  | **$** | **51** $ | | (85) |
|  |  |  | Gain (Loss) Recognized in Income | |  |
|  |  |  | Nine Months Ended | |  |
| Derivatives Not Designated as Hedging Instruments | Location of Gain (Loss) Recognized in Income |  | **September 30,**  **2022** | | October 1,  2021 |
| Foreign currency contracts | Net operating revenues | **$** | **23** $ | | 2 |
| Foreign currency contracts | Cost of goods sold |  | **44** | | (17) |
| Foreign currency contracts | Other income (loss) — net |  | **79** | | (39) |
| Interest rate contracts | Interest expense |  | **—** | | (187) |
| Commodity contracts | Cost of goods sold |  | **(5)** | | 178 |
| Other derivative instruments | Selling, general and administrative expenses |  | **(38)** | | 18 |
| Other derivative instruments | Other income (loss) — net |  | **—** | | (3) |
| Total |  | **$** | **103** $ | | (48) |

#### NOTE 7: DEBT AND BORROWING ARRANGEMENTS

During the nine months ended September 30, 2022, the Company retired upon maturity fixed interest rate U.S. dollar-denominated debentures of $288 million due February 1, 2022 with an interest rate of 8.500 percent and $122 million due September 15, 2022 with an interest rate of8.000 percent.

#### NOTE 8: COMMITMENTS AND CONTINGENCIES

##### Guarantees

As of September 30, 2022, we were contingently liable for guarantees of indebtedness owed by third parties of $918 million, of which $76 million was related to variable interest entities. Our guarantees are primarily related to third-party customers, bottlers and vendors and have arisen through the normal course of business. These guarantees have various terms, and none of these guarantees is individually significant. These amounts represent the maximum potential future payments that we could be required to make under the guarantees. However, management has concluded that the likelihood of any significant amounts being paid by our Company under these guarantees is not probable.

We believe our exposure to concentrations of credit risk is limited due to the diverse geographic areas covered by our operations.

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##### Legal Contingencies

The Company is involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably possible and/or for which no estimate of possible losses can be made. Management believes that the total liabilities of the Company that may arise as a result of currently pending legal proceedings (excluding tax audit claims) will not have a material adverse effect on the Company taken as a whole.

##### Tax Audits

The Company is involved in various tax matters, with respect to some of which the outcome is uncertain. We establish reserves to remove some or all of the tax benefit of any of our tax positions at the time we determine that it becomes uncertain based upon one of the following conditions: (1) the tax position is not “more likely than not” to be sustained; (2) the tax position is “more likely than not” to be sustained but for a lesser amount; or (3) the tax position is “more likely than not” to be sustained but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) we presume the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities, such as legislation and statutes, legislative intent, regulations, rulings and caselaw and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. A number of years may elapse before a particular uncertain tax position is audited and finally resolved. The number of years subject to tax audits or tax assessments varies depending on the tax jurisdiction. The tax benefit that has been previously reserved because of a failure to meet the “more likely than not” recognition threshold would be recognized in income tax expense in the quarter in which the uncertainty disappears under any one of the following conditions: (1) the tax position is “more likely than not” to be sustained; (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the tax position has expired. Refer to Note 14.

On September 17, 2015, the Company received a Statutory Notice of Deficiency (“Notice”) from the U.S. Internal Revenue Service (“IRS”) seeking approximately $3.3 billion of additional federal income tax for years 2007 through 2009. In the Notice, the IRS stated its intent to reallocate over $9 billion of income to the U.S. parent company from certain of its foreign affiliates that the U.S. parent company licensed to manufacture, distribute, sell, market and promote its products in certain non-U.S. markets.

The Notice concerned the Company’s transfer pricing between its U.S. parent company and certain of its foreign affiliates. IRS rules governing transfer pricing require arm’s- length pricing of transactions between related parties such as the Company’s U.S. parent and its foreign affiliates.

To resolve the same transfer pricing issue for the tax years 1987 through 1995, the Company and the IRS had agreed in 1996 on an arm’s-length methodology for determining the amount of U.S. taxable income that the U.S. parent company would report as compensation from its foreign licensees. The Company and the IRS memorialized this accord in a closing agreement resolving that dispute (“Closing Agreement”). The Closing Agreement provided that, absent a change in material facts or circumstances or relevant federal tax law, in calculating the Company’s income taxes going forward, the Company would not be assessed penalties by the IRS for using the agreed-upon tax calculation methodology that the Company and the IRS agreed would be used for the 1987 through 1995 tax years.

The IRS audited and confirmed the Company’s compliance with the agreed-upon Closing Agreement methodology in five successive audit cycles for tax years 1996 through 2006.

The September 17, 2015 Notice from the IRS retroactively rejected the previously agreed-upon methodology for the 2007 through 2009 tax years in favor of an entirely different methodology, without prior notice to the Company. Using the new tax calculation methodology, the IRS reallocated over $9 billion of income to the U.S. parent company from its foreign licensees for tax years 2007 through 2009. Consistent with the Closing Agreement, the IRS did not assert penalties, and it has yet to do so.

The IRS designated the Company’s matter for litigation on October 15, 2015. Litigation designation is an IRS determination that forecloses to a company any and all alternative means for resolution of a tax dispute. As a result of the IRS’ designation of the Company’s matter for litigation, the Company was forced to either accept the IRS’ newly imposed tax assessment and pay the full amount of the asserted tax or litigate the matter in the federal courts. The matter remains subject to the IRS’ litigation designation, preventing the Company from any attempt to settle or otherwise mutually resolve the matter with the IRS.

The Company consequently initiated litigation by filing a petition in the U.S. Tax Court (“Tax Court”) in December 2015, challenging the tax adjustments enumerated in the Notice.

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Prior to trial, the IRS increased its transfer pricing adjustment by $385 million, resulting in an additional tax adjustment of $135 million. The Company obtained a summary judgment in its favor on a different matter related to Mexican foreign tax credits, which thereafter effectively reduced the IRS’ potential tax adjustment by approximately

$138 million.

The trial was held in the Tax Court from March through May 2018, and final post-trial briefs were filed and exchanged in April 2019.

On November 18, 2020, the Tax Court issued an opinion (“Opinion”) in which it predominantly sided with the IRS but agreed with the Company that dividends previously paid by the foreign licensees to the U.S. parent company in reliance upon the Closing Agreement should continue to be allowed to offset royalties, including those that would become payable to the Company in accordance with the Opinion. The Tax Court reserved ruling on the effect of Brazilian legal restrictions on the payment of royalties by the Company’s licensee in Brazil until after the Tax Court issues its opinion in the separate case of 3M Co. & Subs. v. Commissioner, T.C. Docket No. 5816-13 (filed March 11, 2013). Once the Tax Court issues its opinion in 3M Co. & Subs. v. Commissioner, the Company expects the Tax Court thereafter to render another opinion, and ultimately a final decision, in the Company’s case.

The Company believes that the IRS and the Tax Court misinterpreted and misapplied the applicable regulations in reallocating income earned by the Company’s foreign licensees to increase the Company’s U.S. tax. Moreover, the Company believes that the retroactive imposition of such tax liability using a calculation methodology different from that previously agreed upon by the IRS and the Company, and audited by the IRS for over a decade, is unconstitutional. The Company intends to assert its claims on appeal and vigorously defend its position.

In determining the amount of tax reserve to be recorded as of December 31, 2020, the Company completed the required two-step evaluation process prescribed by Accounting Standards Codification 740, *Accounting for Income Taxes*. In doing so, we consulted with outside advisors and we reviewed and considered relevant laws, rules, and regulations, including, but not limited to, the Opinion and relevant caselaw. We also considered our intention to vigorously defend our positions and assert our various well-founded legal claims via every available avenue of appeal. We concluded, based on the technical and legal merits of the Company’s tax positions, that it is more likely than not the Company’s tax positions will ultimately be sustained on appeal. In addition, we considered a number of alternative transfer pricing methodologies, including the methodology asserted by the IRS and affirmed in the Opinion (“Tax Court Methodology”), that could be applied by the courts upon final resolution of the litigation. Based on the required probability analysis, we determined the methodologies we believe the federal courts could ultimately order to be used in calculating the Company’s tax. As a result of this analysis, we recorded a tax reserve of $438 million during the year ended December 31, 2020 related to the application of the resulting methodologies as well as the different tax treatment applicable to dividends originally paid to the U.S. parent company by its foreign licensees, in reliance upon the Closing Agreement, that would be recharacterized as royalties in accordance with the Opinion and the Company’s analysis.

The Company’s conclusion that it is more likely than not the Company’s tax positions will ultimately be sustained on appeal is unchanged as of September 30, 2022. However, we updated our calculation of the methodologies we believe the federal courts could ultimately order to be used in calculating the Company’s tax. As a result of the application of the required probability analysis to these updated calculations and the accrual of interest through the current reporting period, we updated our tax reserve as of September 30, 2022 to $419 million.

While the Company strongly disagrees with the IRS’ positions and the portions of the Opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In that event, the Company would likely be subject to significant additional liabilities for tax years 2007 through 2009, and potentially also for subsequent years, which could have a material adverse impact on the Company’s financial position, results of operations and cash flows.

The Company calculated the potential impact of applying the Tax Court Methodology to reallocate income from foreign licensees potentially covered within the scope of the Opinion, assuming such methodology were to be ultimately upheld by the courts and the IRS were to decide to apply that methodology to subsequent years with consent of the federal courts. This impact would include taxes and interest accrued through December 31, 2021 for the 2007 through 2009 litigated tax years and for subsequent tax years from 2010 through 2021. The calculations incorporated the estimated impact of correlative adjustments to the previously accrued transition tax payable under the 2017 Tax Cuts and Jobs Act. The Company estimates that the potential aggregate incremental tax and interest liability could be approximately $13 billion as of December 31, 2021. Additional income tax and interest would continue to accrue until the time any such potential liability, or portion thereof, were to be paid. The Company estimates the impact of the continued application of the Tax Court Methodology for the three and nine months ended September 30, 2022 would increase the potential aggregate incremental tax and interest liability by approximately $250 million and $750 million, respectively. Additionally, we currently project the continued application of the Tax Court Methodology in future years, assuming similar facts and circumstances as of December 31, 2021, would result in an incremental annual tax liability that would increase the Company’s effective tax rate by approximately 3.5 percent.

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The Company does not know when the Tax Court will issue its opinion regarding the effect of Brazilian legal restrictions on the payment of royalties by the Company’s licensee in Brazil for the 2007 through 2009 tax years. After the Tax Court issues its opinion on the Company’s Brazilian licensee, the Company and the IRS will be provided time to agree on the tax impact, if any, of both opinions, after which the Tax Court would render a final decision in the case. The Company will have 90 days thereafter to file a notice of appeal to the U.S. Court of Appeals for the Eleventh Circuit and pay the tax liability and interest related to the 2007 through 2009 tax years. The Company currently estimates that the payment to be made at that time related to the 2007 through 2009 tax years, which is included in the above estimate of the potential aggregate incremental tax and interest liability, would be approximately $5.1 billion (including interest accrued through September 30, 2022), plus any additional interest accrued through the time of

payment. Some or all of this amount would be refunded if the Company were to prevail on appeal.

##### Risk Management Programs

The Company has numerous global insurance programs in place to help protect the Company from the risk of loss. In general, we are self-insured for large portions of many different types of claims; however, we do use commercial insurance above our self-insured retentions to reduce the Company’s risk of catastrophic loss. Our reserves for the Company’s self-insured losses are estimated using actuarial methods and assumptions of the insurance industry, adjusted for our specific expectations based on our claims history. Our self-insurance reserves totaled $218 million and $229 million as of September 30, 2022 and December 31, 2021, respectively.

#### NOTE 9: OTHER COMPREHENSIVE INCOME

AOCI attributable to shareowners of The Coca-Cola Company is separately presented in our consolidated balance sheet as a component of The Coca-Cola Company’s shareowners’ equity, which also includes our proportionate share of equity method investees’ AOCI. OCI attributable to noncontrolling interests is allocated to, and included in, our consolidated balance sheet as part of the line item equity attributable to noncontrolling interests.

AOCI attributable to shareowners of The Coca-Cola Company consisted of the following, net of tax (in millions):

|  |  |  |
| --- | --- | --- |
|  | **September 30,** | December 31, |
| **2022** | 2021 |
| Net foreign currency translation adjustments | **$ (14,656)** $ | (12,595) |
| Accumulated net gains (losses) on derivatives | **270** | 20 |
| Unrealized net gains (losses) on available-for-sale debt securities | **(74)** | (62) |
| Adjustments to pension and other postretirement benefit liabilities | **(1,409)** | (1,693) |
| Accumulated other comprehensive income (loss) | **$ (15,869)** $ | (14,330) |

The following table summarizes the allocation of total comprehensive income between shareowners of The Coca-Cola Company and noncontrolling interests (in millions):

Nine Months Ended September 30, 2022

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | Shareowners of The Coca-Cola Company | Noncontrolling  Interests | Total |
| Consolidated net income | $ | 7,511 $ | 4 $ | 7,515 |
| Other comprehensive income: |  |  |  |  |
| Net foreign currency translation adjustments |  | (2,061) | (204) | (2,265) |
| Net gains (losses) on derivatives1 |  | 250 | — | 250 |
| Net change in unrealized gains (losses) on available-for-sale debt securities2 |  | (12) | — | (12) |
| Net change in pension and other postretirement benefit liabilities |  | 284 | — | 284 |
| Total comprehensive income (loss) | $ | 5,972 $ | (200) $ | 5,772 |

1 Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.

2 Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

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The following tables present OCI attributable to shareowners of The Coca-Cola Company, including our proportionate share of equity method investees’ OCI (in millions):

Before-Tax

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Three Months Ended September 30, 2022 |  | Amount | Income Tax After | -Tax Amount |
| Foreign currency translation adjustments: |  | |  |  |
| Translation adjustments arising during the period | $ (401) $ | | (3) $ | (404) |
| Gains (losses) on intra-entity transactions that are of a long-term investment nature | (1,340) | | — | (1,340) |
| Gains (losses) on net investment hedges arising during the period1 | 708 | | (177) | 531 |
| Net foreign currency translation adjustments | $ (1,033) $ | | (180) $ | (1,213) |
| Derivatives: |  | |  |  |
| Gains (losses) arising during the period | $ 150 $ | | (38) $ | 112 |
| Reclassification adjustments recognized in net income | (26) | | 7 | (19) |
| Net gains (losses) on derivatives1 | $ 124 $ | | (31) $ | 93 |
| Available-for-sale debt securities: |  | |  |  |
| Unrealized gains (losses) arising during the period | $ (12) $ | | (1) $ | (13) |
| Reclassification adjustments recognized in net income | 41 | | (10) | 31 |
| Net change in unrealized gains (losses) on available-for-sale debt securities2 | $ 29 $ | | (11) $ | 18 |
| Pension and other postretirement benefit liabilities: |  | |  |  |
| Net pension and other postretirement benefit liabilities arising during the period | $ 21 $ | | (7) $ | 14 |
| Reclassification adjustments recognized in net income | 26 | | (6) | 20 |
| Net change in pension and other postretirement benefit liabilities | $ 47 $ | | (13) $ | 34 |
| Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company | $ | (833) $ | (235) $ | (1,068) |

1 Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.

2 Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

Nine Months Ended September 30, 2022

Before-Tax

Amount Income Tax After-Tax Amount

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Foreign currency translation adjustments: |  | | | |
| Translation adjustments arising during the period | $ (27) $ | | (216) $ | (243) |
| Reclassification adjustments recognized in net income | 200 | | — | 200 |
| Gains (losses) on intra-entity transactions that are of a long-term investment nature | (3,343) | | — | (3,343) |
| Gains (losses) on net investment hedges arising during the period1 | 1,766 | | (441) | 1,325 |
| Net foreign currency translation adjustments | $ (1,404) $ | | (657) $ | (2,061) |
| Derivatives: | | | | |
| Gains (losses) arising during the period | $ 330 $ | | (90) $ | 240 |
| Reclassification adjustments recognized in net income | 13 | | (3) | 10 |
| Net gains (losses) on derivatives1 | $ 343 $ | | (93) $ | 250 |
| Available-for-sale debt securities: | | | | |
| Unrealized gains (losses) arising during the period | $ (56) $ | | 9 $ | (47) |
| Reclassification adjustments recognized in net income | 46 | | (11) | 35 |
| Net change in unrealized gains (losses) on available-for-sale debt securities2 | $ (10) $ | | (2) $ | (12) |
| Pension and other postretirement benefit liabilities: | | | | |
| Net pension and other postretirement benefit liabilities arising during the period | $ 287 $ | | (65) $ | 222 |
| Reclassification adjustments recognized in net income | 82 | | (20) | 62 |
| Net change in pension and other postretirement benefit liabilities | $ 369 $ | | (85) $ | 284 |
| Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company | $ | (702) $ | (837) $ | (1,539) |

1 Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.

2 Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

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Three Months Ended October 1, 2021

Before-Tax

Amount Income Tax After-Tax Amount

|  |  |  |  |
| --- | --- | --- | --- |
| Foreign currency translation adjustments: |  | | |
| Translation adjustments arising during the period | $ (636) $ | 39 $ | (597) |
| Reclassification adjustments recognized in net income | 13 | — | 13 |
| Gains (losses) on intra-entity transactions that are of a long-term investment nature | (575) | — | (575) |
| Gains (losses) on net investment hedges arising during the period1 | 310 | (77) | 233 |
| Net foreign currency translation adjustments | $ (888) $ | (38) $ | (926) |
| Derivatives: | | | |
| Gains (losses) arising during the period | $ (26) $ | 7 $ | (19) |
| Reclassification adjustments recognized in net income | 63 | (16) | 47 |
| Net gains (losses) on derivatives1 | $ 37 $ | (9) $ | 28 |
| Available-for-sale debt securities: | | | |

Unrealized gains (losses) arising during the period $ (28) $ 8 $ (20)

Reclassification adjustments recognized in net income (2) — (2)

Net change in unrealized gains (losses) on available-for-sale debt securities2 Pension and other postretirement benefit liabilities:

$ (30) $ 8 $ (22)

Net pension and other postretirement benefit liabilities arising during the period $ (102) $ 29 $ (73)

Reclassification adjustments recognized in net income 56 (14) 42

Net change in pension and other postretirement benefit liabilities $ (46) $ 15 $ (31)

Other comprehensive income (loss) attributable to shareowners of The Coca-Cola Company

$

(927) $

(24) $

(951)

1 Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.

2 Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

Nine Months Ended October 1, 2021 Before-Tax Amount Income Tax After-Tax Amount

Foreign currency translation adjustments:

Translation adjustments arising during the period $ 505 $ (8)$ 497

Reclassification adjustments recognized in net income 193 — 193

Gains (losses) on intra-entity transactions that are of a long-term investment nature (1,317) — (1,317)

Gains (losses) on net investment hedges arising during the period1 Reclassification adjustments for net investment hedges recognized in net income1

672 (168) 504

4 — 4

Net foreign currency translation adjustments $ 57 $ (176)$ (119) Derivatives:

Gains (losses) arising during the period $ 108 $ (30)$ 78

Reclassification adjustments recognized in net income 139 (33) 106

Net gains (losses) on derivatives1 Available-for-sale debt securities:

$ 247 $ (63)$ 184

Unrealized gains (losses) arising during the period $ (131)$ 45 $ (86)

Reclassification adjustments recognized in net income 4 (1) 3

Net change in unrealized gains (losses) on available-for-sale debt securities2 Pension and other postretirement benefit liabilities:

$ (127)$ 44 $ (83)

Net pension and other postretirement benefit liabilities arising during the period $ 251 $ (46)$ 205

Reclassification adjustments recognized in net income 218 (54) 164

Net change in pension and other postretirement benefit liabilities $ 469 $ (100)$ 369

Other comprehensive income (loss) attributable to shareowners of The Coca-Cola

Company $ 646 $ (295)$ 351

1 Refer to Note 6 for additional information related to the net gains or losses on derivative instruments.

2 Refer to Note 4 for additional information related to the net unrealized gains or losses on available-for-sale debt securities.

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The following table presents the amounts and line items in our consolidated statements of income where adjustments reclassified from AOCI into income were recorded (in millions):

Amount Reclassified from AOCI into Income

Description of AOCI Component Financial Statement Line Item

Foreign currency translation adjustments:

Three Months Ended September 30, 2022

Nine Months Ended September 30, 2022

Divestitures, deconsolidations and other1

Derivatives:

[Other income (loss) — net $ — $ 200](#_TOC_250001)

Income before income taxes — 200

[Income taxes — —](#_TOC_250000)

Consolidated net income $ — $ 200

Foreign currency contracts Net operating revenues $ (88) $ (148)

Foreign currency contracts Cost of goods sold (10) (13)

Foreign currency contracts Interest expense 1 3

Foreign currency contracts Other income (loss) — net 71 171

Income before income taxes (26) 13

Income taxes 7 (3)

Consolidated net income $ (19) $ 10

Available-for-sale debt securities:

Sale of debt securities Other income (loss) — net $ 41 $ 46

Income before income taxes 41 46

Income taxes (10) (11)

Consolidated net income $ 31 $ 35

Pension and other postretirement benefit liabilities:

Recognized net actuarial loss Other income (loss) — net $ 26 $ 84

Recognized prior service cost (credit) Other income (loss) — net — (2)

Income before income taxes 26 82

Income taxes (6) (20)

Consolidated net income $ 20 $ 62

1 Related to the sale of our ownership interest in one of our equity method investments and the issuance of additional shares of stock by one of our equity method investees. Refer to Note 2 and Note 15, respectively.

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#### NOTE 10: CHANGES IN EQUITY

The following tables provide a reconciliation of the beginning and ending carrying amounts of total equity, equity attributable to shareowners of The Coca-Cola Company and equity attributable to noncontrolling interests (in millions):

Three Months Ended September 30, 2022

Common Shares

Outstanding Total

Reinvested Earnings

**Shareowners of The Coca-Cola Company**

Accumulated Other Comprehensive

Income (Loss)Common StockCapital Surplus Treasury Stock

**Non-controlling**

**Interests**

July 1, 2022 4,326 $ 24,803$ 69,970 $ (14,801)$ 1,760$ 18,581$ (52,505)$ 1,798 C

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| omprehensive income (loss) — | 1,603 | 2,825 | (1,068) | — — | — | (154) |
| ividends paid/payable to shareowners of The Coca-Cola  Company ($0.44 per share) — (1,902) (1,902) — — — — — | | | | | | |
| ividends paid to noncontrolling  interests — (13) — — — — — (13) | | | | | | |
| urchases of treasury stock (3) | (188) | — | — | — — | (188) | — |
| mpact related to stock-based  compensation plans 1 | 133 | — | — | — 106 | 27 | — |

D

D

P I

September 30, 2022

4,324 $ 24,436$ 70,893 $

(15,869)$ 1,760$ 18,687$ (52,666)$

1,631

Nine Months Ended September 30, 2022

Common Shares

Outstanding Total

Reinvested Earnings

**Shareowners of The Coca-Cola Company**

Accumulated Other Comprehensive

Income (Loss)Common StockCapital Surplus Treasury Stock

**Non-controlling**

**Interests**

December 31, 2021 4,325 $ 24,860$ 69,094 $ (14,330)$ 1,760$ 18,116$ (51,641)$ 1,861 C

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| omprehensive income (loss) — | 5,772 | 7,511 | (1,539) | — — | — | (200) |
| ividends paid/payable to shareowners of The Coca-Cola  Company ($1.32 per share) — (5,712) (5,712) — — — — — | | | | | | |
| ividends paid to noncontrolling  interests — (29) — — — — — (29) | | | | | | |
| urchases of treasury stock (21) | (1,336) | — | — | — — | (1,336) | — |
| mpact related to stock-based  compensation plans 20 | 881 | — | — | — 570 | 311 | — |
| ther activities — — — — — 1 — (1) | | | | | | |

D

D

P I

O

September 30, 2022 4,324 $ 24,436$ 70,893 $ (15,869)$ 1,760$ 18,687$ (52,666)$ 1,631

22

Three Months Ended October 1, 2021

J C D

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| uly 2, 2021 4,315 $ | 24,255$ | 67,838 $ | (13,299)$ | 1,760$ 17,781$ | (51,831)$ | 2,006 |
| omprehensive income (loss) — 1,458 2,471 (951) — — — (62) | | | | | | |
| ividends paid/payable to shareowners of The Coca-Cola  Company ($0.42 per share) — (1,815) (1,815) — — — — — | | | | | | |
| ividends paid to noncontrolling  interests — (10) — — — — — (10) | | | | | | |
| ontributions by noncontrolling  interests — 20 — — — — — 20 | | | | | | |
| mpact related to stock-based  compensation plans 4 | 225 | — | — | — 148 | 77 | — |

Common Shares

Outstanding Total

Reinvested Earnings

**Shareowners of The Coca-Cola Company**

Accumulated Other Comprehensive

Income (Loss)Common StockCapital Surplus Treasury Stock

**Non-controlling**

**Interests**

D C I

October 1, 2021

4,319 $ 24,133$ 68,494 $

(14,250)$ 1,760$ 17,929$ (51,754)$

1,954

**Shareowners of The Coca-Cola Company**

Accumulated Other

**Non-**

Nine Months Ended October 1, 2021

Common Shares

Outstanding Total

Reinvested Earnings

Comprehensive Income (Loss)

Common Stock

Capital

Surplus Treasury Stock

**controlling Interests**

December 31, 2020 4,302 $ 21,284 $ 66,555 $ (14,601) $ 1,760 $ 17,601 $ (52,016) $ 1,985

Adoption of accounting standards1 — 19 19 — — — — —

Comprehensive income (loss) — 7,692 7,357 351 — — — (16)

Dividends paid/payable to shareowners of The Coca-Cola

Company ($1.26 per share) — (5,437) (5,437) — — — — —

Dividends paid to noncontrolling interests

—

(35)

—

—

—

—

—

(35)

Contributions by noncontrolling

interests — 20 — — — — — 20

Impact related to stock-based compensation plans

17

590

—

—

—

328

262

—

October 1, 2021 4,319 $ 24,133 $ 68,494 $ (14,250) $ 1,760 $ 17,929 $ (51,754) $ 1,954

1 Represents the adoption of Accounting Standards Update 2019-12, *Simplifying the Accounting for Income Taxes*, effective January 1, 2021.

#### NOTE 11: SIGNIFICANT OPERATING AND NONOPERATING ITEMS

##### Other Operating Charges

During the three months ended September 30, 2022, the Company recorded other operating charges of $130 million. These charges primarily consisted of $57 million related to the impairment of a trademark in Asia Pacific, $32 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with our acquisition of fairlife, LLC (“fairlife”) in 2020, $27 million related to the Company’s productivity and reinvestment program, and $15 million related to the acquisition of BA Sports Nutrition, LLC (“BodyArmor”) in the prior year, which included various transition and transaction costs, employee retention costs and the amortization of noncompete agreements.

During the nine months ended September 30, 2022, the Company recorded other operating charges of $1,109 million. These charges primarily consisted of $971 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $57 million related to the impairment of a trademark in Asia Pacific and $56 million related to the Company’s productivity and reinvestment program. In addition, other operating charges included $23 million related to the BodyArmor acquisition in the prior year, which included various transition and transaction costs, employee retention costs and the amortization of noncompete agreements, net of the reimbursement of distributor termination fees recorded in the prior year.

During the three months ended October 1, 2021, the Company recorded other operating charges of $45 million. These charges included $31 million related to the Company’s productivity and reinvestment program, $12 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $4 million

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related to the Company’s strategic realignment initiatives and $1 million related to tax litigation. Other operating charges also included a net gain of $3 million related to the restructuring of our manufacturing operations in the United States.

During the nine months ended October 1, 2021, the Company recorded other operating charges of $478 million. These charges primarily consisted of $263 million related to

the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $126 million related to the Company’s strategic realignment initiatives and $71 million related to the Company’s productivity and reinvestment program. In addition, other operating charges included $14 million related to tax litigation and a net charge of $4 million related to the restructuring of our manufacturing operations in the United States.

Refer to Note 8 for additional information related to the tax litigation. Refer to Note 12 for additional information on the Company’s productivity and reinvestment program. Refer to Note 15 for additional information on the impairment charge and the fairlife acquisition. Refer to Note 16 for the impact these charges had on our operating segments and Corporate.

##### Other Nonoperating Items

*Interest Expense*

During the nine months ended October 1, 2021, the Company recorded charges of $650 million related to the extinguishment of long-term debt.

*Equity Income (Loss) — Net*

During the three and nine months ended September 30, 2022, the Company recorded net charges of $14 million and $44 million, respectively. During the three and nine months ended October 1, 2021, the Company recorded a net gain of $18 million and a net charge of $5 million, respectively. These amounts represent the Company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees. Refer to Note 16 for the impact these items had on our operating segments and Corporate.

*Other Income (Loss) — Net*

During the three months ended September 30, 2022, the Company recorded a net loss of $78 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities.

During the nine months ended September 30, 2022, the Company recorded a net loss of $449 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, and recorded an other-than-temporary impairment charge of $96 million related to an equity method investee in Russia. The Company also recorded a net loss of $24 million as a result of one of our equity method investees issuing additional shares of its stock.

During the three months ended October 1, 2021, the Company recorded charges of $266 million related to the restructuring of our manufacturing operations in the United States. Additionally, the Company recognized a gain of $63 million related to the sale of a portion of our ownership interest in one of our equity method investments. The Company also recorded pension settlement charges of $21 million related to our strategic realignment initiatives.

During the nine months ended October 1, 2021, the Company recognized a net gain of $695 million related to the sale of our ownership interest in CCA, an equity method investee, and a gain of $63 million related to the sale of a portion of our ownership interest in one of our equity method investments. Additionally, the Company recognized a net gain of $341 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for- sale debt securities. The Company also recorded charges of $266 million related to the restructuring of our manufacturing operations in the United States and pension settlement charges of $104 million related to our strategic realignment initiatives.

Refer to Note 2 for additional information on the sale of our ownership interest in CCA. Refer to Note 4 for additional information on equity and debt securities. Refer to Note 15 for additional information on the impairment charge, one of our equity method investees issuing additional shares of its stock, and the charges related to the restructuring of our manufacturing operations in the United States. Refer to Note 16 for the impact these items had on our operating segments and Corporate.

#### NOTE 12: RESTRUCTURING

In February 2012, the Company announced a productivity and reinvestment program designed to strengthen our brands and reinvest our resources to drive long-term profitable growth. The program was expanded multiple times, with the last expansion occurring in April 2017. While we expect most of the remaining initiatives included in this program, which are primarily designed to further simplify and standardize our organization, to be completed by the end of 2023, certain initiatives may extend into 2024.

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During the three and nine months ended September 30, 2022, the Company incurred expenses of $27 million and $56 million, respectively, and during the three and nine months ended October 1, 2021 incurred expenses of $31 million and $71 million, respectively, related to our productivity and reinvestment program. These expenses primarily included internal and external costs associated with the implementation of the program’s initiatives and were recorded in the line item other operating charges in our consolidated statements of income. Refer to Note 16 for the impact these expenses had on our operating segments and Corporate. The Company has incurred total pretax expenses of $4,100 million related to this program since it commenced.

#### NOTE 13: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

Net periodic benefit cost or income for our pension and other postretirement benefit plans consisted of the following (in millions):

Pension Plans

Three Months Ended

Other Postretirement Benefit Plans

**September 30,**

**2022**

October 1,

2021

**September 30,**

**2022**

October 1,

2021

Service cost **$ 25** $ 25 **$ 2** $ 2

Interest cost **65** 46 **4** 4

Expected return on plan assets1 **(132)** (152) **(4)** (4)

Amortization of prior service credit **—** — **—** (1)

Amortization of net actuarial loss **26** 34 **—** —

Net periodic benefit cost (income) **(16)** (47) **2** 1

Settlement charges2 **—** 21 — —

Total cost (income) **$ (16)**$ (26) **$ 2** $ 1

1 The weighted-average expected long-term rates of return on plan assets used in computing 2022 net periodic benefit cost (income) were 7.00 percent for pension plans and 4.00 percent for other postretirement benefit plans.

2 Settlement charges were primarily related to our strategic realignment initiatives.

Pension Plans

**September 30,**

**2022**

Nine Months Ended October 1,

2021

Other Postretirement Benefit Plans

**September 30,**

**2022**

October 1,

2021

Service cost **$ 69** $ 74 **$ 5** $ 7

Interest cost **167** 137 **13** 11

Expected return on plan assets1 **(428)** (454) **(12)** (13)

Amortization of prior service credit **—** — **(2)** (2)

Amortization of net actuarial loss **84** 114 **—** 1

Net periodic benefit cost (income) **(108)** (129) **4** 4

Settlement charges2 **—** 104 — —

Total cost (income) **$ (108)**$ (25) **$ 4** $ 4

1 The weighted-average expected long-term rates of return on plan assets used in computing 2022 net periodic benefit cost (income) were 7.00 percent for pension plans and 4.00 percent for other postretirement benefit plans.

2 Settlement charges were primarily related to our strategic realignment initiatives.

All of the amounts in the tables above, other than service cost, were recorded in the line item other income (loss) — net in our consolidated statements of income. During the nine months ended September 30, 2022, the Company contributed $24 million to our pension trusts, and we anticipate making additional contributions of approximately $5 million during the remainder of 2022. The Company contributed $22 million to our pension trusts during the nine months ended October 1, 2021.

#### NOTE 14: INCOME TAXES

The Company recorded income taxes of $622 million (18.1 percent effective tax rate) and $609 million (19.7 percent effective tax rate) during the three months ended September 30, 2022 and October 1, 2021, respectively. The Company recorded income taxes of $1,671 million (18.2 percent effective tax rate) and $2,111 million (22.3 percent effective tax rate) during the nine months ended September 30, 2022 and October 1, 2021, respectively.

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The Company’s effective tax rates for the three and nine months ended September 30, 2022 and October 1, 2021 vary from the statutory U.S. federal income tax rate o2f 1.0 percent primarily due to the tax impact of significant operating and nonoperating items, as described in Note 11, along with the tax benefits of having significant earnings generated outside of the United States and significant earnings generated in investments accounted for under the equity method, both of which are generally taxed at rates lower than the statutory U.S. rate.

The Company’s effective tax rates for the three and nine months ended October 1, 2021 included $75 million and $251 million, respectively, of net tax expense related to various discrete tax items, including changes in tax laws in certain foreign jurisdictions and the net tax impact of agreed-upon audit issues.

On November 18, 2020, the Tax Court issued the Opinion regarding the Company’s 2015 litigation with the IRS involving transfer pricing tax adjustments in which the court predominantly sided with the IRS. The Company strongly disagrees with the Opinion and intends to vigorously defend its position. Refer to Note 8.

#### NOTE 15: FAIR VALUE MEASUREMENTS

##### Recurring Fair Value Measurements

The following tables summarize assets and liabilities measured at fair value on a recurring basis (in millions):

September 30, 2022 Level 1 Level 2 Level 3 Other3

Assets:

Netting Adjustment 4

Fair Value Measurements

Equity securities with readily determinable values1 Debt securities1

Derivatives2

$ 1,719 $ 185 $ 17 $ 91 $ — $ 2,012

— 1,881 9 — — 1,890

72 648 — — (537) 183 7

Total assets $ 1,791 $ 2,714 $ 26 $ 91 $ (537) $ 4,085 Liabilities:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Contingent consideration liability | $ | — $ | — $ | 1,561 5 | $ | — $ | — | $ | | 1,561 | |
| Derivatives2 | 6 | | 1,891 | — | — | | (1,817) | 6 | 80 | | 7 |
| Total liabilities | $ 6 $ | | 1,891 $ | 1,561 | $ — $ | | (1,817) |  | $ 1,641 | |  |

1 Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

2 Refer to Note 6 for additional information related to the composition of our derivatives portfolio.

3 Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

4 Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 6.

5 Represents the fair value of future milestone payments related to our acquisition of fairlife in 2020, which are contingent on fairlife achieving certain financial targets through 2024 and, if achieved, are payable in 2023 and 2025. These milestone payments are based on agreed-upon formulas related to fairlife’s operating results, the resulting values of which are not subject to a ceiling. The fair value was determined using a Monte Carlo valuation model.

6 The Company has the right to reclaim $ 1,325 million in cash collateral it has netted against its derivative positions.

7 The Company’s derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $ 90 million in the line item prepaid expenses and other current assets,

$93 million in the line item other noncurrent assets and $80 million in the line item other noncurrent liabilities. Refer to Note 6 for additional information related to the composition of our derivatives portfolio.

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December 31, 2021 Level 1 Level 2 Level 3 Other3

Assets:

Netting Adjustmen4t

Fair Value Measurements

Equity securities with readily determinable values1 Debt securities1

$ 2,372$ 230$ 17 $ 104 $ — $ 2,723

— 1,556 33 — — 1,589

Derivatives2

69 588 — — (459)6

198 8

Total assets $ 2,441$ 2,374$ 50 $ 104 $ (459) $ 4,510 Liabilities:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Contingent consideration liability | $ —$ | —$ | 590 5 | $ —$ | — | $ 590 |
| Derivatives2 | — | 96 | — | — | (82)7 | 14 8 |
| Total liabilities $ —$ 96$ 590 $ —$ (82) $ 604 | | | | | | |

1 Refer to Note 4 for additional information related to the composition of our equity securities with readily determinable values and debt securities.

2 Refer to Note 6 for additional information related to the composition of our derivatives portfolio.

3 Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy but are included to reconcile to the amounts presented in Note 4.

4 Amounts represent the impact of legally enforceable master netting agreements that allow the Company to settle net positive and negative positions and also cash collateral held or placed with the same counterparties. There are no amounts subject to legally enforceable master netting agreements that management has chosen not to offset or that do not meet the offsetting requirements. Refer to Note 6.

5 Represents the fair value of future milestone payments related to our acquisition of fairlife in 2020, which are contingent on fairlife achieving certain financial targets through 2024 and, if achieved, are payable in 2023 and 2025. These milestone payments are based on agreed-upon formulas related to fairlife’s operating results, the resulting values of which are not subject to a ceiling. The fair value was determined using a Monte Carlo valuation model.

6 The Company is obligated to return $ 331 million in cash collateral it has netted against its derivative positions.

7 The Company does not have the right to reclaim any cash collateral it has netted against its derivative positions.

8 The Company’s derivative financial instruments are recorded at fair value in our consolidated balance sheet as follows: $ 198 million in the line item other noncurrent assets and $14 million in the line item other noncurrent liabilities. Refer to Note 6 for additional information related to the composition of our derivatives portfolio.

Gross realized and unrealized gains and losses on Level 3 assets and liabilities were not significant for the three and nine months ended September 30, 2022 and October 1, 2021.

The Company recognizes transfers between levels within the hierarchy as of the beginning of the reporting period. Gross transfers between levels within the hierarchy were not significant for the three and nine months ended September 30, 2022 and October 1, 2021.

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##### Nonrecurring Fair Value Measurements

The gains and losses on assets measured at fair value on a nonrecurring basis are summarized in the following table (in millions):

Gains (Losses)

Three Months Ended Nine Months Ended

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **September 30,**  **2022** | October 1,  2021 | **September 30,**  **2022** | October 1,  2021 |
| Assets held for sale | **$ —** | $ (266) 2 | **$ —** | $ (266) 2 |
| Other-than-temporary impairment charges | **—** | — | **(96) 3** | — |
| Impairment of intangible assets | **(57) 1** | — | **(57) 1** | — |
| Valuation of shares in equity method investee | **—** | — | **(24) 4** | — |
| Total | **$ (57)** | $ (266) | **$ (177)** | $ (266) |

1During 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. The fair value of this trademark was derived using discounted cash flow analyses based on Level 3 inputs.

2 The Company is required to record assets and liabilities that are held for sale at the lower of carrying value or fair value less any costs to sell based on the agreed-upon sale price. During the three and nine months ended October 1, 2021, the Company recorded charges of $266 million in the line item other income (loss) — net related to the restructuring of our manufacturing operations in the United States. These charges, which were calculated based on Level 3 inputs, primarily impacted the line item property, plant and equipment in our consolidated balance sheet.

3 The Company recorded an other-than-temporary impairment charge of $96 million during the nine months ended September 30, 2022 related to an equity method investee in Russia. This impairment charge was derived using Level 3 inputs and was primarily driven by revised projections of future operating results.

4 During the nine months ended September 30, 2022, we recognized a net loss of $ 24 million on assets measured at fair value on a nonrecurring basis. The net loss was recorded as a result of an equity method investee issuing additional shares of its stock. Accordingly, the Company is required to treat this type of transaction as if the Company had sold a proportionate share of its investment. This net loss was determined using Level 2 inputs and primarily resulted from the recognition of cumulative translation losses.

##### Other Fair Value Disclosures

The carrying values of cash and cash equivalents; short-term investments; trade accounts receivable; accounts payable and accrued expenses; and loans and notes payable approximate their fair values because of the relatively short-term maturities of these financial instruments. The fair value of our long-term debt is estimated using Level 2 inputs based on quoted prices for those instruments. Where quoted prices are not available, the fair value is estimated using discounted cash flows and market-based expectations for interest rates, credit risk and the contractual terms of the debt instruments. As of September 30, 2022, the carrying value and fair value of our long-term debt, including the current portion, were $36,191 million and $30,942 million, respectively. As of December 31, 2021, the carrying value and fair value of our long-term debt, including the current portion, were $39,454 million and $40,311 million, respectively.

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#### NOTE 16: OPERATING SEGMENTS

Information about our Company’s operations by operating segment and Corporate is as follows (in millions):

Europe, Middle East & Africa

Latin America

North

America Asia Pacific Global Ventures

Bottling

Investments Corporate Eliminations Consolidated

**As of and for the Three Months Ended September 30, 2022**

Net operating revenues:

Third party **$ 1,844 $ 1,267 $ 4,197$ 1,263 $ 679 $ 1,784 $ 29$ — $ 11,063**

Intersegment **143 — 4 164 — 2 — (313) —**

Total net operating revenues **1,987 1,267 4,201 1,427 679 1,786 29 (313) 11,063**

Operating income (loss) **1,046 712 1,082 589 67 46 (454) — 3,088**

Income (loss) before income taxes **1,078 715 1,090 598 69 466 (572) — 3,444**

Identifiable operating assets **7,1532**

I A

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| nvestments1 **433** | **607** | **19** | **215** | **—** | **12,479** | **4,552** | **—** | **18,305** |
| s of and for the Three Months Ended October 1, 2021 |  |  |  |  |  |  |  |  |
| et operating revenues: |  |  |  |  |  |  |  |  |
| Third party $ 1,758 | $ 1,137 $ | 3,478$ | 1,229 | $ 753 $ | 1,663 | $ 24$ | — $ | 10,042 |
| Intersegment 157 | — | 1 | 145 | — | 2 | 1 | (306) | — |

**2,072 25,989 2,3473**

**6,741 9,3842,3**

**20,480 — 74,166**

N

Total net operating revenues 1,915 1,137 3,479 1,374 753 1,665 25 (306) 10,042

Operating income (loss) 1,028 712 868 594 114 81 (499) — 2,898

Income (loss) before income taxes 1,050 716 630 604 116 462 (494) — 3,084

Identifiable operating assets 8,2132

1,839 19,118 2,2543

7,784 10,2132,3

22,004 — 71,425

Investments1

As of December 31, 2021

482 606 331 238 2 13,137 4,385 — 19,181

Identifiable operating assets $ 7,9082

$ 1,720 $ 25,730$ 2,3553

$ 7,949 $ 10,3122,3

$ 19,964$ — $ 75,938

Investments1 436 594 21 230 — 12,669 4,466 — 18,416

1 Principally equity method investments and other investments in bottling companies.

2 Property, plant and equipment — net in South Africa represented 16 percent of consolidated property, plant and equipment — net as of September 30, 2022, October 1, 2021 and December 31, 2021.

3 Property, plant and equipment — net in the Philippines represented 10 percent of consolidated property, plant and equipment — net as of September 30, 2022, October 1, 2021 and December 31, 2021.

During the three months ended September 30, 2022, the results of our operating segments and Corporate were impacted by the following items:

* Operating income (loss) and income (loss) before income taxes were reduced by $57 million for Asia Pacific due to the impairment of a trademark. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $32 million for Corporate due to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition in 2020. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $27 million for Corporate due to the Company’s productivity and reinvestment program. Refer to Note 12.
* Operating income (loss) and income (loss) before income taxes were reduced by $15 million for Corporate related to our acquisition of BodyArmor in 2021. Refer to Note 11.
* Operating income (loss) and income (loss) before income taxes were reduced by $8 million for North America due to the restructuring of our manufacturing operations in the United States.
* Income (loss) before income taxes was reduced by $78 million for Corporate due to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.

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* Income (loss) before income taxes was reduced by $14 million for Bottling Investments due to the Company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

During the three months ended October 1, 2021, the results of our operating segments and Corporate were impacted by the following items:

* Operating income (loss) and income (loss) before income taxes were reduced by $31 million for Corporate due to the Company’s productivity and reinvestment program. Refer to Note 12.
* Operating income (loss) and income (loss) before income taxes were reduced by $12 million for Corporate due to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $7 million and $273 million, respectively, for North America due to the restructuring of our manufacturing operations in the United States. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $2 million for Europe, Middle East and Africa and $1 million for North America, and operating income (loss) and income (loss) before income taxes were reduced by $1 million and $22 million, respectively, for Corporate due to the Company’s strategic realignment initiatives.
* Income (loss) before income taxes was increased by $63 million for Corporate due to the sale of a portion of our ownership interest in one of our equity method investments. Refer to Note 2.
* Income (loss) before income taxes was increased by $18 million for Bottling Investments due to the Company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

Europe, Middle East

Latin

North

Bottling

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| & Africa America | | | America | Asia Pacific | Global Ventures | Investments | Corporate | Eliminations | Consolidated |
| **Nine Months Ended September 30, 2022** | | |  |  |  |  |  |  |  |
| Net operating revenues: | | |  |  |  |  |  |  |  |
| Third party **$ 5,523 $ 3,621 $** | | | **11,815$** | **3,837$** | **2,103 $** | **5,903 $** | **77$** | **—$** | **32,879** |
| Intersegment | **481** | **—** | **6** | **567** | **—** | **6** | **—** | **(1,060)** | **—** |
| Total net operating revenues | **6,004** | **3,621** | **11,821** | **4,404** | **2,103** | **5,909** | **77** | **(1,060)** | **32,879** |
| Operating income (loss) **3,344** | | **2,146** | **2,978** | **2,006** | **162** | **352** | **(2,154)** | **—** | **8,834** |
| Income (loss) before income taxes **3,326** | | **2,152** | **3,002** | **2,025** | **173** | **1,312** | **(2,804)** | **—** | **9,186** |
| Nine Months Ended October 1, 2021 | |  |  |  |  |  |  |  |  |
| Net operating revenues: | |  |  |  |  |  |  |  |  |
| Third party $ 5,094 $ | | 3,113 $ | 9,793$ | 3,811$ | 2,030 $ | 5,292 $ | 58$ | —$ | 29,191 |
| Intersegment | 461 | — | 4 | 468 | — | 7 | 1 | (941) | — |
| Total net operating revenues | 5,555 | 3,113 | 9,797 | 4,279 | 2,030 | 5,299 | 59 | (941) | 29,191 |
| Operating income (loss) | 2,990 | 1,942 | 2,610 | 2,046 | 215 | 314 | (1,481) | — | 8,636 |
| Income (loss) before income taxes | 3,049 | 1,952 | 2,405 | 2,078 | 221 | 1,201 | (1,441) | — | 9,465 |

During the nine months ended September 30, 2022, the results of our operating segments and Corporate were impacted by the following items:

* Operating income (loss) and income (loss) before income taxes were reduced by $971 million for Corporate due to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $57 million for Asia Pacific due to the impairment of a trademark. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $56 million for Corporate due to the Company’s productivity and reinvestment program. Refer to Note 12.
* Operating income (loss) and income (loss) before income taxes were reduced by $30 million and $31 million, respectively, for North America due to the restructuring of our manufacturing operations in the United States.
* Operating income (loss) and income (loss) before income taxes were increased by $21 million for North America and were reduced by $44 million for Corporate related to our acquisition of BodyArmor in 2021. Refer to Note 11.

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* Income (loss) before income taxes was reduced by $449 million for Corporate due to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
* Income (loss) before income taxes was reduced by $96 million for Europe, Middle East and Africa due to an other-than-temporary impairment charge related to an equity method investee in Russia. Refer to Note 15.
* Income (loss) before income taxes was reduced by $44 million for Bottling Investments due to the Company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.
* Income (loss) before income taxes was reduced by $24 million for Corporate due to one of our equity method investees issuing additional shares of its stock. Refer to Note 15.

During the nine months ended October 1, 2021, the results of our operating segments and Corporate were impacted by the following items:

* Operating income (loss) and income (loss) before income taxes were reduced by $263 million for Corporate due to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $71 million for Corporate due to the Company’s productivity and reinvestment program. Refer to Note 12.
* Operating income (loss) and income (loss) before income taxes were reduced by $63 million for Europe, Middle East and Africa, $11 million for Latin America, $14 million for North America and $13 million for Asia Pacific, and operating income (loss) and income (loss) before income taxes were reduced by $25 million and $129 million, respectively, for Corporate due to the Company’s strategic realignment initiatives.
* Operating income (loss) and income (loss) before income taxes were reduced by $42 million and $308 million, respectively, for North America due to the restructuring of our manufacturing operations in the United States. Refer to Note 15.
* Operating income (loss) and income (loss) before income taxes were reduced by $14 million for Corporate due to tax litigation expense. Refer to Note 8.
* Income (loss) before income taxes was increased by $695 million for Corporate due to the sale of our ownership interest in CCA, an equity method investee. Refer to Note 2.
* Income (loss) before income taxes was increased by $341 million for Corporate due to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities. Refer to Note 4.
* Income (loss) before income taxes was increased by $63 million for Corporate due to the sale of a portion of our ownership interest in one of our equity method investments. Refer to Note 2.
* Income (loss) before income taxes was reduced by $650 million for Corporate due to charges associated with the extinguishment of long-term debt.
* Income (loss) before income taxes was reduced by $37 million for Bottling Investments and was increased by $32 million for Corporate due to the Company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

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##### Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

When used in this report, the terms “The Coca-Cola Company,” “Company,” “we,” “us” and “our” mean The Coca-Cola Company and all entities included in our consolidated financial statements.

On March 8, 2022, the Company announced the suspension of its business in Russia as a result of the conflict between Russia and Ukraine. In addition, the conflict has caused a disruption of our business in Ukraine. Given the rapidly changing conditions, the Company will continue to monitor and assess the situation as circumstances evolve. As a point of reference, in 2021, the Company’s business in Russia and Ukraine contributed approximately 2 percent of the Company’s unit case volume and approximately 1 percent and 2 percent of the Company’s consolidated net operating revenues and operating income, respectively.

During the nine months ended September 30, 2022, the effects of the COVID-19 pandemic, including the resurgence of the virus in certain countries and the related actions by governments to attempt to contain the spread of the virus, continued to negatively impact our business. While uncertainties caused by the COVID-19 pandemic remain, and factors such as the state of the supply chain, labor shortages and the inflationary environment are likely to impact the pace of the economic recovery, we are focused on executing for growth with a goal of operating at a higher level through these challenges.

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

##### Recoverability of Current and Noncurrent Assets

Our Company faces many uncertainties and risks related to various economic, political and regulatory environments in the countries in which we operate, particularly in developing and emerging markets. Refer to the headings “Item 1A. Risk Factors” in Part I and “Our Business — Challenges and Risks” in Part II of our Annual Report on Form 10-K for the year ended December 31, 2021, as well as “Item 1A. Risk Factors” in Part II of our Quarterly Report on Form 10-Q for the quarter ended April 1, 2022. As a result, management must make numerous assumptions, which involve a significant amount of judgment, when performing recoverability and impairment tests of current and noncurrent assets in various regions around the world.

We perform recoverability and impairment tests of current and noncurrent assets in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The performance of recoverability and impairment tests of current and noncurrent assets involves critical accounting estimates. These estimates require significant management judgment, include inherent uncertainties and are often interdependent; therefore, they do not change in isolation. Factors that management must estimate include, among others, the economic lives of the assets, sales volume, pricing, royalty rates, cost of raw materials, delivery costs, the impact of any supply chain disruptions, inflation, long-term growth rates, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending, proceeds from the sale of assets and customers’ financial condition. The variability of these factors depends on a number of conditions, and thus our accounting estimates may change from period to period. These factors are even more difficult to estimate as a result of uncertainties associated with the conflict in Ukraine and the scope, severity and duration of the global COVID-19 pandemic. The estimates we use when performing recoverability tests of assets are consistent with those we use in our internal planning. When performing impairment tests, we estimate the fair values of the assets using management’s best assumptions, which we believe are consistent with those a market participant would use. While pandemic-related uncertainties still exist, we expect to see continued improvements in our business as consumers return to many of their previous work routines as well as socializing and traveling. The Company has certain intangible and other long-lived assets that are more dependent on cash flows generated in away-from-home channels and/or that generate cash flows in geographic areas which are more heavily impacted by the COVID-19 pandemic, and therefore these assets are more susceptible to impairment. In addition, intangible and other long-lived assets we acquired in recent transactions are naturally more susceptible to impairment, because they are recorded at fair value based on recent operating plans and macroeconomic conditions at the time of acquisition. If we had used other assumptions and estimates when impairment tests were performed, impairment charges could have resulted.

Furthermore, if management uses different assumptions in future periods, or if different conditions exist in future periods, impairment charges could result. The total future impairment charges we may be required to record could be material.

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. As of September 30, 2022, the remaining carrying value of the Company’s assets related to Russia and Ukraine was less than 0.5 percent of the Company’s total assets. In addition, as of September 30, 2022, the Company had an approximate 21 percent ownership interest in Coca-Cola HBC AG, the Company’s bottling and distribution partner in the region.

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As of September 30, 2022, the carrying value of our investment in Coca-Cola Bottlers Japan Holdings Inc. exceeded the fair value by $37 million, or 10 percent. Based on the length of time and the extent to which the fair value has been less than our carrying value and our intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value, management determined that the decline in fair value was temporary in nature. Therefore, we did not record an impairment charge related to the investment.

Our equity method investees also perform such recoverability and impairment tests. If an impairment charge is recorded by one of our equity method investees, the Company records its proportionate share of such charge as a reduction of equity income (loss) — net in our consolidated statement of income. However, the actual amount we record with respect to our proportionate share of such charge may be impacted by items such as basis differences, deferred taxes and deferred gains.

#### OPERATIONS REVIEW

Sales of our ready-to-drink beverages are somewhat seasonal, with the second and third calendar quarters typically accounting for the highest sales volumes. The volume of sales in the beverage business may be affected by weather conditions.

##### Structural Changes, Acquired Brands and Newly Licensed Brands

In order to continually improve upon the Company’s operating performance, from time to time, we engage in buying and selling ownership interests in bottling partners and other manufacturing operations. In addition, we periodically acquire brands and their related operations or enter into license agreements for certain brands to supplement our beverage offerings. These items impact our operating results and certain key metrics used by management in assessing the Company’s performance.

Unit case volume growth is a key metric used by management to evaluate the Company’s performance because it measures demand for our products at the consumer level. The Company’s unit case volume represents the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers or consumers and, therefore, reflects unit case volume for both consolidated and unconsolidated bottlers. Refer to the heading “Beverage Volume” below.

Concentrate sales volume represents the amount of concentrates, syrups, source waters and powders/minerals (in all instances expressed in unit case equivalents) sold by, or used in finished products sold by, the Company to its bottling partners or other customers. For Costa Limited (“Costa”) non-ready-to-drink beverage products, concentrate sales volume 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. Refer to the heading “Beverage Volume” below.

When we analyze our net operating revenues, we generally consider the following factors: (1) volume growth (concentrate sales volume or unit case volume, as applicable); (2) changes in price, product and geographic mix; (3) foreign currency exchange rate fluctuations; and (4) acquisitions and divestitures (including structural changes as defined below), as applicable. Refer to the heading “Net Operating Revenues” below. The Company sells concentrates and syrups to both consolidated and unconsolidated bottling partners. The ownership structure of our bottling partners impacts the timing of recognizing concentrate revenue and concentrate sales volume. When we sell concentrates or syrups to our consolidated bottling partners, we do not recognize the concentrate revenue or concentrate sales volume until the bottling partner has sold finished products manufactured from the concentrates or syrups to a third party. When we sell concentrates or syrups to our unconsolidated bottling partners, we recognize the concentrate revenue and concentrate sales volume when the concentrates or syrups are sold to the bottling partner. The subsequent sale of the finished products manufactured from the concentrates or syrups to a third party does not impact the timing of recognizing the concentrate revenue or concentrate sales volume. When we account for an unconsolidated bottling partner as an equity method investment, we eliminate the intercompany profit related to concentrate sales, to the extent of our ownership interest, until the equity method investee has sold finished products manufactured from the concentrates or syrups to a third party. We typically report unit case volume when finished products manufactured from the concentrates or syrups are sold to a third party, regardless of our ownership interest in the bottling partner, if any.

We generally refer to acquisitions and divestitures of bottling operations as “structural changes,” which are a component of acquisitions and divestitures. Typically, structural changes do not impact the Company’s unit case volume or concentrate sales volume on a consolidated basis or at the geographic operating segment level. We recognize unit case volume for all sales of Company beverage products, regardless of our ownership interest in the bottling partner, if any. However, the unit case volume reported by our Bottling Investments operating segment is generally impacted by structural changes because it only includes the unit case volume of our consolidated bottling operations.

“Acquired brands” refers to brands acquired during the past 12 months. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to acquired brands in periods prior to the closing of a transaction. Therefore, the unit case volume and concentrate sales volume related to an acquired brand are incremental to prior year volume. We generally do not consider the acquisition of a brand to be a structural change.

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“Licensed brands” refers to brands not owned by the Company but for which we hold certain rights, generally including, but not limited to, distribution rights, and from which we derive an economic benefit when the related products are sold. Typically, the Company has not reported unit case volume or recognized concentrate sales volume related to a licensed brand in periods prior to the beginning of the term of a license agreement. Therefore, in the year that a license agreement is entered into, the unit case volume and concentrate sales volume related to a licensed brand are incremental to prior year volume. We generally do not consider the licensing of a brand to be a structural change.

In August 2022, the Company acquired a controlling interest in a bottling operation in Malawi. The impact of this acquisition has been included as a structural change in our analysis of net operating revenues on a consolidated basis as well as for the Bottling Investments operating segment. Additionally, in November 2021, the Company acquired the remaining ownership interest in BA Sports Nutrition, LLC (“BodyArmor”). The impact of this acquisition has been included in acquisitions and divestitures in our analysis of net operating revenues on a consolidated basis as well as for the North America operating segment.

##### Beverage Volume

We measure the volume of Company beverage products sold in two ways: (1) unit cases of finished products and (2) concentrate sales. As used in this report, “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; and “unit case volume” means the number of unit cases (or unit case equivalents) of Company beverage products directly or indirectly sold by the Company and its bottling partners to customers or consumers. Unit case volume primarily consists of beverage products bearing Company trademarks. Also included in unit case volume are certain brands licensed to, or distributed by, our Company, and brands owned by Coca-Cola system bottlers for which our Company provides marketing support and from the sale of which we derive an economic benefit. In addition, unit case volume includes sales by certain joint ventures in which the Company has an ownership interest. We believe unit case volume is one of the indicators of the underlying strength of the Coca-Cola system because it measures demand for our products at the consumer level. The unit case volume numbers used in this report are derived based on estimates received by the Company from its

bottling partners and distributors. Concentrate sales volume represents the amount of concentrates, syrups, 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 volume 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. Unit case volume and concentrate sales volume growth rates are not necessarily equal during any given period. Factors such as seasonality, bottlers’ inventory practices, supply point changes, timing of price increases, new product introductions and changes in product mix can create differences between unit case volume and concentrate sales volume growth rates. In addition to these items, the impact of unit case volume from certain joint ventures in which the Company has an ownership interest, but to which the Company does not sell concentrates, syrups, source waters or powders/minerals, may give rise to differences between unit case volume and concentrate sales volume growth rates.

Information about our volume growth worldwide and for each of our operating segments is as follows:

Three Months Ended September 30, 2022

Percent Change 2022 versus 2021

Nine Months Ended September 30, 2022

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Unit Cases 1,2,3 | Concentrate Sales4 |  | Unit Cases 1,2,3 | Concentrate Sales4 |
| Worldwide | 4 % | 4 % |  | 6 % | 6 % |
| Europe, Middle East & Africa | (1) % | 1 % |  | 5 % | 5 % |
| Latin America | 5 | 6 |  | 8 | 7 |
| North America | 1 | (1) |  | 2 | 2 |
| Asia Pacific | 9 | 9 |  | 8 | 8 |
| Global Ventures | 8 | 17 |  | 15 | 16 |
| Bottling Investments | 16 | N/A |  | 16 | N/A |

1 Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only.

2 Geographic and Global Ventures operating segment data reflects unit case volume growth for all bottlers, both consolidated and unconsolidated, and distributors in the applicable geographic areas. Global Ventures operating segment data also reflects unit case volume growth for Costa retail stores.

3 Unit case volume percent change is based on average daily sales. Unit case volume growth based on average daily sales is computed by comparing the average daily sales in each of the corresponding periods. Average daily sales are the unit cases sold during the period divided by the number of days in the period.

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4 Concentrate sales volume represents the amount of concentrates, syrups, 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 and is not based on average daily sales. For Costa non-ready-to-drink beverage products, concentrate sales volume 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 and is not based on average daily sales. Each of our quarters, other than the fourth quarter, ends on the Friday closest to the last day of the corresponding quarterly calendar period. As a result, the first quarter of 2022 had one less day when compared to the first quarter of 2021, and the fourth quarter of 2022 will have one additional day when compared to the fourth quarter of 2021.

##### Unit Case Volume

Although a significant portion of our Company’s net operating revenues is not based directly on unit case volume, we believe unit case volume performance is one of the indicators of the underlying strength of the Coca-Cola system because it measures demand for our products at the consumer level.

*Three Months Ended September 30, 2022 versus Three Months Ended October 1, 2021*

Unit case volume in Europe, Middle East and Africa decreased 1 percent, which included a 23 percent decline in nutrition, juice, dairy and plant-based beverages, a 2 percent decline in sparkling flavors and a 1 percent decline in hydration, sports, coffee and tea, partially offset by 2 percent growth in Trademark Coca-Cola. The operating segment reported declines in unit case volume of 4 percent in the Africa operating unit and 1 percent in the Europe operating unit, partially offset by growth of 3 percent in the Eurasia and Middle East operating unit. The decline in the Africa operating unit included the impact of transitioning certain territories to new franchise bottling partners, and the decline in the Europe operating unit was primarily due to the suspension of the Company’s business in Russia.

Unit case volume in Latin America increased 5 percent, which included 4 percent growth in Trademark Coca-Cola, 8 percent growth in hydration, sports, coffee and tea, and 5 percent growth in both sparkling flavors and nutrition, juice, dairy and plant-based beverages. The operating segment’s volume performance included 6 percent growth in both Mexico and Brazil.

Unit case volume in North America increased 1 percent, which included 2 percent growth in Trademark Coca-Cola, 2 percent growth in nutrition, juice, dairy and plant-based beverages, and even performance in sparkling flavors, partially offset by a 1 percent decline in hydration, sports, coffee and tea.

Unit case volume in Asia Pacific increased 9 percent, which included 11 percent growth in hydration, sports, coffee and tea, 8 percent growth in sparkling flavors, 7 percent growth in Trademark Coca-Cola, and 12 percent growth in nutrition, juice, dairy and plant-based beverages. The operating segment reported growth in unit case volume of 25 percent in the India and Southwest Asia operating unit, 5 percent in the Greater China and Mongolia operating unit, 9 percent in the ASEAN and South Pacific operating unit, and 4 percent in the Japan and South Korea operating unit.

Unit case volume for Global Ventures increased 8 percent, driven by 3 percent growth in hydration, sports, coffee and tea along with growth in energy drinks, partially offset by a 15 percent decline in nutrition, juice, dairy and plant-based beverages.

Unit case volume for Bottling Investments increased 16 percent, driven by growth in most markets, led by India and Vietnam.

*Nine Months Ended September 30, 2022 versus Nine Months Ended October 1, 2021*

Unit case volume in Europe, Middle East and Africa increased 5 percent, which included 6 percent growth in Trademark Coca-Cola, 8 percent growth in hydration, sports, coffee and tea, and 4 percent growth in sparkling flavors, partially offset by a decline of 5 percent in nutrition, juice, dairy and plant-based beverages. The operating segment reported growth in unit case volume of 5 percent in the Europe operating unit, 7 percent in the Eurasia and Middle East operating unit, and 2 percent in the Africa operating unit.

Unit case volume in Latin America increased 8 percent, which included 6 percent growth in Trademark Coca-Cola, 11 percent growth in hydration, sports, coffee and tea, 8 percent growth in sparkling flavors, and 12 percent growth in nutrition, juice, dairy and plant-based beverages. The operating segment’s volume performance included 6 percent growth in Mexico and 10 percent growth in Brazil.

Unit case volume in North America increased 2 percent, which included 2 percent growth in Trademark Coca-Cola, 3 percent growth in both sparkling flavors and nutrition, juice, dairy and plant-based beverages, and 1 percent growth in hydration, sports, coffee and tea.

Unit case volume in Asia Pacific increased 8 percent, which included 11 percent growth in sparkling flavors, 6 percent growth in both Trademark Coca-Cola and hydration, sports, coffee and tea, and 13 percent growth in nutrition, juice, dairy and plant-based beverages. The operating segment reported growth in unit case volume of 41 percent in the India and Southwest Asia operating unit, 8 percent in the ASEAN and South Pacific operating unit, and 4 percent in the Japan and South Korea operating unit, partially offset

by a decline in unit case volume of 2 percent in the Greater China and Mongolia operating unit.

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Unit case volume for Global Ventures increased 15 percent, driven by 16 percent growth in hydration, sports, coffee and tea along with growth in energy drinks, partially offset by a 9 percent decline in nutrition, juice, dairy and plant-based beverages.

Unit case volume for Bottling Investments increased 16 percent, which reflects growth in all of our consolidated bottling operations.

##### Concentrate Sales Volume

During the three months ended September 30, 2022, worldwide concentrate sales volume and unit case volume both increased 4 percent compared to the three months ended October 1, 2021. During the nine months ended September 30, 2022, worldwide concentrate sales volume and unit case volume both increased 6 percent compared to the nine months ended October 1, 2021. Concentrate sales volume growth is calculated based on the amount sold during the reporting periods, which is impacted by the number of days. Conversely, unit case volume growth is calculated based on average daily sales, which is not impacted by the number of days in the reporting periods. The first quarter of 2022 had one less day when compared to the first quarter of 2021.

##### Net Operating Revenues

*Three Months Ended September 30, 2022 versus Three Months Ended October 1, 2021*

During the three months ended September 30, 2022, net operating revenues were $11,063 million, compared to $10,042 million during the three months ended October 1, 2021, an increase of $1,021 million, or 10 percent.

The following table illustrates, on a percentage basis, the estimated impact of the factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

Percent Change 2022 versus 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Volume1 | Price, Product & Geographic Mix | Foreign Currency  Fluctuations | Acquisitions & Divestitures2 | **Total** |
| Consolidated | 4 % | 12 % | (8) % | 2 % | **10 %** |
| Europe, Middle East & Africa | 1 % | 19 % | (16) % | — % | **4 %** |
| Latin America | 6 | 12 | (6) | — | **12** |
| North America | (1) | 15 | — | 6 | **21** |
| Asia Pacific | 9 | 4 | (10) | — | **4** |
| Global Ventures | 17 | (12) | (15) | — | **(10)** |
| Bottling Investments | 16 | 3 | (12) | — | **7** |

Note: Certain rows may not add due to rounding.

1 Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments and our Global Ventures operating segment (expressed in unit case equivalents) after considering the impact of acquisitions and divestitures, if any. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume computed by comparing the total sales (rather than the average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only after considering the impact of structural changes, if any. Refer to the heading “Beverage Volume” above.

2 Includes structural changes, if any. Refer to the heading “Structural Changes, Acquired Brands and Newly Licensed Brands” above.

Refer to the heading “Beverage Volume” above for additional information related to changes in our unit case and concentrate sales volumes.

“Price, product and geographic mix” refers to 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. The impact of price, product and geographic mix is calculated by subtracting the change in net operating revenues resulting from volume increases or decreases, fluctuations in foreign currency exchange rates, and acquisitions and divestitures from the total change in net operating revenues. Management believes that providing investors with price, product and geographic mix enhances their understanding about the combined impact that the following items had on the Company’s net operating revenues: (1) pricing actions taken by the Company and, where applicable, our bottling partners; (2) changes in the mix of products and packages sold; (3) changes in the mix of channels where products were sold; and (4) changes in the mix of geographic territories where products were sold. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company’s performance.

Price, product and geographic mix had a 12 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

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* Europe, Middle East and Africa — favorable channel and package mix and favorable pricing initiatives, including inflationary pricing in Turkey, partially offset by unfavorable geographic mix;
* Latin America — favorable pricing initiatives, including inflationary pricing in Argentina, along with favorable channel and package mix;
* North America — favorable pricing initiatives and favorable channel, package and product mix;
* Asia Pacific — favorable pricing initiatives along with favorable channel and package mix, partially offset by unfavorable geographic mix;
* Global Ventures — unfavorable impact of no longer receiving COVID-related incentives in the current year and unfavorable product mix, partially offset by favorable channel mix, primarily due to the timing of Costa retail store reopenings in the United Kingdom in the prior year; and
* Bottling Investments — favorable pricing initiatives across most markets.

The favorable channel and package mix in all applicable operating segments was primarily a result of the continued recovery from the COVID-19 pandemic in away-from- home channels in many markets in the current year and the impact of social distancing measures in the prior year.

Fluctuations in foreign currency exchange rates decreased our consolidated net operating revenues by 8 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the Japanese yen, British pound sterling, Turkish lira, euro and South African rand, which had an unfavorable impact on our Asia Pacific; Global Ventures; Europe, Middle East and Africa; and Bottling Investments operating segments. Refer to the heading “Liquidity, Capital Resources and Financial Position — Foreign Exchange” below.

“Acquisitions and divestitures” generally refers to acquisitions and divestitures of brands or businesses, some of which the Company considers to be structural changes. The impact of acquisitions and divestitures is the difference between the change in net operating revenues and the change in what our net operating revenues would have been if we removed the net operating revenues associated with an acquisition or a divestiture from either the current year or the prior year, as applicable. Management believes that quantifying the impact that acquisitions and divestitures had on the Company’s net operating revenues provides investors with useful information to enhance their understanding of the Company’s net operating revenue performance by improving their ability to compare our period-to-period results. Management considers the impact of acquisitions and divestitures when evaluating the Company’s performance. Refer to the heading “Structural Changes, Acquired Brands and Newly Licensed Brands” above for additional information related to acquisitions and divestitures.

*Nine Months Ended September 30, 2022 versus Nine Months Ended October 1, 2021*

During the nine months ended September 30, 2022, net operating revenues were $32,879 million, compared to $29,191 million during the nine months ended October 1, 2021, an increase of $3,688 million, or 13 percent.

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The following table illustrates, on a percentage basis, the estimated impact of the factors resulting in the increase (decrease) in net operating revenues on a consolidated basis and for each of our operating segments:

Percent Change 2022 versus 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Volume1 | Price, Product & Geographic Mix | Foreign Currency  Fluctuations | Acquisitions & Divestitures2 | **Total** |
| Consolidated | 6 % | 10 % | (6) % | 2 % | **13 %** |
| Europe, Middle East & Africa | 5 % | 16 % | (13) % | — % | **8 %** |
| Latin America | 7 | 14 | (4) | — | **16** |
| North America | 2 | 12 | — | 7 | **21** |
| Asia Pacific | 8 | 3 | (8) | — | **3** |
| Global Ventures | 16 | (2) | (11) | — | **4** |
| Bottling Investments | 16 | 4 | (8) | — | **12** |

Note: Certain rows may not add due to rounding.

1 Represents the percent change in net operating revenues attributable to the increase (decrease) in concentrate sales volume for our geographic operating segments and our Global Ventures operating segment (expressed in unit case equivalents) after considering the impact of acquisitions and divestitures, if any. For our Bottling Investments operating segment, this represents the percent change in net operating revenues attributable to the increase (decrease) in unit case volume computed by comparing the total sales (rather than the average daily sales) in each of the corresponding periods after considering the impact of structural changes, if any. Our Bottling Investments operating segment data reflects unit case volume growth for consolidated bottlers only after considering the impact of structural changes, if any. Refer to the heading “Beverage Volume” above.

2 Includes structural changes, if any. Refer to the heading “Structural Changes, Acquired Brands and Newly Licensed Brands” above.

Refer to the heading “Beverage Volume” above for additional information related to changes in our unit case and concentrate sales volumes.

Price, product and geographic mix had a 10 percent favorable impact on our consolidated net operating revenues. Price, product and geographic mix was impacted by a variety of factors and events including, but not limited to, the following:

* Europe, Middle East and Africa — favorable channel and package mix and favorable pricing initiatives, including inflationary pricing in Turkey, partially offset by unfavorable geographic mix;
* Latin America — favorable pricing initiatives, including inflationary pricing in Argentina, along with favorable channel and package mix;
* North America — favorable pricing initiatives, including a benefit resulting from the timing of price increases in the prior year, and favorable channel, package and product mix;
* Asia Pacific — favorable pricing initiatives along with favorable channel and package mix, partially offset by unfavorable geographic mix;
* Global Ventures — unfavorable impact of no longer receiving COVID-related incentives in the current year, partially offset by favorable channel mix, primarily due to the timing of Costa retail store reopenings in the United Kingdom in the prior year; and
* Bottling Investments — favorable pricing initiatives across most markets, partially offset by unfavorable geographic mix.

The favorable channel and package mix in all applicable operating segments was primarily a result of the continued recovery from the COVID-19 pandemic in away-from- home channels in many markets in the current year and the impact of social distancing measures in the prior year.

Fluctuations in foreign currency exchange rates decreased our consolidated net operating revenues by 6 percent. This unfavorable impact was primarily due to a stronger U.S. dollar compared to certain foreign currencies, including the Turkish lira, euro, British pound sterling, Japanese yen, Philippine peso and South African rand, which had an unfavorable impact on our Europe, Middle East and Africa; Global Ventures; Asia Pacific; and Bottling Investments operating segments. Refer to the heading “Liquidity, Capital Resources and Financial Position — Foreign Exchange” below.

Net operating revenue growth rates are impacted by sales volume; price, product and geographic mix; foreign currency exchange rate fluctuations; and acquisitions and divestitures. The size and timing of acquisitions and divestitures are not consistent from period to period. Based on current spot rates and our hedging coverage in place, we expect foreign currency exchange rate fluctuations will have an unfavorable impact on our full year 2022 net operating revenues.

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##### Gross Profit Margin

Gross profit margin is a ratio calculated by dividing gross profit by net operating revenues. Management believes gross profit margin provides investors with useful information related to the profitability of our business prior to considering all of the selling, general and administrative expenses and other operating charges incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company’s performance.

Our gross profit margin decreased to 58.7 percent for the three months ended September 30, 2022, compared to 60.4 percent for the three months ended October 1, 2021. Our gross profit margin decreased to 59.0 percent for the nine months ended September 30, 2022, compared to 61.4 percent for the nine months ended October 1, 2021. These decreases were primarily due to the unfavorable impact of foreign currency exchange rate fluctuations, the impact of increased commodity and transportation costs, the impact of operating segment mix due to the relative outperformance of the lower margin Bottling Investments operating segment versus our geographic operating segments, and the acquisition of BodyArmor. These unfavorable impacts were partially offset by the impact of favorable pricing initiatives as well as favorable channel and package mix. We expect commodity and transportation costs to continue to have an unfavorable impact on our gross profit margin during the remainder of 2022, and we will continue to proactively take actions in an effort to mitigate the impact of these incremental costs.

##### Selling, General and Administrative Expenses

The following table sets forth the components of selling, general and administrative expenses (in millions):

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Three Months Ended |  |  | Nine Months Ended |  |
|  | **September 30,**  **2022** | October 1,  2021 |  | **September 30,**  **2022** | October 1,  2021 |
| Selling and distribution expenses | **$** | **563** $ | 606 |  | **$ 1,903** $ | 1,824 |
| Advertising expenses |  | **1,451** | 1,173 |  | **3,599** | 3,208 |
| Stock-based compensation expense |  | **84** | 88 |  | **273** | 236 |
| Other operating expenses |  | **1,181** | 1,255 |  | **3,674** | 3,540 |
| Selling, general and administrative expenses | **$** | **3,279** $ | 3,122 |  | **$ 9,449** $ | 8,808 |

During the three months ended September 30, 2022, selling, general and administrative expenses increased $157 million, or 5 percent, versus the prior year. The increase was primarily due to increased marketing spending, partially offset by lower selling and distribution expenses as well as lower annual incentive and stock-based compensation expense as a result of the timing of cumulative adjustments in the prior year for annual incentive and stock-based compensation expense due to increased estimates of payouts. During the three months ended September 30, 2022, foreign currency exchange rate fluctuations decreased selling, general and administrative expenses by 8 percent.

During the nine months ended September 30, 2022, selling, general and administrative expenses increased $641 million, or 7 percent, versus the prior year. The increase was primarily due to higher annual incentive and stock-based compensation expense, increased marketing spending, and increased selling and distribution expenses. The increase in annual incentive and stock-based compensation expense was due to a more favorable outlook for our financial performance in the current year. The increase in selling and distribution expenses was primarily due to the continued recovery from the COVID-19 pandemic. During the nine months ended September 30, 2022, foreign currency exchange rate fluctuations decreased selling, general and administrative expenses by 6 percent.

As of September 30, 2022, we had $385 million of total unrecognized compensation cost related to nonvested stock-based compensation awards granted under our plans, which we expect to recognize over a weighted-average period of 1.9 years as stock-based compensation expense. This expected cost does not include the impact of any future stock- based compensation awards.

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##### Other Operating Charges

Other operating charges incurred by operating segment and Corporate were as follows (in millions):

Three Months Ended Nine Months Ended

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **September 30,** | October 1, |  |  | **September 30,** October 1, |
| **2022** | 2021 |  |  | **2022** 2021 |
| Europe, Middle East & Africa | **$ —** $ | 2 |  | **$** | **(1)** $ 63 |
| Latin America | **—** | — |  |  | **—** 11 |
| North America | **(1)** | (2) |  |  | **(19)** 18 |
| Asia Pacific | **57** | — |  |  | **57** 13 |
| Global Ventures | **—** | — |  |  | **—** — |
| Bottling Investments | **—** | — |  |  | **—** — |
| Corporate | **74** | 45 |  |  | **1,072** 373 |
| Total | **$ 130** $ | 45 |  | **$** | **1,109** $ 478 |

During the three months ended September 30, 2022, the Company recorded other operating charges of $130 million. These charges primarily consisted of $57 million related to the impairment of a trademark in Asia Pacific, $32 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with our acquisition of fairlife, LLC (“fairlife”) in 2020, $27 million related to the Company’s productivity and reinvestment program and $15 million related to the BodyArmor acquisition in the prior year, which included various transition and transaction costs, employee retention costs and the amortization of noncompete agreements.

During the nine months ended September 30, 2022, the Company recorded other operating charges of $1,109 million. These charges primarily consisted of $971 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $57 million related to the impairment of a trademark in Asia Pacific and $56 million related to the Company’s productivity and reinvestment program. In addition, other operating charges included $23 million related to the BodyArmor acquisition in the prior year, which included various transition and transaction costs, employee retention costs and the amortization of noncompete agreements, net of the reimbursement of distributor termination fees recorded in the prior year.

During the three months ended October 1, 2021, the Company recorded other operating charges of $45 million. These charges included $31 million related to the Company’s productivity and reinvestment program, $12 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $4 million related to the Company’s strategic realignment initiatives and $1 million related to tax litigation. Other operating charges also included a net gain of

$3 million related to the restructuring of our manufacturing operations in the United States.

During the nine months ended October 1, 2021, the Company recorded other operating charges of $478 million. These charges primarily consisted of $263 million related to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition, $126 million related to the Company’s strategic realignment initiatives and $71 million related to the Company’s productivity and reinvestment program. In addition, other operating charges included $14 million related to tax litigation and a net charge of $4 million related to the restructuring of our manufacturing operations in the United States.

Refer to Note 8 of Notes to Consolidated Financial Statements for additional information related to the tax litigation. Refer to Note 12 of Notes to Consolidated Financial Statements for additional information on the Company’s productivity and reinvestment program. Refer to Note 15 of Notes to Consolidated Financial Statements for additional information on the impairment charge and the fairlife acquisition. Refer to Note 16 of Notes to Consolidated Financial Statements for the impact these charges had on our operating segments and Corporate.

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##### Operating Income and Operating Margin

Information about our operating income contribution by operating segment and Corporate on a percentage basis is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Three Months Ended |  |  | Nine Months Ended |  |
| **September 30,**  **2022** | October 1,  2021 |  | **September 30,**  **2022** | October 1,  2021 |
| Europe, Middle East & Africa | **33.9 %** | 35.5 % |  | **37.9 %** | 34.6 % |
| Latin America | **23.0** | 24.6 |  | **24.3** | 22.5 |
| North America | **35.0** | 29.9 |  | **33.7** | 30.2 |
| Asia Pacific | **19.1** | 20.5 |  | **22.7** | 23.7 |
| Global Ventures | **2.2** | 3.9 |  | **1.8** | 2.5 |
| Bottling Investments | **1.5** | 2.8 |  | **4.0** | 3.6 |
| Corporate | **(14.7)** | (17.2) |  | **(24.4)** | (17.1) |
| Total | **100.0 %** | 100.0 % |  | **100.0 %** | 100.0 % |

Operating margin is a ratio calculated by dividing operating income by net operating revenues. Management believes operating margin provides investors with useful information related to the profitability of our business after considering all of the operating costs incurred. Management uses this measure in making financial, operating and planning decisions and in evaluating the Company’s performance.

Information about our operating margin on a consolidated basis and for each of our operating segments and Corporate is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Three Months Ended |  |  |  | Nine Months Ended |  | |
| **September 30,**  **2022** |  | October 1,  2021 |  | **September 30,**  **2022** |  | October 1,  2021 |
| Consolidated | **27.9 %** |  | 28.9 % |  | **26.9 %** |  | 29.6 % |
| Europe, Middle East & Africa | **56.7 %** |  | 58.5 % |  | **60.5 %** |  | 58.7 % |
| Latin America | **56.2** |  | 62.7 |  | **59.3** |  | 62.4 |
| North America | **25.8** |  | 25.0 |  | **25.2** |  | 26.7 |
| Asia Pacific | **46.6** |  | 48.3 |  | **52.3** |  | 53.7 |
| Global Ventures | **9.9** |  | 15.1 |  | **7.7** |  | 10.6 |
| Bottling Investments | **2.6** |  | 4.9 |  | **6.0** |  | 5.9 |
| Corporate | \* | \* |  |  | \* | \* |  |

*\** Calculation is not meaningful.

*Three Months Ended September 30, 2022 versus Three Months Ended October 1, 2021*

During the three months ended September 30, 2022, operating income was $3,088 million, compared to $2,898 million during the three months ended October 1, 2021, an increase of $190 million, or 7 percent. The increase was driven by concentrate sales volume growth of 4 percent, favorable pricing initiatives, and favorable channel and package mix, partially offset by higher other operating charges; higher selling, general and administrative expenses; and an unfavorable foreign currency exchange rate impact.

During the three months ended September 30, 2022, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 10 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the Japanese yen, Turkish lira, Zimbabwean dollar, British pound sterling and Argentine peso, which had an unfavorable impact on our Asia Pacific; Europe, Middle East and Africa; Global Ventures; and Latin America operating segments. Refer to the heading “Liquidity, Capital Resources and Financial Position — Foreign Exchange” below.

The Europe, Middle East and Africa operating segment reported operating income of $1,046 million and $1,028 million for the three months ended September 30, 2022 and October 1, 2021, respectively. The increase in operating income was primarily driven by favorable pricing initiatives as well as favorable channel and package mix, partially offset by an unfavorable foreign currency exchange rate impact of 18 percent, higher commodity costs and increased marketing spending.

Latin America reported operating income of $712 million and $712 million for the three months ended September 30, 2022 and October 1, 2021, respectively. Operating income for the three months ended September 30, 2022 was impacted by concentrate sales volume growth of 6 percent, favorable pricing initiatives, and favorable channel and package mix. These favorable

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impacts were offset by higher commodity costs, increased marketing spending, higher operating expenses and an unfavorable foreign currency exchange rate impact of 7 percent.

Operating income for North America for the three months ended September 30, 2022 and October 1, 2021 was $1,082 million and $868 million, respectively. The increase in operating income was primarily driven by favorable pricing initiatives as well as favorable channel and product mix, partially offset by higher commodity costs, increased marketing spending and higher annual incentive expense.

Asia Pacific’s operating income for the three months ended September 30, 2022 and October 1, 2021 was $589 million and $594 million, respectively. The decrease in operating income was primarily driven by an unfavorable foreign currency exchange rate impact of 9 percent, higher other operating charges related to the impairment of a trademark, higher commodity costs, and increased marketing spending, partially offset by concentrate sales volume growth of 9 percent, favorable pricing initiatives, and favorable channel and package mix.

Global Ventures’ operating income for the three months ended September 30, 2022 and October 1, 2021 was $67 million and $114 million, respectively. The decrease in operating income was primarily driven by the impact of no longer receiving COVID-related incentives in the current year, higher commodity costs, higher selling and distribution expenses, and an unfavorable foreign currency exchange rate impact of 6 percent, partially offset by concentrate sales volume growth of 17 percent.

Bottling Investments’ operating income for the three months ended September 30, 2022 and October 1, 2021 was $46 million and $81 million, respectively. The decrease in operating income was primarily driven by higher commodity costs and an unfavorable foreign currency exchange rate impact of 5 percent, partially offset by unit case volume growth of 16 percent and favorable pricing initiatives.

Corporate’s operating loss for the three months ended September 30, 2022 and October 1, 2021 was $454 million and $499 million, respectively. Operating loss in 2022 decreased primarily as a result of lower marketing spending as well as the timing of cumulative adjustments in the prior year for annual incentive and stock-based compensation expense due to increased estimates of payouts, partially offset by higher other operating charges and higher operating expenses.

*Nine Months Ended September 30, 2022 versus Nine Months Ended October 1, 2021*

During the nine months ended September 30, 2022, operating income was $8,834 million, compared to $8,636 million during the nine months ended October 1, 2021, an increase of $198 million, or 2 percent. The increase was driven by concentrate sales volume growth of 6 percent, favorable pricing initiatives, and favorable channel and package mix, partially offset by higher other operating charges; higher selling, general and administrative expenses; and an unfavorable foreign currency exchange rate impact.

During the nine months ended September 30, 2022, fluctuations in foreign currency exchange rates unfavorably impacted consolidated operating income by 8 percent due to a stronger U.S. dollar compared to certain foreign currencies, including the Japanese yen, Turkish lira, British pound sterling and Argentine peso, which had an unfavorable impact on our Asia Pacific; Europe, Middle East and Africa; Global Ventures; and Latin America operating segments. The unfavorable impact of a stronger U.S. dollar compared to the currencies listed above was partially offset by the impact of a weaker U.S. dollar compared to certain other foreign currencies, including the Brazilian real, which had a favorable impact on our Latin America operating segment. Refer to the heading “Liquidity, Capital Resources and Financial Position — Foreign Exchange” below.

The Europe, Middle East and Africa operating segment reported operating income of $3,344 million and $2,990 million for the nine months ended September 30, 2022 and October 1, 2021, respectively. The increase in operating income was primarily driven by concentrate sales volume growth of 5 percent, favorable pricing initiatives, favorable channel and package mix, and lower other operating charges, partially offset by an unfavorable foreign currency exchange rate impact of 14 percent, higher commodity costs and increased marketing spending.

Latin America reported operating income of $2,146 million and $1,942 million for the nine months ended September 30, 2022 and October 1, 2021, respectively. The increase in operating income was primarily driven by concentrate sales volume growth of 7 percent, favorable pricing initiatives and lower other operating charges, partially offset by increased marketing spending, higher commodity costs and an unfavorable foreign currency exchange rate impact of 5 percent.

Operating income for North America for the nine months ended September 30, 2022 and October 1, 2021 was $2,978 million and $2,610 million, respectively. The increase in operating income was primarily driven by concentrate sales volume growth of 2 percent, favorable pricing initiatives, and favorable channel and product mix, partially offset by higher commodity costs, higher annual incentive expense and increased marketing spending.

Asia Pacific’s operating income for the nine months ended September 30, 2022 and October 1, 2021 was $2,006 million and $2,046 million, respectively. The decrease in operating income was primarily driven by an unfavorable foreign currency exchange rate impact of 7 percent, higher other operating charges related to the impairment of a trademark, higher commodity

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costs and increased marketing spending, partially offset by concentrate sales volume growth of 8 percent, favorable pricing initiatives, and favorable channel and package mix.

Global Ventures’ operating income for the nine months ended September 30, 2022 and October 1, 2021 was $162 million and $215 million, respectively. The decrease in operating income was primarily driven by the impact of no longer receiving COVID-related incentives in the current year, higher commodity costs, higher selling and distribution expenses, and an unfavorable foreign currency exchange rate impact of 4 percent, partially offset by concentrate sales volume growth of 16 percent.

Bottling Investments’ operating income for the nine months ended September 30, 2022 and October 1, 2021 was $352 million and $314 million, respectively. The increase in operating income was primarily driven by unit case volume growth of 16 percent and favorable pricing initiatives, partially offset by higher commodity costs and an unfavorable foreign currency exchange rate impact of 9 percent.

Corporate’s operating loss for the nine months ended September 30, 2022 and October 1, 2021 was $2,154 million and $1,481 million, respectively. Operating loss in 2022 increased primarily as a result of higher other operating charges due to the remeasurement of our contingent consideration liability to fair value in conjunction with the fairlife acquisition as well as higher annual incentive and stock-based compensation expense, partially offset by lower marketing spending.

Based on current spot rates and our hedging coverage in place, we expect foreign currency exchange rate fluctuations will have an unfavorable impact on our full year 2022 operating income.

##### Interest Income

During the three months ended September 30, 2022, interest income was $128 million, compared to $68 million during the three months ended October 1, 2021, an increase of

$60 million, or 87 percent. During the nine months ended September 30, 2022, interest income was $306 million, compared to $205 million during the nine months ended October 1, 2021, an increase of $101 million, or 49 percent. The increases were primarily driven by higher returns in certain of our international locations.

##### Interest Expense

During the three months ended September 30, 2022, interest expense was $198 million, compared to $210 million during the three months ended October 1, 2021, a decrease of

$12 million, or 6 percent. The decrease was primarily due to lower average debt balances and certain hedging activities that occurred during the prior year, partially offset by the impact of higher interest rates. During the nine months ended September 30, 2022, interest expense was $578 million, compared to $1,432 million during the nine months ended October 1, 2021, a decrease of $854 million, or 60 percent. The decrease was primarily due to charges in the prior year of $650 million associated with the extinguishment of long-term debt and certain hedging activities that occurred during the prior year.

##### Equity Income (Loss) — Net

*Three Months Ended September 30, 2022 versus Three Months Ended October 1, 2021*

During the three months ended September 30, 2022, equity income was $479 million, compared to equity income of $455 million during the three months ended October 1, 2021, an increase of $24 million, or 5 percent. The increase was primarily due to more favorable operating results reported by several of our equity method investees in the current year, partially offset by an unfavorable foreign currency exchange rate impact and the sale of all or a portion of our ownership interest in certain equity method investees. In addition, the Company recorded a net charge of $14 million and a net gain of $18 million during the three months ended September 30, 2022 and October 1, 2021, respectively, resulting from the Company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees.

*Nine Months Ended September 30, 2022 versus Nine Months Ended October 1, 2021*

During the nine months ended September 30, 2022, equity income was $1,133 million, compared to equity income of $1,136 million during the nine months ended October 1, 2021, a decrease of $3 million. The decrease was primarily due to a $39 million increase in net charges resulting from the Company’s proportionate share of significant operating and nonoperating items recorded by certain of our equity method investees, the sale of all or a portion of our ownership interest in certain equity method investees, and an unfavorable foreign currency exchange rate impact. These unfavorable impacts were partially offset by more favorable operating results reported by several of our equity method investees in the current year.

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##### Other Income (Loss) — Net

*Three Months Ended September 30, 2022 versus Three Months Ended October 1, 2021*

Other income (loss) — net includes, among other things, dividend income; gains and losses related to the disposal of property, plant and equipment; gains and losses related to acquisitions and divestitures; non-service cost components of net periodic benefit cost or income for pension and other postretirement benefit plans; other charges and credits related to pension and other postretirement benefit plans; realized and unrealized gains and losses on equity securities and trading debt securities; realized gains and losses on available-for-sale debt securities; other-than-temporary impairment charges; and net foreign currency exchange gains and losses. The foreign currency exchange gains and losses are primarily the result of the remeasurement of monetary assets and liabilities from certain currencies into functional currencies. The effects of the remeasurement of these assets and liabilities are partially offset by the impact of our economic hedging program for certain exposures on our consolidated balance sheet. Refer to Note 6 of Notes to Consolidated Financial Statements.

During the three months ended September 30, 2022, other income (loss) — net was a loss of $53 million. The Company recognized a net loss of $78 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, and recognized net foreign currency exchange losses of $36 million. Additionally, other income (loss) — net included income of $41 million related to the non-service cost components of net periodic benefit income and dividend income of $25 million. None of the other items included in other income (loss) — net was individually significant.

During the three months ended October 1, 2021, other income (loss) — net was a loss of $127 million. Other income (loss) — net included charges of $266 million related to the restructuring of our manufacturing operations in the United States and pension settlement charges of $21 million related to the Company’s strategic realignment initiatives. These charges were partially offset by income of $73 million related to the non-service cost components of net periodic benefit income, a gain of $63 million related to the sale of a portion of our ownership interest in one of our equity method investments and dividend income of $18 million. None of the other items included in other income (loss) — net was individually significant.

Refer to Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 13 of Notes to Consolidated Financial Statements for additional information on net periodic benefit income. Refer to Note 15 of Notes to Consolidated Financial Statements for additional information on the charges related to the restructuring of our manufacturing operations in the United States. Refer to Note 16 of Notes to Consolidated Financial Statements for the impact that certain of these items had on our operating segments and Corporate.

*Nine Months Ended September 30, 2022 versus Nine Months Ended October 1, 2021*

During the nine months ended September 30, 2022, other income (loss) — net was a loss of $509 million. The Company recognized a net loss of $449 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities, and recognized net foreign currency exchange losses of $190 million. The Company also recorded an other-than-temporary impairment charge of $96 million related to an equity method investee in Russia and a net loss of $24 million as a result of one of our equity method investees issuing additional shares of its stock. Additionally, other income (loss) — net included income of $178 million related to the non-service cost components of net periodic benefit income and dividend income of $73 million. None of the other items included in other income (loss) — net was individually significant.

During the nine months ended October 1, 2021, other income (loss) — net was income of $920 million. The Company recognized a net gain of $695 million related to the sale of our ownership interest in Coca-Cola Amatil Limited (“CCA”), an equity method investee, to Coca-Cola Europacific Partners plc, also an equity method investee; a net gain of $341 million related to realized and unrealized gains and losses on equity securities and trading debt securities as well as realized gains and losses on available-for-sale debt securities; and a gain of $63 million related to the sale of a portion of our ownership interest in one of our equity method investments. Additionally, other income (loss) — net included income of $206 million related to the non-service cost components of net periodic benefit income and dividend income of $57 million. Other income (loss) — net also included charges of $266 million related to the restructuring of our manufacturing operations in the United States, pension settlement charges of $104 million related to our strategic realignment initiatives and net foreign currency exchange losses of $47 million. None of the other items included in other income (loss) — net was individually significant.

Refer to Note 2 of Notes to Consolidated Financial Statements for additional information on the sale of our ownership interest in CCA. Refer to Note 4 of Notes to Consolidated Financial Statements for additional information on equity and debt securities. Refer to Note 13 of Notes to Consolidated Financial Statements for additional information on net periodic benefit income. Refer to Note 15 of Notes to Consolidated Financial Statements for additional information on the impairment charge, one of our equity method investees issuing additional shares of its stock, and the charges related to the restructuring of our manufacturing operations in the United States. Refer to Note 16 of Notes to Consolidated Financial Statements for the impact that certain of these items had on our operating segments and Corporate.

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##### Income Taxes

The Company recorded income taxes of $622 million (18.1 percent effective tax rate) and $609 million (19.7 percent effective tax rate) during the three months ended September 30, 2022 and October 1, 2021, respectively. The Company recorded income taxes of $1,671 million (18.2 percent effective tax rate) and $2,111 million (22.3 percent effective tax rate) during the nine months ended September 30, 2022 and October 1, 2021, respectively.

The Company’s effective tax rates for the three and nine months ended September 30, 2022 and October 1, 2021 vary from the statutory U.S. federal income tax rate of 21.0 percent primarily due to the tax impact of significant operating and nonoperating items, as described in Note 11 of Notes to Consolidated Financial Statements, along with the tax benefits of having significant earnings generated outside of the United States and significant earnings generated in investments accounted for under the equity method, both of which are generally taxed at rates lower than the statutory U.S. rate.

The Company’s effective tax rates for the three and nine months ended October 1, 2021 included $75 million and $251 million, respectively, of net tax expense related to various discrete tax items, including changes in tax laws in certain foreign jurisdictions and the net tax impact of agreed-upon audit issues.

On November 18, 2020, the U.S. Tax Court (“Tax Court”) issued an opinion (“Opinion”) regarding the Company’s 2015 litigation with the U.S. Internal Revenue Service (“IRS”) involving transfer pricing tax adjustments in which the Tax Court predominantly sided with the IRS. The Company strongly disagrees with the Opinion and intends to vigorously defend its position. Refer to Note 8 of Notes to Consolidated Financial Statements for additional information on the litigation.

At the end of each quarter, we make our best estimate of the effective tax rate expected to be applicable for the full fiscal year. This estimate reflects, among other items, our best estimate of operating results and foreign currency exchange rates. Based on enacted tax laws, as well as our current interpretation of recently issued regulations, the Company’s effective tax rate in 2022 is expected to be 19.0 percent before considering the potential impact of any significant operating and nonoperating items that may affect our effective tax rate. This rate does not include the impact of the ongoing tax litigation with the IRS, if the Company were not to prevail.

#### LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

We believe our ability to generate cash flows from operating activities is one of the fundamental strengths of our business. Refer to the heading “Cash Flows from Operating Activities” below. The Company does not typically raise capital through the issuance of stock. Instead, we use debt financing to lower our overall cost of capital and increase our return on shareowners’ equity. Refer to the heading “Cash Flows from Financing Activities” below. We have a history of borrowing funds both domestically and internationally at reasonable interest rates, and we expect to be able to continue to borrow funds at reasonable rates over the long term. Our debt financing also includes the use of a commercial paper program. We currently have the ability to borrow funds in this market at levels that are consistent with our debt financing strategy, and we expect to continue to be able to do so in the future.

The Company regularly reviews its optimal mix of short-term and long-term debt. The Company’s cash, cash equivalents, short-term investments and marketable securities totaled $13.2 billion as of September 30, 2022. In addition to these funds, our commercial paper program, and our ability to issue long-term debt, we had $7.8 billion in unused backup lines of credit for general corporate purposes as of September 30, 2022. These backup lines of credit expire at various times from 2022 through 2027.

Our current capital allocation priorities are as follows: investing wisely to support our business operations, continuing to grow our dividend payment, enhancing our beverage portfolio and capabilities through opportunistic and disciplined acquisitions, and using excess cash to repurchase shares over time. We currently expect 2022 capital expenditures to be approximately $1.5 billion. During 2022, we also expect to repurchase approximately $500 million of shares in addition to repurchasing shares equivalent to the proceeds from the issuances of stock under our stock-based compensation plans.

We are currently in litigation with the IRS for tax years 2007 through 2009. On November 18, 2020, the Tax Court issued the Opinion in which it predominantly sided with the IRS; however, a final decision is still pending and the timing of such decision is not currently known. The Company strongly disagrees with the IRS’ positions and the portions of the Opinion affirming such positions and intends to vigorously defend our positions utilizing every available avenue of appeal. While the Company believes that it is more likely than not that we will ultimately prevail in this litigation upon appeal, it is possible that all, or some portion of, the adjustments proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In the event that all of the adjustments proposed by the IRS were to be ultimately upheld for tax years 2007 through 2009 and the IRS, with the consent of the federal courts, were to decide to apply the underlying methodology (“Tax Court Methodology”) to the subsequent years up to and including 2021, the Company currently estimates that the potential aggregate incremental tax and interest liability could be approximately $13 billion as of December 31, 2021. Additional income tax and interest would continue to accrue until the time any such potential liability, or portion thereof, were to be paid. The Company estimates the

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impact of the continued application of the Tax Court Methodology for the nine months ended September 30, 2022 would increase the potential aggregate incremental tax and interest liability by approximately $750 million. Once the Tax Court renders a final decision, the Company will have 90 days to file a notice of appeal and pay the portion of the potential aggregate incremental tax and interest liability related to the 2007 through 2009 tax years, which we currently estimate to be approximately $5.1 billion (including interest accrued through September 30, 2022), plus any additional interest accrued through the time of payment. Refer to Note 8 of Notes to Consolidated Financial Statements for additional information on the tax litigation.

While we believe it is more likely than not that we will prevail in the tax litigation discussed above, we are confident that, between our ability to generate cash flows from operating activities and our ability to borrow funds at reasonable interest rates, we can manage the range of possible outcomes in the final resolution of the matter.

Based on all of the aforementioned factors, the Company believes its current liquidity position is strong and will continue to be sufficient to fund our operating activities and cash commitments for investing and financing activities for the foreseeable future.

##### Cash Flows from Operating Activities

As part of our continued efforts to improve our working capital efficiency, we have worked with our suppliers over the past several years to revisit terms and conditions, including the extension of payment terms. Our current payment terms with the majority of our suppliers are 120 days. Additionally, two global financial institutions offer a voluntary supply chain finance (“SCF”) program which enables our suppliers, at their sole discretion, to sell their receivables from the Company to these financial institutions on a non-recourse basis at a rate that leverages our credit rating and thus may be more beneficial to them. The SCF program is available to suppliers of goods and services included in cost of goods sold as well as suppliers of goods and services included in selling, general and administrative expenses in our consolidated statement of income. The Company and our suppliers agree on contractual terms for the goods and services we procure, including prices, quantities and payment terms, regardless of whether the supplier elects to participate in the SCF program. The suppliers sell goods or services, as applicable, to the Company and issue the associated invoices to the Company based on the agreed-upon contractual terms. Then, if they are participating in the SCF program, our suppliers, at their sole discretion, determine which invoices, if any, they want to sell to the financial institutions. Our suppliers’ voluntary inclusion of invoices in the SCF program has no bearing on our payment terms. No guarantees are provided by the Company or any of our subsidiaries under the SCF program. We have no economic interest in a supplier’s decision to participate in the SCF program, and we have no direct financial

relationship with the financial institutions, as it relates to the SCF program. Accordingly, amounts due to our suppliers that elected to participate in the SCF program are included in the line item accounts payable and accrued expenses in our consolidated balance sheet. All activity related to amounts due to suppliers that elected to participate in the SCF program is reflected within the operating activities section of our consolidated statement of cash flows. We have been informed by the financial institutions that as of

September 30, 2022 and December 31, 2021, suppliers had elected to sell $1,199 million and $882 million, respectively, of our outstanding payment obligations to the financial institutions. The amounts settled through the SCF program were $3,315 million and $2,339 million during the nine months ended September 30, 2022 and October 1, 2021, respectively. We do not believe there is a risk that our payment terms will be shortened in the near future.

The Company has a trade accounts receivable factoring program in certain countries. Under this program, we can elect to sell trade accounts receivables to unaffiliated financial institutions at a discount. In these factoring arrangements, for ease of administration, the Company collects customer payments related to the factored receivables and remits those payments to the financial institutions. The Company sold $7,097 million and $4,595 million of trade accounts receivables under this program during the nine months ended September 30, 2022 and October 1, 2021, respectively, and the costs of factoring such receivables were not material. The cash received from the financial institutions is reflected within the operating activities section of our consolidated statement of cash flows.

Net cash provided by operating activities during the nine months ended September 30, 2022 and October 1, 2021 was $8,068 million and $9,231 million, respectively, a decrease of $1,163 million, or 13 percent. This decrease was primarily driven by higher annual incentive payments in 2022, higher marketing payments resulting from year-end accruals, higher tax payments, and an unfavorable impact due to foreign currency exchange rate fluctuations. These items were partially offset by increased operating income, lower payments related to our strategic realignment initiatives and increased benefits from the extension of certain vendor payment terms and our trade accounts receivable factoring program.

##### Cash Flows from Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2022 was $2,189 million and net cash provided by investing activities during the nine months ended October 1, 2021 was $1,919 million.

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*Purchases of Investments and Proceeds from Disposals of Investments*

During the nine months ended September 30, 2022, purchases of investments were $3,169 million and proceeds from disposals of investments were $3,049 million, resulting in a net cash outflow of $120 million. During the nine months ended October 1, 2021, purchases of investments were $4,732 million and proceeds from disposals of investments were $5,294 million, resulting in a net cash inflow of $562 million. This activity primarily represents the purchases of, and proceeds from the disposals of, investments in marketable securities and short-term investments that were made as part of the Company’s overall cash management strategy. Also included in this activity are purchases of, and proceeds from the disposals of, investments held by our captive insurance companies. Refer to Note 4 of Notes to Consolidated Financial Statements for additional information.

*Acquisitions of Businesses, Equity Method Investments and Nonmarketable Securities*

During the nine months ended September 30, 2022 and October 1, 2021, the Company’s acquisitions of businesses, equity method investments and nonmarketable securities totaled $40 million and $11 million, respectively.

*Proceeds from Disposals of Businesses, Equity Method Investments and Nonmarketable Securities*

During the nine months ended September 30, 2022, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $229 million, which primarily related to the sale of our ownership interest in one of our equity method investments. During the nine months ended October 1, 2021, proceeds from disposals of businesses, equity method investments and nonmarketable securities were $1,950 million, which primarily related to the sale of our ownership interest in CCA and the sale of a portion of our ownership interest in one of our equity method investments. Refer to Note 2 of Notes to Consolidated Financial Statements for additional information.

*Purchases of Property, Plant and Equipment*

Purchases of property, plant and equipment during the nine months ended September 30, 2022 and October 1, 2021 were $776 million and $728 million, respectively.

*Collateral (Paid) Received Associated with Hedging Activities — Net*

Collateral paid associated with our hedging activities during the nine months ended September 30, 2022 was $1,449 million. Refer to Note 6 of Notes to Consolidated Financial Statements for additional information on our hedging activities.

##### Cash Flows from Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2022 and October 1, 2021 was $5,078 million and $6,591 million, respectively.

*Debt Financing*

Issuances and payments of debt included both short-term and long-term financing activities. During the nine months ended September 30, 2022, the Company had issuances of debt of $4,351 million, which included $2,163 million of net issuances of commercial paper and short-term debt with maturities of 90 days or less, $1,402 million of issuances of commercial paper and short-term debt with maturities greater than 90 days, and long-term debt issuances of $786 million, net of related discounts and issuance costs.

The Company made payments of debt of $3,761 million during the nine months ended September 30, 2022, which included payments of $3,022 million related to commercial paper and short-term debt with maturities greater than 90 days and payments of long-term debt of $739 million.

During the nine months ended September 30, 2022, the Company retired upon maturity U.S. dollar-denominated debentures of $410 million. Refer to Note 7 of Notes to Consolidated Financial Statements for additional information.

*Issuances of Stock*

During the nine months ended September 30, 2022, the Company received cash proceeds from issuances of stock of $707 million, an increase of $214 million when compared to cash proceeds from issuances of stock of $493 million during the nine months ended October 1, 2021. The issuances of stock during the nine months ended September 30, 2022 and October 1, 2021 were related to the exercise of stock options by employees.

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*Share Repurchases*

During the nine months ended September 30, 2022, the total cash outflow for treasury stock purchases was $1,412 million. The Company repurchased 21.3 million shares of common stock under the share repurchase plans authorized by our Board of Directors. These shares were repurchased at an average cost of $62.67 per share, for a total cost of

$1,336 million. In addition to shares repurchased, the Company’s treasury stock activity included shares surrendered to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees. The net impact of the Company’s issuances of stock and share repurchases during the nine months ended September 30, 2022 resulted in a net cash outflow of $705 million.

*Dividends*

During the nine months ended September 30, 2022 and October 1, 2021, the Company paid dividends of $3,910 million and $5,437 million, respectively. As a result of the timing of dividend payment dates, the Company made two regular quarterly dividend payments during the nine months ended September 30, 2022, compared to three regular quarterly dividend payments during the nine months ended October 1, 2021. In 2022, the Company made its third regular quarterly dividend payment on October 3.

Our Board of Directors approved the Company’s regular quarterly dividend of $0.44 per share at its October 2022 meeting. This dividend is payable on December 15, 2022 to shareowners of record as of the close of business on December 1, 2022.

*Other Financing Activities*

During the nine months ended September 30, 2022 and October 1, 2021, the total cash outflow for other financing activities was $1,053 million and $354 million, respectively. The activities during the nine months ended September 30, 2022 included payments totaling $548 million of the remaining $860 million of the purchase price of BodyArmor, which was originally held back related to indemnification obligations. The remainder of the activities during the nine months ended September 30, 2022 primarily included repayments of collateral related to our hedging programs.

##### Foreign Exchange

Our international operations are subject to certain opportunities and risks, including currency fluctuations and governmental actions. We closely monitor our operations in each country and seek to adopt appropriate strategies that are responsive to changing economic and political environments as well as to fluctuations in currencies.

Due to the geographic diversity of our operations, weakness in some currencies may be offset by strength in others. Our foreign currency management program is designed to mitigate, over time, a portion of the potentially unfavorable impact of exchange rate fluctuations on our net income and earnings per share. Taking into account the effects of our hedging activities, the impact of fluctuations in foreign currency exchange rates decreased our operating income for the three and nine months ended September 30, 2022 by 10 percent and 8 percent, respectively.

Based on current spot rates and our hedging coverage in place, we expect foreign currency exchange rate fluctuations will have an unfavorable impact on operating income and cash flows from operating activities through the end of the year.

##### Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have no material changes to the disclosures on this matter made in our Annual Report on Form 10-K for the year ended December 31, 2021.

##### Item 4. Controls and Procedures

*Evaluation of Disclosure Controls and Procedures*

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company’s “disclosure controls and procedures” (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2022.

*Changes in Internal Control Over Financial Reporting*

There have been no changes in the Company’s internal control over financial reporting during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

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#### Part II. Other Information

##### Item 1. Legal Proceedings

Information regarding reportable legal proceedings is contained in Part I, “Item 3. Legal Proceedings” in our Annual Report on Form 10-K for the year ended December 31, 2021. The following updates and restates the description of the previously reported U.S. Federal Income Tax Dispute matter.

*U.S. Federal Income Tax Dispute*

On September 17, 2015, the Company received a Statutory Notice of Deficiency (“Notice”) from the U.S. Internal Revenue Service (“IRS”) seeking approximately $3.3 billion of additional federal income tax for years 2007 through 2009. In the Notice, the IRS stated its intent to reallocate over $9 billion of income to the U.S. parent company from certain of its foreign affiliates that the U.S. parent company licensed to manufacture, distribute, sell, market and promote its products in certain non-U.S. markets.

The Notice concerned the Company’s transfer pricing between its U.S. parent company and certain of its foreign affiliates. IRS rules governing transfer pricing require arm’s- length pricing of transactions between related parties such as the Company’s U.S. parent and its foreign affiliates.

To resolve the same transfer pricing issue for the tax years 1987 through 1995, the Company and the IRS had agreed in 1996 on an arm’s-length methodology for determining the amount of U.S. taxable income that the U.S. parent company would report as compensation from its foreign licensees. The Company and the IRS memorialized this accord in a closing agreement resolving that dispute (“Closing Agreement”). The Closing Agreement provided that, absent a change in material facts or circumstances or relevant federal tax law, in calculating the Company’s income taxes going forward, the Company would not be assessed penalties by the IRS for using the agreed-upon tax calculation methodology that the Company and the IRS agreed would be used for the 1987 through 1995 tax years.

The IRS audited and confirmed the Company’s compliance with the agreed-upon Closing Agreement methodology in five successive audit cycles for tax years 1996 through 2006.

The September 17, 2015 Notice from the IRS retroactively rejected the previously agreed-upon methodology for the 2007 through 2009 tax years in favor of an entirely different methodology, without prior notice to the Company. Using the new tax calculation methodology, the IRS reallocated over $9 billion of income to the U.S. parent company from its foreign licensees for tax years 2007 through 2009. Consistent with the Closing Agreement, the IRS did not assert penalties, and it has yet to do so.

The IRS designated the Company’s matter for litigation on October 15, 2015. Litigation designation is an IRS determination that forecloses to a company any and all alternative means for resolution of a tax dispute. As a result of the IRS’ designation of the Company’s matter for litigation, the Company was forced to either accept the IRS’ newly imposed tax assessment and pay the full amount of the asserted tax or litigate the matter in the federal courts. The matter remains subject to the IRS’ litigation designation, preventing the Company from any attempt to settle or otherwise mutually resolve the matter with the IRS.

The Company consequently initiated litigation by filing a petition in the U.S. Tax Court (“Tax Court”) in December 2015, challenging the tax adjustments enumerated in the Notice.

Prior to trial, the IRS increased its transfer pricing adjustment by $385 million, resulting in an additional tax adjustment of $135 million. The Company obtained a summary judgment in its favor on a different matter related to Mexican foreign tax credits, which thereafter effectively reduced the IRS’ potential tax adjustment by approximately $138 million.

The trial was held in the Tax Court from March through May 2018, and final post-trial briefs were filed and exchanged in April 2019.

On November 18, 2020, the Tax Court issued an opinion (“Opinion”) in which it predominantly sided with the IRS but agreed with the Company that dividends previously paid by the foreign licensees to the U.S. parent company in reliance upon the Closing Agreement should continue to be allowed to offset royalties, including those that would become payable to the Company in accordance with the Opinion. The Tax Court reserved ruling on the effect of Brazilian legal restrictions on the payment of royalties by the Company’s licensee in Brazil until after the Tax Court issues its opinion in the separate case of 3M Co. & Subs. v. Commissioner, T.C. Docket No. 5816-13 (filed March 11, 2013). Once the Tax Court issues its opinion in 3M Co. & Subs. v. Commissioner, the Company expects the Tax Court thereafter to render another opinion, and ultimately a final decision, in the Company’s case.

The Company believes that the IRS and the Tax Court misinterpreted and misapplied the applicable regulations in reallocating income earned by the Company’s foreign licensees to increase the Company’s U.S. tax. Moreover, the Company believes that the retroactive imposition of such tax liability using a calculation methodology different from that previously agreed upon by

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the IRS and the Company, and audited by the IRS for over a decade, is unconstitutional. The Company intends to assert its claims on appeal and vigorously defend its position.

In determining the amount of tax reserve to be recorded as of December 31, 2020, the Company completed the required two-step evaluation process prescribed by Accounting Standards Codification 740, *Accounting for Income Taxes*. In doing so, we consulted with outside advisors and we reviewed and considered relevant laws, rules, and regulations, including, but not limited to, the Opinion and relevant caselaw. We also considered our intention to vigorously defend our positions and assert our various well-founded legal claims via every available avenue of appeal. We concluded, based on the technical and legal merits of the Company’s tax positions, that it is more likely than not the Company’s tax positions will ultimately be sustained on appeal. In addition, we considered a number of alternative transfer pricing methodologies, including the methodology asserted by the IRS and affirmed in the Opinion (“Tax Court Methodology”), that could be applied by the courts upon final resolution of the litigation. Based on the required probability analysis, we determined the methodologies we believe the federal courts could ultimately order to be used in calculating the Company’s tax. As a result of this analysis, we recorded a tax reserve of $438 million during the year ended December 31, 2020 related to the application of the resulting methodologies as well as the different tax treatment applicable to dividends originally paid to the U.S. parent company by its foreign licensees, in reliance upon the Closing Agreement, that would be recharacterized as royalties in accordance with the Opinion and the Company’s analysis.

The Company’s conclusion that it is more likely than not the Company’s tax positions will ultimately be sustained on appeal is unchanged as of September 30, 2022. However, we updated our calculation of the methodologies we believe the federal courts could ultimately order to be used in calculating the Company’s tax. As a result of the application of the required probability analysis to these updated calculations and the accrual of interest through the current reporting period, we updated our tax reserve as of September 30, 2022 to $419 million.

While the Company strongly disagrees with the IRS’ positions and the portions of the Opinion affirming such positions, it is possible that some portion or all of the adjustment proposed by the IRS and sustained by the Tax Court could ultimately be upheld. In that event, the Company would likely be subject to significant additional liabilities for tax years 2007 through 2009, and potentially also for subsequent years, which could have a material adverse impact on the Company’s financial position, results of operations and cash flows.

The Company calculated the potential impact of applying the Tax Court Methodology to reallocate income from foreign licensees potentially covered within the scope of the Opinion, assuming such methodology were to be ultimately upheld by the courts and the IRS were to decide to apply that methodology to subsequent years with consent of the federal courts. This impact would include taxes and interest accrued through December 31, 2021 for the 2007 through 2009 litigated tax years and for subsequent tax years from 2010 through 2021. The calculations incorporated the estimated impact of correlative adjustments to the previously accrued transition tax payable under the 2017 Tax Cuts and Jobs Act. The Company estimates that the potential aggregate incremental tax and interest liability could be approximately $13 billion as of December 31, 2021. Additional income tax and interest would continue to accrue until the time any such potential liability, or portion thereof, were to be paid. The Company estimates the impact of the continued application of the Tax Court Methodology for the three and nine months ended September 30, 2022 would increase the potential aggregate incremental tax and interest liability by approximately $250 million and $750 million, respectively. Additionally, we currently project the continued application of the Tax Court Methodology in future years, assuming similar facts and circumstances as of December 31, 2021, would result in an incremental annual tax liability that would increase the Company’s effective tax rate by approximately 3.5 percent.

The Company does not know when the Tax Court will issue its opinion regarding the effect of Brazilian legal restrictions on the payment of royalties by the Company’s licensee in Brazil for the 2007 through 2009 tax years. After the Tax Court issues its opinion on the Company’s Brazilian licensee, the Company and the IRS will be provided time to agree on the tax impact, if any, of both opinions, after which the Tax Court would render a final decision in the case. The Company will have 90 days thereafter to file a notice of appeal to the U.S. Court of Appeals for the Eleventh Circuit and pay the tax liability and interest related to the 2007 through 2009 tax years. The Company currently estimates that the payment to be made at that time related to the 2007 through 2009 tax years, which is included in the above estimate of the potential aggregate incremental tax and interest liability, would be approximately $5.1 billion (including interest accrued through September 30, 2022), plus any additional interest accrued through the time of

payment. Some or all of this amount would be refunded if the Company were to prevail on appeal.

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##### Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, as updated and supplemented in Part II, “Item 1A. Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended April 1, 2022, which could materially affect our business, financial condition or future results. The risks described in this report, in our Annual Report on Form 10-K and in our Quarterly Report on Form 10-Q for the quarter ended April 1, 2022 are not the only risks facing our Company. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, could also materially adversely affect our business, financial condition or future results.

##### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information with respect to purchases of common stock of the Company made during the three months ended September 30, 2022 by the Company or any “affiliated purchaser” of the Company as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended (“Exchange Act”):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | |  | Maximum Number |
| Total Number of | of Shares That May |
|  | Total Number | Average | Shares Purchased as Part of the | Yet Be Purchased |
|  | of Shares | Price Paid | Publicly | Under the Publicly |
| Period | Purchased1 | Per Share | Announced Plan 2 | Announced Plan |
| July 2, 2022 through July 29, 2022 | 2,019,790 $ | 62.59 | 2,007,449 | 140,686,226 |
| July 30, 2022 through August 26, 2022 | 980,700 | 63.78 | 980,700 | 139,705,526 |
| August 27, 2022 through September 30, 2022 | 874 | 62.73 | — | 139,705,526 |
| Total | 3,001,364 $ | 62.98 | 2,988,149 |  |

1 The total number of shares purchased includes: (i) shares purchased, if any, pursuant to the 2019 Plan described in footnote 2 below and (ii) shares surrendered, if any, to the Company to pay the exercise price and/or to satisfy tax withholding obligations in connection with so-called stock swap exercises of employee stock options and/or the vesting of restricted stock issued to employees.

2 On February 21, 2019, the Company publicly announced that our Board of Directors had authorized a plan (“2019 Plan”) for the Company to purchase up to 150 million shares of our common stock. This column discloses the number of shares purchased pursuant to the 2019 Plan during the indicated time periods (including shares purchased pursuant to the terms of preset trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act).

##### Item 6. Exhibits

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. The agreements contain representations, warranties, covenants and conditions by or of each of the parties to the applicable agreement. These representations, warranties, covenants and conditions have been made solely for the benefit of the other parties to the applicable agreement and:

* should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
* may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
* may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
* were made only as of the date of the applicable agreement, or such other date or dates as may be specified in the agreement, and are subject to more recent developments.

Accordingly, these representations, warranties, covenants and conditions may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company’s other public filings, which are available without charge through the Securities and Exchange Commission’s website at [http://www.sec.gov.](http://www.sec.gov/)

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***Exhibit No.***

#### EXHIBIT INDEX

*(With regard to applicable cross-references in the list of exhibits below, the Company’s Current, Quarterly and Annual Reports are filed with the Securities and Exchange Commission (“SEC”) under File No. 001-02217; and Coca-Cola Refreshments USA, LLC’s (formerly known as Coca-Cola Refreshments USA, Inc. and Coca-Cola Enterprises Inc.) Current, Quarterly and Annual Reports are filed with the SEC under File No. 001-09300).*

* 1. [Certificate of Incorporation of the Company, including Amendment of Certificate of Incorporation, dated July 27, 2012 — incorporated herein by reference to Exhibit 3.1 to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 28, 2012.](http://www.sec.gov/Archives/edgar/data/21344/000002134412000051/a20120928ex-31.htm)
  2. [By-Laws of the Company, as amended and restated through April 22, 2020 — incorporated herein by reference to Exhibit 3.2 to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 27, 2020.](http://www.sec.gov/Archives/edgar/data/0000021344/000002134420000014/a20200327ex-32.htm)
  3. As permitted by the rules of the SEC, the Company has not filed certain instruments defining the rights of holders of long-term debt of the Company or consolidated subsidiaries under which the total amount of securities authorized does not exceed 10 percent of the total assets of the Company and its consolidated subsidiaries. The Company agrees to furnish to the SEC, upon request, a copy of any omitted instrument.
  4. [Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on May 25, 2017.](http://www.sec.gov/Archives/edgar/data/21344/000110465917035229/a17-12823_3ex4d1.htm)
  5. [First Supplemental Indenture, dated as of February 24, 1992, to Amended and Restated Indenture, dated as of April 26, 1988, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.2 to the Company’s Current Report on](http://www.sec.gov/Archives/edgar/data/21344/000110465917035229/a17-12823_3ex4d2.htm)

[Form 8-K filed on May 25, 2017](http://www.sec.gov/Archives/edgar/data/21344/000110465917035229/a17-12823_3ex4d2.htm).

* 1. [Second Supplemental Indenture, dated as of November 1, 2007, to Amended and Restated Indenture, dated as of April 26, 1988, as amended, between the Company and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as trustee — incorporated herein by reference to Exhibit 4.3 of the Company’s Current Report on Form 8-K filed on May 25, 2017.](http://www.sec.gov/Archives/edgar/data/21344/000110465917035229/a17-12823_3ex4d3.htm)
  2. [Form of Note for 1.875% Notes due 2026 — incorporated herein by reference to Exhibit 4.4 to the Company’s Registration Statement on Form 8-A filed on September 19, 2014.](http://www.sec.gov/Archives/edgar/data/21344/000110465914067294/a14-20868_5ex4d4.htm)
  3. [Form of Note for 1.125% Notes due 2027 — incorporated herein by reference to Exhibit 4.7 to the Company’s Registration Statement on Form 8-A filed on March 6, 2015.](http://www.sec.gov/Archives/edgar/data/21344/000110465915017732/a15-5356_5ex4d7.htm)
  4. [Form of Note for 1.625% Notes due 2035 — incorporated herein by reference to Exhibit 4.8 to the Company’s Registration Statement on Form 8-A filed on March 6, 2015.](http://www.sec.gov/Archives/edgar/data/21344/000110465915017732/a15-5356_5ex4d8.htm)
  5. [Form of Note for 1.100% Notes due 2036 — incorporated herein by reference to Exhibit 4.4 to the Company’s Registration Statement on Form 8-A filed on September 2, 2016.](http://www.sec.gov/Archives/edgar/data/21344/000110465916142970/a16-17466_6ex4d4.htm)
  6. [Form of Note for 0.500% Notes due 2024 — incorporated herein by reference to Exhibit 4.6 to the Company’s Registration Statement on Form 8-A filed on March 9, 2017.](http://www.sec.gov/Archives/edgar/data/21344/000110465917015536/a17-7082_7ex4d6.htm)
  7. [Form of Note for 2.900% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on May 25, 2017.](http://www.sec.gov/Archives/edgar/data/21344/000110465917035229/a17-12823_3ex4d5.htm)
  8. [Form of Note for 0.750% Notes due 2026 — incorporated herein by reference to Exhibit 4.6 to the Company’s Current Report on Form 8-K filed on March 8, 2019.](http://www.sec.gov/Archives/edgar/data/21344/000110465919013649/a19-5248_7ex4d6.htm)
  9. [Form of Note for 1.250% Notes due 2031 — incorporated herein by reference to Exhibit 4.7 to the Company’s Current Report on Form 8-K filed on March 8, 2019.](http://www.sec.gov/Archives/edgar/data/21344/000110465919013649/a19-5248_7ex4d7.htm)
  10. [Form of Note for 1.750% Notes due 2024 — incorporated herein by reference to Exhibit 4.4 to the Company’s Current Report on Form 8-K filed on September 9, 2019.](https://www.sec.gov/Archives/edgar/data/0000021344/000141057819001096/tv528943_ex4-4.htm)
  11. [Form of Note for 2.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on September 9, 2019.](https://www.sec.gov/Archives/edgar/data/0000021344/000141057819001096/tv528943_ex4-5.htm)
  12. [Form of Note for 3.375% Notes due 2027 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on March 25, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920038321/tm2013248d2_ex4-5.htm)
  13. [Form of Note for 3.450% Notes due 2030 — incorporated herein by reference to Exhibit 4.6 to the Company’s Current Report on Form 8-K filed on March 25, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920038321/tm2013248d2_ex4-6.htm)
  14. [Form of Note for 4.125% Notes due 2040 — incorporated herein by reference to Exhibit 4.7 to the Company’s Current Report on Form 8-K filed on March 25, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920038321/tm2013248d2_ex4-7.htm)
  15. [Form of Note for 4.200% Notes due 2050 — incorporated herein by reference to Exhibit 4.8 to the Company’s Current Report on Form 8-K filed on March 25, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920038321/tm2013248d2_ex4-8.htm)
  16. [Form of Note for 1.450% Notes due 2027 — incorporated herein by reference to Exhibit 4.4 to the Company’s Current Report on Form 8-K filed on May 4, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920055758/tm2017862d4_ex4-4.htm)
  17. [Form of Note for 1.650% Notes due 2030 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on May 4, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920055758/tm2017862d4_ex4-5.htm)

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* 1. [Form of Note for 2.500% Notes due 2040 — incorporated herein by reference to Exhibit 4.6 to the Company’s Current Report on Form 8-K filed on May 4, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920055758/tm2017862d4_ex4-6.htm)
  2. [Form of Note for 2.600% Notes due 2050 — incorporated herein by reference to Exhibit 4.7 to the Company’s Current Report on Form 8-K filed on May 4, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920055758/tm2017862d4_ex4-7.htm)
  3. [Form of Note for 2.750% Notes due 2060 — incorporated herein by reference to Exhibit 4.8 to the Company’s Current Report on Form 8-K filed on May 4, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000110465920055758/tm2017862d4_ex4-8.htm)
  4. [Form of Note for 0.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.4 to the Company’s Current Report on Form 8-K filed on September 18, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000155278120000488/i20511_ex4-4.htm)
  5. [Form of Note for 0.375% Notes due 2033 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on September 18, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000155278120000488/i20511_ex4-5.htm)
  6. [Form of Note for 0.800% Notes due 2040 — incorporated herein by reference to Exhibit 4.6 to the Company’s Current Report on Form 8-K filed on September 18, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000155278120000488/i20511_ex4-6.htm)
  7. [Form of Note for 1.000% Notes due 2028 — incorporated herein by reference to Exhibit 4.7 to the Company’s Current Report on Form 8-K filed on September 18, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000155278120000488/i20511_ex4-7.htm)
  8. [Form of Note for 1.375% Notes due 2031 — incorporated herein by reference to Exhibit 4.8 to the Company’s Current Report on Form 8-K filed on September 18, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000155278120000488/i20511_ex4-8.htm)
  9. [Form of Note for 2.500% Notes due 2051 — incorporated herein by reference to Exhibit 4.9 to the Company’s Current Report on Form 8-K filed on September 18, 2020.](http://www.sec.gov/Archives/edgar/data/21344/000155278120000488/i20511_ex4-9.htm)
  10. [Form of Note for 1.500% Notes due 2028 — incorporated herein by reference to Exhibit 4.4 to the Company’s Current Report on Form 8-K filed on March 5, 2021.](https://www.sec.gov/Archives/edgar/data/0000021344/000155278121000076/e21091_ex4-4.htm)
  11. [Form of Note for 2.000% Notes due 2031 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on March 5, 2021.](https://www.sec.gov/Archives/edgar/data/0000021344/000155278121000076/e21091_ex4-5.htm)
  12. [Form of Note for 0.125% Notes due 2029 — incorporated herein by reference to Exhibit 4.4 to the Company’s Current Report on Form 8-K filed on March 9, 2021.](https://www.sec.gov/Archives/edgar/data/0000021344/000155278121000083/e21102_ex4-4.htm)
  13. [Form of Note for 0.500% Notes due 2033 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on March 9, 2021.](https://www.sec.gov/Archives/edgar/data/0000021344/000155278121000083/e21102_ex4-5.htm)
  14. [Form of Note for 1.000% Notes due 2041 — incorporated herein by reference to Exhibit 4.6 to the Company’s Current Report on Form 8-K filed on March 9, 2021.](https://www.sec.gov/Archives/edgar/data/0000021344/000155278121000083/e21102_ex4-6.htm)
  15. [Form of Note for 2.250% Notes due 2032 — incorporated herein by reference to Exhibit 4.4 to the Company’s Current Report on Form 8-K filed on May 5, 2021.](http://www.sec.gov/Archives/edgar/data/21344/000155278121000338/e21319_ex4-4.htm)
  16. [Form of Note for 2.875% Notes due 2041 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on May 5, 2021.](http://www.sec.gov/Archives/edgar/data/21344/000155278121000338/e21319_ex4-5.htm)
  17. [Form of Note for 3.000% Notes due 2051 — incorporated herein by reference to Exhibit 4.6 to the Company’s Current Report on Form 8-K filed on May 5, 2021.](http://www.sec.gov/Archives/edgar/data/21344/000155278121000338/e21319_ex4-6.htm)
  18. [Form of Note for 0.950% Notes due 2036 — incorporated herein by reference to Exhibit 4.5 to the Company’s Current Report on Form 8-K filed on May 6, 2021.](http://www.sec.gov/Archives/edgar/data/21344/000155278121000351/e21345_ex4-5.htm)
  19. [Form of Note for 0.400% Notes due 2030 — incorporated herein by reference to Exhibit 4.4 to the Company’s Current Report on Form 8-K filed on May 17, 2021.](https://www.sec.gov/Archives/edgar/data/21344/000155278121000435/e21388_ex4-4.htm)
  20. Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee

— incorporated herein by reference to Exhibit 4.1 to Coca-Cola Refreshments USA, Inc.’s Current Report on Form 8-K dated July 30, 1991.

* 1. First Supplemental Indenture, dated as of January 29, 1992, to the Indenture, dated as of July 30, 1991, between Coca-Cola Refreshments USA, Inc. and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.01 to Coca-Cola Refreshments USA, Inc.’s Current Report on Form 8-K dated January 29, 1992.
  2. [Second Supplemental Indenture, dated as of June 22, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on June 23, 2017.](http://www.sec.gov/Archives/edgar/data/21344/000110465917041338/a17-15589_1ex4d3.htm)
  3. [Third Supplemental Indenture, dated as of July 5, 2017, to the Indenture, dated as of July 30, 1991, as amended, among Coca-Cola Refreshments USA, Inc., the Company and Deutsche Bank Trust Company Americas, as trustee — incorporated herein by reference to Exhibit 4.3 to the Company’s Current Report on Form 8-K filed on July 6, 2017.](http://www.sec.gov/Archives/edgar/data/21344/000110465917043873/a17-16896_1ex4d3.htm)
  4. [Letter, dated July 21, 2022, from the Company to Brian Smith— incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on July 21, 2022.](https://www.sec.gov/Archives/edgar/data/21344/000155278122000509/e22375_ex10-1.htm)
  5. [Letter, dated July 21, 2022, from the Company to John Murphy— incorporated herein by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on July 21, 2022.](https://www.sec.gov/Archives/edgar/data/21344/000155278122000509/e22375_ex10-2.htm)
  6. Letter, dated August 18, 2022 from the Company to Jennifer Mann.

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* 1. [Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between The Coca-Cola Company and Alfredo Rivera, dated August 20, 2022 — incorporated herein by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on August 23, 2022.](https://www.sec.gov/Archives/edgar/data/21344/000155278122000543/e22401_ex10-1.htm)
  2. Separation Agreement and Full and Complete Release and Agreement on Trade Secrets and Confidentiality between The Coca-Cola Company and Barry Simpson, dated September 7, 2022.
  3. Amendment Eight to The Coca-Cola Company Supplemental Pension Plan, dated August 9, 2022.
  4. Amendment Six to The Coca-Cola Company Supplemental Cash Balance Plan, dated August 9, 2022.
  5. Amendment Three to The Coca-Cola Company Supplemental 401(k) Plan, dated August 9, 2022.
  6. Fifth Amendment to The Coca-Cola Company Severance Pay Plan, dated August 9, 2022.
  7. Rule 13a-14(a)/15d-14(a) Certification, executed by James Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company.
  8. Rule 13a-14(a)/15d-14(a) Certification, executed by John Murphy, President and Chief Financial Officer of The Coca-Cola Company.

32.1 Certifications required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350), executed by James Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company, and by John Murphy, President and Chief Financial Officer of The Coca-Cola Company.

101 The following financial information from The Coca-Cola Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Statements of Income for the three and nine months ended September 30, 2022 and October 1, 2021; (ii) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2022 and October 1, 2021; (iii) Consolidated Balance Sheets as of September 30, 2022 and December 31, 2021;

(iv) Consolidated Statements of Cash Flows for the nine months ended September 30, 2022 and October 1, 2021; and (v) Notes to Consolidated Financial Statements.

104 Cover Page Interactive Data File (the cover page XBRL tags are embedded within the iXBRL document).

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

#### THE COCA-COLA COMPANY

**(Registrant)**

/s/ KATHY LOVELESS

Date: October 26, 2022 Kathy Loveless

Vice President and Controller (On behalf of the Registrant)

### /s/ MARK RANDAZZA

Date: October 26, 2022 Mark Randazza

Vice President, Assistant Controller and Chief Accounting Officer (Principal Accounting Officer)

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## Exhibit 10.3



COCA-COLA PLAZA ATLANTA, GEORGIA

**JAMES R. QUINCEY** ADDRESS REPLY TO:

CHAIRMAN & CHIEF EXECUTIVE OFFICER P.O. BOX 1734 THE COCA-COLA COMPANY ATLANTA, GA 30301

+1-404 676-9980

FAX: +1-404 598-9980

### August 18, 2022

Jennifer Mann Atlanta, GA

Dear Jennifer,

I am delighted to offer you the position of Corporate SVP and President, North America Operating Unit with an effective date of January 1, 2023. You will report to me. The information contained in this letter provides the terms and compensation details of this position. All payments set forth below are subject to tax and withholding.

* Your principal place of assignment will be Atlanta, Georgia.
* Your annual base salary for your new position will be $675,000.
* You will continue to be eligible to participate in the Annual Incentive Plan. Your target annual incentive for your position is 100% of your annual base pay. Any payment will depend on both the business performance and your personal contributions. Awards are made at the discretion of the Talent and Compensation Committee of the Board of Directors based upon recommendations by Senior Management. As a discretionary program, the performance factors, eligibility criteria, payment frequency, award opportunity levels and other provisions are variable. The plan may be modified from time to time.
* You will continue to be eligible to participate in The Coca-Cola Company’s Long-Term Incentive (LTI) program. Awards are made at the discretion of the Talent and Compensation Committee of the Board of Directors based upon recommendations by Senior Management. You will be eligible to receive LTI awards within guidelines for the level assigned to your position and based upon your leadership potential to impact the Company’s future growth. As a discretionary program, eligibility criteria, award opportunity levels, the award timing, frequency, size and mix of award vehicles are variable.
* You will be expected to acquire and maintain share ownership at a level equal to four times your base salary. You will be asked to provide information in December each year on your progress toward your ownership goal, and that information will be reviewed with the Talent and Compensation Committee of the Board of Directors the following February.

August 18, 2022

Page 2 of 2

* You will continue to be eligible for the Company’s Financial Planning and Counseling program which provides reimbursement of certain financial planning and counseling services, up to $10,000 annually, subject to taxes and withholding.
* This letter is provided as information and does not constitute an employment contract.

Jennifer, I feel certain that you will continue to find challenge, satisfaction and opportunity in this role and as we continue our journey during this important time.

Sincerely,

/s/ James Quincey James Quincey

c: Carl Saunders

Executive Compensation Executive Services

I, **Jennifer Mann**, accept this offer:

### Signature: /s/ Jennifer Mann

Date: August 18, 2022

**Exhibit 10.5**



COCA-COLA PLAZA ATLANTA, GEORGIA

**JAMES R. QUINCEY** ADDRESS REPLY TO:

CHAIRMAN & CHIEF EXECUTIVE OFFICER P.O. BOX 1734 THE COCA-COLA COMPANY ATLANTA, GA 30301

404-676-9980

### September 6, 2022

Barry Simpson Atlanta, Georgia

Dear Barry,

We thank you very much for all of your contributions to the Coca-Cola system. This letter outlines the terms of your separation. All applicable elements of your separation package will be paid under the terms of the relevant policies and plans of The Coca-Cola Company (the “Company”).

1. As we discussed, you will step down from your current role as SVP and Chief Platform Services Officer effective September 30, 2022. You will continue with the Company as Senior Advisor through February 28, 2023. In this role, you will continue to work your normal schedule and assist with the transition of your responsibilities and related work as necessary and will separate from the Company on February 28, 2023 (“Separation Date”).
2. If you sign the enclosed release, you will be eligible for a benefit under The Coca-Cola Company Severance Pay Plan equivalent to two years of base salary, based on your current annual salary. This amount will be paid in a lump sum shortly after your Separation Date. This amount is subject to all applicable tax and withholdings.
3. If you remain employed through December 31, 2022, you will be eligible for an annual incentive award for 2022. The actual payment amount is contingent upon actual Company performance and your performance. Any award will be paid on or about March 15, 2023. Your participation and any award made to you shall be determined by the Talent and Compensation Committee.
4. If you remain employed through February 28, 2023, you will be eligible for an annual incentive award for 2023, prorated for two months. The actual payment amount is contingent upon actual Company performance and your performance. Any award will be paid on or about March 15, 2024. Your participation and any award made to you shall be determined by the Talent and Compensation Committee.
5. All performance share unit (PSU) awards which you previously have received will be treated according to the terms of The Coca- Cola Company’s applicable restricted stock plans and programs as well as your related PSU Agreements. You will be personally liable for paying any taxes owed upon receipt of any award.
6. All options you previously have received will be exercisable according to the terms of the Company’s applicable stock option plans and programs as well as your related Stock Option Grant Agreements. When you exercise your vested stock options, you will be personally liable for paying any taxes owed on such exercises.

Barry Simpson September 6, 2022

Page 2

1. You will not receive any additional equity grants.
2. Your retirement benefits will consist of those benefits you have accrued under the standard terms and conditions of the plans in which you participate and in which benefits are vested as of your Separation Date.
3. You will continue to be reimbursed up to $10,000 per year in financial planning and related expenses incurred by you annually up through your Separation Date.
4. The Company will provide at its expense outplacement services through a designated services provider.
5. The terms and conditions in this letter are further conditioned upon your signing and adhering to the attached Full and Complete Release and Agreement on Trade Secrets and Confidentiality within 21 days of the date of this letter.

Please contact Carl Saunders should you have any additional questions regarding the terms of this letter or the terms of any of the benefit plans.

Sincerely,

/s/ James Quincey James Quincey

Agreed to and accepted this date: September 7, 2022

/s/ Barry Simpson Barry Simpson

Attachments

cc: Carl Saunders

Executive Compensation Executive Services

#### FULL AND COMPLETE RELEASE AND AGREEMENT

**ON TRADE SECRETS AND CONFIDENTIALITY**

1. **Release.** In consideration of the lump sum payment of benefits under The Coca-Cola Company Severance Pay Plan (the “Severance Plan”), special rights under the equity programs of The Coca-Cola Company (“TCCC”) pursuant to the terms of related award agreements, and other good and valuable consideration, I, for myself and my heirs, executors, administrators and assigns, do hereby knowingly, voluntarily and unconditionally release, hold harmless and forever discharge TCCC, and its subsidiaries, affiliates, joint ventures, joint venture partners, and benefit plans (collectively with TCCC referred to herein as the “Company”), and their respective current and former directors, officers, administrators, trustees, employees, agents, and other representatives, (collectively with the Company, referred to herein as “Releasees”) from all debts, claims, actions, causes of action (including without limitation claims arising from or in connection with my employment, pay, bonuses, vacation or any other benefits, and/or other terms and conditions of employment or employment practices of Company; claims arising out of or relating to the termination of my employment with the Company or the surrounding circumstances thereof; and any causes of action that I may have under the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act of 1988, 29 U.S.C. § 2101 et seq.; and those federal, state, local, and foreign laws prohibiting employment discrimination based on age, sex, race, color, national origin, religion, disability, veteran or marital status, sexual orientation, or any other protected trait or characteristic, or retaliation for engaging in any protected activity, including without limitation the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621 et seq. (“ADEA”), as amended by the Older Workers Benefit Protection Act, P.L. 101-433; the Equal Pay Act of 1963, 9 U.S.C.§ 206, et seq.; Title VII of The Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e et seq.; the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Civil Rights Act of 1991, 42 U.S.C. § 1981a; the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, 29 U.S.C. § 791 et seq.; the Family Medical Leave Act; and comparable state, local, and foreign causes of action, whether statutory or common law, including but not limited to all claims related to wrongful discharge, negligence, defamation, tort and contract), suits, dues, sums of money, accounts, reckonings, covenants, contracts, claims for costs or attorneys’ fees, controversies, agreements, promises, and all liabilities of any kind or nature whatsoever, at law, in equity, or otherwise, KNOWN OR UNKNOWN, fixed or contingent, which I (or my heirs, executors, administrators and assigns) ever had, now have, or may have based on facts or events that occur on or prior to the date that I execute this Full and Complete Release and Agreement on Trade Secrets and Confidentiality (“Agreement”).

Further, I expressly waive any and all rights that I have under any state or local statute, executive order, regulation, common law and/or public policy relating to known and unknown claims based on facts or events occurring on or prior to the date that I execute this Agreement, including but not limited to the

New Jersey Conscientious Employee Protection Act (N.J. Sta. Ann. 34:19-1, et seq.); the New Jersey Law Against Discrimination (N.J. Stat. Ann. 10:5-1, et seq.); the New Jersey Family Leave Act; the New Jersey Wage Payment Law; Massachusetts Fair Employment Practices Act (Mass. G.L. 151B); West Virginia Human Rights Act; South Dakota Codified Laws Section 20-7-11; North Dakota Century Code Section 9-13-02; and Section 1542 of the California Civil Code, the latter of which reads as follows: “**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor**. ” I understand that I am referred to in this statute as the “creditor” and the Company or other Releasees are referred to as the “debtor.” I consciously intend these consequences even as to claims for damages that may exist as of the date I execute this Agreement that I do not know exist, and which, if known, would materially affect my decision to execute this Agreement, regardless of whether the lack of knowledge is the result of ignorance, oversight, error, negligence or any other cause.

I fully understand and agree that:

* 1. this Agreement is in exchange for the payment of benefits under the Severance Plan, special rights under the equity programs of TCCC pursuant to the terms of related award agreements, and other good and valuable consideration to which I would otherwise not be entitled;
  2. the Company’s obligation to pay and my right to receive the severance payment is subject to and conditioned upon my compliance with the covenants set forth in Sections 2 through 7 of this Agreement. In the event I breach any such covenant, the Company’s obligation to pay and my right to receive the severance payment will automatically terminate and I shall immediately repay to the Company ninety percent (90%) of any amounts previously paid to me (with the remaining 10% serving as consideration for the release of claims set forth in Section 1 of this Agreement), in each case without limiting my obligations under this Agreement or the Company’s other rights and remedies available at law or in equity.
  3. I am hereby advised to consult with an attorney before signing this Agreement;
  4. I have 21 days from my receipt of this Agreement within which to consider whether to sign it. I may choose to sign this Agreement before the expiration of the 21-day consideration period, and if I choose to do so, I understand that I do so voluntarily. I agree that changes to this Agreement, whether material or immaterial, will not start the consideration period;
  5. I have seven days following my signature of this Agreement to revoke the Agreement; and
  6. this Agreement shall not become effective or enforceable until the revocation period of seven days has expired.

If I choose to revoke this Agreement, I must do so by notifying the Company in writing within the applicable revocation period. This notification must be mailed either first class or certified mail to Executive Services, The Coca-Cola Company, One Coca-Cola Plaza, Atlanta, Georgia 30313**.**

Notwithstanding any other provision or paragraph of this Agreement, I understand that by signing this Agreement I do not hereby waive any rights or claims: (i) for unemployment or workers’ compensation, (ii) that arise after I sign this Agreement, or (iii) for which private waivers or releases are prohibited by applicable law. In addition, I understand that nothing in this Agreement shall be construed to prevent me from filing or participating in a charge of discrimination filed with the Equal Employment Opportunity Commission (“EEOC”) or any similar state or local agency, or a charge with the National Labor Relations Board (“NLRB”) or any other governmental agency. I further understand that this Paragraph 1 is not intended to restrict or limit in any way the Protected Rights set forth below in Paragraph 7 of this Agreement. However, by signing this Agreement, I waive the right to recover any monetary damages for any alleged injury personally suffered by me, individual relief, or attorneys’ fees from the Company or the Releasees in any claim, charge, or lawsuit filed by me or any other person or entity. If there is any claim for loss of consortium, or any other similar claim, arising out of or related to my employment or separation of employment with the Company, I will indemnify and hold Releasees harmless from any liability, including costs and expenses (as well as reasonable attorneys’ fees) incurred by the Releasees as a result of any such claim. I acknowledge and represent that: (i) I received all compensation due to me as a result of services performed for the Company with receipt of my final paycheck; (ii) I have reported to the Company any and all work-related injuries incurred by me during my employment by the Company; (iii) I have not engaged in any act or omission in violation of the Company’s Code of Business Conduct (the “COBC”); (iv) I am not aware of any act, failure to act, practice, policy, or activity that I believe may violate the COBC; and (v) I have reported to the Company any actual or suspected Code violations. I additionally understand and agree that this Agreement is not and shall not be construed to be an admission of liability of any kind on the part any of the Releasees.

1. **Future Cooperation.** I covenant and agree that I shall, to the extent reasonably requested in writing, cooperate with and serve in any capacity requested by the Company in any investigation and/or threatened or pending litigation (now or in the future) in which the Company is a party, and regarding which I, by virtue of my employment with the Company, have knowledge or information relevant to said litigation, including, but not limited to (i) meeting with representatives of the Company to provide truthful information regarding my knowledge, (ii) acting as the Company’s representative, and (iii) providing, in any jurisdiction in which the Company requests, truthful testimony relevant to said litigation, provided the Company pays me reasonable compensation and reimburses me for reasonable expenses incurred in connection with such cooperation. I understand that this Paragraph 2 is not intended to restrict or limit in any way the Protected Rights set forth in Paragraph 7 of this Agreement.
2. **Trade Secrets and Confidential Information .** I covenant and agree that I have held and shall continue to hold in confidence all Trade Secrets of the Company that came into my knowledge during my employment by the Company and shall not disclose, publish, or make use of at any time such Trade Secrets for as long as the information remains a Trade Secret. “Trade Secrets” means data or other information relating to the business of the Company protectable as a trade secret under applicable law,

including, without limitation, and without regard to form: technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers, vendors, or suppliers which is not commonly known by or available to the public and which information (1) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. For purposes of this Agreement, the term Trade Secret does not include any data or information that has been voluntarily disclosed to the public by the Company (except where such public disclosure has been made by me without authorization) or that has been independently developed and disclosed by others or that otherwise enters the public domain through lawful means*.* I also covenant and agree that I will hold in confidence all Confidential Information of the Company that came into my knowledge during my employment by the Company and will not disclose, publish, or make use of such Confidential Information for as long as the information remains Confidential Information or the maximum period allowed under applicable law, whichever is longer. “Confidential Information” means data or other information relating to the business of the Company that is or has been disclosed to me or of which I became aware as a consequence of or through my relationship with the Company and which has value to the Company, and is not generally known to the Company’s competitors, including but not limited to methods of operation, names of customers, vendors, or suppliers, price lists, financial information and projections, route books, personnel data, and similar information. Confidential Information does not include any data or information that has been voluntarily disclosed to the public by the Company (except where such public disclosure has been made by me without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means. I understand that this Paragraph 3 is not intended to restrict or limit in any way the Protected Rights set forth in Paragraph 7 of this Agreement.

1. **Return of Materials.** I further covenant and agree that I have or shall promptly deliver to the Company all memoranda, notes, records, manuals, or other documents, including all copies of such materials and all documentation prepared or produced in connection therewith, containing Trade Secrets or Confidential Information regarding the Company’s business, whether made or compiled by me or furnished to me by virtue of my employment with the Company. I shall promptly deliver to the Company all vehicles, computers, credit cards, telephones, handheld electronic devices, office equipment, and other property furnished to me by virtue of my employment with the Company.

**5 . No Publicity.** I will not publish any opinion, fact, or material, deliver any lecture or address, participate in the making of any film, radio broadcast, or television transmission, or communicate with any representative of the media relating to the business or affairs of the Company. I understand that nothing in this Agreement: (1) is intended in any way to restrict or limit the Protected Rights set forth in Paragraph 7 of this Agreement or to intimidate, coerce, deter, persuade, or compensate me with respect to providing, withholding, or restricting any communication whatsoever to the extent prohibited by law; (2) shall prevent

me from filing an administrative charge with the EEOC or participating in an investigation or proceeding by the EEOC or any other governmental agency; or (3) shall prevent me from providing testimony or evidence if I am subpoenaed or ordered by a court or other governmental authority to do so.

1. **Non-Disparagement.** I agree that I will not make any statement, written or verbal, in any forum or media or take any action in disparagement of the Company, including but not limited to negative references to the Company or its products, services, corporate policies, or current or former officers or employees, customers, suppliers, or business partners or associates. I understand that this Paragraph 6 is not intended to restrict or limit in any way the Protected Rights set forth in Paragraph 7 of this Agreement.
2. **Protected Rights.** I understand that nothing in this Agreement is intended to limit my ability to make disclosures to, or initiate or participate in communications with, the EEOC, the NLRB, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (“Government Agencies”). I further understand that I do not need to notify the Company or seek the Company’s prior authorization before making such disclosures or engaging in such communications.
3. **Inventions, Discoveries and Authorship.** I agree to and do hereby assign to the Company, without charge, all my rights, title, and interest in and to any and all inventions and discoveries that I have made or may make, solely or jointly with others, while in the employ of the Company, that (a) relate to or are useful to or may be useful in connection with business of the nature, type or character carried on or contemplated by the Company, or (b) were or are made using the Company’s equipment, supplies, facilities, or trade secret information and all my rights, title, and interest in and to any and all Patent Properties (as defined below); and upon request of the Company, whether during or subsequent to my employment with the Company, I will do any and all acts and execute and deliver such instruments as may be deemed by the Company necessary or proper to vest all my rights, title, and interest in and to said inventions, discoveries, and Patent Properties and to secure or maintain such Patent Properties. For the purpose of this agreement, “Patent Properties” shall mean any and all domestic and foreign (i) applications for utility patents, design patents or industrial designs, petty patents, utility models, or Gebrauchsmuster; (ii) as well as any divisions, continuations, or other application claiming the priority of any of the above and covering such inventions and discoveries; (iii) any and all utility patents, design patents or industrial designs, petty patents, utility models, or Gebrauchsmuster granted for such inventions and discoveries; and (iv) any and all reissues, extensions and revivals of any of the above. All necessary and proper expenses in connection with the foregoing will be borne by the Company, and, if I perform services in connection therewith at the Company’s request after termination of my employment with the Company, the Company will pay reasonable compensation for such services. Any inventions and discoveries relating to the Company’s business made or conceived by me within one year after termination of my employment with the Company will be deemed to be within this provision, unless I can prove that such conception or invention is not based upon or related to any Confidential Information or

Trade Secrets, as defined herein, of which I became aware during and pursuant to my employment with the Company. I also assign to the Company, without charge, all my rights, title, and interest in and to all original works of authorship fixed in any tangible form or medium or expression that have been or are prepared by me, solely or jointly with others, within the scope of my employment with the Company. In addition, the Company and I hereby agree that any such original work of authorship that qualifies as a “work made for hire” under the U.S. copyright laws will be a “work made for hire” and will be owned by the Company as to contract formation, interpretation and construction issues, and by the federal patent and copyright laws of the United States as to potential copyright issues.

**9 . Non-Competition and Non-Solicitation .** I agree that for two years after my employment with the Company ends for any reason whatsoever, I will not, directly or indirectly, except with the prior written consent of the Company: (a) enter into or maintain an employment, contractual, or other relationship to perform the Prohibited Activities (as defined below) in the Territory (as defined below) for or on behalf of any person or business entity that competes with the Business of the Company (as defined below); (b) enter into or maintain an employment, contractual, or other relationship to perform the Prohibited Activities (as defined below) in any geographic area in which the Company did business during my employment, for or on behalf of any Customer (as defined below) of the Company with whom I had material contact during the last two years of my employment with the Company; (c) enter into or maintain an employment, contractual, or other relationship to perform the Prohibited Activities (as defined below) in any geographic area that the Company did business during my employment, for or on behalf of any company listed in Attachment B to this Agreement; (d) solicit or encourage, or attempt to solicit or encourage, directly or by assisting others, any Customer to do business with any person or entity that competes with the business of the Company for purposes of providing services or products that are competitive with those provided by the Company, whether or not the relationship between the Company and such Customer was originally established in whole or in part through my efforts, if the Customer solicited is one with which I had material contact on the Company’s behalf during the last two years of my employment with the Company; and/or (e) solicit or encourage, or attempt to solicit or encourage, any person who is an employee of the Company, or who was an employee of the Company at any time during the six-month period immediately preceding the termination of my employment with the Company, and with whom I had contact during the last two years of my employment with the Company, to terminate his or her employment with the Company or to accept employment with any other person or entity.

1. **Definitions.** For purposes of this Agreement
   1. products or services will be considered competitive with those provided by the Company if the products or services are non-alcoholic beverages, beverage enhancers and related services of the type conducted, authorized, offered or provided by the Company within two years prior to the termination of my employment,
   2. the “Territory” will be defined as the geography described on Attachment A to this Agreement,
   3. the “Business” of the Company will be the development, production, marketing, sale and distribution of non-alcoholic beverages, beverage enhancers and related services or similar activities conducted, authorized, offered or provided by the Company within two years before the termination of my employment,
   4. the “Prohibited Activities” mean the involvement in, development of, or oversight of marketing, innovation, financial, manufacturing, technical or commercial leadership strategies, activities or business plans,
   5. “Customer” means anyone who is or was a customer of the Company during my employment with the Company, or is a prospective customer of the Company to whom the Company has made a presentation (or similar offering of services) within the one-year period immediately preceding the termination of my employment with the Company.
2. **Governing Law; Forum.** I hereby agree that this Agreement, and the rights and obligations established herein, shall be governed and construed in accordance with the laws of the State of Georgia, irrespective of its choice-of-law rules; provided, however, that Section 8 of this Agreement (Inventions, Discoveries and Authorship) is to be governed by and interpreted in accordance with the patent and copyright laws of the United States. I further agree that any litigation regarding this Agreement or the claims released herein that is not subject to the arbitration provisions set forth in Paragraph 12 of this Agreement shall be conducted in a court of competent jurisdiction in the State of Georgia, and I hereby irrevocably consent to the jurisdiction of such courts.
3. **Arbitration and Class Action Waiver .** I understand and agree that, in the event there is any dispute or claim arising out of or relating to this Agreement or the release of claims set forth in Paragraph 1 of this Agreement (the “Release”), my employment by the Company, my promises or duties owed to the Company or the Company’s promises or duties owed to me, including, without limitation, a dispute about the validity, enforceability, or coverage of the Release or the assertion of a claim covered by the Release, all such disputes or claims will be resolved exclusively through a final and binding arbitration on an individual basis only, and not in any form of class, collective, or private attorney general representative proceeding (“Class Action Waiver”). Notwithstanding the foregoing, this Paragraph 12 shall not apply to any action seeking injunctive relief arising out of or relating to Paragraph 3 of this Agreement (Trade Secrets and Confidential Information), Paragraph 8 of this Agreement (Inventions, Discoveries and Authorship), and/or Paragraph 9 of this Agreement (Non-Competition and Non-Solicitation). This binding arbitration provision is governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and is not intended to cover claims that cannot by controlling law be required to be arbitrated, nor does it prevent the filing of a complaint with a governmental administrative agency to the extent such complaints are permitted notwithstanding an agreement to arbitrate. Such complaints include, without limitation, those filed with the National Labor Relations Board, Equal Employment Opportunity Commission, and/or the U.S. Department of Labor. I understand and agree that any arbitration proceeding initiated under this agreement will be governed by the American Arbitration Association’s Employment Arbitration Rules and

Mediation Procedures (“AAA Employment Rules”), and that no other rules or procedures (including AAA’s Supplementary Rules for Class Arbitrations) are to be applied to any such proceeding. The AAA Employment Rules, which include an explanation of the process for commencing an arbitration and other rules governing an arbitration, may be found at the AAA’s web site, [www.adr.org,](http://www.adr.org/) or by searching for “AAA employment arbitration rules” using an internet search engine such as Google.com. In all cases where required by law, the Company will pay the AAA administrative fees, as well as the Arbitrator’s fees and expenses. I understand and agree that I am responsible to pay my own legal fees and expenses associated with any arbitration proceeding, subject to the Arbitrator’s authority to award attorney fees, costs or other remedies in accordance with applicable law. A party may apply to a court of competent jurisdiction (i.e., a state court or the United States District Court for the District in which the facility location to which I was last assigned by the Company is located) for temporary or preliminary injunctive relief in connection with an arbitrable controversy, but only upon the ground that the award to which that party may be entitled may be rendered ineffectual without such provisional relief. Notwithstanding any other clause contained in this Agreement or the AAA Employment Rules, any claim that all or part of the Class Action Waiver is invalid, unenforceable, unconscionable, void or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. All other issues raised by the dispute between the Company and myself, including without limitation a request for permanent injunctive relief and enforceability of the Agreement, shall be determined by the arbitrator.

1. **General Provisions.** (i) Entire Agreement**. With the exception of any restrictive covenant agreements I have previously executed, which are not superseded by this Agreement, t**his Agreement is the complete understanding between me and the Company in respect of the subject matter of this Agreement and supersedes all prior agreements relating to the same subject matter to the extent, and only to the extent, this Agreement is inconsistent with the provisions of such prior agreements. I expressly agree that the provisions of any agreement I have previously signed regarding assignment to the Company of all rights in and to certain inventions, discoveries, and original works of authorship relates to a different subject matter, and the provisions of that agreement shall remain enforceable according to its terms and shall not be subject to Section 12 of this Agreement (Arbitration and Class Action Waiver). By signing this Agreement, I acknowledge and affirm that I have not relied upon any representations, promises or agreements of any kind except those set forth herein. (ii) Severability. In the event that any provision of this Agreement should be held to be invalid or unenforceable, each and every other provision of this Agreement shall remain in full force and effect. Further, if any provision of this Agreement is found to be invalid or unenforceable, such provision shall be modified as necessary to permit this Agreement to be upheld and enforced to the maximum extent permitted by law. (iii) Successors and Assigns. This Agreement inures to the benefit of the Company and its successors and assigns. (v) Amendment/Waiver. No amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto.
2. **Acknowledgment.** I hereby acknowledge and affirm that I have read this Agreement carefully, that I have had a full and reasonable opportunity to consider this Agreement, and that I have not been pressured or in any way coerced, threatened, or intimidated into its execution. I understand that it is my right to have this Agreement reviewed by an attorney of my choosing, and I have been encouraged to do so by the Company. By knowingly and voluntarily signing this Agreement below, I acknowledge and affirm that I fully understand each of this Agreement’s terms and conditions, and that I intend to abide by them in every respect.

/s/ Barry Simpson Barry Simpson

Date: September 7, 2022

#### ATTACHMENT A

1. The following States of the United States.

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut , Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming.

1. The following Territories of the United States.

American Samoa, District of Columbia, Federated States of Micronesia, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, Republic of Palau, Republic of the Marshall Islands, U.S. Virgin Islands.

1. Canada and Mexico.

#### ATTACHMENT B

**(Competitors for purposes of Section 9(c))**

Prohibited Competitors.

PepsiCo., Inc., Nestlé

Dr. Pepper Snapple Group, Inc. Groupe Danone

Kraft Foods Inc. Unilever

Cott Corporation Starbucks

# Exhibit 10.6

**AMENDMENT EIGHT TO**

**THE COCA-COLA COMPANY SUPPLEMENTAL PENSION PLAN**

WHEREAS, The Coca-Cola Company sponsors The Coca-Cola Company Supplemental Pension Plan, as amended and restated effective January 1, 2010 and as further amended (the “Plan”); and

WHEREAS, The Coca-Cola Company Benefits Committee (the “Committee”) may amend the Plan at any time; and WHEREAS, the Committee wishes to amend the Plan to reflect the addition of a new participating subsidiary.

NOW, THEREFORE, Appendix A of the Plan is amended, effective August 15, 2022, by adding an entity at the end thereof to read as follows:

“Red Tree Beverages, LLC”

IN WITNESS WHEREOF, the Committee has caused this Amendment Eight to be signed by its duly authorized member as of this 9th day of August 2022.

THE COCA-COLA COMPANY BENEFITS COMMITTEE

By: /s/ Silvina Kippke Silvina Kippke

**Exhibit 10.7**

**AMENDMENT SIX TO**

**THE COCA-COLA COMPANY SUPPLEMENTAL CASH BALANCE PLAN**

WHEREAS, The Coca-Cola Company sponsors The Coca-Cola Company Supplemental Cash Balance Plan, as amended and restated effective January 1, 2012 and as further amended (the “Plan”); and

WHEREAS, The Coca-Cola Company Benefits Committee (the “Committee”) may amend the Plan at any time; and WHEREAS, the Committee wishes to amend the Plan to reflect the addition of a new participating subsidiary.

NOW, THEREFORE, Appendix A of the Plan is amended, effective August 15, 2022, by adding an entity at the end thereof to read as follows:

“Red Tree Beverages, LLC”

IN WITNESS WHEREOF, the Committee has caused this Amendment Six to be signed by its duly authorized member as of this 9th day of August 2022.

THE COCA-COLA COMPANY BENEFITS COMMITTEE

By: /s/ Silvina Kippke Silvina Kippke

**Exhibit 10.8**

**AMENDMENT THREE TO**

**THE COCA-COLA COMPANY SUPPLEMENTAL 401(k) PLAN**

WHEREAS, The Coca-Cola Company sponsors The Coca-Cola Company Supplemental 401(k) Plan, as amended and restated effective January 1, 2012 and as further amended (the “Plan”); and

WHEREAS, The Coca-Cola Company Benefits Committee (the “Committee”) may amend the Plan at any time; and WHEREAS, the Committee wishes to amend the Plan to reflect the addition of a new participating subsidiary.

NOW, THEREFORE, Appendix A of the Plan is amended, effective August 15, 2022, by adding an entity at the end thereof to read as follows:

“Red Tree Beverages, LLC”

IN WITNESS WHEREOF, the Committee has caused this Amendment Three to be signed by its duly authorized member as of this 9th day of August 2022.

THE COCA-COLA COMPANY BENEFITS COMMITTEE

By: /s/ Silvina Kippke Silvina Kippke

**Exhibit 10.9**

**FIFTH AMENDMENT TO**

**THE COCA-COLA COMPANY SEVERANCE PAY PLAN**

WHEREAS, The Coca-Cola Company sponsors The Coca-Cola Company Severance Pay Plan, as amended and restated effective January 1, 2020 and as further amended (the “Plan”); and

WHEREAS, The Coca-Cola Company Benefits Committee (the “Committee”) may amend the Plan at any time; and WHEREAS, the Committee wishes to amend the Plan to reflect the addition of a new participating affiliate.

NOW, THEREFORE, Appendix A of the Plan is amended, effective August 15, 2022, by adding an entity at the end thereof to read as follows:

“Red Tree Beverages, LLC”

IN WITNESS WHEREOF, the Committee has caused this Fifth Amendment to be signed by its duly authorized member as of this 9th day of August 2022.

THE COCA-COLA COMPANY BENEFITS COMMITTEE

By: /s/ Silvina Kippke Silvina Kippke

#### Exhibit 31.1

**CERTIFICATIONS**

I, James Quincey, Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Coca-Cola Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   3. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 26, 2022

/s/ James Quincey James Quincey

*Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company*

#### Exhibit 31.2

**CERTIFICATIONS**

I, John Murphy, President and Chief Financial Officer of The Coca-Cola Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Coca-Cola Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   3. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 26, 2022

/s/ John Murphy John Murphy

*President and Chief Financial Officer of The Coca-Cola Company*

#### Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO**

**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of The Coca-Cola Company (“Company”) on Form 10-Q for the period ended September 30, 2022 (“Report”), I, James Quincey, Chairman of the Board of Directors and Chief Executive Officer of the Company and I, John Murphy, President and Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. to my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JAMES QUINCEY

James Quincey

*Chairman of the Board of Directors and Chief Executive Officer of The Coca-Cola Company*

October 26, 2022

/s/ JOHN MURPHY

John Murphy

*President and Chief Financial Officer of The Coca-Cola Company*

October 26, 2022