2021 ANNUAL REPORT

Coca-Cola CONSOLIDATED

LETTER TO OUR STOCKHOLDERS

2021 MARKED OUR 119TH YEAR IN BUSINESS. WE GENERATED RECORD REVENUE AND PROFIT, PAID DOWN SIGNIFICANT DEBT, AND CONTINUED TO INVEST IN OUR TEAMMATES AND OUR COMMUNITIES, DESPITE ONGOING CHALLENGES BROUGHT ON BY THE COVID-19 PANDEMIC.

Through it all, we stayed grounded in Our Purpose: To Honor God in All We Do, To Serve Others, To Pursue Excellence and To Grow Profitably. We also kept a sharp focus on our Operating Destination: One Coca-Cola Consolidated Team, consistently generating strong cash flow, and empowering the next generation of diverse servant leaders.

2021 was a volatile year for the American economy, and like many other companies, Coke Consolidated faced labor shortages, supply chain hurdles and ongoing COVID-19 disruptions. These headwinds required flexibility and agility, and a tremendous team effort to meet high consumer demand for our products. Although COVID restrictions ebbed and flowed throughout the year, we invested in our business, our teammates, our customers, our marketing partners, and our communities. While following COVID health and safety protocols, our teammates continued to innovate and adapt in order to serve our customers and communities with excellence.

The year began with our successful “First 100 Days” sales initiative, which included aggressive sales goals for major brands, such as Coca-Cola Zero Sugar, AHA and BODYARMOR. We continued strategic partnerships with key retailers, sports and entertainment venues, and colleges and universities.

The agility and teamwork demonstrated throughout the year is reflected in our strong financial results. Total sales grew 11% from the prior year, surpassing $5.5 billion. Through focused execution, we increased cash flow and completed strategic capital investments for the long-term health of the business. We opened a new 400,000-square-foot distribution and automated warehouse facility in Whitestown, Indiana. We invested in a PET production line in our Sandston, Virginia manufacturing facility, enhancing our packaging options to better serve our customers. We also reduced our debt by $217 million.

2021 brought significant innovation and progress in the Sustainability space – particularly recycling. Through our *Refresh Recycle Renew* initiative, we created 22 new closed-loop economies across our territory. We launched numerous recycling projects, collecting the equivalent of more than 26 million bottles and over 4 million cans. In Kentucky, we launched a recycling partnership that will collect 80 million plastic bottles annually, all of which will be directly converted into new PET packaging.

Building on our “Seat at the Table” framework for diversity, equity, and inclusion, we launched the SOAR (Scholarship-Opportunity-Advancement-Recruitment) Internship Program, which engages students from Historically Black Colleges and Universities. We also helped establish a Minority Scholarship at High Point University. In several cities across our territory, we invested funds and teammate resources in mentoring programs in underserved communities. To further expand a diverse talent pipeline, we have dedicated full-time resources to diversity, equity, and inclusion initiatives.

Thank you to all of our teammates, customers, partners and stockholders who contributed to our success in 2021. We are extremely proud of our heritage and energized by the opportunities that lie ahead. We appreciate your support and value your continued partnership.

J. FRANK HARRISON, III
CHAIRMAN OF THE BOARD
& CHIEF EXECUTIVE OFFICER

DAVID M. KATZ
PRESIDENT
& CHIEF OPERATING OFFICER

WE ARE MORE THAN A TEAM. WE ARE A FAMILY.

In a year when many companies faced supply chain, wellness and labor challenges, we worked hard to show our teammates that they are valued and respected. We extended benefits, provided new incentives, launched appreciation initiatives, and introduced the Hope Scholarship.

PEOPLE

DIVERSITY

We believe that diversity drives value for our Company. Our "Seat at the Table" diversity framework focuses on Empowerment, Communication, Accountability and Partnerships – within our Company and with the communities we serve.

BRENT TOLLISON joined the Company as Senior Vice President. His decades of experience in sales and operations and his commitment to raising up servant leaders will strengthen our business now and into the future.

CHRISTINE MOTHERWELL joined our Executive Leadership Team as the Senior Vice President of Human Resources. Her experience, work ethic and connection to teammates have propelled her through 18 years in the Coca-Cola System.

HBCU SOAR PROGRAM

Coca-Cola Consolidated launched a new internship program, focusing on scholars from Historically Black Colleges and Universities. The students engaged with Consolidated leaders, learned business skills, and experienced our culture firsthand.

TEAMMATE SUPPORT

THE COCA-COLA CONSOLIDATED HOPE SCHOLARSHIP

We created the Hope Scholarship to provide financial assistance to qualified teammates and their immediate family members, so that they can pursue their educational goals.

TEAMMATE CONNECTION

The One Team app helps keep all our teammates informed and engaged. Especially with COVID restrictions, this was a valuable way to keep our teammates updated on leadership messages, business news, teammate stories, additional benefits, health and safety protocols, and more.

SUPPLEMENTAL LEAVE

Supplemental sick leave and time off helped protect our teammates' health and safety. Our frontline teammates also received special incentives, meals, and appreciation gifts.

INVESTMENT

Despite volatility across the economy, we continued to strategically invest in our business. We added square footage, automation, and new production lines – while continuing to invest in our teammates' health and safety by providing a range of resources.

VIRGINIA EXPANSION

We completed a $23 million, 3,000 square foot expansion at our Sandston, Virginia facility. State of the art blow-mold capability will help us increase efficiency and reduce freight volumes.

INDIANA DISTRIBUTION

We opened a $60 million, 400,000 square foot facility in Whitestown, Indiana. In this automated facility, 450 teammates will distribute more than 20 million cases throughout Central Indiana, in partnership with our transportation subsidiary Red Classic.

MINORITY SCHOLARSHIP

This year, we helped High Point University establish a $3 million scholarship to support minority students. The "Robert Brown Scholarship" will give talented young people the opportunity to get an excellent education that equips them to make a positive impact in the world.

PURPOSE

EVERY DAY, WE STRIVE TO LIVE OUT OUR PURPOSE: TO HONOR GOD IN ALL WE DO, TO SERVE OTHERS, TO PURSUE EXCELLENCE, AND TO GROW PROFITABLY. BY FORGING LOCAL PARTNERSHIPS ACROSS OUR TERRITORY, WE ARE DEVELOPING INNOVATIVE WAYS TO SERVE OUR TEAMMATES AND COMMUNITIES, AND TO SUPPORT ENVIRONMENTAL AND SOCIAL PROGRAMS.

REFRESH • RECYCLE • RENEW

Long before sustainability led the headlines, Coke Consolidated's Purpose and Values guided its commitment to stewarding environmental resources, focusing on innovation, and acting with courage and conviction. Our *Refresh Recycle Renew* initiative to promote sustainability includes industry-leading solutions for recycling and reusing our packages, waterway clean-up, community improvement and much more. We invest heavily in collaborations with our customers and marketing partners to establish, promote, and maximize recycling programs, and to ensure that our recycled plastic and aluminum packages are turned into new bottles and cans.

22	25%	26 million+	4 million+
NEW CLOSED-LOOP SYSTEMS CREATED	REDUCTION COMMITMENT OF ENERGY USE RATIO BY 2028	EQUIVALENT OF PLASTIC BOTTLES COLLECTED	EQUIVALENT OF ALUMINUM CANS COLLECTED

TEAMMATE ENGAGEMENT

As the COVID pandemic persisted, we expanded our support for our teammates. We expanded our food pantries, provided frontline workers special incentives, delivered over 80,000 snack packs, awarded over 500 Teammate Assistance grants, and launched a new Teammate Appreciation initiative.

COMMUNITY ENGAGEMENT

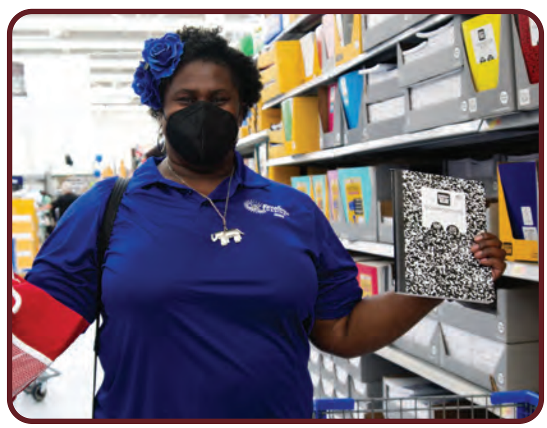
During the COVID pandemic, many communities need support more than ever. Our teammates hosted 20 community service events in 16 cities, supported over 55 schools, distributed 40,000 items, and assembled 2,500 meal kits for local families.

SAMARITAN'S FEET

One longstanding partnership is Samaritan's Feet Back to School initiative. In several cities across our territory, we helped distribute over 3,000 Hope Totes filled with new shoes, socks, hygiene kits, and encouraging messages to students.

TEACHER APPRECIATION

To support students, teachers and schools, our teammates assembled over 1,300 backpacks, provided Walmart gift cards, and distributed 300 tote bags with supplies. In total, we provided resources for 55 schools across our territory.



JOY TO THE CAROLINAS

For the third year, we partnered with the Carolina Panthers and Charlotte Motor Speedway to provide 1,500 members of the community with a unique holiday experience. Families received a hot dinner, hygiene items, toys, take-home meal kits, new shoes, and more. Our hospital partners also provided free COVID testing and vaccines on-site.


DASANI


October 7, 2021
FOOD and FRIENDS
$20,000
TWENTY THOUSAND DOLLARS
FOOD & FRIENDS
Coca-Cola Consolidated


ZERO SUGAR
NOW
More
Delicious
ZERO CALORIE COLA

PORTFOLIO

NOW THE LARGEST COCA-COLA BOTTLER IN THE UNITED STATES, WE ARE PROUD TO MAKE AND DELIVER MORE THAN 300 BRANDS AND FLAVORS TO 60 MILLION CONSUMERS ACROSS 14 STATES AND WASHINGTON, D.C.

PRODUCT INNOVATION

In 2021, we continued to expand our portfolio with an array of innovation. Our new .5L 15-pack offers consumers a larger multi-pack bottle, while the new 13.2 oz immediate consumption bottle appeals to Generation Z. Our new 12 oz 6-pack for Fanta and Minute Maid Refreshment expands our flavor portfolio beyond traditional packaging. We took advantage of trends in the Club channel to launch Sprite Cranberry mini cans and Sprite Zero Sugar 35 packs.

COCA-COLA ZERO SUGAR
Capitalizing on health and flavor trends, Coke Zero Sugar gives consumers a classic Coke taste with less sugar. A colorful rebranding offered eye-catching new packaging, which resonated with consumers.

COCA-COLA WITH COFFEE
In January, the fusion of Coca-Cola with 100% Brazilian coffee hit the shelves. Three core flavors and two sugar-free options pioneered the new category known as “refreshment coffee.”

PRODUCT HIGHLIGHTS

SPARKLING
Sprite and Sprite Zero Sugar led our sparkling growth, posting double digit volume gains. We also saw positive trends in sparkling flavors of Fanta, Mello Yello, Barq’s, Seagram’s Ginger Ale and Fresca, which together grew over 9% during the year.

STILL
The Coca-Cola Company purchased BODYARMOR, and the brand led still beverage performance with a gain of 4.6 share points in the sports drink category. In addition to the BODYARMOR trademark, we helped launch the caffeinated version – BODYARMOR Edge. We also expanded our Monster Energy offerings, with a smaller 12 oz can and a larger 16 oz 12-pack to attract different consumer segments. And, we promoted three new products in the premium water category – smartwater Clarity, Renew and Tranquility.

VALUES

ACCOUNTABILITY

CONSISTENCY

COURAGE AND CONVICTION

DISCIPLINE

HONESTY AND INTEGRITY

HUMILITY

MORALITY

OPTIMISM

RESPECTFULNESS

SUPPORTIVENESS

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2021

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: (704) 557-4400

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	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

Class	Market Value as of July 2, 2021
Common Stock, par value $l.00 per share	$1,832,994,411
Class B Common Stock, par value $l.00 per share	*

*No market exists for the Class B Common Stock, which is neither registered under Section 12 of the Act nor subject to Section 15(d) of the Act. The Class B Common Stock is convertible into Common Stock on a share-for-share basis at any time at the option of the holder.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding as of January 28, 2022
Common Stock, par value $1.00 per share	7,141,447
Class B Common Stock, par value $1.00 per share	2,232,242

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the registrant's 2022 Annual Meeting of Stockholders are incorporated by reference in Part III of this report to the extent described herein.

COCA-COLA CONSOLIDATED, INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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PART I

Item 1. Business.

Introduction

Coca-Cola Consolidated, Inc., a Delaware corporation (together with its majority-owned subsidiaries, "Coca-Cola Consolidated," the "Company," "we," "us" or "our"), distributes, markets and manufactures 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 83% 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 ("Monster Energy"). Our purpose is to honor God in all we do, serve others, pursue excellence and grow profitably.

Ownership

J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, together with the trustees of certain trusts established for the benefit of certain relatives of the late J. Frank Harrison, Jr., control shares representing approximately 86% of the total voting power of the Company's total outstanding Common Stock and Class B Common Stock on a consolidated basis. As of December 31, 2021, The Coca-Cola Company owned shares of the Company's Common Stock representing approximately 5% of the total voting power of the Company's 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 the J. Frank Harrison, Jr. family trusts described above, have agreed to vote the shares of the Company's 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.

Beverage Products

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. Other sales include sales to other Coca-Cola bottlers, "post-mix" products, 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 following table sets forth some of our principal products, including products of The Coca-Cola Company and products licensed to us by other beverage companies:

Sparkling Beverages		Still Beverages	
The Coca-Cola Company Products:			
Barqs Root Beer	Fanta Zero	AHA	Gold Peak Tea
Cherry Coca-Cola	Fresca	BODYARMOR products	Honest Tea
Cherry Coca-Cola Zero	Mello Yello	Coca-Cola with Coffee	Hubert's Lemonade
Coca-Cola	Mello Yello Zero	Core Power	Minute Maid Juices To Go
Coca-Cola Orange Vanilla	Minute Maid Sparkling	Dasani	Peace Tea
Coca-Cola Vanilla	Pibb Xtra	Dasani Flavors	POWERade
Coca-Cola Zero Sugar	Seagrams Ginger Ale	FUZE	POWERade Zero
Diet Barqs Root Beer	Sprite	glacéau smartwater	Tum-E Yummies
Diet Coke	Sprite Zero Sugar	glacéau vitaminwater	Yup Milk
Fanta			
Products Licensed to Us by Other Beverage Companies:			
Diet Dr Pepper	Sundrop	Dunkin' Donuts products	NOS®
Diet Sundrop		Full Throttle	Reign products
Dr Pepper		Monster Energy products	

Beverage Distribution and Manufacturing Agreements

We have rights to distribute, promote, market and sell certain nonalcoholic beverages of The Coca-Cola Company pursuant to comprehensive beverage agreements (collectively, the “CBA”) with The Coca-Cola Company and Coca-Cola Refreshments USA, Inc. (“CCR”), a wholly owned subsidiary of The Coca-Cola Company. The CBA requires the Company to make quarterly 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 of the Company’s distribution territories. In addition to customary termination and default rights, the CBA requires us to make minimum, ongoing capital expenditures in our distribution business and to meet certain minimum volume requirements, gives The Coca-Cola Company certain approval and other rights in connection with a sale of the Company or of the distribution business of the Company and prohibits us from producing, manufacturing, preparing, packaging, distributing, selling, dealing in or otherwise using or handling any beverages, beverage components or other beverage products other than the beverages and beverage products of The Coca-Cola Company and certain expressly permitted cross-licensed brands without the consent of The Coca-Cola Company.

We also have rights to manufacture, produce and package certain beverages bearing trademarks of The Coca-Cola Company at our manufacturing plants pursuant to a regional manufacturing agreement with The Coca-Cola Company entered into on March 31, 2017 (as amended, the “RMA”). We may distribute these beverages for our own account in accordance with the CBA or may sell them to certain other U.S. Coca-Cola bottlers or to The Coca-Cola Company in accordance with the RMA. For prices determined pursuant to the RMA, The Coca-Cola Company unilaterally establishes from time to time the prices, or certain elements of the formulas used to determine the prices, that the Company charges for these sales to certain other U.S. Coca-Cola bottlers or to The Coca-Cola Company. The RMA contains provisions similar to those contained in the CBA restricting the sale of the Company or the manufacturing business of the Company, requiring minimum, ongoing capital expenditures in our manufacturing business, prohibiting us from manufacturing any beverages, beverage components or other beverage products other than the beverages and beverage products of The Coca-Cola Company and certain expressly permitted cross-licensed brands without the consent of The Coca-Cola Company and allowing for the termination of the RMA.

In addition to our agreements with The Coca-Cola Company and CCR, we also have rights to manufacture and/or distribute certain beverage brands owned by other beverage companies, including Dr Pepper and Monster Energy, pursuant to agreements with such other beverage companies. Our distribution agreements with Dr Pepper permit us to distribute Dr Pepper beverage brands, as well as certain post-mix products of Dr Pepper. Certain of our agreements with Dr Pepper also authorize us to manufacture certain Dr Pepper beverage brands. Our distribution agreements with Monster Energy grant us the rights to distribute certain products offered, packaged and/or marketed by Monster Energy. Similar to the CBA, these beverage agreements contain restrictions on the use of trademarks and approved bottles, cans and labels and the sale of imitations or substitutes, as well as provisions for their termination for cause or upon the occurrence of other events defined in these agreements. Sales of beverages under these agreements with other beverage companies represented approximately 17%, 16% and 15% of our bottle/can sales volume to retail customers in 2021, 2020 and 2019, respectively.

Finished Goods Supply Arrangements

We have finished goods supply arrangements with other U.S. Coca-Cola bottlers to sell and buy finished goods bearing trademarks owned by The Coca-Cola Company and produced by us in accordance with the RMA or produced by a selling U.S. Coca-Cola bottler in accordance with a similar regional manufacturing authorization held by such bottler. Pursuant to the RMA, The Coca-Cola Company unilaterally establishes from time to time the prices, or certain elements of the formulas used to determine the prices, for such finished goods. In most instances, the Company’s ability to negotiate the prices at which it sells finished goods bearing trademarks owned by The Coca-Cola Company to, and the prices at which it purchases such finished goods from, other U.S. Coca-Cola bottlers is limited pursuant to these pricing provisions.

Other Agreements Related to the Coca-Cola System

We have other agreements with The Coca-Cola Company, CCR and other Coca-Cola bottlers regarding product supply, information technology services and other aspects of the North American Coca-Cola system, as described below. Many of these agreements involve system governance structures that require the Company’s management to closely collaborate and align with other participating bottlers in order to successfully implement Coca-Cola system plans and strategies.

Incidence-Based Pricing Agreement with The Coca-Cola Company

The Company has an incidence-based pricing agreement with The Coca-Cola Company, which establishes the prices charged by The Coca-Cola Company to the Company for (i) concentrates of sparkling and certain still beverages produced by the Company and (ii) certain purchased still beverages. Under the incidence-based pricing agreement, the prices charged by The Coca-Cola Company are impacted by a number of factors, including the incidence rate in effect, our pricing and sales of finished products, the channels in which the finished products are sold, the package mix and, in the case of products sold by The Coca-Cola Company to us in finished form, the cost of goods for certain elements used in such products. The Coca-Cola Company has no rights under the incidence-based pricing agreement to establish the prices, or the elements of the formulas used to determine the prices, at which we sell products, but does have the right to establish certain pricing under other agreements, including the RMA.

National Product Supply Governance Agreement

We are a member of a national product supply group (the "NPSG"), which is comprised of The Coca-Cola Company, the Company and certain other Coca-Cola bottlers who are regional producing bottlers in The Coca-Cola Company's national product supply system (collectively with the Company, the "NPSG Members"), pursuant to a national product supply governance agreement executed in 2015 with The Coca-Cola Company and certain other Coca-Cola bottlers (as amended, the "NPSG Agreement"). The stated objectives of the NPSG include, among others, (i) Coca-Cola system strategic infrastructure investment and divestment planning; (ii) network optimization of plant to distribution center sourcing; and (iii) new product or packaging infrastructure planning.

Under the NPSG Agreement, the NPSG Members established certain governance mechanisms, including a governing board (the "NPSG Board") comprised of representatives of certain NPSG Members. The NPSG Board makes and/or oversees and directs certain key decisions regarding the NPSG. Subject to the terms and conditions of the NPSG Agreement, each NPSG Member is required to comply with certain key decisions made by the NPSG Board, which include decisions regarding strategic infrastructure investment and divestment planning, optimal national product supply sourcing and new product or packaging infrastructure planning. We are also obligated to pay a certain portion of the costs of operating the NPSG.

CONA Services LLC

We are a member of CONA Services LLC ("CONA"), an entity formed with The Coca-Cola Company and certain other Coca-Cola bottlers to provide business process and information technology services to its members. We are party to an amended and restated master services agreement with CONA, pursuant to which CONA agreed to make available, and we became 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. As part of making the CONA System available to us, CONA provides us with certain business process and information technology services, including the planning, development, management and operation of the CONA System in connection with our direct store delivery and manufacture of products. In exchange for our rights to use the CONA System and receive CONA-related services, we are charged service fees by CONA, which we are obligated to pay even if we are not using the CONA System for all or any portion of our distribution and manufacturing operations.

Amended and Restated Ancillary Business Letter

On March 31, 2017, we entered into an amended and restated ancillary business letter with The Coca-Cola Company (the "Ancillary Business Letter"), pursuant to which we were granted advance waivers to acquire or develop certain lines of business involving the preparation, distribution, sale, dealing in or otherwise using or handling of certain beverage products that would otherwise be prohibited under the CBA.

Under the Ancillary Business Letter, the consent of The Coca-Cola Company, which consent may not be unreasonably withheld, would be required for us to acquire or develop (i) any grocery, quick service restaurant, or convenience and petroleum store business engaged in the sale of beverages, beverage components and other beverage products not otherwise authorized or permitted by the CBA or (ii) any other line of business for which beverage activities otherwise prohibited under the CBA represent more than a certain threshold of net sales (subject to certain limited exceptions).

Markets Served and Facilities

As of December 31, 2021, we served approximately 60 million consumers within our territories, which comprised five principal markets. Certain information regarding each of these markets follows:

Market	Description	Manufacturing Plants	Number of Distribution Centers
Carolinas	The majority of North Carolina and South Carolina and portions of southern Virginia, including Boone, Hickory, Mount Airy, Charlotte, Raleigh, Winston-Salem, Greensboro, Fayetteville, Greenville and New Bern, North Carolina, Conway, Marion, Charleston, Columbia, Greenville and Ridgeland, South Carolina and surrounding areas.	Charlotte, NC	17
Central	A significant portion of northeastern Kentucky, the majority of West Virginia and portions of southern Ohio, southeastern Indiana and southwestern Pennsylvania, including Lexington, Louisville and Pikeville, Kentucky, Beckley, Bluefield, Clarksburg, Elkins, Parkersburg, Craigsville and Charleston, West Virginia, Cincinnati and Portsmouth, Ohio and surrounding areas.	Cincinnati, OH	12
Mid-Atlantic	The entire state of Maryland, the majority of Virginia and Delaware, the District of Columbia and a portion of south-central Pennsylvania, including Easton, Salisbury, Capitol Heights, Baltimore, Hagerstown and Cumberland, Maryland, Norfolk, Staunton, Alexandria, Roanoke, Richmond, Yorktown and Fredericksburg, Virginia and surrounding areas.	Baltimore, MD Silver Spring, MD Roanoke, VA Sandston, VA	11
Mid-South	A significant portion of central and southern Arkansas and Tennessee and portions of western Kentucky and northwestern Mississippi, including Little Rock and West Memphis, Arkansas, Cleveland, Cookeville, Johnson City, Knoxville, Memphis and Morristown, Tennessee, Paducah, Kentucky and surrounding areas.	West Memphis, AR Nashville, TN	10
Mid-West	A significant portion of Indiana and Ohio and a portion of southeastern Illinois, including Anderson, Bloomington, Evansville, Fort Wayne, Indianapolis, Lafayette and South Bend, Indiana, Akron, Columbus, Dayton, Elyria, Lima, Mansfield, Toledo, Willoughby and Youngstown, Ohio and surrounding areas.	Indianapolis, IN Twinsburg, OH	10
Total		**10**	**60**

The Company is also a shareholder of South Atlantic Canners, Inc. (“SAC”), a manufacturing cooperative managed by the Company. SAC is located in Bishopville, South Carolina, and the Company utilizes a portion of the production capacity from the Bishopville manufacturing plant.

Raw Materials

In addition to concentrates purchased from The Coca-Cola Company and other beverage companies for use in our beverage manufacturing, we also purchase sweetener, carbon dioxide, plastic bottles, cans, closures and other packaging materials, as well as equipment for the distribution, marketing and production of nonalcoholic beverages.

We purchase all of the plastic bottles used in our manufacturing plants from Southeastern Container and Western Container, two manufacturing cooperatives we co-own with several other Coca-Cola bottlers, and a majority of our aluminum cans from two domestic suppliers. We began sourcing aluminum cans from international locations in 2020, and we may continue to change our sourcing model in the future in order to ensure an adequate supply of aluminum cans at commercially favorable prices.

Along with all other Coca-Cola bottlers in the United States and Canada, we are a member of Coca-Cola Bottlers’ Sales & Services Company LLC (“CCBSS”), which was formed to provide certain procurement and other services with the intention of enhancing the efficiency and competitiveness of the Coca-Cola bottling system. CCBSS negotiates the procurement for the majority of our raw materials, excluding concentrate, and we receive a rebate from CCBSS for the purchase of these raw materials.

We are exposed to price risk on commodities such as aluminum, corn and PET resin (a petroleum- or plant-based product), which affects the cost of raw materials used in the production of our finished products. We both produce and procure these finished products. Examples of the raw materials affected are aluminum cans and plastic bottles used for packaging and high fructose corn syrup used as a product ingredient. Further, we are exposed to commodity price risk on crude oil, which impacts our cost of fuel used in the movement and delivery of our products. We participate in commodity hedging and risk mitigation programs, including programs administered by CCBSS and programs we administer. In addition, other than as discussed above, there are no limits on the prices The Coca-Cola Company and other beverage companies can charge for concentrate.

Customers and Marketing

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. During 2020, due to the COVID-19 pandemic, consumer demand shifted from products sold for immediate consumption through smaller retail stores and on-premise locations to take-home products sold in grocery stores, mass merchandise stores and club stores. During 2021, as the COVID-19 pandemic's impact on economic activity abated, consumer demand increased for products sold for immediate consumption compared to 2020, although it remains somewhat lower than levels experienced prior to the COVID-19 pandemic.

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:

	Fiscal Year	
	2021	**2020**
Approximate percent of the Company's total bottle/can sales volume:		
Wal-Mart Stores, Inc.	20 %	19 %
The Kroger Company	13 %	13 %
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.	14 %	14 %
The Kroger Company	9 %	10 %
Total approximate percent of the Company's total net sales	**23 %**	**24 %**

The loss of Wal-Mart Stores, Inc. or The Kroger Company as a customer could have a material adverse effect on the operating and financial results of the Company. No other customer represented greater than 10% of the Company's total net sales or would impose a material adverse effect on the operating or financial results of the Company should they cease to be a customer of the Company.

New brand and product introductions, packaging changes and sales promotions are the primary sales and marketing practices in the nonalcoholic beverage industry and have required, and are expected to continue to require, substantial expenditures. Recent introductions include BODYARMOR Edge, Dr Pepper Zero Sugar, glacéau smartwater wellness portfolio, certain new flavors of Coca-Cola with Coffee, and certain new flavors of Dunkin' Donuts iced coffee.

We sell our products primarily in single-use bottles and cans, in varying package configurations from market to market. For example, there may be up to 24 different packages for Diet Coke within a single geographic area. Bottle/can sales volume to retail customers during 2021 was approximately 52% bottles and 48% cans.

We rely extensively on advertising in various media outlets, primarily online, television and radio, for the marketing of our products. The Coca-Cola Company, Dr Pepper and Monster Energy make substantial expenditures on advertising programs in our territories from which we benefit. Although The Coca-Cola Company and other beverage companies have provided us with marketing funding support in the past, our beverage agreements generally do not obligate such funding.

We also expend substantial funds on our own behalf for extensive local sales promotions of our products. Historically, these expenses have been partially offset by marketing funding support provided to us by The Coca-Cola Company and other beverage companies in support of a variety of marketing programs, such as point-of-sale displays and merchandising programs. We consider the funds we expend for marketing and merchandising programs necessary to maintain or increase revenue.

In addition to our marketing and merchandising programs, we believe a sustained and planned charitable giving program to support the communities we serve is an essential component to the success of our brand and, by extension, our net sales. In 2021, the Company made cash donations of approximately $22.5 million to various charities and donor-advised funds in light of the Company's financial performance, distribution territory footprint and future business prospects. The Company intends to continue its charitable contributions in future years, subject to the Company's financial performance and other business factors.

Seasonality

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. See "Item 2. Properties" for information relating to utilization of our manufacturing plants. Sales volume can also be impacted by weather conditions. Fixed costs, such as depreciation expense, are not significantly impacted by business seasonality.

Competition

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.

Government Regulation

Our business is subject to various laws and regulations administered by federal, state and local government agencies of the United States, including laws and regulations governing the production, storage, distribution, sale, display, advertising, marketing, packaging, labeling, content, quality and safety of our products, our occupational health and safety practices and the transportation and use of many of our products.

We are required to comply with a variety of U.S. laws and regulations, including, but not limited to: the Federal Food, Drug and Cosmetic Act and various state laws governing food safety; the Food Safety Modernization Act; the Occupational Safety and Health Act; the Clean Air Act; the Clean Water Act; the Resource Conservation and Recovery Act; the Comprehensive Environmental Response, Compensation and Liability Act; the Federal Motor Carrier Safety Act; the Lanham Act; various federal and state laws and regulations governing competition and trade practices; various federal and state laws and regulations governing our employment practices, including those related to equal employment opportunity, such as the Equal Employment Opportunity Act and the National Labor Relations Act; and laws regulating the sale of certain of our products in schools.

As a manufacturer, distributor and seller of beverage products of The Coca-Cola Company and other beverage companies in exclusive territories, we are subject to antitrust laws of general applicability. However, pursuant to the United States Soft Drink Interbrand Competition Act, soft drink bottlers, such as us, are permitted to have exclusive rights to manufacture, distribute and sell soft drink products in a defined geographic territory if that soft drink product is in substantial and effective competition with other products of the same general class in the market. We believe such competition exists in each of the exclusive geographic territories in the United States in which we operate.

In response to growing health, nutrition and wellness concerns for today's youth, a number of states and local governments have regulations restricting the sale of soft drinks and other foods in schools, particularly elementary, middle and high schools. Many of these restrictions have existed for several years in connection with subsidized meal programs in schools. Restrictive legislation, if widely enacted, could have an adverse impact on our products, sales and reputation.

Most beverage products sold by the Company are classified as food or food products and are therefore eligible for purchase using supplemental nutrition assistance program ("SNAP") benefits by consumers purchasing them for home consumption. Energy drinks with a nutrition facts label are also classified as food and are eligible for purchase for home consumption using SNAP benefits, whereas energy drinks classified as a supplement by the United States Food and Drug Administration (the "FDA") are not. Regulators may restrict the use of benefit programs, including SNAP, to purchase certain beverages and foods currently classified as food or food products.

Certain jurisdictions in which our products are sold have imposed, or are considering imposing, taxes, labeling requirements or other limitations on, or regulations pertaining to, the sale of certain of our products, ingredients or substances contained in, or attributes of, our products or commodities used in the manufacture of our products, including certain of our products that contain added sugars or sodium, exceed a specified caloric count or include specified ingredients such as caffeine.

Legislation has been proposed in Congress and by certain state and local governments which would prohibit the sale of soft drink products in non-refillable bottles and cans or require a mandatory deposit as a means of encouraging the return of such containers, each in an attempt to reduce solid waste and litter. Similarly, we are aware of proposed legislation that would impose fees or taxes on various types of containers that are used in our business. We are not currently impacted by the policies in these types of proposed legislation, but it is possible that similar or more restrictive legal requirements may be proposed or enacted within our distribution territories in the future.

We are also subject to federal and local environmental laws, including laws related to water consumption and treatment, wastewater discharge and air emissions. Our facilities must comply with the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act and other federal and state laws regarding handling, storage, release and disposal of wastes generated on-site and sent to third-party owned and operated off-site licensed facilities.

We do not currently have any material commitments for environmental compliance or environmental remediation for any of our properties. We do not believe compliance with enacted or adopted federal, state and local provisions pertaining to the discharge of materials into the environment or otherwise relating to the protection of the environment will have a material adverse impact on our consolidated financial statements or our competitive position.

Human Capital Resources

At Coca-Cola Consolidated, our teammates are the heart of our business and the key to our success. As of December 31, 2021, we employed approximately 16,000 employees which we refer to as "teammates," of which approximately 14,100 were full-time and 1,900 were part-time. Approximately 13% of our labor force is covered by collective bargaining agreements. While the number of collective bargaining agreements that will expire in any given year varies, we have been successful in the past in negotiating renewals to expiring agreements without any material disruption to our operations, and management considers teammate relations to be good.

Purpose and Culture

We believe a strong and clear purpose is the foundation to a strong culture and critical to the long-term success of the business. At Coca-Cola Consolidated, we strive to fulfill our Purpose – To honor God in all we do, to serve others, to pursue excellence and to grow profitably. And as a waypoint to help guide us along this journey is our Operating Destination – One Coca-Cola Consolidated Team, consistently generating strong cash flow, while empowering the next generation of diverse servant leaders. At the core of our culture is a focus on service. We want teammates to recognize and embrace a passion for serving each other along with our consumers, our customers and our communities. Through our *Coke Cares* program, we provide opportunities for our teammates to be involved in stewardship, charitable and community activities as a way to serve our communities.

We recognize the personal challenges and difficulties facing our teammates each day, and how it may be difficult for them to discuss their struggles with other teammates. Through our corporate chaplaincy program and our employee assistance program, we provide resources for our teammates to engage with a third party in a personal and confidential manner to discuss their personal challenges. These programs are administered by third parties and are valuable resources to help enhance emotional wellness, reduce stress and increase productivity.

Talent Acquisition, Development and Retention

The success and growth of our business depend in a large part on our ability to execute on our talent strategy which is to be a purpose driven company that attracts, engages and grows a highly talented, diverse workforce of servant leaders enabling our growth and performance. To meet our talent objectives, we utilize key strategies and processes related to recruitment, onboarding and learning development. Through our Total Rewards Program, we strive to offer competitive compensation, benefits and services to our full-time teammates, including incentive plans, recognition plans, defined contribution plans, healthcare benefits, tax-advantaged spending accounts, corporate chaplaincy and employee assistance programs and other programs. Management monitors market compensation and benefits to be able to attract, retain and promote teammates and reduce turnover and its associated costs.

During 2021, the Company faced substantial turnover of teammates, periodic labor shortages and wage inflation in our front-line positions due to tight conditions in the nationwide labor market. The Company responded to these challenges by making investments to attract, reward and retain front-line employees, as well as increasing base pay for front-line workers in certain competitive markets.

We are a learning organization committed to the goal of continuous improvement and the development of our teams and teammates. To empower our teammates to unlock their potential, we offer a wide range of learning experiences and resources. Our teammate onboarding experiences involve online learning, job-specific training and on-the-job development to learn about our Company, our products and our industry. Job-specific training includes activity-based classes that focus on how teammates can safely and efficiently sell, merchandise and display our products. After onboarding, our teammates may participate in numerous learning experiences offered by the Company to help them develop and improve their skills and capabilities to advance in their careers, including at one of our two dedicated experiential learning centers where teammates can develop and grow their skills through a hands-on experience. We provide a leadership program designed to challenge and grow our future servant leaders through a series of learning experiences, including on-the-job training, mentorship, peer coaching and formal leadership courses. This program focuses on developing leadership skills, building cohesive teams and strengthening business acumen to prepare teammates for a leadership position at Coca-Cola Consolidated.

An important part of attracting and retaining top talent is teammate satisfaction, and we conduct an annual engagement survey administered and analyzed by an independent third party to assess teammate satisfaction and engagement and the effectiveness of our teammate development and compensation programs. In 2021, 74% of our teammates participated in the survey. This survey provides valuable insight to our leaders about how our teammates experience the Company and how we can better serve them and improve job performance, satisfaction and retention. Our executive officers review the survey results and develop and implement specific action plans to address key areas of opportunity. Additionally, leaders across our Company discuss the results with local managers to develop additional action plans to best address teammate feedback in different market units and functional areas.

Health and Safety

One of our top priorities is protecting the health and safety of our teammates. We are committed to operating in a safe, secure and responsible manner for the benefit of our consumers, customers, teammates and communities. We sponsor a number of programs and initiatives designed to reduce the frequency and severity of workplace injuries, incidents, risks and hazards, including safety committees, Company policies and procedures, coaching and training, and awareness through leadership engagement and messaging.

We continue to diligently monitor and manage through the impact of the COVID-19 pandemic on all aspects of our business, including by taking actions to protect and promote the health and safety of our consumers, customers, teammates and communities while continuing to manufacture and distribute products. For more information about the Company's response to the COVID-19 pandemic, see the "COVID-19 Impact on Consumer, Customer, Teammate and Community Safety" section of "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Diversity and Inclusion

We strive to cultivate diversity in our workforce and believe teammates with diverse backgrounds, experiences and viewpoints bring value to our organization. We have a diversity task force comprised of diverse teammates from across the organization and led by our President and Chief Operating Officer with a focus on cultivating diversity at Coca-Cola Consolidated. This task force developed a diversity framework focused on four pillars – communication, accountability, empowerment and partnerships. The task force and discussion groups led by our senior executive leadership team strive to enhance Company-wide engagement on diversity and inclusion, provide opportunities for teammates to discuss diversity and inclusion, develop initiatives to support our diversity framework and monitor progress across these initiatives.

Exchange Act Reports

Our website is *www.cokeconsolidated.com* and we make available free of charge through the investor relations portion of our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to these reports, as well as proxy statements and other information. These documents are available on our website as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission (the "SEC"). The information on our website or linked to or from our website is not incorporated by reference into, and does not constitute a part of, this report or any other documents we file with, or furnish to, the SEC.

We use our website to distribute information, including as a means of disclosing material, nonpublic information and for complying with our disclosure obligations under Regulation FD. We routinely post and make accessible financial and other information regarding the Company on our website. Accordingly, investors should monitor the investor relations portion of our website, in addition to our press releases, SEC filings and other public communications.

The SEC also maintains a website, *www.sec.gov*, that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

In addition to other information in this report, the following risk factors should be considered carefully in evaluating the Company's business. The Company's business, financial condition or results of operations could be materially and adversely affected by any of these risks.

Risks Related to Our Business

The Company's business and results of operations may be adversely affected by increased costs, disruption of supply or unavailability or shortages of raw materials, fuel and other supplies.

Raw material costs, including the costs for plastic bottles, aluminum cans, PET resin, carbon dioxide and high fructose corn syrup, are subject to significant price volatility, which may be worsened by periods of increased demand, supply constraints or high inflation. International or domestic geopolitical or other events, including the imposition of tariffs and/or quotas by the U.S. government on any of these raw materials, could adversely impact the supply and cost of these raw materials to the Company. The COVID-19 pandemic has resulted in certain raw materials not being available at commercially favorable terms or at all, and other similar pandemics may have such an effect in the future. In addition, there are no limits on the prices The Coca-Cola Company and other beverage companies can charge for concentrate. If the Company cannot offset higher raw material costs with higher selling prices, effective commodity price hedging, increased sales volume or reductions in other costs, the Company's results of operations and profitability could be adversely affected.

Limited suppliers for certain of the Company's raw materials could have an adverse effect on the Company's ability to negotiate the lowest costs and, in light of the Company's relatively low in-plant raw material inventory levels, has the potential for causing interruptions in the Company's supply of raw materials and in its manufacture of finished goods.

The Company uses significant amounts of fuel for its delivery fleet and other vehicles used in the distribution of its products. International or domestic geopolitical or other events could impact the supply and cost of fuel and the timely delivery of the Company's products to its customers. Although the Company strives to reduce fuel consumption and uses commodity hedges to manage the Company's fuel costs, there can be no assurance the Company will succeed in limiting the impact of fuel price increases or price volatility on the Company's business or future cost increases, which could reduce the profitability of the Company's operations.

The Company uses a combination of internal and external freight shipping and transportation services to transport and deliver products. The Company's freight cost and the timely delivery of its products may be adversely impacted by a number of factors which could reduce the profitability of the Company's operations, including driver shortages, reduced availability of independent contractor drivers, higher fuel costs, weather conditions, traffic congestion, increased government regulation and other matters.

The Company purchases all of the plastic bottles used in its manufacturing plants from Southeastern Container and Western Container, two manufacturing cooperatives the Company co-owns with several other Coca-Cola bottlers, and a majority of its aluminum cans from two domestic suppliers. In 2020, the COVID-19 pandemic caused significant tightening in the domestic market for aluminum cans due to changing consumer purchasing patterns and, as a result, the Company changed its typical sourcing model and began to source aluminum cans from international locations. The inability of these plastic bottle or aluminum can suppliers to meet the Company's requirements for containers could result in the Company not being able to fulfill customer orders and production demand until alternative sources of supply are located. The Company attempts to mitigate these risks by working closely with key suppliers and by purchasing business interruption insurance where appropriate. Failure of the plastic bottle or aluminum can suppliers to meet the Company's purchase requirements could negatively impact inventory levels, customer confidence and results of operations, including sales levels and profitability.

The Company continues to make significant reinvestments in its business in order to evolve its operating model and to accommodate future growth and portfolio expansion, including supply chain optimization. The increased costs associated with these reinvestments, the potential for disruption in manufacturing and distribution and the risk the Company may not realize a satisfactory return on its investments could adversely affect the Company's business, financial condition or results of operations.

The Company's business and results of operations may be adversely affected by the inability to attract and retain front-line employees in a tight labor market.

In 2021, the U.S. economy experienced unusually tight labor market conditions as the supply of available workers frequently fell short of the number of workers necessary to fill all available jobs. As a result, the Company experienced difficulty in attracting and retaining front-line workers and significant turnover. Tight labor markets and a lack of available workers has led, and may lead in the future, to increased labor costs in the form of higher salaries and increased overtime. If the Company cannot retain adequate front-line employees to produce and deliver its products, its business operations may be adversely affected and higher labor costs have had, and may have in the future, an adverse effect on our results of operations.

Moreover, the supply of front-line workers, and the Company's ability to retain such workers, may be adversely impacted by future COVID-19 regulations and policies. The Company is actively monitoring the status of announced and potential regulations concerning vaccination or periodic testing for COVID-19 and the impact that such regulations, if implemented, may have on its workforce. If a significant number of our teammates are negatively impacted by regulations requiring vaccination or periodic testing of unvaccinated teammates, it may result in teammate attrition and our business operations may be adversely affected.

The reliance on purchased finished products from external sources could have an adverse impact on the Company's profitability.

The Company does not, and does not plan to, manufacture all products it distributes and, therefore, remains reliant on purchased finished products from external sources to meet customer demand. As a result, the Company is subject to incremental risk, including, but not limited to, product quality and availability, price variability and production capacity shortfalls for externally purchased finished products, which could have an impact on the Company's profitability and customer relationships. Particularly, the Company is subject to the risk of unavailability of still products that it acquires from other manufacturers, leading to an inability to meet consumer demand for these products. In most instances, the Company's ability to negotiate the prices at which it purchases finished products from other U.S. Coca-Cola bottlers is limited pursuant to The Coca-Cola Company's right to unilaterally establish the prices, or certain elements of the formulas used to determine the prices, for such finished products under the RMA, which could have an adverse impact on the Company's profitability.

Changes in public and consumer perception and preferences, including concerns related to product safety and sustainability, artificial ingredients, brand reputation and obesity, could reduce demand for the Company's products and reduce profitability.

Concerns about perceived negative safety and quality consequences of certain ingredients in the Company's products, such as non-nutritive sweeteners or ingredients in energy drinks, may erode consumers' confidence in the safety and quality of the Company's products, whether or not justified. The Company's business is also impacted by changes in consumer concerns or perceptions surrounding the product manufacturing processes and packaging materials, including single-use and other plastic packaging, and the environmental and sustainability impact of such manufacturing processes and packaging materials. Any of these factors may reduce consumers' willingness to purchase the Company's products and any inability on the part of the Company to anticipate or react to such changes could result in reduced demand for the Company's products or erode the Company's competitive and financial position and could adversely affect the Company's business, reputation, financial condition or results of operations.

The Company's success depends on its ability to maintain consumer confidence in the safety and quality of all of its products. The Company has rigorous product safety and quality standards. However, if beverage products taken to market are or become contaminated or adulterated, the Company may be required to conduct costly product recalls and may become subject to product liability claims and negative publicity, which could cause its business and reputation to suffer.

The Company's success also depends in large part on its ability and the ability of The Coca-Cola Company and other beverage companies it works with to maintain the brand image of existing products, build up brand image for new products and brand extensions and maintain its corporate reputation and social license to operate. Engagements by the Company's executives in social and public policy debates may occasionally be the subject of criticism from advocacy groups that have differing points of view and could result in adverse media and consumer reaction, including product boycotts. Similarly, the Company's sponsorship relationships and charitable giving program could subject the Company to negative publicity as a result of actual or perceived views of organizations the Company sponsors or supports financially. Likewise, negative postings or comments on social media or networking websites about the Company, The Coca-Cola Company or one of the products the Company carries, even if inaccurate or malicious, could generate adverse publicity that could damage the reputation of the Company's brands or the Company.

The Company's business depends substantially on consumer tastes, preferences and shopping habits that change in often unpredictable ways. As a result of certain health and wellness trends, including concern over the public health consequences associated with obesity, consumer preferences over the past several years have shifted from sugar-sweetened sparkling beverages to diet sparkling beverages, tea, sports drinks, enhanced water and bottled water. As the Company distributes, markets and manufactures beverage brands owned by others, the success of the Company's business depends in large measure on the ability of The Coca-Cola Company and other beverage companies to develop and introduce product innovations to meet the changing preferences of the broad consumer market, and failure to satisfy these consumer preferences could adversely affect the Company's profitability.

The COVID-19 pandemic and other pandemic outbreaks in the future could materially adversely affect our business, financial condition, results of operations or cash flows.

The COVID-19 pandemic has had a significant impact on our business. Future pandemics may also pose risks similar to, or more severe than, the risks associated with the COVID-19 pandemic and such risks are impossible to predict with certainty at this time. Any of the negative impacts of the COVID-19 pandemic, including those described below, alone or in combination with others, may have a material adverse effect on our business, financial condition, results of operations or cash flows.

- The closing or restricted operations of many public locations, which caused a decrease in sales volume in on-premise locations during 2020 and parts of 2021.

- Consumer demand may shift from higher margin products sold for immediate consumption through smaller retail stores and on-premise locations to lower margin, take-home products sold in grocery stores, mass merchandise stores and club stores, as experienced during the onset of the COVID-19 pandemic.

- Disruptions in our concentrate suppliers' production and distribution operations could increase concentrate costs and create delays in delivery of concentrate, which could adversely impact our ability to manufacture and distribute certain products. Further, disruptions in supply chains have placed, and may continue to place, constraints on our ability to procure beverage containers, such as plastic bottles and aluminum cans. These supply chain disruptions have increased, and in the future could increase further, our packaging costs and alter the product offerings to our customers.

- Actions we have taken or may take, or decisions we have made or may make, because of the COVID-19 pandemic may result in legal claims or litigation against us.

- The resumption of normal business operations may be delayed or constrained by the persistence of the COVID-19 pandemic, including variants of the disease, and lingering effects on our consumers, customers, suppliers and/or third-party service providers and business partners.

Changes in government regulations related to nonalcoholic beverages, including regulations related to obesity, public health, artificial ingredients and product safety and sustainability, could reduce demand for the Company's products and reduce profitability.

The Company's business and properties are subject to various federal, state and local laws and regulations, including those governing the production, packaging, quality, labeling and distribution of beverage products. Compliance with or changes in existing laws or regulations could require material expenses and negatively affect our financial results through lower sales or higher costs.

The production and marketing of beverages are subject to the rules and regulations of the FDA and other federal, state and local health agencies, and extensive changes in these rules and regulations could increase the Company's costs or adversely impact its sales. The Company cannot predict whether any such rules or regulations will be enacted or, if enacted, the impact that such rules or regulations could have on its business.

In response to growing health, nutrition and wellness concerns for today's youth, a number of states and local governments have regulations restricting the sale of soft drinks and other foods in schools, particularly elementary, middle and high schools. Many of these restrictions have existed for several years in connection with subsidized meal programs in schools. Additionally, legislation has been proposed by certain state and local governments to limit or restrict the sale of energy drinks to minors and/or persons below a specified age and/or to restrict the venues in which energy drinks can be sold. Restrictive legislation, if widely enacted, could have an adverse impact on the Company's products, sales and reputation.

Legislation has been proposed in Congress and by certain state and local governments which would prohibit the sale of soft drink products in non-refillable bottles and cans or require a mandatory deposit as a means of encouraging the return of such containers, each in an attempt to reduce solid waste and litter. Similarly, the Company is aware of proposed legislation that would impose fees or taxes on various types of containers used in its business. The Company is not currently impacted by the policies in these types of proposed legislation, but it is possible that similar or more restrictive legal requirements may be proposed or enacted within its distribution territories in the future.

Concerns about perceived negative safety and quality consequences of certain ingredients in the Company's products, such as non-nutritive sweeteners or ingredients in energy drinks, could result in additional governmental regulations concerning the production, marketing, labeling or availability of the Company's products or the ingredients in such products, possible new taxes or negative publicity resulting from actual or threatened legal actions against the Company or other companies in the same industry, any of which could damage the reputation of the Company or reduce demand for the Company's products, which could adversely affect the Company's profitability.

The FDA occasionally proposes major changes to the nutrition labels required on all packaged foods and beverages, including those for most of the Company's products, which could require the Company and its competitors to revise nutrition labels to include updated serving sizes, information about total calories in a beverage product container and information about any added sugars or nutrients. Any pervasive nutrition label changes could increase the Company's costs and could inhibit sales of one or more of the Company's major products.

Most beverage products sold by the Company are classified as food or food products and are therefore eligible for purchase using SNAP benefits by consumers purchasing them for home consumption. Energy drinks with a nutrition facts label are also classified as food and are eligible for purchase for home consumption using SNAP benefits, whereas energy drinks classified as a supplement by the FDA are not. Regulators may restrict the use of benefit programs, including SNAP, to purchase certain beverages and foods currently classified as food or food products.

The Company relies on The Coca-Cola Company and other beverage companies to invest in the Company through marketing funding and to promote their own company brand identity through external advertising, marketing spending and product innovation. Decreases from historic levels of investment could negatively impact the Company's business, financial condition and results of operations or profitability.

The Coca-Cola Company and other beverage companies have historically provided financial support to the Company through marketing funding. While the Company does not believe there will be significant changes to the amount of marketing funding support provided by The Coca-Cola Company and other beverage companies, the Company's beverage agreements generally do not obligate such funding and there can be no assurance the historic levels will continue. Decreases in the level of marketing funding provided, material changes in the marketing funding programs' performance requirements or the Company's inability to meet the performance requirements for marketing funding could adversely affect the Company's business, financial condition and results of operations or profitability.

In addition, The Coca-Cola Company and other beverage companies have their own external advertising campaigns, marketing spending and product innovation programs, which directly impact the Company's operations. Decreases in 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, could adversely impact the sales volume growth and profitability of the Company. While the Company does not believe there will be significant changes in the level of external advertising and marketing spending by The Coca-Cola Company and other beverage companies, there can be no assurance the historic levels will continue or that advertising campaigns will be positively perceived by the public. The Company's volume growth is also dependent on product innovation by The Coca-Cola Company and other beverage companies, and their ability to develop and introduce products that meet consumer preferences.

The Company is a participant in several Coca-Cola system governance entities, and decisions made by these governance entities may be different than decisions that would have been made by the Company individually. Any failure of these governance entities to function efficiently or on the best behalf of the Company and any failure or delay of the Company to receive anticipated benefits from these governance entities could adversely affect the Company's business, financial condition and results of operations.

The Company is a member of CONA and party to an amended and restated master services agreement with CONA, pursuant to which the Company is an authorized user of the CONA System, a uniform information technology system developed to promote operational efficiency and uniformity among North American Coca-Cola bottlers. The Company relies on CONA to make necessary upgrades to and resolve ongoing or disaster-related technology issues with the CONA System, and it is limited in its authority and ability to timely resolve errors or to make changes to the CONA software. Any service interruptions of the CONA System could result in increased costs or adversely impact the Company's results of operations. In addition, because other Coca-Cola bottlers are also users of the CONA System and would likely experience similar service interruptions, the Company may not be able to have another bottler process orders on its behalf during any such interruption.

The Company is also a member of the NPSG, which is comprised of The Coca-Cola Company, the Company and certain other Coca-Cola bottlers who are regional producing bottlers in The Coca-Cola Company's national product supply system. Pursuant to the NPSG Agreement, the Company has agreed to abide by decisions made by the NPSG Board, which include decisions regarding strategic infrastructure investment and divestment planning, optimal national product supply sourcing and new product or packaging infrastructure planning. Although the Company has a representative on the NPSG Board, the Company cannot exercise sole decision-making authority relating to the decisions of the NPSG Board, and the interests of other members of the NPSG Board may diverge from those of the Company. Any such divergence could have a material adverse effect on the operating and financial results of the Company.

Provisions in the CBA and the RMA with The Coca-Cola Company could delay or prevent a change in control of the Company or a sale of the Company's Coca-Cola distribution or manufacturing businesses.

Provisions in the CBA and the RMA require the Company to obtain The Coca-Cola Company's prior approval of a potential buyer of the Company's Coca-Cola distribution or manufacturing businesses, which could delay or prevent a change in control of the Company or the Company's ability to sell such businesses. The Company can obtain a list of pre-approved third-party buyers from The Coca-Cola Company annually. In addition, the Company can seek buyer-specific approval from The Coca-Cola Company upon receipt of a third-party offer to purchase the Company or its Coca-Cola distribution or manufacturing businesses. If a change in control or sale of one of our businesses is delayed or prevented by the provisions in the CBA and the RMA, the market price of our common stock could be negatively affected.

The concentration of the Company's capital stock ownership with the Harrison family limits other stockholders' ability to influence corporate matters.

Members of the Harrison family, including the Company's Chairman of the Board of Directors and Chief Executive Officer, J. Frank Harrison, III, beneficially own shares representing approximately 86% of the total voting power of the Company's total outstanding Common Stock and Class B Common Stock on a consolidated basis. In addition, three members of the Harrison family, including Mr. Harrison, serve on the Company's Board of Directors.

As a result, members of the Harrison family have the ability to exert substantial influence or actual control over the Company's management and affairs and over substantially all matters requiring action by the Company's stockholders. This concentration of ownership may have the effect of delaying or preventing a change in control otherwise favored by the Company's other stockholders and could depress the stock price or limit other stockholders' ability to influence corporate matters, which could result in the Company making decisions that stockholders outside the Harrison family may not view as beneficial.

The Company's inability to meet requirements under its beverage agreements could result in the loss of distribution and manufacturing rights.

Under the CBA and the RMA, which authorize the Company to distribute and/or manufacture products of The Coca-Cola Company, and pursuant to the Company's distribution agreements with other beverage companies, the Company must satisfy various requirements, such as making minimum capital expenditures or maintaining certain performance rates. Failure to satisfy these requirements could result in the loss of distribution and manufacturing rights for the respective products under one or more of these beverage agreements. The occurrence of other events defined in these agreements could also result in the termination of one or more beverage agreements.

The RMA also requires the Company to provide and sell covered beverages to other U.S. Coca-Cola bottlers at prices established pursuant to the RMA. As the timing and quantity of such requests by other U.S. Coca-Cola bottlers can be unpredictable, any failure by the Company to adequately plan for such demand could also constrain the Company's supply chain network.

Changes in the inputs used to calculate the Company's acquisition related contingent consideration liability could have a material adverse impact on the Company's financial condition and results of operations.

The Company's acquisition related contingent consideration liability, which totaled $542.1 million as of December 31, 2021, consists of the estimated amounts due to The Coca-Cola Company as sub-bottling payments under the CBA with The Coca-Cola Company and CCR over the useful life of the related distribution rights. Changes in business conditions or other events could materially change both the future cash flow projections and the discount rate used in the calculation of the fair value of contingent consideration under the CBA. These changes could result in material changes to the fair value of the acquisition related contingent consideration and could materially impact the amount of non-cash expense (or income) recorded each reporting period.

General Risk Factors

Technology failures or cyberattacks on the Company's technology systems or the Company's effective response to technology failures or cyberattacks on its customers', suppliers' or other third parties' technology systems could disrupt the Company's operations and negatively impact the Company's reputation, business, financial condition or results of operations.

The Company increasingly relies on information technology systems to process, transmit and store electronic information. Like most companies, the Company's information technology systems are vulnerable to interruption due to a variety of events beyond the Company's control, including, but not limited to, power outages, computer and telecommunications failures, computer viruses, other malicious computer programs and cyberattacks, denial-of-service attacks, security breaches, catastrophic events such as fires, tornadoes, earthquakes and hurricanes, usage errors by employees and other security issues. In addition, third-party providers of data hosting or cloud services, as well as other vendors, customers and suppliers, are vulnerable to cybersecurity incidents involving data the Company shares with them.

The third-party service provider for our employee digital timekeeping system suffered a cybersecurity incident that prevented us from accessing the information contained therein during the fourth quarter of 2021 and continuing through the beginning of 2022. The Company immediately responded and implemented mitigation measures to reduce disruptions to our normal operations during the period we could not access the system. While the information technology system and data incidents we have experienced in the past (including the incident involving our employee digital timekeeping system) have not materially impacted our business operations, we expect to continue experiencing these types of incidents in the future, one or more of which could significantly impact the Company.

The Company depends heavily upon the efficient operation of technological resources and a failure in these technology systems or controls could negatively impact the Company's business, financial condition or results of operations. In addition, the Company continuously upgrades and updates current technology or installs new technology. In order to address risks to its technology systems, the Company continues to monitor networks and systems, upgrade security policies and train its employees, and it requires third-party service providers and business partners, customers, suppliers and other third parties to do the same. The inability to implement upgrades, updates or installations in a timely manner, to train employees effectively in the use of new or updated technology, or to obtain the anticipated benefits of the Company's technology could adversely impact the Company's business, financial condition, results of operations or profitability.

The Company has technology security initiatives and disaster recovery plans in place to mitigate its risk to these vulnerabilities; however, these measures may not be adequate or implemented properly to ensure that the Company's operations are not disrupted. If the Company's technology systems, or those of its third-party service providers or business partners, are damaged, breached or cease to function properly, the Company may incur significant financial and other resources to mitigate, upgrade, repair or replace them, and the Company may suffer interruptions in its business operations, resulting in lost revenues and potential delays in reporting its financial results.

Further, misuse, leakage or falsification of the Company's information could result in violations of data privacy laws and regulations and damage the reputation and credibility of the Company. The Company may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to the Company, current or former employees, bottling partners, other customers, suppliers or consumers, and may become subject to legal action and increased regulatory oversight. The Company could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information technology systems, including liability for stolen information, increased cybersecurity protection costs, litigation expense and increased insurance premiums.

The Company's financial condition can be impacted by the stability of the general economy.

Unfavorable changes in general economic conditions or in the geographic markets in which the Company does business may have the temporary effect of reducing the demand for certain of the Company's products. For example, economic forces may cause consumers to shift away from purchasing higher-margin products and packages sold through immediate consumption and other highly profitable channels. Periods of sustained high inflation may have adverse impacts on demand for the Company's products and on the Company's ability to sustain margins due to higher input costs. Adverse economic conditions could also increase the likelihood of customer delinquencies and bankruptcies, which would increase the risk of uncollectability of certain accounts. Each of these factors could adversely affect the Company's overall business, financial condition and results of operations.

The Company's capital structure, including its cash positions and borrowing capacity with banks or other financial institutions and financial markets, exposes it to the risk of default by or failure of counterparty financial institutions. The risk of counterparty default or failure may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of the Company's counterparties were to become insolvent or enter bankruptcy, the Company's ability to recover losses incurred as a result of default or to retrieve assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. Consequently, the Company's access to capital may be diminished. Any such event of default or failure could negatively impact the Company's business, financial condition and results of operations.

Changes in the Company's top customer relationships and marketing strategies could impact sales volume and revenues.

The Company faces concentration risks related to a few customers comprising a large portion of the Company's annual sales volume and net revenue. The Company's business, financial condition and results of operations could be adversely affected if revenue from one or more of these significant customers is materially reduced or if the cost of complying with the customers' demands is significant. Additionally, if receivables from one or more of these significant customers become uncollectible, the Company's financial condition and results of operations may be adversely impacted.

The Company's largest customers, Wal-Mart Stores, Inc. and The Kroger Company, accounted for approximately 33% of the Company's 2021 bottle/can sales volume to retail customers and approximately 23% of the Company's 2021 total net sales. These customers typically make purchase decisions based on a combination of price, product quality, consumer demand and customer service performance and generally do not enter into long-term contracts. The Company faces risks related to maintaining the volume demanded on a short-term basis from these customers, which can also divert resources away from other customers. The loss of Wal-Mart Stores, Inc. or The Kroger Company as a customer could have a material adverse effect on the business, financial condition and results of operations of the Company.

Further, the Company's net sales are affected by promotion of the Company's products by significant customers, such as in-store displays created by customers or the promotion of the Company's products in customers' periodic advertising. If the Company's significant customers change the manner in which they market or promote the Company's products, or if the marketing efforts by significant customers become ineffective, the Company's sales volume and revenue could be adversely impacted.

The Company may not be able to respond successfully to changes in the marketplace.

The Company operates in the highly competitive nonalcoholic beverage industry and faces strong competition from other general and specialty beverage companies. The Company's response to continued and increased customer and competitor consolidations and marketplace competition may result in lower than expected net pricing of the Company's products. The Company's ability to gain or maintain the Company's share of sales or gross margins may be limited by the actions of the Company's competitors, which may have advantages in setting prices due to lower raw material costs.

Competitive pressures in the markets in which the Company operates may cause channel and product mix to shift away from more profitable channels and packages. If the Company is unable to maintain or increase volume in higher-margin products and in packages sold through higher-margin channels, such as immediate consumption, pricing and gross margins could be adversely affected. Any related efforts by the Company to improve pricing and/or gross margin may result in lower than expected sales volume.

In addition, the Company's sales of finished goods to The Coca-Cola Company and other U.S. Coca-Cola bottlers are governed by the RMA, pursuant to which the prices, or certain elements of the formulas used to determine the prices, for such finished goods are unilaterally established by The Coca-Cola Company from time to time. This limits the Company's ability to adjust pricing in response to changes in the marketplace, which could have an adverse impact on the Company's business, financial condition and results of operations.

Changes in the Company's level of debt, borrowing costs and credit ratings could impact access to capital and credit markets, restrict the Company's operating flexibility and limit the Company's ability to obtain additional financing to fund future needs.

As of December 31, 2021, the Company had $723.4 million of debt outstanding. The Company's level of debt requires a substantial portion of future cash flows from operations to be dedicated to the payment of principal and interest, which reduces funds available for other purposes. The Company's debt level can negatively impact its operations by limiting the Company's ability to, and/or increasing its cost to, access credit markets for working capital, capital expenditures and other general corporate purposes; increasing the Company's vulnerability to economic downturns and adverse industry conditions by limiting the Company's ability to react to changing economic and business conditions; and exposing the Company to increased risk that the Company will not be able to refinance the principal amount of debt as it becomes due or that a significant decrease in cash flows from operations could make it difficult for the Company to meet its debt service requirements and to comply with financial covenants in its debt agreements.

The Company's acquisition related contingent consideration, revolving credit facility, term loan facility and pension and postretirement medical benefits are subject to changes in interest rates. If interest rates increase in the future, the Company's borrowing costs could increase, which could negatively impact the Company's financial condition and results of operations and limit the Company's ability to spend in other areas of the business. Further, a decline in the interest rates used to discount the Company's pension and postretirement medical liabilities could increase the cost of these benefits and the amount of the liabilities.

In 2017, the United Kingdom's Financial Conduct Authority (the "FCA") announced that it will not require banks to submit rates for the London InterBank Offered Rate ("LIBOR") after 2021. In March 2021, the FCA extended the transition dates of certain LIBOR tenors (including all U.S. dollar LIBOR tenors other than one-week and two-month U.S. dollar LIBOR tenors) to June 30, 2023, after which LIBOR reference rates will cease to be provided. The Company has identified its $500 million revolving credit facility as its only LIBOR-indexed financial instrument which extends after 2023 and has included successor LIBOR rate provisions in the underlying loan agreement based on the Alternative Reference Rates Committee's suggested fallback language. The revolving credit facility's underlying loan agreement provides that the Secured Overnight Funding Rate (the "SOFR") will be used as the LIBOR replacement rate for borrowings under the facility unless the Company and its lenders agree to an alternative reference rate based on prevailing market convention at the replacement date. The use of alternative reference rates or other reforms could cause the interest rate calculated for the Company's revolving credit facility to be materially different than expected. As of December 31, 2021, the

Company did not have any outstanding borrowings under its revolving credit facility and currently does not expect the discontinuation of LIBOR to have a material effect on the Company's business, financial condition or results of operations.

In assessing the Company's credit strength, credit rating agencies consider the Company's capital structure, financial policies, consolidated balance sheet and other financial information, and may also consider financial information of other bottling and beverage companies. The Company's credit ratings could be significantly impacted by the Company's operating performance, changes in the methodologies used by rating agencies to assess the Company's credit ratings, changes in The Coca-Cola Company's credit ratings and the rating agencies' perception of the impact of credit market conditions on the Company's current or future financial performance. Lower credit ratings could significantly increase the Company's borrowing costs or adversely affect the Company's ability to obtain additional financing at acceptable interest rates or to refinance existing debt.

Failure to attract, train and retain qualified employees while controlling labor costs, and other labor issues could have an adverse effect on the Company's reputation, business, financial condition and results of operations or profitability.

The Company's future growth and performance depend on its ability to attract, hire, train, develop, motivate and retain a highly skilled, diverse and properly credentialed workforce. The Company's ability to meet its labor needs while controlling labor costs is subject to many external factors, including competition for and availability of qualified personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs and changes in employment and labor laws or other workplace regulations. The Company's labor costs could be impacted by new or revised labor laws, rules or regulations or healthcare laws that are adopted or implemented. Any unplanned turnover or unsuccessful implementation of the Company's succession plans could deplete the Company's institutional knowledge base and erode its competitive advantage or result in increased costs due to increased competition for employees, higher employee turnover or increased employee benefit costs. Any of the foregoing could adversely affect the Company's reputation, business, financial condition or results of operations.

The Company uses various insurance structures to manage costs related to workers' compensation, auto liability, medical and other insurable risks. These structures consist of retentions, deductibles, limits and a diverse group of insurers that serve to strategically finance, transfer and mitigate the financial impact of losses to the Company. Losses are accrued using assumptions and procedures followed in the insurance industry, then adjusted for company-specific history and expectations. Although the Company has actively sought to control increases in these costs, there can be no assurance the Company will succeed in limiting future cost increases, which could reduce the profitability of the Company's operations.

In addition, the Company's profitability is substantially affected by the cost of pension retirement benefits, postretirement medical benefits and current employees' medical benefits. Macro-economic factors beyond the Company's control, including increases in healthcare costs, declines in investment returns on pension assets and changes in discount rates used to calculate pension and related liabilities, could result in significant increases in these costs for the Company. Although the Company has actively sought to control increases in these costs, there can be no assurance the Company will succeed in limiting future cost increases, which could reduce the profitability of the Company's operations.

Failure to maintain productive relationships with our employees covered by collective bargaining agreements, including failing to renegotiate collective bargaining agreements, could have an adverse effect on the Company's business, financial condition and results of operations.

Approximately 13% of the Company's employees are covered by collective bargaining agreements. Any inability of the Company to renegotiate subsequent agreements with labor unions on satisfactory terms and conditions could result in work interruptions or stoppages, which could have a material adverse impact on the Company's profitability. In addition, the terms and conditions of existing or renegotiated agreements could increase costs or otherwise affect the Company's ability to fully implement operational changes to improve overall efficiency.

Certain employees of the Company whose employment is covered under collective bargaining agreements participate in a multiemployer pension plan, the Employers-Teamsters Local Union Nos. 175 and 505 Pension Fund (the "Teamsters Plan"). Participating in the Teamsters Plan involves certain risks in addition to the risks associated with single employer pension plans, as contributed assets are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the Teamsters Plan, the unfunded obligations of the Teamsters Plan may be borne by the remaining participating employers. If the Company chooses to stop participating in the Teamsters Plan, the Company could be required to pay the Teamsters Plan a withdrawal liability based on the underfunded status of the Teamsters Plan.

Changes in tax laws, disagreements with tax authorities or additional tax liabilities could have a material adverse impact on the Company's financial condition and results of operations.

The Company is subject to income taxes within the United States. The Company's annual income tax rate is based upon the Company's income, federal tax laws and various state and local tax laws within the jurisdictions in which the Company operates. Changes in federal, state or local income tax rates and/or tax laws could have a material adverse impact on the Company's financial results.

Excise or other taxes imposed on the sale of certain of the Company's products by the federal government and certain state and local governments, particularly any taxes incorporated into shelf prices and passed along to consumers, could cause consumers to shift away from purchasing products of the Company, which could have a material adverse impact on the Company's business and financial results.

Governmental authorities in the United States may increase or impose new income taxes or indirect taxes, or revise interpretations of existing tax rules and regulations, as a means to finance the cost of stimulus packages and other relief measures enacted or taken, or that may be enacted or taken in the future, to protect populations and economies from the impact of the COVID-19 pandemic. Such actions could have an adverse effect on our results of operations or cash flows.

In addition, an assessment of additional taxes resulting from audits of the Company's tax filings could have an adverse impact on the Company's profitability, cash flows and financial condition.

Litigation or legal proceedings could expose the Company to significant liabilities and damage the Company's reputation.

The Company is from time to time a party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business, including, but not limited to, litigation claims and legal proceedings arising out of its advertising and marketing practices, product claims and labels, intellectual property and commercial disputes, and environmental and employment matters. With respect to all such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. Although the Company does not believe a material amount of loss in excess of recorded amounts is reasonably possible as a result of these claims, the Company faces risk of an adverse effect on its results of operations, financial position or cash flows, depending on the outcome of the legal proceedings.

Natural disasters, changing weather patterns and unfavorable weather could negatively impact the Company's business, financial condition and future results of operations or profitability.

Natural disasters or unfavorable weather conditions in the geographic regions in which the Company or its suppliers operate could have an adverse impact on the Company's revenue and profitability. For instance, unusually cold or rainy weather during the summer months may have a temporary effect on the demand for the Company's products and contribute to lower sales, which could adversely affect the Company's profitability for such periods. Prolonged drought conditions could lead to restrictions on water use, which could adversely affect the Company's cost and ability to manufacture and distribute products. Hurricanes or similar storms may have a negative sourcing impact or cause shifts in product mix to lower-margin products and packages.

Climate change may have a long-term adverse impact on our business and results of operations.

There is concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere could cause significant changes in weather patterns and an increase in the frequency or duration of extreme weather and climate events. These changes could adversely impact some of the Company's facilities, the availability and cost of key raw materials used by the Company in production or the demand for the Company's products. Public expectations for reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs, and may require the Company to make additional investments in facilities and equipment. In addition, federal, state or local governmental authorities may propose legislative and regulatory initiatives in response to concerns over climate change which could directly or indirectly adversely affect the Company's business, require additional investments or increase the cost of raw materials, fuel, ingredients and water. As a result, the effects of climate change could have a long-term adverse impact on the Company's business and results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of January 28, 2022, the principal properties of the Company included its corporate headquarters, subsidiary headquarters, 60 distribution centers and 10 manufacturing plants. The Company owns 46 distribution centers and 8 manufacturing plants, and leases its corporate headquarters, subsidiary headquarters, 14 distribution centers and two manufacturing plants. Following is a summary of the Company's manufacturing plants and certain other properties:

Facility Type	Location	Square Feet	Leased / Owned	Lease Expiration
Corporate Headquarters[(1)(2)]	Charlotte, NC	172,000	Leased	2029
Manufacturing Plant	Nashville, TN	220,000	Leased	2024
Distribution Center/Manufacturing Plant Combination[(2)(3)]	Charlotte, NC	650,000	Leased	2035
Distribution Center	Clayton, NC	233,000	Leased	2026
Distribution Center	Erlanger, KY	301,000	Leased	2034
Distribution Center	Hanover, MD	276,000	Leased	2034
Distribution Center	La Vergne, TN	220,000	Leased	2026
Distribution Center	Louisville, KY	300,000	Leased	2030
Distribution Center	Memphis, TN	266,000	Leased	2025
Warehouse	Charlotte, NC	380,000	Leased	2028
Warehouse	Hanover, MD	278,000	Leased	2027
Manufacturing Plant	Baltimore, MD	155,000	Owned	—
Manufacturing Plant	Cincinnati, OH	368,000	Owned	—
Manufacturing Plant	Roanoke, VA	310,000	Owned	—
Manufacturing Plant	Silver Spring, MD	104,000	Owned	—
Manufacturing Plant	Twinsburg, OH	287,000	Owned	—
Manufacturing Plant	West Memphis, AR	116,000	Owned	—
Distribution Center/Manufacturing Plant Combination	Indianapolis, IN	400,000	Owned	—
Distribution Center/Manufacturing Plant Combination	Sandston, VA	319,000	Owned	—

(1) Includes two adjacent buildings totaling approximately 172,000 square feet.
(2) The leases for these facilities are with a related party.
(3) Includes a 535,000-square foot manufacturing plant and an adjacent 115,000-square foot distribution center.

The Company believes all of its facilities are in good condition and are adequate for the Company's operations as presently conducted. The Company has production capacity to meet its current operational requirements. The estimated utilization percentage of the Company's manufacturing plants, which fluctuates with the seasonality of the business, as of December 31, 2021, is indicated below:

Location	Utilization[(1)]	Location	Utilization[(1)]
Roanoke, VA	91 %	Baltimore, MD	75 %
Charlotte, NC	86 %	West Memphis, AR	74 %
Indianapolis, IN	86 %	Sandston, VA	64 %
Nashville, TN	78 %	Silver Spring, MD	61 %
Cincinnati, OH	78 %	Twinsburg, OH	59 %

(1) Estimated production divided by capacity, based on expected operations of six days per week and 20 hours per day.

In addition to the facilities noted above, the Company utilizes a portion of the production capacity from the 261,000-square foot manufacturing plant owned by SAC, a manufacturing cooperative located in Bishopville, South Carolina.

The Company's products are generally transported to distribution centers for storage pending sale. There were no changes to the number of distribution centers by market area between December 31, 2021 and January 28, 2022.

As of January 28, 2022, the Company owned and operated approximately 4,200 vehicles in the sale and distribution of the Company's beverage products, of which approximately 2,800 were route delivery trucks. In addition, the Company owned approximately 429,000 beverage dispensing and vending machines for the sale of beverage products in the Company's territories as of January 28, 2022.

Item 3. 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 4. Mine Safety Disclosures.

Not applicable.

Information About Our Executive Officers

The following is a description of the names and ages of the executive officers of the Company, indicating all positions and offices with the Company held by each such person and each person's principal occupation or employment during the past five years. Each executive officer of the Company is elected by the Board of Directors and holds office from the date of election until thereafter removed by the Board.

Name	Position and Office	Age
J. Frank Harrison, III	Chairman of the Board of Directors and Chief Executive Officer	67
David M. Katz	President and Chief Operating Officer	53
F. Scott Anthony	Executive Vice President and Chief Financial Officer	58
Matthew J. Blickley	Senior Vice President, Financial Planning and Chief Accounting Officer	40
Robert G. Chambless	Executive Vice President, Franchise Beverage Operations	56
Donell W. Etheridge	Executive Vice President, Product Supply Operations	53
Morgan H. Everett	Vice Chair of the Board of Directors	40
E. Beauregarde Fisher III	Executive Vice President, General Counsel and Secretary	53
Kimberly A. Kuo	Senior Vice President, Public Affairs, Communications and Sustainability	51
Christine A. Motherwell	Senior Vice President, Human Resources	43
Jeffrey L. Turney	Senior Vice President, Strategy & Business Transformation	54

Mr. J. Frank Harrison, III was elected Chairman of the Board of Directors of the Company in December 1996 and Chief Executive Officer of the Company in May 1994. Mr. Harrison served as Vice Chairman of the Board of Directors of the Company from November 1987 to December 1996. He was first employed by the Company in 1977 and also served as a Division Sales Manager and as a Vice President.

Mr. David M. Katz was elected President and Chief Operating Officer of the Company in December 2018. Prior to that, he served in various positions within the Company, including Executive Vice President and Chief Financial Officer from January 2018 to December 2018, Executive Vice President, Product Supply and Culture & Stewardship from April 2017 to January 2018, Executive Vice President, Human Resources from April 2016 to April 2017 and Senior Vice President from January 2013 to March 2016. He held the position of Senior Vice President, Midwest Region for CCR, a wholly owned subsidiary of The Coca-Cola Company, from November 2010 to December 2012. Prior to the formation of CCR, he was Vice President, Sales Operations for Coca-Cola Enterprises Inc.'s ("CCE") East Business Unit from January 2010 to December 2010. From 2008 to 2010, he served as Chief Procurement Officer and as President and Chief Executive Officer of Coca-Cola Bottlers' Sales & Services Company LLC. He began his Coca-Cola career in 1993 with CCE as a Logistics Consultant.

Mr. F. Scott Anthony was elected Executive Vice President and Chief Financial Officer of the Company in December 2018. Prior to that, he served as Senior Vice President, Treasurer of the Company from November 2018 to December 2018. Before joining the Company, Mr. Anthony served as Executive Vice President, Chief Financial Officer of Ventura Foods, LLC, a privately held food solutions company, from April 2011 to September 2018. Previously, Mr. Anthony spent 21 years with CCE in a variety of roles, including Vice President, Chief Financial Officer of CCE's North America division, Vice President, Investor Relations & Planning, and Director, Acquisitions & Investor Relations.

Mr. Matthew J. Blickley was elected Senior Vice President, Financial Planning and Chief Accounting Officer of the Company in July 2020, effective August 2020. Prior to that, he served as Vice President, Financial Planning and Analysis of the Company from April 2018 to August 2020, as Senior Director, Financial Planning and Analysis of the Company from April 2016 to March 2018 and as Corporate Controller of the Company from November 2014 to March 2016. Before joining the Company, Mr. Blickley was with Family Dollar Stores, Inc., an operator of general merchandise retail discount stores, from January 2011 to November 2014, where he served in various senior financial roles, including Divisional Vice President, Financial Planning & Analysis and Director, Financial Reporting. Mr. Blickley is a certified public accountant and began his career with PricewaterhouseCoopers LLP in 2004 where he advanced from Audit Associate to Audit Manager during his more than six years with that firm.

Mr. Robert G. Chambless was elected Executive Vice President, Franchise Beverage Operations of the Company in January 2018. Prior to that, he served in various positions within the Company, including Executive Vice President, Franchise Strategy and Operations from April 2016 to January 2018, Senior Vice President, Sales, Field Operations and Marketing from August 2010 to March 2016, Senior Vice President, Sales from June 2008 to July 2010, Vice President – Franchise Sales from 2003 to 2008, Region Sales Manager for the Company's Southern Division from 2000 to 2003 and Sales Manager in the Company's Columbia, South Carolina branch from 1997 to 2000. He also served the Company in several other positions prior to 1997 and was first employed by the Company in 1986.

Mr. Donell W. Etheridge was elected Executive Vice President, Product Supply Operations of the Company in March 2021. Prior to that, he served in various positions within the Company, including Senior Vice President, Product Supply Operations from September 2016 to February 2021, Vice President, Product Supply Operations from December 2013 to September 2016, Senior Director, Manufacturing from August 2011 to November 2013, Director, Operations from April 2009 to July 2011 and Plant Manager from January 2003 to March 2009. He also served the Company in several other positions prior to 2003 and was first employed by the Company in 1990.

Ms. Morgan H. Everett was elected Vice Chair of the Board of Directors of the Company in May 2020. Prior to that, she was Senior Vice President of the Company from April 2019 to May 2020, Vice President of the Company from January 2016 to March 2019, and Community Relations Director of the Company from January 2009 to December 2015. Since December 2018, she has served as Chairman of Red Classic Services, LLC and Data Ventures, Inc., two of the Company's operating subsidiaries. She has been an employee of the Company since October 2004.

Mr. E. Beauregarde Fisher III was elected Executive Vice President, General Counsel of the Company in February 2017 and Secretary of the Company in May 2017. Before joining the Company, he was a partner with the law firm of Moore & Van Allen PLLC where he served on the firm's management committee and chaired its business law practice group. He was associated with the firm from 1998 to 2017 and concentrated his practice on mergers and acquisitions, corporate governance and general corporate matters. From 2011 to 2017, he served as the Company's outside corporate counsel.

Ms. Kimberly A. Kuo was elected Senior Vice President, Public Affairs, Communications and Sustainability of the Company in January 2016. Before joining the Company, she operated her own communications and marketing consulting firm, Sterling Strategies, LLC, from January 2014 to December 2015. Prior to that, she served as Chief Marketing Officer at Baker & Taylor, Inc., a book and entertainment distributor, from February 2009 to July 2013. Prior to her experience at Baker & Taylor, Inc., she served in various communications and government affairs roles on Capitol Hill, in political campaigns and with various trade associations and corporations.

Ms. Christine A. Motherwell was elected Senior Vice President, Human Resources of the Company in September 2021, effective January 1, 2022. Prior to that, she served in various positions within the Company, including Vice President, Human Resources Business Partner from October 2019 to December 2021, Vice President, Home Market Sales from April 2016 to September 2019, Vice President, Walmart/Club from April 2015 to March 2016 and Senior Director, Customer Development – Walmart from February 2013 to March 2015. Before joining the Company, Ms. Motherwell was National Account Executive, Publix of The Coca-Cola Company, the world's largest nonalcoholic beverage company, from December 2011 to February 2013. Prior to that, Ms. Motherwell was with CCR, a wholly owned subsidiary of The Coca-Cola Company, where she served as Director, Sales from January 2011 to December 2011 and as Sales Center Manager from October 2009 to December 2010.

Mr. Jeffrey L. Turney was elected Senior Vice President, Strategy & Business Transformation of the Company in January 2019. Prior to that, he served as Senior Vice President, Planning & Administration of the Company from January 2018 to December 2018 and as Vice President, Planning & Administration of the Company from December 2015 to December 2017. Before joining the Company, Mr. Turney was Vice President, Strategy & Business Development of The Coca-Cola Company, the world's largest nonalcoholic beverage company, from January 2011 to December 2015. Mr. Turney joined The Coca-Cola Company in May 2002, serving in various other strategic planning, commercial operations, customer sales and finance positions with the Coca-Cola North America division of The Coca-Cola Company. Prior to his time in the Coca-Cola system, Mr. Turney served consumer products and retail industry clients with Arthur Andersen Consulting from 1999 to 2002. From 1989 to 1999, he held various management and leadership roles in the consumer products and supermarket retail industry.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company has two classes of common stock outstanding, Common Stock and Class B Common Stock. The Common Stock is traded on the NASDAQ Global Select Market under the symbol COKE. There is no established public trading market for the Class B Common Stock. Shares of Class B Common Stock are convertible on a share-for-share basis into shares of Common Stock at any time at the option of the holder.

The Company's Board of Directors determines the amount and frequency of dividends declared and paid by the Company in light of the earnings and financial condition of the Company at such time. No assurance can be given that dividends will be declared or paid in the future.

As of January 28, 2022, the number of stockholders of record of the Common Stock and the Class B Common Stock was 1,305 and 10, respectively.

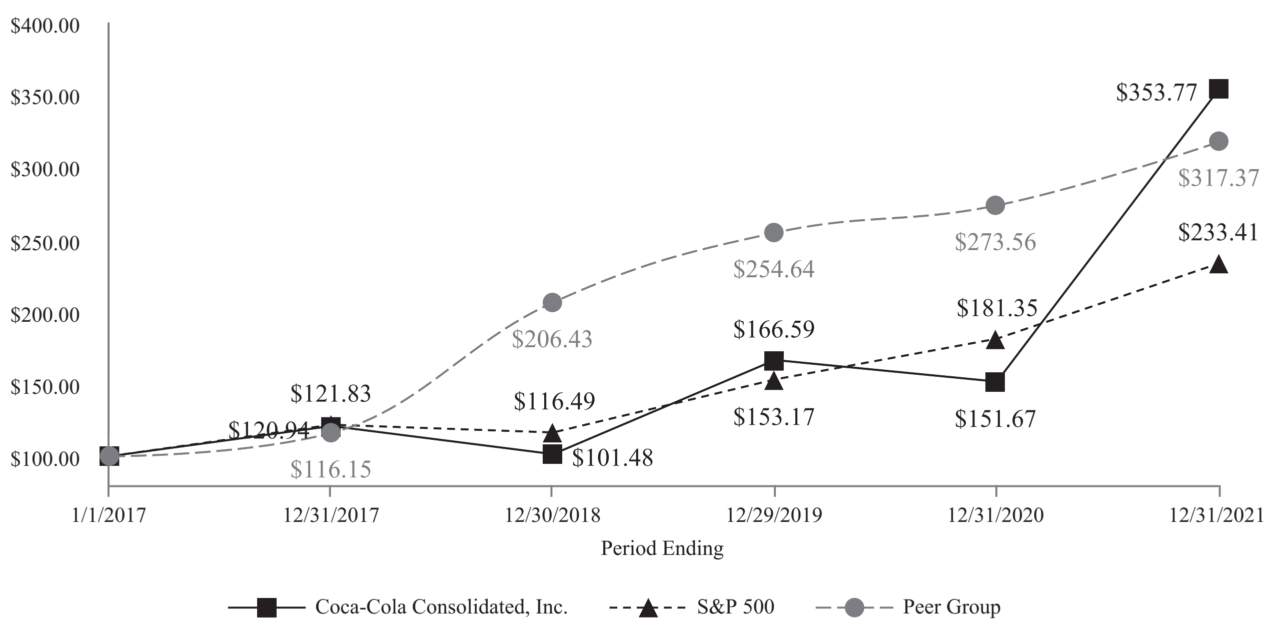
Stock Performance Graph

Presented below is a line graph comparing the yearly percentage change in the cumulative total return on the Company's Common Stock to the cumulative total return of the Standard & Poor's 500 Index and a peer group for the period commencing January 1, 2017 and ending December 31, 2021. The peer group is comprised of Keurig Dr Pepper Inc., National Beverage Corp., The Coca-Cola Company, Primo Water Corporation (f/k/a Cott Corporation) and PepsiCo, Inc.

The graph assumes $100 was invested in the Company's Common Stock, the Standard & Poor's 500 Index and each of the companies within the peer group on January 1, 2017, and that all dividends were reinvested on a quarterly basis. Returns for the companies included in the peer group have been weighted on the basis of the total market capitalization for each company.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*

Among Coca-Cola Consolidated, Inc., the S&P 500 Index and a Peer Group



* Assumes $100 invested on 1/1/2017 in stock or on 12/31/2016 in index, including reinvestment of dividends. Index calculated on a month-end basis.

Item 6. [Reserved]

Item 7. 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 the Company should be read in conjunction with the consolidated financial statements of the Company and the accompanying notes to the consolidated financial statements.

Beginning in 2020, the Company's fiscal year ends on December 31 of the applicable calendar year. Previously, the Company's fiscal year generally ended on the Sunday closest to December 31 of each year. The fiscal years presented are the periods ended December 31, 2021 ("2021") and December 31, 2020 ("2020"). Information concerning the fiscal year ended December 29, 2019 ("2019") and a comparison of 2020 and 2019 may be found under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for 2020, filed with the SEC on February 26, 2021.

The consolidated financial statements include the consolidated operations of the Company and its majority-owned subsidiaries. During 2020, Piedmont Coca-Cola Bottling Partnership ("Piedmont") was the Company's only subsidiary that had a significant noncontrolling interest. On December 9, 2020, an indirect wholly owned subsidiary of the Company purchased the remaining 22.7% general partnership interest in Piedmont from an indirect wholly owned subsidiary of The Coca-Cola Company, and Piedmont became an indirect wholly owned subsidiary of the Company.

The Company manages its business on the basis of three operating segments. 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."

Executive Summary

Physical case volume increased 2.0% during 2021. On a comparable selling day basis, as defined in the "Comparable and Adjusted Non-GAAP Results" section below, physical case volume increased 3.0%, which included Sparkling and Still category volume growth of 1.3% and 7.1%, respectively. Still volume growth was driven primarily by BODYARMOR, smartwater and Monster, and also benefited from the re-openings of certain small stores and accounts where our products are consumed on-premise. Sparkling volume growth related to continued strong demand for multi-serve can packages sold in larger retail stores.

Net sales increased 11.1% to $5.56 billion in 2021. The increase in net sales was driven by the strong volume growth referenced above and by pricing actions taken during 2021. Price increases were taken to offset inflation on our major cost inputs, including aluminum, PET resin and transportation costs.

Gross profit in 2021 increased $185.3 million, or 10.5%, while gross margin decreased 20 basis points to 35.1%. The improvement in gross profit was primarily due to the continued strong demand for our products and the pricing actions taken during 2021 to offset cost increases. The decline in gross margin was driven primarily by the increased mix of Still beverages, which generally carry lower gross margins than Sparkling packages.

Selling, delivery and administrative ("SD&A") expenses in 2021 increased $59.5 million, or 4.1%. SD&A expenses as a percentage of net sales decreased approximately 200 basis points to 27.2% in 2021. The increase in SD&A expenses related primarily to an increase in labor costs. During 2021, we provided incentives to attract, reward and retain our front-line teammates and we increased the base pay in certain competitive markets. Additionally, as channels of business and local economies re-opened compared to the prior year, our labor costs increased.

Income from operations in 2021 increased $125.8 million to $439.2 million. Net income increased $17.1 million in 2021 to $189.6 million as compared to 2020. Net income in 2021 was adversely impacted by fair value adjustments to our acquisition related contingent consideration liability, driven primarily by changes in future cash flow projections. Fair value adjustments to this liability are routine and non-cash in nature.

Cash flows provided by operations for 2021 were $521.8 million, compared to $494.5 million in 2020. The Company reduced outstanding indebtedness by $217.0 million during 2021.

COVID-19 Impact

As COVID-19-related quarantines and other restrictions were loosened throughout 2021, demand for products sold for immediate consumption through smaller retail stores and on-premise locations increased. We also continued to experience strong demand for our products across our take-home channels in 2021. We are optimistic about top-line growth opportunities in 2022 as we execute a robust commercial plan with our brand partners. However, given the uncertainty related to the duration of the COVID-19 pandemic and its influence on our consumers, customers, suppliers, teammates and communities, the Company recognizes 2022 will be a challenging year in which to plan and operate. While we currently expect another solid year of financial performance in 2022, we face increasing uncertainty related to a constrained labor pool, increased input costs, continued delays in supply movement and future COVID-19 variants and the resulting direct and indirect impacts. The Company continues to diligently monitor and manage through the impact of the COVID-19 pandemic on all aspects of its business, including the impact on its teammates, communities and customers.

The Company continues to implement its COVID-19 Response Program, including numerous actions to protect and promote the health and safety of its consumers, customers, suppliers, teammates and communities, while it continues to manufacture and distribute products. Such actions include following prescribed Company and other accepted health and safety standards and protocols, including those adopted by the Centers for Disease Control and Prevention (the "CDC") and local health authorities, and working closely with local health departments and appropriate agencies to manage and monitor teammate cases and exposures. Risk mitigation and safety activities continue; examples include adhering to sanitation protocols and promoting hygiene practices recommended by the CDC; implementing work-from-home routines for teammates whose work duties permit it; offering extended supplemental sick time for non-exempt teammates; and modifying our health and welfare plans for COVID-19-related events. The Company is actively monitoring the status of announced and potential regulations concerning vaccination or periodic testing for COVID-19 and the impact that such regulations, if implemented, may have on its workforce. If a significant number of our teammates are negatively impacted by regulations requiring vaccination or periodic testing of unvaccinated teammates, it may result in teammate attrition and our business operations may be adversely affected.

At this time and based on current trends, we do not currently expect the COVID-19 pandemic to materially impact our liquidity position or access to capital in 2022. We also have not experienced, and do not expect, any material impairments or adjustments to the fair values of our assets or the collectability of our receivables as a result of the COVID-19 pandemic.

We have assessed COVID-19-related circumstances around work routines, including remote work arrangements, and the impact on our internal controls over financial reporting. We have not identified, and do not anticipate, any material impact to our control procedures that would materially affect our internal controls over financial reporting. We will continue to monitor the impact of the COVID-19 pandemic on our business and make adjustments as needed.

Results of Operations

The Company's results of operations for 2021 and 2020 are highlighted in the table below and discussed in the following paragraphs.

	Fiscal Year		
(in thousands)	**2021**	**2020**	**Change**
Net sales	$ 5,562,714	$ 5,007,357	$ 555,357
Cost of sales	3,608,527	3,238,448	370,079
Gross profit	1,954,187	1,768,909	185,278
Selling, delivery and administrative expenses	1,515,016	1,455,531	59,485
Income from operations	439,171	313,378	125,793
Interest expense, net	33,449	36,735	(3,286)
Other expense, net	150,573	35,603	114,970
Income before taxes	255,149	241,040	14,109
Income tax expense	65,569	58,943	6,626
Net income	189,580	182,097	7,483
Less: Net income attributable to noncontrolling interest	—	9,604	(9,604)
Net income attributable to Coca-Cola Consolidated, Inc.	**189,580**	**172,493**	**17,087**
Other comprehensive income (loss), net of tax	18,590	(4,051)	22,641
Comprehensive income attributable to Coca-Cola Consolidated, Inc.	**$ 208,170**	**$ 168,442**	**$ 39,728**

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 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, as we continue to prioritize debt repayment and to focus on strengthening our balance sheet.

Net Sales

Net sales increased $555.4 million, or 11.1%, to $5.56 billion in 2021, as compared to $5.01 billion in 2020. The increase in net sales was primarily attributable to the following (in millions):

Fiscal Year 2021	Attributable to:
$ 412.5	Increase in net sales related to price increases and the shift in product mix. Approximately 70% of this increase was driven by an increase in average bottle/can sales price per unit charged to retail customers, while approximately 30% was related to the shift in product mix to higher revenue still products in order to meet consumer preferences.
95.5	Increased physical case volume
28.3	The increase in fountain syrup and other related sales mainly sold in on-premise locations
17.6	Increased physical case volume to other Coca-Cola bottlers
1.5	Increased volume of external freight revenue to external customers (other than nonalcoholic beverages)
$ 555.4	**Total increase in net sales**

Net sales by product category were as follows:

	Fiscal Year		
(in thousands)	**2021**	**2020**	**% Change**
Bottle/can sales:			
Sparkling beverages	$ 3,020,887	$ 2,760,827	9.4 %
Still beverages	1,861,162	1,641,716	13.4 %
Total bottle/can sales	**4,882,049**	**4,402,543**	**10.9 %**
Other sales:			
Sales to other Coca-Cola bottlers	347,185	329,574	5.3 %
Post-mix and other	333,480	275,240	21.2 %
Total other sales	**680,665**	**604,814**	**12.5 %**
Total net sales	**$ 5,562,714**	**$ 5,007,357**	**11.1 %**

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

	Fiscal Year		
(in thousands)	**2021**	**2020**	**% Change**
Bottle/can sales volume:			
Sparkling beverages	254,028	253,389	0.3 %
Still beverages	112,008	105,423	6.2 %
Total bottle/can sales volume	**366,036**	**358,812**	**2.0 %**

As the Company introduces new products, it reassesses the category assigned to its products at the SKU level, therefore categorization could differ from previously presented results to conform with current period categorization. Any differences are not material.

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:

	Fiscal Year	
	2021	2020
Approximate percent of the Company's total bottle/can sales volume:		
Wal-Mart Stores, Inc.	20 %	19 %
The Kroger Company	13 %	13 %
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.	14 %	14 %
The Kroger Company	9 %	10 %
Total approximate percent of the Company's total net sales	**23 %**	**24 %**

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 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 $370.1 million, or 11.4%, to $3.61 billion in 2021, as compared to $3.24 billion in 2020. The increase in cost of sales was primarily attributable to the following (in millions):

Fiscal Year 2021	Attributable to:
$ 253.6	Increased input costs, including aluminum, PET resin and transportation costs, partially due to the impacts of inflation, as well as the shift in product mix to meet consumer preferences
69.6	Increased physical case volume
21.0	The increase in fountain syrup and other related sales mainly sold in on-premise locations
17.9	Increased physical case volume to other Coca-Cola bottlers
8.0	Increased volume of external freight revenue to external customers (other than nonalcoholic beverages)
$ 370.1	**Total increase in cost of sales**

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 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 $133.1 million in 2021, as compared to $126.2 million in 2020.

SD&A 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 $59.5 million, or 4.1%, to $1.52 billion in 2021, as compared to $1.46 billion in 2020. SD&A expenses as a percentage of sales decreased to 27.2% in 2021 from 29.1% in 2020. The increase in SD&A expenses was primarily attributable to the following (in millions):

Fiscal Year 2021		Attributable to:
$	43.2	Increase in payroll expenses as we made adjustments to remain competitive in a challenging labor market
	11.2	Increase in cash donations to various charities and donor-advised funds in light of the Company's financial performance
	5.1	Other
$	**59.5**	**Total increase in SD&A expenses**

Shipping and handling costs included in SD&A expenses were $674.3 million in 2021 and $622.1 million in 2020.

Interest Expense, Net

Interest expense, net decreased $3.3 million, or 8.9%, to $33.4 million in 2021, as compared to $36.7 million in 2020. The decrease was primarily a result of lower average debt balances.

Other Expense, Net

A summary of other expense, net is as follows:

	Fiscal Year			
(in thousands)	2021		2020	
Increase in the fair value of the acquisition related contingent consideration liability	$	146,308	$	31,210
Non-service cost component of net periodic benefit cost		4,265		4,393
Total other expense, net	**$**	**150,573**	**$**	**35,603**

Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the distribution territories subject to sub-bottling fees to fair value. The fair value is determined by discounting future expected sub-bottling payments required under the CBA, which extend through the life of the applicable distribution assets, 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 sub-bottling fee on a quarterly basis.

The increase in the fair value of the acquisition related contingent consideration liability in 2021 as compared to 2020 was primarily driven by higher projections of future cash flows in the distribution territories subject to sub-bottling fees and changes to the discount rate used to calculate fair value throughout 2021 as compared to 2020.

Income Tax Expense

The Company's effective income tax rate, calculated by dividing income tax expense by income before taxes, was 25.7% for 2021 and 24.5% for 2020. The Company's effective income tax rate, calculated by dividing income tax expense by income before taxes minus net income attributable to noncontrolling interest, was 25.5% for 2020.

The Company's income tax expense increased $6.6 million, or 11.2%, to $65.6 million in 2021, as compared to $58.9 million in 2020. The increase in income tax expense was primarily attributable to higher income before taxes during 2021 compared to 2020.

Noncontrolling Interest

The Company recorded net income attributable to noncontrolling interest of $9.6 million in 2020 related to the portion of Piedmont owned by The Coca-Cola Company. On December 9, 2020, an indirect wholly owned subsidiary of the Company purchased the remaining 22.7% general partnership interest in Piedmont.

Other Comprehensive Income (Loss), Net of Tax

The Company had other comprehensive income, net of tax of $18.6 million in 2021 and other comprehensive loss, net of tax of $4.1 million in 2020. The improvement was primarily a result of actuarial gains on the Company's pension and postretirement plans.

Segment Operating Results

The Company evaluates segment reporting in accordance with the 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:

	Fiscal Year	
(in thousands)	**2021**	**2020**
Net sales:		
Nonalcoholic Beverages	$ 5,432,669	$ 4,879,170
All Other	366,855	332,728
Eliminations[1]	(236,810)	(204,541)
Consolidated net sales	**$ 5,562,714**	**$ 5,007,357**
Income from operations:		
Nonalcoholic Beverages	$ 456,713	$ 324,716
All Other	(17,542)	(11,338)
Consolidated income from operations	**$ 439,171**	**$ 313,378**

(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.

Comparable and Adjusted Non-GAAP Results

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). However, management believes certain non-GAAP financial measures provide users of the financial statements with additional, meaningful financial information that should be considered 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 comparable and adjusted results (non-GAAP):

	Fiscal Year		
(in millions)	**2021**	**2020**	**Change**
Physical case volume	**366.0**	**358.8**	**2.0 %**
Volume related to extra days in fiscal year	—	3.4	
Comparable physical case volume	**366.0**	**355.4**	**3.0 %**

	Fiscal Year 2021						
(in thousands, except per share data)	Net sales	Gross profit	SD&A expenses	Income from operations	Income before income taxes	Net income	Basic net income per share
Reported results (GAAP)	**$ 5,562,714**	**$ 1,954,187**	**$ 1,515,016**	**$ 439,171**	**$ 255,149**	**$ 189,580**	**$ 20.23**
Fair value adjustment of acquisition related contingent consideration(1)	—	—	—	—	146,308	109,731	11.70
Fair value adjustments for commodity derivative instruments(2)	—	(3,469)	1,772	(5,241)	(5,241)	(3,931)	(0.42)
Supply chain optimization and consolidation(3)	—	7,542	(947)	8,489	8,489	6,367	0.68
Total reconciling items	**—**	**4,073**	**825**	**3,248**	**149,556**	**112,167**	**11.96**
Adjusted results (non-GAAP)	**$ 5,562,714**	**$ 1,958,260**	**$ 1,515,841**	**$ 442,419**	**$ 404,705**	**$ 301,747**	**$ 32.19**
Adjusted percentage change versus 2020	*12.1 %*	*11.5 %*	*4.8 %*	*43.0 %*			

	Fiscal Year 2020						
(in thousands, except per share data)	Net sales	Gross profit	SD&A expenses	Income from operations	Income before income taxes	Net income	Basic net income per share
Reported results (GAAP)	**$5,007,357**	**$1,768,909**	**$1,455,531**	**$ 313,378**	**$ 241,040**	**$ 172,493**	**$ 18.40**
Fair value adjustment of acquisition related contingent consideration(1)	—	—	—	—	31,210	23,408	2.50
Fair value adjustments for commodity derivative instruments(2)	—	(1,996)	791	(2,787)	(2,787)	(2,090)	(0.22)
Supply chain optimization and consolidation(3)	—	4,984	596	4,388	4,388	3,291	0.35
Results of extra days in fiscal year(4)	(44,174)	(16,280)	(10,765)	(5,515)	(5,515)	(4,137)	(0.44)
Total reconciling items	**(44,174)**	**(13,292)**	**(9,378)**	**(3,914)**	**27,296**	**20,472**	**2.19**
Adjusted results (non-GAAP)	**$4,963,183**	**$1,755,617**	**$1,446,153**	**$ 309,464**	**$ 268,336**	**$ 192,965**	**$ 20.59**

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 sub-bottling fees.

(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 risk. The Company accounts for its commodity derivative instruments on a mark-to-market basis.

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

(4) Adjustment reflects three extra days in 2020, as compared to 2021.

Financial Condition

Total assets increased $223.1 million to $3.45 billion on December 31, 2021, as compared to $3.22 billion on December 31, 2020. Net working capital, defined as current assets less current liabilities, was $241.8 million on December 31, 2021, which was an increase of $37.6 million from December 31, 2020.

Significant changes in net working capital on December 31, 2021 from December 31, 2020 were as follows:

- An increase in cash and cash equivalents of $87.5 million primarily as a result of our strong operating performance.
- An increase in accounts receivable, trade of $46.8 million, driven primarily by increased net sales and the timing of cash receipts.
- An increase in inventories of $77.1 million, driven primarily by higher inventory levels to support anticipated consumer demand and increased input costs due to inflation.
- An increase in accounts payable, trade of $101.8 million due to the extension of payment terms for certain vendors and the timing of cash payments.
- An increase in accounts payable to The Coca-Cola Company of $38.5 million primarily as a result of the timing of cash payments.
- An increase in accrued compensation of $23.3 million, primarily driven by improved financial results.

Liquidity and Capital Resources

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 December 31, 2021, the Company had $142.3 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 refinance its maturing debt, finance its business plan, meet its working capital requirements and maintain an appropriate level of capital spending for at least the next 12 months from the issuance of the consolidated financial statements. At this time, the Company does not expect the COVID-19 pandemic to have a material impact on its liquidity or access to capital.

The Company's long-term debt as of December 31, 2021 and December 31, 2020 was as follows:

(in thousands)	**Maturity Date**	**December 31, 2021**	**December 31, 2020**
2016 Term Loan Facility[1]	6/7/2021	$ —	$ 217,500
Senior notes	2/27/2023	125,000	125,000
2021 Term Loan Facility[2]	7/9/2024	—	—
Senior bonds and unamortized discount on senior bonds[3]	11/25/2025	349,966	349,957
2021 Revolving Credit Facility[4]	7/9/2026	—	—
Senior notes	10/10/2026	100,000	100,000
Senior notes	3/21/2030	150,000	150,000
Debt issuance costs		(1,523)	(1,992)
Total long-term debt		**$ 723,443**	**$ 940,465**

(1) As of December 31, 2020, the 2016 Term Loan Facility (as defined under "Cash Flows From Financing Activities") balance was classified as long term as the Company intended to refinance outstanding principal payments due in the next 12 months using the 2018 Revolving Credit Facility (as defined under "Cash Flows From Financing Activities"), which was classified as long-term debt, and the Company was not restricted by any subjective acceleration clause within the agreement for the 2018 Revolving Credit Facility.

(2) The 2021 Term Loan Facility (as defined under "Cash Flows From Financing Activities") was fully repaid during the fourth quarter of 2021.

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

(4) 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.

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 December 31, 2021. These covenants have not 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 debt.

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.

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 December 31, 2021, 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	Positive

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:

	Fiscal Year	
(in thousands)	2021	2020
Beginning balance - Level 3 liability	**$ 434,694**	**$ 446,684**
Payment of acquisition related contingent consideration	(39,097)	(43,400)
Reclassification to current payables	200	200
Increase in fair value	146,308	31,210
Ending balance - Level 3 liability	**$ 542,105**	**$ 434,694**

Material Contractual Obligations

The Company had a number of contractual obligations and commercial obligations as of December 31, 2021 that are material to an assessment of the Company's short- and long-term cash requirements.

The Company has long-term debt of $725.0 million, none of which is contractually due in 2022. The remaining interest payments on the Company's debt obligations is an estimated $124.5 million determined in reference to the contractual terms of such debt, of which an estimated $27.3 million is due in 2022.

The Company's acquisition related contingent consideration liability relates to sub-bottling fees in distribution territories subject to sub-bottling payments required under the CBA and totaled $542.1 million as of December 31, 2021. The future expected sub-bottling payments extend through the life of the applicable distribution assets, which is generally 40 years. The Company expects to pay $51.5 million of the acquisition related contingent consideration liability in 2022, which is classified as other accrued liabilities in the consolidated balance sheets.

The Company is obligated to purchase 17.5 million cases of finished product from SAC on an annual basis through June 2024. The Company estimates this purchase obligation to be $298.0 million, of which an estimated $119.2 million of purchases is expected to occur in 2022.

The Company has $169.6 million in total minimum operating lease obligations including interest, of which $26.0 million are due in 2022. The Company has $85.2 million in total minimum financing lease obligations including interest, of which $7.1 million are due in 2022.

The Company estimates obligations for its executive benefit plans to be $178.4 million, of which an estimated $32.1 million of payments is expected to occur in 2022.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. As of December 31, 2021, the future payments related to these contractual arrangements, which expire at various dates through 2033, amounted to $137.0 million. Payments for these contractual arrangements are expected to be $31.4 million in 2022.

The Company is a shareholder of Southeastern Container ("Southeastern"), a plastic bottle manufacturing cooperative from which the Company is obligated to purchase at least 80% of its requirements of plastic bottles for certain designated territories. This obligation has no minimum purchase requirements; however, purchases from Southeastern were $125.1 million during 2021 and are expected to remain material in future foreseeable periods. See Note 20 to the consolidated financial statements for additional information related to Southeastern.

Cash Sources and Uses

A summary of cash-based activity is as follows:

	Fiscal Year	
(in thousands)	2021	2020
Cash Sources:		
Net cash provided by operating activities[(1)]	$ 521,755	$ 494,461
Borrowings under term loan facility	70,000	—
Borrowings under revolving credit facility	55,000	235,000
Proceeds from the sale of property, plant and equipment	5,274	3,385
Total cash sources	**$ 652,029**	**$ 732,846**
Cash Uses:		
Payments on term loan facilities	$ 287,500	$ 45,000
Additions to property, plant and equipment	155,693	202,034
Payments on revolving credit facility	55,000	280,000
Payments of acquisition related contingent consideration	39,097	43,400
Cash dividends paid	9,374	9,374
Other distribution agreements	8,993	—
Payments on financing lease obligations	4,778	5,861
Purchase of noncontrolling interest in Piedmont	—	100,000
Other	4,073	1,998
Total cash uses	**$ 564,508**	**$ 687,667**
Net increase in cash	**$ 87,521**	**$ 45,179**

(1) Net cash provided by operating activities in 2021 included net income tax payments of $71.0 million, payment of deferred payroll taxes under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) of $18.7 million and pension plan contributions of $6.8 million. Net cash provided by operating activities in 2020 included net income tax payments of $55.8 million, deferral of payroll taxes under the CARES Act of $37.4 million and pension plan contributions of $16.3 million.

Cash Flows From Operating Activities

During 2021, cash provided by operating activities was $521.8 million, which was an increase of $27.3 million, as compared to 2020. The cash flows from operations were primarily the result of our strong operating performance.

Cash Flows From Investing Activities

During 2021, cash used in investing activities was $161.9 million, which was a decrease of $38.5 million, as compared to 2020. The decrease was primarily a result of additions to property, plant and equipment, which were $155.7 million during 2021 and $202.0 million during 2020. There were $35.8 million and $17.0 million of additions to property, plant and equipment accrued in accounts payable, trade as of December 31, 2021 and December 31, 2020, respectively.

The Company anticipates additions to property, plant and equipment in 2022 to be in the range of $200 million to $220 million.

Cash Flows From Financing Activities

During 2021, cash used in financing activities was $272.3 million, which was an increase of $23.4 million, as compared to 2020. The increase was primarily a result of net repayments of debt of $217.5 million in 2021, stemming from our improved financial results.

The Company had cash payments for acquisition related contingent consideration of $39.1 million during 2021 and $43.4 million during 2020. The Company anticipates that the amount it could pay annually under the acquisition related contingent consideration arrangements for the distribution territories subject to sub-bottling fees will be in the range of $35 million to $62 million.

On June 7, 2021, the Company used a combination of cash on hand and borrowings under its previous revolving credit facility (the “2018 Revolving Credit Facility”) to repay the remaining balance of its previous term loan facility (the “2016 Term Loan Facility”) that matured on that date.

On July 9, 2021, the Company entered into a credit agreement, providing for a five-year unsecured revolving credit facility with an aggregate maximum borrowing capacity of $500 million (the “2021 Revolving Credit Facility”), maturing on July 9, 2026. Borrowings under the 2021 Revolving Credit Facility bear interest at a base rate or adjusted LIBOR, at the Company’s option, plus an applicable rate, depending on the rating for the Company’s long-term senior unsecured, non-credit-enhanced debt (“Debt Rating”). The 2021 Revolving Credit Facility’s underlying credit agreement includes successor LIBOR rate provisions, providing that the SOFR will be used as the LIBOR replacement rate for borrowings under the facility after June 30, 2023, unless the Company and its lenders agree to an alternative reference rate based on prevailing market convention at the replacement date. In addition, the Company must pay a facility fee on the lenders’ aggregate commitments under the 2021 Revolving Credit Facility ranging from 0.060% to 0.175% per annum, depending on the Company’s Debt Rating. The Company currently believes all banks participating in the 2021 Revolving Credit Facility have the ability to and will meet any funding requests from the Company. The 2021 Revolving Credit Facility replaced the 2018 Revolving Credit Facility, which had a maturity date of June 8, 2023.

Also on July 9, 2021, the Company entered into a term loan agreement, providing for a three-year senior unsecured term loan facility in the aggregate principal amount of $70 million (the “2021 Term Loan Facility”), maturing on July 9, 2024. Borrowings under the 2021 Term Loan Facility bore interest at a base rate or adjusted LIBOR, at the Company’s option, plus an applicable rate, depending on the Company’s Debt Rating. The entire amount of the 2021 Term Loan Facility was fully drawn on July 9, 2021. The Company used approximately $55 million of the proceeds of the 2021 Term Loan Facility to repay outstanding indebtedness under the 2018 Revolving Credit Facility and used the remaining proceeds for general corporate purposes. During the fourth quarter of 2021, the Company repaid the $70 million of borrowings outstanding under the 2021 Term Loan Facility.

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 consolidated statements of operations was as follows:

	Fiscal Year	
(in thousands)	**2021**	**2020**
Decrease in cost of sales	$ (12,647)	$ (518)
Increase (decrease) in SD&A expenses	(4,183)	2,343
Net impact	**$ (16,830)**	**$ 1,825**

Discussion of Critical Accounting Estimates

In the ordinary course of business, the Company has made a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of its consolidated financial statements in conformity with GAAP. Actual results could differ significantly from those estimates under different assumptions and conditions. The Company believes the following discussion addresses the Company’s most critical accounting estimates, which are those most important to the portrayal of the Company’s 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 inherently uncertain matters.

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

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” products, 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 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").

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 consolidated financial statements.

The Company sells its products and extends credit, generally without requiring collateral, based on an ongoing evaluation of the customer's business prospects and financial condition. The Company evaluates the collectability of its trade accounts receivable based on a number of factors, including the Company's historic collections pattern and changes to a specific customer's ability to meet its financial obligations. The Company typically collects payment from customers within 30 days from the date of sale.

The Company has established an allowance for doubtful accounts to adjust the recorded receivable to the estimated amount the Company believes will ultimately be collected. The Company's allowance for doubtful accounts in the 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 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.

Valuation of Long-Lived Assets, Goodwill and Other Intangibles

Management performs recoverability and impairment tests of long-lived assets, goodwill and other intangibles in accordance with GAAP, during which management makes numerous assumptions which involve a significant amount of judgment. When performing impairment tests, management estimates the fair values of the assets using its best assumptions, which management believes would be consistent with what a hypothetical marketplace participant would use. Estimates and assumptions used in these tests are evaluated and updated as appropriate. For certain assets, recoverability and/or impairment tests are required only when conditions exist that indicate the carrying value may not be recoverable. For other assets, impairment tests are required at least annually, or more frequently if events or circumstances indicate that an asset may be impaired.

The Company evaluates the recoverability of the carrying amount of its property, plant and equipment and other intangibles when events or circumstances indicate the carrying amount of an asset or asset group may not be recoverable. These evaluations are performed at a level where independent cash flows may be attributed to either an asset or an asset group. If the Company determines the carrying amount of an asset or asset group is not recoverable based upon the expected undiscounted future cash flows of the asset or asset group, an impairment loss is recorded equal to the excess of the carrying amounts over the estimated fair values of the long-lived assets. During 2021 and 2020, the Company performed periodic reviews of property, plant and equipment and other intangibles and determined no material impairment existed.

All business combinations are accounted for using the acquisition method. All of the Company's goodwill resides within one reporting unit within the Nonalcoholic Beverages reportable segment, and, therefore, the Company has determined it has one reporting unit for the purpose of assessing goodwill for potential impairment. The Company performs its annual goodwill impairment test as of the first day of the fourth quarter each year, and more frequently if facts and circumstances indicate such assets may be impaired, including significant declines in actual or future projected cash flows and significant deterioration of market conditions.

The Company uses its overall market capitalization as part of its estimate of fair value of the reporting unit and in assessing the reasonableness of the Company's internal estimates of fair value. The Company's goodwill impairment assessment includes a qualitative assessment to determine whether it is more likely than not that the fair value of the goodwill is below its carrying value, each year, and more often if there are significant changes in business conditions that could result in impairment. When a quantitative analysis is considered necessary for the annual impairment analysis of goodwill, the Company develops an estimated fair value for the reporting unit considering three different approaches: 1) market value, using the Company's stock price plus outstanding debt;

2) discounted cash flow analysis; and 3) multiple of earnings before interest, taxes, depreciation and amortization based upon relevant industry data.

The estimated fair value of the reporting unit is then compared to its carrying amount, including goodwill. If the estimated fair value exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount, including goodwill, exceeds its estimated fair value, any excess of the carrying value of goodwill of the reporting unit over its fair value is recorded as an impairment. The Company performed its annual impairment test of goodwill as of the first day of the fourth quarter during both 2021 and 2020 and determined there was no impairment of the carrying values of these assets. The Company has determined there has not been an interim impairment trigger since the first day of the fourth quarter of 2021 annual test date.

Acquisition Related Contingent Consideration Liability

The acquisition related contingent consideration liability consists of the estimated amounts due to The Coca-Cola Company under the CBA with The Coca-Cola Company and CCR over the useful life of the related distribution rights. Pursuant to the CBA, the Company is required to make quarterly 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. This acquisition related contingent consideration is 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 sub-bottling fees to fair value by discounting future expected sub-bottling payments required under the CBA using the Company's estimated WACC. These future expected 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 amounts that will be paid in the future under the CBA and current 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 and could materially impact the amount of non-cash expense (or income) recorded each reporting period.

Income Tax Estimates

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating losses and tax credit carryforwards, as well as the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance will be provided against deferred tax assets if the Company determines it is more likely than not such assets will not ultimately be realized.

The Company does not recognize a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that, in the Company's judgment, is greater than 50 percent likely to be realized. The Company records interest and penalties related to uncertain tax positions in income tax expense.

Pension and Postretirement Benefit Obligations

There are two Company-sponsored 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. The Company also sponsors a postretirement healthcare plan for employees meeting specified criteria.

Several statistical and other factors, which attempt to anticipate future events, are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets, employee turnover and age at retirement, as determined by the Company, within certain guidelines. In addition, the Company uses subjective factors such as mortality rates to estimate the projected benefit obligation. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in a significant impact to the amount of net periodic pension cost recorded by the Company in future periods. See Note 17 to the consolidated financial statements for additional information.

The discount rate used in determining the actuarial present value of the projected benefit obligation for the Primary Plan and the Bargaining Plan was 2.97% and 3.31%, respectively, in 2021 and 2.66% and 3.12%, respectively, in 2020. The discount rate assumption is generally the estimate which can have the most significant impact on net periodic pension cost and the projected benefit obligation for these pension plans. The Company determines an appropriate discount rate annually based on the Aon AA Above Median yield curve as of the measurement date and reviews the discount rate assumption at the end of each year.

Pension costs were $9.3 million in 2021 and $8.3 million in 2020.

A 0.25% increase or decrease in the discount rate assumption would have impacted the projected benefit obligation and net periodic pension cost of the Company-sponsored pension plans as follows:

(in thousands)	**0.25% Increase**	**0.25% Decrease**
Increase (decrease) in:		
Projected benefit obligation for Primary Plan at December 31, 2021	$ (10,250)	$ 10,720
Net periodic pension cost for Primary Plan in 2021	63	(89)

(in thousands)	**0.25% Increase**	**0.25% Decrease**
Increase (decrease) in:		
Projected benefit obligation for Bargaining Plan at December 31, 2021	$ (2,671)	$ 2,890
Net periodic pension cost for Bargaining Plan in 2021	(647)	700

The weighted average expected long-term rate of return of plan assets used in computing net periodic pension costs for the Primary Plan was 4.75% in 2021 and 5.50% in 2020. The weighted average expected long-term rate of return of plan assets used in computing net periodic pension costs for the Bargaining Plan was 5.75% in 2021 and 6.25% in 2020. These rates reflect an estimate of long-term future returns for the pension plan assets. This estimate is primarily a function of the asset classes (equities versus fixed income) in which the pension plan assets are invested and the analysis of past performance of these asset classes over a long period of time. This analysis includes expected long-term inflation and the risk premiums associated with equity and fixed income investments. See Note 17 to the consolidated financial statements for the details by asset type of the Company's pension plan assets and the weighted average expected long-term rate of return of each asset type. The actual return on pension plan assets for the Primary Plan was a gain of 5.0% in 2021 and 14.3% in 2020. The actual return on pension plan assets for the Bargaining Plan was a gain of 10.5% in 2021 and 13.9% in 2020.

The Company sponsors a postretirement healthcare plan for employees meeting specified qualifying criteria. Several statistical and other factors, which attempt to anticipate future events, are used in calculating the net periodic postretirement benefit cost and postretirement benefit obligation for this plan. These factors include assumptions about the discount rate and the expected growth rate for the cost of healthcare benefits. In addition, the Company uses subjective factors such as withdrawal and mortality rates to estimate the projected liability under this plan. The actuarial assumptions used by the Company may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. The Company does not prefund its postretirement benefits and has the right to modify or terminate certain of these benefits in the future.

The discount rate assumption, the annual healthcare cost trend and the ultimate trend rate for healthcare costs are key estimates which can have a significant impact on the net periodic postretirement benefit cost and postretirement benefit obligation in future periods. The Company annually determines the healthcare cost trend based on recent actual medical trend experience and projected experience for subsequent years.

The discount rate assumptions used to determine the pension and postretirement benefit obligations are based on the annual yield on long-term corporate bonds as of each plan's measurement date. The discount rate used in determining the postretirement benefit obligation was 2.98% in 2021 and 2.70% in 2020. The discount rate was derived using the Aon AA Above Median yield curve. Projected benefit payouts for each plan were matched to the Aon AA Above Median yield curve and an equivalent flat rate was derived.

A 0.25% increase or decrease in the discount rate assumption would have impacted the postretirement benefit obligation and service cost and interest cost of the Company's postretirement benefit plan as follows:

(in thousands)	0.25% Increase	0.25% Decrease
Increase (decrease) in:		
Postretirement benefit obligation at December 31, 2021	$ (1,941)	$ 2,047
Net periodic postretirement benefit cost in 2021	(163)	171

Cautionary Information Regarding Forward-Looking Statements

Certain statements contained in this report, or in other public filings, press releases, or other written or oral communications made by the Company or its representatives, 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 address, among other things, Company plans, activities or events which the Company expects will or may occur in the future and may include express or implied projections of revenue or expenditures; statements of plans and objectives for future operations, growth or initiatives; statements of future economic performance, including, but not limited to, the state of the economy, capital investment and financing plans, net sales, cost of sales, SD&A expenses, gross profit, income tax rates, net income per diluted share, dividends, pension plan contributions and estimated acquisition related contingent consideration payments; statements regarding the outcome or impact of certain recent accounting pronouncements and pending or threatened litigation; or statements regarding the impact of the COVID-19 pandemic on the Company's business, financial condition, results of operations or cash flows.

These forward-looking statements may be identified by the use of the words "will," "may," "believe," "plan," "estimate," "expect," "anticipate," "probably," "should," "project," "intend," "continue," "could," "strive" and other similar terms and expressions. Various factors, risks and uncertainties may cause the Company's actual results to differ materially from those expressed or implied in any forward-looking statements. Factors, risks and uncertainties that may result in actual results differing from such forward-looking information include, but are not limited to, those listed in "Item 1A. Risk Factors" of this report and elsewhere herein, including, without limitation, the factors described under "Critical Accounting Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation" of this report, or in other filings or statements made by the Company. All of the forward-looking statements in this report and other documents or statements are qualified by these and other factors, risks and uncertainties.

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, even if experience or future changes make it clear that projected results expressed or implied in such statements will not be realized, 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 other reports and documents filed with the SEC.

Item 7A. 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 December 31, 2021. 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 December 31, 2021, there would be no change to interest expense for the next 12 months.

The Company's acquisition related contingent consideration, 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 cash flows due under the CBA. 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 and could materially impact the amount of non-cash expense (or income) recorded each reporting period.

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 derivative financial instrument transactions to manage or reduce market risk. The Company does not enter into derivative financial instrument transactions 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 $70.4 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 annual rate of inflation in the United States, as measured by year-over-year changes in the Consumer Price Index (the "CPI"), was 7.0% in 2021, 1.4% in 2020 and 2.3% in 2019. 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 8. Financial Statements and Supplementary Data.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year		
(in thousands, except per share data)	**2021**	**2020**	**2019**
Net sales	$ 5,562,714	$ 5,007,357	$ 4,826,549
Cost of sales	3,608,527	3,238,448	3,156,047
Gross profit	1,954,187	1,768,909	1,670,502
Selling, delivery and administrative expenses	1,515,016	1,455,531	1,489,748
Income from operations	439,171	313,378	180,754
Interest expense, net	33,449	36,735	45,990
Other expense, net	150,573	35,603	100,539
Income before taxes	255,149	241,040	34,225
Income tax expense	65,569	58,943	15,665
Net income	189,580	182,097	18,560
Less: Net income attributable to noncontrolling interest	—	9,604	7,185
Net income attributable to Coca-Cola Consolidated, Inc.	**$ 189,580**	**$ 172,493**	**$ 11,375**
Basic net income per share based on net income attributable to Coca-Cola Consolidated, Inc.:			
Common Stock	$ 20.23	$ 18.40	$ 1.21
Weighted average number of Common Stock shares outstanding	7,141	7,141	7,141
Class B Common Stock	$ 20.23	$ 18.40	$ 1.21
Weighted average number of Class B Common Stock shares outstanding	2,232	2,232	2,229
Diluted net income per share based on net income attributable to Coca-Cola Consolidated, Inc.:			
Common Stock	$ 20.17	$ 18.30	$ 1.21
Weighted average number of Common Stock shares outstanding – assuming dilution	9,400	9,427	9,417
Class B Common Stock	$ 20.16	$ 18.28	$ 1.19
Weighted average number of Class B Common Stock shares outstanding – assuming dilution	2,259	2,286	2,276

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Net income	$ 189,580	$ 182,097	$ 18,560
Other comprehensive income (loss), net of tax:			
Defined benefit plans reclassification including pension costs:			
Actuarial gain (loss)	14,965	(673)	(20,484)
Prior service credits	3	15	17
Postretirement benefits reclassification including benefit costs:			
Actuarial gain (loss)	3,089	(3,137)	3,711
Prior service costs	—	—	(975)
Interest rate swap	556	(286)	(270)
Foreign currency translation adjustment	(23)	30	(16)
Other comprehensive income (loss), net of tax	18,590	(4,051)	(18,017)
Comprehensive income	208,170	178,046	543
Less: Comprehensive income attributable to noncontrolling interest	—	9,604	7,185
Comprehensive income (loss) attributable to Coca-Cola Consolidated, Inc.	**$ 208,170**	**$ 168,442**	**$ (6,642)**

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	December 31, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 142,314	$ 54,793
Accounts receivable, trade	472,270	425,445
Allowance for doubtful accounts	(17,336)	(21,620)
Accounts receivable from The Coca-Cola Company	57,737	49,203
Accounts receivable, other	33,878	37,084
Inventories	302,851	225,757
Prepaid expenses and other current assets	78,068	74,146
Assets held for sale	6,880	6,429
Total current assets	**1,076,662**	**851,237**
Property, plant and equipment, net	1,030,688	1,022,722
Right-of-use assets - operating leases	139,877	134,383
Leased property under financing leases, net	64,211	69,867
Other assets	120,486	111,781
Goodwill	165,903	165,903
Distribution agreements, net	836,777	853,753
Customer lists, net	10,966	12,804
Total assets	**$ 3,445,570**	**$ 3,222,450**
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of obligations under operating leases	$ 22,048	$ 19,766
Current portion of obligations under financing leases	6,060	5,860
Accounts payable, trade	319,318	217,560
Accounts payable to The Coca-Cola Company	145,671	107,181
Other accrued liabilities	226,769	205,141
Accrued compensation	110,894	87,608
Accrued interest payable	4,096	3,944
Total current liabilities	**834,856**	**647,060**
Deferred income taxes	136,432	139,423
Pension and postretirement benefit obligations	93,391	113,325
Other liabilities	758,610	679,280
Noncurrent portion of obligations under operating leases	122,046	119,923
Noncurrent portion of obligations under financing leases	65,006	69,984
Long-term debt	723,443	940,465
Total liabilities	**2,733,784**	**2,709,460**
Commitments and Contingencies		
Equity:		
Convertible Preferred Stock, $100.00 par value: authorized - 50,000 shares; issued - none		
Nonconvertible Preferred Stock, $100.00 par value: authorized - 50,000 shares; issued - none		
Preferred Stock, $0.01 par value: authorized - 20,000,000 shares; issued - none		
Common Stock, $1.00 par value: authorized - 30,000,000 shares; issued - 10,203,821 shares	10,204	10,204
Class B Common Stock, $1.00 par value: authorized - 10,000,000 shares; issued - 2,860,356 shares	2,860	2,860
Class C Common Stock, $1.00 par value: authorized - 20,000,000 shares; issued - none		
Additional paid in capital	135,953	135,953
Retained earnings	724,486	544,280
Accumulated other comprehensive loss	(100,463)	(119,053)
Treasury stock, at cost: Common Stock - 3,062,374 shares	(60,845)	(60,845)
Treasury stock, at cost: Class B Common Stock - 628,114 shares	(409)	(409)
Total equity	**711,786**	**512,990**
Total liabilities and equity	**$ 3,445,570**	**$ 3,222,450**

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year		
(in thousands)	2021	2020	2019
Cash Flows from Operating Activities:			
Net income	$ 189,580	$ 182,097	$ 18,560
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense from property, plant and equipment and financing leases	157,320	155,936	156,886
Amortization of intangible assets and deferred proceeds, net	23,245	23,081	23,030
Fair value adjustment of acquisition related contingent consideration	146,308	31,210	92,788
Deferred payroll taxes under CARES Act	(18,739)	37,412	—
Deferred income taxes	(9,183)	8,737	3,987
Loss on sale of property, plant and equipment	5,921	5,187	6,498
Impairment and abandonment of property, plant and equipment	3,200	8,030	8,798
Amortization of debt costs	1,256	1,050	1,313
Stock compensation expense	—	—	2,045
Change in current assets less current liabilities	30,595	36,901	(31,681)
Change in other noncurrent assets	16,003	21,820	15,201
Change in other noncurrent liabilities	(23,728)	(18,065)	(7,203)
Other	(23)	1,065	148
Total adjustments	332,175	312,364	271,810
Net cash provided by operating activities	**$ 521,755**	**$ 494,461**	**$ 290,370**
Cash Flows from Investing Activities:			
Additions to property, plant and equipment	$ (155,693)	$ (202,034)	$ (171,374)
Other distribution agreements	(8,993)	—	(4,654)
Proceeds from the sale of property, plant and equipment	5,274	3,385	4,064
Investment in CONA Services LLC	(2,531)	(1,770)	(1,713)
Net cash used in investing activities	**$ (161,943)**	**$ (200,419)**	**$ (173,677)**
Cash Flows from Financing Activities:			
Payments on revolving credit facility	$ (55,000)	$ (280,000)	$ (550,339)
Borrowings under revolving credit facility	55,000	235,000	515,339
Payments on term loan facilities	(287,500)	(45,000)	(140,000)
Borrowings under term loan facility	70,000	—	—
Proceeds from issuance of senior notes	—	—	100,000
Purchase of noncontrolling interest in Piedmont Coca-Cola Bottling Partnership	—	(100,000)	—
Payments of acquisition related contingent consideration	(39,097)	(43,400)	(27,182)
Cash dividends paid	(9,374)	(9,374)	(9,369)
Payments on financing lease obligations	(4,778)	(5,861)	(8,656)
Debt issuance fees	(1,542)	(228)	(420)
Net cash used in financing activities	**$ (272,291)**	**$ (248,863)**	**$ (120,627)**
Net increase (decrease) in cash	$ 87,521	$ 45,179	$ (3,934)
Cash at beginning of year	54,793	9,614	13,548
Cash at end of year	**$ 142,314**	**$ 54,793**	**$ 9,614**

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(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 of Coca-Cola Consolidated, Inc.	Non-controlling Interest	Total Equity
Balance on December 30, 2018	**$ 10,204**	**$ 2,839**	**$ 124,228**	**$359,435**	**$ (77,265)**	**$(60,845)**	**$ (409)**	**$ 358,187**	**$ 96,979**	**$455,166**
Net income	—	—	—	11,375	—	—	—	11,375	7,185	18,560
Other comprehensive loss, net of tax	—	—	—	—	(18,017)	—	—	(18,017)	—	(18,017)
Cash dividends paid:										
Common Stock ($1.00 per share)	—	—	—	(7,141)	—	—	—	(7,141)	—	(7,141)
Class B Common Stock ($1.00 per share)	—	—	—	(2,228)	—	—	—	(2,228)	—	(2,228)
Issuance of 19,224 shares of Class B Common Stock	—	21	4,755	—	—	—	—	4,776	—	4,776
Reclassification of stranded tax effects	—	—	—	19,720	(19,720)	—	—	—	—	—
Balance on December 29, 2019	**$ 10,204**	**$ 2,860**	**$ 128,983**	**$381,161**	**$ (115,002)**	**$(60,845)**	**$ (409)**	**$ 346,952**	**$ 104,164**	**$451,116**
Net income	—	—	—	172,493	—	—	—	172,493	9,604	182,097
Other comprehensive loss, net of tax	—	—	—	—	(4,051)	—	—	(4,051)	—	(4,051)
Cash dividends paid:										
Common Stock ($1.00 per share)	—	—	—	(7,141)	—	—	—	(7,141)	—	(7,141)
Class B Common Stock ($1.00 per share)	—	—	—	(2,233)	—	—	—	(2,233)	—	(2,233)
Purchase of noncontrolling interest in Piedmont Coca-Cola Bottling Partnership	—	—	6,970	—	—	—	—	6,970	(113,768)	(106,798)
Balance on December 31, 2020	**$ 10,204**	**$ 2,860**	**$ 135,953**	**$544,280**	**$ (119,053)**	**$(60,845)**	**$ (409)**	**$ 512,990**	**$ —**	**$512,990**
Net income	—	—	—	189,580	—	—	—	189,580	—	189,580
Other comprehensive income, net of tax	—	—	—	—	18,590	—	—	18,590	—	18,590
Cash dividends paid:										
Common Stock ($1.00 per share)	—	—	—	(7,141)	—	—	—	(7,141)	—	(7,141)
Class B Common Stock ($1.00 per share)	—	—	—	(2,233)	—	—	—	(2,233)	—	(2,233)
Balance on December 31, 2021	**$ 10,204**	**$ 2,860**	**$ 135,953**	**$724,486**	**$ (100,463)**	**$(60,845)**	**$ (409)**	**$ 711,786**	**$ —**	**$711,786**

See accompanying notes to consolidated financial statements.

COCA-COLA CONSOLIDATED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Coca-Cola Consolidated, Inc. (the "Company") distributes, markets and manufactures nonalcoholic beverages, primarily products of The Coca-Cola Company, and is the largest Coca-Cola bottler in the United States. Approximately 83% of the Company's 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. The Company also distributes products for several other beverage companies, including Keurig Dr Pepper Inc. ("Dr Pepper") and Monster Energy Company ("Monster Energy").

The Company offers a range of nonalcoholic beverage products and flavors, including both sparkling and still beverages, designed to meet the demands of its 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.

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 Company manages its business on the basis of three operating segments. 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."

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States ("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.

Fiscal Year

Beginning in 2020, the Company's fiscal year ends on December 31 of the applicable calendar year. Previously, the Company's fiscal year generally ended on the Sunday closest to December 31 of each year. The fiscal years presented are the periods ended December 31, 2021 ("2021"), December 31, 2020 ("2020") and December 29, 2019 ("2019").

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and cash equivalents, which are highly liquid debt instruments with maturities of less than 90 days. The Company maintains cash deposits with major banks, which, from time to time, may exceed federally insured limits. The Company periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal.

Accounts Receivable, Trade

The Company sells its products and extends credit, generally without requiring collateral, based on an ongoing evaluation of the customer's business prospects and financial condition. The Company evaluates the collectability of its trade accounts receivable based on a number of factors, including the Company's historic collections pattern and changes to a specific customer's ability to meet its financial obligations. The Company typically collects payment from customers within 30 days from the date of sale.

Allowance for Doubtful Accounts

The Company has established an allowance for doubtful accounts to adjust the recorded receivable to the estimated amount the Company believes will ultimately be collected. The Company's allowance for doubtful accounts in the 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 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.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method for finished products and manufacturing materials and on the average cost method for plastic shells, plastic pallets and other inventories.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements on operating leases are depreciated over the shorter of the estimated useful lives or the term of the lease, including renewal options the Company determines are reasonably assured. Additions and major replacements or betterments are added to the assets at cost. Maintenance and repair costs and minor replacements are charged to expense when incurred. When assets are replaced or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and the gains or losses, if any, are reflected in the statements of operations. Gains or losses on the disposal of manufacturing equipment and manufacturing plants are included in cost of sales. Gains or losses on the disposal of all other property, plant and equipment are included in selling, delivery and administrative ("SD&A") expenses.

The Company evaluates the recoverability of the carrying amount of its property, plant and equipment when events or circumstances indicate the carrying amount of an asset or asset group may not be recoverable. These evaluations are performed at a level where independent cash flows may be attributed to either an asset or an asset group. If the Company determines the carrying amount of an asset or asset group is not recoverable based upon the expected undiscounted future cash flows of the asset or asset group, an impairment loss is recorded equal to the excess of the carrying amounts over the estimated fair values of the long-lived assets.

Leases

The Company leases office and warehouse space, machinery and other equipment under noncancelable operating lease agreements and also leases certain warehouse space under financing lease agreements. The Company uses the following policies and assumptions to evaluate its leases:

- **Determining a lease:** The Company assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Company's right to control the use of an identified asset for a period of time in exchange for consideration. Operating lease right-of-use assets and associated liabilities are recognized at the commencement date and initially measured based on the present value of lease payments over the defined lease term.
- **Allocating lease and non-lease components:** The Company has elected the practical expedient to not separate lease and non-lease components for certain classes of underlying assets. The Company has equipment and vehicle lease agreements, which generally have the lease and associated non-lease components accounted for as a single lease component. The Company has real estate lease agreements with lease and non-lease components, which are accounted for separately where applicable.
- **Calculating the discount rate:** The Company calculates the discount rate based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company calculates an incremental borrowing rate using a portfolio approach. The incremental borrowing rate is calculated using the contractual lease term and the Company's borrowing rate.
- **Recognizing leases:** The Company does not recognize leases with a contractual term of less than 12 months on its consolidated balance sheets. Lease expense for these short-term leases is expensed on a straight-line basis over the lease term.
- **Including rent increases or escalation clauses:** Certain leases contain scheduled rent increases or escalation clauses, which can be based on the Consumer Price Index or other rates. The Company assesses each contract individually and applies the appropriate variable payments based on the terms of the agreement.
- **Including renewal options and/or purchase options:** Certain leases include renewal options to extend the lease term and/or purchase options to purchase the leased asset. The Company assesses these options using a threshold of reasonably certain, which

is a high threshold and, therefore, the majority of the Company’s leases do not include renewal periods or purchase options for the measurement of the right-of-use asset and the associated lease liability. For leases the Company is reasonably certain to renew or purchase, those options are included within the lease term and, therefore, included in the measurement of the right-of-use asset and the associated lease liability.

- **Including options to terminate:** Certain leases include the option to terminate the lease prior to its scheduled expiration. This allows a contractually bound party to terminate its obligation under the lease contract, typically in return for an agreed-upon financial consideration. The terms and conditions of the termination options vary by contract.
- **Including residual value guarantees, restrictions or covenants:** The Company’s lease agreements do not contain residual value guarantees, restrictions or covenants.

Internal Use Software

The Company capitalizes costs incurred in the development or acquisition of internal use software. The Company expenses costs incurred in the preliminary project planning stage. Costs, such as maintenance and training, are also expensed as incurred. Capitalized costs are amortized over their estimated useful lives using the straight-line method. Amortization expense, which is included in depreciation expense, for internal use software was $5.4 million in 2021, $6.7 million in 2020 and $7.7 million in 2019.

Goodwill

All business combinations are accounted for using the acquisition method. Goodwill is tested for impairment annually, or more frequently if facts and circumstances indicate such assets may be impaired. The Company performs its annual goodwill impairment test, which includes a qualitative assessment to determine whether it is more likely than not that the fair value of the goodwill is below its carrying value, as of the first day of the fourth quarter each year, and more often if there are significant changes in business conditions that could result in impairment.

All of the Company’s goodwill resides within one reporting unit within the Nonalcoholic Beverages reportable segment, and, therefore, the Company has determined it has one reporting unit for the purpose of assessing goodwill for potential impairment. The Company uses its overall market capitalization as part of its estimate of fair value of the reporting unit and in assessing the reasonableness of the Company’s internal estimates of fair value.

When a quantitative analysis is considered necessary for the annual impairment analysis of goodwill, the Company develops an estimated fair value for the reporting unit considering three different approaches:

- market value, using the Company’s stock price plus outstanding debt;
- discounted cash flow analysis; and
- multiple of earnings before interest, taxes, depreciation and amortization based upon relevant industry data.

The estimated fair value of the reporting unit is then compared to its carrying amount, including goodwill. If the estimated fair value exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount, including goodwill, exceeds its estimated fair value, any excess of the carrying value of goodwill of the reporting unit over its fair value is recorded as an impairment.

To the extent the actual and projected cash flows decline in the future or if market conditions or market capitalization significantly deteriorate, the Company may be required to perform an interim impairment analysis that could result in an impairment of goodwill.

During 2021, 2020 and 2019, the Company performed its annual impairment test of goodwill and determined there was no impairment of the carrying value of these assets.

Distribution Agreements and Customer Lists

The Company’s definite-lived intangible assets consist of distribution agreements and customer lists, which have estimated useful lives of 10 to 40 years and five to 12 years, respectively. These assets are amortized on a straight-line basis over their estimated useful lives.

Acquisition Related Contingent Consideration Liability

The acquisition related contingent consideration liability consists of the estimated amounts due to The Coca-Cola Company under the Company’s comprehensive beverage agreements (collectively, the “CBA”) with The Coca-Cola Company and Coca-Cola Refreshments USA, Inc. (“CCR”), a wholly owned subsidiary of The Coca-Cola Company, over the useful life of the related distribution rights. Pursuant to the CBA, the Company is required to make quarterly 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. This acquisition related contingent consideration is valued using a probability weighted discounted cash flow model based on internal forecasts and the weighted average cost of capital ("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 sub-bottling fees to fair value by discounting future expected sub-bottling payments required under the CBA using the Company's estimated WACC. These future expected 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 amounts that will be paid in the future under the CBA and current 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 and could materially impact the amount of non-cash expense (or income) recorded each reporting period.

Pension and Postretirement Benefit Plans

There are two Company-sponsored 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. The Company also sponsors a postretirement healthcare plan for employees meeting specified criteria.

The expense and liability amounts recorded for the benefit plans reflect estimates related to interest rates, investment returns, employee turnover and age at retirement, mortality rates and healthcare costs. The discount rate assumptions used to determine the pension and postretirement benefit obligations are based on yield rates available on the Aon AA Above Median yield curve as of each plan's measurement date. The service cost components of the net periodic benefit cost of the plans are charged to current operations, and the non-service cost components of the net periodic benefit cost of the plans are classified as other expense, net. In addition, certain other union employees are covered by plans provided by their respective union organizations and the Company expenses amounts as paid in accordance with union agreements.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating losses and tax credit carryforwards, as well as the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance will be provided against deferred tax assets if the Company determines it is more likely than not such assets will not ultimately be realized.

The Company does not recognize a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that, in the Company's judgment, is greater than 50 percent likely to be realized. The Company records interest and penalties related to uncertain tax positions in income tax expense.

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" products, 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 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").

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 consolidated financial statements.

Marketing Programs and Sales Incentives

The Company participates in various sales programs with The Coca-Cola Company, other beverage companies and customers to increase the sale of its products. Programs negotiated with customers include arrangements under which allowances can be earned for attaining agreed-upon sales levels. The cost of these various sales incentives is not considered a separate performance obligation and is included as a deduction to net sales.

Allowance payments made to customers can be conditional on the achievement of volume targets and/or marketing commitments. Payments made in advance are recorded as prepayments and amortized in the consolidated statements of operations over the relevant period for which the customer commitment is made. In the event there is no separate identifiable benefit or the fair value of such benefit cannot be established, the amortization of the prepayment is included as a deduction to net sales.

The nature of the Company's contracts gives rise to several types of variable consideration, including prospective and retrospective rebates. The Company accounts for its prospective and retrospective rebates using the expected value method, which estimates the net price to the customer based on the customer's expected annual sales volume projections.

Marketing Funding Support

The Company receives marketing funding support payments in cash from The Coca-Cola Company and other beverage companies. Payments to the Company for marketing programs to promote bottle/can sales volume and fountain syrup sales volume are recognized as a reduction to cost of sales, primarily on a per unit basis, as the product is sold. Payments for periodic programs are recognized in the period during which they are earned.

Cash consideration received by a customer from a vendor is presumed to be a reduction of the price of the vendor's products or services. As such, the cash received is accounted for as a reduction to cost of sales unless it is a specific reimbursement of costs or payments for services. Payments the Company receives from The Coca-Cola Company and other beverage companies for marketing funding support are classified as reductions to cost of sales.

Derivative Financial 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 these risks 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 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 consolidated statements of cash flows.

All commodity derivative instruments are recorded at fair value as either assets or liabilities in the 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 consolidated balance sheets and the net amounts of derivative liabilities are recognized in either other accrued liabilities or other liabilities in the consolidated balance sheets.

Risk Management Programs

The Company uses various insurance structures to manage costs related to workers' compensation, auto liability, medical and other insurable risks. These structures consist of retentions, deductibles, limits and a diverse group of insurers that serve to strategically finance, transfer and mitigate the financial impact of losses to the Company. Losses are accrued using assumptions and procedures followed in the insurance industry, then adjusted for company-specific history and expectations.

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 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.

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.

Shipping and Handling Costs

Shipping and handling costs related to the movement of finished products from manufacturing plants to distribution centers are included in cost of sales. Shipping and handling costs related to the movement of finished products from distribution centers to customer locations, including distribution center warehousing costs, are included in SD&A expenses and totaled $674.3 million in 2021, $622.1 million in 2020 and $623.4 million in 2019.

Stock Compensation

The Company has a long-term performance equity plan (the "Long-Term Performance Equity Plan") under which awards are earned and granted to Mr. Harrison based on the Company's attainment during a performance period of performance measures specified by the Compensation Committee of the Company's Board of Directors. Mr. Harrison may elect to have awards earned under the Long-Term Performance Equity Plan settled in cash and/or shares of Class B Common Stock. In 2018, the Long-Term Performance Equity Plan replaced a performance unit award agreement (the "Performance Unit Award Agreement"). The Performance Unit Award Agreement expired at the end of 2018, with the final award issued in 2019 in connection with Mr. Harrison's services during 2018. See Note 2 for additional information on Mr. Harrison's stock compensation programs.

Common Stock and Class B Common Stock

The Company has two classes of common stock outstanding, Common Stock and Class B Common Stock. The Common Stock is traded on the NASDAQ Global Select Market under the symbol COKE. There is no established public trading market for the Class B Common Stock. Shares of Class B Common Stock are convertible on a share-for-share basis into shares of Common Stock at any time at the option of the holder.

Each share of Common Stock is entitled to one vote per share and each share of Class B Common Stock is entitled to 20 votes per share at all meetings of the Company's stockholders. Except as otherwise required by law, holders of the Common Stock and the Class B Common Stock vote together as a single class on all matters submitted to the Company's stockholders, including the election of the Board of Directors. As a result, the holders of the Class B Common Stock control approximately 86% of the total voting power of the stockholders of the Company and control the election of the Board of Directors. In the event of liquidation, there is no preference between the two classes of common stock.

Dividends

No cash dividend or dividend of property or stock other than stock of the Company, as specifically described in the Company's Restated Certificate of Incorporation, as amended (the "Restated Certificate of Incorporation"), may be declared and paid on the Class B Common Stock unless an equal or greater dividend is declared and paid on the Common Stock. Under the Restated Certificate of Incorporation, the Board of Directors may declare dividends on the Common Stock without declaring equal or any dividends on the

Class B Common Stock. Notwithstanding this provision, the Class B Common Stock has voting and conversion rights that allow the Class B Common Stock to participate equally on a per share basis with the Common Stock.

The 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 declared by the Board of Directors and paid by the Company since 1994. During 2021, 2020 and 2019, dividends of $1.00 per share were declared and paid on both Common Stock and Class B Common Stock. Total cash dividends paid were $9.4 million per year in 2021, 2020 and 2019.

Net Income Per Share

The Company applies the two-class method for calculating and presenting net income per share. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared or accumulated and participation rights in undistributed earnings. Under this method:

(i) Income from continuing operations ("net income") is reduced by the amount of dividends declared in the current period for each class of stock and by the contractual amount of dividends that must be paid for the current period.
(ii) The remaining earnings ("undistributed earnings") are allocated to Common Stock and Class B Common Stock to the extent each security may share in earnings as if all the earnings for the period had been distributed. The total earnings allocated to each security is determined by adding together the amount allocated for dividends and the amount allocated for a participation feature.
(iii) The total earnings allocated to each security is then divided by the number of outstanding shares of the security to which the earnings are allocated to determine the earnings per share for the security.
(iv) Basic and diluted net income per share data are presented for each class of common stock.

In applying the two-class method, the Company determined undistributed earnings should be allocated equally on a per share basis between the Common Stock and Class B Common Stock due to the aggregate participation rights of the Class B Common Stock (i.e., the voting and conversion rights) and the Company's history of paying dividends equally on a per share basis on the Common Stock and the Class B Common Stock.

The Class B Common Stock conversion rights allow the Class B Common Stock to participate in dividends equally with the Common Stock. Class B Common Stock is convertible into Common Stock on a one-for-one per share basis at any time at the option of the holder. Accordingly, the holders of the Class B Common Stock can participate equally in any dividends declared on the Common Stock by exercising their conversion rights.

Basic net income per share excludes potential common shares that were dilutive and is computed by dividing net income available for common stockholders by the weighted average number of Common and Class B Common shares outstanding. Diluted net income per share for Common Stock and Class B Common Stock gives effect to all securities representing potential common shares that were dilutive and outstanding during the period. The Company does not have anti-dilutive shares.

Recently Adopted Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2019-12, "Simplifying the Accounting for Income Taxes," which simplifies the accounting for income taxes by removing certain exceptions to the general principles in income tax accounting and improves consistent application of and simplifies GAAP for other areas of income tax accounting by clarifying and amending existing guidance. The new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company adopted ASU 2019-12 in 2021 and the adoption did not have a material impact on its consolidated financial statements.

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 its soft drink products, either concentrate or syrup, are manufactured.

J. Frank Harrison, III, Chairman of the Board of Directors and Chief Executive Officer of the Company, together with the trustees of certain trusts established for the benefit of certain relatives of the late J. Frank Harrison, Jr., control shares representing approximately 86% of the total voting power of the Company's total outstanding Common Stock and Class B Common Stock on a consolidated basis.

As of December 31, 2021, The Coca-Cola Company owned shares of the Company's Common Stock representing approximately 5% of the total voting power of the Company's 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 the J. Frank Harrison, Jr. family trusts described above, have agreed to vote the shares of the Company's 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:

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Payments made by the Company to The Coca-Cola Company[(1)]	$ 1,558,784	$ 1,444,492	$ 1,374,313
Payments made by The Coca-Cola Company to the Company	207,073	128,749	152,798

(1) This excludes payments made by the Company to Coca-Cola Refreshments USA, Inc., a wholly owned subsidiary of The Coca-Cola Company, as discussed in the next section.

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 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 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 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 consolidated statements of operations.

Coca-Cola Refreshments USA, Inc.

The CBA requires the Company to make quarterly 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 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.

Sub-bottling payments to CCR were $39.1 million in 2021, $43.4 million in 2020 and $27.2 million in 2019. The following table summarizes the liability recorded by the Company to reflect the estimated fair value of contingent consideration related to future sub-bottling payments to CCR:

(in thousands)	**December 31, 2021**	**December 31, 2020**
Current portion of acquisition related contingent consideration	$ 51,518	$ 36,020
Noncurrent portion of acquisition related contingent consideration	490,587	398,674
Total acquisition related contingent consideration	**$ 542,105**	**$ 434,694**

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 consolidated balance sheets, was $21.7 million as of December 31, 2021 and $21.9 million as of December 31, 2020.

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 consolidated balance sheets, was $8.2 million as of December 31, 2021 and $8.0 million as of December 31, 2020. 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 consolidated statements of operations, were $8.7 million in 2021, $9.0 million in 2020 and $9.1 million in 2019.

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 $7.9 million on December 31, 2021 and $6.3 million on December 31, 2020, which were classified as accounts receivable, other in the consolidated balance sheets.

In addition, the Company pays an administrative fee to CCBSS for its services. The Company incurred administrative fees to CCBSS of $2.9 million in 2021, $2.5 million in 2020 and $2.3 million in 2019, which were classified as SD&A expenses in the consolidated statements of operations.

CONA Services LLC ("CONA")

The Company is a member of CONA, an entity formed with The Coca-Cola Company and certain other Coca-Cola bottlers 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 consolidated balance sheets, was $13.7 million as of December 31, 2021 and $11.5 million as of December 31, 2020.

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 CONA service fees of $24.1 million in 2021, $22.0 million in 2020 and $22.2 million in 2019.

Related Party Leases

The Company leases its headquarters office facility and an adjacent office facility in Charlotte, North Carolina from Beacon Investment Corporation ("Beacon"), 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 is subject to an adjustment for an inflation factor and the lease expires on December 31, 2029. The principal balance outstanding under this lease agreement was $28.2 million on December 31, 2021 and $30.8 million on December 31, 2020.

The Company leases the Snyder Production Center and an adjacent sales facility in Charlotte, North Carolina from Harrison Limited Partnership One ("HLP"), which is directly and indirectly owned by trusts of which J. Frank Harrison, III and Sue Anne H. Wells, a director of the Company, are trustees and beneficiaries and of which Morgan H. Everett is a permissible, discretionary beneficiary. The annual base rent the Company is obligated to pay under the financing lease is subject to an adjustment for an inflation factor and the lease expires on December 31, 2035. The principal balance outstanding under this lease was $59.1 million on December 31, 2021 and $61.9 million on December 31, 2020.

A summary of rental payments for these leases related to 2021, 2020, and 2019 is as follows:

	Fiscal Year		
(in thousands)	2021	2020	2019
Company headquarters[1]	$ 3,778	$ 3,304	$ 4,525
Snyder Production Center	4,451	4,451	4,354

(1) 2019 fell under a previous lease agreement with Beacon and included contingent rental payments that were a result of changes in the Consumer Price Index minimum, which were recorded as adjustments to interest expense, net in the consolidated statements of operations.

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 Class B Common Stock, based on the average of the closing prices of shares of 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 SD&A expenses in the consolidated statements of operations, was $9.8 million in 2021, $9.2 million in 2020 and $12.9 million in 2019.

During 2019, J. Frank Harrison, III received 34,700 shares of the Company's Class B Common Stock in connection with his services as Chairman of the Board of Directors and Chief Executive Officer of the Company during 2018, pursuant to the Performance Unit Award Agreement. The Performance Unit Award Agreement expired at the end of 2018, with the final award issued in 2019. As permitted under the terms of the Performance Unit Award Agreement, 15,476 shares were settled in cash to satisfy tax withholding obligations in connection with the vesting of the performance units and the remaining 19,224 shares increased the total shares of Class B Common Stock outstanding. Compensation expense for the awards issued pursuant to the Performance Unit Award Agreement, recognized based on the closing share price of Common Stock as of the last trading day prior to the end of each fiscal period, was $2.0 million in 2019.

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" products, 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 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 sales accounted for approximately 97% of the Company's net sales in 2021, 97% of the Company's net sales in 2020 and 96% of the Company's net sales in 2019.

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. 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 consolidated financial statements.

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

(in thousands)	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Point in time net sales:			
Nonalcoholic Beverages - point in time	$ 5,389,444	$ 4,842,934	$ 4,649,037
Total point in time net sales	**$ 5,389,444**	**$ 4,842,934**	**$ 4,649,037**
Over time net sales:			
Nonalcoholic Beverages - over time	$ 43,225	$ 36,236	$ 45,391
All Other - over time	130,045	128,187	132,121
Total over time net sales	**$ 173,270**	**$ 164,423**	**$ 177,512**
Total net sales	**$ 5,562,714**	**$ 5,007,357**	**$ 4,826,549**

The Company's allowance for doubtful accounts in the 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 $3.0 million as of December 31, 2021 and $3.6 million as of December 31, 2020.

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 2021:

(in thousands)	Fiscal Year 2021	Fiscal Year 2020
Beginning balance - allowance for credit losses	**$ 18,070**	**$ 10,232**
Additions charged to expenses and as reductions to net sales	4,638	14,265
Deductions	(8,372)	(6,427)
Ending balance - allowance for credit losses	**$ 14,336**	**$ 18,070**

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:

(in thousands)	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Net sales:			
Nonalcoholic Beverages	$ 5,432,669	$ 4,879,170	$ 4,694,428
All Other	366,855	332,728	345,005
Eliminations[1]	(236,810)	(204,541)	(212,884)
Consolidated net sales	**$ 5,562,714**	**$ 5,007,357**	**$ 4,826,549**

(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)	Fiscal Year 2021	2020	2019
Income from operations:			
Nonalcoholic Beverages	$ 456,713	$ 324,716	$ 174,133
All Other	(17,542)	(11,338)	6,621
Consolidated income from operations	**$ 439,171**	**$ 313,378**	**$ 180,754**
Depreciation and amortization:			
Nonalcoholic Beverages	$ 168,206	$ 167,355	$ 169,879
All Other	12,359	11,662	10,037
Consolidated depreciation and amortization	**$ 180,565**	**$ 179,017**	**$ 179,916**

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. See Note 1 for additional information related to net income per share.

(in thousands, except per share data)	Fiscal Year 2021	2020	2019
Numerator for basic and diluted net income per Common Stock and Class B Common Stock share:			
Net income attributable to Coca-Cola Consolidated, Inc.	$ 189,580	$ 172,493	$ 11,375
Less dividends:			
Common Stock	7,141	7,141	7,141
Class B Common Stock	2,233	2,233	2,228
Total undistributed earnings	**$ 180,206**	**$ 163,119**	**$ 2,006**
Common Stock undistributed earnings – basic	$ 137,293	$ 124,275	$ 1,529
Class B Common Stock undistributed earnings – basic	42,913	38,844	477
Total undistributed earnings – basic	**$ 180,206**	**$ 163,119**	**$ 2,006**
Common Stock undistributed earnings – diluted	$ 136,899	$ 123,563	$ 1,521
Class B Common Stock undistributed earnings – diluted	43,307	39,556	485
Total undistributed earnings – diluted	**$ 180,206**	**$ 163,119**	**$ 2,006**
Numerator for basic net income per Common Stock share:			
Dividends on Common Stock	$ 7,141	$ 7,141	$ 7,141
Common Stock undistributed earnings – basic	137,293	124,275	1,529
Numerator for basic net income per Common Stock share	**$ 144,434**	**$ 131,416**	**$ 8,670**
Numerator for basic net income per Class B Common Stock share:			
Dividends on Class B Common Stock	$ 2,233	$ 2,233	$ 2,228
Class B Common Stock undistributed earnings – basic	42,913	38,844	477
Numerator for basic net income per Class B Common Stock share	**$ 45,146**	**$ 41,077**	**$ 2,705**
Numerator for diluted net income per Common Stock share:			
Dividends on Common Stock	$ 7,141	$ 7,141	$ 7,141
Dividends on Class B Common Stock assumed converted to Common Stock	2,233	2,233	2,228
Common Stock undistributed earnings – diluted	180,206	163,119	2,006
Numerator for diluted net income per Common Stock share	**$ 189,580**	**$ 172,493**	**$ 11,375**
Numerator for diluted net income per Class B Common Stock share:			
Dividends on Class B Common Stock	$ 2,233	$ 2,233	$ 2,228
Class B Common Stock undistributed earnings – diluted	43,307	39,556	485
Numerator for diluted net income per Class B Common Stock share	**$ 45,540**	**$ 41,789**	**$ 2,713**

(in thousands, except per share data)	Fiscal Year 2021	2020	2019
Denominator for basic net income per Common Stock and Class B Common Stock share:			
Common Stock weighted average shares outstanding – basic	7,141	7,141	7,141
Class B Common Stock weighted average shares outstanding – basic	2,232	2,232	2,229
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)	9,400	9,427	9,417
Class B Common Stock weighted average shares outstanding – diluted	2,259	2,286	2,276
Basic net income per share:			
Common Stock	$ 20.23	$ 18.40	$ 1.21
Class B Common Stock	$ 20.23	$ 18.40	$ 1.21
Diluted net income per share:			
Common Stock	$ 20.17	$ 18.30	$ 1.21
Class B Common Stock	$ 20.16	$ 18.28	$ 1.19

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 and the Performance Unit Award Agreement. For periods presented during which the Company has net loss, the unvested performance units granted pursuant to the Long-Term Performance Equity Plan and the Performance Unit Award Agreement 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 and the Performance Unit Award Agreement.

(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)	December 31, 2021	December 31, 2020
Finished products	$ 181,751	$ 140,080
Manufacturing materials	81,183	47,081
Plastic shells, plastic pallets and other inventories	39,917	38,596
Total inventories	**$ 302,851**	**$ 225,757**

7. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(in thousands)	December 31, 2021	December 31, 2020
Repair parts	$ 26,643	$ 26,811
Commodity hedges at fair market value	7,714	2,417
Prepaid software	7,038	6,650
Prepaid marketing	4,380	4,773
Prepaid taxes	4,079	8,428
Other prepaid expenses and other current assets	28,214	25,067
Total prepaid expenses and other current assets	**$ 78,068**	**$ 74,146**

8. Assets Held for Sale

As of December 31, 2021, certain properties owned by the Company met the accounting guidance criteria to be classified as assets held for sale. The properties primarily relate to warehousing and distribution operations that have been consolidated into new facilities. All properties classified as held for sale are included in the Nonalcoholic Beverages segment. There are not any liabilities held for sale associated with these properties and none meet the accounting guidance criteria to be classified as discontinued operations..

Following is a summary of the assets held for sale:

(in thousands)	December 31, 2021	December 31, 2020
Land	$ 2,906	$ 2,559
Buildings and leasehold and land improvements	3,974	3,870
Total assets held for sale	**$ 6,880**	**$ 6,429**

An impairment of $1.6 million was recorded in 2020 for the locations classified as assets held for sale as of December 31, 2020 as a result of the net book value exceeding the agreed upon purchase price of one of the locations. This impairment was recorded within cost of sales on the consolidated statements of operations and within impairment and abandonment of property, plant and equipment on the consolidated statements of cash flows.

9. Property, Plant and Equipment, Net

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

(in thousands)	December 31, 2021	December 31, 2020	Estimated Useful Lives
Land	$ 80,261	$ 81,981	
Buildings	265,070	240,173	8-50 years
Machinery and equipment	443,592	392,998	5-20 years
Transportation equipment	466,238	445,218	3-20 years
Furniture and fixtures	95,062	96,606	3-10 years
Cold drink dispensing equipment	436,954	465,881	3-17 years
Leasehold and land improvements	178,809	155,077	5-20 years
Software for internal use	47,982	46,569	3-10 years
Construction in progress	23,496	54,505	
Total property, plant and equipment, at cost	**2,037,464**	**1,979,008**	
Less: Accumulated depreciation and amortization	1,006,776	956,286	
Property, plant and equipment, net	**$ 1,030,688**	**$ 1,022,722**	

During 2021, 2020 and 2019, the Company performed periodic reviews of property, plant and equipment and determined no material impairment existed.

10. Leases

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

	December 31, 2021	December 31, 2020
Weighted average remaining lease term:		
Operating leases	8.3 years	9.4 years
Financing leases	12.5 years	13.4 years
Weighted average discount rate:		
Operating leases	3.6 %	4.0 %
Financing leases	3.1 %	3.2 %

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

	Fiscal Year		
(in thousands)	2021	2020	2019
Operating lease costs	$ 26,385	$ 24,823	$ 18,820
Short-term and variable leases	17,245	15,305	13,605
Depreciation expense from financing leases	5,656	4,678	5,967
Interest expense on financing lease obligations	2,301	1,728	2,714
Total lease cost	**$ 51,587**	**$ 46,534**	**$ 41,106**

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 December 31, 2021:

(in thousands)	Operating Leases	Financing Leases
2022	$ 26,026	$ 7,145
2023	24,893	7,201
2024	20,639	7,396
2025	16,740	7,593
2026	15,575	6,100
Thereafter	65,695	49,728
Total minimum lease payments including interest	**$ 169,568**	**$ 85,163**
Less: Amounts representing interest	25,474	14,097
Present value of minimum lease principal payments	**144,094**	**71,066**
Less: Current portion of lease liabilities - operating and financing leases	22,048	6,060
Noncurrent portion of lease liabilities - operating and financing leases	**$ 122,046**	**$ 65,006**

Following is a summary of future minimum lease payments for all noncancelable operating leases and financing leases as of December 31, 2020:

(in thousands)	Operating Leases	Financing Leases
2021	$ 24,056	$ 7,079
2022	20,970	7,145
2023	18,125	7,201
2024	15,330	7,396
2025	13,747	7,593
Thereafter	77,353	55,827
Total minimum lease payments including interest	**$ 169,581**	**$ 92,241**
Less: Amounts representing interest	29,892	16,397
Present value of minimum lease principal payments	**139,689**	**75,844**
Less: Current portion of lease liabilities - operating and financing leases	19,766	5,860
Noncurrent portion of lease liabilities - operating and financing leases	**$ 119,923**	**$ 69,984**

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

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Cash flows from operating activities impact:			
Operating leases	$ 27,642	$ 24,718	$ 18,138
Interest payments on financing lease obligations	2,301	1,728	2,714
Total cash flows from operating activities impact	**$ 29,943**	**$ 26,446**	**$ 20,852**
Cash flows from financing activities impact:			
Principal payments on financing lease obligations	$ 4,778	$ 5,861	$ 8,656
Total cash flows from financing activities impact	**$ 4,778**	**$ 5,861**	**$ 8,656**

As of December 31, 2021, the Company had four operating lease commitments that had not yet commenced. These lease commitments have a lease term of approximately three to five years and are expected to commence during the first quarter of 2022. The additional lease liability associated with these lease commitments is expected to be $6.1 million.

11. Distribution Agreements, Net

Distribution agreements, net, which are amortized on a straight-line basis and have an estimated useful life of 10 to 40 years, consisted of the following:

(in thousands)	**December 31, 2021**	**December 31, 2020**
Distribution agreements at cost	$ 960,042	$ 952,533
Less: Accumulated amortization	123,265	98,780
Distribution agreements, net	**$ 836,777**	**$ 853,753**

Following is a summary of activity for distribution agreements, net during 2021 and 2020:

	Fiscal Year	
(in thousands)	**2021**	**2020**
Beginning balance - distribution agreements, net	**$ 853,753**	**$ 876,096**
Other distribution agreements	7,509	1,984
Additional accumulated amortization	(24,485)	(24,327)
Ending balance - distribution agreements, net	**$ 836,777**	**$ 853,753**

Subsequent to year-end, the Company entered into an agreement with a related party to acquire $30.1 million of additional distribution rights with an estimated useful life of 40 years.

Assuming no impairment of distribution agreements, net, amortization expense in future years based upon recorded amounts as of December 31, 2021 will be $24.9 million for each fiscal year 2022 through 2026.

12. 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)	**December 31, 2021**	**December 31, 2020**
Customer lists at cost	$ 25,288	$ 25,288
Less: Accumulated amortization	14,322	12,484
Customer lists, net	**$ 10,966**	**$ 12,804**

Assuming no impairment of customer lists, net, amortization expense in future years based upon recorded amounts as of December 31, 2021 will be approximately $1.7 million for each fiscal year 2022 through 2026.

13. Other Accrued Liabilities

Other accrued liabilities consisted of the following:

(in thousands)	December 31, 2021	December 31, 2020
Accrued insurance costs	$ 51,645	$ 48,318
Current portion of acquisition related contingent consideration	51,518	36,020
Accrued marketing costs	32,249	38,539
Employee and retiree benefit plan accruals	32,007	31,653
Current portion of deferred payroll taxes under CARES Act	18,739	18,706
Accrued taxes (other than income taxes)	6,638	6,178
All other accrued expenses	33,973	25,727
Total other accrued liabilities	**$ 226,769**	**$ 205,141**

The Company has taken advantage of certain provisions of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which allowed an employer to defer the deposit and payment of the employer's portion of social security taxes that would otherwise have been due on or after March 27, 2020 and before January 1, 2021. The law permits an employer to deposit half of these deferred payments by December 31, 2021 and the other half by December 31, 2022. During 2021, the Company repaid the portion of the deferred payroll taxes classified as current as of December 31, 2020. The Company intends to repay the remaining portion of the deferred payroll taxes during 2022, and, thus, classified the remaining balance as current as of December 31, 2021.

14. Derivative Financial 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 these risks 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 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 consolidated statements of operations:

	Fiscal Year		
(in thousands)	2021	2020	2019
Cost of sales	$ 3,469	$ 1,996	$ 6,602
Selling, delivery and administrative expenses	1,772	791	3,536
Total gain	**$ 5,241**	**$ 2,787**	**$ 10,138**

All commodity derivative instruments are recorded at fair value as either assets or liabilities in the 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 consolidated balance sheets and the net amounts of derivative liabilities are recognized in either other accrued liabilities or other liabilities in the 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 consolidated balance sheets:

(in thousands)	December 31, 2021	December 31, 2020
Prepaid expenses and other current assets	$ 7,714	$ 2,417
Other assets	—	56
Total assets	**$ 7,714**	**$ 2,473**

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

(in thousands)	**December 31, 2021**	**December 31, 2020**
Gross commodity derivative instrument assets	$ 9,200	$ 2,473
Gross commodity derivative instrument liabilities	1,486	—

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

(in thousands)	**December 31, 2021**	**December 31, 2020**
Notional amount of outstanding commodity derivative instruments	$ 74,558	$ 23,030
Latest maturity date of outstanding commodity derivative instruments	December 2022	December 2021

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.
Pension plan assets	Level 1	The fair values of the Company's Level 1 pension plan assets, which are equity securities and fixed income investment vehicles, are valued using the quoted market prices of those securities which are actively traded on national exchanges.
Pension plan assets	Level 2	The fair values of the Company's Level 2 pension plan assets, which are investments that are pooled with other investments in a commingled fund, are valued using the net asset value produced by the fund manager. The assets within the commingled funds have a readily determinable fair market value.
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 WACC derived from market data.

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

	December 31, 2021				
(in thousands)	Carrying Amount	Total Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets:					
Deferred compensation plan assets	$ 60,461	$ 60,461	$ 60,461	$ —	$ —
Pension plan assets	328,250	328,250	313,893	14,357	—
Commodity derivative instruments	7,714	7,714	—	7,714	—
Liabilities:					
Deferred compensation plan liabilities	60,461	60,461	60,461	—	—
Long-term debt	723,443	772,600	—	772,600	—
Acquisition related contingent consideration	542,105	542,105	—	—	542,105

	December 31, 2020				
(in thousands)	Carrying Amount	Total Fair Value	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
Assets:					
Deferred compensation plan assets	$ 51,742	$ 51,742	$ 51,742	$ —	$ —
Pension plan assets	319,699	319,699	308,849	10,850	—
Commodity derivative instruments	2,473	2,473	—	2,473	—
Liabilities:					
Deferred compensation plan liabilities	51,742	51,742	51,742	—	—
Long-term debt	940,465	1,015,700	—	1,015,700	—
Acquisition related contingent consideration	434,694	434,694	—	—	434,694

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 sub-bottling fees to fair value by discounting future expected sub-bottling payments required under the CBA using the Company's estimated WACC.

The future expected sub-bottling payments extend through the life of the applicable distribution assets acquired from CCR, 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 amounts that will be paid in the future under the CBA, and current 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:

	Fiscal Year	
(in thousands)	2021	2020
Beginning balance - Level 3 liability	**$ 434,694**	**$ 446,684**
Payment of acquisition related contingent consideration	(39,097)	(43,400)
Reclassification to current payables	200	200
Increase in fair value	146,308	31,210
Ending balance - Level 3 liability	**$ 542,105**	**$ 434,694**

As of December 31, 2021 and December 31, 2020, discount rates of 7.5% 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 2021 was primarily driven by higher projections of future cash flows in the distribution territories subject to sub-bottling fees. This fair value adjustment was recorded in other expense, net in the consolidated statement of operations.

The Company anticipates that the amount it could pay annually under the acquisition related contingent consideration arrangements for the distribution territories subject to sub-bottling fees will be in the range of $35 million to $62 million.

16. Income Taxes

The current income tax provision represents the estimated amount of income taxes paid or payable for the year, as well as changes in estimates from prior years. The deferred income tax provision represents the change in deferred tax liabilities and assets. The following table presents the significant components of the provision for income taxes:

	Fiscal Year		
(in thousands)	2021	2020	2019
Current:			
Federal	$ 59,308	$ 38,665	$ 7,505
State	15,444	11,541	4,173
Total current provision	**$ 74,752**	**$ 50,206**	**$ 11,678**
Deferred:			
Federal	$ (4,966)	$ 8,052	$ 4,514
State	(4,217)	685	(527)
Total deferred provision (benefit)	**$ (9,183)**	**$ 8,737**	**$ 3,987**
Income tax expense	**$ 65,569**	**$ 58,943**	**$ 15,665**

The Company's effective income tax rate, calculated by dividing income tax expense by income before taxes, was 25.7% for 2021, 24.5% for 2020 and 45.8% for 2019. The following table provides a reconciliation of income tax expense at the statutory federal rate to actual income tax expense:

	Fiscal Year					
	2021		2020		2019	
(in thousands)	Income tax expense	% pre-tax income	Income tax expense	% pre-tax income	Income tax expense	% pre-tax income
Statutory expense	$ 53,581	21.0 %	$ 50,618	21.0 %	$ 7,187	21.0 %
State income taxes, net of federal benefit	9,522	3.7	9,258	3.8	1,352	4.0
Nondeductible compensation	3,545	1.4	3,007	1.3	4,313	12.6
Meals, entertainment and travel expense	2,028	0.8	1,476	0.6	2,440	7.1
Adjustment for uncertain tax positions	(984)	(0.4)	114	—	(805)	(2.4)
Valuation allowance change	(902)	(0.4)	(1,900)	(0.8)	1,290	3.8
Nondeductible fees and expenses	47	—	311	0.1	887	2.6
Noncontrolling interest – Piedmont	—	—	(2,447)	(1.0)	(1,826)	(5.3)
Other, net	(1,268)	(0.4)	(1,494)	(0.5)	827	2.4
Income tax expense	**$ 65,569**	**25.7 %**	**$ 58,943**	**24.5 %**	**$ 15,665**	**45.8 %**

The Company's effective income tax rate, calculated by dividing income tax expense by income before taxes minus net income attributable to noncontrolling interest, was 25.5% for 2020 and 57.9% for 2019. The Company had no net income attributable to noncontrolling interest during 2021.

The Company records liabilities for uncertain tax positions related to income tax positions. These liabilities reflect the Company's best estimate of the ultimate income tax liability based on known facts and information. Material changes in facts or information, as well as the expiration of statutes of limitations and/or settlements with individual tax jurisdictions, may result in material adjustments to these estimates in the future.

The Company recognizes potential interest and penalties related to uncertain tax positions in income tax expense. During 2021, 2020 and 2019, the interest and penalties related to uncertain tax positions recognized in income tax expense were not material. In addition, the amount of interest and penalties accrued at December 31, 2021 and December 31, 2020 were not material.

The Company had uncertain tax positions, including accrued interest, of $1.7 million on December 31, 2021 and $2.6 million on December 31, 2020, 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 significant impact on the consolidated financial statements.

A reconciliation of uncertain tax positions, excluding accrued interest, is as follows:

(in thousands)	Fiscal Year 2021	2020	2019
Beginning balance - gross uncertain tax positions	**$ 2,161**	**$ 2,283**	**$ 2,857**
Increase as a result of tax positions taken in the current year	59	61	60
Increase as a result of tax positions taken in a prior year	—	504	—
Reduction as a result of the expiration of the applicable statute of limitations	(966)	(687)	(634)
Ending balance - gross uncertain tax positions	**$ 1,254**	**$ 2,161**	**$ 2,283**

Deferred income taxes are recorded based upon temporary differences between the financial statement and tax bases of assets and liabilities and available net operating loss and tax credit carryforwards. Temporary differences and carryforwards that comprised deferred income tax assets and liabilities were as follows:

(in thousands)	December 31, 2021	December 31, 2020
Acquisition related contingent consideration	$ 133,114	$ 107,769
Operating lease liabilities	35,382	34,632
Deferred revenue	26,852	27,882
Accrued liabilities	26,253	22,341
Deferred compensation	24,018	26,269
Postretirement benefits	13,969	14,726
Pension	4,617	11,055
Transactional costs	3,976	4,451
Financing lease agreements	1,820	1,618
Net operating loss carryforwards	1,418	1,628
Charitable contribution carryover	631	3,236
Other	3,199	10,138
Deferred income tax assets	**$ 275,249**	**$ 265,745**
Less: Valuation allowance for deferred tax assets	4,372	5,325
Net deferred income tax asset	**$ 270,877**	**$ 260,420**
Intangible assets	$ (177,214)	$ (182,585)
Depreciation	(173,124)	(159,359)
Right-of-use assets - operating leases	(34,347)	(33,316)
Inventory	(13,481)	(13,709)
Prepaid expenses	(6,774)	(6,319)
Patronage dividend	(2,369)	(4,555)
Deferred income tax liabilities	**$ (407,309)**	**$ (399,843)**
Net deferred income tax liability	**$ (136,432)**	**$ (139,423)**

The Company's deferred income tax assets and liabilities are subject to adjustment in future periods based on the Company's ongoing evaluations of such deferred assets and liabilities and new information available to the Company.

Valuation allowances are recognized on deferred tax assets if the Company believes it is more likely than not that some or all of the deferred tax assets will not be realized. The Company believes the majority of the deferred tax assets will be realized due to the reversal of certain significant temporary differences and anticipated future taxable income from operations.

The valuation allowance of $4.4 million on December 31, 2021 and $5.3 million on December 31, 2020 was established primarily for certain loss carryforwards and deferred compensation.

As of December 31, 2021, the Company had no federal net operating losses and $29.8 million of state net operating losses available to reduce future income taxes, which expire in varying amounts through 2041.

Prior tax years beginning in year 2018 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. Benefit Plans

Executive Benefit Plans

In addition to the Company's Director Deferral Plan, the Company has four executive benefit plans: the Supplemental Savings Incentive Plan, the Long-Term Retention Plan, the Officer Retention Plan and the Long-Term Performance Plan. The Company also has a Long-Term Performance Equity Plan, as discussed in Note 2.

Pursuant to the Supplemental Savings Incentive Plan, as amended and restated effective November 1, 2011, and as further amended thereafter, eligible participants may elect to defer a portion of their annual salary and bonus. Participants are immediately vested in all deferred contributions they make and become fully vested in Company contributions upon completion of five years of service with the Company, termination of employment due to death or retirement or a change in control. Participant deferrals and Company contributions made in years prior to 2006 are invested in either a fixed benefit option or certain investment funds determined by the participant. Beginning in 2010, the Company may elect at its discretion to match up to 50% of the first 6% of salary, excluding bonuses, deferred by the participant. During 2021, 2020 and 2019, the Company matched 50% of the first 6% of salary, excluding bonuses, deferred by the participant. The Company may also make discretionary contributions to participants' accounts.

Under the Director Deferral Plan, as amended and restated effective January 1, 2014, non-employee directors may defer payment of all or a portion of their annual retainer and meeting fees until they no longer serve on the Board of Directors. There is no Company matching contribution under the Director Deferral Plan. The liability under these two deferral plans was as follows:

(in thousands)	December 31, 2021	December 31, 2020
Current liabilities	$ 10,111	$ 11,132
Noncurrent liabilities	84,664	80,890
Total liability - Supplemental Savings Incentive Plan and Director Deferral Plan	**$ 94,775**	**$ 92,022**

Under the Long-Term Retention Plan, effective March 5, 2014, the Company accrues a defined amount each year for an eligible participant based upon an award schedule. Amounts awarded may earn an investment return based on certain investment funds specified by the Company. Benefits under the Long-Term Retention Plan are 50% vested until age 51. Beginning at age 51, the vesting percentage increases by 5% each year until the benefits are fully vested at age 60. Participants receive payments from the plan upon retirement or, in certain instances, upon termination of employment. Payments are made in the form of monthly installments over a period of 10, 15 or 20 years. The liability under this plan was as follows:

(in thousands)	December 31, 2021	December 31, 2020
Current liabilities	$ 178	$ 137
Noncurrent liabilities	6,815	4,728
Total liability - Long-Term Retention Plan	**$ 6,993**	**$ 4,865**

Under the Officer Retention Plan, as amended and restated effective January 1, 2007, eligible participants may elect to receive an annuity payable in equal monthly installments over a 10-, 15- or 20-year period commencing at retirement or, in certain instances, upon termination of employment. The benefits under the Officer Retention Plan increase with each year of participation as set forth in an agreement between the participant and the Company. Benefits under the Officer Retention Plan are 50% vested until age 51. Beginning at age 51, the vesting percentage increases by 5% each year until the benefits are fully vested at age 60. The liability under this plan was as follows:

(in thousands)	December 31, 2021	December 31, 2020
Current liabilities	$ 4,036	$ 4,176
Noncurrent liabilities	37,008	38,605
Total liability - Officer Retention Plan	**$ 41,044**	**$ 42,781**

Under the Long-Term Performance Plan, as amended and restated effective January 1, 2018, the Compensation Committee of the Board of Directors establishes dollar amounts to which a participant shall be entitled upon attainment of the applicable performance measures. Bonus awards under the Long-Term Performance Plan are made based on the relative achievement of performance measures in terms of the Company-sponsored objectives or objectives related to the performance of the individual participant or of the subsidiary, division, department, region or function in which the participant is employed. The liability under this plan was as follows:

(in thousands)		December 31, 2021		December 31, 2020
Current liabilities	$	8,247	$	8,515
Noncurrent liabilities		7,675		7,866
Total liability - Long-Term Performance Plan	**$**	**15,922**	**$**	**16,381**

Pension Plans

There are two Company-sponsored pension plans. The Primary Plan was frozen as of June 30, 2006 and no benefits accrued to participants after that date. 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. The Company updates its mortality assumptions used in the calculation of its pension liability each year using The Society of Actuaries' latest mortality tables and mortality projection scales.

The following tables set forth pertinent information for the two Company-sponsored pension plans:

	Fiscal Year			
(in thousands)		2021		2020
Beginning balance - projected benefit obligation	**$**	**368,245**	**$**	**332,304**
Service cost		7,529		6,331
Interest cost		9,846		10,957
Actuarial (gain) loss		(12,735)		31,300
Benefits paid		(13,410)		(12,647)
Ending balance - projected benefit obligation	**$**	**359,475**	**$**	**368,245**

Changes in Projected Benefit Obligation

The projected benefit obligations and the accumulated benefit obligations for both Company-sponsored pension plans were in excess of plan assets as of December 31, 2021 and December 31, 2020. The accumulated benefit obligation was $359.5 million on December 31, 2021 and $368.2 million on December 31, 2020.

The increase in the discount rates in 2021, as compared to 2020, was the primary driver of actuarial gains in 2021. The decrease in discount rates in 2020, as compared to 2019, was the primary driver of actuarial losses in 2020. The actuarial gains and losses, net of tax, were recorded in accumulated other comprehensive loss in the consolidated balance sheets.

Change in Plan Assets

	Fiscal Year			
(in thousands)		2021		2020
Beginning balance - plan assets at fair value	**$**	**319,699**	**$**	**276,699**
Actual return on plan assets		16,427		40,680
Employer contributions		6,800		16,250
Benefits and expenses paid		(14,676)		(13,930)
Ending balance - plan assets at fair value	**$**	**328,250**	**$**	**319,699**

Funded Status

(in thousands)		December 31, 2021		December 31, 2020
Projected benefit obligation	$	(359,475)	$	(368,245)
Plan assets at fair value		328,250		319,699
Net funded status	**$**	**(31,225)**	**$**	**(48,546)**

Amounts Recognized in the Consolidated Balance Sheets

(in thousands)	December 31, 2021	December 31, 2020
Current liabilities	$ —	$ —
Noncurrent liabilities	(31,225)	(48,546)
Total liability - pension plans	**$ (31,225)**	**$ (48,546)**

Net Periodic Pension Cost

	Fiscal Year		
(in thousands)	2021	2020	2019
Service cost	$ 7,529	$ 6,331	$ 4,853
Interest cost	9,846	10,957	12,299
Expected return on plan assets	(13,000)	(13,617)	(10,290)
Recognized net actuarial loss	4,954	4,619	3,688
Amortization of prior service cost	3	19	22
Net periodic pension cost	**$ 9,332**	**$ 8,309**	**$ 10,572**

Significant Assumptions

	Fiscal Year		
	2021	2020	2019
Projected benefit obligation at the measurement date:			
Discount rate - Primary Plan	2.97 %	2.66 %	3.36 %
Discount rate - Bargaining Plan	3.31 %	3.12 %	3.61 %
Weighted average rate of compensation increase	N/A	N/A	N/A
Net periodic pension cost for the fiscal year:			
Discount rate - Primary Plan	2.66 %	3.36 %	4.47 %
Discount rate - Bargaining Plan	3.12 %	3.61 %	4.63 %
Weighted average expected long-term rate of return of plan assets - Primary Plan(1)	4.75 %	5.50 %	5.00 %
Weighted average expected long-term rate of return of plan assets - Bargaining Plan(1)	5.75 %	6.25 %	5.25 %
Weighted average rate of compensation increase	N/A	N/A	N/A

(1) The weighted average expected long-term rate of return assumption for the pension plan assets, which was used to compute net periodic pension cost, is based upon target asset allocation and is determined using forward-looking performance and duration assumptions set at the beginning of each fiscal year.

Cash Flows

(in thousands)	Anticipated Future Pension Benefit Payments for the Fiscal Years
2022	$ 14,276
2023	15,111
2024	15,731
2025	16,474
2026	17,090
2027 - 2031	92,221

Contributions to the two Company-sponsored pension plans are expected to be in the range of $20 million to $30 million in 2022.

Plan Assets

All assets in the Company’s pension plans are invested in institutional investment funds managed by professional investment advisors which hold U.S. equities, international equities and debt securities. The objective of the Company’s investment philosophy is to earn the plans’ targeted rate of return over longer periods without assuming excess investment risk. The weighted average expected long-term rate of return assumption for the pension plan assets, which will be used to compute 2022 net periodic pension costs, is based upon target asset allocation and is determined using forward-looking performance and duration assumptions in the context of historical returns and volatilities for each asset class. The Company evaluates the rate of return assumption on an annual basis. The Company's pension plans target asset allocation for 2022, actual asset allocation at December 31, 2021 and December 31, 2020, and the weighted average expected long-term rate of return by asset category for the Primary Plan were as follows:

	Percentage of Plan Assets at Fiscal Year-End		Target Allocation	Weighted Average Expected Long-Term Rate of Return
	2021	2020	2022	2022
U.S. debt securities	87 %	58 %	98 %	2.94 %
U.S. equity securities	— %	24 %	— %	— %
International debt securities	10 %	8 %	— %	— %
International equity securities	— %	8 %	— %	— %
Cash and cash equivalents	3 %	2 %	2 %	0.06 %
Total	**100 %**	**100 %**	**100 %**	**3.00 %**

The Company's pension plans target asset allocation for 2022, actual asset allocation at December 31, 2021 and December 31, 2020, and the weighted average expected long-term rate of return by asset category for the Bargaining Plan were as follows:

	Percentage of Plan Assets at Fiscal Year-End		Target Allocation	Weighted Average Expected Long-Term Rate of Return
	2021	2020	2022	2022
U.S. debt securities	46 %	46 %	41 %	2.26 %
U.S. equity securities	40 %	39 %	47 %	2.59 %
International debt securities	2 %	2 %	— %	— %
International equity securities	11 %	12 %	11 %	0.59 %
Cash and cash equivalents	1 %	1 %	1 %	0.06 %
Total	**100 %**	**100 %**	**100 %**	**5.50 %**

Debt securities as of December 31, 2021 are comprised of investments in government and corporate bonds with a weighted average maturity of approximately 13 years for the Primary Plan and approximately 22 years for the Bargaining Plan. Both plans also hold an institutional high yield bond fund with a modified duration of approximately 3 years. U.S. equity securities include: (i) large-capitalization domestic equity funds as represented by the S&P 500 index, (ii) mid-capitalization domestic equity funds as represented by the Russell Mid Cap Growth and Value indexes, (iii) small-capitalization domestic equity funds as represented by the Russell Small Cap Growth and Value indexes and (iv) alternative investment funds as represented by the HFRX Global index and the MSCI US REIT index. International equity securities include companies from both developed and emerging markets outside the United States. Cash and cash equivalents have a weighted average duration of less than one year.

The following table summarizes the Company's pension plan assets, which are classified as Level 1 and Level 2 for fair value measurement. The Company does not have any Level 3 pension plan assets. See Note 15 for additional information.

(in thousands)	December 31, 2021	December 31, 2020
Pension plan assets - fixed income	$ 300,670	$ 205,812
Pension plan assets - equity securities	18,867	106,424
Pension plan assets - cash and cash equivalents	8,713	7,463
Total pension plan assets	**$ 328,250**	**$ 319,699**

401(k) Savings Plan

The Company provides a 401(k) Savings Plan for substantially all of its employees who are not part of collective bargaining agreements and for certain employees under collective bargaining agreements. The Company's matching contribution for employees who are not part of collective bargaining agreements is discretionary, with the option to match contributions for eligible participants up to 5% based on the Company's financial results. For all years presented, the Company matched the maximum 5% of participants' contributions. The Company's matching contribution for employees who are part of collective bargaining agreements is determined in accordance with negotiated formulas for the respective employees. The total expense for the Company's matching contributions to the 401(k) Savings Plan was $24.8 million in 2021, $22.7 million in 2020 and $21.7 million in 2019.

Postretirement Benefits

The Company provides postretirement benefits for employees meeting specified 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 following tables set forth pertinent information for the Company's postretirement benefit plan:

Reconciliation of Activity

(in thousands)	Fiscal Year 2021	Fiscal Year 2020
Benefit obligation at beginning of year	$ 67,665	$ 62,056
Service cost	1,516	1,454
Interest cost	1,772	2,031
Plan participants' contributions	930	753
Actuarial (gain) loss	(3,414)	4,555
Benefits paid	(3,313)	(3,184)
Benefit obligation at end of year	**$ 65,156**	**$ 67,665**

Reconciliation of Plan Assets Fair Value

(in thousands)	Fiscal Year 2021	Fiscal Year 2020
Fair value of plan assets at beginning of year	$ —	$ —
Employer contributions	2,383	2,431
Plan participants' contributions	930	753
Benefits paid	(3,313)	(3,184)
Fair value of plan assets at end of year	**$ —**	**$ —**

Funded Status

(in thousands)	December 31, 2021	December 31, 2020
Current liabilities	$ (2,990)	$ (2,886)
Noncurrent liabilities	(62,166)	(64,779)
Total liability - postretirement benefits	**$ (65,156)**	**$ (67,665)**

Net Periodic Postretirement Benefit Cost

(in thousands)	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Service cost	$ 1,516	$ 1,454	$ 1,496
Interest cost	1,772	2,031	2,750
Recognized net actuarial loss	682	383	730
Amortization of prior service cost	—	—	(1,293)
Net periodic postretirement benefit cost	**$ 3,970**	**$ 3,868**	**$ 3,683**

Significant Assumptions

	Fiscal Year		
	2021	2020	2019
Benefit obligation discount rate at measurement date	2.98 %	2.70 %	3.32 %
Net periodic postretirement benefit cost discount rate for fiscal year	2.70 %	3.32 %	4.41 %
Postretirement benefit expense - Pre-Medicare:			
Weighted average healthcare cost trend rate	6.26 %	6.53 %	7.13 %
Trend rate graded down to ultimate rate	4.50 %	4.50 %	4.50 %
Ultimate rate year	2029	2028	2026
Postretirement benefit expense - Post-Medicare:			
Weighted average healthcare cost trend rate	6.54 %	6.73 %	7.11 %
Trend rate graded down to ultimate rate	4.50 %	4.50 %	4.50 %
Ultimate rate year	2029	2028	2026

Cash Flows

(in thousands)	Anticipated Future Postretirement Benefit Payments Reflecting Expected Future Service
2022	$ 2,990
2023	3,114
2024	3,321
2025	3,399
2026	3,629
2027 - 2031	20,356

A reconciliation of the amounts in accumulated other comprehensive loss not yet recognized as components of net periodic benefit cost is as follows:

(in thousands)	December 31, 2020	Actuarial Loss	Reclassification Adjustments	December 31, 2021
Pension Plans:				
Actuarial loss	$ (147,664)	$ 14,897	$ 4,954	$ (127,813)
Prior service costs	(7)	—	3	(4)
Postretirement Benefits:				
Actuarial loss	(13,908)	3,414	682	(9,812)
Total within accumulated other comprehensive loss	**$ (161,579)**	**$ 18,311**	**$ 5,639**	**$ (137,629)**

Multiemployer Pension Plans

Certain employees of the Company whose employment is covered under collective bargaining agreements participate in a multiemployer pension plan, the Employers-Teamsters Local Union Nos. 175 and 505 Pension Fund (the "Teamsters Plan"). The Company makes monthly contributions to the Teamsters Plan on behalf of such employees. The collective bargaining agreements covering the Teamsters Plan expire at various times through 2024. The Company expects these agreements will be re-negotiated.

Participating in the Teamsters Plan involves certain risks in addition to the risks associated with single employer pension plans, as contributed assets are pooled and may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the Teamsters Plan, the unfunded obligations of the Teamsters Plan may be borne by the remaining participating employers. If the Company chooses to stop participating in the Teamsters Plan, the Company could be required to pay the Teamsters Plan a withdrawal liability based on the underfunded status of the Teamsters Plan. The Company does not anticipate withdrawing from the Teamsters Plan.

In 2015, the Company increased its contribution rates to the Teamsters Plan, with additional increases occurring annually, as part of a rehabilitation plan, which was incorporated into the renewal of collective bargaining agreements with the unions effective

April 28, 2014 and adopted by the Company as a rehabilitation plan effective January 1, 2015. This is a result of the Teamsters Plan being certified by its actuary as being in "critical" status for the plan year beginning January 1, 2013.

The Company's participation in the Teamsters Plan is outlined in the table below. A red zone represents less than 80% funding and requires a financial improvement plan ("FIP") or rehabilitation plan ("RP").

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Pension Protection Act Zone Status	Red	Red	Red
FIP or RP pending or implemented	Yes	Yes	Yes
Surcharge imposed	Yes	Yes	Yes
Contribution	$ 933	$ 924	$ 987

According to the Teamsters Plan's Form 5500 for both the plan years ended December 31, 2020 and December 29, 2019, the Company was not listed as providing more than 5% of the total contributions. At the date these financial statements were issued, a Form 5500 was not available for the plan year ended December 31, 2021.

The Company has a liability recorded for withdrawing from a multiemployer pension plan in 2008 and is required to make payments of approximately $1 million to this multiemployer pension plan each year through 2028. As of December 31, 2021, the Company had $5.2 million remaining on this liability.

18. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	**December 31, 2021**	**December 31, 2020**
Noncurrent portion of acquisition related contingent consideration	$ 490,587	$ 398,674
Accruals for executive benefit plans	147,135	144,101
Noncurrent deferred proceeds from related parties	106,304	109,361
Noncurrent portion of deferred payroll taxes under CARES Act	—	18,706
Other	14,584	8,438
Total other liabilities	**$ 758,610**	**$ 679,280**

In 2017, The Coca-Cola Company agreed to provide the Company a fee to compensate the Company for the net economic impact of changes made by The Coca-Cola Company to the authorized pricing on sales of covered beverages produced at certain manufacturing plants owned by the Company (the "Legacy Facilities Credit"), which was recorded as a deferred liability and will be amortized as a reduction to cost of sales over a period of 40 years.

Also in 2017, upon the conversion of the Company's then-existing bottling agreements pursuant to the CBA, the Company received a fee from CCR (the "Territory Conversion Fee"), which was recorded as a deferred liability and will be amortized as a reduction to cost of sales over a period of 40 years. Together, the Legacy Facilities Credit and the Territory Conversion Fee are "deferred proceeds from related parties."

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	December 31, 2021	December 31, 2020
2016 Term Loan Facility[1]	6/7/2021	Variable	Varies	Nonpublic	$ —	$ 217,500
Senior notes	2/27/2023	3.28%	Semi-annually	Nonpublic	125,000	125,000
2021 Term Loan Facility[2]	7/9/2024	Variable	Varies	Nonpublic	—	—
Senior bonds[3]	11/25/2025	3.80%	Semi-annually	Public	350,000	350,000
2021 Revolving Credit Facility	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[3]	11/25/2025				(34)	(43)
Debt issuance costs					(1,523)	(1,992)
Total long-term debt					**$ 723,443**	**$ 940,465**

(1) As of December 31, 2020, the 2016 Term Loan Facility (as defined below) balance was classified as long term as the Company intended to refinance outstanding principal payments due in the next 12 months using the 2018 Revolving Credit Facility (as defined below), which was classified as long-term debt, and the Company was not restricted by any subjective acceleration clause within the agreement for the 2018 Revolving Credit Facility.
(2) The 2021 Term Loan Facility was fully repaid during the fourth quarter of 2021.
(3) The senior bonds due in 2025 were issued at 99.975% of par.

The principal maturities of debt outstanding on December 31, 2021 were as follows:

(in thousands)	Debt Maturities
2022	$ —
2023	125,000
2024	—
2025	350,000
2026	100,000
Thereafter	150,000
Long-term debt	**$ 725,000**

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.

On June 7, 2021, the Company used a combination of cash on hand and borrowings under its previous revolving credit facility (the "2018 Revolving Credit Facility") to repay the remaining balance of its previous term loan facility (the "2016 Term Loan Facility") that matured on that date.

On July 9, 2021, the Company entered into a credit agreement, providing for a five-year unsecured revolving credit facility with an aggregate maximum borrowing capacity of $500 million (the "2021 Revolving Credit Facility"), maturing on July 9, 2026. Borrowings under the 2021 Revolving Credit Facility bear interest at a base rate or adjusted LIBOR, at the Company's option, plus an applicable rate, depending on the rating for the Company's long-term senior unsecured, non-credit-enhanced debt ("Debt Rating"). The 2021 Revolving Credit Facility's underlying credit agreement includes successor LIBOR rate provisions, providing that the Secured Overnight Funding Rate will be used as the LIBOR replacement rate for borrowings under the facility after June 30, 2023, unless the Company and its lenders agree to an alternative reference rate based on prevailing market convention at the replacement date. In addition, the Company must pay a facility fee on the lenders' aggregate commitments under the 2021 Revolving Credit Facility ranging from 0.060% to 0.175% per annum, depending on the Company's Debt Rating. The Company currently believes all banks participating in the 2021 Revolving Credit Facility have the ability to and will meet any funding requests from the Company. The 2021 Revolving Credit Facility replaced the 2018 Revolving Credit Facility, which had a maturity date of June 8, 2023.

Also on July 9, 2021, the Company entered into a term loan agreement, providing for a three-year senior unsecured term loan facility in the aggregate principal amount of $70 million (the "2021 Term Loan Facility"), maturing on July 9, 2024. Borrowings under the 2021 Term Loan Facility bore interest at a base rate or adjusted LIBOR, at the Company's option, plus an applicable rate, depending on the Company's Debt Rating. The entire amount of the 2021 Term Loan Facility was fully drawn on July 9, 2021. The Company used approximately $55 million of the proceeds of the 2021 Term Loan Facility to repay outstanding indebtedness under the 2018 Revolving Credit Facility and used the remaining proceeds for general corporate purposes. During the fourth quarter of 2021, the Company repaid the $70 million of borrowings outstanding under the 2021 Term Loan 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 December 31, 2021. These covenants do not currently, and the Company does not anticipate they will, restrict its 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 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 28.0 million cases, 28.3 million cases and 29.4 million cases of finished product from SAC in 2021, 2020 and 2019, respectively.

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

	Fiscal Year		
(in thousands)	2021	2020	2019
Purchases from Southeastern	$ 125,142	$ 125,659	$ 132,328
Purchases from SAC	169,399	155,858	160,189
Total purchases from manufacturing cooperatives	**$ 294,541**	**$ 281,517**	**$ 292,517**

The Company guarantees a portion of SAC's debt, which expires in 2024. The amount guaranteed was $9.5 million on December 31, 2021 and $14.7 million on December 31, 2020. 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 selling prices of its products to adequately mitigate the risk of material loss from the Company's guarantee.

The Company holds no assets as collateral against the SAC guarantee, the fair value of which is immaterial to the 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 December 31, 2021, and there was no impairment identified in 2021, 2020 or 2019.

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 December 31, 2021 and December 31, 2020.

The Company participates in long-term marketing contractual arrangements with certain prestige properties, athletic venues and other locations. As of December 31, 2021, the future payments related to these contractual arrangements, which expire at various dates through 2033, amounted to $137.0 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 consolidated financial statements.

21. Risks and Uncertainties

Approximately 83% of the Company's total bottle/can sales volume to retail customers consists of products of The Coca-Cola Company, which is the sole supplier of these products or of the concentrates or syrups required to manufacture these products. The remaining bottle/can sales volume to retail customers consists of products of other beverage companies. The Company has beverage agreements with The Coca-Cola Company and other beverage companies under which it has various requirements. Failure to meet the requirements of these beverage agreements could result in the loss of distribution rights for the respective products.

The Company faces concentration risks related to a few customers comprising a large portion of the Company's annual sales volume and net revenue. 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, which are included in the Nonalcoholic Beverages segment, that such volume represents. No other customer represented greater than 10% of the Company's total net sales for any years presented.

	Fiscal Year		
	2021	2020	2019
Approximate percent of the Company's total bottle/can sales volume			
Wal-Mart Stores, Inc.	20 %	19 %	19 %
The Kroger Company	13 %	13 %	12 %
Total approximate percent of the Company's total bottle/can sales volume	**33 %**	**32 %**	**31 %**
Approximate percent of the Company's total net sales			
Wal-Mart Stores, Inc.	14 %	14 %	13 %
The Kroger Company	9 %	10 %	8 %
Total approximate percent of the Company's total net sales	**23 %**	**24 %**	**21 %**

The Company purchases all of the plastic bottles used in its manufacturing plants from Southeastern and Western Container, two manufacturing cooperatives the Company co-owns with several other Coca-Cola bottlers, and a majority of its aluminum cans from two domestic suppliers. The Company began sourcing aluminum cans from international locations in 2020. See Note 2 and Note 20 for additional information.

The Company is exposed to price risk on commodities such as aluminum, corn and PET resin (a petroleum- or plant-based product), which affects the cost of raw materials used in the production of its finished products. The Company both produces and procures these finished products. Examples of the raw materials affected are aluminum cans and plastic bottles used for packaging and high fructose corn syrup used as a product ingredient. Further, the Company is exposed to commodity price risk on crude oil, which impacts the Company's cost of fuel used in the movement and delivery of the Company's products. The Company participates in commodity hedging and risk mitigation programs, including programs administered by CCBSS and programs we administer.

Certain liabilities of the Company, including floating rate debt, retirement benefit obligations and the Company's pension liability, are subject to risk of changes in both long-term and short-term interest rates.

The Company's contingent consideration liability resulting from the acquisition of certain distribution territories is subject to risk as a result of changes in the Company's probability weighted discounted cash flow model, which is based on internal forecasts, and changes in the Company's WACC, which is derived from market data.

Approximately 13% of the Company's labor force is covered by collective bargaining agreements. The Company's collective bargaining agreements, which generally have 3- to 5-year terms, expire at various dates through 2026. Terms and conditions of new labor union agreements could increase the Company's exposure to work interruptions or stoppages.

22. 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 provides consulting services outside the United States.

Following is a summary of AOCI(L) for 2021, 2020 and 2019:

(in thousands)	December 31, 2020	Gains (Losses) During the Period: Pre-tax Activity	Gains (Losses) During the Period: Tax Effect	Reclassification to Income: Pre-tax Activity	Reclassification to Income: Tax Effect	December 31, 2021
Net pension activity:						
Actuarial loss	$ (93,847)	$ 14,897	$ (3,658)	$ 4,954	$ (1,228)	$ (78,882)
Prior service credits	8	—	—	3	—	11
Net postretirement benefits activity:						
Actuarial loss	(4,328)	3,414	(838)	682	(169)	(1,239)
Prior service costs	(624)	—	—	—	—	(624)
Interest rate swap[1]	(556)	—	—	739	(183)	—
Foreign currency translation adjustment	14	—	—	(32)	9	(9)
Reclassification of stranded tax effects	(19,720)	—	—	—	—	(19,720)
Total AOCI(L)	**$ (119,053)**	**$ 18,311**	**$ (4,496)**	**$ 6,346**	**$ (1,571)**	**$ (100,463)**

(1) In 2019, the Company entered into a $100 million fixed rate swap to hedge a portion of the interest rate risk on the 2016 Term Loan Facility, both of which matured on June 7, 2021. This interest rate swap was designated as a cash flow hedging instrument and changes in its fair value were not material to the consolidated balance sheets.

(in thousands)	December 29, 2019	Gains (Losses) During the Period: Pre-tax Activity	Gains (Losses) During the Period: Tax Effect	Reclassification to Income: Pre-tax Activity	Reclassification to Income: Tax Effect	December 31, 2020
Net pension activity:						
Actuarial loss	$ (93,174)	$ (5,521)	$ 1,369	$ 4,619	$ (1,140)	$ (93,847)
Prior service credits (costs)	(7)	—	—	19	(4)	8
Net postretirement benefits activity:						
Actuarial loss	(1,191)	(4,555)	1,129	383	(94)	(4,328)
Prior service costs	(624)	—	—	—	—	(624)
Interest rate swap	(270)	—	—	(378)	92	(556)
Foreign currency translation adjustment	(16)	—	—	41	(11)	14
Reclassification of stranded tax effects	(19,720)	—	—	—	—	(19,720)
Total AOCI(L)	**$ (115,002)**	**$ (10,076)**	**$ 2,498**	**$ 4,684**	**$ (1,157)**	**$ (119,053)**

(in thousands)	December 30, 2018	Gains (Losses) During the Period: Pre-tax Activity	Gains (Losses) During the Period: Tax Effect	Reclassification to Income: Pre-tax Activity	Reclassification to Income: Tax Effect	December 29, 2019
Net pension activity:						
Actuarial loss	$ (72,690)	$ (30,855)	$ 7,590	$ 3,688	$ (907)	$ (93,174)
Prior service costs	(24)	—	—	22	(5)	(7)
Net postretirement benefits activity:						
Actuarial loss	(4,902)	4,192	(1,031)	730	(180)	(1,191)
Prior service credits (costs)	351	—	—	(1,293)	318	(624)
Interest rate swap	—	—	—	(359)	89	(270)
Foreign currency translation adjustment	—	—	—	(19)	3	(16)
Reclassification of stranded tax effects	—	—	(19,720)	—	—	(19,720)
Total AOCI(L)	**$ (77,265)**	**$ (26,663)**	**$ (13,161)**	**$ 2,769**	**$ (682)**	**$ (115,002)**

Following is a summary of the impact of AOCI(L) on the consolidated statements of operations:

	Fiscal Year 2021				
(in thousands)	Net Pension Activity	Net Postretirement Benefits Activity	Interest Rate Swap	Foreign Currency Translation Adjustment	Total
Cost of sales	$ 1,341	$ 496	$ —	$ —	$ 1,837
Selling, delivery and administrative expenses	3,616	186	739	(32)	4,509
Subtotal pre-tax	4,957	682	739	(32)	6,346
Income tax expense	1,228	169	183	(9)	1,571
Total after tax effect	**$ 3,729**	**$ 513**	**$ 556**	**$ (23)**	**$ 4,775**

	Fiscal Year 2020				
(in thousands)	Net Pension Activity	Net Postretirement Benefits Activity	Interest Rate Swap	Foreign Currency Translation Adjustment	Total
Cost of sales	$ 1,393	$ 146	$ —	$ —	$ 1,539
Selling, delivery and administrative expenses	3,245	237	(378)	41	3,145
Subtotal pre-tax	4,638	383	(378)	41	4,684
Income tax expense	1,144	94	(92)	11	1,157
Total after tax effect	**$ 3,494**	**$ 289**	**$ (286)**	**$ 30**	**$ 3,527**

	Fiscal Year 2019				
(in thousands)	Net Pension Activity	Net Postretirement Benefits Activity	Interest Rate Swap	Foreign Currency Translation Adjustment	Total
Cost of sales	$ 1,003	$ (211)	$ —	$ —	$ 792
Selling, delivery and administrative expenses	2,707	(352)	(359)	(19)	1,977
Subtotal pre-tax	3,710	(563)	(359)	(19)	2,769
Income tax expense	912	(138)	(89)	(3)	682
Total after tax effect	**$ 2,798**	**$ (425)**	**$ (270)**	**$ (16)**	**$ 2,087**

23. Supplemental Disclosures of Cash Flow Information

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

	Fiscal Year		
(in thousands)	2021	2020	2019
Accounts receivable, trade	$ (46,825)	$ 8,107	$ 3,338
Allowance for doubtful accounts	(4,284)	7,838	4,641
Accounts receivable from The Coca-Cola Company	(8,534)	13,208	(17,496)
Accounts receivable, other	3,206	6,010	(12,601)
Inventories	(77,094)	169	(15,893)
Prepaid expenses and other current assets	(3,922)	(4,685)	458
Accounts payable, trade	84,959	31,378	28,808
Accounts payable to The Coca-Cola Company	38,490	(1,518)	938
Other accrued liabilities	21,161	(22,399)	(40,955)
Accrued compensation	23,286	(205)	18,228
Accrued interest payable	152	(1,002)	(1,147)
Change in current assets less current liabilities	**$ 30,595**	**$ 36,901**	**$ (31,681)**

The Company had the following net cash payments during the period for interest and income taxes:

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Income taxes	$ 70,988	$ 55,755	$ 6,309
Interest	29,142	34,257	43,397

The Company had the following significant non-cash investing and financing activities:

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Additions to property, plant and equipment accrued and recorded in accounts payable, trade	$ 35,809	$ 17,025	$ 19,452
Right-of-use assets obtained in exchange for operating lease obligations	26,907	42,698	38,713
Additions to leased property under financing leases	—	61,121	—
Issuance of Class B Common Stock in connection with stock award	—	—	4,776

Management's Report on Internal Control over Financial Reporting

Management of Coca-Cola Consolidated, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is a process designed under the supervision of the Company's chief executive and chief financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States. The Company's internal control over financial reporting includes policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;
(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and
(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of December 31, 2021, management assessed the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management determined that the Company's internal control over financial reporting as of December 31, 2021 was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021, has been audited by PricewaterhouseCoopers LLP (PCAOB ID 238), an independent registered public accounting firm, which is included in Item 8 of this report.

February 22, 2022

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Coca-Cola Consolidated, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Coca-Cola Consolidated, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and December 31, 2020, and the related consolidated statements of operations, of comprehensive income, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes and schedule of valuation and qualifying accounts and reserves for each of the three years in the period ended December 31, 2021 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 31, 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisition Related Contingent Consideration Liability

As described in Notes 1, 2, and 15 to the consolidated financial statements, the fair value of the acquisition related contingent consideration liability was $542.1 million as of December 31, 2021, which consists of the estimated amounts due to The Coca-Cola Company under the Company's comprehensive beverage agreements (collectively, the "CBA") with The Coca-Cola Company and Coca-Cola Refreshments USA, Inc. ("CCR"), a wholly owned subsidiary of The Coca-Cola Company, over the useful life of the related distribution rights. Pursuant to the CBA, the Company is required to make quarterly 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. Each reporting period, the Company adjusts its acquisition related contingent consideration liability related to the distribution territories subject to sub-bottling fees to fair value by using a probability weighted discounted cash flow model and discounting future expected sub-bottling payments required under the CBA using the Company's estimated weighted average cost of capital ("WACC"). These future expected sub-bottling payments extend through the life of the related distribution assets acquired in each distribution territory, which is generally forty 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 amounts that will be paid in the future under the CBA, and current sub-bottling payments.

The principal considerations for our determination that performing procedures relating to the acquisition related contingent consideration liability is a critical audit matter are (i) the significant judgment by management when estimating the fair value of the acquisition related contingent consideration liability, which in turn led to (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumptions related to the WACC and current and future sub-bottling payments under the CBA, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the acquisition related contingent consideration liability. These procedures also included, among others, testing management's process for determining the fair value of the acquisition related contingent consideration liability; evaluating the appropriateness of the discounted cash flow model; testing the completeness and accuracy of the underlying data used in the model; and evaluating the reasonableness of the significant assumptions related to the WACC and current and future sub-bottling payments under the CBA. Evaluating management's assumptions related to the WACC and current and future sub-bottling payments involved evaluating whether the assumptions used were reasonable considering (i) the current and past performance of the distribution territories acquired from CCR, (ii) relevant industry forecasts and macroeconomic conditions, (iii) management's historical forecasting accuracy, and (iv) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the discounted cash flow model and evaluating the reasonableness of the WACC.

/s/ PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 22, 2022

We have served as the Company's auditor since at least 1972. We have not been able to determine the specific year we began serving as auditor of the Company.

The financial statement schedule required by Regulation S-X is set forth in response to Item 15 below.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. 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 December 31, 2021.

Management’s report on internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002 and the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, on the financial statements, and its opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2021 are included in Item 8 of this report.

There has been no change in the Company’s internal control over financial reporting during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

For information with respect to the executive officers of the Company, see “Information About Our Executive Officers” included as a separate item at the end of Part I of this report, which is incorporated herein by reference. For information with respect to the directors of the Company, see “Proposal 1: Election of Directors” in the definitive proxy statement for the Company’s 2022 Annual Meeting of Stockholders (the “2022 Proxy Statement”), which is incorporated herein by reference. For information with respect to the Audit Committee of the Board of Directors, see the “Corporate Governance – Board Committees” section of the 2022 Proxy Statement, which is incorporated herein by reference.

The Company has adopted a Code of Ethics for Senior Financial Officers (the “Code of Ethics”), which is intended to qualify as a “code of ethics” within the meaning of Item 406 of Regulation S-K of the Exchange Act. The Code of Ethics applies to the Company’s principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. The Code of Ethics is available on the Company’s website at *www.cokeconsolidated.com*.

The Company will disclose information pertaining to any amendment to, or waiver from, the provisions of the Code of Ethics that apply to the Company’s principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions and that relate to any element of the Code of Ethics enumerated in the SEC rules and regulations by posting this information on the Company’s website, *www.cokeconsolidated.com.* The information on the Company’s website or linked to or from the Company’s website is not incorporated by reference into, and does not constitute a part of, this report or any other documents the Company files with, or furnishes to, the SEC.

Item 11. Executive Compensation.

For information with respect to executive and director compensation, see the “Compensation Discussion and Analysis,” “Executive Compensation Tables,” “Consideration of Risk Related to Compensation Programs,” “Compensation Committee Interlocks and Insider Participation,” “Compensation Committee Report” and “Director Compensation” sections of the 2022 Proxy Statement, which are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

For information with respect to security ownership of certain beneficial owners and management, see the “Principal Stockholders” and “Security Ownership of Directors and Executive Officers” sections of the 2022 Proxy Statement, which are incorporated herein by reference. For information with respect to securities authorized for issuance under the Company’s equity compensation plans, see the “Equity Compensation Plan Information” section of the 2022 Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

For information with respect to certain relationships and related transactions, see the “Corporate Governance – Policy for Review of Related Person Transactions” and “Corporate Governance – Related Person Transactions” sections of the 2022 Proxy Statement, which are incorporated herein by reference. For information with respect to director independence, see the “Corporate Governance – Director Independence” section of the 2022 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

For information with respect to principal accountant fees and services, see “Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm” in the 2022 Proxy Statement, which is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) List of documents filed as part of this report.

1. Financial Statements

2. Financial Statement Schedule

The Financial Statement Schedule included under Item 15 hereof, as required for the years ended December 31, 2021, December 31, 2020 and December 29, 2019, consisted of the following:

All other financial statements and schedules not listed have been omitted because the required information is included in the consolidated financial statements or the notes thereto, or is not applicable or required.

3. Listing of Exhibits

The agreements included in the following exhibits to this report are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about the Company or the other parties to the agreements. Some of the agreements contain representations and warranties by each of the parties to the applicable agreements. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreements and:

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

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

EXHIBIT INDEX

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	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).
4.1	Description of Securities of the Company.	Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2019 (File No. 0-9286).
4.2	Specimen of Common Stock Certificate of the Company.	Exhibit 4.1 to the Company's Current Report on Form 8-K filed on February 19, 2019 (File No. 0-9286).
4.3	Supplemental Indenture, dated as of March 3, 1995, between the Company and The Bank of New York Mellon Trust Company, N.A., as successor trustee.	Exhibit 4.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2002 (File No. 0-9286).
4.4	Second Supplemental Indenture, dated as of November 25, 2015, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee.	Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 25, 2015 (File No. 0-9286).
4.5	Form of the Company's 3.800% Senior Notes due 2025 (included in Exhibit 4.4 above).	Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 25, 2015 (File No. 0-9286).
4.6	Indenture, dated as of December 15, 2020, between the Company and U.S. Bank National Association, as trustee.	Exhibit 4.4 to the Company's Registration Statement on Form S-3 filed on December 15, 2020 (File No. 333-251358).
10.1	Credit Agreement, dated as of July 9, 2021, by and among the Company, Wells Fargo Bank, National Association, as administrative agent, swingline lender and issuing lender, and the other lenders party thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 13, 2021 (File No. 0-9286).
10.2	Term Loan Agreement, dated as of July 9, 2021, by and among the Company, Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto.	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 13, 2021 (File No. 0-9286).
10.3	Second Amended and Restated Credit Agreement, dated as of June 8, 2018, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 11, 2018 (File No. 0-9286).
10.4	Amendment No. 1 to Second Amended and Restated Credit Agreement, dated as of July 11, 2018, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 17, 2018 (File No. 0-9286).
10.5	Term Loan Agreement, dated June 7, 2016, by and among the Company, the lenders named therein, JPMorgan Chase Bank, N.A., as administrative agent, and PNC Bank, National Association and Branch Banking and Trust Company, as co-syndication agents.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 2016 (File No. 0-9286).
10.6	Amendment No. 1 to Term Loan Agreement, dated July 11, 2018, by and among the Company, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders party thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 17, 2018 (File No. 0-9286).
10.7	Note Purchase and Private Shelf Agreement, dated June 10, 2016, by and among the Company, PGIM, Inc. and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 20, 2017 (File No. 0-9286).
10.8	First Amendment to Note Purchase and Private Shelf Agreement, dated July 20, 2018, by and among the Company, PGIM, Inc. and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 25, 2018 (File No. 0-9286).
10.9	Note Purchase and Private Shelf Agreement, dated March 6, 2018, by and among the Company, NYL Investors LLC and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 14, 2018 (File No. 0-9286).

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
10.10	First Amendment to Note Purchase and Private Shelf Agreement, dated July 20, 2018, by and among the Company, NYL Investors LLC and the other parties thereto.	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on July 25, 2018 (File No. 0-9286).
10.11	Note Purchase and Private Shelf Agreement, dated January 23, 2019, by and among the Company, MetLife Investment Advisors, LLC and the other parties thereto.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 5, 2019 (File No. 0-9286).
10.12	Incidence Agreement, dated February 5, 2019, by and between the Company and The Coca-Cola Company.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 5, 2019 (File No. 0-9286).
10.13**	National Product Supply Governance Agreement, dated October 30, 2015, by and between the Company, The Coca-Cola Company, Coca-Cola Bottling Company United, Inc., Coca-Cola Refreshments USA, Inc. and Swire Pacific Holdings Inc. d/b/a Swire Coca-Cola USA.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 2, 2015 (File No. 0-9286).
10.14**	First Amendment to National Product Supply Governance Agreement, dated October 26, 2018, by and between the Company, The Coca-Cola Company, Coca-Cola Bottling Company United, Inc., Swire Pacific Holdings Inc. d/b/a Swire Coca-Cola USA and the other parties thereto.	Exhibit 10.17 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018 (File No. 0-9286).
10.15**	Limited Liability Company Agreement of CONA Services LLC, dated as of January 27, 2016, by and among the Company, The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and the other bottlers named therein.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended July 3, 2016 (File No. 0-9286).
10.16**	Amendment No. 1 to Limited Liability Company Agreement of CONA Services LLC, dated as of April 6, 2016 and effective as of April 2, 2016, by and among the Company, The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and the other bottlers named therein.	Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended July 3, 2016 (File No. 0-9286).
10.17**	Amendment No. 2 to Limited Liability Company Agreement of CONA Services LLC, effective as of February 22, 2017, by and among the Company, The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and the other bottlers named therein.	Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.18	Amendment No. 3 to Limited Liability Company Agreement of CONA Services LLC, dated as of August 5, 2020 and effective as of January 1, 2019, by and among the Company, The Coca-Cola Company and the other bottlers named therein.	Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 2020 (File No. 0-9286).
10.19**	Amended and Restated Master Services Agreement, dated as of October 2, 2017, by and between the Company and CONA Services LLC.	Exhibit 10.71 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).
10.20	Omnibus Letter Agreement, dated March 31, 2017, by and between the Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 4, 2017 (File No. 0-9286).
10.21	Amended and Restated Ancillary Business Letter, dated March 31, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on April 4, 2017 (File No. 0-9286).
10.22**	Comprehensive Beverage Agreement, dated March 31, 2017, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.23**	Comprehensive Beverage Agreement, dated March 31, 2017, by and between CCBCC Operations, LLC, a wholly owned subsidiary of the Company (as successor in interest to Piedmont Coca-Cola Bottling Partnership), and The Coca-Cola Company.	Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.24**	First Amendment to Comprehensive Beverage Agreement, dated April 28, 2017, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 0-9286).
10.25**	Amendment to Comprehensive Beverage Agreements, dated October 2, 2017, by and between the Company, CCBCC Operations, LLC, a wholly owned subsidiary of the Company (as successor in interest to Piedmont Coca-Cola Bottling Partnership), The Coca-Cola Company, Coca-Cola Refreshments USA, Inc. and CCBC of Wilmington, Inc.	Exhibit 10.72 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).
10.26**	Third Amendment to Comprehensive Beverage Agreement, dated December 26, 2017, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.74 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
10.27**	Fourth Amendment to Comprehensive Beverage Agreement, dated April 30, 2018, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2018 (File No. 0-9286).
10.28**	Fifth Amendment to Comprehensive Beverage Agreement, dated August 20, 2018, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (File No. 0-9286).
10.29***	Sixth Amendment to Comprehensive Beverage Agreement, dated September 9, 2019, by and between the Company, The Coca-Cola Company and Coca-Cola Refreshments USA, Inc.	Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2019 (File No. 0-9286).
10.30	Second Amendment to Comprehensive Beverage Agreement, dated December 31, 2021, by and between CCBCC Operations, LLC, a wholly owned subsidiary of the Company, and The Coca-Cola Company.	Filed herewith.
10.31**	Regional Manufacturing Agreement, dated March 31, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017 (File No. 0-9286).
10.32	First Amendment to Regional Manufacturing Agreement, dated April 28, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2017 (File No. 0-9286).
10.33	Second Amendment to Regional Manufacturing Agreement, dated October 2, 2017, by and between the Company and The Coca-Cola Company.	Exhibit 10.73 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (File No. 0-9286).
10.34	Amended and Restated Stock Rights and Restrictions Agreement, dated February 19, 2009, by and among the Company, The Coca-Cola Company, Carolina Coca-Cola Bottling Investments, Inc. and J. Frank Harrison, III.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 19, 2009 (File No. 0-9286).
10.35	Lease Agreement, dated as of March 23, 2009, by and between the Company and Harrison Limited Partnership One.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 26, 2009 (File No. 0-9286).
10.36	First Amendment to Lease Agreement, dated as of June 30, 2020, between the Company and Harrison Limited Partnership One.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 7, 2020 (File No. 0-9286).
10.37	Lease Agreement, dated December 18, 2006, by and between CCBCC Operations, LLC, a wholly owned subsidiary of the Company, and Beacon Investment Corporation.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 21, 2006 (File No. 0-9286).
10.38	Lease Agreement, dated December 30, 2019, by and between the Company and Beacon Investment Corporation.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 3, 2020 (File No. 0-9286).
10.39+	Amended and Restated Limited Liability Company Operating Agreement of Coca-Cola Bottlers' Sales & Services Company LLC, made as of November 18, 2019, by and between Coca-Cola Bottlers' Sales & Services Company LLC and Consolidated Beverage Co., a wholly owned subsidiary of the Company.	Exhibit 10.40 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2019 (File No. 0-9286).
10.40*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Annual Bonus Plan, amended and restated effective as of January 1, 2018.	Exhibit 10.41 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2019 (File No. 0-9286).
10.41*	Amendment No. 2, dated February 22, 2021, to Coca-Cola Consolidated, Inc.(formerly Coca-Cola Bottling Co. Consolidated) Annual Bonus Plan, amended and restated effective as of January 1, 2018.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2021 (File No. 0-9286).
10.42*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long-Term Performance Plan, amended and restated effective as of January 1, 2018.	Exhibit 10.42 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2019 (File No. 0-9286).
10.43*	Form of Long-Term Performance Plan Bonus Award Agreement.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 4, 2010 (File No. 0-9286).
10.44*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Supplemental Savings Incentive Plan, amended and restated effective as of November 1, 2011.	Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2012 (File No. 0-9286).

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished Herewith
10.45*	Amendment No. 1, dated May 31, 2013, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Supplemental Savings Incentive Plan, amended and restated effective as of November 1, 2011.	Exhibit 10.56 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018 (File No. 0-9286).
10.46*	Amendment No. 3, dated February 22, 2021, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Supplemental Savings Incentive Plan, amended and restated effective as of November 1, 2011.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2021 (File No. 0-9286).
10.47*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Director Deferral Plan, amended and restated effective as of January 1, 2014.	Filed herewith.
10.48*	Amendment No. 1, dated December 10, 2013, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Director Deferral Plan, amended and restated effective as of January 1, 2014.	Exhibit 10.58 to the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2018 (File No. 0-9286).
10.49*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Officer Retention Plan, amended and restated effective as of January 1, 2007.	Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2007 (File No. 0-9286).
10.50*	Amendment No. 1, effective as of January 1, 2009, to Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Officer Retention Plan, amended and restated effective as of January 1, 2007.	Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2008 (File No. 0-9286).
10.51*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long-Term Retention Plan, adopted effective as of March 5, 2014.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2014 (File No. 0-9286).
10.52*	Coca-Cola Consolidated, Inc. (formerly Coca-Cola Bottling Co. Consolidated) Long-Term Performance Equity Plan, adopted effective as of January 1, 2018.	Appendix A to the Company's Definitive Proxy Statement on Schedule 14A filed on March 26, 2018 (File No. 0-9286).
10.53*	Omnibus Amendment to Coca-Cola Consolidated, Inc. Nonqualified Employee Benefit Plans, dated as of September 6, 2019.	Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2019 (File No. 0-9286).
10.54*	Omnibus Amendment to Coca-Cola Consolidated, Inc. and CCBCC Operations, LLC Qualified Employee Benefit Plans, dated as of September 6, 2019.	Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 29, 2019 (File No. 0-9286).
10.55*	Form of Amended and Restated Split-Dollar and Deferred Compensation Replacement Benefit Agreement, effective as of November 1, 2005, by and between the Company and eligible employees of the Company.	Exhibit 10.24 to the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2006 (File No. 0-9286).
10.56*	Consulting Agreement, dated as of March 3, 2020, by and between the Company and Umesh M. Kasbekar.	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 6, 2020 (File No. 0-9286).
21	List of Subsidiaries of the Company.	Filed herewith.
23	Consent of Independent Registered Public Accounting Firm.	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.
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.

Exhibit No.	Description	Incorporated by Reference or Filed/Furnished 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.

** Certain portions of this exhibit have been omitted pursuant to a request for confidential treatment filed with the SEC.

*** Certain confidential portions of this exhibit have been redacted in accordance with Item 601(b)(10) of Regulation S-K.

\+ Certain schedules and similar supporting attachments to this agreement have been omitted, and the Company agrees to furnish supplemental copies of any such schedules and similar supporting attachments to the SEC upon request.

(b) Exhibits.

See Item 15(a)(3) above.

(c) Financial Statement Schedules.

See Item 15(a)(2) above.

Item 16. Form 10-K Summary.

None.

Schedule II

COCA-COLA CONSOLIDATED, INC.
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Allowance for Doubtful Accounts

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Beginning balance - allowance for doubtful accounts	**$ 21,620**	**$ 13,782**	**$ 9,141**
Additions charged to expenses and as reductions to net sales	4,088	14,265	9,769
Deductions	(8,372)	(6,427)	(5,128)
Ending balance - allowance for doubtful accounts	**$ 17,336**	**$ 21,620**	**$ 13,782**

Deferred Income Tax Valuation Allowance

	Fiscal Year		
(in thousands)	**2021**	**2020**	**2019**
Beginning balance - valuation allowance for deferred tax assets	**$ 5,325**	**$ 7,190**	**$ 5,899**
Additions charged to costs and expenses	—	163	1,291
Deductions credited to expense	(953)	(2,028)	—
Ending balance - valuation allowance for deferred tax assets	**$ 4,372**	**$ 5,325**	**$ 7,190**

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: February 22, 2022

By: /s/ J. Frank Harrison, III
J. Frank Harrison, III
Chairman of the Board of Directors
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	Signature	Title	Date
By:	/s/ J. Frank Harrison, III **J. Frank Harrison, III**	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 22, 2022
By:	/s/ F. Scott Anthony **F. Scott Anthony**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 22, 2022
By:	/s/ Matthew J. Blickley **Matthew J. Blickley**	Senior Vice President, Financial Planning and Chief Accounting Officer (Principal Accounting Officer)	February 22, 2022
By:	/s/ Sharon A. Decker **Sharon A. Decker**	Director	February 22, 2022
By:	/s/ Morgan H. Everett **Morgan H. Everett**	Vice Chair of the Board of Directors	February 22, 2022
By:	/s/ James R. Helvey, III **James R. Helvey, III**	Director	February 22, 2022
By:	/s/ William H. Jones **William H. Jones**	Director	February 22, 2022
By:	/s/ Umesh M. Kasbekar **Umesh M. Kasbekar**	Vice Chairman of the Board of Directors	February 22, 2022
By:	/s/ David M. Katz **David M. Katz**	Director	February 22, 2022
By:	/s/ Jennifer K. Mann **Jennifer K. Mann**	Director	February 22, 2022
By:	/s/ James H. Morgan **James H. Morgan**	Director	February 22, 2022
By:	/s/ John W. Murrey, III **John W. Murrey, III**	Director	February 22, 2022
By:	/s/ Sue Anne H. Wells **Sue Anne H. Wells**	Director	February 22, 2022
By:	/s/ Dennis A. Wicker **Dennis A. Wicker**	Lead Independent Director	February 22, 2022
By:	/s/ Richard T. Williams **Richard T. Williams**	Director	February 22, 2022

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CORPORATE INFORMATION

Transfer Agent and Dividend Disbursing Agent
The Company's transfer agent is responsible for stockholder records, issuance of stock certificates and distribution of dividend payments and IRS Form 1099s. The transfer agent also administers plans for dividend reinvestment and direct deposit. Stockholder requests and inquiries concerning these matters are most efficiently answered by corresponding directly with American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, New York 11219. Communication may also be made by telephone by calling (866) 627-2648 (Toll Free), via the internet at www.astfinancial.com or by email at info@amstock.com.

Stock Listing
NASDAQ Global Select Market
NASDAQ Symbol – COKE

Company Website
www.cokeconsolidated.com
The Company makes available free of charge through its website its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports, as well as proxy statements and other information, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission.

Corporate Office
The Company's corporate office is located at 4100 Coca-Cola Plaza, Charlotte, North Carolina 28211. The mailing address is Coca-Cola Consolidated, Inc., P.O. Box 31487, Charlotte, North Carolina 28231.

Annual Meeting
The Company's 2022 Annual Meeting of Stockholders will be held at 9:00 a.m., Eastern Time, on Tuesday, May 10, 2022. Due to the COVID-19 pandemic, the 2022 Annual Meeting of Stockholders will be held exclusively via live audio webcast at www.virtualshareholdermeeting.com/COKE2022. For further details, see the Company's definitive proxy statement for the 2022 Annual Meeting of Stockholders as filed with the Securities and Exchange Commission.

Form 10-K and Code of Ethics for Senior Financial Officers
A copy of the Company's Annual Report on Form 10-K and its Code of Ethics for Senior Financial Officers is available to stockholders without charge upon written request to the Company's Chief Financial Officer at Coca-Cola Consolidated, Inc., P.O. Box 31487, Charlotte, North Carolina 28231. This information may also be obtained from the Company's website listed above.

BOARD OF DIRECTORS

J. Frank Harrison, III
CHAIRMAN OF THE BOARD OF DIRECTORS &
CHIEF EXECUTIVE OFFICER,
COCA-COLA CONSOLIDATED, INC.

Sharon A. Decker
PRESIDENT, TRYON EQUESTRIAN PARTNERS,
CAROLINA OPERATIONS

Morgan H. Everett
VICE CHAIR
OF THE BOARD OF DIRECTORS,
COCA-COLA CONSOLIDATED, INC.

James R. Helvey, III
MANAGING PARTNER,
CASSIA CAPITAL PARTNERS LLC

Dr. William H. Jones
CHANCELLOR,
COLUMBIA INTERNATIONAL UNIVERSITY

Umesh M. Kasbekar
VICE CHAIRMAN
OF THE BOARD OF DIRECTORS,
COCA-COLA CONSOLIDATED, INC.

David M. Katz
PRESIDENT & CHIEF OPERATING OFFICER,
COCA-COLA CONSOLIDATED, INC.

Jennifer K. Mann
SENIOR VICE PRESIDENT
& PRESIDENT, GLOBAL VENTURES,
THE COCA-COLA COMPANY

James H. Morgan
CHAIRMAN,
COVENANT CAPITAL LLC

John W. Murrey, III
ASSISTANT PROFESSOR,
APPALACHIAN SCHOOL OF LAW
(RETIRED)

Dr. Sue Anne H. Wells
EDUCATOR & CO-FOUNDER,
CHATTANOOGA GIRLS
LEADERSHIP ACADEMY

Dennis A. Wicker
PARTNER, NELSON, MULLINS,
RILEY & SCARBOROUGH, LLP;
FORMER LIEUTENANT GOVERNOR,
STATE OF NORTH CAROLINA

Richard T. Williams
VICE PRESIDENT OF
CORPORATE COMMUNITY AFFAIRS,
DUKE ENERGY CORPORATION;
PRESIDENT, THE DUKE ENERGY FOUNDATION
(RETIRED)

EXECUTIVE OFFICERS

J. Frank Harrison, III
CHAIRMAN OF THE BOARD OF DIRECTORS &
CHIEF EXECUTIVE OFFICER

David M. Katz
PRESIDENT & CHIEF
OPERATING OFFICER

F. Scott Anthony
EXECUTIVE VICE PRESIDENT
& CHIEF FINANCIAL OFFICER

Matthew J. Blickley
SENIOR VICE PRESIDENT,
FINANCIAL PLANNING &
CHIEF ACCOUNTING OFFICER

Robert G. Chambless
EXECUTIVE VICE PRESIDENT,
FRANCHISE BEVERAGE OPERATIONS

Donell W. Etheridge
EXECUTIVE VICE PRESIDENT,
PRODUCT SUPPLY OPERATIONS

Morgan H. Everett
VICE CHAIR
OF THE BOARD OF DIRECTORS

E. Beauregarde Fisher, III
EXECUTIVE VICE PRESIDENT,
GENERAL COUNSEL & SECRETARY

Kimberly A. Kuo
SENIOR VICE PRESIDENT,
PUBLIC AFFAIRS, COMMUNICATIONS
& SUSTAINABILITY

Christine A. Motherwell
SENIOR VICE PRESIDENT,
HUMAN RESOURCES

Jeffrey L. Turney
SENIOR VICE PRESIDENT,
STRATEGY & BUSINESS TRANSFORMATION

One Diverse Team

Coca-Cola Consolidated

CokeConsolidated.com

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