

DEFINITIONS

"Gross margin" is a ratio calculated by dividing gross profit by net operating revenues. "Comparable gross margin" is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability. "Comparable currency neutral gross margin" is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability and the impact of fluctuations in foreign currency exchange rates. "Underlying gross margin" is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability, the impact of fluctuations in foreign currency exchange rates, and the impact of acquisitions, divestitures and structural changes, as applicable. Management uses these non-GAAP financial measures to evaluate the Company's performance and make resource allocation decisions. Further, management believes the comparable gross margin (non-GAAP) measure, comparable currency neutral gross margin (non-GAAP) measure and underlying gross margin (non-GAAP) measure provide investors with useful information related to the profitability of our business prior to considering the selling, general and administrative expenses and other operating charges incurred. Management uses these measures in making financial, operating and planning decisions and in evaluating the Company's performance.

"Gross debt" is a non-GAAP financial measure that represents the sum of loans and notes payable, current maturities of long-term debt, and long-term debt.

"Net debt" is a non-GAAP financial measure that is calculated by subtracting total cash, cash equivalents, short-term investments and marketable securities from gross debt.

"EBITDA" is a non-GAAP financial measure that represents earnings before interest, taxes, depreciation, amortization and other income (loss) - net. "Comparable EBITDA" is a non-GAAP financial measure that excludes or has otherwise been adjusted for items impacting comparability.

"Net debt leverage" is a non-GAAP financial measure that is calculated by dividing net debt (non-GAAP) by comparable EBITDA (non-GAAP). Management uses this non-GAAP financial measure to evaluate the Company's capital allocation decisions.

"Free cash flow" is a non-GAAP financial measure that represents net cash provided by operating activities less purchases of property, plant and equipment. Management uses this non-GAAP financial measure to evaluate the Company's capital allocation decisions.

"Adjusted free cash flow" is a non-GAAP financial measure that represents net cash provided by operating activities less purchases of property, plant and equipment. Beginning with its earnings release for the fourth quarter of 2023, the Company updated the definition to make it consistent with how management evaluates the measure when making capital allocation decisions. Adjusted free cash flow (non-GAAP) now excludes the payment of transition tax resulting from the 2017 Tax Cuts and Jobs Act and other significant cash inflows/outflows that are unusual in nature and/or infrequent in occurrence that we believe do not reflect the Company's underlying liquidity. Management believes adjusted free cash flow (non-GAAP) is useful to investors, analysts and others to evaluate the underlying cash flow the Company generates after investing in property, plant and equipment.

"Free cash flow conversion ratio" is a non-GAAP financial measure that is calculated by dividing free cash flow (non-GAAP) by adjusted net income attributable to shareowners of The Coca-Cola Company (non-GAAP). "Adjusted free cash flow conversion ratio" is a non-GAAP financial measure that is calculated by dividing adjusted free cash flow (non-GAAP) by adjusted net income attributable to shareowners of The Coca-Cola Company (non-GAAP). Management uses these non-GAAP measures when making capital allocation decisions. Management believes the free cash flow conversion ratio (non-GAAP) and the adjusted free cash flow conversion ratio (non-GAAP) are useful to investors, analysts and others to evaluate the amount of our underlying earnings that we are able to convert into cash.

"Adjusted net income attributable to shareowners of The Coca-Cola Company" is a non-GAAP financial measure that excludes or has otherwise been adjusted for non-cash items impacting comparability after tax. Management uses this non-GAAP financial measure to evaluate the Company's capital allocation decisions.

THE COCA-COLA COMPANY AND SUBSIDIARIES
Reconciliation of GAAP and Non-GAAP Financial Measures
(UNAUDITED)

Gross Margin:

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Basis Point Growth
Reported Gross Margin (GAAP)	57.28%	55.43%	185
Items Impacting Comparability (Non-GAAP)	(0.54%)	(1.03%)	
Comparable Gross Margin (Non-GAAP)	57.82%	56.46%	136
Comparable Currency Impact (Non-GAAP)	(0.73%)	0.00%	
Comparable Currency Neutral Gross Margin (Non-GAAP)	58.55%	56.46%	209
Impact of Acquisitions, Divestitures and Structural Changes on Comparable Currency Neutral Gross Margin (Non-GAAP)	0.02%	(0.11%)	
Underlying Gross Margin (Non-GAAP)	58.53%	56.57%	196

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(UNAUDITED)

(In millions except net debt leverage)

Gross Debt and Net Debt:

	As of December 31, 2023
Cash and cash equivalents	\$ 9,366
Short-term investments	2,997
Marketable securities	<u>1,300</u>
Total cash, cash equivalents, short-term investments and marketable securities	\$ 13,663
Loans and notes payable	\$ 4,557
Current maturities of long-term debt	1,960
Long-term debt	<u>35,547</u>
Gross debt (Non-GAAP)	\$ 42,064
Net debt (Non-GAAP) ¹	\$ 28,401

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, 2023
Income before income taxes	\$ 12,952
<u>Less income items:</u>	
Interest income	907
Other income (loss) — net	570
<u>Add expense items:</u>	
Interest expense	1,527
Depreciation and amortization	<u>1,128</u>
Earnings before interest, taxes, depreciation and amortization (EBITDA) (Non-GAAP)	\$ 14,130
Items impacting comparability	2,184
Comparable EBITDA (Non-GAAP)	\$ 16,314

Net Debt Leverage:

	As of and Year Ended December 31, 2023
Net debt (Non-GAAP)	\$ 28,401
Comparable EBITDA (Non-GAAP)	\$ 16,314
Net debt leverage (Non-GAAP)	1.7x

THE COCA-COLA COMPANY AND SUBSIDIARIES

Reconciliation of GAAP and Non-GAAP Financial Measures

(UNAUDITED)

(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: Transition Tax Payments
 M&A-Related Payments¹
 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
 Restructuring
 Other Items
 Certain Tax Matters
 Adjusted Net Income Attributable to Shareowners of The Coca-Cola Company (Non-GAAP)

Cash Flow Conversion Ratio²

Free Cash Flow Conversion Ratio (Non-GAAP)³
 Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)⁴

Year Ended December 31, 2023	
\$	11,599
	(1,852)
	9,747
	723
	232
\$	10,702
\$	10,714
	39
	145
	809
	-
	131
	(328)
\$	11,510
	108%
	85%
	93%

¹ Includes \$167 million contingent consideration milestone payment for fairlife and income tax payments related to refranchising activities.

² 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.

³ Free cash flow conversion ratio is calculated by dividing free cash flow by adjusted net income attributable to shareowners of The Coca-Cola Company.

⁴ 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.