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 29, 2023
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: 0-9286

COCA-COLA CONSOLIDATED, INC.
(Exact name of registrant as specified in its charter)

Delaware	**56-0950585**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
4100 Coca-Cola Plaza Charlotte, NC	**28211**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (980) 392-8298

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $1.00 per share	**COKE**	**The Nasdaq Global Select Market**

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	☐	Smaller reporting company	☐
		Emerging growth 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 whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 20, 2023, there were 8,368,993 shares of the registrant's Common Stock, par value $1.00 per share, and 1,004,696 shares of the registrant's Class B Common Stock, par value $1.00 per share, outstanding.

COCA-COLA CONSOLIDATED, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 29, 2023

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

COCA-COLA CONSOLIDATED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Third Quarter		First Nine Months	
(in thousands, except per share data)	**2023**	**2022**	**2023**	**2022**
Net sales	$ 1,712,428	$ 1,628,589	$ 5,022,902	$ 4,628,162
Cost of sales	1,050,878	1,007,482	3,065,669	2,948,820
Gross profit	661,550	621,107	1,957,233	1,679,342
Selling, delivery and administrative expenses	445,290	431,177	1,301,249	1,211,134
Income from operations	216,260	189,930	655,984	468,208
Interest (income) expense, net	(1,516)	6,083	2,766	20,928
Pension plan settlement expense	77,319	—	117,096	—
Other expense, net	19,473	24,746	91,184	27,666
Income before taxes	120,984	159,101	444,938	419,614
Income tax expense	28,891	40,340	112,399	107,901
Net income	**$ 92,093**	**$ 118,761**	**$ 332,539**	**$ 311,713**
Basic net income per share:				
Common Stock	$ 9.82	$ 12.67	$ 35.47	$ 33.25
Weighted average number of Common Stock shares outstanding	8,369	8,369	8,369	8,032
Class B Common Stock	$ 9.82	$ 12.67	$ 35.47	$ 33.29
Weighted average number of Class B Common Stock shares outstanding	1,005	1,005	1,005	1,342
Diluted net income per share:				
Common Stock	$ 9.80	$ 12.63	$ 35.38	$ 33.13
Weighted average number of Common Stock shares outstanding – assuming dilution	9,395	9,406	9,398	9,410
Class B Common Stock	$ 9.79	$ 12.62	$ 35.29	$ 33.15
Weighted average number of Class B Common Stock shares outstanding – assuming dilution	1,026	1,037	1,029	1,378
Cash dividends per share:				
Common Stock	$ 0.50	$ 0.25	$ 4.50	$ 0.75
Class B Common Stock	$ 0.50	$ 0.25	$ 4.50	$ 0.75

See accompanying notes to condensed consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Third Quarter		First Nine Months	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Net income	$ 92,093	$ 118,761	$ 332,539	$ 311,713
Other comprehensive income, net of tax:				
Defined benefit plans reclassification including pension costs:				
Actuarial gain (loss)	1,183	746	(303)	2,237
Prior service credits	3	—	9	—
Pension plan settlement	56,028	—	86,069	—
Postretirement benefits reclassification including benefit costs:				
Actuarial gain	—	69	—	207
Other comprehensive income, net of tax	**57,214**	**815**	**85,775**	**2,444**
Comprehensive income	**$ 149,307**	**$ 119,576**	**$ 418,314**	**$ 314,157**

See accompanying notes to condensed consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except share data)		**September 29, 2023**		**December 31, 2022**
ASSETS				
Current Assets:				
Cash and cash equivalents	$	616,217	$	197,648
Accounts receivable, trade		558,133		532,047
Allowance for doubtful accounts		(18,134)		(16,119)
Accounts receivable from The Coca-Cola Company		55,697		35,786
Accounts receivable, other		52,852		54,631
Inventories		320,401		347,545
Prepaid expenses and other current assets		91,309		94,263
Total current assets		**1,676,475**		**1,245,801**
Property, plant and equipment, net		1,204,843		1,183,730
Right-of-use assets - operating leases		123,635		140,588
Leased property under financing leases, net		5,196		6,431
Other assets		133,960		115,892
Goodwill		165,903		165,903
Distribution agreements, net		823,366		842,035
Customer lists, net		7,904		9,165
Total assets	**$**	**4,141,282**	**$**	**3,709,545**
LIABILITIES AND EQUITY				
Current Liabilities:				
Current portion of obligations under operating leases	$	26,074	$	27,635
Current portion of obligations under financing leases		2,440		2,303
Accounts payable, trade		348,370		351,729
Accounts payable to The Coca-Cola Company		180,687		162,783
Other accrued liabilities		218,701		198,300
Accrued compensation		125,719		126,921
Accrued interest payable		5,842		2,677
Dividends payable		—		32,808
Total current liabilities		**907,833**		**905,156**
Deferred income taxes		143,907		150,222
Pension and postretirement benefit obligations		53,294		60,323
Other liabilities		803,549		753,357
Noncurrent portion of obligations under operating leases		103,578		118,763
Noncurrent portion of obligations under financing leases		5,670		7,519
Long-term debt		599,123		598,817
Total liabilities		**2,616,954**		**2,594,157**
Commitments and Contingencies				
Equity:				
Common Stock, $1.00 par value: 30,000,000 shares authorized; 11,431,367 shares issued		11,431		11,431
Class B Common Stock, $1.00 par value: 10,000,000 shares authorized; 1,632,810 shares issued		1,633		1,633
Additional paid-in capital		135,953		135,953
Retained earnings		1,435,627		1,112,462
Accumulated other comprehensive income (loss)		938		(84,837)
Treasury stock, at cost: Common Stock – 3,062,374 shares		(60,845)		(60,845)
Treasury stock, at cost: Class B Common Stock – 628,114 shares		(409)		(409)
Total equity		**1,524,328**		**1,115,388**
Total liabilities and equity	**$**	**4,141,282**	**$**	**3,709,545**

See accompanying notes to condensed consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	First Nine Months 2023	First Nine Months 2022
Cash Flows from Operating Activities:		
Net income	$ 332,539	$ 311,713
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense from property, plant and equipment and financing leases	113,664	110,661
Amortization of intangible assets and deferred proceeds, net	17,632	17,722
Pension plan settlement expense	117,096	—
Fair value adjustment of acquisition related contingent consideration	86,038	21,132
Deferred income taxes	(34,881)	10,749
Loss on sale of property, plant and equipment	5,863	2,855
Amortization of debt costs	742	768
Deferred payroll taxes under CARES Act	—	(18,739)
Change in current assets less current liabilities	35,791	(61,657)
Change in other noncurrent assets	13,417	27,806
Change in other noncurrent liabilities	(43,352)	(28,701)
Total adjustments	312,010	82,596
Net cash provided by operating activities	**$ 644,549**	**$ 394,309**
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	$ (152,260)	$ (183,929)
Investment in equity method investees	(9,044)	(1,538)
Proceeds from the sale of property, plant and equipment	441	5,348
Acquisition of distribution rights	—	(30,149)
Net cash used in investing activities	**$ (160,863)**	**$ (210,268)**
Cash Flows from Financing Activities:		
Cash dividends paid	$ (42,182)	$ (7,030)
Payments of acquisition related contingent consideration	(20,979)	(28,421)
Payments on financing lease obligations	(1,712)	(2,441)
Debt issuance fees	(244)	(219)
Payments on term loan facility and senior notes	—	(125,000)
Net cash used in financing activities	**$ (65,117)**	**$ (163,111)**
Net increase in cash during period	$ 418,569	$ 20,930
Cash at beginning of period	197,648	142,314
Cash at end of period	**$ 616,217**	**$ 163,244**
Significant non-cash investing and financing activities:		
Additions to property, plant and equipment accrued and recorded in accounts payable, trade	$ 32,388	$ 20,049
Right-of-use assets obtained in exchange for operating lease obligations	4,253	18,703
Reductions to leased property under financing leases	—	55,465

See accompanying notes to condensed consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

(in thousands, except share data)	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock - Common Stock	Treasury Stock - Class B Common Stock	Total Equity
Balance on June 30, 2023	**$ 11,431**	**$ 1,633**	**$ 135,953**	**$ 1,348,221**	**$ (56,276)**	**$ (60,845)**	**$ (409)**	**$ 1,379,708**
Net income	—	—	—	92,093	—	—	—	92,093
Other comprehensive income, net of tax	—	—	—	—	57,214	—	—	57,214
Dividends declared:								
Common Stock ($0.50 per share)	—	—	—	(4,184)	—	—	—	(4,184)
Class B Common Stock ($0.50 per share)	—	—	—	(503)	—	—	—	(503)
Balance on September 29, 2023	**$ 11,431**	**$ 1,633**	**$ 135,953**	**$ 1,435,627**	**$ 938**	**$ (60,845)**	**$ (409)**	**$ 1,524,328**
Balance on December 31, 2022	**$ 11,431**	**$ 1,633**	**$ 135,953**	**$ 1,112,462**	**$ (84,837)**	**$ (60,845)**	**$ (409)**	**$ 1,115,388**
Net income	—	—	—	332,539	—	—	—	332,539
Other comprehensive income, net of tax	—	—	—	—	85,775	—	—	85,775
Dividends declared:								
Common Stock ($1.00 per share)	—	—	—	(8,369)	—	—	—	(8,369)
Class B Common Stock ($1.00 per share)	—	—	—	(1,005)	—	—	—	(1,005)
Balance on September 29, 2023	**$ 11,431**	**$ 1,633**	**$ 135,953**	**$ 1,435,627**	**$ 938**	**$ (60,845)**	**$ (409)**	**$ 1,524,328**

(in thousands, except share data)	Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock - Common Stock	Treasury Stock - Class B Common Stock	Total Equity
Balance on July 1, 2022	**$ 11,431**	**$ 1,633**	**$ 135,953**	**$ 912,751**	**$ (98,834)**	**$ (60,845)**	**$ (409)**	**$ 901,680**
Net income	—	—	—	118,761	—	—	—	118,761
Other comprehensive income, net of tax	—	—	—	—	815	—	—	815
Dividends declared:								
Common Stock ($0.25 per share)	—	—	—	(2,092)	—	—	—	(2,092)
Class B Common Stock ($0.25 per share)	—	—	—	(251)	—	—	—	(251)
Balance on September 30, 2022	**$ 11,431**	**$ 1,633**	**$ 135,953**	**$ 1,029,169**	**$ (98,019)**	**$ (60,845)**	**$ (409)**	**$ 1,018,913**
Balance on December 31, 2021	**$ 10,204**	**$ 2,860**	**$ 135,953**	**$ 724,486**	**$ (100,463)**	**$ (60,845)**	**$ (409)**	**$ 711,786**
Net income	—	—	—	311,713	—	—	—	311,713
Other comprehensive income, net of tax	—	—	—	—	2,444	—	—	2,444
Dividends declared:								
Common Stock ($0.75 per share)	—	—	—	(5,970)	—	—	—	(5,970)
Class B Common Stock ($0.75 per share)	—	—	—	(1,060)	—	—	—	(1,060)
Conversion of 1,227,546 shares of Class B Common Stock	1,227	(1,227)	—	—	—	—	—	—
Balance on September 30, 2022	**$ 11,431**	**$ 1,633**	**$ 135,953**	**$ 1,029,169**	**$ (98,019)**	**$ (60,845)**	**$ (409)**	**$ 1,018,913**

See accompanying notes to condensed consolidated financial statements.

1. Critical Accounting Policies

The condensed consolidated financial statements include the accounts and the consolidated operations of Coca-Cola Consolidated, Inc. and its majority-owned subsidiaries (the "Company"). All significant intercompany accounts and transactions have been eliminated. The condensed consolidated financial statements reflect all adjustments, including normal, recurring accruals, which, in the opinion of management, are necessary for a fair statement of the results for the periods presented.

Each of the Company's quarters, other than the fourth quarter, ends on the Friday closest to the last day of the corresponding quarterly calendar period. The Company's fourth quarter and fiscal year end on December 31 regardless of the day of the week on which December 31 falls. The condensed consolidated financial statements presented are:

- The financial position as of September 29, 2023 and December 31, 2022.
- The results of operations, comprehensive income and changes in stockholders' equity for the three-month periods ended September 29, 2023 (the "third quarter" of fiscal 2023 ("2023")) and September 30, 2022 (the "third quarter" of fiscal 2022 ("2022")) and the nine-month periods ended September 29, 2023 (the "first nine months" of 2023) and September 30, 2022 (the "first nine months" of 2022).
- The changes in cash flows for the first nine months of 2023 and the first nine months of 2022.

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting and the instructions to Form 10-Q and Article 10 of Regulation S-X. The accounting policies followed in the presentation of interim financial results are consistent with those followed on an annual basis. These policies are presented in Note 1 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for 2022 filed with the United States Securities and Exchange Commission.

The preparation of condensed consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Critical Accounting Estimates

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of its results of operations and financial position in the preparation of its condensed consolidated financial statements in conformity with GAAP. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company included in its Annual Report on Form 10-K for 2022 under the caption "Discussion of Critical Accounting Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," a discussion of the Company's most critical accounting estimates, which are those the Company believes to be the most important to the portrayal of its financial condition and results of operations and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Any changes in critical accounting estimates are discussed with the Audit Committee of the Company's Board of Directors during the quarter in which a change is contemplated and prior to making such change.

Recently Adopted Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2022-04, "Liabilities-Supplier Finance Programs," which requires additional quantitative and qualitative disclosures related to a company's supply chain finance programs to enhance the transparency of these programs. The new guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The Company adopted ASU 2022-04 in the first quarter of 2023, with the exception of the amendment on rollforward information, and the adoption did not have a material impact on its condensed consolidated financial statements. See Note 12 for disclosures related to the Company's supply chain finance program.

2. Related Party Transactions

The Coca-Cola Company

The Company's business consists primarily of the distribution, marketing and manufacture of nonalcoholic beverages of The Coca-Cola Company, which is the sole owner of the formulas under which the primary components of the Company's soft drink products, either concentrate or syrup, are manufactured.

As of September 29, 2023, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, controlled 1,004,394 shares of the Company's Class B Common Stock, which represented approximately 71% of the total voting power of the Company's outstanding Common Stock and Class B Common Stock on a consolidated basis.

As of September 29, 2023, The Coca-Cola Company owned shares of the Company's Common Stock representing approximately 9% of the total voting power of the Company's outstanding Common Stock and Class B Common Stock on a consolidated basis. The number of shares of the Company's Common Stock currently held by The Coca-Cola Company gives it the right to have a designee proposed by the Company for nomination to the Company's Board of Directors in the Company's annual proxy statement. J. Frank Harrison, III and the trustees of certain trusts established for the benefit of certain relatives of the late J. Frank Harrison, Jr. have agreed to vote the shares of the Company's Common Stock and Class B Common Stock that they control in favor of such designee. The Coca-Cola Company does not own any shares of the Company's Class B Common Stock.

The following table summarizes the significant cash transactions between the Company and The Coca-Cola Company:

	Third Quarter		First Nine Months	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Payments made by the Company to The Coca-Cola Company[1]	$ 552,154	$ 481,021	$ 1,544,872	$ 1,411,300
Payments made by The Coca-Cola Company to the Company	67,890	67,540	170,824	187,810

(1) This excludes acquisition related sub-bottling payments made by the Company to CCR (as defined below), a wholly owned subsidiary of The Coca-Cola Company, but includes the purchase price of certain additional BODYARMOR distribution rights, each as discussed below.

On January 1, 2022, the Company entered into an agreement to acquire $30.1 million of additional BODYARMOR distribution rights with an estimated useful life of 40 years.

More than 80% of the payments made by the Company to The Coca-Cola Company were for concentrate, syrup, sweetener and other finished goods products, which were recorded in cost of sales in the condensed consolidated statements of operations and represent the primary components of the soft drink products the Company manufactures and distributes. Payments made by the Company to The Coca-Cola Company also included payments for marketing programs associated with large, national customers managed by The Coca-Cola Company on behalf of the Company, which were recorded as a reduction to net sales in the condensed consolidated statements of operations. Other payments made by the Company to The Coca-Cola Company related to cold drink equipment parts, fees associated with the rights to distribute certain brands and other customary items.

Payments made by The Coca-Cola Company to the Company included annual funding in connection with the Company's agreement to support certain business initiatives developed by The Coca-Cola Company and funding associated with the delivery of post-mix products to various customers, both of which were recorded as a reduction to cost of sales in the condensed consolidated statements of operations. Post-mix products are dispensed through equipment that mixes fountain syrups with carbonated or still water, enabling fountain retailers to sell finished products to consumers in cups or glasses. Payments made by The Coca-Cola Company to the Company also included transportation services and fountain product delivery and equipment repair services performed by the Company on The Coca-Cola Company's equipment, all of which were recorded in net sales in the condensed consolidated statements of operations.

Coca-Cola Refreshments USA, Inc. ("CCR")

The Company, The Coca-Cola Company and CCR entered into comprehensive beverage agreements (collectively, the "CBA"), related to a multi-year series of transactions, which were completed in October 2017, through which the Company acquired and exchanged distribution territories and manufacturing plants (the "System Transformation"). The CBA requires the Company to make quarterly acquisition related sub-bottling payments to CCR on a continuing basis in exchange for the grant of exclusive rights to distribute, promote, market and sell the authorized brands of The Coca-Cola Company and related products in certain distribution territories the Company acquired from CCR. These acquisition related sub-bottling payments are based on gross profit derived from the Company’s sales of certain beverages and beverage products that are sold under the same trademarks that identify a covered beverage, a beverage product or certain cross-licensed brands applicable to the System Transformation.

Acquisition related sub-bottling payments to CCR were $21.0 million in the first nine months of 2023 and $28.4 million in the first nine months of 2022. The following table summarizes the liability recorded by the Company to reflect the estimated fair value of contingent consideration related to future expected acquisition related sub-bottling payments to CCR:

(in thousands)	September 29, 2023	December 31, 2022
Current portion of acquisition related contingent consideration	$ 55,355	$ 40,060
Noncurrent portion of acquisition related contingent consideration	550,295	501,431
Total acquisition related contingent consideration	**$ 605,650**	**$ 541,491**

Southeastern Container (“Southeastern”)

The Company is a shareholder of Southeastern, a plastic bottle manufacturing cooperative. The Company accounts for Southeastern as an equity method investment. The Company’s investment in Southeastern, which was classified as other assets in the condensed consolidated balance sheets, was $21.8 million as of September 29, 2023 and $21.2 million as of December 31, 2022.

South Atlantic Canners, Inc. (“SAC”)

The Company is a shareholder of SAC, a manufacturing cooperative located in Bishopville, South Carolina. All of SAC’s shareholders are Coca-Cola bottlers and each has equal voting rights. The Company accounts for SAC as an equity method investment. The Company’s investment in SAC, which was classified as other assets in the condensed consolidated balance sheets, was $14.9 million as of September 29, 2023 and $8.2 million as of December 31, 2022. The Company also guarantees a portion of SAC’s debt; see Note 20 for additional information.

The Company receives a fee for managing the day-to-day operations of SAC pursuant to a management agreement. Proceeds from management fees received from SAC, which were recorded as a reduction to cost of sales in the condensed consolidated statements of operations, were $6.9 million in the first nine months of 2023 and $6.7 million in the first nine months of 2022.

Coca-Cola Bottlers’ Sales & Services Company LLC (“CCBSS”)

Along with all other Coca-Cola bottlers in the United States and Canada, the Company is a member of CCBSS, a company formed to provide certain procurement and other services with the intention of enhancing the efficiency and competitiveness of the Coca-Cola bottling system. The Company accounts for CCBSS as an equity method investment and its investment in CCBSS is not material.

CCBSS negotiates the procurement for the majority of the Company’s raw materials, excluding concentrate, and the Company receives a rebate from CCBSS for the purchase of these raw materials. The Company had rebates due from CCBSS of $19.5 million on September 29, 2023 and $25.7 million on December 31, 2022, which were classified as accounts receivable, other in the condensed consolidated balance sheets. Changes in rebates receivable relate to volatility in raw material prices and the timing of cash receipts of rebates.

CONA Services LLC (“CONA”)

Along with certain other Coca-Cola bottlers, the Company is a member of CONA, an entity formed to provide business process and information technology services to its members. The Company accounts for CONA as an equity method investment. The Company’s investment in CONA, which was classified as other assets in the condensed consolidated balance sheets, was $20.6 million as of September 29, 2023 and $16.9 million as of December 31, 2022.

Pursuant to an amended and restated master services agreement with CONA, the Company is authorized to use the Coke One North America system (the “CONA System”), a uniform information technology system developed to promote operational efficiency and uniformity among North American Coca-Cola bottlers. In exchange for the Company’s rights to use the CONA System and receive CONA-related services, it is charged service fees by CONA. The Company incurred service fees to CONA of $20.6 million in the first nine months of 2023 and $19.9 million in the first nine months of 2022.

Related Party Leases

The Company leases its headquarters office facility and an adjacent office facility in Charlotte, North Carolina from Beacon Investment Corporation, of which J. Frank Harrison, III is the majority stockholder and Morgan H. Everett, Vice Chair of the Company's Board of Directors, is a minority stockholder. The annual base rent the Company is obligated to pay under this lease is subject to an adjustment for an inflation factor and the lease expires on December 31, 2029. The principal balance outstanding under this lease was $23.2 million on September 29, 2023 and $25.5 million on December 31, 2022.

A summary of rental payments for related party leases for the third quarter and the first nine months of 2023 and 2022 is as follows:

	Third Quarter		First Nine Months	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Company headquarters	$ 983	$ 963	$ 2,949	$ 2,890
Snyder Production Center[1]	—	—	—	927

(1) The lease for the Snyder Production Center and an adjacent sales facility in Charlotte, North Carolina (together, the "Snyder Production Center") was terminated during the first quarter of 2022 in connection with the purchase of the Snyder Production Center by CCBCC Operations, LLC, a wholly owned subsidiary of the Company.

Long-Term Performance Equity Plan

The Long-Term Performance Equity Plan compensates J. Frank Harrison, III based on the Company's performance. Awards granted to Mr. Harrison under the Long-Term Performance Equity Plan are earned based on the Company's attainment during a performance period of certain performance measures, each as specified by the Compensation Committee of the Company's Board of Directors. These awards may be settled in cash and/or shares of the Company's Class B Common Stock, based on the average of the closing prices of shares of the Company's Common Stock during the last 20 trading days of the performance period. Compensation expense for the Long-Term Performance Equity Plan, which was included in selling, delivery and administrative ("SD&A") expenses in the condensed consolidated statements of operations, was $2.3 million in both the third quarter of 2023 and the third quarter of 2022 and $8.0 million and $7.9 million in the first nine months of 2023 and the first nine months of 2022, respectively.

3. Revenue Recognition

The Company's sales are divided into two main categories: (i) bottle/can sales and (ii) other sales. Bottle/can sales include products packaged primarily in plastic bottles and aluminum cans. Bottle/can net pricing is based on the invoice price charged to customers reduced by any promotional allowances. Bottle/can net pricing per unit is impacted by the price charged per package, the sales volume generated for each package and the channels in which those packages are sold. Other sales include sales to other Coca-Cola bottlers, post-mix sales, transportation revenue and equipment maintenance revenue.

The Company's contracts are derived from customer orders, including customer sales incentives, generated through an order processing and replenishment model. Generally, the Company's service contracts and contracts related to the delivery of specifically identifiable products have a single performance obligation. Revenues do not include sales or other taxes collected from customers. The Company has defined its performance obligations for its contracts as either at a point in time or over time. Bottle/can sales, sales to other Coca-Cola bottlers and post-mix sales are recognized when control transfers to a customer, which is generally upon delivery and is considered a single point in time ("point in time"). Point in time sales accounted for approximately 98% of the Company's net sales in the first nine months of 2023 and approximately 97% of the Company's net sales in the first nine months of 2022.

Other sales, which include revenue for service fees related to the repair of cold drink equipment and delivery fees for freight hauling and brokerage services, are recognized over time ("over time"). Revenues related to cold drink equipment repair are recognized as the respective services are completed using a cost-to-cost input method. Repair services are generally completed in less than one day but can extend up to one month. Revenues related to freight hauling and brokerage services are recognized as the delivery occurs using a miles driven output method. Generally, delivery occurs and freight charges are recognized in the same day. Over time sales orders open at the end of a financial period are not material to the condensed consolidated financial statements.

The following table represents a disaggregation of revenue from contracts with customers:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Point in time net sales:				
Nonalcoholic Beverages - point in time	$ 1,677,221	$ 1,587,771	$ 4,911,999	$ 4,500,277
Total point in time net sales	**$ 1,677,221**	**$ 1,587,771**	**$ 4,911,999**	**$ 4,500,277**
Over time net sales:				
Nonalcoholic Beverages - over time	$ 13,839	$ 12,294	$ 39,335	$ 35,023
All Other - over time	21,368	28,524	71,568	92,862
Total over time net sales	**$ 35,207**	**$ 40,818**	**$ 110,903**	**$ 127,885**
Total net sales	**$ 1,712,428**	**$ 1,628,589**	**$ 5,022,902**	**$ 4,628,162**

The Company's allowance for doubtful accounts in the condensed consolidated balance sheets includes a reserve for customer returns and an allowance for credit losses. The Company experiences customer returns primarily as a result of damaged or out-of-date product. At any given time, the Company estimates less than 1% of bottle/can sales and post-mix sales could be at risk for return by customers. Returned product is recognized as a reduction to net sales. The Company's reserve for customer returns was $4.1 million as of September 29, 2023 and $3.0 million as of December 31, 2022.

The Company estimates an allowance for credit losses, based on historic days' sales outstanding trends, aged customer balances, previously written-off balances and expected recoveries up to balances previously written off, in order to present the net amount expected to be collected. Accounts receivable balances are written off when determined uncollectible and are recognized as a reduction to the allowance for credit losses. Following is a summary of activity for the allowance for credit losses during the first nine months of 2023 and the first nine months of 2022:

	First Nine Months	
(in thousands)	2023	2022
Beginning balance - allowance for credit losses	**$ 13,119**	**$ 14,336**
Additions charged to expenses and as a reduction to net sales	4,268	1,987
Deductions	(3,328)	(3,706)
Ending balance - allowance for credit losses	**$ 14,059**	**$ 12,617**

4. Segments

The Company evaluates segment reporting in accordance with FASB Accounting Standards Codification Topic 280, Segment Reporting, each reporting period, including evaluating the reporting package reviewed by the Chief Operating Decision Maker (the "CODM"). The Company has concluded the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, as a group, represent the CODM. Asset information is not provided to the CODM.

The Company believes three operating segments exist. Nonalcoholic Beverages represents the vast majority of the Company's consolidated net sales and income from operations. The additional two operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate, and, therefore, have been combined into "All Other."

The Company's segment results are as follows:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Net sales:				
Nonalcoholic Beverages	$ 1,691,060	$ 1,600,065	$ 4,951,334	$ 4,535,300
All Other	93,636	101,136	281,186	303,209
Eliminations(1)	(72,268)	(72,612)	(209,618)	(210,347)
Consolidated net sales	**$ 1,712,428**	**$ 1,628,589**	**$ 5,022,902**	**$ 4,628,162**

(1) The entire net sales elimination represents net sales from the All Other segment to the Nonalcoholic Beverages segment. Sales between these segments are recognized at either fair market value or cost depending on the nature of the transaction.

(in thousands)	Third Quarter 2023	Third Quarter 2022	First Nine Months 2023	First Nine Months 2022
Income from operations:				
Nonalcoholic Beverages	$ 217,405	$ 189,218	$ 661,395	$ 467,788
All Other	(1,145)	712	(5,411)	420
Consolidated income from operations	**$ 216,260**	**$ 189,930**	**$ 655,984**	**$ 468,208**
Depreciation and amortization:				
Nonalcoholic Beverages	$ 41,003	$ 39,578	$ 122,262	$ 119,635
All Other	3,108	2,953	9,034	8,748
Consolidated depreciation and amortization	**$ 44,111**	**$ 42,531**	**$ 131,296**	**$ 128,383**

5. Net Income Per Share

The following table sets forth the computation of basic net income per share and diluted net income per share under the two-class method:

(in thousands, except per share data)	Third Quarter 2023	Third Quarter 2022	First Nine Months 2023	First Nine Months 2022
Numerator for basic and diluted net income per Common Stock and Class B Common Stock share:				
Net income	$ 92,093	$ 118,761	$ 332,539	$ 311,713
Less dividends:				
Common Stock	4,184	2,092	37,660	5,970
Class B Common Stock	503	251	4,522	1,060
Total undistributed earnings	**$ 87,406**	**$ 116,418**	**$ 290,357**	**$ 304,683**
Common Stock undistributed earnings – basic	$ 78,035	$ 103,937	$ 259,227	$ 261,064
Class B Common Stock undistributed earnings – basic	9,371	12,481	31,130	43,619
Total undistributed earnings – basic	**$ 87,406**	**$ 116,418**	**$ 290,357**	**$ 304,683**
Common Stock undistributed earnings – diluted	$ 77,861	$ 103,583	$ 258,565	$ 260,065
Class B Common Stock undistributed earnings – diluted	9,545	12,835	31,792	44,618
Total undistributed earnings – diluted	**$ 87,406**	**$ 116,418**	**$ 290,357**	**$ 304,683**
Numerator for basic net income per Common Stock share:				
Dividends on Common Stock	$ 4,184	$ 2,092	$ 37,660	$ 5,970
Common Stock undistributed earnings – basic	78,035	103,937	259,227	261,064
Numerator for basic net income per Common Stock share	**$ 82,219**	**$ 106,029**	**$ 296,887**	**$ 267,034**
Numerator for basic net income per Class B Common Stock share:				
Dividends on Class B Common Stock	$ 503	$ 251	$ 4,522	$ 1,060
Class B Common Stock undistributed earnings – basic	9,371	12,481	31,130	43,619
Numerator for basic net income per Class B Common Stock share	**$ 9,874**	**$ 12,732**	**$ 35,652**	**$ 44,679**
Numerator for diluted net income per Common Stock share:				
Dividends on Common Stock	$ 4,184	$ 2,092	$ 37,660	$ 5,970
Dividends on Class B Common Stock assumed converted to Common Stock	503	251	4,522	1,060
Common Stock undistributed earnings – diluted	87,406	116,418	290,357	304,683
Numerator for diluted net income per Common Stock share	**$ 92,093**	**$ 118,761**	**$ 332,539**	**$ 311,713**
Numerator for diluted net income per Class B Common Stock share:				
Dividends on Class B Common Stock	$ 503	$ 251	$ 4,522	$ 1,060
Class B Common Stock undistributed earnings – diluted	9,545	12,835	31,792	44,618
Numerator for diluted net income per Class B Common Stock share	**$ 10,048**	**$ 13,086**	**$ 36,314**	**$ 45,678**

(in thousands, except per share data)	Third Quarter 2023	Third Quarter 2022	First Nine Months 2023	First Nine Months 2022
Denominator for basic net income per Common Stock and Class B Common Stock share:				
Common Stock weighted average shares outstanding – basic	8,369	8,369	8,369	8,032
Class B Common Stock weighted average shares outstanding – basic	1,005	1,005	1,005	1,342
Denominator for diluted net income per Common Stock and Class B Common Stock share:				
Common Stock weighted average shares outstanding – diluted (assumes conversion of Class B Common Stock to Common Stock)	9,395	9,406	9,398	9,410
Class B Common Stock weighted average shares outstanding – diluted	1,026	1,037	1,029	1,378
Basic net income per share:				
Common Stock	$ 9.82	$ 12.67	$ 35.47	$ 33.25
Class B Common Stock	$ 9.82	$ 12.67	$ 35.47	$ 33.29
Diluted net income per share:				
Common Stock	$ 9.80	$ 12.63	$ 35.38	$ 33.13
Class B Common Stock	$ 9.79	$ 12.62	$ 35.29	$ 33.15

NOTES TO TABLE

(1) For purposes of the diluted net income per share computation for Common Stock, all shares of Class B Common Stock are assumed to be converted; therefore, 100% of undistributed earnings is allocated to Common Stock.

(2) For purposes of the diluted net income per share computation for Class B Common Stock, weighted average shares of Class B Common Stock are assumed to be outstanding for the entire period and not converted.

(3) For periods presented during which the Company has net income, the denominator for diluted net income per share for Common Stock and Class B Common Stock includes the dilutive effect of shares relative to the Long-Term Performance Equity Plan. For periods presented during which the Company has net loss, the unvested shares granted pursuant to the Long-Term Performance Equity Plan are excluded from the computation of diluted net loss per share, as the effect would have been anti-dilutive. See Note 2 for additional information on the Long-Term Performance Equity Plan.

(4) The Long-Term Performance Equity Plan awards may be settled in cash and/or shares of the Company's Class B Common Stock. Once an election has been made to settle an award in cash, the dilutive effect of shares relative to such award is prospectively removed from the denominator in the computation of diluted net income per share.

(5) The Company did not have anti-dilutive shares for any periods presented.

6. Inventories

Inventories consisted of the following:

(in thousands)	September 29, 2023	December 31, 2022
Finished products	$ 211,128	$ 211,089
Manufacturing materials	63,939	89,300
Plastic shells, plastic pallets and other inventories	45,334	47,156
Total inventories	**$ 320,401**	**$ 347,545**

7. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(in thousands)	September 29, 2023	December 31, 2022
Repair parts	$ 35,304	$ 35,088
Prepaid software	8,629	7,398
Prepaid taxes	6,918	7,829
Prepaid marketing	5,499	4,303
Commodity hedges at fair market value	1,080	4,808
Other prepaid expenses and other current assets	33,879	34,837
Total prepaid expenses and other current assets	**$ 91,309**	**$ 94,263**

8. Property, Plant and Equipment, Net

The principal categories and estimated useful lives of property, plant and equipment, net were as follows:

(in thousands)	September 29, 2023	December 31, 2022	Estimated Useful Lives
Land	$ 99,790	$ 88,185	
Buildings	354,509	352,114	8-50 years
Machinery and equipment	483,003	462,640	5-20 years
Transportation equipment	538,446	515,752	3-20 years
Furniture and fixtures	101,327	102,099	3-10 years
Cold drink dispensing equipment	441,132	438,879	3-17 years
Leasehold and land improvements	168,617	177,940	5-20 years
Software for internal use	48,670	48,581	3-10 years
Construction in progress	106,878	103,803	
Total property, plant and equipment, at cost	**2,342,372**	**2,289,993**	
Less: Accumulated depreciation and amortization	1,137,529	1,106,263	
Property, plant and equipment, net	**$ 1,204,843**	**$ 1,183,730**	

9. Leases

Following is a summary of the weighted average remaining lease term and the weighted average discount rate for the Company's leases:

	September 29, 2023	December 31, 2022
Weighted average remaining lease term:		
Operating leases	6.8 years	7.2 years
Financing leases	3.7 years	4.3 years
Weighted average discount rate:		
Operating leases	3.7 %	3.6 %
Financing leases	5.2 %	5.2 %

Following is a summary of the Company's leases within the condensed consolidated statements of operations:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Operating lease costs	$ 8,293	$ 7,750	$ 24,871	$ 22,389
Short-term and variable leases	4,151	3,731	11,942	11,006
Depreciation expense from financing leases	413	411	1,235	1,903
Interest expense on financing lease obligations	109	139	346	753
Total lease cost	**$ 12,966**	**$ 12,031**	**$ 38,394**	**$ 36,051**

The future minimum lease payments related to the Company's leases include renewal options the Company has determined to be reasonably certain and exclude payments to landlords for real estate taxes and common area maintenance. Following is a summary of future minimum lease payments for all noncancelable operating leases and financing leases as of September 29, 2023:

(in thousands)	Operating Leases	Financing Leases
Remainder of 2023	$ 7,690	$ 692
2024	28,915	2,808
2025	22,940	2,869
2026	19,773	1,233
2027	17,487	338
Thereafter	51,741	965
Total minimum lease payments including interest	**$ 148,546**	**$ 8,905**
Less: Amounts representing interest	18,894	795
Present value of minimum lease principal payments	**129,652**	**8,110**
Less: Current portion of lease liabilities	26,074	2,440
Noncurrent portion of lease liabilities	**$ 103,578**	**$ 5,670**

Following is a summary of future minimum lease payments for all noncancelable operating leases and financing leases as of December 31, 2022:

(in thousands)	Operating Leases	Financing Leases
2023	$ 31,697	$ 2,750
2024	27,663	2,808
2025	21,628	2,869
2026	19,036	1,233
2027	17,227	338
Thereafter	51,372	966
Total minimum lease payments including interest	**$ 168,623**	**$ 10,964**
Less: Amounts representing interest	22,225	1,142
Present value of minimum lease principal payments	**146,398**	**9,822**
Less: Current portion of lease liabilities	27,635	2,303
Noncurrent portion of lease liabilities	**$ 118,763**	**$ 7,519**

Following is a summary of the Company’s leases within the condensed consolidated statements of cash flows:

	First Nine Months	
(in thousands)	2023	2022
Cash flows from operating activities impact:		
Operating leases	$ 24,666	$ 21,502
Interest payments on financing lease obligations	346	753
Total cash flows from operating activities impact	**$ 25,012**	**$ 22,255**
Cash flows from financing activities impact:		
Principal payments on financing lease obligations	$ 1,712	$ 2,441
Total cash flows from financing activities impact	**$ 1,712**	**$ 2,441**

10. Distribution Agreements, Net

Distribution agreements, net, which are amortized on a straight-line basis and have an estimated useful life of 20 to 40 years, consisted of the following:

(in thousands)	September 29, 2023	December 31, 2022
Distribution agreements at cost	$ 990,191	$ 990,191
Less: Accumulated amortization	166,825	148,156
Distribution agreements, net	**$ 823,366**	**$ 842,035**

Following is a summary of activity for distribution agreements, net during the first nine months of 2023 and the first nine months of 2022:

	First Nine Months	
(in thousands)	2023	2022
Beginning balance - distribution agreements, net	**$ 842,035**	**$ 836,777**
Other distribution agreements	—	30,149
Additional accumulated amortization	(18,669)	(18,669)
Ending balance - distribution agreements, net	**$ 823,366**	**$ 848,257**

11. Customer Lists, Net

Customer lists, net, which are amortized on a straight-line basis and have an estimated useful life of five to 12 years, consisted of the following:

(in thousands)	September 29, 2023	December 31, 2022
Customer lists at cost	$ 25,288	$ 25,288
Less: Accumulated amortization	17,384	16,123
Customer lists, net	**$ 7,904**	**$ 9,165**

12. Supply Chain Finance Program

The Company has an agreement with a third-party financial institution to facilitate a supply chain finance (“SCF”) program, which allows qualifying suppliers to sell their receivables from the Company to the financial institution. The participating suppliers negotiate their outstanding receivable arrangements and associated fees directly with the financial institution, and the Company is not party to those agreements. Once a qualifying supplier elects to participate in the SCF program and reaches an agreement with the financial institution, the supplier elects which individual Company invoices it sells to the financial institution. The supplier invoices that have been confirmed as valid under the SCF program require payment in full by the financial institution to the supplier by the original maturity date of the invoice, or discounted payment at an earlier date as agreed upon with the supplier. The Company’s obligations to its suppliers, including amounts due and scheduled payment terms, are not impacted by a supplier’s participation in the SCF program.

All outstanding amounts related to suppliers participating in the SCF program are recorded in accounts payable, trade in the condensed consolidated balance sheets, and associated payments are included in operating activities in the condensed consolidated statements of cash flows. The Company’s outstanding confirmed obligations included in accounts payable, trade in the condensed consolidated balance sheets were $50.5 million as of September 29, 2023 and $44.2 million as of December 31, 2022.

13. Other Accrued Liabilities

Other accrued liabilities consisted of the following:

(in thousands)	September 29, 2023	December 31, 2022
Current portion of acquisition related contingent consideration	$ 55,355	$ 40,060
Accrued insurance costs	54,025	54,180
Accrued marketing costs	38,179	33,375
Employee and retiree benefit plan accruals	33,986	31,711
Accrued taxes (other than income taxes)	8,076	7,127
All other accrued expenses	29,080	31,847
Total other accrued liabilities	**$ 218,701**	**$ 198,300**

14. Commodity Derivative Instruments

The Company is subject to the risk of increased costs arising from adverse changes in certain commodity prices. In the normal course of business, the Company manages this risk through a variety of strategies, including the use of commodity derivative instruments. The Company does not use commodity derivative instruments for trading or speculative purposes. These commodity derivative instruments are not designated as hedging instruments under GAAP and are used as “economic hedges” to manage certain commodity price risk. The Company uses several different financial institutions for commodity derivative instruments to minimize the concentration of credit risk. While the Company would be exposed to credit loss in the event of nonperformance by these counterparties, the Company does not anticipate nonperformance by these counterparties.

Commodity derivative instruments held by the Company are marked to market on a monthly basis and are recognized in earnings consistent with the expense classification of the underlying hedged item. The Company generally pays a fee for these commodity derivative instruments, which is amortized over the corresponding period of each commodity derivative instrument. Settlements of commodity derivative instruments are included in cash flows from operating activities in the condensed consolidated statements of cash flows. The following table summarizes pre-tax changes in the fair values of the Company's commodity derivative instruments and the classification of such changes in the condensed consolidated statements of operations:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Cost of sales	$ (25)	$ 1,100	$ (1,517)	$ (5,069)
Selling, delivery and administrative expenses	703	(4,711)	(2,211)	2,512
Total gain (loss)	**$ 678**	**$ (3,611)**	**$ (3,728)**	**$ (2,557)**

All commodity derivative instruments are recorded at fair value as either assets or liabilities in the condensed consolidated balance sheets. The Company has master agreements with the counterparties to its commodity derivative instruments that provide for net settlement of derivative transactions. Accordingly, the net amounts of derivative assets are recognized in either prepaid expenses and other current assets or other assets in the condensed consolidated balance sheets and the net amounts of derivative liabilities are recognized in either other accrued liabilities or other liabilities in the condensed consolidated balance sheets. The following table summarizes the fair values of the Company's commodity derivative instruments and the classification of such instruments in the condensed consolidated balance sheets:

(in thousands)	September 29, 2023	December 31, 2022
Prepaid expenses and other current assets	$ 1,080	$ 4,808
Total assets	**$ 1,080**	**$ 4,808**

The following table summarizes the Company's gross commodity derivative instrument assets and gross commodity derivative instrument liabilities in the condensed consolidated balance sheets:

(in thousands)	September 29, 2023	December 31, 2022
Gross commodity derivative instrument assets	$ 1,080	$ 4,808
Gross commodity derivative instrument liabilities	—	—

The following table summarizes the Company's outstanding commodity derivative instruments:

(in thousands)	September 29, 2023	December 31, 2022
Notional amount of outstanding commodity derivative instruments	$ 20,076	$ 61,128
Latest maturity date of outstanding commodity derivative instruments	December 2023	December 2023

15. Fair Values of Financial Instruments

GAAP requires assets and liabilities carried at fair value to be classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The below methods and assumptions were used by the Company in estimating the fair values of its financial instruments. There were no transfers of assets or liabilities between levels in any period presented.

Financial Instrument	Fair Value Level	Methods and Assumptions
Deferred compensation plan assets and liabilities	Level 1	The fair value of the Company's nonqualified deferred compensation plan for certain executives and other highly compensated employees is based on the fair values of associated assets and liabilities, which are held in mutual funds and are based on the quoted market values of the securities held within the mutual funds.
Commodity derivative instruments	Level 2	The fair values of the Company's commodity derivative instruments are based on current settlement values at each balance sheet date, which represent the estimated amounts the Company would have received or paid upon termination of these instruments. The Company's credit risk related to the commodity derivative instruments is managed by requiring high standards for its counterparties and periodic settlements. The Company considers nonperformance risk in determining the fair values of commodity derivative instruments.
Long-term debt	Level 2	The carrying amounts of the Company's variable rate debt approximate the fair values due to variable interest rates with short reset periods. The fair values of the Company's fixed rate debt are based on estimated current market prices.
Acquisition related contingent consideration	Level 3	The fair value of the Company's acquisition related contingent consideration is based on internal forecasts and the weighted average cost of capital ("WACC") derived from market data.

The following tables summarize the carrying amounts and the fair values by level of the Company's deferred compensation plan assets and liabilities, commodity derivative instruments, long-term debt and acquisition related contingent consideration:

	September 29, 2023				
(in thousands)	Carrying Amount	Total Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets:					
Deferred compensation plan assets	$ 58,817	$ 58,817	$ 58,817	$ —	$ —
Commodity derivative instruments	1,080	1,080	—	1,080	—
Liabilities:					
Deferred compensation plan liabilities	58,817	58,817	58,817	—	—
Long-term debt	599,123	568,900	—	568,900	—
Acquisition related contingent consideration	605,650	605,650	—	—	605,650

	December 31, 2022				
(in thousands)	Carrying Amount	Total Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets:					
Deferred compensation plan assets	$ 51,257	$ 51,257	$ 51,257	$ —	$ —
Commodity derivative instruments	4,808	4,808	—	4,808	—
Liabilities:					
Deferred compensation plan liabilities	51,257	51,257	51,257	—	—
Long-term debt	598,817	575,900	—	575,900	—
Acquisition related contingent consideration	541,491	541,491	—	—	541,491

The acquisition related contingent consideration was valued using a probability weighted discounted cash flow model based on internal forecasts and the WACC derived from market data, which are considered Level 3 inputs. Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the distribution territories subject to acquisition related sub-bottling payments to fair value by discounting future expected acquisition related sub-bottling payments required under the CBA using the Company's estimated WACC.

The future expected acquisition related sub-bottling payments extend through the life of the related distribution assets acquired in each distribution territory, which is generally 40 years. As a result, the fair value of the acquisition related contingent consideration liability is impacted by the Company's WACC, management's estimate of the acquisition related sub-bottling payments that will be made in the future under the CBA, and current acquisition related sub-bottling payments (all Level 3 inputs). Changes in any of these Level 3 inputs, particularly the underlying risk-free interest rate used to estimate the Company's

WACC, could result in material changes to the fair value of the acquisition related contingent consideration liability and could materially impact the amount of non-cash expense (or income) recorded each reporting period.

The acquisition related contingent consideration liability is the Company's only Level 3 asset or liability. A summary of the Level 3 activity is as follows:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Beginning balance - Level 3 liability	**$ 594,389**	**$ 522,259**	**$ 541,491**	**$ 542,105**
Payments of acquisition related contingent consideration	(7,603)	(9,711)	(20,979)	(28,421)
Reclassification to current payables	—	1,800	(900)	2,100
Increase in fair value	18,864	22,568	86,038	21,132
Ending balance - Level 3 liability	**$ 605,650**	**$ 536,916**	**$ 605,650**	**$ 536,916**

As of September 29, 2023 and September 30, 2022, discount rates of 9.2% and 9.3%, respectively, were utilized in the valuation of the Company's acquisition related contingent consideration liability. The increase in the fair value of the acquisition related contingent consideration liability in the first nine months of 2023 was primarily driven by higher projections of future cash flows in the distribution territories subject to acquisition related sub-bottling payments. This fair value adjustment was recorded in other expense, net in the condensed consolidated statement of operations for the first nine months of 2023.

For the next five future years, the Company anticipates that the amount it could pay annually under the acquisition related contingent consideration arrangements for the distribution territories subject to acquisition related sub-bottling payments will be in the range of approximately $45 million to $65 million.

16. Income Taxes

The Company's effective income tax rate was 25.3% for the first nine months of 2023 and 25.7% for the first nine months of 2022. The Company's income tax expense was $112.4 million for the first nine months of 2023 and $107.9 million for the first nine months of 2022. The increase in income tax expense was primarily attributable to higher income before taxes during the first nine months of 2023 compared to the first nine months of 2022.

The Company had uncertain tax positions, including accrued interest, of $0.4 million on September 29, 2023 and $0.3 million on December 31, 2022, all of which would affect the Company's effective income tax rate if recognized. While it is expected the amount of uncertain tax positions may change in the next 12 months, the Company does not expect such change would have a material impact on the condensed consolidated financial statements.

Prior tax years beginning in year 2019 remain open to examination by the Internal Revenue Service, and various tax years beginning in year 1999 remain open to examination by certain state tax jurisdictions due to loss carryforwards.

17. Pension and Postretirement Benefit Obligations

Pension Plans

The Company has historically sponsored two pension plans. The primary Company-sponsored pension plan (the "Primary Plan") was frozen as of June 30, 2006 and no benefits accrued to participants after that date. The second Company-sponsored pension plan (the "Bargaining Plan") is for certain employees under collective bargaining agreements. Benefits under the Bargaining Plan are determined in accordance with negotiated formulas for the respective participants. Contributions to the plans are based on actuarially determined amounts and are limited to the amounts currently deductible for income tax purposes.

In 2022, the Company began the process of terminating the Primary Plan. In connection with the termination process, the Company offered a lump sum benefit payout option to certain plan participants. During the second quarter of 2023, payments were made to those participants who selected the lump sum benefit payout option. The Company recognized a settlement expense of $39.8 million in the second quarter of 2023 related primarily to pre-tax actuarial losses associated with the lump sum benefit payments that were reclassified out of accumulated other comprehensive income (loss).

The remaining assets of the Primary Plan were used to purchase a group annuity contract that transferred the remaining Primary Plan benefit liabilities to an insurance company during the third quarter of 2023. Upon full settlement of the Primary Plan benefit liabilities, the remainder of the gross actuarial losses associated with the Primary Plan were reclassified out of accumulated other comprehensive income (loss), resulting in a settlement expense of $77.3 million during the third quarter of 2023. There was no remaining liability for the unfunded portion of the Primary Plan as of September 29, 2023.

As of September 29, 2023, there were no gross actuarial losses included in accumulated other comprehensive income (loss) associated with the Primary Plan. As of December 31, 2022, there were approximately $117 million of gross actuarial losses included in accumulated other comprehensive income (loss) associated with the Primary Plan.

The components of total pension expense were as follows:

	Third Quarter		First Nine Months	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Service cost	$ 1,099	$ 1,860	$ 3,298	$ 5,581
Interest cost	517	2,659	7,533	7,977
Expected return on plan assets	(609)	(2,036)	(6,437)	(6,107)
Recognized net actuarial loss	—	989	1,946	2,966
Amortization of prior service cost	4	—	12	—
Net periodic pension cost	**1,011**	**3,472**	**6,352**	**10,417**
Settlement expense	77,319	—	117,096	—
Total pension expense	**$ 78,330**	**$ 3,472**	**$ 123,448**	**$ 10,417**

The Company contributed $12.0 million to fund the termination of the Primary Plan during the first nine months of 2023. The Company contributed $4.3 million to the Bargaining Plan during the first nine months of 2023 to fund the ongoing projected benefit obligation of the Bargaining Plan. The Company does not anticipate making additional contributions to the Bargaining Plan during the fourth quarter of 2023.

Postretirement Benefits

The Company provides postretirement benefits for employees meeting specified qualifying criteria. The Company recognizes the cost of postretirement benefits, which consist principally of medical benefits, during employees' periods of active service. The Company does not prefund these benefits and has the right to modify or terminate certain of these benefits in the future.

The components of net periodic postretirement benefit cost were as follows:

	Third Quarter		First Nine Months	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Service cost	$ 294	$ 383	$ 882	$ 1,150
Interest cost	697	474	2,092	1,423
Recognized net actuarial loss	—	92	—	275
Net periodic postretirement benefit cost	**$ 991**	**$ 949**	**$ 2,974**	**$ 2,848**

18. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	**September 29, 2023**	**December 31, 2022**
Noncurrent portion of acquisition related contingent consideration	$ 550,295	$ 501,431
Accruals for executive benefit plans	143,503	137,771
Noncurrent deferred proceeds from related parties	100,942	103,240
Other	8,809	10,915
Total other liabilities	**$ 803,549**	**$ 753,357**

19. Long-Term Debt

Following is a summary of the Company's long-term debt:

(in thousands)	Maturity Date	Interest Rate	Interest Paid	Public/ Nonpublic	September 29, 2023	December 31, 2022
Senior bonds[1]	11/25/2025	3.80%	Semi-annually	Public	$ 350,000	$ 350,000
Revolving credit facility[2][3]	7/9/2026	Variable	Varies	Nonpublic	—	—
Senior notes	10/10/2026	3.93%	Quarterly	Nonpublic	100,000	100,000
Senior notes	3/21/2030	3.96%	Quarterly	Nonpublic	150,000	150,000
Unamortized discount on senior bonds[1]	11/25/2025				(19)	(26)
Debt issuance costs					(858)	(1,157)
Total long-term debt					**$ 599,123**	**$ 598,817**

(1) The senior bonds due in 2025 were issued at 99.975% of par.
(2) The Company's revolving credit facility has an aggregate maximum borrowing capacity of $500 million. The Company currently believes all banks participating in the revolving credit facility have the ability to and will meet any funding requests from the Company.
(3) During the first nine months of 2023, the Company amended its revolving credit facility to complete the transition of the interest rate index from the London InterBank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR), as contemplated in the revolving credit facility.

The Company mitigates its financing risk by using multiple financial institutions and only entering into credit arrangements with institutions with investment grade credit ratings. The Company monitors counterparty credit ratings on an ongoing basis.

The indenture under which the Company's senior bonds were issued does not include financial covenants, but does limit the incurrence of certain liens and encumbrances as well as indebtedness by the Company's subsidiaries in excess of certain amounts. The agreements under which the Company's nonpublic debt was issued include two financial covenants: a consolidated cash flow/fixed charges ratio and a consolidated funded indebtedness/cash flow ratio, each as defined in the respective agreement. The Company was in compliance with these covenants as of September 29, 2023. These covenants have not restricted, and are not expected to restrict, the Company's liquidity or capital resources.

All outstanding long-term debt has been issued by the Company and none has been issued by any of its subsidiaries. There are no guarantees of the Company's long-term debt.

20. Commitments and Contingencies

Manufacturing Cooperatives

The Company is obligated to purchase at least 80% of its requirements of plastic bottles for certain designated territories from Southeastern. The Company is also obligated to purchase 17.5 million cases of finished product from SAC on an annual basis through June 2024. The Company purchased 19.3 million cases and 20.1 million cases of finished product from SAC in the first nine months of 2023 and the first nine months of 2022, respectively.

The following table summarizes the Company's purchases from these manufacturing cooperatives:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Purchases from Southeastern	$ 31,087	$ 40,358	$ 113,673	$ 113,626
Purchases from SAC	47,505	48,585	150,217	144,513
Total purchases from manufacturing cooperatives	**$ 78,592**	**$ 88,943**	**$ 263,890**	**$ 258,139**

The Company guarantees a portion of SAC's debt, which expires in 2028. The amount guaranteed was $9.5 million on both September 29, 2023 and December 31, 2022. In the event SAC fails to fulfill its commitments under the related debt, the Company would be responsible for payment to the lenders up to the level of the guarantee. The Company does not anticipate SAC will fail to fulfill its commitments related to the debt. The Company further believes SAC has sufficient assets, including production equipment, facilities and working capital, and the ability to adjust the selling prices of its products to adequately mitigate the risk of material loss relating to the Company's guarantee.

The Company holds no assets as collateral against the SAC guarantee, the fair value of which is immaterial to the condensed consolidated financial statements. The Company monitors its investment in SAC and would be required to write down its investment if an impairment, other than a temporary impairment, was identified. No impairment of the Company's investment in SAC was identified as of September 29, 2023, and there was no impairment identified in 2022.

Other Commitments and Contingencies

The Company has standby letters of credit, primarily related to its property and casualty insurance programs. These letters of credit totaled $37.6 million on both September 29, 2023 and December 31, 2022.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. As of September 29, 2023, the future payments related to these contractual arrangements, which expire at various dates through 2033, amounted to $137.3 million.

The Company is involved in various claims and legal proceedings which have arisen in the ordinary course of its business. Although it is difficult to predict the ultimate outcome of these claims and legal proceedings, management believes the ultimate disposition of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company. No material amount of loss in excess of recorded amounts is believed to be reasonably possible as a result of these claims and legal proceedings.

The Company is subject to audits by tax authorities in jurisdictions where it conducts business. These audits may result in assessments that are subsequently resolved with the authorities or potentially through the courts. Management believes the Company has adequately provided for any assessments likely to result from these audits; however, final assessments, if any, could be different than the amounts recorded in the condensed consolidated financial statements.

21. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) ("AOCI(L)") is comprised of adjustments to the Company's pension and postretirement medical benefit plans and the foreign currency translation for a subsidiary of the Company that performs data analysis and formerly provided consulting services outside the United States.

Following is a summary of AOCI(L) for the third quarter of 2023 and the third quarter of 2022:

(in thousands)	June 30, 2023	Pre-tax Activity	Tax Effect	September 29, 2023
Net pension activity:				
Actuarial loss	$ (72,626)	$ 1,567	$ (384)	$ (71,443)
Prior service costs	(99)	4	(1)	(96)
Pension plan settlement[1]	30,041	77,319	(36,202)	71,158
Net postretirement benefits activity:				
Actuarial gain	6,752	—	—	6,752
Prior service costs	(624)	—	—	(624)
Reclassification of stranded tax effects[1]	(19,720)	—	14,911	(4,809)
Total AOCI(L)	**$ (56,276)**	**$ 78,890**	**$ (21,676)**	**$ 938**

[1] The stranded tax effect activity for the third quarter of 2023 is associated with the full settlement of the Primary Plan benefit liabilities.

(in thousands)	July 1, 2022	Pre-tax Activity	Tax Effect	September 30, 2022
Net pension activity:				
Actuarial loss	$ (77,391)	$ 989	$ (243)	$ (76,645)
Prior service credits	11	—	—	11
Net postretirement benefits activity:				
Actuarial loss	(1,101)	92	(23)	(1,032)
Prior service costs	(624)	—	—	(624)
Foreign currency translation adjustment	(9)	—	—	(9)
Reclassification of stranded tax effects	(19,720)	—	—	(19,720)
Total AOCI(L)	**$ (98,834)**	**$ 1,081**	**$ (266)**	**$ (98,019)**

Following is a summary of AOCI(L) for the first nine months of 2023 and the first nine months of 2022:

(in thousands)	December 31, 2022	Pre-tax Activity	Tax Effect	September 29, 2023
Net pension activity:				
Actuarial loss	$ (71,140)	$ (401)	$ 98	$ (71,443)
Prior service costs	(105)	12	(3)	(96)
Pension plan settlement	—	117,096	(45,938)	71,158
Net postretirement benefits activity:				
Actuarial gain	6,752	—	—	6,752
Prior service costs	(624)	—	—	(624)
Reclassification of stranded tax effects	(19,720)	—	14,911	(4,809)
Total AOCI(L)	**$ (84,837)**	**$ 116,707**	**$ (30,932)**	**$ 938**

(in thousands)	December 31, 2021	Pre-tax Activity	Tax Effect	September 30, 2022
Net pension activity:				
Actuarial loss	$ (78,882)	$ 2,966	$ (729)	$ (76,645)
Prior service credits	11	—	—	11
Net postretirement benefits activity:				
Actuarial loss	(1,239)	275	(68)	(1,032)
Prior service costs	(624)	—	—	(624)
Foreign currency translation adjustment	(9)	—	—	(9)
Reclassification of stranded tax effects	(19,720)	—	—	(19,720)
Total AOCI(L)	**$ (100,463)**	**$ 3,241**	**$ (797)**	**$ (98,019)**

22. Supplemental Disclosures of Cash Flow Information

Changes in current assets and current liabilities affecting cash were as follows:

	First Nine Months	
(in thousands)	2023	2022
Accounts receivable, trade	$ (26,086)	$ (84,756)
Allowance for doubtful accounts	2,015	(1,719)
Accounts receivable from The Coca-Cola Company	(19,911)	10,992
Accounts receivable, other	1,779	(36,290)
Inventories	27,144	(10,848)
Prepaid expenses and other current assets	2,954	(13,891)
Accounts payable, trade	7,628	18,927
Accounts payable to The Coca-Cola Company	17,904	44,214
Other accrued liabilities	20,401	(780)
Accrued compensation	(1,202)	10,698
Accrued interest payable	3,165	1,796
Change in current assets less current liabilities	**$ 35,791**	**$ (61,657)**

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations of Coca-Cola Consolidated, Inc., a Delaware corporation (together with its majority-owned subsidiaries, the "Company," "we," "us" or "our"), is intended to help the reader understand our financial condition and results of operations and is provided as an addition to, and should be read in conjunction with, our condensed consolidated financial statements and the accompanying notes to the condensed consolidated financial statements. The condensed consolidated financial statements include the accounts and the consolidated operations of the Company and its majority-owned subsidiaries. All comparisons are to the corresponding period in the prior year unless specified otherwise.

Each of the Company's quarters, other than the fourth quarter, ends on the Friday closest to the last day of the corresponding quarterly calendar period. The Company's fourth quarter and fiscal year end on December 31 regardless of the day of the week on which December 31 falls. The condensed consolidated financial statements presented are:

- The financial position as of September 29, 2023 and December 31, 2022.
- The results of operations, comprehensive income and changes in stockholders' equity for the three-month periods ended September 29, 2023 (the "third quarter" of fiscal 2023 ("2023")) and September 30, 2022 (the "third quarter" of fiscal 2022 ("2022")) and the nine-month periods ended September 29, 2023 (the "first nine months" of 2023) and September 30, 2022 (the "first nine months" of 2022).
- The changes in cash flows for the first nine months of 2023 and the first nine months of 2022.

Our Business and the Nonalcoholic Beverage Industry

We distribute, market and manufacture nonalcoholic beverages in territories spanning 14 states and the District of Columbia. The Company was incorporated in 1980 and, together with its predecessors, has been in the nonalcoholic beverage manufacturing and distribution business since 1902. We are the largest Coca-Cola bottler in the United States. Approximately 85% of our total bottle/can sales volume to retail customers consists of products of The Coca-Cola Company, which include some of the most recognized and popular beverage brands in the world. We also distribute products for several other beverage companies, including Keurig Dr Pepper Inc. ("Dr Pepper") and Monster Energy Company. Our Purpose is to honor God in all we do, to serve others, to pursue excellence and to grow profitably. Our Common Stock is traded on The Nasdaq Global Select Market under the symbol "COKE."

We offer a range of nonalcoholic beverage products and flavors, including both sparkling and still beverages, designed to meet the demands of our consumers. Sparkling beverages are carbonated beverages and the Company's principal sparkling beverage is Coca-Cola. Still beverages include energy products and noncarbonated beverages such as bottled water, ready to drink tea, ready to drink coffee, enhanced water, juices and sports drinks.

Our sales are divided into two main categories: (i) bottle/can sales and (ii) other sales. Bottle/can sales include products packaged primarily in plastic bottles and aluminum cans. Bottle/can net pricing is based on the invoice price charged to customers reduced by any promotional allowances. Bottle/can net pricing per unit is impacted by the price charged per package, the sales volume generated for each package and the channels in which those packages are sold. Other sales include sales to other Coca-Cola bottlers, post-mix sales, transportation revenue and equipment maintenance revenue. Post-mix products are dispensed through equipment that mixes fountain syrups with carbonated or still water, enabling fountain retailers to sell finished products to consumers in cups or glasses.

The Company's products are sold and distributed in the United States through various channels, which include selling directly to customers, including grocery stores, mass merchandise stores, club stores, convenience stores and drug stores, selling to on-premise locations, where products are typically consumed immediately, such as restaurants, schools, amusement parks and recreational facilities, and selling through other channels such as vending machine outlets.

The nonalcoholic beverage industry is highly competitive for both sparkling and still beverages. Our competitors include bottlers and distributors of nationally and regionally advertised and marketed products, as well as bottlers and distributors of private label beverages. Our principal competitors include local bottlers of PepsiCo, Inc. products and, in some regions, local bottlers of Dr Pepper products.

The principal methods of competition in the nonalcoholic beverage industry are new brand and product introductions, point-of-sale merchandising, new vending and dispensing equipment, packaging changes, pricing, sales promotions, product quality, retail space management, customer service, frequency of distribution and advertising. We believe we are competitive in our territories with respect to these methods of competition.

Business seasonality results primarily from higher unit sales of the Company’s products in the second and third quarters of the fiscal year, as sales of our products are typically correlated with warmer weather. We believe that we and other manufacturers from whom we purchase finished products have adequate production capacity to meet sales demand for sparkling and still beverages during these peak periods. Sales volume can also be impacted by weather conditions. Fixed costs, such as depreciation expense, are not significantly impacted by business seasonality.

Executive Summary

Net sales increased 5% to $1.71 billion in the third quarter of 2023 and increased 9% to $5.02 billion in the first nine months of 2023. Our net sales growth moderated during the third quarter from levels achieved in the first six months of 2023, as we partially cycled price increases taken across our product portfolio within the third quarter of 2022. We expect sales growth to slow further in the fourth quarter as we fully cycle 2022 price increases. Sales at our on-premise outlets were strong during the quarter. We continued to drive solid sales growth within our Club and Value channel stores, while sales growth related to our take-home packages sold in larger retail stores declined.

Standard physical case volume declined 1.4% in the third quarter of 2023 and decreased 2.8% in the first nine months of 2023. Sparkling category volume was up slightly during the third quarter, while Still volume declined 5.4%. In the first nine months of 2023, Sparkling volume declined 1.3% and Still volume was down 6.9%.

Gross profit in the third quarter of 2023 was $661.6 million, an increase of $40.4 million, or 7%, while gross margin improved 50 basis points to 38.6%. The improvement in gross profit resulted primarily from higher prices for our products while prices for certain commodities remained stable. Gross profit in the first nine months of 2023 was $1.96 billion, an increase of $277.9 million, or 17%.

Selling, delivery and administrative (“SD&A”) expenses in the third quarter of 2023 increased $14.1 million, or 3%. SD&A expenses as a percentage of net sales decreased 50 basis points to 26.0% in the third quarter of 2023. The rate of increase in SD&A expenses slowed during the third quarter, as we hurdled certain compensation and benefits adjustments made in the prior year and we focused on effectively controlling our discretionary spending in a number of SD&A categories. SD&A expenses in the first nine months of 2023 increased $90.1 million, or 7%. SD&A expenses as a percentage of net sales in the first nine months of 2023 decreased 30 basis points to 25.9% as compared to the first nine months of 2022.

Income from operations in the third quarter of 2023 was $216.3 million, compared to $189.9 million in the third quarter of 2022, an increase of 14%. On an adjusted basis, as defined in the “Adjusted Results (Non-GAAP)” section, income from operations in the third quarter of 2023 increased 11% as compared to the third quarter of 2022. Operating margin for the third quarter of 2023 was 12.6% as compared to 11.7% in the third quarter of 2022, an increase of 90 basis points.

Net income in the third quarter of 2023 was $92.1 million, compared to $118.8 million in the third quarter of 2022, a decline of $26.7 million. On an adjusted basis, net income in the third quarter of 2023 was $164.3 million, compared to $138.8 million in the third quarter of 2022, an increase of $25.6 million.

Third quarter net income was adversely impacted by routine, non-cash fair value adjustments to our acquisition related contingent consideration liability, driven primarily by changes in future cash flow projections used to compute the fair value of the liability. Third quarter net income also included a non-cash charge of $77.3 million related to the full settlement of our primary pension plan benefit liabilities. During the first nine months of 2023, the Company recognized a non-cash charge of $117.1 million related to the full settlement of the primary pension plan benefit liabilities.

Income tax expense for the third quarter of 2023 was $28.9 million, compared to $40.3 million in the third quarter of 2022. The effective income tax rate for the first nine months of 2023 was 25.3%, compared to 25.7% for the first nine months of 2022. For the third quarter of 2023, basic net income per share was $9.82 and adjusted basic net income per share was $17.53. For the first nine months of 2023, basic net income per share was $35.47 and adjusted basic net income per share was $52.19.

Cash flows provided by operations for the first nine months of 2023 were $644.5 million, compared to $394.3 million for the first nine months of 2022. Cash flows from operations reflected our strong operating performance and the timing of certain working capital payments and receipts during the third quarter. In the first nine months of 2023, we invested $152.3 million in capital expenditures as we continue to optimize our supply chain and invest for future growth. In fiscal year 2023, we expect our capital expenditures to be between $250 million and $300 million.

Areas of Emphasis

Key priorities for the Company include commercial execution, revenue management, supply chain optimization and cash flow generation.

Commercial Execution: Our success is dependent on our ability to execute our commercial strategy within our customers' stores. Our ability to obtain shelf space within stores and remain in-stock across our portfolio of brands and packages in a profitable manner will have a significant impact on our results. We are focused on execution at every step in our supply chain, including raw material and finished product procurement, manufacturing conversion, transportation, warehousing and distribution, to ensure in-store execution can occur. We continue to invest in tools and technology to enable our teammates to operate more effectively and efficiently with our customers and to drive long-term value in our business.

Revenue Management: Our revenue management strategy focuses on pricing our brands and packages optimally within product categories and channels, creating effective working relationships with our customers and making disciplined fact-based decisions. Pricing decisions are made considering a variety of factors, including brand strength, competitive environment, input costs, the roles certain brands play in our product portfolio and other market conditions.

Supply Chain Optimization: We are continually focused on optimizing our supply chain, which includes identifying nearby warehousing and distribution operations that can be consolidated into new facilities to increase capacity, expand production capabilities, reduce overall production costs and add automation to allow the Company to better serve its customers and consumers.

Cash Flow Generation: We have several initiatives in place to optimize cash flow, improve profitability and prudently manage capital expenditures. We believe strengthening our balance sheet gives us the flexibility to make optimal capital allocation decisions for long-term value creation.

Results of Operations

Third Quarter Results

The Company's results of operations for the third quarter of 2023 and the third quarter of 2022 are highlighted in the table below and discussed in the following paragraphs.

	Third Quarter		
(in thousands)	**2023**	**2022**	**Change**
Net sales	$ 1,712,428	$ 1,628,589	$ 83,839
Cost of sales	1,050,878	1,007,482	43,396
Gross profit	661,550	621,107	40,443
Selling, delivery and administrative expenses	445,290	431,177	14,113
Income from operations	216,260	189,930	26,330
Interest (income) expense, net	(1,516)	6,083	(7,599)
Pension plan settlement expense	77,319	—	77,319
Other expense, net	19,473	24,746	(5,273)
Income before taxes	120,984	159,101	(38,117)
Income tax expense	28,891	40,340	(11,449)
Net income	92,093	118,761	(26,668)
Other comprehensive income, net of tax	57,214	815	56,399
Comprehensive income	**$ 149,307**	**$ 119,576**	**$ 29,731**

Net Sales

Net sales increased $83.8 million, or 5.1%, to $1.71 billion in the third quarter of 2023, as compared to $1.63 billion in the third quarter of 2022. The largest driver of the increase in net sales was higher average bottle/can sales price per unit charged to retail customers, which increased net sales by approximately $95 million. The increase in net sales was partially offset by lower case sales volume as compared to the third quarter of 2022, which decreased net sales by approximately $25 million.

Net sales by product category were as follows:

(in thousands)	Third Quarter 2023	Third Quarter 2022	% Change
Bottle/can sales:			
Sparkling beverages	$ 977,663	$ 917,162	6.6 %
Still beverages	575,954	548,333	5.0 %
Total bottle/can sales	**1,553,617**	**1,465,495**	**6.0 %**
Other sales:			
Sales to other Coca-Cola bottlers	87,710	83,644	4.9 %
Post-mix sales and other	71,101	79,450	(10.5) %
Total other sales	**158,811**	**163,094**	**(2.6) %**
Total net sales	**$ 1,712,428**	**$ 1,628,589**	**5.1 %**

Product category sales volume of standard physical cases (as defined below) and the percentage change by product category were as follows:

(in thousands)	Third Quarter 2023	Third Quarter 2022	% Change
Bottle/can sales volume:			
Sparkling beverages	66,251	66,134	0.2 %
Still beverages	25,546	27,007	(5.4) %
Total bottle/can sales volume	**91,797**	**93,141**	**(1.4) %**

A standard physical case is a volume metric used to standardize differing package configurations in order to measure delivered cases on an equivalent basis. As the Company evaluates its volume metrics, it reassesses the way in which physical case volume is measured, which may lead to differences from previously presented results in order to conform with current period standard volume measurement techniques, as used by management. Any differences are not material.

Cost of Sales

Inputs representing a substantial portion of the Company's cost of sales include: (i) purchases of finished products, (ii) raw material costs, including aluminum cans, plastic bottles, carbon dioxide and sweetener, (iii) concentrate costs and (iv) manufacturing costs, including labor, overhead and warehouse costs. In addition, cost of sales includes shipping, handling and fuel costs related to the movement of finished products from manufacturing plants to distribution centers, amortization expense of distribution rights, distribution fees of certain products and marketing credits from brand companies. Raw material costs represent approximately 20% of total cost of sales on an annual basis.

Cost of sales increased $43.4 million, or 4.3%, to $1.05 billion in the third quarter of 2023, as compared to $1.01 billion in the third quarter of 2022. The increase in cost of sales was driven by higher manufacturing costs, which increased cost of sales by approximately $50 million. The increase in cost of sales was partially offset by lower case sales volume as compared to the third quarter of 2022, which decreased cost of sales by approximately $15 million.

The Company relies extensively on advertising and sales promotions in the marketing of its products. The Coca-Cola Company and other beverage companies that supply concentrates, syrups and finished products to the Company make substantial marketing and advertising expenditures, including national advertising programs, to develop their brand identities and to promote sales in the Company's territories. Certain of these marketing and advertising expenditures are made pursuant to annual arrangements. Total marketing funding support from The Coca-Cola Company and other beverage companies, which includes both direct payments to the Company and payments to customers for marketing programs, was $43.2 million in the third quarter of 2023 and $39.6 million in the third quarter of 2022.

Selling, Delivery and Administrative Expenses

SD&A expenses include the following: sales management labor costs, distribution costs resulting from transporting finished products from distribution centers to customer locations, distribution center overhead including depreciation expense, distribution center warehousing costs, delivery vehicles and cold drink equipment, point-of-sale expenses, advertising expenses, cold drink equipment repair costs, amortization of intangible assets and administrative support labor and operating costs.

SD&A expenses increased $14.1 million, or 3.3%, to $445.3 million in the third quarter of 2023, as compared to $431.2 million in the third quarter of 2022. SD&A expenses as a percentage of net sales decreased to 26.0% in the third quarter of 2023 from 26.5% in the third quarter of 2022. Of the increase in SD&A expenses, approximately $10 million was driven by an increase in labor costs related primarily to certain compensation and benefits adjustments. In addition, approximately $4 million of the increase was driven by an increase in commitments to various charities and donor-advised funds in light of the Company's financial performance.

Interest (Income) Expense, Net

Interest (income) expense, net changed $7.6 million, or 124.9%, to $1.5 million of interest income, net in the third quarter of 2023, as compared to $6.1 million of interest expense, net in the third quarter of 2022. The change in interest (income) expense, net was primarily a result of an increase in interest income due to higher cash and cash equivalent balances and increased yields as compared to the third quarter of 2022.

Pension Plan Settlement Expense

During the third quarter of 2023, the Company recognized a non-cash charge of $77.3 million related to the full settlement of the primary Company-sponsored pension plan (the "Primary Plan") benefit liabilities, which was recorded as pension plan settlement expense in the condensed consolidated statement of operations. The charge related primarily to a reclassification of actuarial losses from accumulated other comprehensive income (loss). As of September 29, 2023, there were no gross actuarial losses included in accumulated other comprehensive income (loss) associated with the Primary Plan. As of December 31, 2022, there were approximately $117 million of gross actuarial losses included in accumulated other comprehensive income (loss) associated with the Primary Plan. See Note 17 to the condensed consolidated financial statements for additional information related to the Company's pension plans.

Other Expense, Net

Other expense, net decreased $5.3 million to $19.5 million in the third quarter of 2023, as compared to $24.7 million in the third quarter of 2022. The decrease in other expense, net was primarily driven by changes in the fair value of the acquisition related contingent consideration liability.

Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the distribution territories subject to acquisition related sub-bottling payments to fair value. The fair value is determined by discounting future expected acquisition related sub-bottling payments required under the Company's comprehensive beverage agreements, which extend through the life of the related distribution assets acquired in each distribution territory, using the Company's estimated weighted average cost of capital ("WACC"), which is impacted by many factors, including long-term interest rates and future cash flow projections. The life of these distribution assets is generally 40 years. The Company is required to pay the current portion of the acquisition related sub-bottling payments on a quarterly basis.

The change in the fair value of the acquisition related contingent consideration liability in the third quarter of 2023 as compared to the third quarter of 2022 was driven by changes in projections of future cash flows in the distribution territories subject to acquisition related sub-bottling payments, as well as changes in the discount rate used to calculate fair value.

Income Tax Expense

The Company's effective income tax rate was 23.9% for the third quarter of 2023 and 25.4% for the third quarter of 2022. The Company's income tax expense decreased $11.4 million, or 28.4%, to $28.9 million for the third quarter of 2023, as compared to $40.3 million for the third quarter of 2022. The decrease in income tax expense was primarily attributable to lower income before taxes during the third quarter of 2023 compared to the third quarter of 2022.

Other Comprehensive Income, Net of Tax

Other comprehensive income, net of tax was $57.2 million in the third quarter of 2023 and $0.8 million in the third quarter of 2022. As noted in the discussion of pension plan settlement expense above, the Company recognized a significant non-cash charge during the third quarter of 2023 related to the full settlement of the Primary Plan benefit liabilities. A corresponding benefit was recognized within other comprehensive income, net of tax due to the reclassification of certain previously recognized actuarial losses from accumulated other comprehensive income (loss). See Note 17 to the condensed consolidated financial statements for additional information related to the Company's pension plans.

First Nine Months Results

Our results of operations for the first nine months of 2023 and the first nine months of 2022 are highlighted in the table below and discussed in the following paragraphs.

	First Nine Months		
(in thousands)	**2023**	**2022**	**Change**
Net sales	$ 5,022,902	$ 4,628,162	$ 394,740
Cost of sales	3,065,669	2,948,820	116,849
Gross profit	1,957,233	1,679,342	277,891
Selling, delivery and administrative expenses	1,301,249	1,211,134	90,115
Income from operations	655,984	468,208	187,776
Interest expense, net	2,766	20,928	(18,162)
Pension plan settlement expense	117,096	—	117,096
Other expense, net	91,184	27,666	63,518
Income before taxes	444,938	419,614	25,324
Income tax expense	112,399	107,901	4,498
Net income	332,539	311,713	20,826
Other comprehensive income, net of tax	85,775	2,444	83,331
Comprehensive income	**$ 418,314**	**$ 314,157**	**$ 104,157**

Net Sales

Net sales increased $394.7 million, or 8.5%, to $5.02 billion in the first nine months of 2023, as compared to $4.63 billion in the first nine months of 2022. The largest driver of the increase in net sales was higher average bottle/can sales price per unit charged to retail customers, which increased net sales by approximately $455 million. The increase in net sales was partially offset by lower case sales volume as compared to the first nine months of 2022, which decreased net sales by approximately $105 million.

Net sales by product category were as follows:

	First Nine Months		
(in thousands)	**2023**	**2022**	**% Change**
Bottle/can sales:			
Sparkling beverages	$ 2,892,106	$ 2,573,376	12.4 %
Still beverages	1,660,469	1,556,438	6.7 %
Total bottle/can sales	**4,552,575**	**4,129,814**	**10.2 %**
Other sales:			
Sales to other Coca-Cola bottlers	267,362	262,099	2.0 %
Post-mix sales and other	202,965	236,249	(14.1) %
Total other sales	**470,327**	**498,348**	**(5.6)%**
Total net sales	**$ 5,022,902**	**$ 4,628,162**	**8.5 %**

Product category sales volume of standard physical cases and the percentage change by product category were as follows:

	First Nine Months		
(in thousands)	**2023**	**2022**	**% Change**
Bottle/can sales volume:			
Sparkling beverages	195,395	197,887	(1.3) %
Still beverages	71,426	76,737	(6.9) %
Total bottle/can sales volume	**266,821**	**274,624**	**(2.8)%**

The following table summarizes the percentage of the Company's total bottle/can sales volume to its largest customers, as well as the percentage of the Company's total net sales that such volume represents:

	First Nine Months	
	2023	2022
Approximate percent of the Company's total bottle/can sales volume:		
Wal-Mart Stores, Inc.	21 %	20 %
The Kroger Company	12 %	12 %
Total approximate percent of the Company's total bottle/can sales volume	**33 %**	**32 %**
Approximate percent of the Company's total net sales:		
Wal-Mart Stores, Inc.	16 %	16 %
The Kroger Company	9 %	9 %
Total approximate percent of the Company's total net sales	**25 %**	**25 %**

Cost of Sales

Cost of sales increased $116.8 million, or 4.0%, to $3.07 billion in the first nine months of 2023, as compared to $2.95 billion in the first nine months of 2022. The increase in cost of sales was driven by higher manufacturing costs, which increased cost of sales by approximately $165 million. The increase in cost of sales was partially offset by lower case sales volume as compared to the first nine months of 2022, which decreased cost of sales by approximately $40 million.

Total marketing funding support from The Coca-Cola Company and other beverage companies was $126.3 million in the first nine months of 2023, as compared to $111.3 million in the first nine months of 2022.

Selling, Delivery and Administrative Expenses

SD&A expenses increased $90.1 million, or 7.4%, to $1.30 billion in the first nine months of 2023, as compared to $1.21 billion in the first nine months of 2022. SD&A expenses as a percentage of net sales decreased to 25.9% in the first nine months of 2023 from 26.2% in the first nine months of 2022. Of the increase in SD&A expenses, approximately $37 million was driven by an increase in labor costs related primarily to certain compensation and benefits adjustments. In addition, approximately $25 million of the increase was attributable to higher transportation costs, including fleet repairs, as well as changes in our fuel commodity hedge positions as compared to the first nine months of 2022. Approximately $13 million of the increase in SD&A expenses was driven by an increase in commitments to various charities and donor-advised funds in light of the Company's financial performance. The remaining increase in SD&A expenses was primarily driven by broad inflationary increases across a number of SD&A categories as compared to the first nine months of 2022.

Interest Expense, Net

Interest expense, net decreased $18.2 million, or 86.8%, to $2.8 million in the first nine months of 2023, as compared to $20.9 million in the first nine months of 2022. The decrease in interest expense, net was primarily a result of an increase in interest income due to higher cash and cash equivalent balances and increased yields as compared to the first nine months of 2022.

Pension Plan Settlement Expense

During the first nine months of 2023, the Company recognized a non-cash charge of $117.1 million related to the full settlement of the Primary Plan benefit liabilities, which was recorded as pension plan settlement expense in the condensed consolidated statement of operations. The charge related primarily to a reclassification of actuarial losses from accumulated other comprehensive income (loss). As of September 29, 2023, there were no gross actuarial losses included in accumulated other comprehensive income (loss) associated with the Primary Plan. As of December 31, 2022, there were approximately $117 million of gross actuarial losses included in accumulated other comprehensive income (loss) associated with the Primary Plan. See Note 17 to the condensed consolidated financial statements for additional information related to the Company's pension plans.

Other Expense, Net

Other expense, net increased $63.5 million to $91.2 million in the first nine months of 2023, as compared to $27.7 million in the first nine months of 2022. The increase in other expense, net was primarily driven by changes in the fair value of the acquisition related contingent consideration liability.

The change in the fair value of the acquisition related contingent consideration liability in the first nine months of 2023 as compared to the first nine months of 2022 was primarily driven by changes in the discount rate used to calculate fair value, as well as changes in projections of future cash flows in the distribution territories subject to acquisition related sub-bottling payments.

Income Tax Expense

The Company's effective income tax rate was 25.3% for the first nine months of 2023 and 25.7% for the first nine months of 2022. The Company's income tax expense increased $4.5 million, or 4.2%, to $112.4 million for the first nine months of 2023, as compared to $107.9 million for the first nine months of 2022. The increase in income tax expense was primarily attributable to higher income before taxes during the first nine months of 2023 compared to the first nine months of 2022.

Other Comprehensive Income, Net of Tax

Other comprehensive income, net of tax was $85.8 million in the first nine months of 2023 and $2.4 million in the first nine months of 2022. As noted in the discussion of pension plan settlement expense above, the Company recognized a significant non-cash charge during the first nine months of 2023 related to the full settlement of the Primary Plan benefit liabilities. A corresponding benefit was recognized within other comprehensive income, net of tax due to the reclassification of certain previously recognized actuarial losses from accumulated other comprehensive income (loss). See Note 17 to the condensed consolidated financial statements for additional information related to the Company's pension plans.

Segment Operating Results

The Company evaluates segment reporting in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 280, Segment Reporting, each reporting period, including evaluating the reporting package reviewed by the Chief Operating Decision Maker (the "CODM"). The Company has concluded the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, as a group, represent the CODM. Asset information is not provided to the CODM.

The Company believes three operating segments exist. Nonalcoholic Beverages represents the vast majority of the Company's consolidated net sales and income from operations. The additional two operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate, and, therefore, have been combined into "All Other."

The Company's segment results are as follows:

	Third Quarter		First Nine Months	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Net sales:				
Nonalcoholic Beverages	$ 1,691,060	$ 1,600,065	$ 4,951,334	$ 4,535,300
All Other	93,636	101,136	281,186	303,209
Eliminations[1]	(72,268)	(72,612)	(209,618)	(210,347)
Consolidated net sales	**$ 1,712,428**	**$ 1,628,589**	**$ 5,022,902**	**$ 4,628,162**
Income from operations:				
Nonalcoholic Beverages	$ 217,405	$ 189,218	$ 661,395	$ 467,788
All Other	(1,145)	712	(5,411)	420
Consolidated income from operations	**$ 216,260**	**$ 189,930**	**$ 655,984**	**$ 468,208**

(1) The entire net sales elimination represents net sales from the All Other segment to the Nonalcoholic Beverages segment. Sales between these segments are recognized at either fair market value or cost depending on the nature of the transaction.

Adjusted Results (Non-GAAP)

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). However, management believes that certain non-GAAP financial measures provide users of the financial statements with additional, meaningful financial information that should be considered, in addition to the measures reported in accordance with GAAP, when assessing the Company's ongoing performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. The Company's non-GAAP financial information does not represent a comprehensive basis of accounting.

The following tables reconcile reported results (GAAP) to adjusted results (non-GAAP):

	Third Quarter 2023					
(in thousands, except per share data)	**Gross profit**	**SD&A expenses**	**Income from operations**	**Income before taxes**	**Net income**	**Basic net income per share**
Reported results (GAAP)	**$ 661,550**	**$ 445,290**	**$ 216,260**	**$ 120,984**	**$ 92,093**	**$ 9.82**
Fair value adjustment of acquisition related contingent consideration[1]	—	—	—	18,864	14,212	1.51
Fair value adjustments for commodity derivative instruments[2]	25	703	(678)	(678)	(510)	(0.05)
Supply chain optimization[3]	419	—	419	419	315	0.03
Pension plan settlement expense[4]	—	—	—	77,319	58,225	6.22
Total reconciling items	**444**	**703**	**(259)**	**95,924**	**72,242**	**7.71**
Adjusted results (non-GAAP)	**$ 661,994**	**$ 445,993**	**$ 216,001**	**$ 216,908**	**$ 164,335**	**$ 17.53**

	Third Quarter 2022					
(in thousands, except per share data)	**Gross profit**	**SD&A expenses**	**Income from operations**	**Income before taxes**	**Net income**	**Basic net income per share**
Reported results (GAAP)	**$ 621,107**	**$ 431,177**	**$ 189,930**	**$ 159,101**	**$ 118,761**	**$ 12.67**
Fair value adjustment of acquisition related contingent consideration[1]	—	—	—	22,568	16,993	1.82
Fair value adjustments for commodity derivative instruments[2]	(1,100)	(4,711)	3,611	3,611	2,719	0.29
Supply chain optimization[3]	369	(6)	375	375	283	0.03
Total reconciling items	**(731)**	**(4,717)**	**3,986**	**26,554**	**19,995**	**2.14**
Adjusted results (non-GAAP)	**$ 620,376**	**$ 426,460**	**$ 193,916**	**$ 185,655**	**$ 138,756**	**$ 14.81**

	First Nine Months 2023					
(in thousands, except per share data)	**Gross profit**	**SD&A expenses**	**Income from operations**	**Income before taxes**	**Net income**	**Basic net income per share**
Reported results (GAAP)	**$ 1,957,233**	**$ 1,301,249**	**$ 655,984**	**$ 444,938**	**$ 332,539**	**$ 35.47**
Fair value adjustment of acquisition related contingent consideration[1]	—	—	—	86,038	64,787	6.91
Fair value adjustments for commodity derivative instruments[2]	1,517	(2,211)	3,728	3,728	2,807	0.30
Supply chain optimization[3]	1,242	—	1,242	1,242	935	0.10
Pension plan settlement expense[4]	—	—	—	117,096	88,173	9.41
Total reconciling items	**2,759**	**(2,211)**	**4,970**	**208,104**	**156,702**	**16.72**
Adjusted results (non-GAAP)	**$ 1,959,992**	**$ 1,299,038**	**$ 660,954**	**$ 653,042**	**$ 489,241**	**$ 52.19**

	First Nine Months 2022					
(in thousands, except per share data)	**Gross profit**	**SD&A expenses**	**Income from operations**	**Income before taxes**	**Net income**	**Basic net income per share**
Reported results (GAAP)	**$ 1,679,342**	**$ 1,211,134**	**$ 468,208**	**$ 419,614**	**$ 311,713**	**$ 33.25**
Fair value adjustment of acquisition related contingent consideration[1]	—	—	—	21,132	15,912	1.70
Fair value adjustments for commodity derivative instruments[2]	5,069	2,512	2,557	2,557	1,925	0.21
Supply chain optimization[3]	458	(78)	536	536	404	0.04
Total reconciling items	**5,527**	**2,434**	**3,093**	**24,225**	**18,241**	**1.95**
Adjusted results (non-GAAP)	**$ 1,684,869**	**$ 1,213,568**	**$ 471,301**	**$ 443,839**	**$ 329,954**	**$ 35.20**

Following is an explanation of non-GAAP adjustments:

(1) This non-cash, fair value adjustment of acquisition related contingent consideration fluctuates based on factors such as long-term interest rates and future cash flow projections of the distribution territories subject to acquisition related sub-bottling payments.

(2) The Company enters into commodity derivative instruments from time to time to hedge some or all of its projected purchases of aluminum, PET resin, diesel fuel and unleaded gasoline in order to mitigate commodity price risk. The Company accounts for its commodity derivative instruments on a mark-to-market basis.

(3) This adjustment reflects expenses within the Nonalcoholic Beverages segment as the Company continues to optimize efficiency opportunities across its business.

(4) This non-cash settlement expense relates to the termination of the Primary Plan during the second and third quarters of 2023.

Financial Condition

Total assets were $4.14 billion as of September 29, 2023, which was an increase of $431.7 million from December 31, 2022. Net working capital, defined as current assets less current liabilities, was $768.6 million as of September 29, 2023, which was an increase of $428.0 million from December 31, 2022.

Significant changes in net working capital as of September 29, 2023 as compared to December 31, 2022 were as follows:

- An increase in cash and cash equivalents of $418.6 million, primarily as a result of cash flows relating to our strong operating performance.
- An increase in accounts receivable, trade of $26.1 million, driven primarily by increased net sales and the timing of cash receipts.
- A decrease in inventories of $27.1 million, primarily due to lower inventory levels for certain manufacturing materials compared to December 31, 2022.
- A decrease in dividends payable of $32.8 million, primarily related to the payment of a special cash dividend during the first nine months of 2023.

Liquidity and Capital Resources

The Company's sources of capital include cash flows from operations, available credit facilities and the issuance of debt and equity securities. As of September 29, 2023, the Company had $616.2 million in cash and cash equivalents. The Company has obtained its long-term debt from public markets, private placements and bank facilities. Management believes the Company has sufficient sources of capital available to finance its business plan, to meet its working capital requirements and to maintain an appropriate level of capital spending for at least the next 12 months from the issuance of the condensed consolidated financial statements.

The Company’s long-term debt as of September 29, 2023 and December 31, 2022 was as follows:

(in thousands)	Maturity Date	September 29, 2023	December 31, 2022
Senior bonds and unamortized discount on senior bonds[1]	11/25/2025	$ 349,981	$ 349,974
Revolving credit facility[2][3]	7/9/2026	—	—
Senior notes	10/10/2026	100,000	100,000
Senior notes	3/21/2030	150,000	150,000
Debt issuance costs		(858)	(1,157)
Total long-term debt		**$ 599,123**	**$ 598,817**

(1) The senior bonds due in 2025 were issued at 99.975% of par.

(2) The Company’s revolving credit facility has an aggregate maximum borrowing capacity of $500 million. The Company currently believes all banks participating in the revolving credit facility have the ability to and will meet any funding requests from the Company.

(3) During the first nine months of 2023, the Company amended its revolving credit facility to complete the transition of the interest rate index from the London InterBank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR), as contemplated in the revolving credit facility.

The indenture under which the Company’s senior bonds were issued does not include financial covenants, but does limit the incurrence of certain liens and encumbrances as well as indebtedness by the Company’s subsidiaries in excess of certain amounts. The agreements under which the Company’s nonpublic debt was issued include two financial covenants: a consolidated cash flow/fixed charges ratio and a consolidated funded indebtedness/cash flow ratio, each as defined in the respective agreement. The Company was in compliance with these covenants as of September 29, 2023. These covenants have not restricted, and are not expected to restrict, the Company’s liquidity or capital resources.

All outstanding long-term debt has been issued by the Company and none has been issued by any of its subsidiaries. There are no guarantees of the Company’s long-term debt.

The Company’s credit ratings are reviewed periodically by certain nationally recognized rating agencies. Changes in the Company’s operating results or financial position could result in changes in the Company’s credit ratings. Lower credit ratings could result in higher borrowing costs for the Company or reduced access to capital markets, which could have a material adverse impact on the Company’s operating results or financial position. As of September 29, 2023, the Company’s credit ratings and outlook for its long-term debt were as follows:

	Credit Rating	Rating Outlook
Moody’s	Baa1	Stable
Standard & Poor’s	BBB+	Stable

The Company’s Board of Directors has declared, and the Company has paid, dividends on the Common Stock and the Class B Common Stock and each class of common stock has participated equally in all dividends each quarter for more than 25 years. The amount and frequency of future dividends will be determined by the Company’s Board of Directors in light of the earnings and financial condition of the Company at such time, and no assurance can be given that dividends will be declared or paid in the future.

We review supplier terms and conditions on an ongoing basis, and have negotiated payment term extensions in recent years in connection with our efforts to improve cash flow and working capital. Separate from those term extension actions, the Company has an agreement with a third-party financial institution to facilitate a supply chain finance (“SCF”) program, which allows qualifying suppliers to sell their receivables from the Company to the financial institution in order to negotiate shorter payment terms on outstanding receivable arrangements. The Company’s obligations to its suppliers, including amounts due and scheduled payment terms, are not impacted by a supplier’s participation in the SCF program. See Note 12 to the condensed consolidated financial statements for additional information related to the Company’s SCF program.

The Company's only Level 3 asset or liability is the acquisition related contingent consideration liability. There were no transfers from Level 1 or Level 2 in any period presented. Fair value adjustments were non-cash and, therefore, did not impact the Company's liquidity or capital resources. Following is a summary of the Level 3 activity:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Beginning balance - Level 3 liability	**$ 594,389**	**$ 522,259**	**$ 541,491**	**$ 542,105**
Payments of acquisition related contingent consideration	(7,603)	(9,711)	(20,979)	(28,421)
Reclassification to current payables	—	1,800	(900)	2,100
Increase in fair value	18,864	22,568	86,038	21,132
Ending balance - Level 3 liability	**$ 605,650**	**$ 536,916**	**$ 605,650**	**$ 536,916**

Cash Sources and Uses

A summary of cash-based activity is as follows:

	First Nine Months	
(in thousands)	2023	2022
Cash Sources:		
Net cash provided by operating activities[(1)]	$ 644,549	$ 394,309
Proceeds from the sale of property, plant and equipment	441	5,348
Total cash sources	**$ 644,990**	**$ 399,657**
Cash Uses:		
Additions to property, plant and equipment	$ 152,260	$ 183,929
Cash dividends paid	42,182	7,030
Payments of acquisition related contingent consideration	20,979	28,421
Payments on financing lease obligations	1,712	2,441
Acquisition of distribution rights	—	30,149
Payments on term loan facility and senior notes	—	125,000
Other	9,288	1,757
Total cash uses	**$ 226,421**	**$ 378,727**
Net increase in cash during period	**$ 418,569**	**$ 20,930**

(1) Net cash provided by operating activities in the first nine months of 2023 included net income tax payments of $146.5 million and pension plan contributions of $16.3 million. Net cash provided by operating activities in the first nine months of 2022 included net income tax payments of $96.5 million, pension plan contributions of $26.0 million and payment of deferred payroll taxes under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") of $18.7 million.

Cash Flows From Operating Activities

During the first nine months of 2023, cash provided by operating activities was $644.5 million, which was an increase of $250.2 million as compared to the first nine months of 2022. The cash flows from operations reflected our strong operating performance and the timing of certain working capital payments and receipts.

Cash Flows From Investing Activities

During the first nine months of 2023, cash used in investing activities was $160.9 million, which was a decrease of $49.4 million as compared to the first nine months of 2022. The decrease was primarily a result of additions to property, plant and equipment, which were $152.3 million during the first nine months of 2023 and $183.9 million during the first nine months of 2022. CCBCC Operations, LLC, a wholly owned subsidiary of the Company, purchased the Snyder Production Center and an adjacent sales facility in Charlotte, North Carolina during the first nine months of 2022 for a purchase price of $60.0 million, which was included in additions to property, plant and equipment for that period. There were $32.4 million and $20.0 million of additions to property, plant and equipment accrued in accounts payable, trade as of September 29, 2023 and September 30, 2022, respectively.

The additions to property, plant and equipment reflect the Company's focus on optimizing its supply chain and investing for future growth. The Company anticipates additions to property, plant and equipment in 2023 to be in the range of $250 million to

$300 million, with remaining anticipated expenditures in the fourth quarter of 2023 of approximately $100 million to $150 million.

The decrease in cash used in investing activities as compared to the first nine months of 2022 was also driven by the acquisition of $30.1 million of additional BODYARMOR distribution rights during the first nine months of 2022.

Cash Flows From Financing Activities

During the first nine months of 2023, cash used in financing activities was $65.1 million, which was a decrease of $98.0 million as compared to the first nine months of 2022. The decrease was primarily a result of the repayment of $125.0 million of debt during the first nine months of 2022. This was partially offset by dividend payments of $42.2 million during the first nine months of 2023 (which included a special cash dividend of $3.00 per share), as compared to $7.0 million during the first nine months of 2022.

The Company had cash payments for acquisition related contingent consideration of $21.0 million during the first nine months of 2023 and $28.4 million during the first nine months of 2022. For the next five future years, the Company anticipates that the amount it could pay annually under the acquisition related contingent consideration arrangements for the distribution territories subject to acquisition related sub-bottling payments will be in the range of approximately $45 million to $65 million.

Hedging Activities

The Company uses commodity derivative instruments to manage its exposure to fluctuations in certain commodity prices. Fees paid by the Company for commodity derivative instruments are amortized over the corresponding period of the instrument. The Company accounts for its commodity derivative instruments on a mark-to-market basis with any expense or income being reflected as an adjustment to cost of sales or SD&A expenses, consistent with the expense classification of the underlying hedged item.

The Company uses several different financial institutions for commodity derivative instruments to minimize the concentration of credit risk. The Company has master agreements with the counterparties to its commodity derivative instruments that provide for net settlement of derivative transactions. The net impact of the commodity derivative instruments on the condensed consolidated statements of operations was as follows:

	Third Quarter		First Nine Months	
(in thousands)	2023	2022	2023	2022
Increase in cost of sales	$ 786	$ 484	$ 3,770	$ 3,413
(Decrease) increase in SD&A expenses	(403)	683	5,226	(14,459)
Net impact	**$ 383**	**$ 1,167**	**$ 8,996**	**$ (11,046)**

Cautionary Note Regarding Forward-Looking Statements

Certain statements made in this report, or in other public filings, press releases, or other written or oral communications made by the Company, which are not historical facts, are forward-looking statements subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties which we expect will or may occur in the future and may impact our business, financial condition and results of operations. The words “anticipate,” “believe,” “expect,” “intend,” “project,” “may,” “will,” “should,” “could” and similar expressions are intended to identify those forward-looking statements. These forward-looking statements reflect the Company’s best judgment based on current information, and, although we base these statements on circumstances that we believe to be reasonable when made, there can be no assurance that future events will not affect the accuracy of such forward-looking information. As such, the forward-looking statements are not guarantees of future performance, and actual results may vary materially from the projected results and expectations discussed in this report. Factors that might cause the Company’s actual results to differ materially from those anticipated in forward-looking statements include, but are not limited to: increased costs (including due to inflation), disruption of supply or unavailability or shortages of raw materials, fuel and other supplies; the reliance on purchased finished products from external sources; changes in public and consumer perception and preferences, including concerns related to product safety and sustainability, artificial ingredients, brand reputation and obesity; the inability to attract and retain front-line employees in a tight labor market; changes in government regulations related to nonalcoholic beverages, including regulations related to obesity, public health, artificial ingredients and product safety and sustainability; decreases from historic levels of marketing funding support provided to us by The Coca-Cola Company and other beverage companies; material changes in the performance requirements for marketing funding support or our inability to meet such requirements; decreases from historic levels of advertising, marketing and product innovation spending by The Coca-Cola Company and other beverage companies, or advertising campaigns that are negatively perceived by the public; any failure of the several Coca-Cola system governance entities of which we are a participant to function efficiently or on our best behalf and any failure or delay of ours to receive anticipated benefits from these governance entities; provisions in our beverage distribution and manufacturing agreements with The Coca-Cola Company that could delay or prevent a change in control of us or a sale of our Coca-Cola distribution or manufacturing businesses; the concentration of our capital stock ownership; our inability to meet requirements under our beverage distribution and manufacturing agreements; changes in the inputs used to calculate our acquisition related contingent consideration liability; technology failures or cyberattacks on our technology systems or our effective response to technology failures or cyberattacks on our customers', suppliers' or other third parties' technology systems; unfavorable changes in the general economy; changes in our top customer relationships and marketing strategies; lower than expected net pricing of our products resulting from continued and increased customer and competitor consolidations and marketplace competition; the effect of changes in our level of debt, borrowing costs and credit ratings on our access to capital and credit markets, operating flexibility and ability to obtain additional financing to fund future needs; the failure to attract, train and retain qualified employees while controlling labor costs, and other labor issues; the failure to maintain productive relationships with our employees covered by collective bargaining agreements, including failing to renegotiate collective bargaining agreements; changes in accounting standards; our use of estimates and assumptions; changes in tax laws, disagreements with tax authorities or additional tax liabilities; changes in legal contingencies; natural disasters, changing weather patterns and unfavorable weather; climate change or legislative or regulatory responses to such change; the impact of the COVID-19 pandemic, any variants of the virus and any other similar pandemic or public health situation; and the risks discussed in "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for 2022 and elsewhere in this report.

Caution should be taken not to place undue reliance on the forward-looking statements included in this report. The Company assumes no obligation to update any forward-looking statements except as may be required by law. In evaluating forward-looking statements, these risks and uncertainties should be considered, together with the other risks described from time to time in the Company's reports and other filings with the United States Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Company is subject to interest rate risk on its revolving credit facility and did not have any outstanding borrowings on its revolving credit facility as of September 29, 2023. As such, assuming no changes in the Company's capital structure, if market interest rates average 1% more over the next 12 months than the interest rates as of September 29, 2023, there would be no change to interest expense for the next 12 months.

The Company's acquisition related contingent consideration liability, which is adjusted to fair value each reporting period, is also impacted by changes in interest rates. The risk-free interest rate used to estimate the Company's WACC is a component of the discount rate used to calculate the present value of future expected acquisition related sub-bottling payments due under the Company's comprehensive beverage agreements. As a result, any changes in the underlying risk-free interest rate could result in material changes to the fair value of the acquisition related contingent consideration liability and could materially impact the amount of non-cash expense (or income) recorded each reporting period. The Company estimates a 10-basis point change in the underlying risk-free interest rate used to estimate the Company's WACC would result in a change of approximately $6 million to the Company's acquisition related contingent consideration liability.

The Company is exposed to certain market risks and commodity price risk that arise in the ordinary course of business. The Company may enter into commodity derivative instruments to manage or reduce market risk. The Company does not use commodity derivative instruments for trading or speculative purposes.

The Company is also subject to commodity price risk arising from price movements for certain commodities included as part of its raw materials. The Company manages this commodity price risk in some cases by entering into contracts with adjustable prices to hedge commodity purchases. The Company periodically uses commodity derivative instruments in the management of this risk. The Company estimates a 10% increase in the market prices of commodities included as part of its raw materials over the current market prices would cumulatively increase costs during the next 12 months by approximately $70 million assuming no change in volume.

Fees paid by the Company for agreements to hedge commodity purchases are amortized over the corresponding period of the agreement. The Company accounts for its commodity derivative instruments on a mark-to-market basis with any expense or income being reflected as an adjustment to cost of sales or SD&A expenses, consistent with the expense classification of the underlying hedged item.

The rate of inflation in the United States, as measured by year-over-year changes in the Consumer Price Index (the “CPI”), was 3.7% in September 2023, as compared to 6.5% in December 2022 and 7.0% in December 2021. Inflation in the prices of those commodities important to the Company’s business is reflected in changes in the CPI, but commodity prices are volatile and in recent years have moved at a faster rate of change than the CPI.

The principal effect of inflation in both commodity and consumer prices on the Company’s operating results is to increase costs, both of goods sold and SD&A expenses. Although the Company can offset these cost increases by increasing selling prices for its products, consumers may not have the buying power to cover these increased costs and may reduce their volume of purchases of those products. In that event, selling price increases may not be sufficient to offset completely the Company’s cost increases.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s “disclosure controls and procedures” (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) pursuant to Rule 13a-15(b) of the Exchange Act. Based upon 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 29, 2023.

There has been no change in the Company’s internal control over financial reporting during the quarter ended September 29, 2023 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is involved in various claims and legal proceedings which have arisen in the ordinary course of its business. Although it is difficult to predict the ultimate outcome of these claims and legal proceedings, management believes the ultimate disposition of these matters will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company. No material amount of loss in excess of recorded amounts is believed to be reasonably possible as a result of these claims and legal proceedings.

Item 1A. Risk Factors.

There have been no material changes in the Company's risk factors from those disclosed in "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for 2022.

Item 5. Other Information.

Insider Trading Arrangements

During the quarter ended September 29, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits.

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
3.1	Restated Certificate of Incorporation of the Company.	Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 0-9286).
3.2	Certificate of Amendment to Restated Certificate of Incorporation of the Company.	Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 2, 2019 (File No. 0-9286).
3.3	Certificate of Amendment to Restated Certificate of Incorporation of the Company.	Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (File No. 0-9286).
3.4	Amended and Restated By-laws of the Company.	Exhibit 3.2 to the Company's Current Report on Form 8-K filed on January 2, 2019 (File No. 0-9286).
10.1*	Amendment No. 3, dated August 1, 2023, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Annual Bonus Plan, amended and restated effective as of January 1, 2018.	Filed herewith.
10.2*	Amendment No. 2, dated August 1, 2023, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long-Term Performance Plan, amended and restated effective as of January 1, 2018.	Filed herewith.
10.3*	Amendment No. 2, dated August 1, 2023, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long-Term Performance Equity Plan, adopted effective as of January 1, 2018.	Filed herewith.
10.4*	Coca-Cola Consolidated, Inc. Incentive-Based Compensation Recovery Policy.	Filed herewith.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
99	Coca-Cola Consolidated, Inc. Insider Trading Policy.	Filed herewith.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith.
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith.

* Indicates a management contract or compensatory plan or arrangement.

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.

		COCA-COLA CONSOLIDATED, INC. (REGISTRANT)
Date: November 1, 2023	By:	/s/ F. Scott Anthony
		F. Scott Anthony Executive Vice President and Chief Financial Officer (Principal Financial Officer of the Registrant)
Date: November 1, 2023	By:	/s/ Matthew J. Blickley
		Matthew J. Blickley Senior Vice President, Financial Planning and Chief Accounting Officer (Principal Accounting Officer of the Registrant)

AMENDMENT THREE
to the
COCA-COLA CONSOLIDATED, INC.
ANNUAL BONUS PLAN

THIS AMENDMENT THREE (this "Amendment") is executed this 1st day of August, 2023, by Coca-Cola Consolidated, Inc., a Delaware corporation. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Plan (as defined below).

WHEREAS, the Company maintains the Coca-Cola Consolidated, Inc. Annual Bonus Plan, as amended and restated effective January 1, 2018, as amended by that certain Omnibus Amendment dated September 6, 2019 and that certain Amendment Two dated February 22, 2021 (as amended, the "Plan"), to provide key management employees with incentive compensation to assist the Company in meeting and exceeding its annual business goals;

WHEREAS, pursuant to Paragraph 8(a) of the Plan, the Committee may amend the Plan at any time and from time to time; and

WHEREAS, the Committee has approved the amendments to the Plan set forth in this Amendment to (i) incorporate by reference into the Plan and any award under the Plan the terms and provisions of the Company's incentive-based compensation recovery policy and (ii) meet other current needs.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby amended as follows, all effective as of the date hereof:

1. Paragraph 6(i) of the Plan is amended to read as follows:

(i) **Total Disability, Retirement or Death during Fiscal Year**: In the event of the Total Disability, Retirement, or death of any Participant during any fiscal year, and in the event of the subsequent attainment of the Performance Measure applicable to such Participant, such Participant or such Participant's designated beneficiary or estate, as applicable, shall be entitled to receive no later than the March 15 next following the close of the fiscal year to which such award relates, a pro rata portion of the Participant's award based on the portion of the fiscal year completed through the date of the Participant's Total Disability, Retirement or death.

2. Paragraph 7(a) of the Plan is amended to read as follows:

(a) **Payment Date**: Except as provided in Subparagraph (b) of this Paragraph 7, awards shall be paid no later than the March 15 next following the close of the fiscal year to which such awards relate. In any event, the Committee shall provide written certification that the annual performance goals have been attained prior to any payments being made for any fiscal year.

3. Paragraph 13(e) of the Plan is amended to read as follows:

(e) **Recovery of Awards**: All incentive-based compensation received by any current or former Participant in the Plan shall be subject to recovery pursuant to the Coca-Cola Consolidated, Inc. Incentive-Based Compensation Recovery Policy, as amended, superseded or replaced from time to time (the "Policy"), the terms and provisions of which are incorporated by reference into this Plan, and each award under the Plan shall be deemed to include, as a condition to the award, an agreement by the Participant to abide by the terms of the Policy. Any award hereunder shall also be subject rights of recovery that may be available to the Company under applicable law, rule or regulation or pursuant to the terms of any other policy of the Company or any provision in any employment agreement.

4. Except as expressly or by necessary implication amended by this Amendment, the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed in its name and on its behalf by a duly authorized officer of the Company on the day and year first above written.

COCA-COLA CONSOLIDATED, INC.

By:	/s/ E. Beauregarde Fisher III
Officer's Name:	E. Beauregarde Fisher III
Officer's Title:	Executive Vice President, General Counsel and Secretary

Exhibit 10.2

AMENDMENT TWO

to the

COCA-COLA CONSOLIDATED, INC.
LONG-TERM PERFORMANCE PLAN

THIS AMENDMENT TWO (this "Amendment") is executed this 1st day of August, 2023, by Coca-Cola Consolidated, Inc., a Delaware corporation. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Plan (as defined below).

WHEREAS, the Company maintains the Coca-Cola Consolidated, Inc. Long-Term Performance Plan, as amended and restated effective January 1, 2018 and as further amended by that certain Omnibus Amendment dated September 6, 2019 (as amended, the "Plan"), to provide key management employees incentive-based compensation for achieving the Company's long term performance goals;

WHEREAS, pursuant to Section 7.1 of the Plan, the Committee reserved the right to amend the Plan at any time; and

WHEREAS, the Committee has approved the amendments to the Plan set forth in this Amendment to (i) eliminate the Company's ability to issue shares of the Common Stock in settlement of Awards under the Plan, (ii) incorporate by reference into the Plan and any Award the terms and provisions of the Company's incentive-based compensation recovery policy, and (iii) meet other current needs.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby amended as follows, all effective as of the date hereof:

1. Section 3.2(b) of the Plan is amended to read as follows:

(b) **Determination of Awards**: As soon as practicable (but not later than the first March 15) after the end of the Performance Period, the Committee shall certify whether and to what extent the Performance Measures have been met and what Incentive Awards have been earned, and shall notify each Participant of his or her entitlement, if any, to the payment of an Incentive Award.

2. Section 3.2(d) of the Plan is amended to read as follows:

(d) **Payment of Awards**: Except as otherwise provided in Section 3.2(f) following a Change in Control, Incentive Awards earned shall be paid no later than the March 15 next following the end of the applicable Performance Period. Incentive Awards may be paid in cash, in Common Stock or in a combination of cash or Common Stock as determined by the Committee and as specified in an Award Agreement or in an Appendix to the Plan. The number of shares of Common Stock payable to a Participant to settle an Incentive Award payment shall be determined by dividing the amount of the Incentive Award payable in cash by the Market Value of the shares of the Company's Common Stock on the last trading day of the Performance Period.

3. Section 3.2(e) of the Plan is amended to read as follows:

(e) **Total Disability, Death or Retirement**: In the event of the Total Disability, Retirement or death of any Participant after completion of the first year of a Performance Period but prior to the end of the Performance Period, and in the event of the subsequent attainment of the Performance Measure or Measures applicable to such Participant, such Participant or such Participant's designated Beneficiary or estate, as applicable, shall be entitled to receive, no later than the March 15 next following the end of the applicable Performance Period, a pro rata portion of the Participant's Incentive Award based on the portion of the Performance Period completed through the date of the Participant's Total Disability, Retirement or death. If the Participant's employment with all Participating Companies is terminated, voluntarily or involuntarily, prior to the end of the applicable Performance Period for any reason other than Total Disability, Retirement or death, the Participant shall forfeit any right to an Incentive Award or any portion thereof; provided, however, that in unusual circumstances, the Committee, in its sole discretion, may waive the forfeiture in whole or in part.

4. Section 7.3 of the Plan is amended to read as follows:

Section 7.3 **Termination of the Plan**. The Plan shall continue in effect until terminated by the Committee pursuant to Section 7.1, provided that, notwithstanding any provision of the Plan to the contrary, any Awards made under the Plan after December 31, 2021, shall be settled in cash and no shares of Common Stock shall be issued in settlement of such Awards.

5. Section 8.7 of the Plan is amended to read as follows:

Section 8.7 **Recovery of Awards**. All incentive-based compensation received by any current or former Participant in the Plan shall be subject to recovery pursuant to the Coca-Cola Consolidated, Inc. Incentive-Based Compensation Recovery Policy, as amended, superseded or replaced from time to time (the "Policy"), the terms and provisions of which are incorporated by reference into this Plan and any Award Agreement hereunder, and each Award shall be deemed to include, as a condition to the Award, an agreement by the Participant to abide by the terms of the Policy. Any Award hereunder shall also be subject rights of recovery that may be available to the Company under applicable law, rule or regulation or pursuant to the terms of any other policy of the Company or any provision in any employment agreement.

6. Except as expressly or by necessary implication amended hereby, all terms and provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed in its name and on its behalf by a duly authorized officer of the Company on the day and year first above written.

COCA-COLA CONSOLIDATED, INC.

By:	/s/ E. Beauregarde Fisher III
Officer's Name:	E. Beauregarde Fisher III
Officer's Title:	Executive Vice President, General Counsel and Secretary

Exhibit 10.3

AMENDMENT TWO
to the
COCA-COLA CONSOLIDATED, INC.
LONG-TERM PERFORMANCE EQUITY PLAN

THIS AMENDMENT TWO (this "Amendment") is executed this 1st day of August, 2023, by Coca-Cola Consolidated, Inc., a Delaware corporation. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Plan (as defined below).

WHEREAS, the Company maintains the Coca-Cola Consolidated, Inc. Long-Term Performance Equity Plan, as adopted effective January 1, 2018 and as amended by that certain Omnibus Amendment dated September 6, 2019 (as amended, the "Plan"), to provide incentive-based compensation to the Company's Chief Executive Officer for achieving the Company's long term performance goals;

WHEREAS, pursuant to Section 6.1 of the Plan, the Committee reserved the right to amend the Plan at any time; and

WHEREAS, the Committee has approved the amendments to the Plan set forth in this Amendment to (i) incorporate by reference into the Plan and any Award the terms and provisions of the Company's incentive-based compensation recovery policy, and (ii) meet other current needs.

NOW, THEREFORE, BE IT RESOLVED, that the Plan is hereby amended as follows, all effective as of the date hereof:

1. Section 3.1(b) of the Plan is amended to read as follows:

(b) **Determination of Awards.** As soon as practicable (but not later than the first March 15) after the end of the Performance Period, the Committee shall certify whether and to what extent the Performance Measures have been met and the amount of the Incentive Award that has been earned, and shall notify the Executive of his entitlement, if any, to the payment of an Incentive Award.

2. Section 3.1(d) of the Plan is amended to read as follows:

(d) **Payment of Awards.** Except as otherwise provided in Section 3.1(f) following a Change in Control, Incentive Awards earned shall be paid no later than the March 15 next following the end of the applicable Performance Period. Incentive Awards may be paid in cash, in Class B Common Stock or in a combination of cash or Class B Common Stock as elected by the Executive in accordance with procedures established by the Committee. The number of shares of Class B Common Stock payable to the Executive to settle an Incentive Award payment shall be determined by dividing (i) the amount of the Incentive Award to be paid in shares of Class B Common Stock by (ii) the average of the closing prices of shares of the Company's Common Stock during the last twenty (20) trading days of the Performance Period. Notwithstanding this Section 3.1(d) or any other provision of this Plan, the number of shares of Class B Common Stock that may be issued or transferred from and after the Effective Date in payment of Incentive Awards granted under the Plan shall not exceed 300,000 shares in the aggregate.

3. Section 3.1(e) of the Plan is amended to read as follows:

(e) **Termination of Employment**. In the event the Executive's employment with the Company terminates for any reason after completion of the first year of a Performance Period but prior to the end of the Performance Period, and in the event of the subsequent attainment of the Performance Measure or Measures applicable to the Executive, the Executive or his designated Beneficiary or estate, as applicable, shall be entitled to receive, no later than the March 15 next following the end of the applicable Performance Period, a pro rata portion of the Executive's Incentive Award based on the portion of the Performance Period completed through the date the Executive's employment terminated.

4. Section 7.3 of the Plan is amended to read as follows:

Section 7.3 **Recovery of Awards**. All incentive-based compensation received by the Executive under the Plan shall be subject to recovery pursuant to the Coca-Cola Consolidated, Inc. Incentive-Based Compensation Recovery Policy, as amended, superseded or replaced from time to time (the "Policy"), the terms and provisions of which are incorporated by reference into this Plan and any Award Agreement hereunder, and each Award shall be deemed to include, as a condition to the Award, an agreement by the Executive to abide by the terms of the Policy. Any Award hereunder shall also be subject rights of recovery that may be available to the Company under applicable law, rule or regulation or pursuant to the terms of any other policy of the Company or any provision in any employment agreement.

5. Except as expressly or by necessary implication amended hereby, all terms and provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed in its name and on its behalf by a duly authorized officer of the Company on the day and year first above written.

COCA-COLA CONSOLIDATED, INC.

By:	/s/ E. Beauregarde Fisher III
Officer's Name:	E. Beauregarde Fisher III
Officer's Title:	Executive Vice President, General Counsel and Secretary

Exhibit 10.4

COCA-COLA CONSOLIDATED, INC.
INCENTIVE-BASED COMPENSATION RECOVERY POLICY

1. Purpose. The purpose of this Coca-Cola Consolidated, Inc. (the "Company") Incentive-Based Compensation Recovery Policy (this "Policy") is to enable the Company to recover Erroneously Awarded Compensation in the event the Company is required to prepare an Accounting Restatement. This Policy is intended to comply with the requirements set forth in Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rule 10D-1 promulgated under the Exchange Act and Nasdaq Listing Rule 5608 and shall be construed and interpreted in accordance with such intent. Unless otherwise defined in this Policy, capitalized terms shall have the meanings ascribed to such terms in Section 7 hereof.

2. Administration and Interpretation. This Policy shall be administered by the Compensation Committee of the Board (the "Committee"). The Committee shall have full and final authority to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. All determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, stockholders and Executive Officers. Any action or inaction by the Committee with respect to an Executive Officer under this Policy in no way limits the Committee's actions or decisions not to act with respect to any other Executive Officer under this Policy or under any similar policy, agreement or arrangement, nor shall any such action or inaction serve as a waiver of any rights the Company may have against any Executive Officer other than as set forth in this Policy.

3. Application. This Policy applies to all Incentive-Based Compensation received by a person: (a) on or after October 2, 2023; (b) after beginning service as an Executive Officer; (c) who served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation (whether or not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company); (d) while the Company has a class of securities listed on a national securities exchange or a national securities association; and (e) during the three completed fiscal years of the Company immediately preceding the Accounting Restatement Date, as well as any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). For purposes of this Policy, "received" shall, with respect to any Incentive-Based Compensation, mean actual or deemed receipt, and Incentive-Based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation to the Executive Officer occurs after the end of that period. For the avoidance of doubt, Incentive-Based Compensation that is subject to both a Financial Reporting Measure vesting condition and a service-based vesting condition shall be considered received when the relevant Financial Reporting

Measure is achieved, even if the Incentive-Based Compensation continues to be subject to the service-based vesting condition.

4. Recovery of Erroneously Awarded Compensation. In the event of an Accounting Restatement, the Company shall recover, reasonably promptly, Erroneously Awarded Compensation, in amounts determined pursuant to this Policy. The Company's obligation to recover Erroneously Awarded Compensation is not dependent on if or when the Company files restated financial statements. Recovery under this Policy with respect to an Executive Officer shall not require the finding of any misconduct by such Executive Officer or such Executive Officer being found responsible for the accounting error leading to an Accounting Restatement. The Committee shall have discretion to determine the appropriate means of recovering Erroneously Awarded Compensation based on the particular facts and circumstances. To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence. The Company's recovery obligation pursuant to this Section 4 shall not apply to the extent that the Committee, or in the absence of the Committee, a majority of the independent directors serving on the Board, determines that such recovery would be impracticable and:

   a. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq; or

   b. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

5. Prohibition on Indemnification and Insurance Reimbursement. The Company is prohibited from indemnifying any Executive Officer or former Executive Officer against the loss of any Erroneously Awarded Compensation. Further, the Company is prohibited from paying or reimbursing an Executive Officer for purchasing insurance to cover any such loss.

6. Disclosure Requirements. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including the disclosures required by the applicable SEC filings.

7. Definitions. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

a. "Accounting Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a "Big R" restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).

b. "Accounting Restatement Date" means the earlier to occur of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement; or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

c. "Board" means the board of directors of the Company.

d. "Erroneously Awarded Compensation" means, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Incentive-Based Compensation previously received that exceeds the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts in such Accounting Restatement, computed without regard to any taxes paid; provided, however, that for Incentive-Based Compensation based on (or derived from) stock price or total stockholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement: (i) the amount of Erroneously Awarded Compensation shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Incentive-Based Compensation was received; and (ii) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

e. "Executive Officer" means each individual who is or was designated as an "officer" of the Company in accordance with Rule 16a-1(f) under the Exchange Act.

f. "Financial Reporting Measure" means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measure; provided, however, that a Financial Reporting Measure is not required to be presented within the Company's financial statements or included in a filing with the SEC to qualify as a "Financial Reporting Measure." For purposes of this Policy, "Financial Reporting Measure" includes, but is not limited to, stock price and total stockholder return (and any measure that is derived wholly or in part from stock price or total stockholder return).

g. "Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

h. "Nasdaq" means The Nasdaq Stock Market LLC.

i. "SEC" means the United States Securities and Exchange Commission.

8. Acknowledgement. Each Executive Officer shall sign and return to the Company the Acknowledgement Form attached hereto as Exhibit A, pursuant to which the Executive Officer shall agree to be bound by, and to comply with, the terms and conditions of this Policy.

9. Amendment; Termination. The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any federal securities law, SEC rule or Nasdaq rule. The Committee may terminate this Policy at any time. Notwithstanding anything in this Section 9 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities law, SEC rule or Nasdaq rule.

10. Other Recovery Rights. The Committee intends that this Policy shall be applied to the fullest extent of the law. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, rule or regulation or pursuant to the terms of any other policy of the Company or any provision in any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement.

11. Successors. This Policy shall be binding and enforceable against all Executive Officers and, to the extent required by applicable law or guidance from the SEC or Nasdaq, their beneficiaries, heirs, executors, administrators or other legal representatives.

12. Governing Law; Venue. This Policy and all rights and obligations hereunder shall be governed by and construed in accordance with the internal laws of the State of Delaware, excluding any choice of law rules or principles that may direct the application of the laws of another jurisdiction. All actions arising out of or relating to this Policy shall be heard and determined exclusively in the Court of Chancery of the State of Delaware or, if such court declines to exercise jurisdiction or if subject matter jurisdiction over the matter that is the subject of any such legal action or proceeding is vested exclusively in the U.S. federal courts, the U.S. District Court for the District of Delaware.

Effective as of August 1, 2023

<u>Exhibit A</u>

COCA-COLA CONSOLIDATED, INC.
INCENTIVE-BASED COMPENSATION RECOVERY POLICY

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Coca-Cola Consolidated, Inc. (the "<u>Company</u>") Incentive-Based Compensation Recovery Policy (the "<u>Policy</u>").

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by promptly returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

Date: ______________________________ ______________________________

Signature

____

Typed or Printed Name

Exhibit 31.1

CERTIFICATION

I, J. Frank Harrison, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Coca-Cola Consolidated, Inc.;

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 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:

   a) 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;

   b) 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;

   c) 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

   d) 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 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):

   a) 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

   b) 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: November 1, 2023

/s/ J. Frank Harrison, III

J. Frank Harrison, III
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, F. Scott Anthony, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Coca-Cola Consolidated, Inc.;

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 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:

   a) 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;

   b) 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;

   c) 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

   d) 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 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):

   a) 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

   b) 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: November 1, 2023

/s/ F. Scott Anthony

F. Scott Anthony
Executive Vice President and Chief Financial Officer

Exhibit 32

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 on Form 10-Q of Coca-Cola Consolidated, Inc. (the "Company") for the quarter ended September 29, 2023, as filed with the United States Securities and Exchange Commission on the date hereof (the "Report"), we, J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, and F. Scott Anthony, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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/ J. Frank Harrison, III

J. Frank Harrison, III
Chairman of the Board of Directors and
Chief Executive Officer
November 1, 2023

/s/ F. Scott Anthony

F. Scott Anthony
Executive Vice President and
Chief Financial Officer
November 1, 2023

Insider Trading Policy

Effective Date	Revision Date	Issue Date	Policy Number
04/17/2017	8/22/2023	03/31/2017	411

OBJECTIVE:

This Insider Trading Policy (this "Policy") prohibits members of the board of directors, officers and teammates of Coca-Cola Consolidated, Inc. ("CCCI" or the "Company") and its subsidiaries (or any other person designated as subject to this Policy) from engaging in certain actions that would violate laws and regulations governing their purchase, sale or gift of CCCI Securities (as defined below). It is also the policy of CCCI that CCCI will not engage in transactions in CCCI Securities while aware of Inside Information (as defined below) relating to CCCI or CCCI Securities.

WHAT I NEED TO KNOW:

GENERAL

Members of the board of directors, officers and teammates of CCCI and its subsidiaries are subject to federal laws and regulations governing their transactions involving not only CCCI's Common Stock and Class B Common Stock but also any other security issued by the Company or the price of which is linked to a security issued by the Company (collectively, "CCCI Securities"). This Policy prohibits board members, officers and teammates of CCCI and its subsidiaries from engaging in certain actions that would violate those laws and regulations. Specifically, this Policy provides that board members, officers and teammates of CCCI and its subsidiaries who have Inside Information about CCCI or certain other companies are prohibited from:

- "trading" (which includes purchases, sales and gifts) in CCCI Securities while possessing Inside Information, except pursuant to certain prearranged "trading plans";
- giving such Inside Information to someone outside the Company who then trades in CCCI Securities; and
- trading in securities of any other company with which CCCI or any of its subsidiaries has relationships while possessing Inside Information.

This Policy also places additional restrictions on board members, officers and certain teammates in CCCI's Accounting, Audit & Advisory Services, Tax and Treasury departments. Those additional restrictions are described in Parts II and III of this Policy.

I. POLICIES AND PROCEDURES APPLICABLE TO ALL MEMBERS OF THE BOARD OF DIRECTORS, OFFICERS AND TEAMMATES

A. INTRODUCTION

A board member, officer or teammate of CCCI or any of its subsidiaries may learn of confidential and highly sensitive information concerning the Company, its suppliers, its customers and other companies with which the Company has contractual relationships or may be negotiating transactions. This information, if made public, may affect the market price of securities issued by CCCI or the other companies involved.

- Generally, federal securities laws impose civil and criminal penalties on persons who improperly obtain, transmit or use Inside Information in connection with a purchase, sale or gift of securities.

- "Controlling Persons" who fail to take appropriate steps to prevent others from using Inside Information may also be liable for civil and criminal penalties under federal law.

In recent years, the United States Securities and Exchange Commission (the "SEC") and the United States Justice Department have vigorously enforced the insider trading laws against both individuals and institutions, resulting in a number of highly publicized convictions. As a result, the Company has decided to provide specific guidance to its board members, officers and teammates to attempt to ensure that neither the Company nor its board members, officers or teammates violate the insider trading laws.

FAILURE TO COMPLY WITH THIS POLICY AND THE RELATED LAWS IS EXTREMELY SERIOUS AND CAN LEAD TO SUBSTANTIAL CIVIL AND CRIMINAL FINES, IMPRISONMENT AND TERMINATION OF EMPLOYMENT.

B. EXPLANATION OF THE LAW

1. Definition of "Inside Information".

(a) "Inside Information" is all material nonpublic information about CCCI or other companies.

(b) Information is considered "material" if there is a substantial likelihood that the fact would have been viewed by a reasonable investor as having significantly altered the 'total mix' of information available for making a decision to buy, hold or sell securities. Any information that could be expected to affect a company's stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight.

(c) Information is considered "public" only if it has been effectively disclosed to the investing public (by a news release or an SEC filing, for example) and sufficient time has elapsed (i) to permit the investment community to evaluate the information and (ii) for the price of the affected security to "level off" after the disclosure. **Two full stock trading days** after disclosure to the public is generally considered sufficient time for such evaluation and leveling off. For example, if the Company makes an announcement before trading begins on a Monday regarding an item of Inside Information, the opening of the market on the following Wednesday would be the first time in which a CCCI board member, officer or teammate having prior knowledge of such Inside Information could trade CCCI Securities (assuming he or she is not aware of other Inside Information at that time). However, if the Company makes such announcement after trading begins on that Monday, the opening of the market on the following Thursday would be the first time in which a CCCI board member, officer or teammate having prior knowledge of such Inside Information could trade CCCI Securities (assuming he or she is not aware of other Inside Information at that time).

(d) Examples of Inside Information may include, among other things, nonpublic information about:

(i) earnings results;

(ii) estimates or projections of future earnings or losses that differ materially from the range then generally anticipated by the public markets;

(iii) a change in dividend policy, the declaration of a stock split, the repurchase of securities or the offering of additional securities or any other significant financing activities;

(iv) a pending or proposed merger, acquisition or tender offer;

(v) the sale of a significant portion of assets or the disposition of a significant subsidiary;

(vi) significant changes in senior management;

(vii) a change in auditors or notification that the auditors' reports may no longer be relied upon;

(viii) significant related person transactions;

(ix) significant new products or joint ventures;

(x) pending or threatened significant litigation, or the resolution of such litigation;

(xi) the gain or loss of a significant customer or supplier;

(xii) a significant cybersecurity incident, such as a significant data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure; and

(xiii) any other events or business operations which are likely to materially affect future revenues or earnings or prospects.

(e) Inside Information is not limited to material nonpublic information about the Company. It can also include material nonpublic information about other companies, including companies with which CCCI has relationships, such as its suppliers and customers. The Company's business consists primarily of the distribution, marketing and production of nonalcoholic beverages of The Coca-Cola Company in the territories the Company currently serves. Accordingly, the Company engages routinely in various transactions with The Coca-Cola Company and Coca-Cola Refreshments USA, Inc., a wholly owned subsidiary of The Coca-Cola Company, and their affiliates. Because of CCCI's unique relationship with The Coca-Cola Company, persons subject to this Policy should be particularly careful not to trade in securities issued by The Coca-Cola Company while possessing Inside Information about such company or its affiliates.

2. Prohibitions Relating to Inside Information.

(a) Trading in Securities. It is illegal for someone having Inside Information regarding a company to trade in securities of that company, whether in the form of stock, options or any other type of security. Such action is insider trading. A board member, officer or teammate of the Company or any of its subsidiaries may be found liable for insider trading even if he or she can prove that his or her knowledge of Inside Information was not a factor in trading a security.

(b) Tipping. It is illegal for someone with Inside Information (a "tipper") to pass it on to a friend, relative or anyone else who trades in a security based on such information (a "tippee"). This activity is known as "tipping." Similarly, it is also illegal to suggest trading a security while in possession of Inside Information but without actually disclosing such information. A tipper may be found liable even if he or she derives no economic benefit from the tippee's actions.

(c) Controlling Person Liability. It is illegal for certain persons to fail to prevent insider trading by others. A "Controlling Person" may be liable for civil and criminal penalties under the insider trading laws for the violations of another if the Controlling Person:

(i) has the power to influence or control the direction, management policies or activities of a teammate of the Company;

(ii) knew or recklessly disregarded the fact that such teammate was likely to engage in the act or acts constituting the violation; and

(iii) failed to take appropriate steps to prevent such act or acts before they occurred.

A Controlling Person includes not only employers, such as the Company, but also **individual** employees with managerial or supervisory responsibilities over the violator and, in some cases, board members, officers and controlling stockholders of the employer.

3. Consequences of Violation. The SEC has vigorously prosecuted insider trading violations by both individuals and institutions and the penalties are severe, even for violations resulting in relatively small profits.

(a) For individuals who trade on Inside Information or who are tippers, the penalties can include:

(i) the forfeiture of profits gained or losses avoided;

(ii) a civil penalty of up to three times the amount of the profit gained or loss avoided;

(iii) a criminal penalty (no matter how small the profit) of up to $5 million; and

(iv) a prison term of up to 20 years.

(b) For the Company (as well as any other Controlling Person) if it or he or she fails to take appropriate steps to prevent illegal trading, the penalties can include:

(i) a civil penalty of up to the greater of $1 million or three times the amount of the profit gained or loss avoided as a result of the violation; and

(ii) a criminal penalty of up to $25 million for the Company and a criminal penalty of up to $5 million and a prison term of up to 20 years for any natural Controlling Person.

(c) In addition, the person violating the insider trading laws may be liable to the buyer or the seller of the affected securities for their losses due to the insider trading.

(d) Finally, because of the importance of this Policy, **any violation may result in immediate dismissal from the Company.**

C. STATEMENT OF CCCI'S POLICIES

1. General Rule. At any time a board member, officer or teammate of CCCI or any of its subsidiaries has or is aware of Inside Information relating to the Company or any other company, including any company with which CCCI or any of its subsidiaries has relationships, he or she may not trade the securities of the Company or such other company, except pursuant to a prearranged "trading plan" described in Section C of Part III below.

2. Tipping. A board member, officer or teammate of CCCI or any of its subsidiaries may not transmit any Inside Information to others. Similarly, a board member, officer or

teammate of CCCI or any of its subsidiaries who is in possession of Inside Information may not suggest that any other person trade a security even if he or she does not disclose the actual Inside Information.

3. Participating in Online Forums. Because of the potential for abuse of the prohibition on tipping, board members, officers and teammates of CCCI or any of its subsidiaries are prohibited from posting any information or participating in any way in any form of synchronous electronic conferencing such as Internet chat rooms or bulletin boards or other types of electronic forums, in each case, where CCCI or CCCI Securities or The Coca-Cola Company or its securities are a topic.

4. Employee Stock Purchase Plan and Dividend Reinvestment Plan. A board member, officer or teammate of CCCI or any of its subsidiaries may not commence participation in, cease participation in or change the terms of his or her participation in the Company's Employee Stock Purchase Plan or Dividend Reinvestment Plan at any time when he or she has or is aware of Inside Information relating to the Company.

5. Prohibition on Short Sales. You may not engage in short sales (profiting if the market price of the securities decreases) of CCCI Securities or securities of The Coca-Cola Company (sales of shares that are not then owned), including a "sale against the box" (a sale with delayed delivery).

6. Prohibition on Derivatives Transactions. You may not engage in any transaction involving the use of a financial instrument or other investment designed to hedge or offset any decrease in the market value of CCCI Securities or securities of The Coca-Cola Company or, alternatively, to leverage the potential return of a predicted price movement (up or down) in CCCI Securities or securities of The Coca-Cola Company. Examples of such financial instruments and investments include forward sale contracts, futures, equity swaps, puts, calls, collars and exchange funds.

7. Margin Accounts and Pledges. CCCI Securities held in a margin account or pledged as collateral for a loan may be sold by the broker without your consent if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. A margin or foreclosure sale that occurs when you are aware of Inside Information may, under some circumstances, result in unlawful insider trading. Because of this danger, you should exercise caution in holding CCCI Securities in a margin account or pledging CCCI Securities as collateral for a loan. If you are subject to Part II of this Policy, however, you may not use CCCI Securities as collateral in a margin account.

8. Trading by Spouse, Other Household Members, Other Family Members and Others. These policies apply to any trading in which a board member, officer or teammate of CCCI or any of its subsidiaries participates or in connection with which a board member, officer or teammate of CCCI or any of its subsidiaries provides assistance, whether the trading is for his or her own account or on behalf of another person or entity. It will be presumed that a board member, officer or teammate of CCCI or any of its subsidiaries participated in or assisted trading in CCCI Securities by the spouse or another member of the household of such board member, officer or teammate. Accordingly, each board member, officer and teammate is required, for his or her own protection, to comply with these policies in connection with any proposed trading by a spouse or other household member unless it can be clearly established that such trading by the

spouse or other household member is conducted without the participation and assistance, and without the prior knowledge or control, of such board member, officer or teammate. **Each board member, officer or teammate of CCCI or any of its subsidiaries should also comply with these policies in connection with any proposed trading (a) by any family members who do not live in their household but whose transactions in CCCI Securities are directed by them or subject to their influence or control, such as parents or children, including adult children, who consult with them before trading in CCCI Securities and (b) by any entities that are directed by or are subject to their influence or control. The persons and entities in clauses (a) and (b), together with the spouse or other household member, are referred to as "Family Members/Controlled Entities").**

9. Others. The Company may also determine that other persons should be subject to this Policy, such as contractors or consultants who have access to Inside Information, and will notify such persons of their obligations under this Policy.

10. Post-Termination Transactions. This Policy continues to apply to your transactions in CCCI Securities even after your employment or service with the Company has been terminated as follows: if you are aware of Inside Information when your employment or service relationship terminates, you may not trade in CCCI Securities until the earlier to occur of the Inside Information becoming public or becoming no longer material. For purposes of this Policy, information is considered nonpublic until the close of business two full trading days following its public disclosure. If you are uncertain or unable to determine whether certain nonpublic information remains Inside Information after your employment or service relationship is terminated, you should contact the Company's General Counsel.

11. No Exceptions. There are no exceptions to this Policy, except as specifically noted herein.

ACKNOWLEDGEMENT

THIS POLICY IS CONSIDERED BY THE COMPANY TO BE EXTREMELY IMPORTANT AND, TO EMPHASIZE ITS IMPORTANCE, EACH BOARD MEMBER, OFFICER AND SALARIED-EXEMPT TEAMMATE WILL BE ASKED TO SIGN ANNUALLY A STATEMENT TO THE EFFECT THAT HE OR SHE HAS REVIEWED AND UNDERSTANDS THIS POLICY AND AGREES TO COMPLY WITH IT. ANY WILLFUL OR INTENTIONAL NONCOMPLIANCE WITH THIS POLICY WILL BE CONSIDERED A SERIOUS BREACH OF DUTY TO THE COMPANY AND WILL BE SUBJECT TO APPROPRIATE DISCIPLINARY ACTION, INCLUDING TERMINATION OF EMPLOYMENT OR SERVICE.

II. POLICIES AND PROCEDURES APPLICABLE ONLY TO MEMBERS OF THE BOARD OF DIRECTORS, OFFICERS AND CERTAIN TEAMMATES IN CCCI'S ACCOUNTING, AUDIT & ADVISORY SERVICES, TAX AND TREASURY DEPARTMENTS

A. WINDOW PERIODS

1. Insiders. For purposes of Part II of this Policy, "Insiders" will include board members and officers of CCCI, any person holding the position of **Manager or higher in CCCI's Accounting, Tax or Treasury Departments and all members of CCCI's Audit & Advisory Services Department.**

2. Window Periods. It is the policy of the Company that Insiders may not purchase, sell or gift CCCI Securities, except during a "Window Period" unless the purchase or sale is effected pursuant to a prearranged "trading plan" described in Section C of Part III below or the recipient of the gift remains subject to this Policy. **The "Window Period" will begin on the third trading day after the news release announcing CCCI's quarterly or annual financial results and will end at the close of trading on the twelfth trading day after such news release.** In addition, an Insider may not purchase, sell or gift CCCI Securities during the Window Period if he or she is in possession of Inside Information, except pursuant to a prearranged "trading plan" described in Section C of Part III below.

3. Employee Stock Purchase Plan and Dividend Reinvestment Plan. Insiders may not commence participation in, cease participation in or change the terms of their participation in the Company's Employee Stock Purchase Plan or Dividend Reinvestment Plan except during a Window Period. In addition, an Insider may not commence participation in, cease participation in or change the terms of their participation in the Company's Employee Stock Purchase Plan or Dividend Reinvestment Plan during a Window Period if he or she is in possession of Inside Information.

III. POLICIES AND PROCEDURES APPLICABLE ONLY TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

A. IMMEDIATE NOTIFICATION OF TRANSACTIONS IN CCCI STOCK

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), generally requires all board members and executive officers of the Company to report to the SEC all transactions they make in the Company's stock within two business days of the transaction. Accordingly, board members and executive officers should strive to notify the Company's General Counsel well in advance of, but in any event, no later than on the same day of any transaction they make in the Company's stock (including gifts and any estate or tax planning transactions, including, but not limited to, charitable contributions or contributions to a trust or limited liability company for the benefit of the board member or executive officer or his or her family members). The reporting obligation under Section 16(a) of the Exchange Act is an individual obligation of board members and executive officers, but the Company will assist the board member or executive officer in preparing and filing with the SEC any required report of a change in his or her beneficial ownership of the Company's stock. In order for the Company to do so, the firm executing the trade on behalf of the board member or executive officer must promptly provide complete information about the transaction or transactions in which the director or executive officer made.

B. PROHIBITION ON TRADES DURING PENSION FUND "BLACKOUT PERIODS"

Section 306 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") prohibits board members and executive officers of a company from trading in certain of the company's equity securities during certain "blackout periods" with respect to the company's equity compensation programs. Accordingly, board members and executive officers of CCCI may not directly or indirectly purchase, sell or otherwise acquire or transfer any equity security of CCCI that they have acquired in connection with their service or employment as a board member or executive officer during any "Blackout Period" with respect to that equity security. For purposes hereof, a "Blackout Period" means any period of more than three consecutive business days during which the ability of at least 50% of the participants or beneficiaries under all of CCCI's individual account plans to purchase, sell or otherwise acquire or transfer an interest in any equity securities of CCCI held in such an individual account plan is temporarily suspended by CCCI or by a fiduciary of the plan. This prohibition is intended to comply with Section 306 of the Sarbanes-Oxley Act and any rules that may be promulgated by the SEC or the United States Department of Labor with respect thereto. Any board member or executive officer who has a question regarding the applicability of this provision should contact the Company's General Counsel.

C. PREARRANGED "TRADING PLANS"

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a trading plan for transactions in CCCI Securities that meets certain conditions specified in Rule 10b5-1 (a "Rule 10b5-1 Plan"). If the Rule 10b5-1 Plan meets the requirements of Rule 10b5-1, transactions in CCCI Securities may occur even when the person who has entered into the plan is aware of Inside Information.

All trading plans, including trading plans that do not qualify as a Rule 10b5-1 Plan, with respect to CCCI Securities must be approved by the Company's board of directors or by the Company's Chief Financial Officer or General Counsel prior to being entered into, modified or terminated by a board member or executive officer or any of his or her Family Members/Controlled Entities. To comply with this Policy, a Rule 10b5-1 Plan must be approved by the Company's board of directors or by the Company's Chief Financial Officer or General Counsel and meet the requirements of Rule 10b5-1 and the Company's guidelines for Rule 10b5-1 Plans. The Company's Chief Financial Officer and General Counsel are empowered to issue such guidelines for Rule 10b5-1 Plans and to set standards and best practices for Rule 10b5-1 Plans.

In general, a Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of Inside Information. Once the Rule 10b5-1 Plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The Rule 10b5-1 Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The Rule 10b5-1 Plan must include a cooling-off period before trading can commence that, for board members or executive officers, ends on the later of 90 days after the adoption or modification of the Rule 10b5-1 Plan or two business days following the disclosure of the Company's financial results on Form 10-Q or Form 10-K, as applicable, for the fiscal quarter in which the plan was adopted or modified (but, in any event, the required cooling-off period is subject to a maximum of 120 days after the adoption or modification of the plan), and for persons other than board members or executive officers, 30 days after the adoption or modification of a Rule 10b5-1 Plan. A person may not enter into overlapping Rule 10b5-1 Plans (subject to certain exceptions available under applicable law, rule or regulation) and may only enter into one single-trade Rule 10b5-1 Plan during any consecutive 12-month period (subject to certain exceptions available under applicable law, rule or regulation). Board members and executive officers must include a representation in their Rule 10b5-1 Plan certifying, at the time of the adoption of a new or modified plan, that: (a) they are not aware of any Inside Information about CCCI or CCCI Securities; and (b) they are adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5. All persons entering into a Rule 10b5-1 Plan must act in good faith with respect to that plan.

FURTHER ASSISTANCE

Compliance with this Policy is of the utmost importance both for those persons who are subject to this Policy and for the Company. Any person who has a question concerning the propriety of a proposed transaction, or who has a question about this Policy generally, should contact the Company's General Counsel.

Insider Trading Policy

COCA-COLA CONSOLIDATED, INC.

ACKNOWLEDGEMENT REGARDING INSIDER TRADING POLICY

The undersigned board member, officer or teammate of Coca-Cola Consolidated, Inc. (the "Company") hereby acknowledges that the undersigned:

1. Has received and reviewed a copy of the Company's Insider Trading Policy (the "Policy"), and understands the Policy and the responsibilities of the undersigned thereunder; and

2. Will comply with the Policy in connection with all trading in securities by the undersigned, or in which the undersigned participates or provides assistance (whether or not for the account of the undersigned).

Date: ____________________________ ____________________________

Signature

____

Typed or Printed Name

Responsibilities:

All teammates, as applicable, are responsible for understanding and following the Policy. Questions regarding the Policy should be directed to the teammate's supervisor or the HR Contact Center.