

ANNUAL REVIEW 2020





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BOTTLETS JAPAN HOLDINGS INC.

Paint it RED!

未来を塗りかえろ。

Mission

すべての人にハッピーなひとときをお届けし、
価値を創造します

*Deliver happy moments to everyone
while creating value*

Vision

■ すべてのお客さまから選ばれる
パートナーであり続けます

■ *We are the preferred partner for our customers*

■ 持続可能な成長により、市場で勝ちます

■ *We win in the market through sustainable growth*

■ 常に学びながら成長します

■ *We lead a learning culture with commitment to grow*

■ コカ・コーラに誇りを持ち、
誰もが働きたいと思う職場をつくれます

■ *We are the best place to work with pride for Coca-Cola*

Values

■ 学ぶ向上心を忘れません

■ *Learning*

■ 変化を恐れず機敏に行動します

■ *Agility*

■ 結果を見据え最後までやりきります

■ *Result-orientation*

■ 誠実と信頼に基づいた気高い志で行動します

■ *Integrity*

Improving corporate value even in difficult times



Representative Director & President

Calin Dragan

For the beverage industry, 2020 was a year of difficulties unlike any other in our experience. Our Company, too, was affected by the novel coronavirus (COVID-19) pandemic, with a clear impact on our financial performance. Under these trying circumstances, we emphasized "Safety & Security," "Agility," and "Resilience" with priority on the safety and peace of mind of our stakeholders, as we made every effort to supply the beverages that have become lifestyle necessities. We were able to navigate this unprecedented challenge by focusing on areas we can control, such as continuing and accelerating major transformation initiatives aimed at future business performance, while minimizing the effects of sharp changes in the current environment through cost savings and other mitigation measures.

Delivering happy moments through beverages

Our mission is to deliver happy moments to everyone, while creating value. Beverages are both lifestyle necessities and small luxuries to enjoy. As a "total beverage company", we deliver safe products that customers can drink with peace of mind, and we are working to create new market opportunities while meeting the diversifying needs of customers through innovation. Despite Japan having a declining birthrate and aging population, the soft drink market in Japan has been gradually growing for the past 25 years. Even with coronavirus restrictions, the market in 2020 was about 23% larger than in 1995. This is due to expansion of consumption opportunities, meaning the appearance of new sales channels, beverage categories, and packages. Through such innovations, we want to contribute to the sustainable growth of our Company and to the development of the soft drink market. This, we believe, will further support our Company mission to deliver happy moments to everyone while creating value.

Our strengths in value creation, and the role of our business model

Our Company is committed to the continued creation of value for our stakeholders by leveraging our assets, our capital, and other strengths such as brand power, cost leadership, competitive human resources, a solid financial position and deep connections in our communities. To this end, we have built a robust value chain in close collaboration with The Coca-Cola Company. As a member of the global Coca-Cola system, we are part of network in

which we can tap into success stories, experiences, and knowledge from across Japan and the world. Through this robust value chain and our scale as a bottler, we will work to maximize the value that we provide in the Japan market.

Strengthening collaboration with The Coca-Cola Company to achieve innovation

We are working more closely and effectively as one Coca-Cola system with The Coca-Cola Company and other partner companies in Japan as we have scaled up in size and capabilities. Before 1998, there were 17 Coca-Cola bottlers in Japan. The launch of Coca-Cola Bottlers Japan in 2017, which now represents about 90% of Coca-Cola Company sales volumes in Japan, contributes to strengthened collaboration across the Coca-Cola system, faster decision-making, stronger innovation and better marketplace execution.

Focusing on fundamental business transformation for sustainable growth

We are fundamentally transforming our business to achieve innovation and sustainable growth over the medium- to long-term. This includes reviewing cost structures across our value chain, including in the key vending channel, which is an important profit driver, rebuilding the route sales model across retail channels, strengthening our manufacturing system to meet diversifying consumer needs and achieve innovation, and rolling out the Shinsei Project that aims to build a supply network that achieves high quality, low cost, and stable supply. We are also standardizing business processes, promoting digital transformation, and prioritizing people development as we work to establish a resilient cost structure that can respond in an agile way to changes in the environment. The key to achieving such transformation is prioritizing management resources to leverage the scale of our business. To return to a growth path, we are undertaking fundamental transformation based on the concept that "business as usual is not an option".

Keeping our sights on medium- to long-term growth while delivering results in the near term

In 2020, our net sales fell significantly from the previous year due to the COVID-19 pandemic.

Business income, however, was positive and exceeded the revised plan that we announced in October. We achieved this through actions committed to protecting the business in the current challenging environment, including major cost reductions in excess of 35 billion yen through the formulation and execution of flexible plans to address rapid changes in the business environment. At the same time, we are advancing transformation initiatives that will contribute to medium- to long-term growth, and we achieved fixed cost reductions and other results that will continue to deliver into the future. We expect to reach more profitable growth when the market situation starts to normalize. In February 2021, we sold our Healthcare and Skincare business, in line with our commitment to simplify and optimize our operations to focus on the core beverage business. Looking ahead, we will concentrate management resources on the beverage business to further strengthen our infrastructure for sustainable medium- to long-term growth.

Our response to the COVID-19 pandemic and risk management initiatives

While enacting comprehensive countermeasures including measures to prevent the spread of infection, we worked toward ensuring business continuity. As we carried out our responsibility to supply the beverages that are lifestyle necessities, we protected our business against major drops in demand, quickly and flexibly formulated and executed plans to secure cash and profits, focused on cost reductions and curtailing some investments, and accelerated key transformation measures to hold down our cost base. As a company with roots in our communities, we also acted swiftly to support local communities by donating products through the Japan Medical Association and food banks. We have taken every measure possible to overcome this unprecedented crisis. Our Company has introduced an Enterprise Risk Management (ERM) function and is working to make appropriate decisions on the basis of risks and opportunities. With the current uncertain environment expected to continue, we will work to further strengthen our ERM system. We will undertake actions aimed at identifying and understanding company risks and putting in place countermeasures to ensure we are able to achieve our organizational goals and business plans and foster an overall culture of risk management.

We believe that it will take some time for the COVID-19

pandemic to draw to a close, and the uncertain business environment is expected to continue. In a "New Normal" period, what was earlier commonplace will no longer be so. We have to respond to all changes, including changes in consumer purchasing behavior. As we work to continue our business and secure profits, we will take these changes as opportunities, not threats, and will work to capture new needs and growth opportunities.

Human resources and corporate governance that support business growth

To me, human resources and organizational strength constitute the most important infrastructure in business. In addition to training the local sales representatives who interact with consumers and customers as beverage professionals, we are also selectively making use of international talent by tapping into the global Coca-Cola network. Furthermore, we are making efforts to strengthen diversity and inclusion, promote varied work styles, and build an organizational structure that lets all individuals make the most of their abilities. We will continue actively investing in our people to further develop the competitive human resources that are the strength and the future of our Company.

From the standpoint of corporate governance, we have appointed seven outside directors among our nine Board of Directors members. Our intent here is to build a system that will improve management quality, efficiency and transparency in order to increase corporate value and shareholder value over time. Importantly, our board structure reflects diversity of gender, age, nationality, and relevant experience across multiple business domains. In the area of executive compensation, we have established a system that promotes improvement of medium- to long-term corporate value and the alignment of interests with shareholders, with performance-linked bonuses and stock-based compensation programs. We will continue such efforts to further improve our corporate governance.

Creating Shared Value (CSV)

Our Company places Creating Shared Value (CSV) at the core of our management as we engage in initiatives to create shared value with society. In 2019, together with The Coca-Cola (Japan) Company, we formulated a sustainability framework that identified the three platforms of Inclusion, Communities and

Resources, and nine priority issues to be addressed. Each of these areas are linked to the Sustainable Development Goals (SDGs) and we are actively working to contribute to their achievement. To achieve the unique "2030 Packaging Vision" of the Coca-Cola system in Japan and The Coca-Cola Company's global goal of a "World Without Waste," we have set ambitious targets on using recycled and plant-derived PET resin in our packaging to encourage a closed loop "bottle-to-bottle" recycling system, reduce reliance on petroleum in packaging and address the issue of packaging waste. We have also set our own non-financial CSV Goals, and are taking action to achieve ESG-related targets.

Dialog with stakeholders improves our management

I want to make use of the voices of our shareholders, investors, and other stakeholders to improve our management of this business. I view our interaction at events such as the General Meeting of Shareholders, earnings presentations, individual meetings, domestic and overseas events, and other opportunities as extremely valuable. In 2020, with few opportunities for face-to-face meetings, we began sending out short video messages from management to communicate updates on our Company, and we have leveraged various digital and online tools to facilitate regular communication. We want to continue deepening our engagement in order to make progress on our mission to deliver happy moments to everyone, while creating value.

I thank you for your continued support of our Company.

Creating shareholder value by driving transformation and building an agile and resilient business foundation

Representative Director & Vice President, Chief Financial Officer

Bjorn Ivar Ulgenes



Review of 2020

In 2020, the domestic soft drink market shrank versus the previous year due to a significant decrease in demand caused by the novel coronavirus (COVID-19) pandemic. Our Company has been affected by COVID-19 and by the decision to postpone the Tokyo 2020 Olympic and Paralympic Games until 2021. While enacting measures against these impacts, we drove fundamental transformation across our business as part of our medium-term management plan under the concept of "business as usual is not an option".

Looking at our business performance in 2020, revenue decreased due to declining sales volume caused by COVID-19 and other factors. However, by accelerating transformation and delivering cost reductions of over 35 billion yen, we achieved positive Business Income, better than the revised plan.

We focused on initiatives to respond quickly to changes in the market environment as a large decline in demand became apparent. People staying at home and refraining from going out as well as closures and shortened business hours for restaurants led to declines in sales volume in the retail & food, vending, and convenience store channels. Conversely, volume increased in the drugstore & discounter, supermarket, and online channels as we successfully captured growing demand in at-home consumption and buying in bulk. New products including the "Fanta Premier" series and "Georgia Latte Nista" also contributed to sales. Looking at market share, the value share of the vending channel has maintained growth momentum as our efforts to transform this important channel are showing results. Moreover, the value share of the over-the-counter channel showed an improving trend toward the end of the year as we started to recover marketing investments and targeted sales promotions in the fourth quarter after the initial COVID-19 impact in the second and third quarters. The Lemon-dou alcohol brand has performed well since its nationwide expansion in October 2019, while maintaining a sales price premium. In 2020, the sales volume of Lemon-dou greatly exceeded the initial plan and

represents a success story in our efforts to tap into new growth opportunities.

Our supply network is an important factor in returning to a growth trajectory. We have rapidly expanded our manufacturing capacity for aseptically filled products to meet growing consumer demand, and also to introduce new technologies to produce exciting and innovative new products. We have introduced seven new production lines in the past two years, including the new Hiroshima Plant that replaced the Hongo Plant which was flooded during the heavy rains in Western Japan in 2018. With this, we believe that our supply network has been normalized and fast, efficient and high-spec manufacturing infrastructure is in place.

As efforts to improve our infrastructure, we have transformed the cost structure of our key vending channel and back-office routines as well as organizational structure. We have also introduced work process standardization and digital transformation, promoted new work styles, and pushed forward the fundamental transformation of our business.

The outlook for 2021

In 2021, some recovery in the domestic soft drink market is expected as we cycle the initial impact of COVID-19 in 2020 and after the effects of the pandemic have run their course. However, the timelines for vaccination and market recovery remain difficult to predict, and a period of uncertainty is expected to continue. Under these circumstances, we focus on initiatives in areas under our direct control and continue to drive fundamental business transformation initiatives aiming to return to a growth trajectory. These initiatives include ongoing organizational reforms, digitalization, further transformation of our cost structure, balanced sales promotion activities focused on priority "Big Bet" products and innovation, and continued consumer-oriented investments aimed at expanding selling space and growing market share.

Amid changing consumption trends and channel mix under the ongoing impact of COVID-19, we aim to "grow where the growth is" in close cooperation with our partners at The Coca-Cola (Japan) Company, to achieve sustainable growth even in the "New Normal". As one example of growth initiatives, we expanded our lineup in the Lemon-dou alcohol brand with the launch of "Lemon-dou Kamisori Lemon", at the end of 2020 to further enhance our presence in the alcoholic beverage category. We are also expanding our in-house production capacity for alcoholic beverages to meet the growing demand. We intend to further strengthen activities in other growth categories, including expansion of the "Fanta Premier" series lineup, the launch of high value-added functional products like "Karada Odayakacha W" (Food with Functional Claims) and the premium "Georgia Latte Nista" series, as well as the introduction of "COSTA COFFEE", Europe's largest* café brand.

Looking at initiatives by sales channel, we continue to aim for sustainable growth in the key vending channel by increasing ROI-focused vending machine placements in locations with high profit potential, and through a digital strategy that leverages tools including our "Coke ON" smartphone app. In the online channel where demand is increasing, we will strengthen initiatives to launch of products that fit the channel's characteristics.

We will make selective investments in manufacturing, logistics and distribution infrastructure, including facilities to introduce new packages and new products such as alcoholic beverages. As a part of the "Shinsei Project" aimed at building a high-quality, low-cost, stable supply network, the new Saitama Mega Distribution Center, a high-capacity automated warehouse, began operations in February 2021, and the next "Mega DC" in Akashi is scheduled for completion at the end of 2022. We will continue our work to optimize inventory and sales center locations that will operate in sync with the commissioning of each Mega DC.

Moreover, we will continue activities aimed at achieving our ESG targets based on creating value together with communities, including the execution of a people strategy grounded in our mission, vision, and values, while also achieving our 2030 Packaging Vision that aims for a "World Without Waste".

Financial framework for shareholder value creation

Under our medium-term business plan, our Company is working to improve its corporate value under three key financial strategies: "Investing for growth," "Good stewardship of capital," and "Creation of shareholder value". Initiatives that we consider key to this policy include the establishment of a resilient cost structure that can respond swiftly to changes in the environment, the enhancement of efficiency through standardization of business processes and promotion of digital transformation, and the improvement of our balance sheet from the perspective of good stewardship of capital.

In 2020, our focus was to ensure an appropriate cash position amid the uncertainty and volatility of COVID-19. We cut back on a planned investment including new purchases of vending machines in response to changes in the market environment, while we continued investments to drive fundamental business transformation for medium- to long-term growth. We secured cash of 15 billion yen through the sale of under-utilized assets and cross-shareholdings, and generated an additional 45 billion yen in cash in the first quarter of 2021 by selling our Healthcare and Skincare business Q'SAI CO., LTD. in February 2021.

This year too, we focus on good stewardship of capital to ensure a solid financial position, sufficient liquidity, and appropriate cash flows while evaluating priorities for capital allocation, including ROI-focused capital expenditures and dividends.

Since our integration in 2017, we have been optimizing our balance sheet with a view toward improving shareholder value, including stable dividend payments, establishment of a dividend policy, initiation of share repurchases and issuance of corporate bonds. In 2020 we reduced dividends due to the tough business environment and our financial results. For 2021, prioritizing stable dividend payout, we plan to return to the dividend level of 2019 for an annual dividend of 50 yen per share with an interim dividend of 25 yen and a year-end dividend of 25 yen.

While the uncertain business environment is expected to continue, we continue to drive the fundamental transformation of our business, establish an agile and resilient business foundation, improve profitability and ROE, and work toward the improvement of our corporate value. Also, I would like to continue active dialogue with our stakeholders, including shareholders and investors amid a period of uncertainty.



Representative Director and President
Calin Dragan

Has worked with Coca-Cola bottlers, including in Japan, for about 20 years. Most recently, served as President of The Coca-Cola Company's Bottling Investments Group.



Representative Director and Vice President, Chief Financial Officer
Bjorn Ivar Ulgenes

Has experience with finance in the Coca-Cola system in Europe, the Middle East, Africa, and Japan. Most recently, served as Deputy Finance Director of The Coca-Cola Company's Europe, Middle East, and Africa (EMEA) Group.



Outside Director, Independent Director
Hiroshi Yoshioka

Has management experience with Sony Corporation and global insights. Previously served as an outside director of Coca-Cola East Japan.



Outside Director, Independent Director
Hiroko Wada

Has abundant experience in marketing, management, and organization and human resource development in the consumer goods industry. Has served as a director of The Procter & Gamble Company(U.S.), and representative director and president of Dyson Ltd. and of Toys "R" Us-Japan, Ltd.



Outside Director, Independent Director
Hirokazu Yamura

Has worked with Coca-Cola bottlers in Japan for about 15 years. Currently serves as Representative Director & President of Michinoku Coca-Cola Bottling Co., Ltd.



Outside Director (serving on the Audit & Supervisory Committee)
Irial Finan

Has extensive management experience, with many years of involvement in the management of The Coca-Cola Company and in the Coca-Cola business as the representative of the Bottling Investments Group supervising Coca-Cola bottlers worldwide. Currently serves as Director of Coca-Cola European Partners.*

*Company name changed to Coca-Cola Europacific Partners.



Outside Director (serving on the Audit & Supervisory Committee), Independent Director
Celso Guiotoko

Has IT and supply chain experience in multinational corporations, as well as a wealth of management experience at Nissan Motor Company Ltd. as well as Nishimoto Co., Ltd.



Outside Director (serving on the Audit & Supervisory Committee), Independent Director
Nami Hamada

Has a wealth of experience in finance and accounting, including managing her own finance consulting company as well as management experience in Lehman Brothers Japan Inc.



Outside Director (serving on the Audit & Supervisory Committee)
Vamsi Mohan Thati

Demonstrates strong leadership in a variety of fields within the Coca-Cola Company Bottling Investments Group, and has global corporate management experience in the Asian region. Currently serves as President of the Greater China and Mongolia Operating Unit.

Governance & Independence

Executive Directors



Independent Directors



Outside directors in Audit & Supervisory Committee (ASC)



Diversity and Professional Skillset

Women on the Board



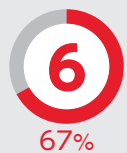
Nationalities



Finance/Audit



FMCG



IT/Supply Chain



Coca-Cola System Experience



Figures in circles represent the corresponding number of directors. The figure for nationality represents the number of nationalities of the directors.

*Source: Based on 2019 Euromonitor survey, number of stores.

Our response to the novel coronavirus (COVID-19) pandemic

In response to the COVID-19 pandemic, our Company is taking actions that prioritize the safety and health of consumers, customers, employees and our local communities. Despite the challenges of these times, we are undertaking comprehensive countermeasures and maintaining the safe and secure supply of products to deliver happy moments to everyone, and are striving to provide products and services essential to daily living, as stated in our mission. We are also continuing initiatives by which we offer support to local communities through our beverage products.



Sales activity during the pandemic

To meet increased at-home consumption demand during the COVID-19 pandemic, we quickly introduced new measures such as offering case sales and bulk purchasing, and labelless packaging for the rapidly growing online channel.

In the vending channel, we covered the product selection buttons and other high-touch parts of vending machines with antiviral and antibacterial film to increase consumers' peace of mind.



Flexible work styles

We provided all employees with smartphones and web camera-equipped PCs. Through the use of information and communications technology, we were able to make a smooth transition to working from home. We actively worked to introduce programs and improve the environment to promote flexible ways of working. Our efforts included the introduction of Super Flextime with no core time, the establishment of satellite offices in about 100 locations, expansion of "direct to client, direct to home" commuting for sales staff, and promotion of bicycle commuting.



Product donations

As support for local communities during the pandemic, we donated 80,000 cases (about 1.92 million bottles) of our beverages to medical institutions, food banks, and other organizations. Our company is acting swiftly to support communities in times of need.



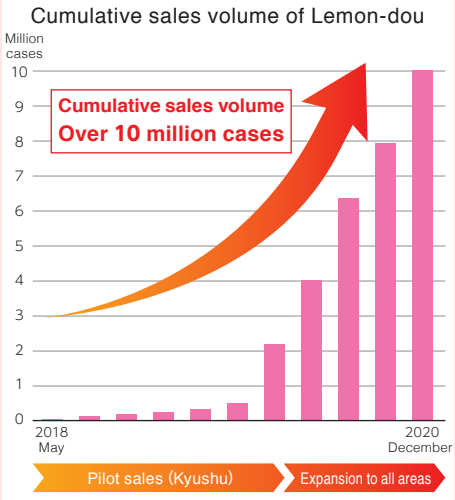
Start of operations at the new Hiroshima Plant

In June 2020, we began operations at our new Hiroshima Plant, replacing the Hongo Plant in Hiroshima Prefecture that was shut down due to flooding damage caused by heavy rains in western Japan in July 2018. The Hiroshima Plant is equipped with two aseptic lines (manufacturing lines for aseptic filling) capable of high-speed production of small and large PET bottle soft drinks, about 1.5 times the production capability of the Hongo Plant. The plant is capable of automated transport of preforms (the basis for PET bottles), caps, case cartons, and other materials from an automated warehouse, along with monitoring of overall line operational status through remote surveillance systems. It is working to achieve low-cost operations through the introduction of the latest IoT technology and the automation of equipment. The Hiroshima Plant plays a core role in product supply in the Chugoku/Shikoku area.



Expansion of Lemon-dou alcoholic beverage

Our alcohol beverage Lemon-dou, which launched nationwide in October 2019, is a select lemon sour inspired by the great taste of sours found in bars. In 2020, Lemon-dou Teiban Lemon achieved the top market share* in the lemon sour category, and has been very well received by consumers. In December 2020, we launched the sugar-free, non-sweet Lemon-dou Kamisori Lemon featuring 9% alcohol and 9% lemon juice. We launched 500ml cans of Teiban Lemon and Kamisori Lemon under the name Lemon-dou Home Run Size in April 2021, and are working to grow the number of loyal consumers and fans. We will further expand our presence in the alcohol category by enhancing our brand portfolio and in-house production capacity in the future.

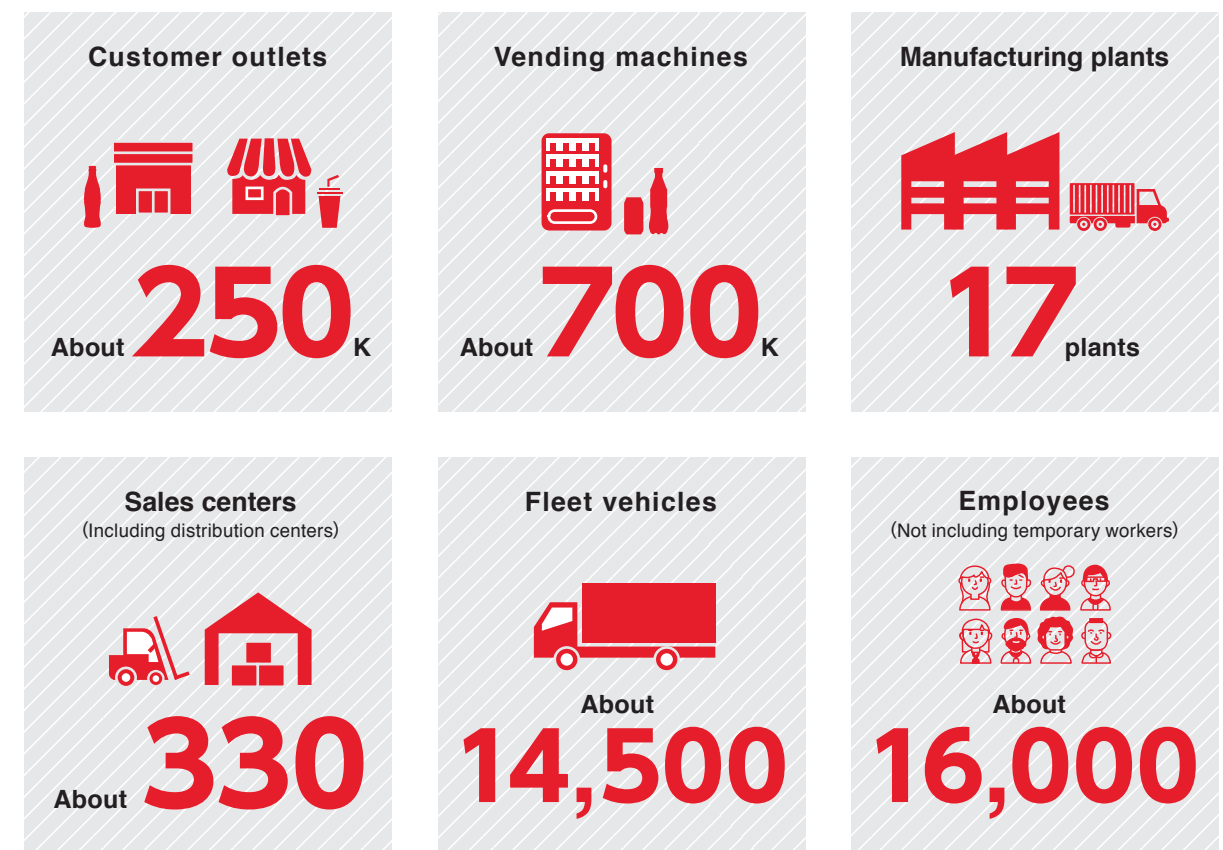
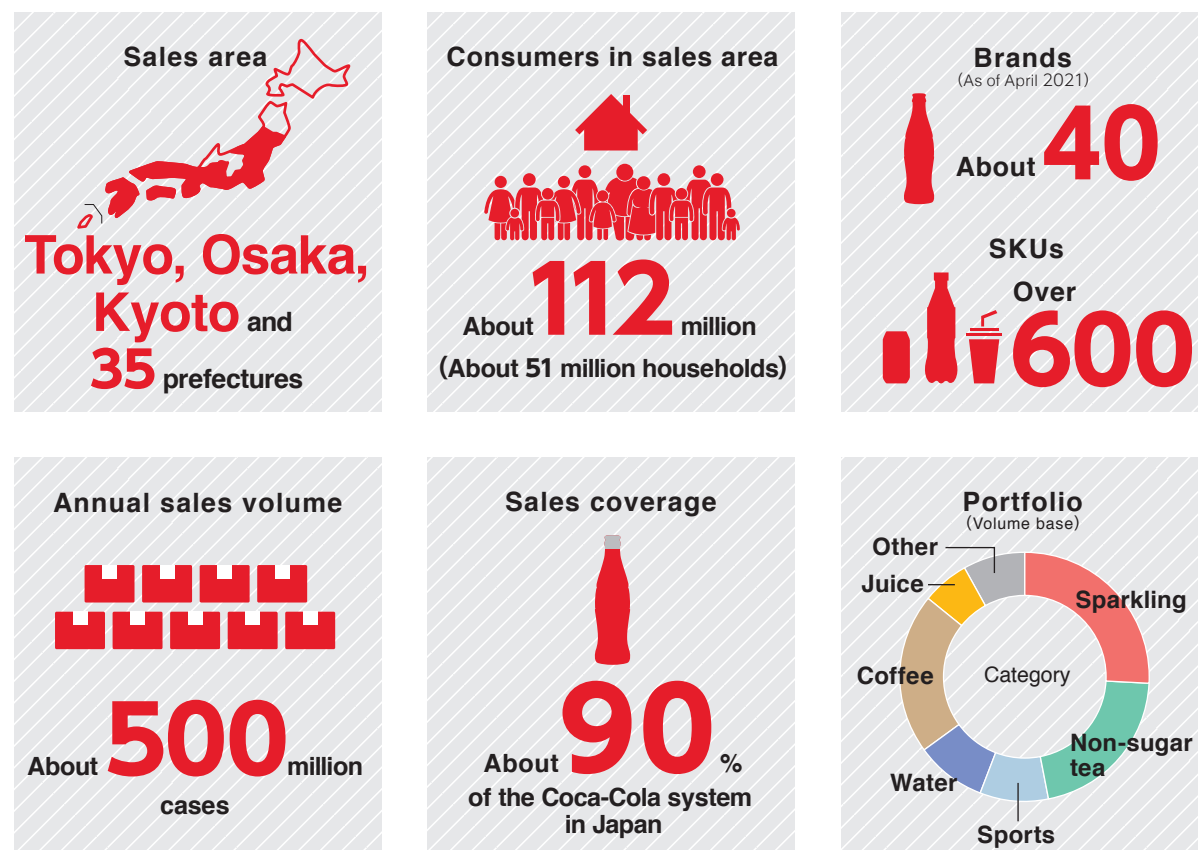


*Source: Intage (January-December 2020, nationwide excluding Okinawa, chuhai market 350ml can by SKU, value basis)

New package sizes to drive growth (350ml PET, 700ml PET)

In 2020, we test marketed new 350ml and 700ml PET bottle sizes to replace 500ml bottles for brand Coca-Cola in supermarkets, drugstores, and discount stores in the Tokyo area. This differentiates the price and package size offering in these channels and better serves consumers' needs for single-serve immediate consumption and sharing options among smaller households. We have seen promising results and an increase in the number of purchase transactions in the pilot test. From 2021, we are offering these new package sizes nationwide across our full sparkling beverage portfolio to also include Fanta, Sprite, and Canada Dry Ginger Ale.



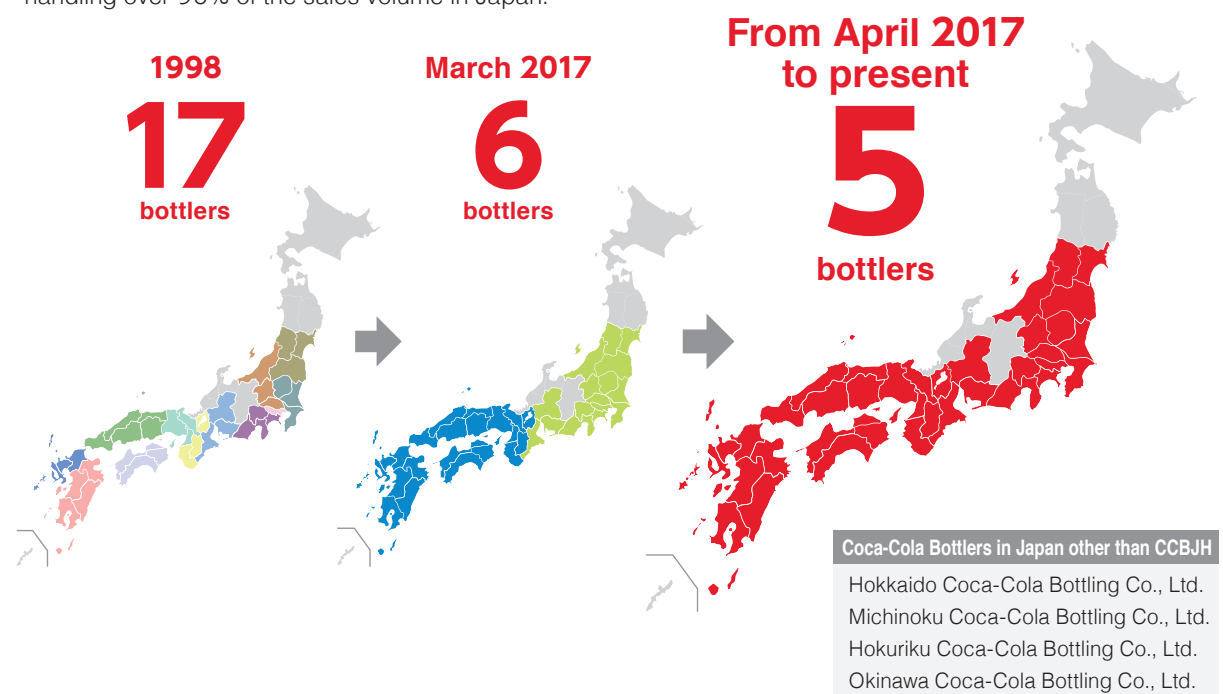


Note: As of the end of 2020 unless noted otherwise

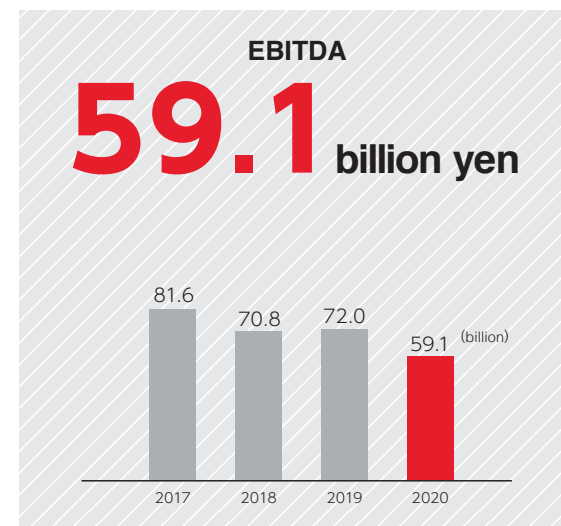
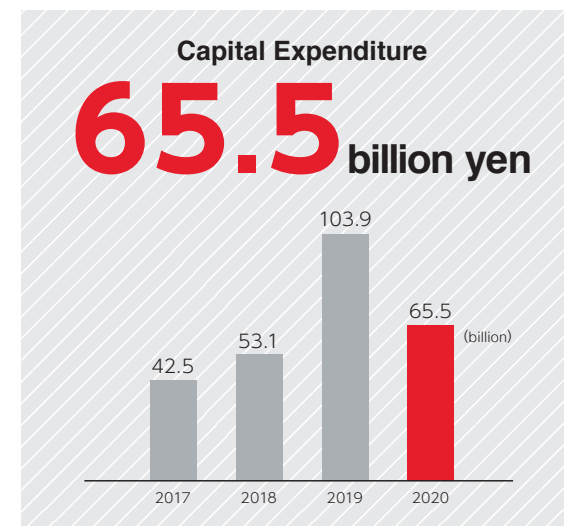
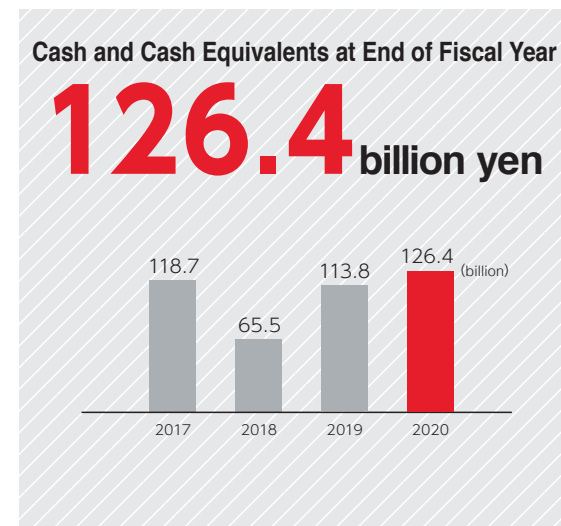
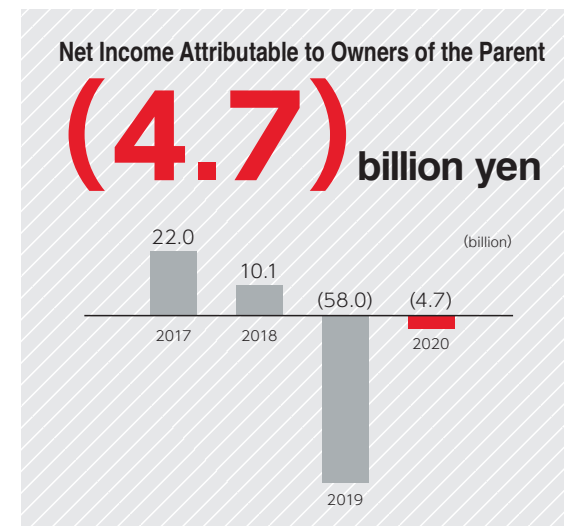
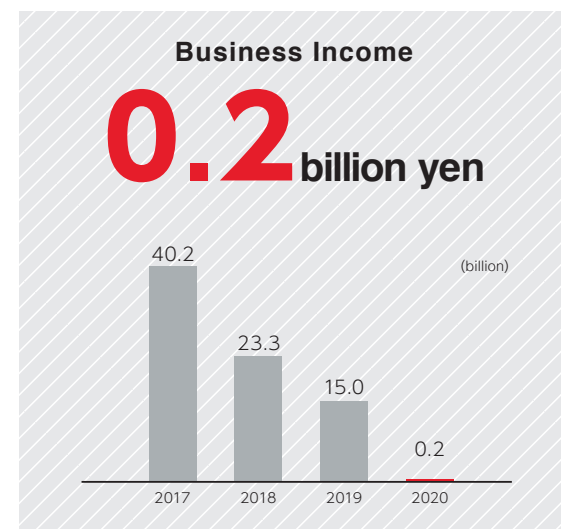
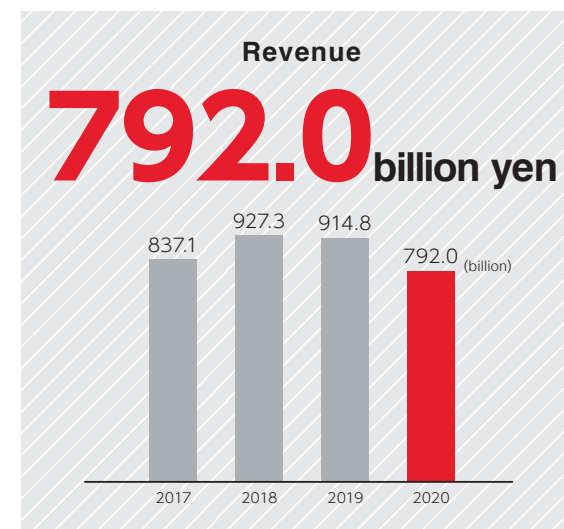


History of our Company (Background to major mergers and consolidation)

Five bottlers, including our Company, currently produce and sell Coca-Cola products in Japan. Since 1999, we have expanded the scale of our business through business integration to become Japan's largest bottler, handling over 90% of the sales volume in Japan.



Financial Highlights (IFRS)



Note1: In 2020, the Healthcare and Skincare business has been classified as a discontinued operation as a result of the decision to sell all shares in O'sai held by the Company. As a result, Revenue, Business Income and EBITDA for 2020 are the amounts for continuing operations excluding discontinued operations.

Note2: We introduce "Business Income" as a measure of our underlying or recurring business performance after the adoption of IFRS. Business Income deducts cost of goods and SG&A from revenue and includes other income and expenses which we believe are recurring in nature.

Note3: EBITDA = Business Income + depreciation and amortization expenses

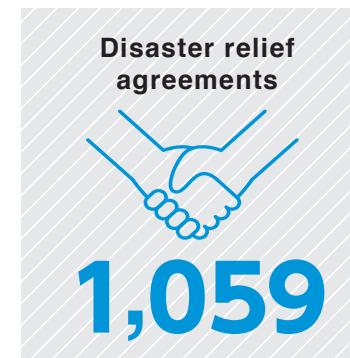
Non-Financial Highlights

Inclusion

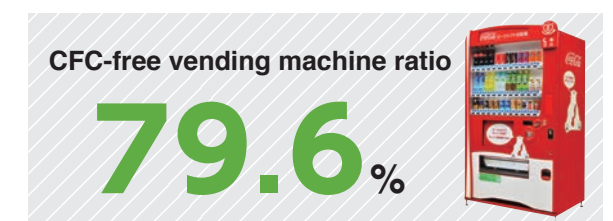
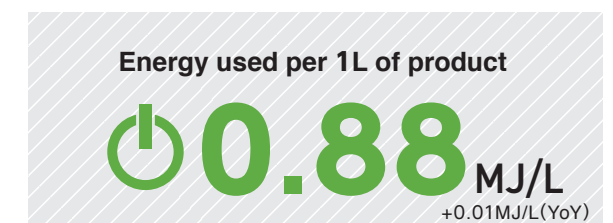
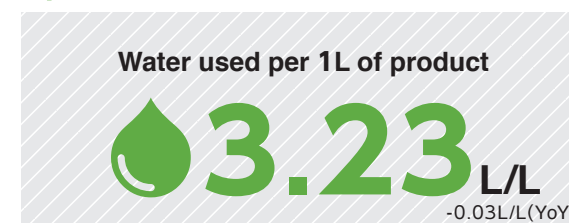


* Figures are the total of CCBJI and the Coca-Cola Bottlers Japan Benefit Inc. in the "Employment Report for Persons with Disabilities" (June 1, 2020) submitted to the Director of Public Employment Security Office, 2020.

Communities



Resources



Note: Non-Financial Highlights are for the beverage business (As of the end of 2020 unless otherwise noted).

See the CSV Report for details
<https://en.ccbji.co.jp/csv/doc.php>



Our foundation

Our value chain closely aligned with Coca-Cola (Japan) Co., Ltd.

Value provided

6 forms of capital

Strengths

Intellectual capital

- ▶ Key global brands, led by "Coca-Cola," and brands loved in Japan
- ▶ Marketing and R&D expertise to meet the needs of our customers
- ▶ Close relationships with The Coca-Cola Company, including the Coca-Cola (Japan) Company, and members of the Coca-Cola system in Japan

Manufactured capital

- ▶ A raw materials procurement network, leveraging the scale of the global Coca-Cola system, that facilitates the production of safe and trustworthy products
- ▶ Cutting-edge management systems, facilities, and technology in our production plants
- ▶ A network of vending machines covering our entire sales area

Human capital

- ▶ Employment of diverse and inclusive human resources
- ▶ Different work styles that allow employees to maximize their talents

Natural capital

- ▶ Water, which is the source of our value creation, and other natural resources

Social capital

- ▶ The trust of our stakeholders and their support for CSV initiatives
- ▶ Close involvement in community activities throughout our sales area

Financial capital

- ▶ Good stewardship of capital
- ▶ Solid balance sheet
- ▶ Shareholder returns

Brand

Cost competitiveness

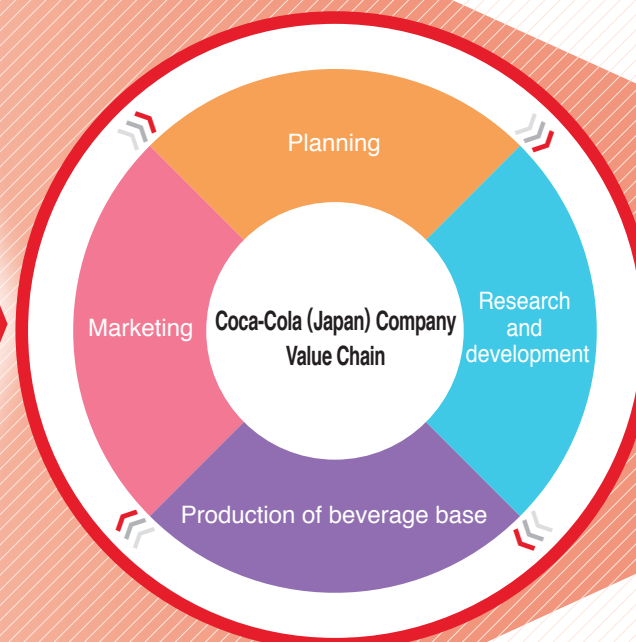
Competitive human resources

Creating shared value (CSV) with society

Robust financial foundation

The Coca-Cola system in Japan

The system is composed of Coca-Cola (Japan) Co., Ltd., which supplies beverage base, plans and develops new products, and conducts marketing activities, and bottling companies and other affiliated companies that manufacture and sell products. Bottlers, including our Company, manufacture products under strict quality control at their respective plants, and deliver Coca-Cola products to consumers through vending machines and customers' stores.



Cooperation



Foundation for creating value

Human resources, IT, CSV

Governance

Mission, Vision, and Values

Consumers/ Customers

Pursuit of customer satisfaction through delivering high-quality products and services

Suppliers

Building long-term relationships and expanding business opportunities through sustainable growth of the Company

Employees

Pursuing employee satisfaction through the Company and employees learning, growing, and sharing profits together

Communities

Realization of CSV (creating shared value) that contributes to business growth and community development

Environment

Contributing to the promotion and development of a low-carbon society, a circular economy, and a society that coexists with nature through our business

Shareholders

Improving shareholder value through profit growth and enhancement of shareholder returns

Message from Head of Commercial

Executive Officer, Head of Commercial
Costin Mandrea



I'm Costin, Head of Commercial. I am responsible for formulating the Company's growth strategy, customer and sales plans and executing sales activities in the market. Our Company works closely with The Coca-Cola Company across various processes, from strategy to execution to digitalization. While leveraging the assets of the Coca-Cola system, we are constantly competing in the market to be the preferred choice of our customers and consumers, and we are proud of our scale, professional sales force and Coca-Cola brand love in the Japanese market.

Since the establishment of Coca-Cola Bottlers Japan in 2017, the Commercial function has focused on creating a "CCBJI Commercial Way of Operating" and rethinking our organization. We have built a robust and integrated structure, including the merging of Coca-Cola Customer Marketing Company, the point of sales contact for nationwide chain customers and CCBJV, an integrated company to operate our vending machines. We have also worked to build a flat organizational structure, digitizing our salesforce, engaging and sharing success stories through new tools and focusing on building required capabilities. In addition, we have worked to eliminate redundant tasks and business processes, focusing on achieving simple and low-cost operations with a high level of customer service.

In 2020, due to the COVID-19 pandemic and the postponement of the Tokyo 2020 Olympic and Paralympic Games, we made the decision to focus on what is in our control amidst so much market uncertainty. First and foremost, we prioritized the safety of our consumers, customers and employees while continuing to ensure a safe and secure supply of products and superior customer service. We adjusted the number of new product launches and marketing promotions and made it our priority to focus on protecting the bottom line in the short term. Finally, we accelerated important transformational initiatives to ensure a solid foundation for the future. It is true that the results for the year were not ideal, but our focus on what was in our direct control paid back. In spite of a more limited marketing spend during the peak impact of the pandemic in 2020, new products made a strong contribution. We successfully launched "Fanta Premier" and "Georgia Latte Nista" which have established a good base for continued results in 2021. Moreover, growing demand for at-home consumption led to growth in bulk purchasing at retail stores, which we were able to tap into through agile actions that included the expansion of case sales and the introduction of labelless products. Our vending market share showed a positive trend, achieving 26 consecutive months of year-on-year increases in value share as of May 2021. We are also seeing positive results from steady actions such as the selective expansion of high-quality vending machine placements, optimized product selection based on location and leveraging the Coke ON app as a digital platform to engage with consumers and drive transaction growth. In addition, our "Lemon-dou"

alcohol brand performed well, with 2020 sales volume greatly exceeding our initial forecast to reach sales of approximately 8 million cases for the year.

We were able to accelerate the completion of our main Commercial transformation initiatives into the first half of the fiscal year, six months ahead of plan. We improved the work efficiency of vending operations staff through consolidation and division of labor of vending operations, ranging from dynamic visit plans for vending machine service routes, loading and unloading products at sales centers, machine refilling, travel, inventory checking and settlement work. Through such efforts, we reduced the number of vending routes by about 20%, and vending channel fixed costs declined by about 10% on an annualized basis. This creates a solid foundation to build upon once vending volumes and consumer traffic start to recover after the pandemic. In terms of sales execution, we redesigned the processes from end to end, with a focus on customer service and efficiency. Our salesforce now is digitally-enabled, agile and focused on winning at the point of sale.

While the uncertain environment is expected to continue in 2021, we have set a goal of achieving value share growth on a year-on-year basis, based on our "Winning in the Market" targets. Our growth strategy is centered on "strengthening our portfolio", "transforming the vending business", "perfect in-store execution", and "excellent customer management". We will continue to make progress by further optimizing pricing and transaction conditions, collaborating with The Coca-Cola Company, and of course supporting The Coca-Cola Company's sponsorship of the Tokyo 2020 Olympic and Paralympic Games as a solid foundation to achieve our targets. We are making significant efforts to strengthen our Commercial capabilities, with powerful training and development programs, run in an agile way.

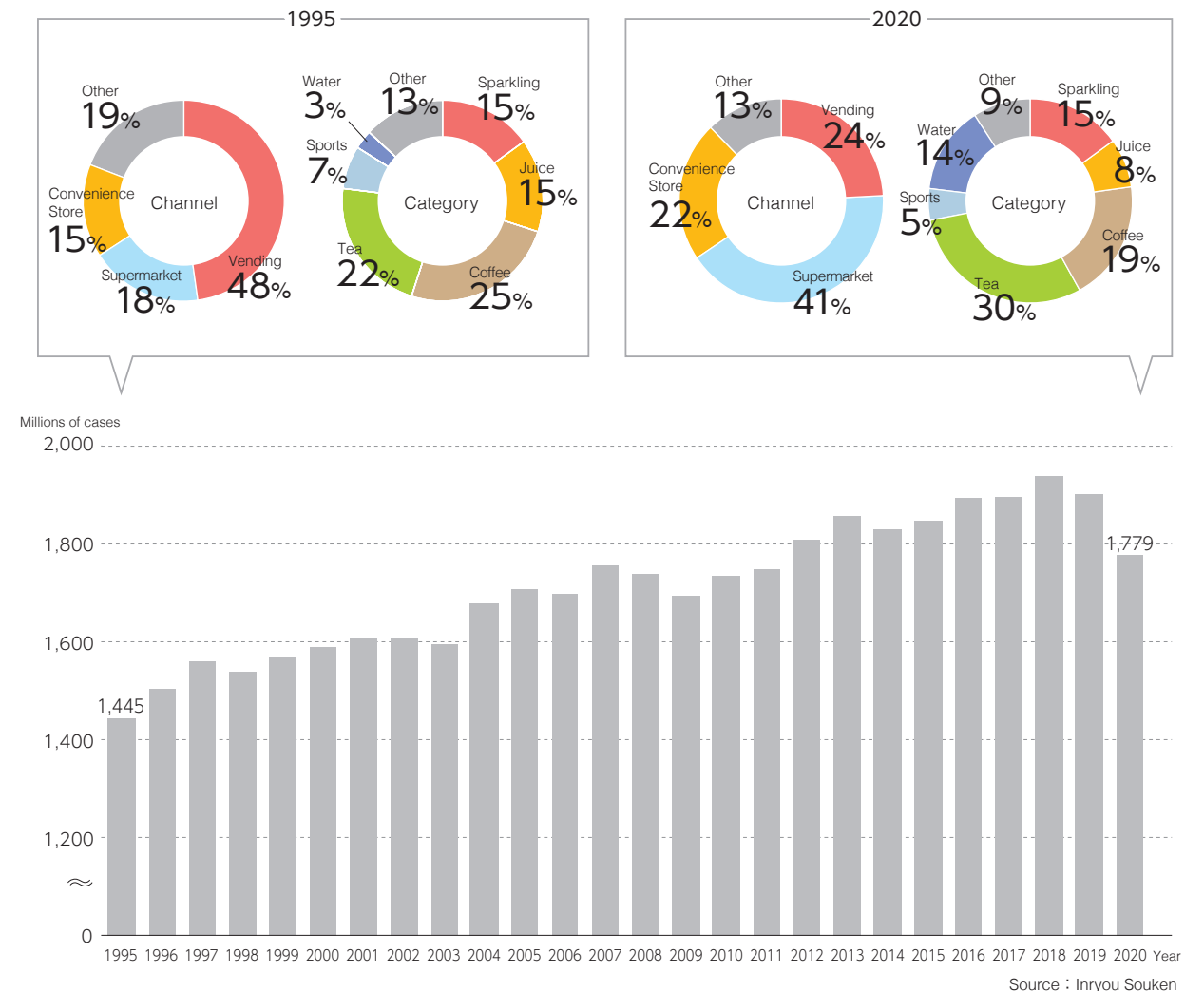
We have already launched multiple "Big Bet" products in 2021, including "Karada Odayakacha W," "Ayataka Café Matcha Latte," "Georgia Latte Nista," "Yakan no Mugicha" and "Icy Spark." In April we launched "COSTA COFFEE," Europe's largest* café brand. In addition, we expanded sales of 350ml PET and 700ml PET bottles, which were sold on a test basis last year, for Coca-Cola and other sparkling brands nationwide. We will continue to capture at-home consumption demand through new packages, case sales and multi-pack sales. We also plan to roll out cross-channel promotions utilizing our Coke ON smartphone app, which has reached over 25 million downloads. In marketing activities, we intend to focus on simple, impactful and profitable activities that drive growth, while continuing to partner with Supply Chain, Finance and all support functions to drive value. In CCBJI we all work to "Sell or Help to Sell", and through this we can achieve our mission of delivering happy moments to everyone, while creating value.

*Source: Based on 2019 Euromonitor survey, number of stores.

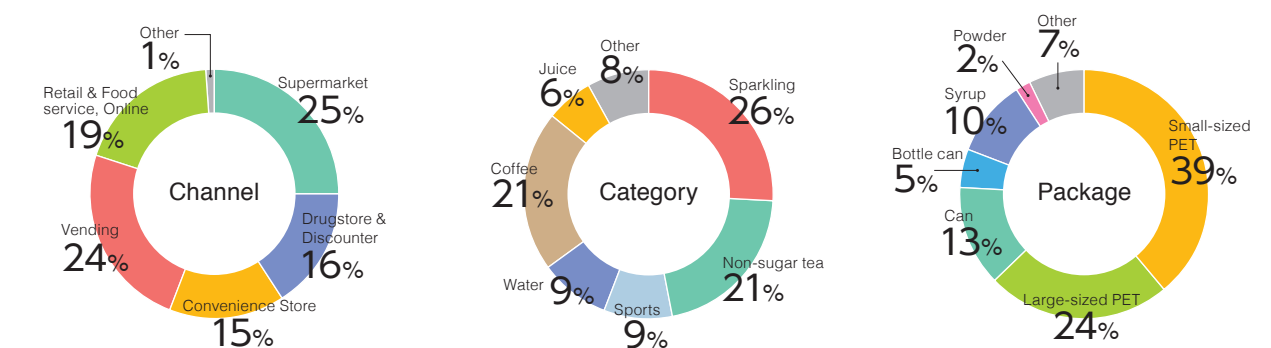
The NARTD Market in Japan

The NARTD market in Japan has been growing steadily, with market scale expanding by 23% over the past 25 years.

[Trends in Market Size (Shipment volume - physical case)]



[CCBJI Sales Volume (2020 results)]



See earnings presentation materials for details
<https://en.ccbj-holdings.com/ir/library/presentation.php>



Product Overview

As a "Total Beverage Company", we offer products across a wide variety of categories such as Sparkling, Tea, Coffee, Water, Sports, and more.

[Key brands by beverage category]



Sparkling

Coca-Cola NiziU Limited-Edition Design Bottle



For our Coca-Cola, Coca-Cola Zero, and Coca-Cola Zero Caffeine products, we released a Coca-Cola NiziU Limited-Edition Design Bottle in collaboration with NiziU, the global girls group stealing the spotlight across Japan.

Full renewal of Coca-Cola Zero



We gave Coca-Cola Zero its first full renewal in five years in 2020, with a cleaner aftertaste that goes down easily. The renewal brings the great taste of Coca-Cola, with zero sugar and zero calories, to even more people as a refreshment on the go, on the job, or during study or housework amid the pandemic.

Fanta Premier Orange and Premier Grape

Fanta Premier Orange is a new product in our Fanta Premier Series. It expresses the taste of oranges through a special new manufacturing method that uses two types of orange pulp*, large and small. Together with the release of Premier Orange in March 2021, we renewed the first Fanta Premier series product launched in March 2020, Premier Grape. The drink offers a more refreshing taste, with its fruitiness and premiere sense unchanged. We plan to further strengthen the Fanta Premier Series as a high value-added product lineup.

*The thin skin that covers the flesh.



Tea

Karada Odayakacha W

In February 2021, we launched Karada Odayakacha W, Japan's first Food with Function Claims* formulated with the functional ingredient GABA, which has effects on both memory and blood pressure. GABA has found acceptance for its effects suited to persons with high blood pressure as well as its support in improving memory, a part of the cognitive functions that decline with age. As lifestyles change during the COVID-19 pandemic, an increasing number of people in their 40s and older are becoming particularly concerned about memory loss and blood pressure. With its moderate astringency and refreshing taste, this is a green tea that people can continue enjoying as a daily habit for health.

*See <https://c.cocacola.co.jp/odayakacha/> for details of submitted claims of the product. (Japanese only)



Ayataka Café Matcha Latte

In 2021, we are developing Ayataka into the Ayataka Café Series. As the first product in the series, we released Ayataka Café Matcha Latte in March. Made with plenty of 100% matcha, or green tea powder, it offers a refined milk taste that enhances the flavor of matcha. Under the supervision of Kanbayashi Shunsho Honten in Uji, Kyoto, a venerable tea shop with a history of 450 years, and specialty coffee shop Sarutahiko Coffee, the product offers a new tea deliciousness and the peaceful relaxation sought from a cafe.



Yakan no Mugicha from Hajime

Our Yakan no Mugicha, released in April 2021, features 100% carefully selected barley. This all-new barley tea is made through a commitment to flavor created through care, using barley extract and Coca-Cola's original high-temperature boiling method. Barley tea brewed with care and effort quenches thirst while offering a human touch of warmth that provides a relaxing break.



Coffee

Georgia Lattenista Creamy Latte

Georgia Lattenista is made using Georgia's unique "milk boost technology" to achieve the rich taste of freshly poured-in milk, for enjoyment of a smooth milk aftertaste. As part of a new lineup, in April 2021 we launched Creamy Latte, made with plentiful fresh cream from Hokkaido, and renewed the existing Café Latte product.



COSTA COFFEE New to Japan!

From April 2021, COSTA COFFEE, Europe's largest* café brand, has introduced PET coffee products "COSTA Black" and "COSTA Café Latte". These new premium coffees allow consumers to enjoy the taste of high-quality hand-brewed coffee, which COSTA COFFEE has been focusing on for 50 years in Europe, the home of coffee, in PET bottles. In addition, COSTA COFFEE, which aims to become a total coffee brand, is delivering the delicious taste of COSTA COFFEE across Japan through various platforms such as café style and self-service system in addition to PET bottle coffee.



*Source: Based on 2019 Euromonitor survey, number of stores.

Channel Overview

Vending (Vending Machines)

The vending channel is a retail channel through which we sell products directly to consumers through our approximately 700,000 vending machines. Our efforts in this area include the placement of new vending machines, the implementation of an optimal product lineup that leverages our core products, new products, and vending machine exclusive products, and the roll-out of limited campaigns that use our Coke ON smartphone app.

In 2020, we offered a wide variety of limited-edition new products, and conducted campaigns through Coke ON, including a weekly lottery for drink ticket prizes and a quiz that lets participants win stamps. We also strengthened Coke ON Walk, which lets users earn drinks just by walking, and Coke ON Pay, which allows non-contact selection and cashless purchase of products. In 2021, we will work to offer new value matched to consumers' purchasing frequency and usage environment through the roll-out of the Coke ON Pass subscription system with fixed price purchases.



Supermarkets, Drugstores & Discounters

Supermarkets, Drugstores & Discounters are a wholesale channel in which we deliver products to consumers by selling products to customers' stores and creating attractive and engaging sales displays. We are working to optimize our product lineup to create attractive sales displays and the development of campaigns tailored to seasons and events.

In addition to our regular activities, in 2020 we carried out activities to quickly adapt to the COVID-19 "New Normal" including a strengthening of case sales in response to rising at-home consumption demand. Moreover, to create new consumer demand and sell products of appropriate volume at appropriate price points (wholesale price), we began the roll-out of 350ml PET and 700ml PET products for Coca-Cola and other products, and expanded the roll-out to other areas and brands.



Convenience Stores

Convenience stores are a wholesale channel in which we deliver products to consumers by selling products to customers' stores and creating selling spaces that support convenience. In addition to the introduction of new products, we are undertaking product planning for specific customer chains and limited campaigns, among other activities.

In 2020, along with new product introductions, we responded to changes in the needs of consumers working at home and refraining from going out, and introduced 950ml PET products for Sokenbicha, Ayataka and Aquarius aimed at-home consumption. We further secured selling spaces with multiple lineups for the alcoholic beverage Lemon-dou, available nationwide since the end of 2019, and will continue to enhance the product's presence.



Online

Online is a wholesale channel in which we deliver products to consumers through product sales to customers engaged in online sales, marketing on customers' websites, and other sales support. We are working to strengthen activities, including planning of campaigns in collaboration with customers to meet the growing demand for beverages through online order.

In 2020, responding to growth of home consumption demand, we rolled out environmentally friendly labelless products that reduce the hassle of sorting waste, and a new carton configuration to sell multiple PET bottle products suited to demand for bulk purchasing. We further strengthened our loyalty programs through attractive subscription programs, seasonal promotions, a stamp rally campaign that awards points for purchases, and more.



Retail & Food Service (Kiosks, Restaurants etc.)

Retail & Food Services is a wholesale channel in which we sell products to customers operating stores, restaurants, commercial liquor shops, and more, and offer consumers products and opportunities for enjoying drinks.

In 2020, we worked to improve our services to consumers and customers, centered on new products and core products. At restaurants, we proposed drink menus using "mocktail" non-alcoholic cocktails made with our products, and launched sales of channel-exclusive products (250ml cans) designed with glass shot in mind. We are adapting swiftly to the takeout and delivery markets that are growing rapidly as people work at home and avoid going out.



Marketing Topics

Coca-Cola Tokyo 2020 Olympics Torch relay support program



Together with the Coca-Cola Company, the Presenting Partner for the Tokyo 2020 Olympic Torch Relay, we are rolling out marketing campaigns that leverage the assets of the Coca-Cola system as we work to energize the market. As a program to energize local regions through the Tokyo 2020 Olympic Torch Relay, we developed The Coca-Cola Torch Relay Memorial vending machine for limited placement in municipalities through which the relay will pass. The vending machines feature original wrapping labeled with the municipality name and the date on which the Olympic Torch Relay passes through, playing a role in notifying people of the relay. We worked to build momentum for the torch relay and to provide new value that will help leave a legacy of international exchange, opportunities to encounter sports, municipal symbols, and the passing through of the runners, even after the Olympic Games have ended.



Message from Head of Supply Chain

Executive Officer, Head of Supply Chain Management

Bruce Herbert



I'm Bruce Herbert, Head of Supply Chain. I am responsible for the formulation and execution of supply chain strategies for our entire Group. We are responsible for manufacturing, distribution, and sales among the Coca-Cola System and other partner companies in Japan. For us, the supply chain is an important operating foundation. In our medium-term management plan, we have identified supply chain's cost reduction and improved competitiveness as key areas of focus.

The SCM Headquarters is working to build an efficient, lean supply chain system allowing us to produce and deliver safe, secure, and high-quality products to customers at low cost. To achieve this, we are moving ahead with productivity improvement initiatives, digitalization, and automation in areas of planning, manufacturing, distribution, and the systems that connect them. During 2020, forecasting demand proved to be more challenging due to the COVID-19 pandemic and related declines in consumer traffic and purchasing behavior. However, as a result of the ongoing improvements and investments we have been making across supply chain planning, we were able to flexibly adjust our product supply network to meet our consumers' needs and minimize inventory risk and extra cost burden.

We have also worked to address the supply chain challenges caused by the heavy rains and flooding in Western Japan in 2018. Amid rapid growth for aseptic products, as seen in the shift in consumer demand to PET bottle coffee products, our former Hongo Plant was damaged by the natural disaster and three production lines, including key aseptic production capacity, were lost. To overcome this issue, we quickly reworked our entire supply chain network, including increased production to cover for the lost capacity, and put together a product supply system from other areas to the Chugoku region. In addition, with quick decision making and agile execution, we were able to replace the damaged Hongo Plant with the new world-class Hiroshima Plant in 2020 with unprecedented speed. From 2019 to 2020, we were able to complete the introduction of a total of seven new aseptic lines, including the Hiroshima Plant, as scheduled. This greatly improved our manufacturing capacity for aseptic products and efficiency across our nationwide supply network.

All of the seven new aseptic production lines are capable of high-speed production of 600 to 900 bottles per minute (BPM) for small-sized PET bottles and 300 BPM for large-sized PET bottles. We are also introducing advanced IoT technology and promoting labor-saving automation. Our cutting-edge production lines enable automated transport of preforms (raw material of PET

bottles), caps, and case carton materials from automated warehouses, as well as better and faster changeover times to enable flexible production of multiple products and package sizes, and remote monitoring of the operational status of manufacturing lines and equipment. In addition to low-cost operations, we will continue the strengthening of promotional capabilities through innovations that meet customer needs, including new products and packaging, the enhancement of manufacturing equipment for the introduction of alcoholic products, and adoption of aseptic fruit pulp filling methods.

For distribution, as a component of the "Shinsei Project" which seeks to build a supply chain network that achieves high-quality, low cost, and stable supply, our new Saitama Mega Distribution Center (DC) began operations in February 2021. The Saitama Mega DC is a core distribution center for the Tokyo / Saitama area and will centralize and automate logistics operations such as storage, product sorting and picking, which was previously managed at multiple small regional sales centers. By utilizing this new mega distribution center, we will start to realize our end-to-end supply chain network that delivers products in a timely and efficient manner from manufacturing to customers and vending machine operations. We are also pioneering equipment automation that includes automated storage racks and robot picking systems, and have achieved high-density, high efficiency warehouse operations.

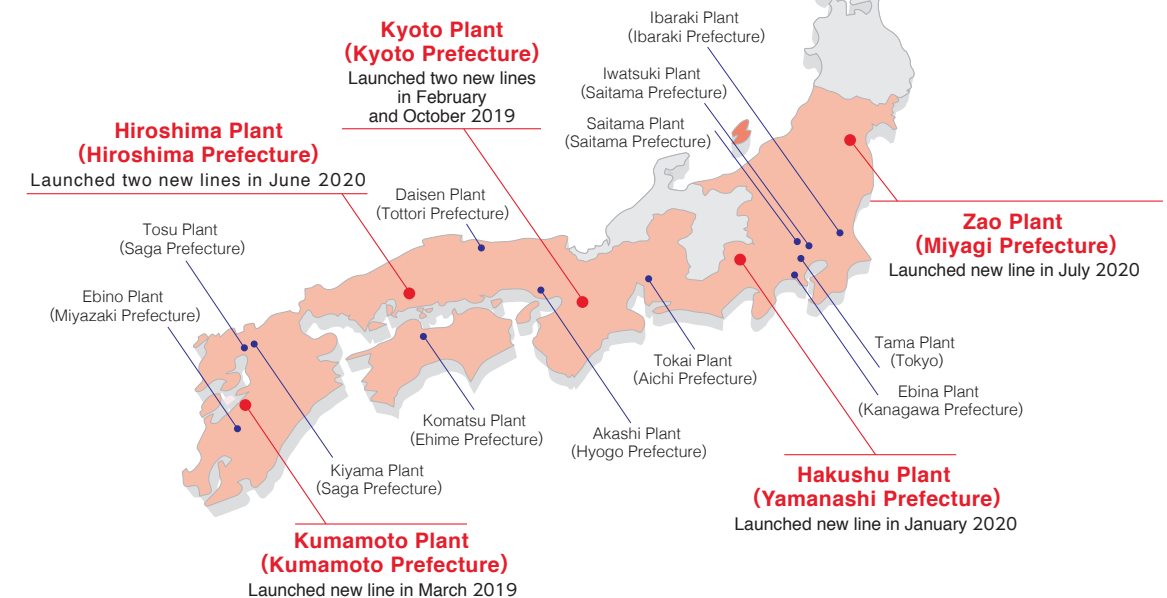
In 2020, the SCM Headquarters laid a foundation for our further growth. In 2021, the SCM Headquarters will advance further into an agile organization that is ready to meet the challenges of the day, building on the transformational work over the last years as well as our experience in responding to the unprecedented challenges of the COVID-19 pandemic. We will continue to execute on initiatives to strengthen our manufacturing system and optimize our distribution network, and provide high-quality products to consumers and customers in a timely manner. As this uncertain environment continues, we will only invest in necessary investments that drive medium- to long-term growth, with a focus on ROI. Looking ahead, we will continue to actively promote digitalization and automation in the supply chain, including procurement, manufacturing and distribution, and further make efforts toward cost reductions and efficiency improvements as we work to build an efficient and lean supply chain system for the delivery of safe, secure, and high-quality products to consumers.

Procurement High quality procurement by leveraging scale

To deliver safe and secure products to consumers, we procure ingredients, materials, and indirect materials meeting strict quality standards from suppliers who comply with our Supplier Guiding Principles. The main items that we procure include the beverage base that are the basis for our products, sugar, PET bottles, aluminum cans, cardboard, and vending machines and other sales equipment. In addition to building relationships of trust with each supplier, we work to engage in environmentally considerate procurement and to reduce our procurement costs, through means including promoting joint procurement, reviewing contract structures, reducing the weight and volume of packaging and recycling. We also collaborate with the Cross Enterprise Procurement Group (CEPG), a global procurement organization of the Coca-Cola system, to share success stories and other information and to execute procurement strategies that leverage the scale and knowledge of the full Coca-Cola system.

Manufacturing Toward the expansion of our production capacity

Our Company has 17 plants within our operating areas. At each of these, we engage in flexible manufacturing and work to build a supply network that optimizes the entire supply chain. In 2019 and 2020, we focused investment on new manufacturing lines aimed at meeting the rapid upswing in demand for aseptic products (particularly non-carbonated soft drinks) and to rebuild manufacturing capacity following disastrous heavy rains in Western Japan in 2018. We launched the operation of seven aseptic lines, including the new Hiroshima Plant (see "Start of operations at the Hiroshima Plant" on p.10).



Distribution Toward the optimization of our distribution network

As a part of our initiatives aimed at constructing a supply chain network for high-quality, low-cost, stable supply, in 2020 we worked on the construction of the Saitama Mega DC, a cutting-edge automated distribution center on the grounds of the existing Saitama Plant. The Saitama Mega DC, which started operation in February 2021, is equipped with shipping capacity of about 85 million cases per year and a storage capacity of about 60,000 pallets. It has the largest capacity in the Coca-Cola system in Japan. As a second project, we began construction of the Akashi Mega DC on the grounds of the Akashi Plant in Hyogo prefecture. Scheduled for completion at the end of 2022, the Akashi Mega DC will serve as a core center for shipment of about 80 million cases of product per year, primarily in the Kansai area. Along with the restructuring of our distribution network, we are consolidating sales centers, particularly locations holding inventory. These initiatives, and others allow us to better optimize our asset base and improve efficiency. In 2020, we closed or consolidated 14 sales & distribution centers.

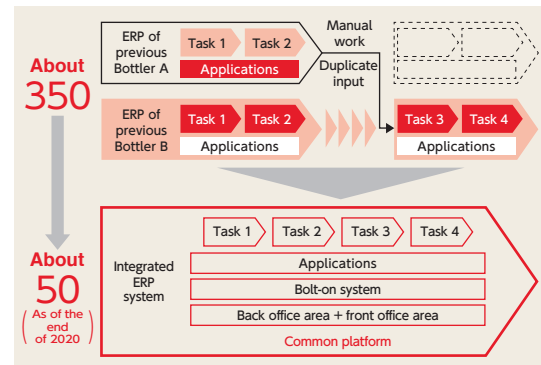


Saitama Mega DC automated picking system

Initiatives to Leverage IT and Promote Digitalization

Introduction of the integrated Cokeone+ ERP system

Our Company has introduced Cokeone+, an integrated enterprise resource planning (ERP) system that brings together back office support, inventory management, customer service, and more. We completed integration and consolidation of multiple ERP systems inherited from legacy bottler companies into Cokeone+, and achieved integration of front office and back office work areas along with integration of work processes spanning the two areas. Through centralized management and visualization of information and the reduction of manual work and duplicate input tasks, the system is contributing to the strengthening of management analysis capabilities, improvement of work quality and processes, and improvement of productivity and efficiency.



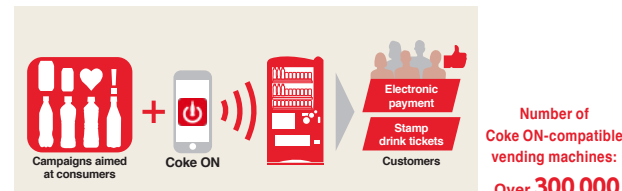
Digitalization initiatives across business functions

Commercial

In the vending channel (vending machines), we are providing a digital platform to consumers through the Coke ON* smartphone app. We are also constructing big data infrastructure and utilizing AI and machine learning in sales forecasting, route plan simulation, and optimization of product lineup. In over-the-counter channels, we are introducing tablets to our salesforce that enable "by-customer visualization" of product sales in real-time allowing for effective negotiations, and are working to strengthen our proposal capabilities for creating optimal selling spaces through the use of AR (Augmented Reality) technology and image recognition functions.

*Developed by Coca-Cola (Japan) Co., Ltd.

<Initiatives in the vending channel>



Manufacturing

We are introducing manufacturing IoT systems for the visualization of equipment operating status, automated data collection through remote monitoring, real-time alerts, and other monitoring purposes. This model is being deployed at the Hiroshima Plant, which began operation in June 2020. We plan to eventually extend the know-how gained at the Hiroshima Plant to all of our plants.

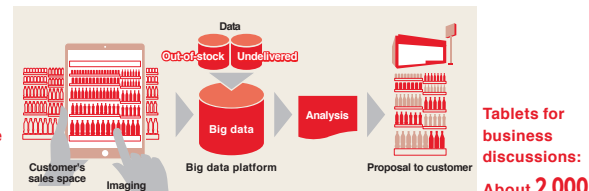
Strengthening of security

As the areas and frequency of IT device usage expand under the advance of digitalization, we are implementing security measures to protect devices from potential risks. In addition to protection of networks through firewalls, we have added EDR*1 that protects individual IT devices, and are using the access histories obtained from these to make logs visual through SIEM*2.

*1 Endpoint Detection and Response, a technology that continuously monitors and responds to threats at the endpoints of a computer system.

*2 Security Information and Event Management, a mechanism that accumulates and manages records (logs) of the operating status of devices and software, quickly detects and analyzes events that pose security threats, automatically detects anomalies including information leaks, and quickly notifies administrators.

<Initiatives in the over-the-counter channel>



Operations

We are undertaking centralized management of in-house inquiry information, utilization of AI for response automation, and electronic contract management to achieve paperless work and visualization of information, leading to a reduction of work volume, labor savings, and improvements to the quality of work.

Initiatives to Enhance Human Resource Capabilities and Organizational Strength

Promotion of diversity & inclusion

Our Company regards the promotion of diversity and inclusion as a key management issue. By respecting the diversity of our workforce, we provide opportunities to enable all employees to leverage their full potential, regardless of gender, age, disability, nationality, sexual orientation, and other attributes, such as gender identity and expression, and unaffected by factors that could restrict their ability to work. Specifically, we are focusing on the promotion of active roles by women, and actively engage in career support training and other programs for women and the creation of workplace environments conducive to work. Our diversity management has received recognition, including inclusion in the New Diversity Management Selection 100, the MSCI Japan Empowering Women Index (WIN), and the Semi-Nadeshiko ranking in 2021. In February 2021, we were awarded the highest-level Grand Prize in the industrial category of the Tokyo Metropolitan Government Women's Participation Awards in recognition of our rapid, top management-led creation of friendly work environments for both men and women. In addition, against the backdrop of these strengthened initiatives, we achieved the target of "6% female managers by 2025" ahead of schedule in January 2021. With the aim of further progress, we have set new targets of 10% by 2025 and 20% by 2030, and we will continue to strengthen our efforts.

We also have revised internal rules (work regulations, persons eligible for childcare and nursing care regulations, etc.) to provide equal opportunities to diverse employees in the company. In addition to these internal processes, we are further enhancing our internal and external initiatives, such as announcing our endorsement of Business for Marriage Equality (BME), a campaign calling for companies to support marriage equality. BME works to raise the visibility of companies that support the legalization of same-sex marriage (marriage equality) in Japan.



New Diversity Management Selection 100

2020 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

MSCI Japan Empowering
Women Index (WIN)



The Women's Participation
Promotion Awards



Business for Marriage Equality

Endorsement of "Business for Marriage Equality (BME)", a campaign to make companies that support marriage equality visible.

Toward the development of global human resources

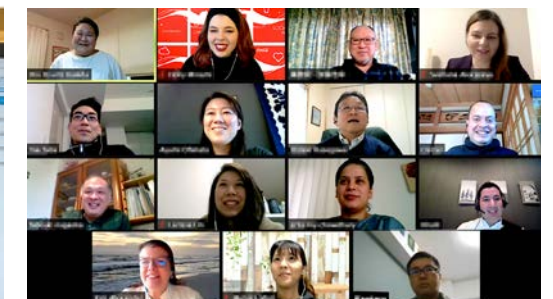
We are working to develop global human resources for value creation.

In 2020, we established Coca-Cola University Japan (CCUJ) to train next-generation leaders who can drive transformation and lead the Coca-Cola system in Japan into the future. Under the theme of leadership for transformation, CCUJ develops leadership programs in collaboration with The Coca-Cola Company, as well as position-specific programs. Each program employs an experiential learning cycle as a learning process to develop global human resources who can apply their experience and knowledge not only to their own company but also to global Coca-Cola bottlers.

We are also working to promote global human resources by leveraging access to the global Coca-Cola system network.



Online meeting with global bottlers



Recruitment of human resources from domestic and international (Photo of online training)

CSV Initiatives

Our CSV Policy

Placing Creating Shared Value (CSV) at the core of our management, and taking the respective importance of society and our business into account, our Group has identified three key themes that we will address over the coming 10 years: respect for diversity, local communities, and resources. Moreover, as a member of the Coca-Cola system, we take responsibility for acting to co-create the future while we deliver refreshment and effect change through our business, in order to address the important challenges facing Japan in every aspect including the environment, everyday life, and the communities that surround us.

As an important element of our medium-term management plan, we have formulated and are working to achieve our "CSV Goals" which indicates our Group's commitment in the area of ESG (Environment, Social, and Governance) with the aim of creating shared value.

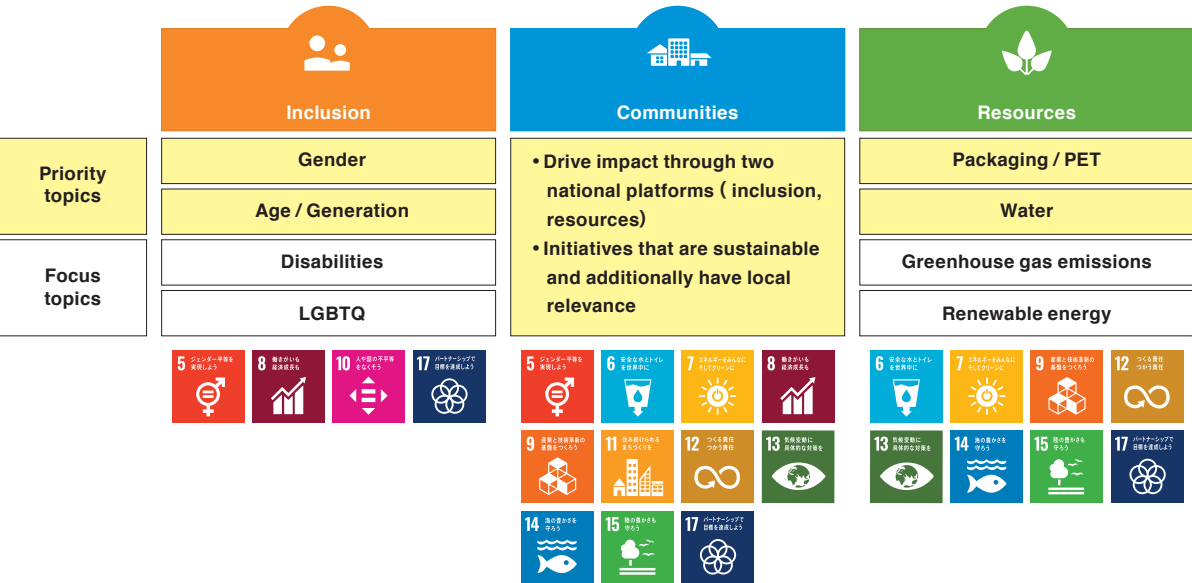
Coca-Cola System Sustainability Framework

Coca-Cola System Sustainability Activities—Purpose and Strategy

Purpose	We are committed to creating a shared future and a sustainable business that can make a difference when addressing important challenges facing Japan, including the environment, people's lives, and our communities.
Strategy	Leverage Our Leadership Position to Drive Attention and Action <ul style="list-style-type: none">● Lead with a powerful example of Inclusion in our own business● Leverage the power and reach of our system to partner with our Communities● Take a lead role—working with industry peers—on Resource usage

Three Platforms and Nine Priority Issues

The nine priority issues are further subdivided into five priority topics specified for immediate action, and four focus topics that require dedicated attention and action plans. We have also examined the impact of the three platforms against the Sustainable Development Goals (SDGs) and are working toward progress against these SDGs.



Our initiative examples

- Promotion of diversity & inclusion
- Promotion of active participation by women
- Promotion of employment of persons with disabilities
- Promotion of work/life balance
- Fostering the Next Generations
- Providing equal opportunities for LGBTQ employees
- Community support vending machines (support during disasters, etc.)
- Seminars on hydration
- Industry-government-academia-private partnerships to address regional issues
- Virtual/online plant tours
- Water resource protection activities
- Reduction of greenhouse gas emissions
- Promotion of recycling
- Adoption of containers with low environmental impact, etc.
- Collaboration with business partners, customers and industry associations

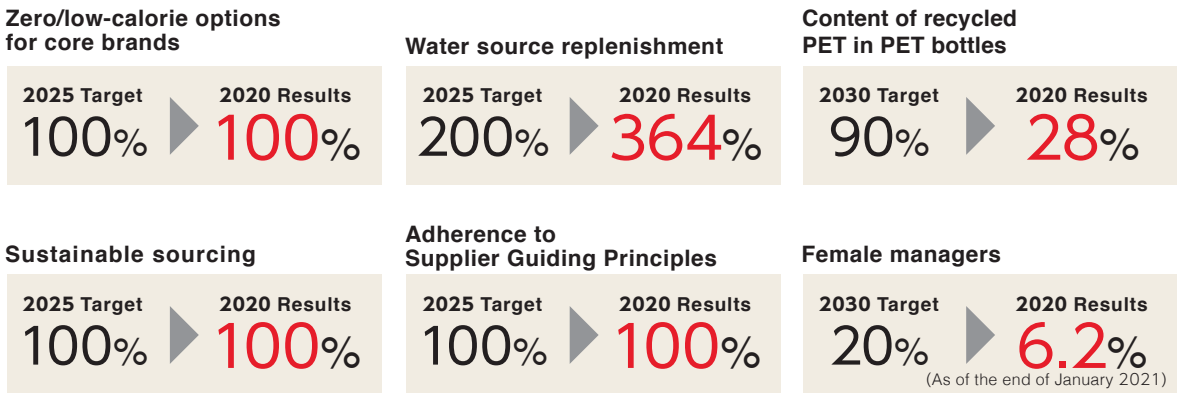
CSV Goals

"CSV Goals" is a statement of the CCBJH Group's commitment in the areas of the environment, society, and governance, grounded in our identification of the issues we must address to achieve a sustainable future through changes in society. We will engage in CSV activities under the PDCA cycle to achieve "CSV Goals".

	Products	● 100%	Zero/low-calorie options for core brands
		● 300%	FOSHU/functional product growth
		● 100%	Front-of-pack calorie label and straightforward nutritional information
		● 100%	Observation of The Coca-Cola Company Responsible Marketing Policy
	Water	● 200%	Water source replenishment. Focus on watersheds near our plants
		● 30%	Water usage reduction by 2030
	Climate change	● 25%	Reduction in greenhouse gas emissions by 2030
		●	Promotion of renewable energy
	World Without Waste	● 50%	Content of recycled PET in PET bottles by 2022
		● 90%	Content of recycled PET in PET bottles by 2030
		● 100%	Sustainable PET without fossil fuel use by 2030
		● 100%	Adoption of recyclable packaging by 2025
	Collection	● 35%	Further lightweight PET packaging by 2030 (compared to 2004)
		● 100%	Collection percentage compared to sales volume by 2030
	Procurement	● 100%	Sustainable sourcing
		●	Extensive partnerships across industry and environmental organizations by 2030
	Human rights	● 100%	Adherence to Supplier Guiding Principles across our Group value chain
		● 10%	Female managers by 2025
	Diversity & inclusion	● 20%	Female managers by 2030
		● 10%	Employee volunteers
	Society	●	1 million Participants in community programs

(Base year of 2015 and target year of 2025 unless noted otherwise)

Main target progress



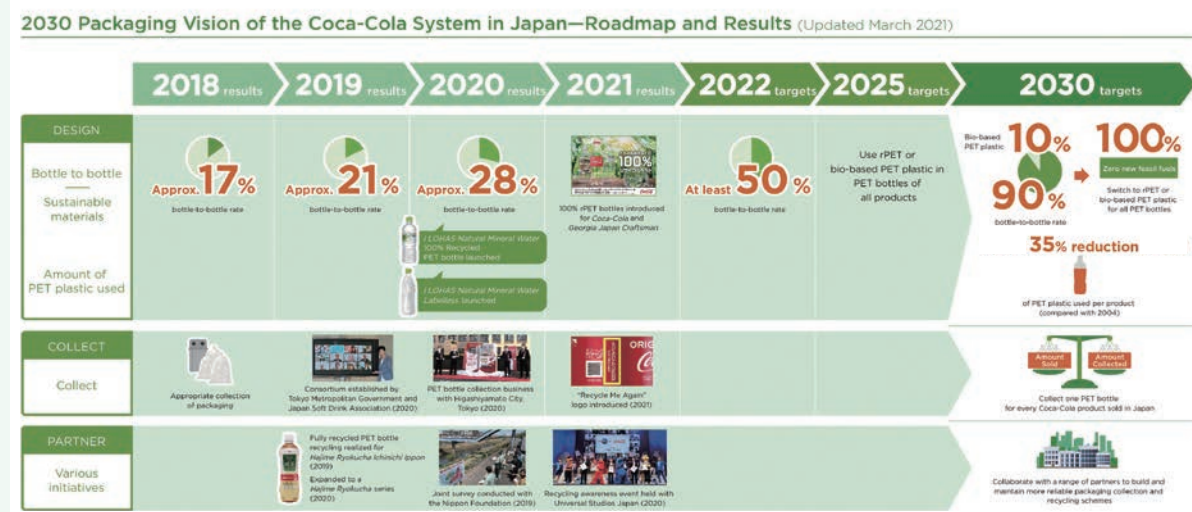
See the CSV Report for details
<https://en.ccbji.co.jp/csv/doc.php>



Packaging initiatives

PET bottles are lightweight, easy to carry, and can be opened and closed any number of times, making them convenient to modern lifestyles. In addition, the recycling rate is high and the technology for recycling is improving, so we believe that if we can collect them in a clean form, they will surely be reborn in a useful form.

As a member of the Coca-Cola system, we are working to bring about our 2030 Packaging Vision. This outlines a concrete plan to switch all PET bottles to 100% sustainable materials by 2030, in support of the World Without Waste vision of the global Coca-Cola system.



Promotion of "bottle-to-bottle" recycling

We promote the bottle-to-bottle initiative that turns used PET bottles into new ones. In March 2020, we adopted bottles made with 100% recycled PET resin for I LOHAS Natural Mineral Water. These reduce per-bottle CO₂ emissions by 49% compared with 100% petroleum-derived PET bottles, successfully reducing the impact on the environment. In May 2021, we announced expanded roll-out of our 100% recycled content for packaging to Coca-Cola and Georgia Japan Craftsman in small PET packaging. Going forward, we plan to further raise our bottle-to-bottle ratio to 90% in 2030 from 28% in 2020.

Joint project for the practical implementation of chemical recycling *

In July 2020, we launched a joint project with Taiwan-based Far East New Century Corporation, one of the world's largest manufacturers of PET resin and polyester fibers, to commercialize bottles made from PET material obtained through chemical recycling. In November 2020, we launched products using these PET bottles, and we will continue to make further efforts in the future.

*Collected used PET bottles are sorted, crushed, and washed to remove foreign materials and are broken down into a raw material or an intermediate raw material of PET resin by depolymerization, after which the raw material is refined and polymerized into new PET resin.

Creating lighter bottles

● Reducing PET resin usage

We continuously undertake technological innovations in bottles and packaging in order to make effective use of resources, reduce the environmental impacts of transportation, and improve convenience for consumers. Among our efforts to reduce the amount of PET resin necessary to manufacture products, in 2009 we introduced 12g PET bottles, the lightest in Japan at the time*, for I LOHAS Natural Mineral Water.

*As of March 2009. 500ml PET bottles for domestically manufactured products. Research by Coca-Cola (Japan) Company

● Introduction of labelless products

We are working to cut environmental impacts by reducing the thickness of product labels on PET bottles. In 2020, we began rolling out a number of labelless products to further lessen environmental impacts and improve convenience for consumers.

Vending machines rooted in local communities

For our Company, vending machines are an important asset and sales channel. They play important roles in local communities as well. We are increasing sales and reducing costs through means including increasing installations of vending machines, enhancing the machines' product lineups, carrying out varied promotions, and improving operations, while also working to improve convenience for consumers and solve the problems of customers (e.g., installation locations) and local communities. Going forward, we will continue to contribute to the development of local communities and the support of safe and secure lifestyles for local residents by leveraging our business scale and integrated business model.

Enhancing the appeal of vending machines through innovation

We are working to grow sales and provide new value by strengthening ties with consumers through our Coke ON smartphone app. Since the launch of the Coke ON service, we have enhanced functions and services including the Coke ON Pay cashless payment system, the Coke ON Pass subscription service, and Coke ON Walk, which lets consumers earn drinks just by walking.

Support during disasters

In the event of a disaster, we provide our products to people affected by disasters by partnering with local governments to offer "disaster support vending machines". Equipped with an electronic bulletin board function, these vending machines can transmit evacuation sites and related information in real time, and are playing an active role as an important information transmission tool.

Conserving energy

We have adopted an ultra-energy-saving "peak shift vending machine" that shifts the amount of power used for cooling from daytime, when the power usage peaks, to night, when a relatively large amount of power is available. The machines feature improved heat insulating properties and airtightness compared to conventional vending machines, reducing power consumption throughout the year.

Reduction of costs and environmental impacts through transformation of our business model

We are working to reduce our cost through a fundamental rethinking of our vending machine operations. We reduced the number of overall routes by 20% in 2020, by optimizing the work of operations staff and by increasing productivity per route. By operating delivery vehicles efficiently and by reducing their number, we were able to contribute to the reduction of CO₂ emissions.

Contribution to local communities

Through our vending machines, we engage in activities that support local communities. A portion of the proceeds from the purchase of our products is used to fund community social contribution projects and sports organizations, through which we provide support for local communities together with our consumers and customers.

Adapting to the COVID-19 pandemic

We are responding to the growing need for vending machines that can reduce human contact, and we are using anti-viral and anti-bacterial films to cover the product selection buttons and other contact areas of vending machines. We are also making efforts to enhance non-contact services through Coke ON and other means.



Contribution to consumers' health: Foods for Specified Health Use (FOSHU) and Foods with Function Claims

As a company that is a close part of consumers' daily lives, we place the health of consumers first and strive to offer products and services with value that meet the needs and preferences of a wide range of generations. In particular, we are introducing high-value-added products to respond to the growing health consciousness among consumers and to create new markets. As a part of this, we are developing Foods for Specified Health Use (FOSHU) and Foods with Function Claims.



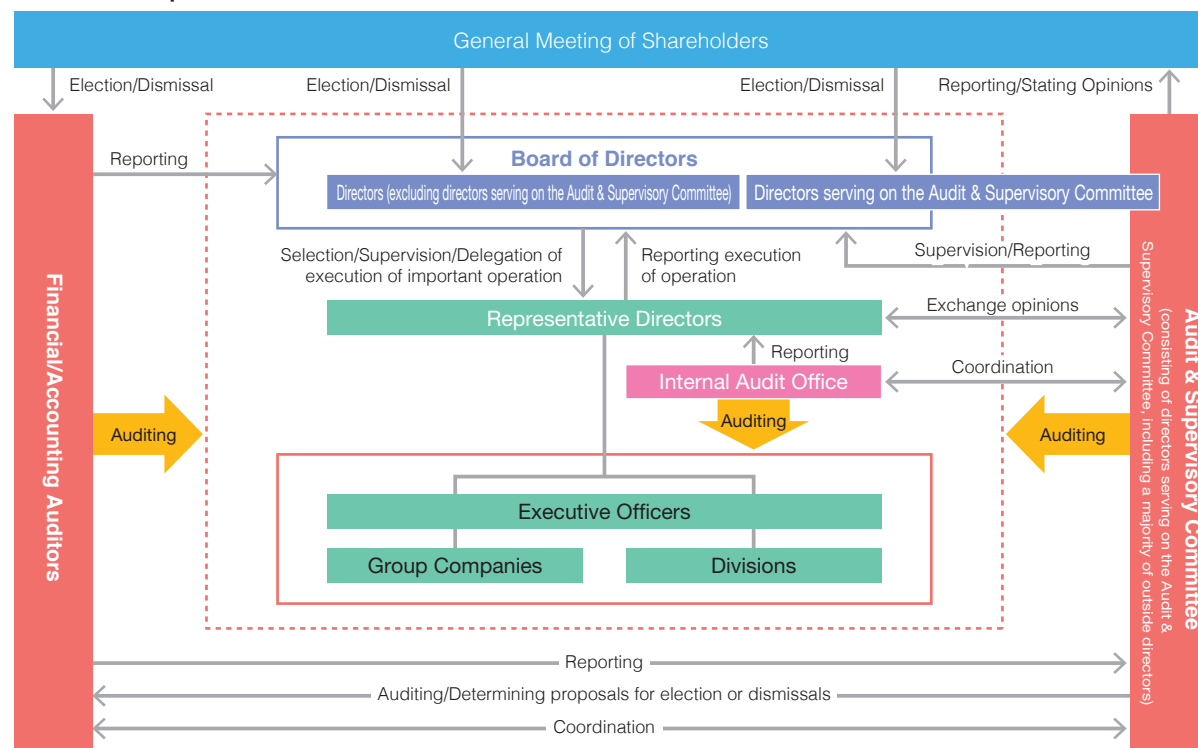
Basic Stance on Corporate Governance

Our basic stance on corporate governance is to seek improvement of management soundness, transparency and efficiency and increase medium- to long-term corporate value and shareholder value.

We have established the Audit and Supervisory Committee to further strengthen our governance system. The Audit and Supervisory Committee, which takes a lead role in audits, is composed entirely of outside directors (Audit and Supervisory Committee members), including multiple independent outside directors. The Audit and Supervisory Committee members have voting rights at the Board of Directors meetings and the right to express opinions on directors' nominations and compensation at the General Meeting of Shareholders. As a result, our management oversight functions have been further strengthened.

In addition, we have adopted the executive officer system to separate decision-making and management oversight functions from business execution functions. Certain important business execution decisions are entrusted to directors, so that the Board of Directors can deliberate on matters of particular importance. For other matters, we place emphasis on speed of management decisions by the Executive Leadership Team.

[Chart of Corporate Governance Structure]



[Major meeting structures attended by the management team]

When making decisions on important matters of the Company, the president and the vice president with representative rights, or either of these and heads of functions including executive officers, engage in deliberation within major meeting structures and connect this to prompt decision making.

[Examples of major meeting structures]

<p>ELT*¹ Meeting</p> <p>This meeting discusses major issues and strategic directions that span the entire company or multiple units.</p>	<p>S&OP*² Meeting</p> <p>This meeting identifies gaps between sales plans and supply plans, makes decisions on company-wide actions, and works to optimize the entire supply chain in conjunction with sales activities.</p>	<p>IT Committee</p> <p>This committee evaluates the consistency of strategy concerning IT-related investments, and deliberates IT policies.</p>	<p>Capital Committee</p> <p>This committee conducts deliberation and progress management concerning capital investment plans, deliberation and approval of capital investment projects, and post-execution verification, etc. of capital investments, for the purpose of appropriate capital investment management.</p>
<p>BSO*³ Committee</p> <p>This committee has established venues for regularly reporting to management about the latest activities and the strategic directions of Coca-Cola Bottlers Japan Business Systems Inc.</p>	<p>Ethics and Compliance Committee</p> <p>This committee engages in activities including awareness and education activities related to ethics and compliance, operation of consultation desks, handling of other compliance-related cases, and examination and implementation of measures to prevent recurrence of problems.</p>		<p>Risk Management Committee</p> <p>The Committee reviews the critical risks inherent in the CCBJH group as identified through the ERM PDCA cycle and evaluates the effectiveness of the controls and risk mitigation measures for these risks.</p>

*¹ Executive Leadership Team *² Sales & Operation Planning *³ Business Service Organization

Board of Directors

The Company's Board of Directors consists of 9 directors, including multiple independent outside directors, and holds regular meetings once every three months in principle and extraordinary meetings as needed. The Board of Directors resolves matters concerning basic management policies and other important business issues, as well as matters prescribed by law and by the Articles of Incorporation, and receives reports on execution of business from directors. The Company also delegates a part of decision-making on important matters of business execution to directors to further enhance deliberations on matters of special importance in the Board of Directors and to speed up decisions by the management team on other matters.

[Overview of Board of Directors]



	Assumption of office	Term of office (Year)	Outside Director	Audit & Supervisory Committee members	Independent directors	Attendance in 2020	
						Board of Directors meetings	Audit & Supervisory Committee meetings
Calin Dragan	March 2019	1	—	—	—	10/10	—
Bjorn Ivar Ulgenes	March 2019	1	—	—	—	10/10	—
Hiroshi Yoshioka	April 2017	1	○	—	○	10/10	—
Hiroko Wada	March 2019	1	○	—	○	10/10	—
Hirokazu Yamura	March 2020	1	○	—	○	8/8	—
Irial Finan	April 2017	2	○	○	—	10/10	6/6
Celso Guiotoko	March 2019	2	○	○	○	10/10	6/6
Nami Hamada	March 2019	2	○	○	○	10/10	6/6
Vamsi Mohan Thati	March 2021	2	○	○	—	—	—

Evaluation of the Effectiveness of the Board of Directors

Based on self-evaluation by directors regarding the operation, support system, composition, etc. of the Board of Directors, the Board of Directors conducts an effectiveness evaluation while obtaining advice from an external third-party organization. In the 2020 evaluation of effectiveness, the following issues were identified.

From the self-evaluation by the Directors, we have received generally positive evaluations on the issues identified last year, such as business updates by major divisions and efforts to explain the contents of deliberations in advance, and we recognize that the effectiveness of the Board of Directors as a whole is improving.

It has been confirmed that the Company will continue to promote ongoing efforts to further revitalize discussions at the Board of Directors meetings, focusing on the following three points.

- Enhancement and evolution of deliberations on themes in response to changes in the business environment that may affect the Group's business.
- Provision of materials for Board of Directors meetings at appropriate times to enable prior consideration.
- Provision of materials for Board of Directors meetings in an appropriate form that is easily understood, organized and analyzed.

Based on the results of this evaluation of the effectiveness of the Board of Directors, we will actively and continuously work toward improvements in management to further enhance and deepen the Board of Directors' discussions according to changes in the business environment, and toward further sustainable growth and improvement of medium- to long-term corporate value.



Appointment of Outside Directors

Three of the Company's five directors (excluding directors who are Audit & Supervisory Committee Members), and the four directors who are Audit & Supervisory Committee Members, are outside directors.

As outside directors, the Company nominates persons who are considered to contribute significantly to increasing the corporate value of the Company. Moreover, if it has been determined through investigation by the Company within the scope of reason that none of the following criteria apply to the Company's outside directors, the Company will deem outside directors to possess sufficient independence from the Company.

[Standards for determination of independence of outside directors]

If none of the criteria below apply, the Company considers the director to have sufficient independence.

- An employee and/or executive of the Company and/or a subsidiary within the past 10 years
- A person and/or executive who had a significant business relationship with the Company within the past 1 year*¹
- An employee and/or executive of the company who had a significant business relationship with the Company within the past 1 year*¹
- A consultant, certified public accountant, attorney, etc. who has received significant compensation from the Company other than executive compensation within the past 1 year *²
- An entity or executive thereof who has received a significant donation from the Company within the past 1 year *²
- A close relative of any of the above *³

*¹ If the transaction between the Company and the person and/or the company exceeds 2% of the Company's consolidated revenue in the latest fiscal year, this will be considered significant

*² If the annual amount of compensation or donation to the person/entity exceeds JPY 10 million, this will be considered significant

*³ Within the second degree of kinship

[Reasons for appointment of outside directors]

Category/Name	Reasons for appointment (Positions etc. are as of the time of appointment)	Independent Director
Outside Director Hiroshi Yoshioka	The Company expects to leverage Hiroshi Yoshioka's extensive managerial experience and global insights, cultivated through experience as a Coca-Cola bottler outside director and at Sony Corporation, on behalf of our Group's management. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.	○
Outside Director Hiroko Wada	The Company expects to leverage Hiroko Wada's extensive management experience and global insights, cultivated as director of The Procter & Gamble Company and representative director of Dyson and of Toys "R" Us-Japan, on behalf of our Group's management. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.	○
Outside Director Hirokazu Yamura	The Company expects to leverage Hirokazu Yamura's extensive managerial experience and insights cultivated through experience as Representative Director & President of Michinoku Coca-Cola Bottling Co., Ltd. While the Company has the business relationship noted below with the corporate group of said company, the transaction value is small and transaction prices and other conditions are conducted under appropriate conditions in the same manner as with other business partners. The Company believes that its free business activities will not be hindered by the corporate group of said company. Accordingly, as there is no risk of significant impact from said company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director. Relationship with the Company: The Company has a business relationship with Michinoku Coca-Cola Bottling Co., Ltd. that includes buying and selling of products. (Sales, etc.: 0.3% of the consolidated revenue of the Company; Purchasing, etc.: 0.5% of the consolidated revenue of said company)	○
Outside Director (Audit & Supervisory Committee member) Irial Finan	Irial Finan has extensive experience and global insights as a corporate manager, with many years of involvement in the Coca-Cola business as an outside director of a Coca-Cola bottler in Japan, as part of management of The Coca-Cola Company and global bottlers, and as representative of the Bottling Investments Group supervising Coca-Cola bottlers worldwide, and has auditing experiencing as a Director who is an Audit & Supervisory Committee Member of the Company, and a chairman of the Audit & Supervisory Committee. As a director who is an Audit & Supervisory Committee Member of the Company, he is expected to offer advice based on his abundant experience as a global company manager and his knowledge in the field of finance, in areas of important management decisions, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed him as an outside director who is an Audit & Supervisory Committee Member.	—
Outside Director (Audit & Supervisory Committee member) Celso Guiotoko	Celso Guiotoko has abundant management experience and global insights cultivated at Nissan Motor Co., Ltd., and at Nishimoto Wismettac Holdings, Inc., and has experience as a corporate auditor at Nissan Motor Co., Ltd. As a director who is an Audit & Supervisory Committee Member of the Company, he is expected to offer advice based on his abundant experience in company management and his auditing, and his knowledge in the field of IT, in areas of important management decisions, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed him as an outside director who is an Audit & Supervisory Committee Member. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.	○
Outside Director (Audit & Supervisory Committee member) Nami Hamada	Nami Hamada has extensive experience in finance and accounting, including managing a finance-related consulting company herself, and has abundant experience and global insights cultivated on the corporate management team of Lehman Brothers Japan. As a director who is an Audit & Supervisory Committee Member of the Company, she is expected to offer advice based on her abundant experience as a company manager and her knowledge in the field of finance, in areas of important management decisions, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed her as an outside director who is an Audit & Supervisory Committee Member. As no special vested interest exists between the individual and the Company, the Company deems that no risk of conflict of interest with general shareholders exists and has appointed the individual as an independent director.	○
Outside Director (Audit & Supervisory Committee member) Vamsi Mohan Thati	Vamsi Mohan Thati serves as President of the Greater China and Mongolia Operating Unit at The Coca-Cola Company. He demonstrates strong leadership in a variety of fields including operations, market execution, and general management at The Coca-Cola Company Bottling Investments Group, and has extensive experience as a corporate executive in business units in the Asian region. As a director who is an Audit & Supervisory Committee Member of the Company, he is expected to offer advice based on his abundant experience as a global company manager, in areas of important management decisions, response to foreseeable risks, internal control systems, etc. Accordingly, the Company has appointed him as an outside director who is an Audit & Supervisory Committee Member. Relationship with the Company: The Company has concluded contracts concerning the production, sales, trademark usage, etc. of Coca-Cola, etc., with The Coca-Cola Company.	—

Policy regarding Cross-shareholdings

In principle, it is the Company's policy to refrain from cross-shareholdings.

However, there are cases in which the Company acquires and holds such shares to create business opportunities, and maintain and strengthen its relationships with business partners and local communities. The Company regularly assesses and reports the associated holding costs and investment returns for its major cross-shareholdings, and work on the reduction of cross-shareholdings based on the result of this assessment.

[Number of cross-shareholding companies and book value of these shares]


	Number of companies	Total book value of shares (Millions of yen)
Unlisted stocks	118	4,436
Stocks other than unlisted stocks	84	14,891

[Stocks for which number of shares decreased during the fiscal year]


	Number of companies	Total amount by selling and decreasing the number of shares (Millions yen)
Unlisted stocks	4	13
Stocks other than unlisted stocks	21	3,196

[Stocks for which number of shares increased during the fiscal year]

	Number of companies	Total amount spent to increase the number of shares held (Millions yen)	Reason for increase in number of shares
Unlisted stocks	—	—	—
Stocks other than unlisted stocks	23	45	The Company increased the number of shares of these companies by purchasing through suppliers' share ownership association of these companies



See the Securities Report for details.
<https://en.ccbj-holdings.com/ir/library/securities.php>



Promotion of Information Disclosure and Constructive Dialog through IR Activities

With the goal of timely and appropriate information disclosure and constructive dialog with shareholders and investors, we engage in a variety of Investor Relations (IR) activities in which we explain our business strategies, business activities, financial and non-financial information, and other information through quarterly earnings presentations and IR meetings.

[Main IR activities in 2020]

Activity	2020 results	Details
Earnings Presentation	4 times	Quarterly earnings presentations were held by the President and CFO. The briefing content is available via Webcast on the Company's website. (https://en.ccbj-holdings.com/ir/library/presentation.php)
IR meetings with analysts and institutional investors	About 150 times; about 270 persons	Held primarily by phone and video conferencing due to COVID-19 pandemic. Top management took part as required.
Participation in domestic and overseas conferences	4 times	Participation in domestic and overseas conferences held online due to COVID-19 pandemic. Top management took part as required.
Other IR briefings	3 times	Held small meetings and IR briefings online, with participation by top management.
Delivery of video message from the President	1 time	In 2020, we began delivery of video messages from the President for investors. The video messages are available from the Investor Relations page of our website. (https://en.ccbj-holdings.com/ir/)

Executive Compensation System

Basic policy

We have designed our executive compensation system on the basis of the following policy. Executives subject to the system in 2020 are 2 executive directors, 7 supervisory officers (directors who are Audit & Supervisory Committee members and outside directors who are not Audit and Supervisory Committee members), and 12 executive officers.

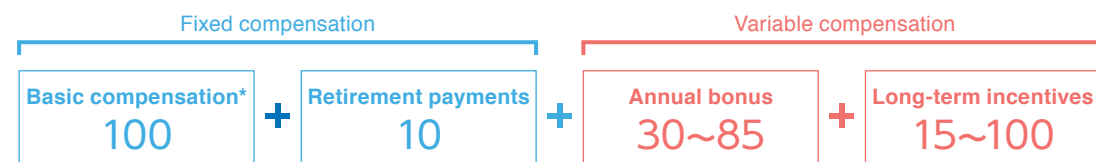
[Overview of the executive compensation system]

Targets	Basic policy	Decision-making process	Level
Executive directors, executive officers	<ul style="list-style-type: none"> The Company will set the level and composition of compensation to enable the hiring and retention of talented human resources who are diverse in terms of nationality, experience, etc. The composition ratio will emphasize performance-based compensation to provide sufficient incentive to achieve profitable growth. The system will promote improvement in medium- to long-term corporate value and the sharing of profit consciousness with shareholders. 	<ul style="list-style-type: none"> In order to increase the transparency and objectivity in compensation decision procedures, the content of compensation is deliberated by the Audit & Supervisory Committee, composed of only outside directors, based on policies concerning the determination of compensation for directors and within the total amount determined at the General Meeting of Shareholders. Through resolution of the Board of Directors, the setting of compensation is delegated to the representative director, who determines the compensation for each executive director, including the amount of performance-based compensation. 	<ul style="list-style-type: none"> Compensation is decided in accordance with scale of responsibilities, utilizing data from compensation surveys performed by external research organizations and taking into account the level of compensation provided at companies such as domestic and overseas companies of similar scale in similar industries, with the intent of providing a level of compensation that enables recruitment and retention of talented people who are highly diverse in terms of nationality, experience, etc.
Supervisory officers	<ul style="list-style-type: none"> Compensation consists of only basic compensation, based on role in management supervision and auditing. 	<ul style="list-style-type: none"> Compensation for directors who are Audit & Supervisory Committee members is proposed to the Audit & Supervisory Committee and is determined through deliberation with directors who are Audit & Supervisory Committee members, within the total amount determined at the General Meeting of Shareholders. Through resolution of the Board of Directors, compensation for outside directors who are not Audit & Supervisory Committee members is deliberated by the Audit & Supervisory Committee based on policies concerning the determination of compensation for directors. The setting of compensation is delegated to the representative director and president, who determines compensation within the total amount determined at the General Meeting of Shareholders. 	<ul style="list-style-type: none"> The Company makes use of compensation survey data from outside expert organizations, etc., with reference to compensation levels in domestic companies of similar scale, and sets levels in accordance with roles.

Compensation system for executive directors and executive officers

Compensation for executive directors and executive officers is composed of fixed compensation and variable compensation that varies with factors such as corporate performance, to reflect responsibilities and contribution to corporate performance. The standard amount of compensation is set according to the scale of responsibilities. The larger the responsibilities, the higher the percentage of variable compensation.

[Range of standard amounts of compensation: Image when basic compensation* is set to 100]



*Excluding retirement payment (annual deferral for retirement remuneration)

[Image of compensation structure (in case of Representative Director & President)]



[Compensation structure (From April 2021)]

Fixed compensation	Base salary	<ul style="list-style-type: none"> Monthly payment of an amount determined based on responsibilities. 	The following are upper limits for the compensation listed at left that is paid to directors. Limit on director compensation (excluding directors who are Audit & Supervisory Committee members): 850 million yen/year (approved through resolution of Proposal No. 5 at the 2019 General Meeting of Shareholders of the Company). (Number of directors at the time of the resolution, excluding directors who are Audit & Supervisory Committee members: 5) * In case where the Audit & Supervisory Committee has deliberated and deemed it necessary, housing allowances and other fringe benefits may be paid within the limit of 850 million yen.
	Retirement payment (annual deferral for retirement remuneration)	<ul style="list-style-type: none"> An amount equal to 10% of basic compensation is accumulated every year, with the cumulative amount calculated and paid upon retirement. In the event that the individual has caused serious harm to the CCBJH Group or has been subjected to disciplinary measures, the Company may reduce the amount paid or withhold payment. In addition, a special increase may be made in recognition of particularly meritorious service. Reduction of amounts, non-payment, and special increases undergo approval by the Board of Directors based on deliberation by the Audit & Supervisory Committee. 	
Variable compensation	Annual bonus	<ul style="list-style-type: none"> Provided as an incentive for achieving performance targets for each fiscal year. The target amount is set in the range of 30% to 85% of base salary depending on their responsibilities. The amount of payment varies in the range of 0% to 150% of the target amount depending on the achievement of performance targets in each fiscal year (company-wide performance and individual evaluations). Business income, sales volume, and revenue have been adopted as metrics for creating motivation for achieving profitable growth in accordance with the policy for determining officer compensation, etc. 	The following are upper limits for the compensation listed at left that is paid to directors. Compensation framework for directors (excluding directors who are Audit & Supervisory Committee members): Up to an amount limited to 600,000 shares per year multiplied by the market price at the time granted (approved through resolution of Proposal No. 4 at the 2020 General Meeting of Shareholders of the Company). (Number of directors at the time of the resolution, excluding directors who are Audit & Supervisory Committee members: 5)
	Long-term incentives	<ul style="list-style-type: none"> Two types of stock-based compensation systems, (1) PSU and (2) RSU, are adopted as long-term incentives. The standard amount for long-term incentives overall ((1)+(2)) is set at 15% to 100% of basic compensation, according to the scale of responsibilities. The PSU standard amount is set to 50% and the RSU standard amount is set to 50% of the standard amount. With regard to (2) RSU, additional grants for the purpose of retention and other factors may be made for directors in addition to the above-mentioned basic RSU amount up to the compensation limit detailed on the right, if deemed necessary by the Audit and Supervisory Committee. 	
	(1) PSU (Performance Share Units)	<ul style="list-style-type: none"> Provided as an incentive for achieving medium- to long-term performance targets. The number of shares to be issued is determined within the range of 0% to 150% of the PSU standard amount depending on the achievement of performance targets (only considering company-wide performance) three years after the share units have been granted (with half of the shares to be issued paid in cash for the purpose of allocating funds for the payment of tax obligations). Consolidated ROE and growth rate of consolidated net sales are used as metrics for creating motivation for medium- to long-term improvement of corporate value in accordance with the policy for determining officer compensation, etc. 	
	(2) RSU (Restricted Stock Units)	<ul style="list-style-type: none"> Provided for the purpose of aligning interests with shareholders, creating incentives to increase corporate value, and strengthening retention of talented people. A predetermined number of shares is issued at the time of retirement (with half of the shares to be issued paid in cash for the purpose of allocating funds for the payment of tax obligations). 	

*With regard to fringe benefits, the Company pays housing allowances, etc. based on CCBJH Group internal rules concerning overseas postings, deliberated by the Audit & Supervisory Committee and approved by the Board of Directors, to support the execution of assignments outside of the country.

[Payment of compensation to directors in 2020]

■Directors' Compensation

Executive category	Total amount of compensation, etc. (million yen)	Total amount by type of compensation, etc. (million yen)				Number of eligible directors
		Basic compensation	Bonus	Long-term incentives	Other	
Directors (of which, paid to outside directors)	618 (39)	405 (39)	— (—)	132 (—)	81 (—)	6 (3)
Directors (Audit & Supervisory Committee members) (of which, paid to outside directors)	70 (70)	70 (70)	— (—)	— (—)	— (—)	5 (5)
Total (of which, paid to outside directors)	688 (109)	475 (109)	— (—)	132 (—)	81 (—)	11 (8)

■Total amount of compensation, etc. to persons for which total amount of compensation, etc. is 100 million yen or more

Name	Executive category	Total amount by type of compensation, etc. (million yen)				Total amount of compensation, etc. (million yen)
		Basic compensation	Bonus	Long-term incentives	Other	
Calin Dragan	Representative Director	199	—	101	58	358
Bjorn Ivar Ulgenes	Representative Director	132	—	31	24	186

Note 1: Compensation for directors includes remuneration paid to one director (excluding directors who are Audit & Supervisory Committee Members) who retired at the conclusion of the 2019 General Meeting of Shareholders held on March 26, 2020, and one director (one of which is an outside director) who is an Audit & Supervisory Committee Member.

Note 2: Basic compensation includes retirement payments, 2018 special incentives, amount for fringe benefits (housing allowance, etc.), etc.

Note 3: Long-term incentives include PSU, RSU, and special RSU.

Note 4: "Other" refers to leadership awards. As a leadership award to reward achievements in promoting business transformation in an uncertain market environment and to ensure retention, in 2020 the Company made the decision to pay a total of 138 million yen in cash, commensurate with the scale of contribution, in March 2021. The Audit & Supervisory Committee has deliberated the decision on payment and has deemed it appropriate.

Risk Management System

Effective management of risk

The CCBJH Group has implemented an Enterprise Risk Management (ERM) program, which is being embedded into the corporate culture. ERM is a business enabler that drives business growth by identifying and leveraging business opportunities as well as identifying and managing foreseeable risks.

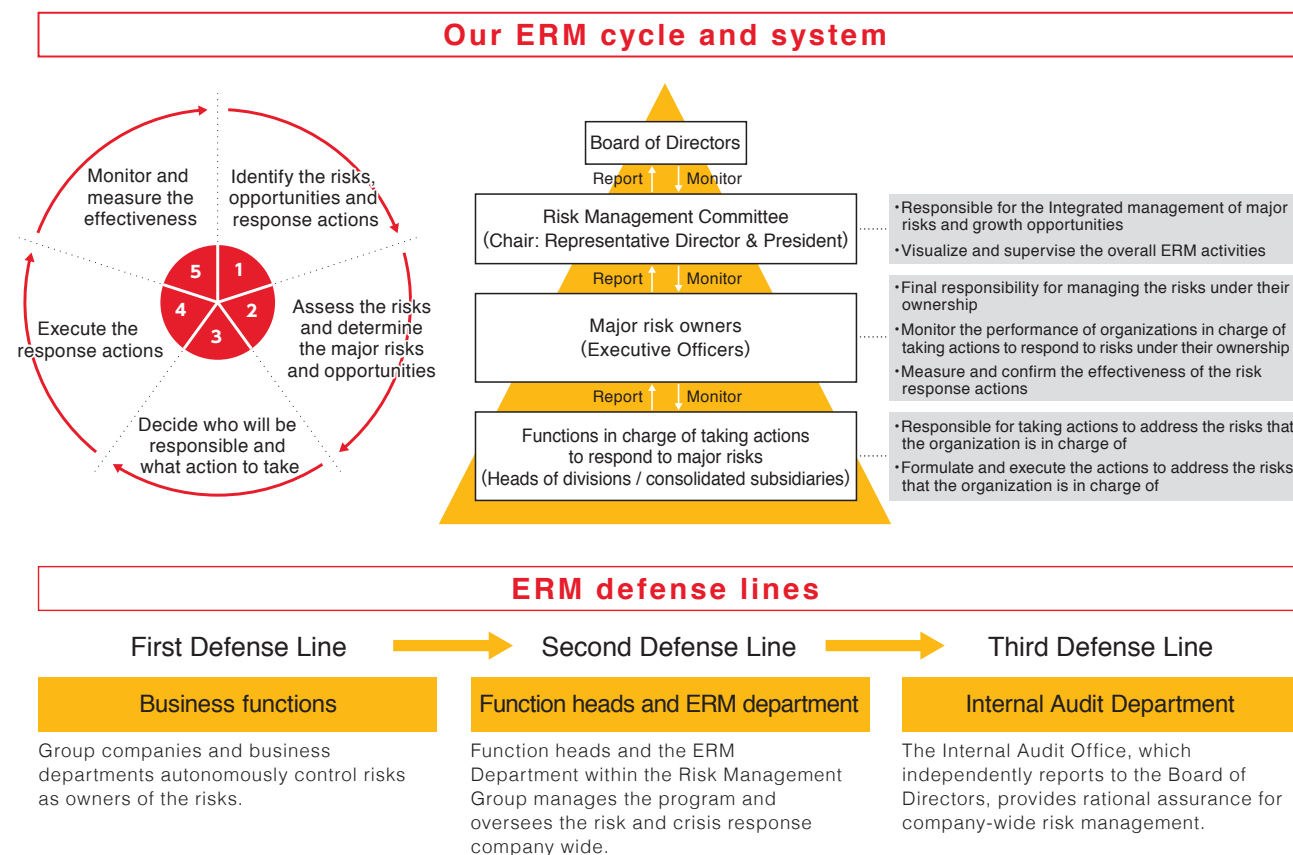
Our system of ERM and internal control actively monitors operational, strategic, financial, legal and regulatory risks with the ERM program specifically designed to manage risks and opportunities at all levels within the business. The focus is on leveraging opportunities to support our growth, and for identified risks, to implement counter measures to ensure that we achieve our organizational goals and business plans. Cultural integration of the ERM concepts is key, and through training and awareness across the business we are actively fostering our overall culture of risk management.

Risk management in a challenging environment

In 2020, against the backdrop of COVID-19 our ERM program was given greater emphasis. The Group increased the involvement of management across the business by conducting risk interviews with the members of the leadership team, appointing senior leaders to be responsible for risks, and conducting risk identification surveys with all the corporate functions. Functions are addressing identified major risks under the direction of the executive leadership who are responsible for monitoring the progress of the actions and initiatives taken. The effectiveness of the initiatives is monitored regularly to ensure that they are fit for purpose. The risks and mitigations are reported quarterly to the Audit & Supervisory Committee and the Board. The program is subject to independent review by Internal Audit against global best practices ensuring that the program actively grows.

During 2020, in response to the potential impacts on our business of COVID-19 we implemented our crisis response routines setting clear priorities on the protection of our people, safeguarding our product supply, responding to changes in customer and consumer demand and supporting our local communities.

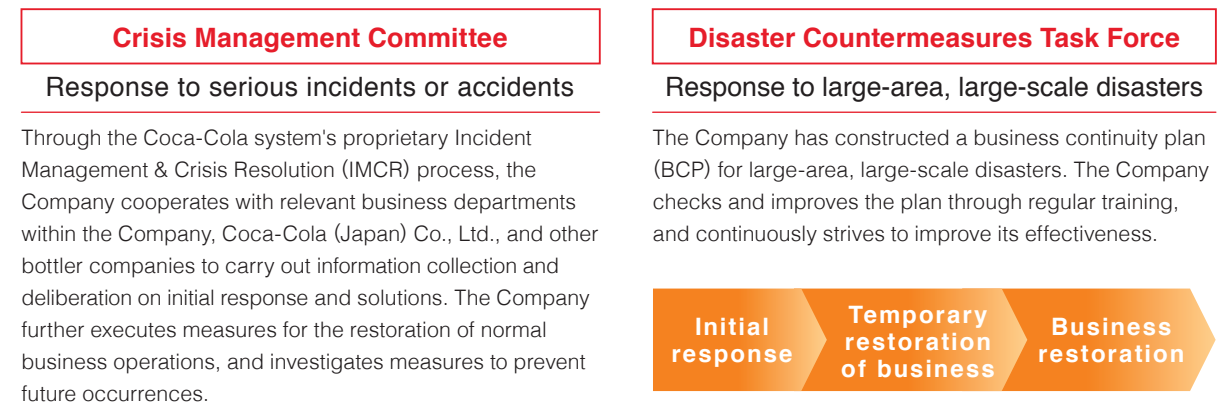
In 2021, the Company appointed a Head of Risk Management (Chief Risk Officer), who as a member of the leadership team reporting to the President, is tasked with leading the risk and resilience transformation and strengthening the integration of the overall program.



ERM program

Our risk management system incorporates a variety of processes including regular risk discussions by the Executive Leadership Team; process integration into our annual and strategic business planning cycles; continual monitoring of our internal and external environment for issues that may alter our risk profile and create opportunities; and education and training to increase ERM awareness across our business functions. The risks management policies, procedures, risk prevention activities are overseen by our Risk Management Committee which also aligns annually on our strategic reportable risks.

Integrated into the program is our Crisis Management Committee that leads the decision-making and response to a serious event or accident that requires crisis management focus. A Disaster Countermeasures Task Force performs deliberation and decision-making on business continuity plan (BCP) activation in the event of a large-area, large-scale disaster that has a significant impact on our business activities.



Major risks

The major risks that may have a material impact on the CCBJH Group's financial condition, business performance and cash flow are summarized below. For details of the key risk themes and the material risks that we are actively managing, please refer to our securities report, which includes specific details such as risk description, potential impact and our key mitigation strategies. The list does not include all risks that can ultimately affect our business as there are risks that are not yet known and risks currently evaluated to be immaterial that could ultimately have an impact on our business or financial performance. We are establishing early warning indicators to provide insights into emerging risk which will enable us to implement countermeasures accordingly.

HIGH RISKS		
Natural Disasters	Changing Consumer Mindset	Sustainability (Plastics)
Evolving Commercial and Competitive Landscape	People Talent (Attraction and Retention)	Financial Conditions
Cyber Security and System Availability	Climate Change	Strategic Stakeholder Relationships (The Coca-Cola Company)
MEDIUM RISKS		
Business Transformation	Quality and food safety	Regulatory Compliance and Ethics
Macroeconomic (Pandemic)	Manufacturing, Logistics & Infrastructure	Commodity Pricing

Note: Priority Level, Defined according to the level of impact and likelihood of occurrence



See the Securities Report for details.

<https://en.ccbj-holdings.com/ir/library/securities.php>





Commentary and Analysis of Operating Results in 2020

Analysis of Operating Results

In the fiscal year from January 1, 2020 to December 31, 2020, the non-alcoholic ready-to-drink (NARTD) market in Japan is seen as having declined versus the prior year for reasons including the novel coronavirus (COVID-19) pandemic and subsequent decline in demand as consumer traffic fell, as well as unseasonable weather in July.

Under the guiding concept of “business as usual is not an option” in our mid-term strategic business plan announced in August 2019, we focused on our core beverage business and implemented initiatives to fundamentally transform our business, including transformation in the important vending channel and back-office routines to drive cost efficiencies, increases in production and supply capacity, and promotion of new and more flexible working styles. In the short term, we focused on urgent cost mitigation initiatives to deal with the rapidly evolving situation triggered by the COVID-19 outbreak, as we continue to address our cost structure and the high fixed-cost base of the beverage business. We are also finding opportunities during this turbulent period to accelerate the pace of ongoing transformation projects and to identify incremental growth and efficiency improvement opportunities. This will ensure that we are well-prepared for the evolution of the business environment in the longer term.

The Company has also been evaluating future opportunities for growth and operating synergies in the Healthcare and Skincare business. We determined that the best way to support the next era of growth for this business is to sell Q'sai to Q-Partners Co., Ltd., a company for the purpose of the purchase formed by euglena Co., Ltd., Tokyo Century Corporation, and an investment fund to which Advantage Partners Inc. provides services. The Company entered into a share transfer agreement with Q-Partners Co., Ltd. as of December 15, 2020 and sold all of the shares of the Company's consolidated subsidiary, Q'sai Co., Ltd., as of February 1, 2021 for a profit of about 12.8 billion yen and cash inflow of about 45 billion yen. As a result of executing the share-transfer agreement, Q'sai is classified as a discontinued operation for the fiscal year ending December 31, 2020. Accordingly, the relevant section of prior-year consolidated financial statements and notes have been reclassified.

Our full-year results were impacted by weak beverage business sales volumes due to the COVID-19 situation while we addressed urgent mitigation efforts by driving fundamental business transformation and other cost-savings initiatives to partially offset the current-year revenue decline. In spite of an approximately 100 billion yen decline in consolidated revenue for the year, we were able to deliver slightly positive Business Income through significant fixed-cost savings, making costs more variable through process improvements, investments in IT systems, and organizational restructuring.

	2019	2020	YoY
Revenue	890,009	791,956	(11.0%)
Business Income	11,447	169	(98.5%)
Net Income Attributable to Owners of the Parent	(57,952)	(4,715)	—

(Unit : millions of yen)

Note 1: In the fiscal year ending 31 December 2020, the Healthcare and Skincare business has been classified as a discontinued operation as a result of the decision to sell all shares in Q'sai held by the Company. As a result, Revenue and Business Income for the previous financial year have been reclassified to the amounts for continuing operations excluding discontinued operations.

Note 2: Business Income is a metric for measuring the ordinary performance of a business. It is calculated by deducting the cost of sales sold and selling, general, and administrative expenses from net sales, and by adding and subtracting other income or other expenses that generate recurring profit or loss.

■ Highlights

- Business Income exceeded revised plans, driven by fundamental transformation and incremental cost savings.
- The vending channel value share continued to improve, with 21 consecutive months of positive momentum. In over-the-counter market share in the fourth quarter (October to December), our value share recovered as targeted sales promotion investments succeeded.
- We continued to drive fundamental business transformation guided by our mid-term strategic plan as we face the challenges of the COVID-19 pandemic, the decision to postpone the Tokyo 2020 Olympic and Paralympic Games to 2021, and other impacts on our business activities. We completed transformation of vending and OTC sales routes ahead of plan, reduced fixed costs, and increased business flexibility, achieving cost savings of over 35 billion yen.
- We completed recovery and expansion of supply capacity, with seven new manufacturing lines, including the new Hiroshima Plant, beginning operation as planned. We completed construction of the Saitama Mega DC that will help optimize the logistics network in the Tokyo metropolitan area, and started operations in February 2021.
- Sales of our Lemon-dou alcohol beverage remained robust. In the fourth quarter, we expanded the lineup with new products.
- We divested the Healthcare and Skincare business as of February 1, 2021, creating a cash inflow of about 45 billion yen. We will use the proceeds for investments to drive transformation and growth and for initiatives to improve shareholder value.
- We did not provide 2021 full-year earnings guidance, given renewed market uncertainty and reductions in consumer traffic after declaration of a second state of emergency in Japan, and lack of clarity on a timeline for vaccinations and expected market recovery.

Net revenue of continuing operations (Beverage Business) for full-year 2020 declined 98,053 million yen, or 11.0%, to 791,956 million yen, reflecting declining volume trends since March, driven by the ongoing impact of COVID-19 and unseasonably rainy and cool weather in the summer, especially in the month of July.

Business Income from continuing operations declined by 11,278 million yen, or 98.5%, to 169 million yen. This reflects a gross profit decline driven in large part by negative channel mix due to volume declines in the vending and convenience store channels, partially offset by significant efforts to drive cost reductions across labor, promotional activities, and back-office expenses.

Consolidated operating loss from continuing operations improved from the prior year to a loss of 11,722 million yen (58,904 million yen loss in the prior year), mainly by cycling a 61,859 million yen impairment loss on goodwill in the prior-year second quarter. As reference, other income (non-recurring) includes 2,520 million yen of government subsidies that partially offset temporary paid leave expenses in 2020 due to the COVID-19 pandemic. Other expenses (non-recurring) in 2020 results included 9,184 million yen of special retirement allowances and others due to the introduction of a voluntary employee retirement program. Other expenses (non-recurring) in 2020 include 3,923 million yen of temporary paid leave expenses, 4,546 million yen of transformation-related expenses, and special retirement allowances of 7,969 million yen.

Net loss attributable to owners of the parent for the full year, the total for continuing operations and discontinued operations, was 4,715 million yen (57,952 million yen loss in the prior year), led by improvement in operating loss.

Analysis of Financial Position

The Group's percentage of equity attributable to owners of the parent at the end of the consolidated fiscal year was 53.4%. We believe that the Company's financial structure remains sound.

Total equity at the end of the year was 939,603 million yen, a decrease of 12,840 million yen from the end of the previous year. This is attributable to factors including a decrease in right-of-use assets associated with cancellations of leased site facilities, etc., and a decrease in tangible fixed assets due to the restriction of investments in vending machines. etc. and the sale, etc. of under-utilized assets.

Total liabilities at the end of the year were 437,510 million yen, a decrease of 8,443 million yen from the end of the previous year. This was mainly due to a decline in liabilities involving retirement benefits due to favorable operation of pension assets and a decline in trade and other payables associated with a decline in sales volume, although bonds and loans payable increased due to 50,000 million yen in short-term borrowings in April 2020 for the purpose of access to cash and securing of sufficient liquidity amid the continuation of an uncertain environment.

Total equity at the end of the year was 502,093 million yen, a decrease of 4,398 million yen from the end of the previous year. This was primarily due to a decrease in other comprehensive income and a decrease in retained earnings due to payment of year-end dividends and decline in net earnings.

Analysis of Cash Flows

● **Cash Flows from Sales Operations**

Cash flow from sales operations resulted in 43,716 million yen (42,629 million yen in the previous year) due to a net loss before tax of 12,065 million yen from ongoing business, an increase in depreciation and amortization expenses, a decrease in inventories, return of corporate income tax, increase in other assets, decline in trade and other receivables, payment of corporate income tax, and other factors.

● **Cash Flows from Investment Activities**

Cash flow from investment activities resulted in expenditures of 52,076 million yen (compared with expenditures of 68,308 million yen in the previous year), due to factors including expenditures for the acquisition of tangible fixed assets associated with the execution of capital investments for the restoration of our supply structure and the stepwise expansion of our production capacity, as well as income from the sale of tangible fixed assets and intangible assets through the sale of under-utilized assets and cross-shareholdings, income from the sale of other monetary assets, etc.

● **Cash Flows from Financing Activities**

Cash flow from financing activities resulted in income of 20,912 million yen (compared with income of 73,994 million yen in the previous year), due to factors including expenses for redemption of bonds, payment of year-end dividends, repayment of lease liabilities, as well as an increase in short-term borrowings for the purpose of allocation to operating capital.

As a result of the above, cash and cash equivalents at the end of the year increased by 12,553 million yen from the previous year to 126,378 million yen.

Capital Expenditures

During the consolidated fiscal year, the Group made capital expenditures totaling 65,521 million yen, primarily in its mainstay segment, the Beverage Business.

The expenditures were mainly for bringing vending machines to market to strengthen sales capabilities, and for equipment to improve production efficiency and to adapt to new products.

Research and Development

No relevant matters apply.

Policies for Profit Distribution and Dividends

We periodically review our capital structure and dividend payout ratio to maximize shareholder returns while maintaining the flexibility to pursue expansion opportunities. We will utilize retained earnings for sustainable growth investments, and to pursue business growth and the further enhancement of corporate value.

The Company sets the active redistribution of profits as its basic policy regarding dividends, placing the highest priority on the stable payment of dividends. The Company has set a payout ratio target of 30% or more for net profit attributable to owners of the parent, and pays dividends to allocate surpluses two times per year (interim and year-end dividends), comprehensively taking business performance and retained earnings into account.

As dividends for the year ended December 2020, the Company paid no interim dividend and a year-end dividend of 25 yen per share, for an annual dividend of 25 yen per share.

Key Financial and Non-Financial Data

JGAAP		2011	2012	2013	2014	2015	2016	2017
Operating Results (Fiscal Year):								
Revenue	(Millions of yen)	399,717	386,637	431,711	424,406	440,476	460,455	872,623
Gross Profit	(Millions of yen)	195,244	190,795	215,287	212,881	223,951	238,611	450,249
Gross Profit Margin	(%)	48.8	49.3	49.9	50.2	50.8	51.8	51.6
Operating Income	(Millions of yen)	16,469	13,463	15,927	11,008	14,262	21,143	40,579
Operating Income Margin	(%)	4.1	3.5	3.7	2.6	3.2	4.6	4.7
EBITDA	(Millions of yen)	—	—	—	—	—	—	—
Net Income Attributable to Owners of the Parent	(Millions of yen)	6,997	6,031	13,625	4,482	9,970	5,245	25,244
Cash Flow Status (Fiscal Year):								
Cash Flow from Operating Activities	(Millions of yen)	39,960	26,324	40,082	28,628	40,422	34,388	72,450
Cash Flow from Investing Activities	(Millions of yen)	(34,050)	(14,243)	(16,493)	(9,590)	(24,994)	(19,921)	(41,090)
Free Cash Flow	(Millions of yen)	5,910	12,080	23,588	19,037	15,427	14,467	31,359
Cash Flow from Financing Activities	(Millions of yen)	(8,780)	(7,149)	(8,286)	(37,498)	22,416	(7,546)	(26,159)
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	34,564	39,495	60,275	41,830	79,828	86,727	118,741
Financial Position (End of Fiscal Year):								
Total Assets	(Millions of yen)	342,560	337,348	374,418	337,260	378,105	377,468	883,918
Interest-bearing Debt	(Millions of yen)	—	—	—	—	—	—	—
D/E Ratio	(Times)	—	—	—	—	—	—	—
Net Assets	(Millions of yen)	227,864	231,056	257,936	254,150	260,878	261,173	627,485
Per-share Information:								
Net Profit per Share (EPS)	(yen)	69.99	60.33	128.15	41.07	91.35	48.05	144.26
Net Assets per Share (BPS)	(yen)	2,275.55	2,307.44	2,359.82	2,325.19	2,386.81	2,389.28	3,070.01
Annual Dividend per Share	(yen)	41.00	41.00	41.00	41.00	41.00	46.00	44.00
Consolidated Dividend Payout Ratio	(%)	58.6	68.0	32.0	99.8	44.9	95.7	30.5
Stock Price at End of Year	(yen)	1,335	1,333	2,227	1,661	2,457	3,445	4,115
Other Financial Data:								
Return on Equity (ROE)	(%)	3.1	2.6	5.6	1.8	3.9	2.0	5.7
Return on Assets (ROA)	(%)	4.7	4.1	4.7	3.0	3.8	5.5	6.3
Equity Ratio	(%)	66.4	68.4	68.8	75.2	68.9	69.1	70.9
Price Earnings Ratio (PER)	(Times)	19.1	22.1	17.4	40.4	26.9	71.7	28.5
Price Book Value Ratio (PBR)	(Times)	0.6	0.6	0.9	0.7	1.0	1.4	1.3
Capital Expenditure	(Millions of yen)	21,201	20,031	20,242	22,783	16,181	25,728	42,539
Depreciation and Amortization	(Millions of yen)	21,371	20,643	23,758	22,943	24,048	17,491	37,352
Non-financial Data (End of Fiscal Year):								
Outstanding Shares at End of Year	(1000 shares)	111,126	111,126	111,126	111,126	111,126	111,126	206,269
Treasury Stock at End of Year	(1000 shares)	11,153	11,155	1,982	1,984	1,987	1,989	2,016
Number of Employees at End of Year		8,105	7,877	9,650	8,324	8,837	8,616	17,197
Average number of temporary employees not included in the above		2,073	1,890	2,059	1,949	2,613	2,499	4,403
Number of Directors		10	10	11	12	11	14	9
Number of Outside Directors		2	2	2	2	2	4	4

Note 1: The data through 2016 represents results for Coca-Cola West Co., Ltd. prior to the business integration. The data for 2017 represents results for Coca-Cola Bottlers Japan Holdings Inc. from the second quarter.

Note 2: Amounts are rounded down to the nearest unit under Japanese standards and rounded up or down to the nearest unit under IFRS. Percentages are rounded up or down to the nearest unit.

Note 3: In 2020, assets and liabilities of the Healthcare and Skincare business have been classified as the assets held for sale and liabilities directly related to assets held for sales, and the Healthcare and Skincare business has been classified as a discontinued operation, as a result of the decision to sell all shares in Q'sai held by the Company. Therefore, these are excluded from the above major financial data for 2020.

Note 4: Figures for "Percentage of women in managers positions" and "Women in manager and leader positions" refer to the beverage business.

Note 5: "Water usage" is the total amount of water used in the manufacture of products (excluding water in products) in the beverage business.

Note 6: "CO₂ emissions" are the actual emission amount (Scope 1 to 3) of the beverage business. Due to the coefficient change, 2019 actual number has been revised retroactively.

IFRS		2017	2018	2019	2020
Operating Results (Fiscal Year):					
Revenue	(Millions of yen)	837,069	927,307	914,783	791,956
Gross Profit	(Millions of yen)	412,782	452,151	441,060	362,916
Gross Profit Margin	(%)	49.3	48.8	48.2	45.8
Business Income	(Millions of yen)	40,177	23,276	15,042	169
Business Income Margin	(%)	4.8	2.5	1.6	0.0
EBITDA	(Millions of yen)	81,560	70,807	71,993	59,083
Net Income Attributable to Owners of the Parent	(Millions of yen)	21,967	10,117	(57,952)	(4,715)
Cash Flow Status (Fiscal Year):					
Cash Flow from Operating Activities	(Millions of yen)	73,014	51,244	42,629	43,716
Cash Flow from Investing Activities	(Millions of yen)	(14,299)	(48,628)	(68,308)	(52,076)
Free Cash Flow	(Millions of yen)	58,715	2,616	(25,679)	(8,360)
Cash Flow from Financing Activities	(Millions of yen)	(26,717)	(55,835)	73,994	20,912
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	118,742	65,510	113,825	126,378
Financial Position (End of Fiscal Year):					
Total Assets	(Millions of yen)	929,304	877,472	952,444	939,603
Interest-bearing Debt	(Millions of yen)	81,385	102,814	246,521	271,233
D/E Ratio	(Times)	0.1	0.2	0.5	0.5
Total Equity	(Millions of yen)	655,038	580,906	506,491	502,093
Per-share Information:					
Basic Earnings per Share (EPS)	(yen)	125.53	52.68	(322.22)	(26.29)
Equity Attributable to Owners of the Parent per Share (BPS)	(yen)	3,204.90	3,163.63	2,821.27	2,797.03
Annual Dividend per Share	(yen)	44.00	50.00	50.00	25.00
Consolidated Dividend Payout Ratio	(%)	35.1	94.9	—	—
Stock Price at End of Year	(yen)	4,115	3,285	2,791	1,609
Other Financial Data:					
Equity Income Margin Attributable to Owners of the Parent (ROE)	(%)	4.6	1.6	(10.7)	(0.9)
Total Assets / Pre-tax Profit Ratio (ROA)	(%)	5.6	1.6	(6.1)	(1.3)
Percentage of Equity Attributable to Owners of the Parent	(%)	70.4	66.2	53.1	53.4
Price Earnings Ratio (PER)	(Times)	32.8	62.4	(8.7)	(61.2)
Price Book Value Ratio (PBR)	(Times)	1.3	1.0	1.0	0.6
Capital Expenditure	(Millions of yen)	42,539	53,136	103,882	65,521
Depreciation and Amortization Expenses	(Millions of yen)	41,383	47,531	56,951	59,583
Non-financial Data (End of Fiscal Year):					
Outstanding Shares at End of Year	(1000 shares)	206,269	206,269	206,269	206,269
Treasury Stock at End of Year	(1000 shares)	2,016	22,793	26,917	26,920
Number of Employees at End of Year		17,197	17,100	16,959	16,274
Average number of temporary employees not included in the above		4,403	3,957	3,578	4,008
Number of Directors		9	9	9	9
Number of Outside Directors		4	4	6	7
Women in Manager Positions	(%)	—	3.9	4.2	5.8
Women in Manager and Leader Positions	(%)	—	6.8	7.3	9.3
Water Usage	(1000 m ³)	—	13,998	13,316	12,560
Water Source Replenishment	(%)	—	277	322	364
CO ₂ Emissions	(1000 tons - CO ₂)	—	—	2,347	2,076

Company Profile / Stock Information (As of December 31, 2020)

[Company Profile]

Company name	Coca-Cola Bottlers Japan Holdings Inc.	Securities Code	2579
Headquarters	Tokyo Midtown Tower, 9-7-1 Akasaka, Minato-ku, Tokyo, Japan	Authorized Shares	500,000 thousand shares
Establishment	December 20, 1960	Outstanding Shares*2	206,269 thousand shares (Common share)
Paid-in capital	JPY 15,232 million	Number of Shareholders	62,701 (54,893 with one unit or more)
Number of employees*1 (consolidated)	16,274 (including 15,772 in the beverage business)	Number of Shares per Trading Unit	100 shares

*1 Share of Q'SAI CO., LTD. in the Healthcare and Skincare business was sold on February 1, 2021.

*2 Issued shares of the Company are common shares only. The Company has not issued preferred shares or any other types of shares which entail rights different from those of common shares.

[Major Shareholders]

Shareholder	Number of Shares Held (Thousands)	Shareholding Ratio (%)
Coca-Cola (Japan) Co., Ltd.	27,956	15.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,450	5.83
Custody Bank of Japan, Ltd. (Trust Account)	5,571	3.11
Ichimura Foundation for New Technology	5,295	2.95
Satsuma Shuzo Co., Ltd.	4,699	2.62
STATE STREET BANK AND TRUST COMPANY 505225	4,241	2.36
Senshusha Co., Ltd.	4,088	2.28
Coca-Cola Holdings West Japan, Inc.	4,075	2.27
Mitsubishi Heavy Industries Machinery Systems, Ltd.	3,912	2.18
MCA Holdings Co., Ltd.	3,408	1.90

Note 1: 26,920 thousand shares of treasury stock are not shown in the table above and are excluded from the calculation of shareholding ratios.

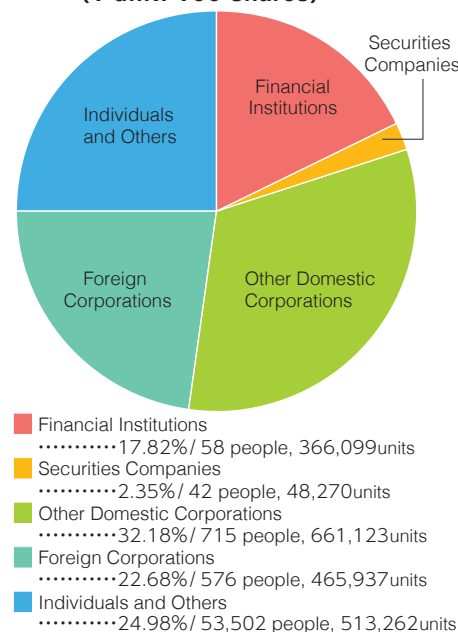
Note2: The Coca-Cola Company holds 18.80% through Coca-Cola (Japan) Co., Ltd., Coca-Cola Holdings West Japan, Inc., and other subsidiaries.

[Bond Information]

	Total amount issued (Million yen)	Coupon rate (%)	Maturity date
CCW 3rd Series of Unsecured Straight Bond	30,000	0.524	June 17, 2022
CCBJH 1st Series of Unsecured Straight Bond	40,000	0.100	September 19, 2024
CCBJH 2nd Series of Unsecured Straight Bond	60,000	0.200	September 18, 2026
CCBJH 3rd Series of Unsecured Straight Bond	50,000	0.270	September 19, 2029

*CCW : Coca-Cola West Co., Ltd. *CCBJH : Coca-Cola Bottlers Japan Holdings Inc.

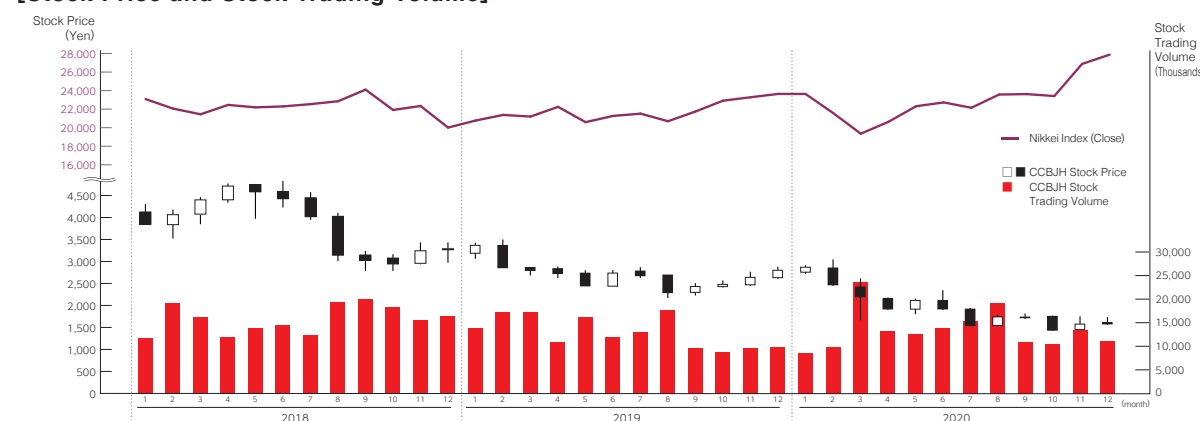
[Composition of Shareholders] (1 unit: 100 shares)



[Rating Information]

	2018	2019	2020
Japan Credit Rating Agency, Ltd. (JCR) long-term issuer rating	AA-	AA-	AA-
Rating and Investment Information, Inc. (R&I) issuer rating	A+	A+	A+

[Stock Price and Stock Trading Volume]



IR Tools

● Communication Tools

Through the timely and appropriate disclosure of information, we seek to be a company that is correctly understood and trusted by all of our stakeholders. We report IR information primarily using various IR tools, and report ESG information (information concerning the environment, society, and governance), the target of much attention in recent years, and other non-financial information in our CSV Report. We also report wide-ranging corporate information on our website.

Annual Review

<https://en.ccbj-holdings.com/ir/library/annualreview.php>

CSV Report

<https://en.ccbji.co.jp/csv/doc.php>

To Our Shareholders
(Annual newsletter to individual shareholders, Japanese version only)

<https://www.ccbj-holdings.com/ir/library/business.php>
(Japanese only)

● Website for shareholders and investors

Our website provides IR event schedules, financial information, and other extensive IR information for shareholders and investors. We also provide timely earnings announcements, news releases, and other notifications to registered users. We conduct earnings presentations in both Japanese and English, and archive these for access at any time.

[<https://en.ccbj-holdings.com/ir/>]

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Evaluations from Outside the Company

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

CDP
DRIVING SUSTAINABLE ECONOMIES

CERTIFIED
ISO 14001

CERTIFIED
FSSC 22000

NADE
SHI
KO
2021

L-boshi

Kurumin

Health & Productivity
Management
Organization 2021 (White 500)

SSON Impact Awards Asia

NIKEI
SDGs
2020

Work with Pride
Gold 2020

SPORTS
YELL
COMPANY

2020 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

東京で輝く、
自分らしく。

MSCI Japan Empowering
Women Index (WIN)

The Women's Participation
Promotion Awards

Also received the Director's Award for Excellence in Disability Hiring from the Bureau of Industrial and Labor Affairs