

THE COCA-COLA COMPANY AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Financial Measures

(UNAUDITED)

Gross Margin:

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Basis Point Growth (Decline)
Reported Gross Margin (GAAP)	55.43%	56.81%	(138)
Items Impacting Comparability (Non-GAAP)	(1.03%)	(0.51%)	
Comparable Gross Margin (Non-GAAP)	56.46%	57.32%	(86)
Comparable Currency Impact (Non-GAAP)	(0.65%)	0.00%	
Comparable Currency Neutral Gross Margin (Non-GAAP)	57.11%	57.32%	(21)
Impact of Acquisitions, Divestitures and Structural Changes on Comparable Currency Neutral Gross Margin (Non-GAAP)	(0.24%)	(0.04%)	
Underlying Gross Margin (Non-GAAP)	57.35%	57.36%	(1)

The earnings conference call on February 14, 2023 included a reference to full year 2023 adjusted free cash flow conversion ratio, a non-GAAP financial measure, which is calculated by dividing adjusted free cash flow (non-GAAP) by adjusted net income attributable to shareowners (non-GAAP). The company is not able to reconcile full year 2023 adjusted free cash flow conversion ratio (non-GAAP) to the ratio of full year 2023 net cash provided by operating activities to full year 2023 net income attributable to shareowners without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the exact timing and amount of items impacting comparability throughout 2023. The unavailable information could have a significant impact on the company's full year 2023 reported financial results.

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(In millions)

Free Cash Flow and Adjusted Free Cash Flow Conversion Ratio:

Net Cash Provided by Operating Activities
Purchases of Property, Plant and Equipment
 Free Cash Flow (Non-GAAP)
 Plus: Cash Payments for Pension Plan Contributions
 Adjusted Free Cash Flow (Non-GAAP)

Net Income Attributable to Shareowners of The Coca-Cola Company

Noncash Items Impacting Comparability:

Asset Impairments
 Equity Investees
 Transaction Gains/Losses
 Other Items
 Certain Tax Matters
 Adjusted Net Income Attributable to Shareowners of The Coca-Cola Company (Non-GAAP)

Cash Flow Conversion Ratio ¹

Adjusted Free Cash Flow Conversion Ratio (Non-GAAP) ²

Three-Year Average Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
	\$ 11,018	\$ 12,625	\$ 9,844
	(1,484)	(1,367)	(1,177)
	9,534	11,258	8,667
	—	—	—
	\$ 9,534	\$ 11,258	\$ 8,667
	\$ 9,542	\$ 9,771	\$ 7,747
	153	62	493
	33	23	216
	589	(1,109)	(933)
	526	555	291
	(128)	410	207
	\$ 10,715	\$ 9,712	\$ 8,021
	115%	129%	127%
	89%	116%	108%

104%

¹ Cash flow conversion ratio is calculated by dividing net cash provided by operating activities by net income attributable to shareowners of The Coca-Cola Company.

² Adjusted free cash flow conversion ratio is calculated by dividing adjusted free cash flow by adjusted net income attributable to shareowners of The Coca-Cola Company.

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Reconciliation of GAAP and Non-GAAP Financial Measures

(UNAUDITED)

(In millions except net debt leverage)

Gross Debt and Net Debt:

	As of December 31, 2022
Cash and cash equivalents	\$9,519
Short-term investments	1,043
Marketable securities	1,069
Total cash, cash equivalents, short-term investments and marketable securities (Non-GAAP)	\$11,631
Loans and notes payable	\$2,373
Current maturities of long-term debt	399
Long-term debt	36,377
Gross debt (Non-GAAP)	\$39,149
Net debt (Non-GAAP) ¹	\$27,518

¹ Net debt is calculated by subtracting total cash, cash equivalents, short-term investments and marketable securities from gross debt.

EBITDA:

	Year Ended December 31, 2022
Income before income taxes	\$11,686
<u>Less income items:</u>	
Interest income	449
Other income (loss) — net	(262)
<u>Add expense items:</u>	
Interest expense	882
Depreciation and amortization	1,260
Earnings before interest, taxes, depreciation and amortization (EBITDA) (Non-GAAP)	\$13,641
Items impacting comparability	1,470
Comparable EBITDA (Non-GAAP)	\$15,111

Net Debt Leverage:

	As of and Year Ended December 31, 2022
Net debt (Non-GAAP)	\$27,518
Comparable EBITDA (Non-GAAP)	\$15,111
Net debt leverage (Non-GAAP)	1.8