

# ANNUAL REVIEW 2021

Coca-Cola Bottlers Japan Holdings Inc.

*Coca-Cola*  
BOTTLETS JAPAN HOLDINGS INC.





## Contents

### Leaders' Perspective: Our Value Creation Story

Corporate Philosophy .....	02
Top Message .....	03
Message from the CFO .....	06
Working Toward Sustainable Growth Over the Medium to Long Term .....	08

### Coca-Cola Bottlers Japan at a Glance

Overview of Coca-Cola Bottlers Japan .....	09
Financial and Sustainability Highlights .....	11

### The Challenge of Value Creation

Value Creation Process .....	13
Commercial Activities .....	15
Supply Chain Initiatives .....	21
Initiatives for Digital Transformation (DX) .....	23
Initiatives to Enhance Human Resources Management and Organizational Strengths .....	25
Initiatives for Creating Shared Value (CSV) .....	27

### Governance and Financial Framework

Corporate Governance .....	31
Financial Information .....	41
Company Profile, etc. ....	45





## *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
- 持続可能な成長により、市場で勝ちます
- 常に学びながら成長します
- 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 preferred partner for our customers*
- *We win in the market through sustainable growth*
- *We lead a learning culture with commitment to grow*
- *We are the best place to work with pride for Coca-Cola*

### Values

- 学ぶ向上心を忘れません
- 変化を恐れず機敏に行動します
- 結果を見据え最後までやりきります
- 誠実と信頼に基づいた気高い志で行動します

- *Learning*
- *Agility*
- *Result-orientation*
- *Integrity*

# Leverage the foundation we have built and focus on sustainable growth

Representative Director and President

**Calin Dragan**



The business environment of 2021 remained challenging due to limited numbers returning to Japanese streets as COVID-19 continued to spread. This resulted in a continued competitive environment with a slow recovery in overall demand. In this climate we focused on what we can control, and took measures to protect our business. We maintained market share and implemented cost-saving initiatives across all areas of the business. Despite a muted business performance, we focused on building a foundation for growth. Our transformation prepares us to achieve strong growth by capturing demand when consumer traffic returns. Currently traffic is on a recovery trend, following the end of government measures to control COVID-19; however, new challenges have emerged such as the global rise in commodity prices. The business environment is expected to remain challenging in 2022, but we will focus on activities that return us to a growth trajectory and achieve sustainable growth in the future. We continue to work toward achieving business growth and creating shared value with society through the value creation process of our mission.

## Deliver Happy Moments to Everyone while Creating Value

2021 saw the 135th anniversary of Coca-Cola's birth in Atlanta, Georgia, USA, and the 65th anniversary of its first sales in Japan. Then this April, Coca-Cola Bottlers Japan Holdings celebrated its fifth anniversary. We would like to express our sincere gratitude to all of our stakeholders who have supported our business.

Our mission is to deliver happy moments to everyone while creating value. Beverages are lifestyle necessities and also small luxuries to enjoy. The Coca-Cola system in Japan currently offers about 40 brands, and our

company has a product lineup of more than 600 SKUs. As a total beverage company we not only deliver safe products that consumers can drink with peace of mind, but work to create new market opportunities while meeting consumers' diversifying needs through innovation. The beverage market in Japan has changed dramatically since COVID-19. We have responded agilely to these changes while diligently conducting business activity in line with our mission to deliver happy moments to everyone through our products.

## Our Business Model and Value Creation Process

We are committed to leveraging our management resources to continue delivering value to stakeholders. Since our 2017 integration we have pursued a business strategy that leverages our scale as the largest Coca-Cola bottler in Japan and one of the biggest in the world. Furthermore, we are maximizing value provided by building a solid value chain from sales planning to procurement, product manufacturing, logistics, sales as well as recycling. The Coca-Cola Company and Coca-Cola (Japan) Company are essential to our value

chain. They supply concentrate from which our products are made and are responsible for product planning, development, and marketing. We work closely with Coca-Cola (Japan) Company in all areas to create an integrated value chain that maximizes the value of our offerings in the Japanese market. We believe that the deepening of our collaboration with the company since 2017 has contributed to faster decision-making, enhanced innovation, and strengthened strategy execution throughout the Coca-Cola system in Japan.



## Navigating Business in a Challenging Business Environment

The main occasions our customers enjoy our beverages are immediately on purchase and at-home consumption. In 2020 as COVID-19 curbed consumer traffic, we were acutely impacted in immediate consumption channels of vending and convenience stores. Infection prevention measures at restaurants and other establishments caused volume to drop in the retail & food service channel. In addition, intensified competition during a significant decline in overall demand had a strong repercussions on our earnings performance. In 2020, we lost over 100 billion yen in sales revenue. In 2021, while volume recovered slightly from the previous year, sales revenue declined somewhat due to the extended state of emergency declaration and other factors.

In this demanding business environment, we have focused on protecting our business while building a foundation for growth. We have continued transformation to enable us to achieve sustainable growth once the market normalizes. In 2020, we addressed an unprecedented situation with cost reductions in all aspects of the business. In 2021, amid the continued challenges, we maintained short-term cost control discipline, but also focused on making appropriate levels of marketing and human capital investment for medium- and long-term growth. Throughout these periods, we implement activities to capture at-home consumption demand growth that grew during COVID-19, and drove efforts to strengthen market share base and drastically transform our business model's high fixed costs, all based on the strategy of focusing on what we can control.

## Our Actions are Yielding Results

Initiatives implemented during COVID-19 are showing concrete results. As part of our innovation efforts, we introduced new products, such as Fanta Premium, Costa Coffee, Yakan no Mugicha from Hajime, Ayataka Cafe, and Yowanai Lemon-dou. These are all popular with customers and contributing to volume growth. In the profitable vending channel, we continued to achieve year-on-year value share increase for 37 consecutive months (as of April 2022). I am confident that we are well-positioned to capture demand recovery for growth as we saw strong volume growth in vending after the lifting of state of emergency in 2021.

Transformation efforts have resulted in a stronger business foundation. We have achieved over 20 billion yen of recurring cost savings in the past two years, predominantly in fixed costs.

We have been transforming our operation model for vending, expanding manufacturing capacity, reorganizing our logistics network through Mega DCs (distribution centers), streamlining supply chain and back-office, standardizing processes, and accelerating digitalization. We have effected transformation in all business areas, based on the principle that business as usual is not an option.

We have already achieved results in cost savings, and we are confident that these achievements will become an important foundation of sustainable growth.

With the lifting of COVID-19 restrictions in March 2022, consumer traffic is on a recovery trend. Our first quarter volume grew by 4% year-on-year, and we believe that our achieved volume growth exceeds the market. The initiatives we focused on in a challenging environment are gradually showing results.

## Further Action Needed for Sustainable Medium- and Long-term Growth

The beverage industry business environment continues to be challenging with changing consumer behavior on channels and packaging, and an increasingly competitive environment. These have all had a significant impact on our business from a profitability standpoint. We are also facing new challenges that need to be addressed, such as the rise in global commodity and crude oil prices, and Yen depreciation.

Under such circumstances, we are focused on implementing appropriate pricing and promotional activities to strengthen our earnings base. As part of this strategy, we

have decided and implemented shipment price revisions ahead of the industry for large PET bottle products in May 2022. In June, we announced that we will revise the suggested retail price of small packages for shipments starting from October 1, 2022.

We will communicate clearly with consumers and customers to ensure understanding of such changes. By rebuilding our revenue base, we will offer more value-added products and attractive promotions in the future.

### Shift Beyond Protecting the Business toward Growth

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During COVID-19, While prioritizing to protect our business, we have worked to build a foundation for the future. Going forward, we must shift management strategy toward growth. We position 2022 as the year of building a foundation of sustainable growth. We will

achieve sales growth by capturing the recovery in customer traffic, improve our profitability base and advance transformation. To show our way forward, we are developing a mid-term business plan and will announce this once details are finalized.

### Develop Human Resources that Support Business Growth

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I am certain that people and organizational strength constitute the principal foundations of our business. In addition to training sales representatives who meet our consumers and customers as beverage professionals, we are promoting and developing international talent in each function. We are building an organizational structure that allows each employee to maximize their

capabilities. We offer learning opportunities through human resource development programs, fostering a result-oriented culture, strengthening diversity and inclusion, and promoting diverse work styles. We continue to actively invest in our people to develop competitive human capital that is the strength and the future of our company.

### Commit to Creating Shared Value (CSV) and Sustainability

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We place Creating Shared Value (CSV) at the core of our management as we engage in initiatives that benefit society. Together with The Coca-Cola (Japan) Company, we formulated a Sustainability Framework that identified three platforms of Inclusion, Communities, and Resources, and nine priority issues to be addressed, as an aligned framework of the Coca-Cola system in Japan. We are working in all areas to achieve our unique non-financial goal CSV Goals. These targets are linked to the Sustainable Development Goals (SDGs) and we are actively working to achieving them.

In addition, we are improving the ratio of sustainable materials usage in PET bottles. This is to achieve our 2030 Packaging Vision of the Coca-Cola system in Japan and The Coca-Cola Company's global goal of a

World Without Waste. We achieved a 40% ratio of sustainable materials as of the end of 2021. We will further drive efforts to achieve the 50% target in 2022. Furthermore, we have set a reduction target for greenhouse gas (GHG) emissions, a critical global issue, throughout the Coca-Cola system in Japan. To achieve these targets, we will work on PET bottle related initiatives, efficient logistics and utilization of renewable energy.

We endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will work to further enhance our analysis of the financial impact of risks and opportunities related to climate change, as well as our disclosure of measures to address them.

### Dialogue with Stakeholders Improves Management

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I would like to reflect the voices of our shareholders, investors, and other stakeholders to our business management. I view our interaction at events such as the Annual General Meeting of Shareholders, earnings presentations, individual meetings, domestic and overseas events, and other opportunities to be extremely

valuable. We will continue to deepen our engagement to make progress towards our mission to deliver happy moments to everyone while creating value.

I thank you for your continued support of our company.

## Message from the CFO

Representative Director & Vice President,  
Chief Financial Officer

**Bjorn Ivar Ulgenes**



### Summary of 2021

In 2021, domestic non-alcoholic ready-to-drink (NARTD) beverage industry growth was estimated to show only a slight increase on the previous year. Although there was improvement in people traffic when the COVID-19 state of emergency declaration was lifted, we did not see a full recovery. Prolonged state of emergency declarations and record heavy rainfall in our peak season all impacted demand. In these conditions we have begun a fundamental transformation of our business, based on the principles of focusing on what we can control while responding to the volatility in demand and channel trends triggered by COVID-19.

As for business performance in 2021, sales volumes increased from the previous year with traffic recovery following the lifting of the state of emergency declaration. However, business income decreased from the previous year with the lower revenue per case caused by changes in consumer behavior and severe competition. The implementation of appropriate marketing and human capital

investment, restrained in the previous year, also had an impact.

In this challenging business environment, we have taken measures to minimize the impact to our topline. Such measure include rolling out new products and responding to changing trends in each channel. In addition, we have pushed forward with our transformation to evolve the vending operation model, reallocate product inventories and consolidate distribution bases around the Saitama Mega DC to optimize distribution in the Kanto region. We have streamlined our supply chain structure to achieve low-cost operations, improved operational efficiency through company-wide digital transformation (DX), and promoted new work styles to build a foundation for profitable growth when the market normalizes. These efforts have produced steady results, mitigating COVID-19's impact and reducing short-term costs to protect our business and build a foundation for future growth.

### 2022 Business Plan and Outlook

In 2022, we expect a level of growth in the domestic beverage market with the traffic recovery of 2021. However, the challenging business environment is expected to continue due to the continued impact of changing consumer behavior. Such changes include the shift in drinking occasions from immediate consumption to at-home. Other factors include a shift in purchasing channels as well as continued intense competition and rising global commodity and crude oil prices, and Yen depreciation.

For our 2022 plan, we forecast 4.3% year-on-year growth in revenues to 819.7 billion yen and a business income loss of 14.6 billion yen. This is a similar level to the previous year. Although we expect a cost increase of more than 10 billion yen due to rising commodity prices, the continued challenging business environment, and the cycling of approximately 18 billion in temporary cost savings implemented in 2021. We aim to achieve 2% volume growth over the previous year by implementing sales activities to capture growth opportunities arising from returning traffic.

We aim to achieve the same level of business income as the previous year by further promoting transformation and implementing initiatives to improve the earnings base, such as price revisions and control of marketing expenses.

In commercial, we are rolling out new products and responding to diversifying consumer needs. We are focused on both growth and profitability. As part of such profitability-focused pricing strategy initiatives, we revised the shipping price of large PET bottle products in May. In manufacturing and logistics, we are working to reorganize our supply chain network, which will be the foundation for sustainable growth. We are realizing stable function in our Saitama Mega DC, which began operations in 2021. We expect a smooth launch of the Akashi Mega DC, scheduled to start operations in July 2022. In conjunction with our Mega DCs we are consolidating sales and logistics centers as well as reducing and optimizing product inventories.

## Message from the CFO

The past few years have been a difficult period in terms of business performance. We believe that it is urgent to return to a growth trajectory. To achieve this, we have positioned 2022 as the Year of Establishing a Foundation for Sustainable Growth. We will focus on building a revenue

base that will allow steady, sustainable growth. Our business aims to achieve low-cost operations through further transformation. In addition, we are currently developing a mid-term business plan to achieve sustainable growth over the medium to long term in a post-COVID world.

### 〈2022 Targets〉

#### Market share



Value share growth in vending  
Balanced approach in OTC with  
sustainable pricing in mind

#### Recurring cost savings

**5 B yen**

Transformation continues to  
deliver savings

#### Capex

**46 B yen**

Control capex and monitor  
market environment for  
expanding investments gradually

Not including IFRS16 non cash items

#### Depreciation

**47 B yen**

Controlled capex spending and  
decrease YoY

#### Annual dividends

**50 yen / share**

Solid balance sheet allowing  
stable dividend payout

#### Sustainable PET Ratio

**50 %**

About 60% reduction in CO<sub>2</sub> per  
bottle, switching from virgin PET  
bottle to 100% sustainable PET bottle

Sustainable materials refers to the total bottle-to-bottle  
recycled PET materials and plant-derived PET materials

### Financial Framework for Shareholder Value Creation

We are developing Investment for growth and Good stewardship of capital to create shareholder value. Based on this strategic direction, we are focusing on key initiatives such as investments toward a foundation for market share growth, establishing a resilient cost structure that enables us to respond to environment changes with agility, improving efficiency by standardizing business processes and promoting DX, and improving balance sheet as good stewards of capital.

For future growth, in addition to focusing management resources on the core beverage business, we would like to gradually return to the growth investment restrained during COVID-19. Capital investment in 2022 is forecast to increase by 7 billion yen from the previous year to 46 billion yen. We continue to invest in key transformation initiatives that will lead to mid-to long-term growth. We will look for opportunities to increase our investment in vending machines while monitoring the market environment. In addition, we have been selling off idle assets that emerge in the process of transformation, and the gradual sale of

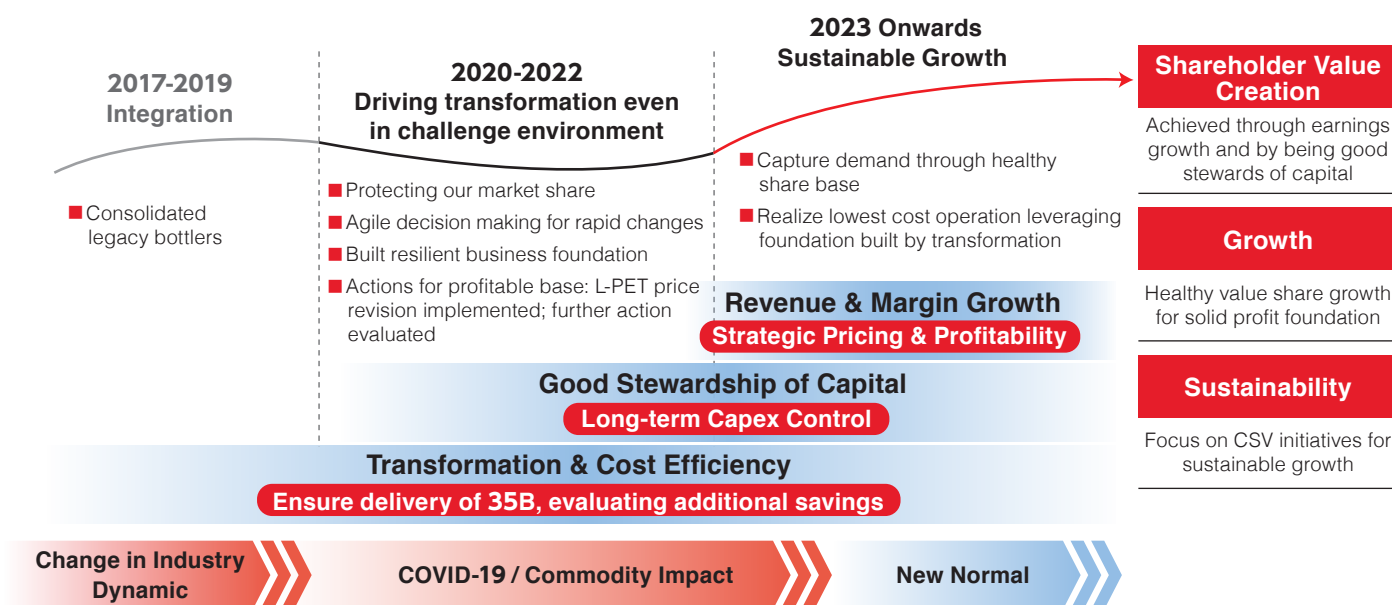
cross-held shares in line with the Corporate Governance Code. In 2022, based on the idea of being Good stewards of capital, we will strive to maintain a strong financial structure, prioritize capital allocation, secure appropriate cash flows and execute capital investment with an ROI focus. For dividends, we will strive to maintain stable dividends and, in the future, aim to improve shareholder value in line with our growth. We will consider all measures that will lead to an increase in shareholder returns. In 2022, we plan to pay the same amount as in 2021 of 50 yen per share.

Since our integration in 2017, we have implemented financial initiatives such as stable dividend payments, share buybacks and issuance of corporate bonds. We are optimizing the balance sheet with the aim of improving shareholder value. Although the difficult business environment is expected to continue in 2022, we will further continue our transformation, strengthen the foundation of agile and resilient business, and continue efforts to improve profitability to enhance corporate value.

# Working Toward Sustainable Growth Over the Medium to Long Term

Since the business integration in 2017, we have implemented our business operations amidst a challenging business environment symbolized by rapid changes in the market environment amid the sharp increase in aseptic products, the shutdown of plant operations due to damages incurred from the torrential rains that hit Western Japan, and the impacts of the COVID-19 pandemic. Since 2020 and the outbreak of the COVID-19 pandemic, in particular, we have carried out business activities with priority given to protecting our business while addressing the rapid changes in the business environment using swift decision making. Additionally, we have implemented a number of major measures for transformations that will contribute to future growth, mainly in commercial and supply chain, focusing on areas that can be controlled. We have also raised prices to shore up our earnings base.

In 2022 and beyond, we will shift our focus of business from protection to growth. Positioning creation of shareholder value, growth, and sustainability as core areas, we will show a roadmap for achieving sustainable growth.



## Implemented price revision for large PET bottle products

We implemented price revisions of large PET bottle products (excluding some products) for shipments starting from May 1, 2022. At present, we are experiencing significant cost pressures from the soaring cost of raw materials, packaging materials and logistics worldwide, and monitoring the trend carefully as it could continue to rise. Although we are working diligently to streamline manufacturing and business operations, we will continue to find ways to address further cost increases, as improving our earnings base is an urgent task that must be addressed to achieve sustainable growth into the future. In response to these circumstances, in June, we announced the revision of the suggested retail price of small packages for shipments starting from October 1, 2022.

We continue working to provide safe and secure products and services with the highest level of quality in order to address the varied nature of consumer needs.





# Overview of Coca-Cola Bottlers Japan

## Sales area



## Consumers in sales area



## Brands (As of April 2021)



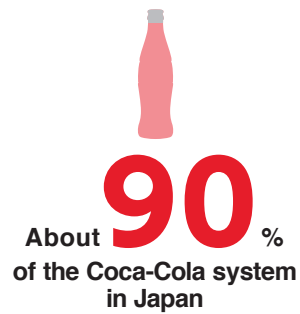
## SKUs



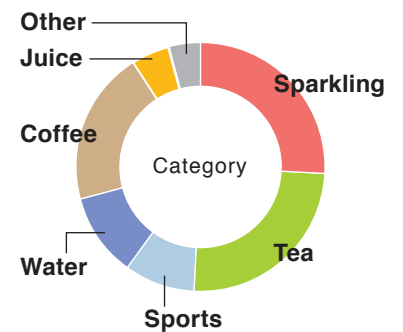
## Annual sales volume



## Sales coverage by volume

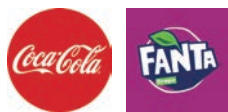


## Portfolio (Sales volume base)



## Key Brands by Beverage Category

### Sparkling



### Tea



### Sports



### Water



### Coffee



### Juice



Customer outlets

About **250** K

Vending machines

About **700** K

Manufacturing plants

**17** plants

Sales centers

(Including distribution centers)



About **320**

Fleet vehicles

About **12,500**

Employees

(Not including temporary workers)



About **15,000**

Note: As of Dec. 2021 unless stated otherwise

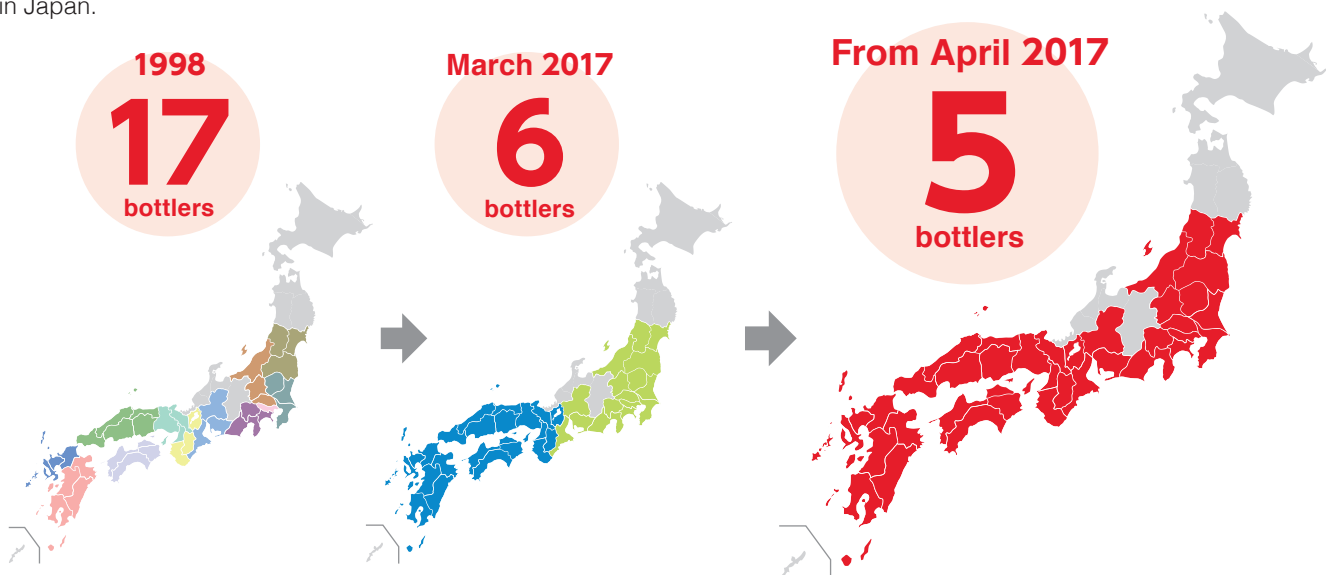
## History of our Company

### (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 integration to become Japan's largest bottler, handling over 90% of the sales volume in Japan.

Coca-Cola Bottlers in Japan other than CCBJH

Hokkaido Coca-Cola Bottling Co., Ltd.  
 Michinoku Coca-Cola Bottling Co., Ltd.  
 Hokuriku Coca-Cola Bottling Co., Ltd.  
 Okinawa Coca-Cola Bottling Co., Ltd.

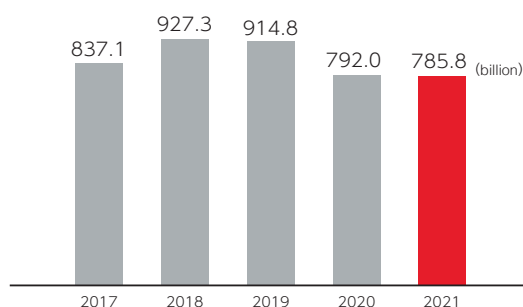


# Financial and Sustainability Highlights

## Financial Highlights (IFRS)

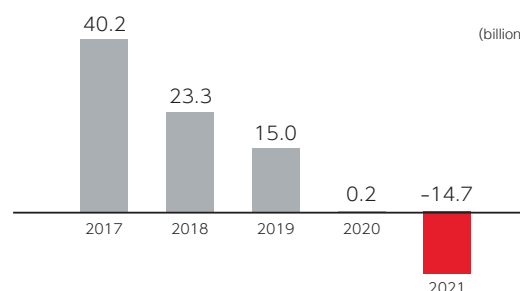
### Revenue

**785.8** billion yen



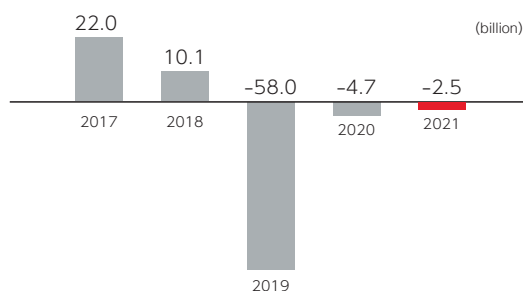
### Business Income

**-14.7** billion yen



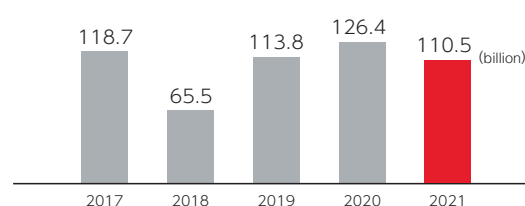
### Net Income Attributable to Owners of the Parent

**-2.5** billion yen



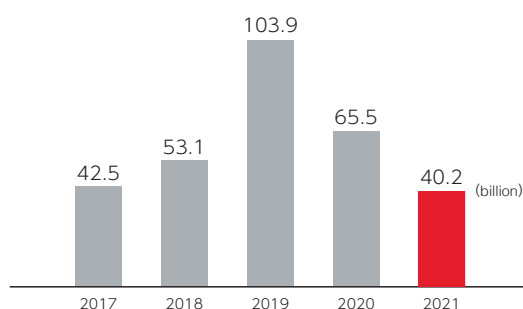
### Cash and Cash Equivalents at End of Fiscal Year

**110.5** billion yen



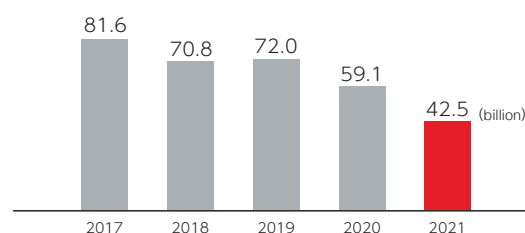
### Capital Expenditure

**40.2** billion yen



### EBITDA

**42.5** billion yen



Note1 : In 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, Business Income and EBITDA for 2020 and 2021 are the amounts for continuing operations excluding discontinued operations. This sale of shares was completed on February 1, 2021.

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

## Sustainability Highlights

### Inclusion

#### Women in manager positions

(As of the end of January, 2022)



**6.4%**

Surpassed initial 6% target and set a new target of **20%** by 2030.

#### Women on the Board of Directors

(As of the end of March, 2022)



**22%**

#### Employment of people with disabilities\*

(As of June 1, 2021)



**2.39%**

#### Number of employees who used childcare leave



**164**

\* "Report on the Employment Status of People with Disabilities" submitted to Director of the Public Employment Security Office with jurisdiction.

### Communities

#### Disaster relief agreements



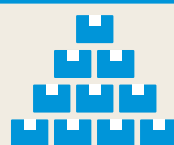
**1,062**

#### Disaster support vending machines



Over  
**3,200**

#### Donation of products through food banks



About  
**11,000** cases

#### Number of SDGs Seminars Held



**24** seminars  
More than **4,900** participants

### Resources

#### Water used per 1L of product



**3.24** L/L  
+0.01L/L(YoY)

#### Energy used per 1L of product



**0.87** MJ/L  
-0.01MJ/L(YoY)

#### Recycling rate of industrial waste



**99.9%**

#### Ratio of sustainable materials\* used in PET bottles



**40%**

\*Sustainable materials refers to the total bottle-to-bottle recycled PET materials and plant-derived PET materials.

Note: As of Dec. 2021 unless stated otherwise



See the CSV Report for details

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



## Deliver happy moments to ev

### Input

### Business Model

#### Main capital / Strengths

##### Intellectual capital



Global brands such as Coca-Cola and access to the worldwide Coca-Cola system network

Billion dollar brands      Coca-Cola bottlers worldwide  
**21 brands**      **About 225**

##### Manufactured capital (equipment, etc.)



Robust supply chain and sales foundation for realizing innovation and solutions provision

Manufacturing plants      Sales / distribution centers      Vending machines  
**17 plants**      **About 320**      **About 700K**

##### Human capital



Diverse workforce (respect for diversity, global talent, beverage pros) and foundation for work styles where employees maximize their skills

Employees  
**About 15,000**

##### Natural capital



CSV promotion system and awareness of social responsibilities as a company that uses earth's limited resources

Water usage      Water source replenishment  
**12,993 thousand m³**      **353%**

\* Water usage refers to the total amount of water used in manufacturing processes (excluding water as a product)

##### Social capital



Solid relationships of trust with stakeholders including communities

Sales area      Consumers in sales area  
**Tokyo, Osaka, Kyoto and 35 prefectures**      **About 112 million**

##### Financial capital

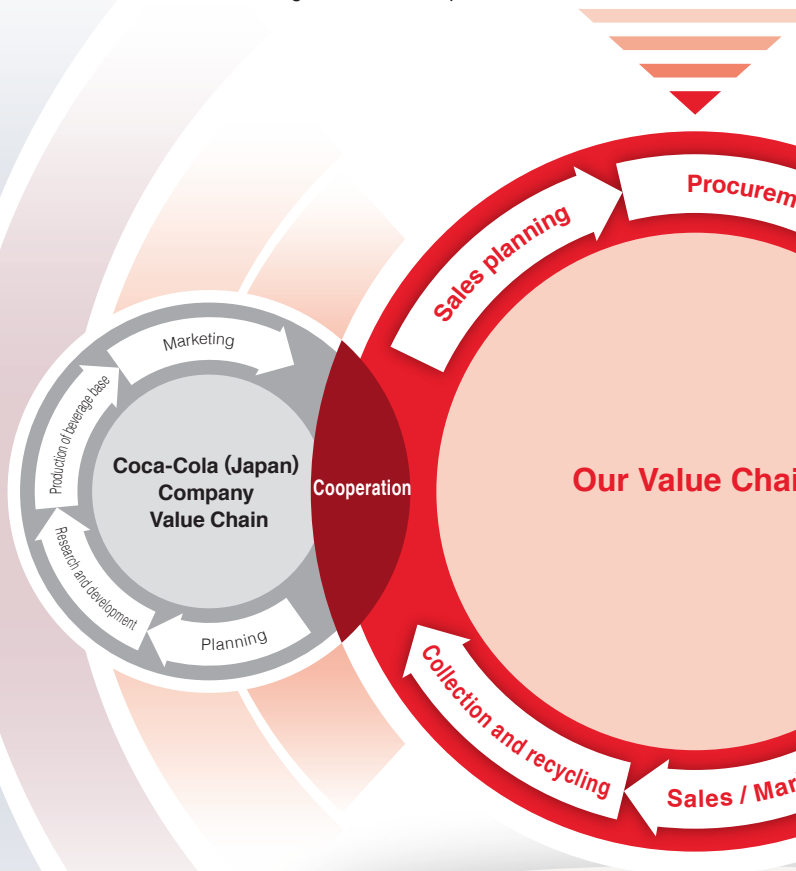


Robust financial foundation

Total assets      Rating  
**Approx. ¥870 billion**      **A+(R&I)/AA-(JCR)**

#### Partnership with The Coca-Cola Company and

- ▶ We use concentrate, which is the main raw material for products produced by The Coca-Cola Company, to procure other raw materials and supplies, manufacture, distribute, and conduct sales-driven marketing activities. Coca-Cola (Japan) Co., Ltd. is responsible for sales planning and development, and consumer marketing activities such as vending machine management.
- ▶ We are working closely together and collaborating in all aspects of the beverage business in Japan.



#### Foundation for sustainable

Human resource management

Business process management

Corporate governance

Sustainability framework  
CSV promotion system

Corporate Philosophy (Mission, Vision, etc.)



# Everyone while creating value

Model

Output &amp; Outcome

Ideal Image

## and Coca-Cola (Japan) Company

Procured from Coca-Cola (Japan) Co., Ltd.,  
and sell final products, and engage in  
responsible for supply of concentrate, product  
such as advertising.

the value chain for the sustainable growth of

### Beverages for Life

Beverages in tune  
with people's life and daily living



About **40** brands,  
more than  
**600** products

Refreshment

Safe and secure

Always nearby

Mitigation of  
environmental  
impact

Delicious

Healthy

Engagement  
PartnershipTotally  
new experiences

Innovation

Sustainable growth

IT platform  
DX promotion system

Network system  
ERM system  
BCP

(Innovation, and Values)

### Value provided

#### Customers (consumers and business partners)



- ▶ Enhancing wellness and loyalty through the provision of high quality products and services
- ▶ Contributing to expanded business opportunities for business partners through the provision of solutions through beverages (B-to-B)

#### Suppliers



- ▶ Appropriate transactions and responsible procurement
- ▶ Building long-term relationships and expanding business opportunities through sustainable growth of the Company

#### Employees



- ▶ Improving employee satisfaction by having the Company and employees learn together and share profits
- ▶ Developing workplaces where employees can fully harness their skills

#### Communities



- ▶ Realization of CSV that contributes to business growth and community development

#### Natural Environment



- ▶ Mitigating environmental impacts through formation of a low-carbon society and recycling-oriented society
- ▶ Contributing to increased environmental awareness among consumers

#### Shareholders / Investors



- ▶ Increasing share value through profit growth and enhancement of shareholder returns

Continuing to  
strengthen the cycle  
of corporate value  
enhancement

Mutual growth from  
economic value and  
social value

Enhancing capital  
that will drive value  
creation

#### Creating economic value

- ▶ Business growth led by growth and streamlining
- ▶ Acquisition of reinvestable resources

Sales and profit growth

Transformation and  
cost efficiency

Good stewardship of capital

#### Creating social value

- ▶ Returning profits to society through CSV
- ▶ Contribution to SDGs

#### <CSV Goals>

Inclusion Communities Resources



## Message from Head of Commercial

Executive Officer,  
Chief Commercial Officer  
**Costin Mandrea**



Commercial engages in finely tuned sales and marketing activities on a daily basis to ensure more customers and consumers choose Coca-Cola products. Since our establishment in 2017, we partnered with our customers to deliver happy moments to our consumers, we have worked to establish a top class sales team, digitalize our sales and marketing activities and enhance our commercial capabilities. We have also worked to innovate operational processes with a focus on achieving simple, low-cost operations while providing high quality services.

In 2021, the business environment was as challenging as in 2020, with slow growth in total demand against a backdrop of delayed recovery in the traffic due to the continuing impact of COVID-19. Nevertheless, we managed to increase sales volume and improve market share compared to 2020 by launching new products such as Yakan no Mugicha from Hajime, Ayataka Café Matcha Latte and COSTA Coffee, and executing a commercial strategy adapted to consumption trends, such as growing demand for at-home consumption. We have achieved positive results in the areas we have focused on despite challenging market conditions.

For 2022, the pillars of our profitable growth strategies are Expand Portfolio edge, Margin focused Pricing, Growth through Vending Channel and Customer Partnership &

Execution Excellence. Each of these initiatives is making steady progress, as we have been able to capture opportunities for increased demand resulting from the recent recovery in consumer traffic as well as benefiting from the commercial transformation efforts from last 2 years.

We are launching a number of new products, such as a lemon sparkling beverage Fanta Premier Lemon, Ayataka Café Hojicha Latte in the Ayataka Café series, and non-alcohol Yowanai Lemon-dou, making steady progress with growing sales. We are also working on appropriate pricing and controlling marketing investments to improve our earnings base. As part of this, shipment price revisions started with large PET bottles, implemented in May as planned, with the understanding for the customers, and will continue throughout the year. Furthermore, in the vending channel, we have increased our value market share for 37 consecutive months (as of April 2022), indicating the success of our initiatives to date. We are enhancing our promotions through Coke ON and installation of vending machines with the increase in consumer traffic to achieve steady growth.

We always say we have only two types of jobs: Sell or Help Selling. Entire organization is living by this principle, working every day to fulfill our mission of deliver happy moments to everyone while creating value.

## 〈2022 Commercial Strategic Pillars〉

### Expand Portfolio Edge



- High quality innovation to drive growth in volume / revenue / market share and premiumization
- Focus on core to enhance presence for solid base
- Capture consumer / social needs with packaging
- Expansion into white space

### Margin Focused Pricing



- Targeted marketing investments focused on growth channels and categories
- Strengthen consumer-oriented marketing investment
- Appropriate level of promotion
- Price revision and continuous monitoring

### Growth through Vending Channel



- Revenue recovery by per machine growth and VM placement, supported by high market share base
- Leverage our digital platform "Coke ON" and update functions for improved engagement
- Improve operations further through DX

### Customer Management & Execution Excellence

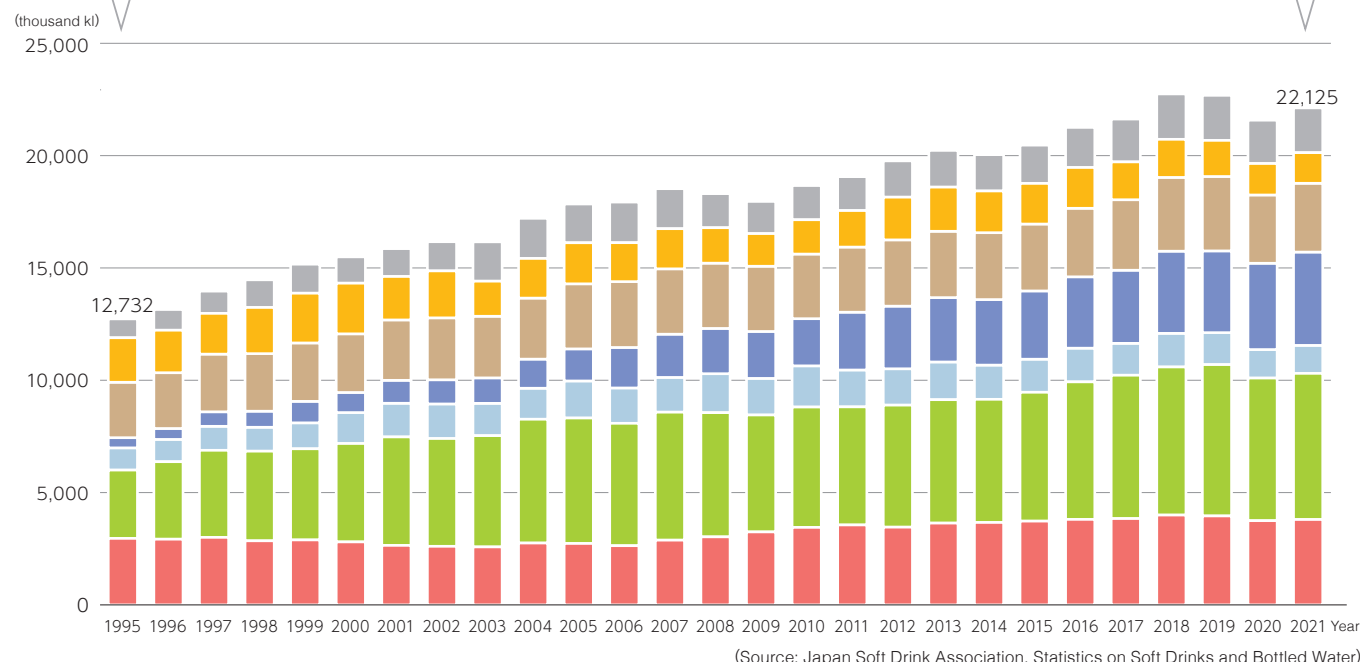
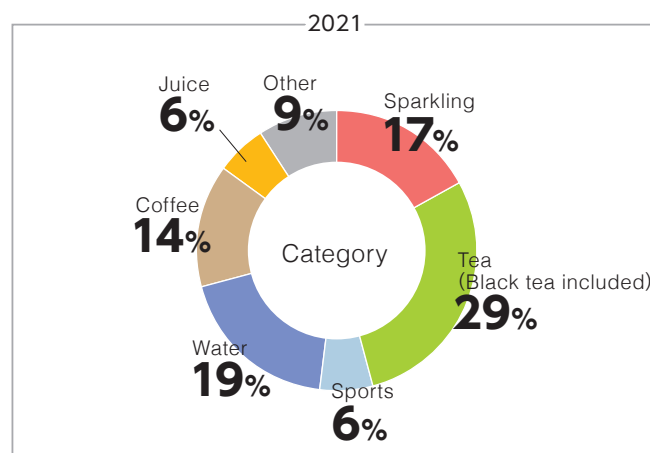
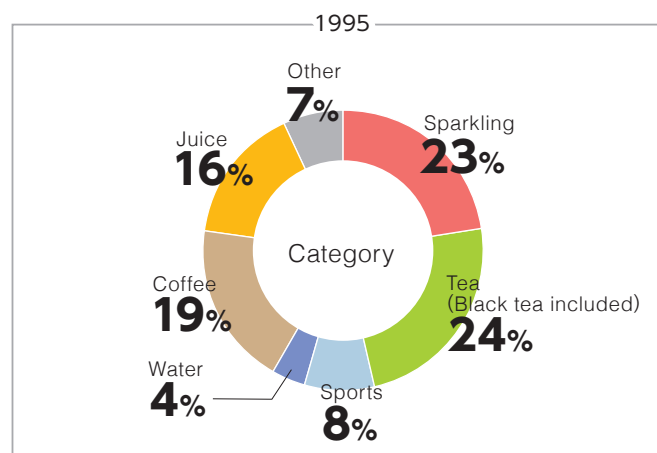


- Strengthen customer relationships with proposal type sales
- Accelerate DX across various areas of analysis, planning, operation and execution
- Transformation continues
- Collaboration with Coca-Cola Japan to leverage Coke system network

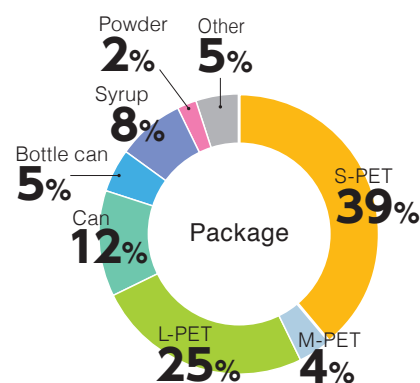
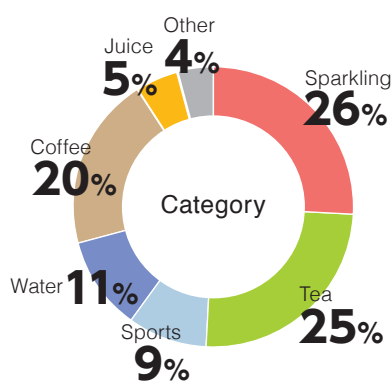
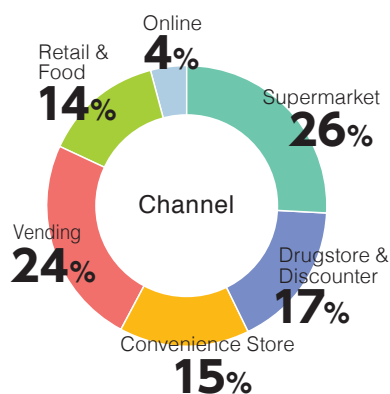
## The NARTD Market in Japan

The NARTD market in Japan has been growing steadily, with the market scale expanding by about 1.7 times over the past 26 years.

### [Trends in Market Size (Production volume)]



### [CCBJI Sales Volume (2021 results)]



See earnings presentation materials for details

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



## Initiatives in Each Category

### Sparkling

#### Coca-Cola lucky bottles with fortune slips

Based on the concept of Bringing a bit of happiness to your day, we released Coca-Cola lucky bottles in the New Year. Part of a Japanese New Year tradition, each bottle came with a fortune slip QR code enclosed. The codes allowed customers to draw one of 57 different augmented reality (AR) fortunes. In parallel, we ran a lottery where consumers could win prizes according to the results of their fortune slip. These lucky bottles were rolled out for Coca-Cola, Coca-Cola Zero and Coca-Cola Zero Caffeine.



#### Fanta Premier Lemon

Launched lemon flavor in the popular Fanta Premier Series. Fanta Premier Lemon is a lemon-flavored carbonated beverage targeting adults. It features a refreshingly sweet and sour taste that highlights the slightly bitter essence of lemons. Made with 11% lemon juice and lemon peel extract, the beverage delivers a full-bodied flavor that is not overly sweet.

Released  
on  
April  
25



### Tea

#### Revamped Kochakaden to mark the brand's 30th anniversary

Kocha Kaden is an authentic and high-quality tea brand that offers a wide variety of flavors, made with carefully selected ingredients and a special processing step that makes it delicious. The brand celebrated their 30th anniversary in 2022, revamping Kochakaden Royal Milk Tea, Craftea Zeitakushibori Peach Tea, and Orange Tea, achieving an even more high-quality taste with better ingredients and manufacturing methods. For the 30th anniversary, specially-designed 30th anniversary packaging was released in commemoration.

Released  
on  
March  
7



#### Ayataka Café Hojicha Latte

From the Ayataka Café line, which had reached the one-year anniversary since its release, the second flavor Ayataka Café Hojicha Latte has been introduced. As with the Matcha Latte version, select high-quality ingredients and unique production methods are used to create Hojicha Latte with the supervision of traditional tea merchants Kanbayashi Shunsho Honten and expert coffee roasters Sarutahiko Coffee. Hojicha Latte uses just the right amount of 100% domestic powdered Hojicha, and allows you to enjoy an elegant milk flavor that complements the taste of Hojicha.

Released  
on  
April  
4





## Revamped Georgia brand campaign

In January 2022, we revamped our Georgia brand campaign for the first time in eight years. The new campaign kicked off with the brand message Brightening your day. Georgia aims to be a brand that supports people to move forward. Believing in the power of coffee and continuing to refine taste and quality, along with providing a fragrant and delicious cup, Georgia gives people the power to move forward and supports a brighter day. We fully revamped Georgia Black, Georgia Kaoru Black, and Georgia Shot & Break Black in February, followed by Georgia Japan Craftsman series in March.



## Revamped COSTA Coffee

We revamped the packaging of Europe's number one cafe brand COSTA coffee. We also introduced a new 280ml size for Black and Cafe Latte versions sold exclusively in vending machines. The barista quality taste and finely-brewed ingredients will satisfy coffee drinkers who regularly drink hand-brewed coffee.

\*According to Allegra's 2021 World Coffee Portal

Released  
on  
March  
21



## The premium lemon sour Lemon-dou

In March 2022, we launched three new products under the popular Lemon-dou brand. These include Uchiwari Lemon, featuring a premium lemon sour taste that can be enjoyed at home, Umashio Lemon, offering a mellow taste with a hint of Setouchi sea salt, and Muto Lemon, free of sugar and sweeteners for a simple yet great taste. Together with Teiban Lemon, Hachimitsu Lemon and Oni Lemon, which also underwent a packaging redesign, consumers can now enjoy their daily evening drink according to mood and scene. In addition to focusing on the over-the-counter channel, we will promote activities to capture opportunities in the retail food channel in order to further expand our presence in the alcohol business.

Released  
on  
March  
28



Released  
on  
March  
14



## TOPICS

### Entered non-alcohol beverages market with launch of Yowanai Lemon-dou

Released  
on  
February  
21

We released a non-alcohol beverage brand Yowanai Lemon-dou delivering the authentic taste of lemon sour without the alcohol. Yowanai Lemon-dou is a non-alcohol beverage brand with the taste of lemon sour based on the know-how and experience of specialist lemon sour beverage brand Lemon-dou. Yowanai Lemon-dou delivers the authentic lemon sour taste using a proprietary manufacturing method that blends high quality lemon juice with the spices used in gin. This non-alcohol beverage gives many consumers a new choice when it comes to days when they cannot drink or choose not to drink. The package is predominantly white and features a maekake apron motif, while the design clearly indicates that the product is a non-alcohol beverage.





## Initiatives by Main Channel

### ● 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. We are working to improve the vending experience by installing new machines, effectively introducing new & core products, as well as exclusive drinks. This ensures an assortment that reflects the character of the installation location. We also implement effective marketing programs using the smartphone app Coke ON.

In 2021, we focused on vending machine allocation with an eye toward profitability, such as by utilizing existing assets while curtailing investments including purchases of new vending machines. In addition, we worked to increase the number of vending machines compatible with Coke ON and grow the service. We also worked to improve the efficiency of vending machine operations by bringing vending machines online and utilizing digital tools.

While the vending machine market continues to face challenges due to changes in consumption trends in the wake of the COVID-19 pandemic, our market share in 2021 grew from the previous year thanks to our work to strengthen our business foundation and flexible efforts in accordance with changes in the environment.



### Official Coca-Cola app Coke ON exceeds 35 million\* downloads

Coke ON is an official Coca-Cola smartphone app that is both great value and convenient. Users can earn free drinks by collecting stamps through the app. Since its launch in April 2016, we have added a number of new functions and services to the basic service of collecting stamps to receive a free beverage ticket. These services and functions provide great value and convenient beverage experience, and include Coke ON Walk in 2018, where users can receive stamps by walking and cashless payment function Coke ON Pay in 2019.

In April 2021 we launched Coke ON Pass, a subscription (flat-rate service) that gives users access to their favorite beverages for a fixed monthly fee, and in December 2021, we launched a service where users can save their most frequented vending machines in the app. Users can then check their saved vending machines for new products and popular products at any time. Looking ahead, we will continue to expand new services that are even more appealing to our customers. \*As of the end of March 2022



## Launch of the New Culture Model Project to lead the strengthening of the vending channel's organizational capabilities.



The Vending Business Management Division is working to fundamentally transform its business model to achieve sustainable growth. We launched the New Culture Model Project in October 2021 as part of this effort to form a sustainable and strong organization. This project is focused on the human resources and organizational aspects that will drive transformation efforts, with the theme of Free, Flat, Fun. Our activities are based on the following principles: respecting the free-minded ideas and opinions of project members; ensuring that everyone, regardless of position, age, or gender, has an equal perspective and position; and ensuring that each individual has the mindset of being a change maker. Focusing on issues such as creating a culture of praise, flat communication, and developing role models and middle managers, we are working on specific actions.

## ●Supermarkets, Drugstores & Discounters

Supermarkets, drugstores, and discounters make up our wholesale channel that delivers products to consumers through product sales in-store and the creation of appealing sales floors. We are working to propose the optimal lineup according to sales floor and developing campaigns tailored to the season and special events.

In 2021, we worked to revitalize sales floors through innovative promotions utilizing the 2020 Tokyo Olympics. In addition, in an effort to grow demand, we increased sales of 350ml PET and 700ml PET bottle products as packages of the most appropriate size according to customer drinking opportunities, and increased sales by the case in response to growing demand for home consumption.



## ●Convenience Stores

Convenience stores are a wholesale channel that allows us to deliver goods to consumers through easy-to-access locations. We are introducing new products and conducting promotions with customer chain stores.

In 2021, we introduced new products and undertook product planning for specific customer chains and limited promotions, in which we conducted high-profile sales promotions such as with prizes utilizing the Jujutsu Kaisen content and the Nissin Donbei with Ayataka collaboration with another manufacturer.



## ●Retail & Food Service (Kiosks, Restaurants etc.)

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

In 2021, we expanded our sales space by focusing on new and core products at retail stores and other outlets. We also proposed promotions tailored to the business type of our customers. For restaurants, we strengthened the sales of 250ml cans, a product exclusive to the food service channel, to meet the growing demand for takeout and delivery services. We also focused on the expansion of COSTA Coffee and the alcohol beverage Lemon-dou.



## ●Online

Online is a channel where we deliver to consumers through online sales, marketing is done through customers' websites. In response to the growing demand for beverages through online shopping, we are working with our customers to expand the volume of our products offered, such as by planning campaigns in collaboration with our customers.

In 2021, responding to the growth of home consumption demand, we rolled out labelless products and grew bulk sales. We strengthened subscription programs to allow customers to purchase products at a discount. We also expanded services allowing customers to select several products and purchase in bulk.



## Message from Head of Supply Chain

Executive Officer,  
Chief Supply Chain Officer  
**Bruce Herbert**



The Supply Chain Management Division is responsible for formulating and executing strategies for the entire Group's supply chain. We mainly manufacture, distribute, and sell within our own Group, and the supply chain represents an important management base. The Supply Chain Management Division aims to build an efficient and lean supply chain system in order to manufacture safe, secure, and high-quality products and deliver them to customers at low cost. To that end, we are promoting initiatives to improve productivity in each field, including planning, manufacturing, distribution, and the systems that connect these, as well as digitalization and automation.

In 2021, demand forecasting was very difficult due to the ongoing COVID-19 pandemic. This only reaffirmed the importance of creating a process and system that can further strengthen cooperation with commercial and respond to demand fluctuations with agility. However we believe that our continuous improvement and investment throughout the supply chain has been successful. We are now able to flexibly adjust product supply according to customer needs and minimize the extra cost burden.

In 2022, we will continue working to establish a robust

supply network to achieve sustainable growth and low-cost operations. In manufacturing, we are improving both the stable supply of products and production efficiencies. We are achieving this through establishing a flexible system with enhanced capacity. We are working to supply products in a timely and low-cost manner by enhancing the linkage between commercial and supply chain which still have room for improvement. To achieve this we are utilizing digital technology and acting with agility towards changes in the environment. In terms of distribution, the Saitama Mega DC, an automated distribution center with one of the largest storage and shipping capacities in Japan for the Coca-Cola System, is operating in a stable manner. This coupled with the smooth launch of Akashi Mega DC, which is planned to commence operation ahead of schedule in July 2022, along with the consolidation of sales and logistics centers synchronized with these mega DC, we allow us to reduce product inventory and achieve optimal allocation. Going forward, we will continue to further promote cost reduction and efficiency initiatives throughout the supply chain, and strive to build an efficient and lean supply chain system so that we can deliver safe, secure, and high-quality products to our customers.

### Procurement

#### High quality procurement by leveraging scale

Our main procured items include concentrate that are the basis of products, raw materials and materials related to product manufacturing, and indirect materials such as sales equipment. The concentrate is procured from Coca-Cola Japan Co., Ltd. and uses an incidence-based pricing model. We procure sugars, PET bottles, aluminum cans, cardboard, vending machines, and other items from suppliers who comply with our basic supplier and procurement policies set globally by the Coca-Cola system. We will promote joint procurement, review the contract system, execute

hedging strategies in response to changes in market conditions, reduce the weight and volume of containers, support sustainable materials, etc., while reducing costs and pursuing sustainable procurement. We are implementing procurement strategies in collaboration with CEPG (Cross Enterprise Procurement Group), a global procurement organization of Coca-Cola system that utilizes global scale and know-how, as well as share successful case-studies.

### Manufacturing

#### Toward the ex

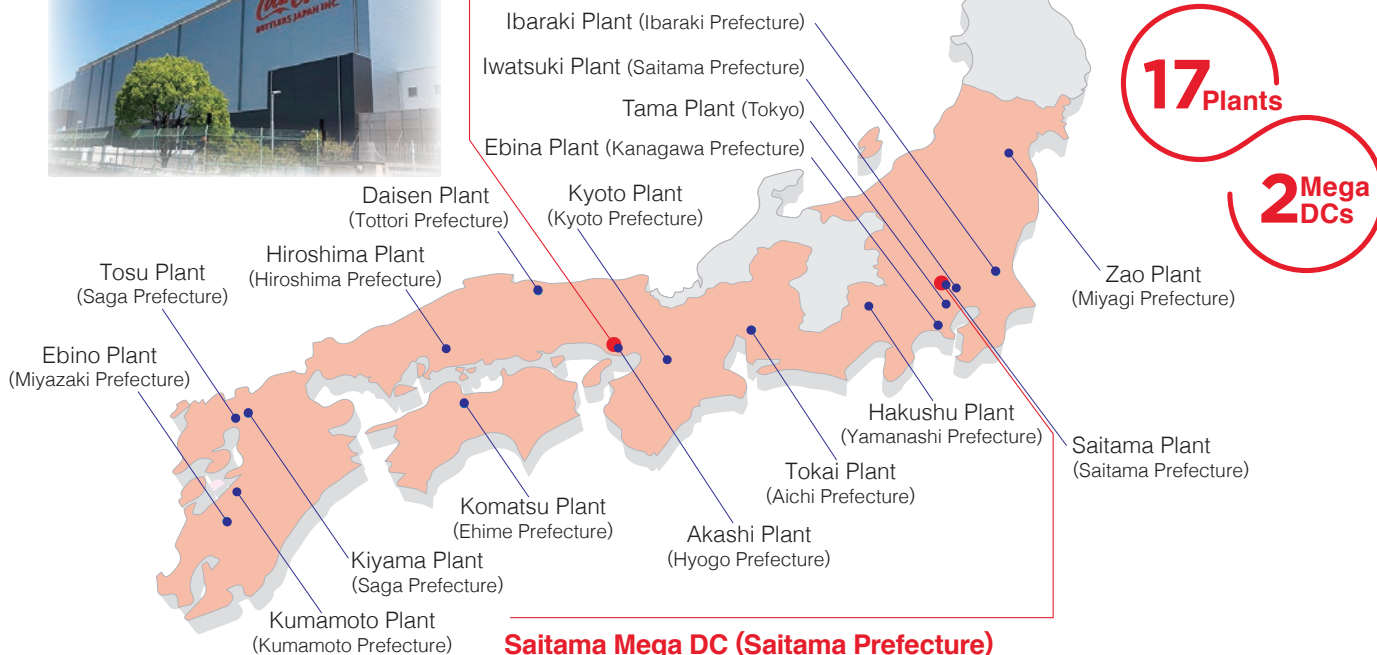
We have 17 plants within our coverage area, and we are working to build a completely optimized supply chain network while engaging in flexible manufacturing at each plant. From 2019 to 2020, we completed seven new aseptic lines in order to address the recent increase in demand for aseptic products, mainly non-carbonated beverages. We actively introduce new technologies with a view to product innovation. We have also continued to invest in production lines for alcohol products, which have seen an increase in sales since our entry into the market, and have built a manufacturing



## Our Manufacturing and Distribution Sites

### Akashi Mega DC (Hyogo Prefecture)

Scheduled to start operations in July 2022



### Saitama Mega DC (Saitama Prefecture)

in operation since February 2021



Automated picking system



Automated warehouse

### Expansion of our production capacity

system with three plants in the area. On the manufacturing process side, we are working to deepen coordination between demand forecasting, sales planning, and manufacturing planning, and to promote automation of manufacturing processes at plants.



### Distribution

### Toward the optimization of our distribution network

We are launching the latest automated distribution center as part of our efforts to build a supply chain network that achieves high quality, low cost, and stable supply. In 2021, we worked to establish new operational processes to ensure stable operations of the Saitama Mega DC, one of the largest distribution centers in the Coca-Cola system in Japan, with a storage capacity of about 60,000 pallets and an annual shipment capacity of around 85 million cases. In July 2022, Akashi Mega DC, a shipping hub focused on the Kansai area, is scheduled to start operations. Along with

the restructuring of our distribution network, we are consolidating sales and logistics centers. These initiatives reduce product inventories, optimize placement, and optimize our asset holdings.



# Initiatives for Digital Transformation (DX)

## Promoting DX to Enhance Corporate Value

As a Total Beverage Company, we are promoting fundamental transformation of our business in order to quickly respond to diverse needs of customers. Promotion of DX is an important measure, and through this, we are working to improve market competitiveness, etc.

### ● DX in the value chain



### DX Initiatives Examples

#### Product Manufacturing

To achieve low-cost operations, we are introducing IoT systems for manufacturing such as automatic conveyance of product packaging from material warehouses and monitoring the operation of manufacturing facilities using automatic retooling systems and remote monitoring systems.



#### Logistics

As part of our efficient warehouse operations, the Saitama Mega DC integrates automated facilities including storage racks and picking systems. This same system will also be deployed at Akashi Mega DC scheduled to start operation in 2022.



### ● Enhancing our ICT platform

#### Introduction of the integrated ERP system

We have introduced an Enterprise Resource Planning (ERP) system called Cokeone+ that covers back office support, inventory management, and customer service. By centrally managing & visualizing information and reducing manual and redundant data entry, we are helping to enhance management analysis capabilities, improve business quality and processes, and boost productivity & efficiency.



#### Introducing RPA\*<sup>1</sup> for operational streamlining

Since 2018, we have been promoting the introduction of RPA in all areas centered around routine work. Currently, more than 180 robots are in operation, and we have automated more than 100,000 hours\*<sup>2</sup> of annual operations.

To accelerate operational efficiency using digital technologies, including RPA, we hold RPA Development Skills Training and other initiatives to empower each employee to acquire digital skills and promote operational improvement.

\*1 RPA (Robotic Process Automation)

\*2 As of December 31, 2021





diversifying consumer needs, in addition to delivering safe and secure products  
efficiency, and productivity.



\*Abbreviation of Sales Force Automation. It is a sales support system used for the purpose of improving the productivity and efficiency of sales activities.

## Sales/Marketing

In the vending channel, we are working to provide a digital platform for customers through the deployment of the Coke ON smartphone app, construct big data infrastructure, and utilize AI in sales execution for optimization of sales forecasting, route plan simulation, and product lineup. We have introduced a new smartphone app developed in-house, and have been working to build a system for performing operations such as vending machine inventory management, which were previously performed with a handheld terminal, at higher speed and at lower cost using a smartphone.

In the over-the-counter channel, we are working to utilize digital technology by implementing management and analysis of customer information using a sales support system, and utilizing augmented reality (AR) and image recognition apps during business negotiations.



## Building an ICT platform and business infrastructure

By utilizing ICT, such as providing all employees with smartphones and PCs equipped with web cameras, we are enabling flexible work styles, such as telecommuting and directly return to home directly from customer visits. In addition, the Company is working on the use of AI in the internal inquiry process and the work for paperless operation of contract management to reduce workloads and labor savings.



## Strengthening security countermeasures

We are implementing security countermeasures to protect IT devices from the potential risks that come with increased digitalization. In addition to protecting the network through firewalls, we have introduced EDR\*<sup>1</sup> to protect individual IT devices, and logs are visualized using SIEM\*<sup>2</sup> based on the access history obtained from these devices.

\*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.



## Basic policy on human resources strategy

We are working to enhance our human resources management and organizational strengths based on a human resources strategy that seeks to achieve our management philosophy of Mission, Vision and Values. We specifically encourage each employee to take responsibility for their own growth and development, and we provide training and learning opportunities for this purpose. We are also implementing a compensation and reward system that recognizes and compensates employees who demonstrate their abilities and deliver excellent results.

### ● Human resources development program

We have developed a variety of training programs according to themes, such as company-wide training programs (to acquire skills and knowledge suited to each employee's growth and steps) and specialized training programs (to acquire skills and knowledge necessary for each department). These include selective programs aimed at developing next-generation leaders and global human resources, training tailored to each employee's level and career, on-the-job training (OJT) support for department heads responsible for human resource development in their respective departments, and self-development programs such as e-learning and online English programs. Through these programs, we provide learning opportunities and develop systems and environments to promote learning that is autonomous.

#### Coca-Cola University Japan aims to develop the next-generation leaders

We established Coca-Cola University Japan (CCUJ) to train the future leaders for transforming the Coca-Cola System in Japan through a selected human resources development program with three levels of management: department directors, supervisors and general staff of leadership level. The program includes a practical component where participants are assigned to teams to seek out solutions to issues in their respective workplaces. The learning process is based on an experiential learning cycle that repeats inputs and outputs to improve participants' leadership skills, problem solving capabilities, and instill the skills required of both.



#### GET (Global English Transformation) English proficiency program

We are working to improve the English proficiency of our employees in order to develop global human resources. As part of this initiative, we offer the GET Proficiency Program for young employees to improve their English language skills. Depending on participants' English level, the program offers two courses: Practical English and Basic English, providing support so that they sustain English study after the program by not only improving their English proficiency but also instilling good learning habits. The program expands employees' career prospects by providing them with opportunities to improve their English and advance their skills.



### ● Fostering a results-oriented culture and supporting employees' career development

We are working to foster a results-oriented culture. To balance improved performance and human resources development, during the setting of goals by employees we link personal goals to company performance and management philosophy. We have also put into place systems that provide large compensation to excellent results, such as setting up variable compensation linked to the degree of achievement of company performance and individual goals and a mechanism where the ratio of variable compensation increases based on seniority. Moreover, we have introduced a job posting system, in addition to clarifying job roles duties and disclosing them internally. This system publishes requirements of posts or job types required by the Company internally, allowing employees to apply freely. This increases motivation to tackle new challenges and encourages the movement of a diverse workforce, which revitalizes the organization.

## TOPICS

### Win the Award of Excellence in the corporate category of the HR Awards 2021

Our HR Division won the Excellence Award at the HR Award 2021, sponsored by Japan's largest HR network, the Human Resources Department of Japan. The award recognized the many initiatives under our human resources strategy, including the operation of Coca-Cola University Japan, which seeks to develop the next generation of leaders, and the Company's initiatives for quantifying the results of its annual 360-degree survey on managers to propose individualized improvement measures in response. Looking ahead, we will keep working to develop human resources capable of creating a new value through our business activities.



## ●Promotion of diversity & inclusion

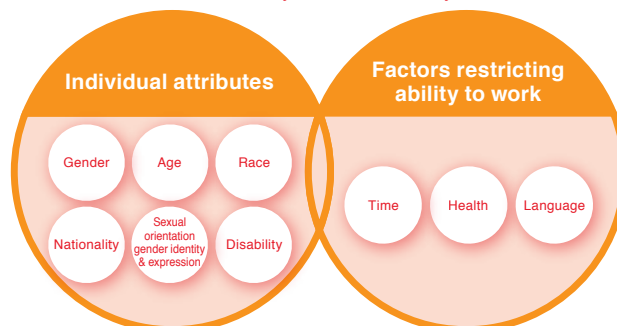
We identify diversity and inclusion (D&I) as one of our management strategy's top priorities. In order to meet the diverse needs of our customers and a changing environment, and to achieve sustainable growth, we aspire to create a diverse work environment where each and every employee with different backgrounds and values can demonstrate their abilities. In our management structure, we appoint directors based on diversity in terms of nationality, gender, age, and background, and we aim to realize diversity management through discussions and decision-making based on a variety of perspectives.

We established the D&I Section as a dedicated organization for redoubling these efforts. The D&I Section actively deploys measures unique to the Company by planning measures companywide and providing training programs at each division.

### Medium-to long-term vision for diversity and inclusion

By respecting the diversity of our workforce, we will provide opportunities to enable all employees to leverage their full potential, regardless of gender, age, disability, race, nationality, sexual orientation, and other attributes, such as gender identity and expression, ensuring that they are unaffected by factors that may restrict their ability to work.

Providing opportunities for all employees to leverage their full potential, regardless of individual attributes and factors that may restrict their ability to work



## Encouraging women's success in the workplace

As of April 2022, the percentage of full-time female employees was 13%, and we have set a target of increasing this to 15% or more by 2025, and are focusing on recruiting and hiring excellent human resources from within and outside the Company. In addition, we have introduced a training program for female management candidates, with the goal of increasing the percentage of female managers from the current 6.4% to 20% by 2030.

In addition, we are actively promoting initiatives to advance women, such as the Accelerate Her program to support female managers in building their careers, and the introduction of sponsorships to help develop female board candidates. We are also developing Unconscious Bias Training and Inclusive Leadership Training to foster and establish an organizational culture that understands and respects diversity.

## LGBTQ initiatives

To ensure equal opportunities for sexual minorities (LGBTQ) within the Company, we have revised our internal rules and are implementing e-learning training for all employees. In June 2021, we announced our endorsement of the Declaration of LGBT Equality Support in Business, which prohibits discrimination based on sexual orientation and gender identity and aims to create an inclusive workplace and society where each and every person is treated equally. In November 2021, we were recognized with the highest ranking of gold for our initiatives by the PRIDE Index 2021, an index of LGBTQ initiatives formulated by work with Pride, a voluntary organization that supports the promotion and establishment of diversity management related to LGBTQ and other sexual minorities in companies and other organizations.



ビジネスによるLGBT平等サポート宣言  
Business Support for LGBT Equality in Japan



## ●Working style reforms : Initiatives to promote flexible work styles

Our response to changing lifestyle patterns driven by the COVID-19 pandemic and the need to balance work and childcare or family care obligations requires flexible working styles free of the constraints of time or place. Given this, we are implementing a number of initiatives, including introducing a super flex time without core time, expanding satellite offices, promoting working from home, and allowing sales reps to travel directly to client sites and return home directly without first stopping in the office.

We encourage male employees to take childcare leave and in 2022 we extended their entitlement from three months to one year, improving convenience. Additionally, we provide male employees with a newborn child with a Papa Apron to raise awareness of childcare leave and encourage them to take it. This apron is handed out during a team meeting or other venue to remind the person to take childcare leave and raise awareness among their colleagues about the importance of this leave. In this manner, in addition to establishing various systems, we are working to foster a culture where they are easily accessible to all qualified individuals.



# Initiatives for Creating Shared Value (CSV)

## CSV Initiatives

### Our CSV Policy

We place Creating Shared Value(CSV) at the core of our business. Taking the respective importance of society and our business into account, our Group identified three key themes to address: Inclusion, Communities, and Resources. As a member of the Coca-Cola system we take action to co-create the future while delivering refreshment and effect change through our business. We take this responsibility to address the important challenges facing Japan including the environment, everyday life, and the communities that surround us.

We have formulated and are working to achieve our CSV Goals which declares our Group's commitment in the area of Environment, Social and Governance (ESG) with the aim of creating shared value.

### Coca-Cola System Sustainability Framework

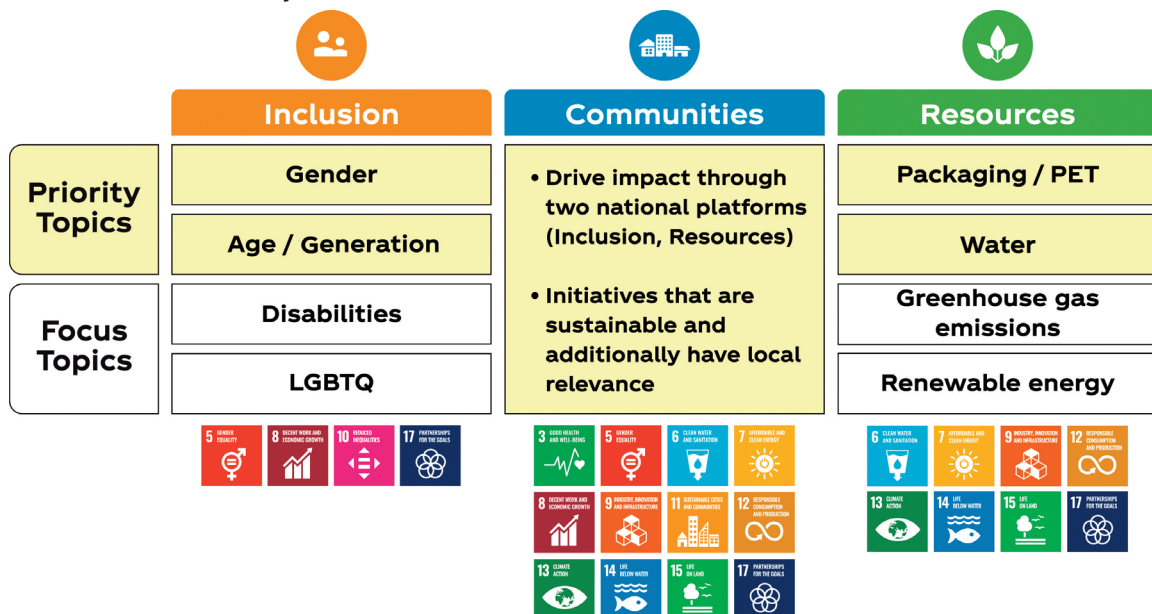
In 2019, the Coca-Cola System in Japan worked to identify issues and priorities in sustainability in order to develop strategies based on Japan's unique challenges and incorporate them into action plans, in addition to achieving its global sustainability goals. We've created a framework for our initiatives that includes three platforms: Inclusion, Communities, and Resources, as well as nine priority topics to address.

We will promote CSV initiatives based on our sustainability framework. We will also contribute to the attainment of the Sustainable Development Goals (SDGs) by assessing SDGs in each area.

### ● 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 Purpose lives, and our communities.
Strategy	Leverage Our Leadership Position to Drive Attention and Action ● 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






### 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.)
- SDGs seminars
- Industry-government-academia-private partnerships to address regional issues
- 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

Based on the common sustainability framework of the Coca Cola System in Japan, we established CSV Goals as a more detailed targets in an effort to realize a sustainable business and society and achieve our Mission. We are steadily moving ahead to reach our targets using the Plan Do Check Action (PDCA) cycle across the entire value chain while confirming the progress of initiatives every year.

\* Baseline year is 2015 and target year is 2025 unless otherwise stated. >>> At least 80% >>> 50%~79% >>> Less than 50%

Sustainability framework	Key issues	CSV Goals Category	Target	2020 Results	2021 Results	Progress
 Inclusion	Diversity & Inclusion	Female managers by 2025	10%	5.8%	6.3%	>>>
		Female managers by 2030	20%			>>>
 Communities	Products (Tailored product development/ health support)	Zero/low-calorie options for core brands	100%	100%	100%	>>>
		FOSHU/functional product growth (compared to 2016)	300%	190%	177%	>>>
		Front-of-pack calorie label and straightforward nutritional information	100%	100%	100%	>>>
		Observation of The Coca-Cola Company Responsible Marketing Policy	100%	100%	100%	>>>
		Employee volunteers	10%	—	3.7%	>>>
	Society (Contribution to the local community)	Participants in community programs	1,000,000	890,000	900,000	>>>
 Resources	World Without Waste (Zero-waste society)	Sustainable materials usage*1 by 2022	50%	28%*2	40%	>>>
		Sustainable materials usage*1 by 2030	100%			>>>
		Ratio of products using sustainable materials*1 (number of bottles sold)	100%	About 90%	About 90%	>>>
		Further lightweight PET packaging by 2030 (compared to 2004)	35%	30%+	30%+	>>>
		Collection percentage compared to sales volume by 2030	100%	96.7%*3	—	>>>
		Extensive partnerships across industry and environmental organizations by 2030				>>>
	Water	Water source replenishment, focusing on watersheds near our plants	200%	364%	353%	>>>
		Water usage reduction by 2030	30%	19%	19%	>>>
	Climate change	Scope 1 and 2 reduction in greenhouse gas emissions by 2030	50%	19%*4	21%	>>>
		Scope 3 reduction in greenhouse gas emissions by 2030	30%	17%*4	24%	>>>
		Net zero in greenhouse gas emissions by 2050				>>>
		Promotion of renewable energy				>>>
	Human rights / Procurement (Strengthening of business foundation)	Sustainable sourcing	100%	100%	100%	>>>
		Adherence to Supplier Guiding Principles across the CCBJH Group value chain	100%	100%	100%	>>>

\*1 Sustainable materials refers to the total bottle-to-bottle recycled PET materials and plant-derived PET materials \*2 Ratio of bottle-to-bottle recycling up to 2020

\*3 PET bottle collection rate (Source: 2021 Report on PET Bottle Recycling from the Council for PET Bottle Recycling)

\*4 Actual results based on new standard aggregation method used in accordance with the GHG emissions reduction target announced in October 2021.

## TOPICS

### Endorsement of the United Nations Global Compact (UNGC)

In March 2022, we announced our participation in the United Nations Global Compact (UNGC), the world's largest sustainability program for creating a healthy global community. We joined the Global Compact Network Japan, which is comprised of Japanese companies and others that have signed the UNGC. We support the UNGC's 10 principles in the four areas: human rights, labor, environment and anti-corruption, and will continue to endeavor to resolve social challenges through its business activities to achieve a sustainable society.



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





### Endorsement of TCFD Recommendations

We endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and participate in the TCFD Consortium\*, a forum for discussion by fellow companies and financial institutions endorsing the recommendations. We believe that addressing the challenges of climate change is critical for the sustainability of our business and the development of society, and we will analyze the financial impact of climate change-related risks and opportunities based on the TCFD recommendations and consider measures to address them. We will strive to disclose a greater breadth of information from the perspectives of Governance, Strategy, Risk management and Indicators and Targets, which are the core elements.

In addition to endorsing the TCFD recommendations, we have also expressed our support for the GX League Basic Concept published by the Ministry of Economy, Trade and Industry (METI) and Japan's Participation in the Global Frontline for Decarbonization, as the Declaration of the Japan Climate Initiative (JCI).

\* Established as a forum for companies and financial institutions that endorse the TCFD recommendations to promote initiatives for effective information disclosure of companies and to link disclosed information to appropriate investment decisions by financial institutions, etc.



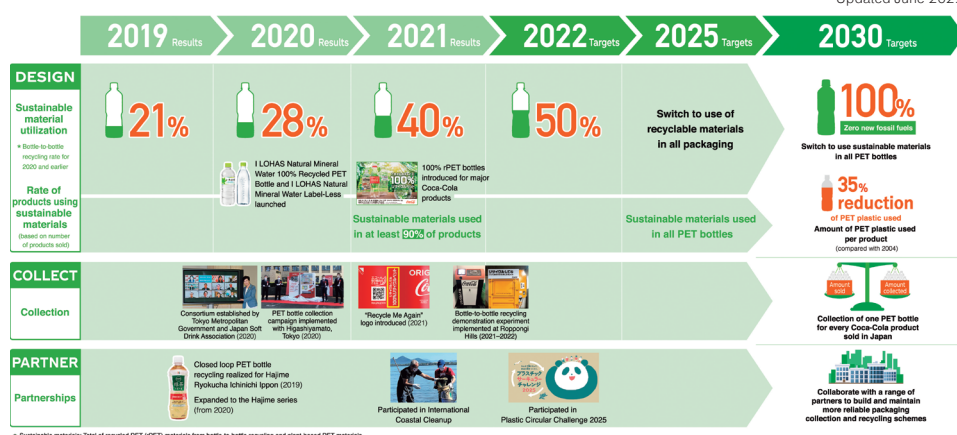
### Toward World Without Waste

#### ●2030 Packaging Vision

In January 2018, The Coca-Cola System in Japan announced the Packaging Vision 2030, based on the Coca-Cola Company's global vision of achieving a World Without Waste. It engages in activities consisting of the three pillars of design, collect, and partner, in order to resolve the problem of waste from containers. In July 2019 we announced a more ambitious target to be achieved ahead of schedule and with a further strengthening of current initiatives.

#### 2030 Packaging Vision of the Coca-Cola System in Japan (Roadmap and Results)

Updated June 2022



\* Sustainable materials: Total of recycled PET (rPET) materials from bottle-to-bottle recycling and plant-based PET materials

#### ●Increasing the ratio of sustainable materials for PET bottles

As part of our efforts to achieve the Packaging Vision 2030, which aims to create a zero-waste society, we are working on our bottle-to-bottle recycling efforts that create new PET bottles from used ones. In 2020, we started to use 100% recycled PET bottles for I LOHAS Natural Mineral Water, and in 2021, we expanded the adoption of 100% recycled PET bottles for small PET bottles used for our flagship Coca-Cola and Georgia Japan Craftsman\* brands. We are also improving customer communication by putting Let's recycle it! logo on product packaging.

We achieved a 40% ratio of sustainable material usage for PET bottles, including bottle-to-bottle recycling in 2021, and we will further promote initiatives to achieve 50% target by the end of 2022.

\*Message bottles only



リサイクルしてね  
100%リサイクルペット

#### ●Expanding labelless products

Labelless PET bottles reduce plastic waste and resources used for recycling, making them environmentally friendly and attractive to consumers. Since I LOHAS Natural Mineral Water Labelless launched in 2020, we have expanded our lineup of labelless products in various categories and packages. We launched labelless products for Aquarius and Large package I LOHAS Natural Mineral Water, Karada Sukoyakacha Double and Ayataka Tokusencha.

Reducing plastic use and adopting labelless products result in lower CO<sub>2</sub> emissions. We will continue to contribute to the reduction of greenhouse gas (GHG) emissions, through such initiatives to limit plastic usage.





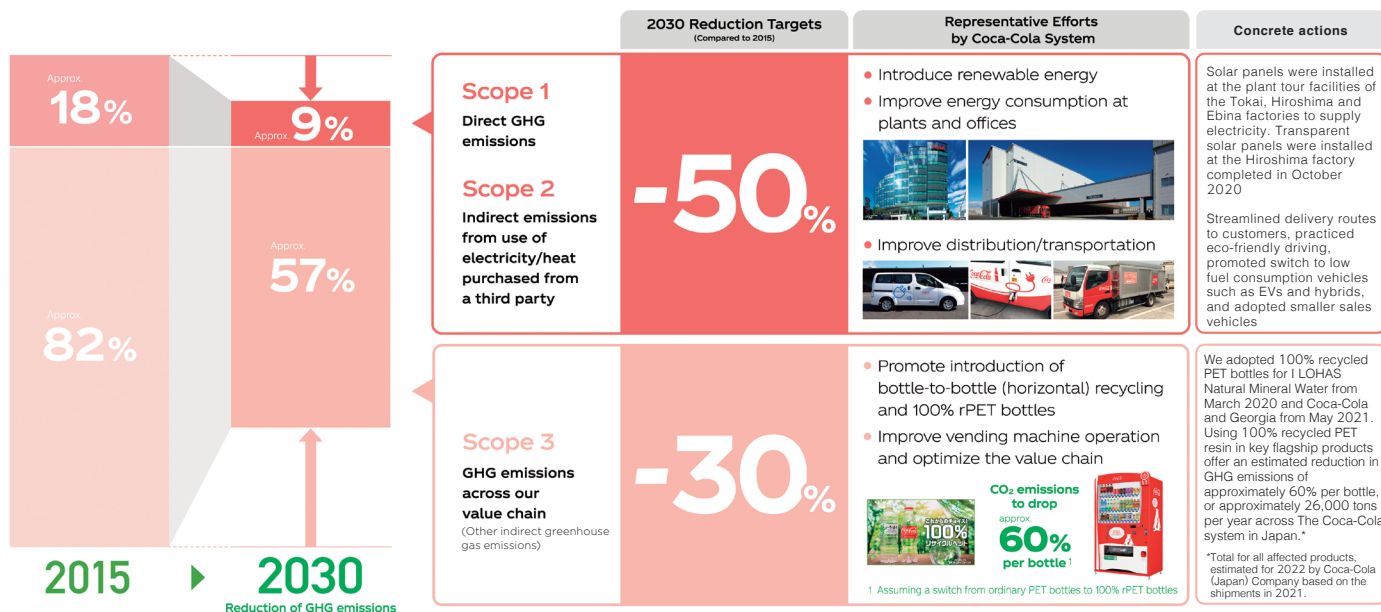
## Promoting Initiatives for Decarbonization - Reducing Greenhouse Gas (GHG) Emissions -

To accomplish both business growth and solutions to social issues, we have been working to reduce GHG emissions. In October 2021, the Coca-Cola system in Japan formulated targets to reduce GHG emissions across the entire value chain in Japan by 2030. By 2030, we aim to reduce Scope 1 (direct GHG emissions) and Scope 2 (indirect GHG emissions) by 50% and Scope 3 (other indirect GHG emissions) by 30% compared to 2015.

Our bottling business is an important element of the value chain, and as part of the Coca-Cola system, we will further promote initiatives such as expanding 100% recycled PET bottles and utilizing renewable energy in order to achieve this goal.

### Greenhouse gas reduction targets of The Coca-Cola System in Japan

(Announced in October 2021)



## Protecting Water Resources

We have set the goals of 30% reduction in water usage (compared to 2015) and maintaining a water resource recharge rate of 200% in CSV Goals, and efficient use of water used for manufacturing (Reduce). We are promoting the protection of water resources based on water resource recharge activities (Replenish) such as reuse and forest conservation to nurture water.

In December 2021, the leadership level A- (minus) score was obtained in the Water Security survey conducted by CDP, an international non-profit organization that operates environmental information disclosure systems for companies and local governments. We will continue to work on the protection of water resources and water usage reduction as a company that conducts business using irreplaceable water.



## Respect for Human Rights

We believe that respect for human rights is the foundation of our corporate activities to realize sustainable social development. We are committed to compliance with various principles related to human rights, comprehensive respect for human rights, and promotion of educational activities.

We provide our employees with training and e-learning programs to deepen their understanding of human rights, and we regularly disseminate information to foster the development of employees who can accept human rights issues as their own challenges, act with consideration for others, always putting themselves in the shoes of others. We also advocate for creating a healthy work atmosphere that values open and honest communication.

In addition, we have added provisions on human rights due diligence for employees in the Employment Regulations and Policy on Diversity and Inclusion and for procurement in the Basic Supplier Principles to ensure that we make thorough and responsible efforts concerning respect for human rights.

For details, please refer to the website. <https://en.ccbji.co.jp/csv/humanrights/>



Human rights awareness and promotion program

Times conducted: **8**



## Board Members

Representative Director and President

**Calin Dragan**



Has worked with Coca-Cola bottlers, including in Japan, for about 30 years. Most recently, served as President of The Coca-Cola Company's Bottling Investments Group.

Representative Director and Vice President, CFO

**Bjorn Ivar Ulgenes**



Has experience with finance in the Coca-Cola system in Europe, the Middle East, Africa, and Japan. Before current position 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 & 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.

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.

## Profile and Skills Matrix of Board Members

### Attributes of Board Members



Name	Assumption of office	Term of office (Year)	Outside Director	Audit & Supervisory Committee members	Independent Director	Skills				
						Corporate Management	Global Business	Beverage and Food Industry	Finance/Audit	Sustainability/CSV
Calin Dragan	March 2019	1	—	—	—	○	○	○		
Bjorn Ivar Ulgenes	March 2019	1	—	—	—		○	○	○	
Hiroshi Yoshioka	April 2017	1	○	—	○	○	○			○
Hiroko Wada	March 2019	1	○	—	○	○	○			○
Hirokazu Yamura	March 2020	1	○	—	○	○		○		○
Irial Finan	April 2017	2	○	○	—	○	○	○	○	
Celso Guiotoko	March 2019	2	○	○	○		○	○	○	
Nami Hamada	March 2019	2	○	○	○	○	○		○	
Vamsi Mohan Thati	March 2021	2	○	○	—	○	○	○		

### [Criteria for determining the necessary skills possessed by directors]

The Company assesses the expertise and experience possessed by directors based on the following criteria.

Category	Criteria for ○ (Applicable)
Corporate Management	· A person who has experience as a representative such as CEO or COO.
Global Business	· A person who has global business or equivalent knowledge as a division director or above.
Beverage and Food Industry	· A person who has experience as a division director or above in a company handling beverages or food products, or who has equivalent knowledge.
Finance/Audit	· A person who has experience as a division director or above in a Finance / Accounting Division, or who has equivalent knowledge. · A person who has a national qualification in finance and accounting, such as a CPA.
Sustainability/CSV	· A person who has experience as a director or above in Sustainability / CSV Division, or who has equivalent knowledge.



For details, please refer to the website.

<https://en.ccbj-holdings.com/corporate/management/>



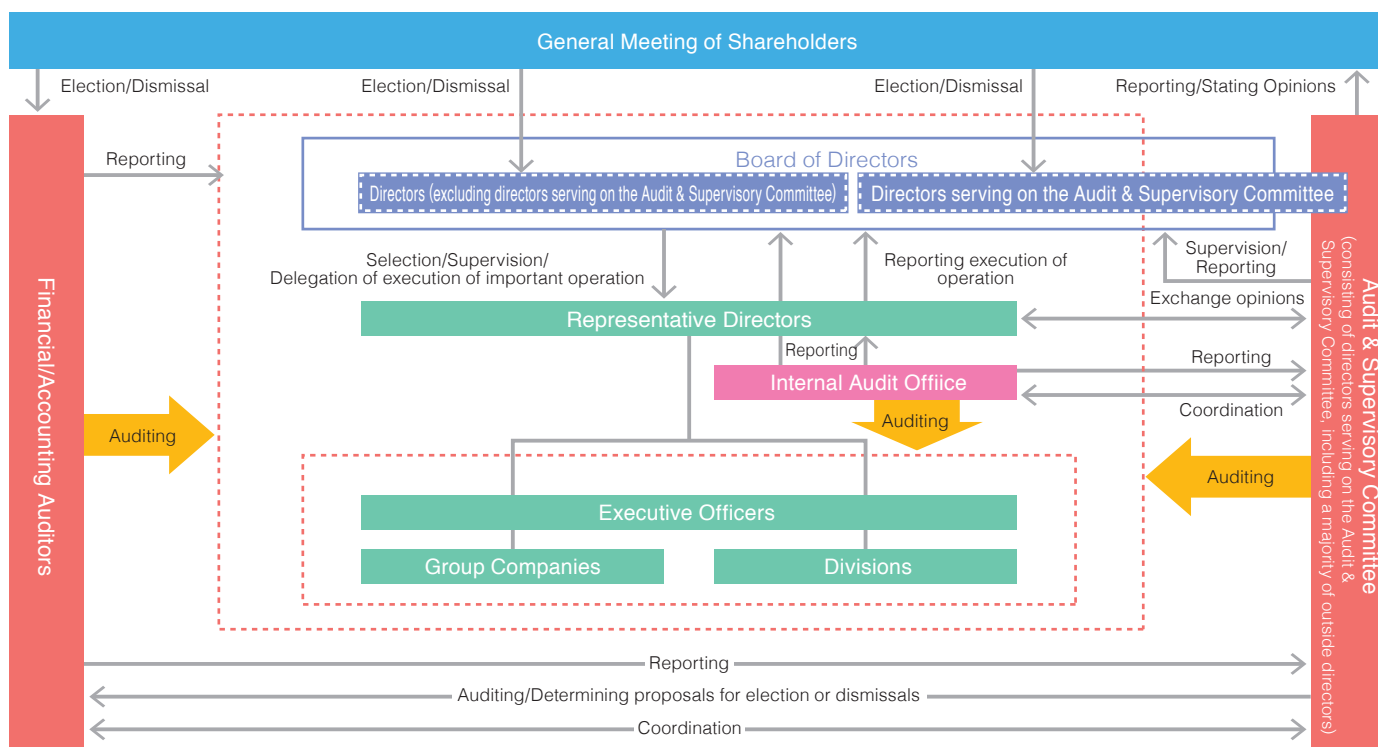
## Basic Stance on Corporate Governance

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

To further strengthen the governance structure, the Company has put in place an audit and supervisory committee structure. The Audit & Supervisory Committee, which is responsible for the Company's auditing, consists of multiple independent outside directors. The Company's management oversight function is further strengthened by granting to these outside directors serving as Audit & Supervisory Committee members voting rights at meetings of the Board of Directors and the right to state opinions at the General Meeting of Shareholders on matters such as the nomination and remuneration of directors.

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]



### [Structure of major meetings 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]

ELT* <sup>1</sup> Meeting		Executive S&OI* <sup>2</sup> Meeting	
This meeting discusses major issues and strategic directions that span the entire company or multiple units. In addition, the meeting reviews material implied risks and evaluates ways to control and mitigate these risks.		Long-term business decisions are made based on a transparent and consistent set of numbers and financial visibility to optimize the entire supply chain in conjunction with sales operations.	
Capital Committee	SPVR* <sup>3</sup> Committee	Ethics and Compliance Committee	
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.	This committee is established for a regular reporting to the management about the major activities and strategies of Coca-Cola Bottlers Japan Business Services Inc. Also, this committee evaluates the consistency of IT investment based on IT strategy, and discuss about the IT policy and DX promotion of the entire group.	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.	

\*<sup>1</sup> Executive Leadership Team \*<sup>2</sup> Sales and Operations Integration \*<sup>3</sup> Systems & Processes + Value Realization Steering

## 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.

## Evaluation of the Effectiveness of the Board of Directors

Each year, the Board of Directors of the Company evaluates and analyzes its effectiveness based on self-evaluation by directors regarding the operation, support system, composition, etc.

From the self-evaluation by the Directors, conducted with the advice of an external third-party organization, we have received generally positive evaluations on the issues identified the year before 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, and to proactively improve operational aspects of the Board of Directors to further enhance and deepen discussions in line with changes in the business environment.

## The Audit Committee

The Audit Committee, which is responsible for auditing the Company, consists of four members, all of whom are Outside Directors (Audit Committee members), including several independent directors, and meet once every three months in principle, with special meetings as needed. In accordance with the Audit Committee Standards for Audits based on relevant laws and the Articles of Incorporation, the Audit Committee audits the execution of duties by directors, executive officers, and employees by attending meetings of the Board of Directors and examining the results of audits conducted by the division in charge of internal audits and the accounting auditor.

## Audit Status

The Audit Committee's main concerns are the formulation of audit policy, preparation of internal system, and confirmation of its operation, audit report preparation, reappointment of accounting auditors, agreement on remuneration for accounting auditors, and providing opinions for the determination of the appointment and remuneration of directors and others. The Audit Committee met eight times in 2021.

The members of the Audit Committee convey their audit opinions objectively and neutrally using their broad expertise and abundant experience, and they communicate their forthright thoughts at the Board of Directors and the Audit Committee meetings. In addition, we believe that the members of the Audit Committee are fully exercising their supervisory and oversight function with respect to the Company's management by regularly exchanging perspectives on the content with the Representative Director. The Audit Committee includes a member who has abundant experience and knowledge in finance, accounting and accounting procedures, including management of a finance-related consulting company.



See the Corporate Governance for details.

<https://en.ccbj-holdings.com/corporate/governance/>





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

\*<sup>1</sup> 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

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

\*<sup>3</sup> Within the second degree of kinship

### [Reasons for appointment of outside directors]

Category/Name	Independent Director	Reasons for appointment (Positions etc. are as of the time of appointment)
Outside Director <b>Hiroshi Yoshioka</b>  <b>Attendance</b> Board of Directors 8/8	○	The Company has appointed Hiroshi Yoshioka as a Director (Outside Director) in order for him to utilize, for the management of the Company, the considerable experiences and global knowledge he has gained thus far at the Coca-Cola bottling company within Japan and Sony Corporation. There is no relationship of special interest between him and the Company, and no risk that conflicts of interest with general shareholders. Therefore, the Company has designated him as an independent director.
Outside Director <b>Hiroko Wada</b>  <b>Attendance</b> Board of Directors 8/8	○	The Company has appointed Hiroko Wada as a Director (Outside Director) in order for her to utilize, for the management of the Company, the considerable experiences and global knowledge she has gained thus far as officer at The Procter & Gamble Company and as Representative Director at Toys"R"Us Japan Ltd. There is no relationship of special interest between her and the Company, and no risk that conflicts of interest with general shareholders. Therefore, the Company has designated her as an independent director.
Outside Director <b>Hirokazu Yamura</b>  <b>Attendance</b> Board of Directors 8/8	○	The Company proposes to appoint Hirokazu Yamura as a Director (Outside Director) with the expectation that he will apply his wealth of management expertise and global understanding obtained 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.: 0.5% of the consolidated revenue of the Company; Purchasing, etc.: 0.2% of the consolidated revenue of said company)
Outside Director (Audit & Supervisory Committee member) <b>Irial Finan</b>  <b>Attendance</b> Board of Directors 8/8 Audit and Supervisory Committee 8/8	—	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 experience 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) <b>Celso Guiotoko</b>  <b>Attendance</b> Board of Directors 8/8 Audit and Supervisory Committee 8/8	○	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) <b>Nami Hamada</b>  <b>Attendance</b> Board of Directors 8/8 Audit and Supervisory Committee 8/8	○	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) <b>Vamsi Mohan Thati</b>  <b>Attendance</b> Board of Directors 6/6 Audit and Supervisory Committee 5/6	—	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 shall evaluate and report on the cost of holding major cross-shareholdings and the return on investment thereof in Board Meeting, and work on reducing the cross-shareholdings based on such evaluation.

### [Number of companies and the amount recorded in the balance sheet]

	Number of companies	Total book value of shares (million yen)
Unlisted stocks	116	4,119
Stocks other than unlisted stocks	56	9,064

### [Brands that the Company increased the number of shares in FY 2021]

	Number of companies	Total amount spent to increase the number of shares held(million yen)	Reason for increase in number of shares
Unlisted stocks	—	—	—
Stocks other than unlisted stocks	18	42	The Company increased the number of shares of this company brand as it is a member of the shareholding association of the counterparty company.

### [Brands that the Company decreased the number of shares in FY 2021]

	Number of companies	Total amount by selling and decreasing the number of shares(million yen)
Unlisted stocks	2	26
Stocks other than unlisted stocks	30	7,449



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 2021]

Activity	2021 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. ( <a href="https://en.ccbj-holdings.com/ir/library/presentation.php">https://en.ccbj-holdings.com/ir/library/presentation.php</a> )
IR meetings with analysts and institutional investors	About 230 times; about 340 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	6 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	4 times	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. ( <a href="https://en.ccbj-holdings.com/ir/">https://en.ccbj-holdings.com/ir/</a> )

## 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 2021 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 10 executive officers.

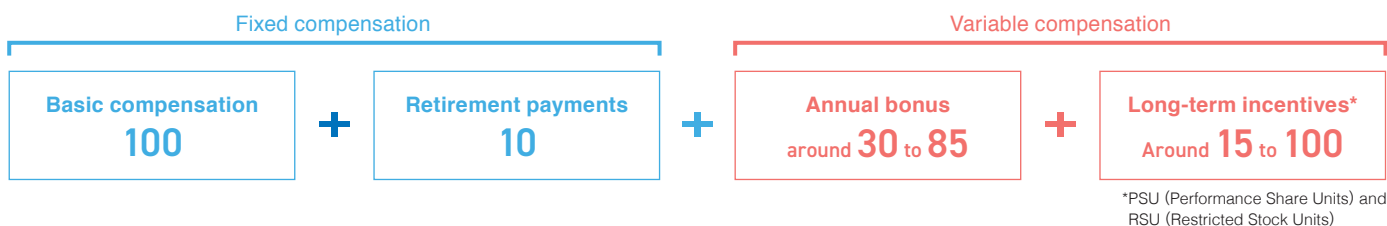
#### [Overview of the executive compensation system]

Targets	Basic policy	Decision-making process	Level
Executive directors, executive officers	<ul style="list-style-type: none"> <li>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.</li> <li>The composition ratio will emphasize performance-based compensation to provide sufficient incentive to achieve profitable growth.</li> <li>The system will promote improvement in medium- to long-term corporate value and the sharing of profit consciousness with shareholders.</li> </ul>	<ul style="list-style-type: none"> <li>In order to increase the transparency and objectivity in compensation decision procedures, the content of compensation is deliberated by the Audit &amp; 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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Supervisory officers	<ul style="list-style-type: none"> <li>Compensation level and structure based on role in management supervision and auditing.</li> </ul>	<ul style="list-style-type: none"> <li>Compensation for directors who are Audit &amp; Supervisory Committee members is proposed to the Audit &amp; Supervisory Committee and is determined through deliberation with directors who are Audit &amp; Supervisory Committee members, within the total amount determined at the General Meeting of Shareholders.</li> <li>Through resolution of the Board of Directors, compensation for outside directors who are not Audit &amp; Supervisory Committee members is deliberated by the Audit &amp; 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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

### 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]



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



**[Compensation structure(From April 2022)]**

Fixed compensation	Basic compensation	<ul style="list-style-type: none"> <li>Monthly payment of an amount determined based on responsibilities.</li> </ul>	<p>The following are upper limits for the compensation listed at left that is paid to directors.</p> <p>Limit on director compensation (excluding directors who are Audit &amp; 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 &amp; Supervisory Committee members: 5)</p> <p>* In case where the Audit &amp; Supervisory Committee has deliberated and deemed it necessary, housing allowances and other fringe benefits may be paid within the limit of 850 million yen.</p>
	Retirement payments	<ul style="list-style-type: none"> <li>An amount equal to 10% of basic compensation is accumulated every year, with the cumulative amount calculated and paid upon retirement.</li> <li>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 &amp; Supervisory Committee.</li> </ul>	
Variable compensation	Annual bonus	<ul style="list-style-type: none"> <li>Provided as an incentive for achieving performance targets for each fiscal year at a certain time each year.</li> <li>The target amount is set more or less in the range of 30% to 85% of base salary depending on their responsibilities.</li> <li>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).</li> <li>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.</li> </ul>	<p>The following are upper limits for the compensation listed at left that is paid to directors.</p> <p>Compensation framework for directors (excluding directors who are Audit &amp; 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).</p> <p>(Number of directors at the time of the resolution, excluding directors who are Audit &amp; Supervisory Committee members: 5)</p>
	Long-term incentives	<ul style="list-style-type: none"> <li>Two types of stock-based compensation systems, (1) PSU and (2) RSU, are adopted as long-term incentives.</li> <li>The standard amount for long-term incentives overall ((1)+(2)) is set more or less 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.</li> <li>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 &amp; Supervisory Committee.</li> </ul>	
	(1)PSU (Performance Share Units)	<ul style="list-style-type: none"> <li>Provided as an incentive for achieving medium- to long-term performance targets.</li> <li>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).</li> <li>Consolidated ROE and growth rate of consolidated net revenue are used as metrics for creating motivation for medium- to long-term improvement of corporate value in accordance with the policy for determining directors' compensation, etc.</li> </ul>	
	(2)RSU (Restricted Stock Units)	<ul style="list-style-type: none"> <li>Provided for the purpose of aligning interests with shareholders, creating incentives to increase corporate value, and strengthening retention of talented people.</li> <li>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).</li> </ul>	

\*With regard to fringe benefits, the Company pays housing allowances, etc. based on CCBJH Group internal rules, 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 2021]****■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	Retirement payments	Annual bonus	Long-term incentives	Other	
Directors (except Audit & Supervisory Committee members) (of which, outside directors)	866 (43)	418 (43)	21 (—)	120 (—)	234 (—)	74 (—)	5 (3)
Directors (Audit & Supervisory Committee members) (of which, outside directors)	72 (72)	72 (72)	— (—)	— (—)	— (—)	— (—)	5 (5)
Total (of which, outside directors)	937 (115)	489 (115)	21 (—)	120 (—)	234 (—)	74 (—)	10 (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	Retirement payments	Annual bonus	Long-term incentives	Other	
Calin Dragan	Representative Director	217	14	83	170	52	536
Bjorn Ivar Ulgenes	Representative Director	158	7	37	63	22	287

Note 1: Compensation for directors includes remuneration paid to one director (outside director) who served as Audit & Supervisory Committee Member who retired at the conclusion of the 2020 General Meeting of Shareholders held on March 25, 2021.

Note 2: Basic compensation includes amount for fringe benefits (housing allowance, etc.), etc.

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

Note 4: Others represent special awards. In order to maintain motivation to lead the transformation over the next few years, we paid a total of 74 million yen in cash in March 2022 as a special award based on the individual performance evaluation of FY2021. The Audit and Supervisory Committee discussed and reviewed the appropriateness of the payment, and has deemed to be reasonable.






## Risk Management

### Business Resilience

At CCBJH we have implemented a business resilience program that embraces the proactive, preventative, and reactive routines that support business growth while at the same time responding to, and recovering from, adverse events. The key pillars of our business resilience program are enterprise risk management (ERM) which enables us to manage risks and opportunities, our crisis management program that drives response and recovery to an adverse event, and our insurance program that enables us to transfer elements of financial risk.

In 2021, we established the Risk Management Group to lead our focus on business resilience and appointed our Head of Risk Management (HRM) who is a member of the Executive Leadership Team (ELT) reporting directly to the President. The HRM is tasked with maintaining an overarching view of business activities to ensure risks and opportunities are identified together with providing visualization of risks to the ELT and the Board of Directors through formalized and regular reporting. Ultimately, the Board of Directors is responsible for our overall risk management and internal control system, and they determine risk appetite and review the effectiveness of our business resilience systems through HRM submissions to the Audit and Supervisory Committee members.

### [Our approach to ERM leveraging the COSO framework]

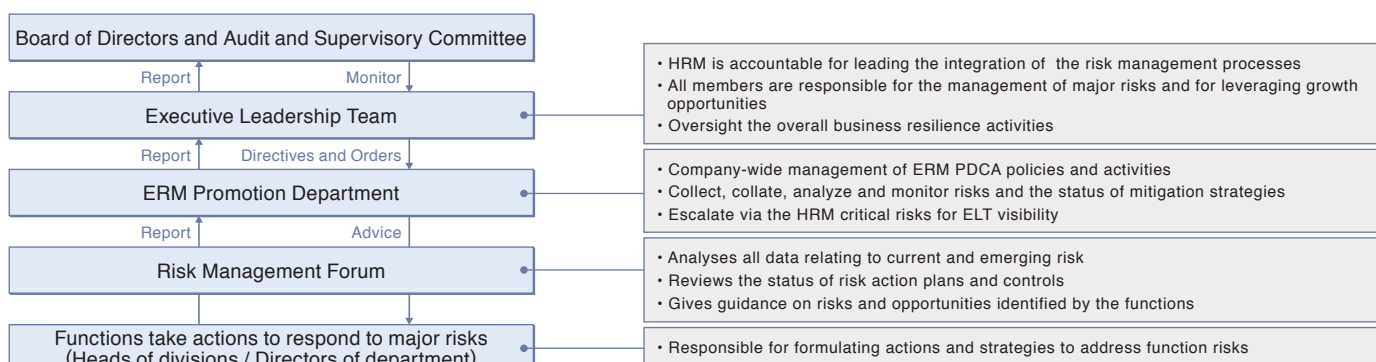
 <b>Governance &amp; Culture</b> <ul style="list-style-type: none"> <li>Board ownership</li> <li>Executive oversight of the resilience program</li> <li>Aligned on risk appetite</li> <li>Implemented a robust ERM operating structure</li> <li>Program aligned to our core values of agility, integrity, learning and result-orientation</li> <li>Regular risk discussions imbedded in our DNA</li> </ul>	 <b>Strategy &amp; Objectives</b> <ul style="list-style-type: none"> <li>Review and analysis of business context - challenge our assumptions</li> <li>Evaluation of initiatives and alternative strategies</li> <li>Formulate new business objectives</li> </ul>	 <b>Performance</b> <ul style="list-style-type: none"> <li>Identify and evaluate risks and opportunities</li> <li>Prioritize and implement responses to risks and opportunities</li> <li>Leverage technology to enhance internal and external risks to the portfolio</li> </ul>	 <b>Review &amp; Revise</b> <ul style="list-style-type: none"> <li>Annual independent ERM process review to drive continual process improvement</li> <li>Assess and analyze substantial change to our internal and external environments</li> <li>Quarterly functional risk discussions to validate changes and responses</li> </ul>	 <b>Communication &amp; Reporting</b> <ul style="list-style-type: none"> <li>Cyclic communications on risk and opportunity</li> <li>ERM integrated into training and development</li> <li>Leveraging information systems to analyze and report on risks and opportunities</li> <li>Enhancing risk visibility and status of cultural integration</li> </ul>
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### ERM Systems and Processes

Our ERM program is aligned to the COSO framework, and it provides a comprehensive approach to risk management that supports the sustainable growth of our business, by identifying risks and business opportunities, developing countermeasures to respond to risks, and supporting our agility in making quick and appropriate risk-based decisions to leverage opportunity.

The ERM Promotion Department has implemented processes to strengthen management engagement with ERM at all levels. Facilitated functional risk reviews are held regularly and the ERM team works closely with the risk owners to assess and manage the business risks. We believe that cultural integration of ERM into the DNA of the business is critical to business growth and we are actively fostering a risk management culture through ongoing and regular training and awareness-raising activities. In 2022, we continue to strengthen our risk management processes with the establishment of our Risk Management Forum. The forum comprises senior managers representing all functions and meets quarterly. While the ELT discusses risks weekly as part of routines, the HRM also reports on the forum outputs and facilitates formal ELT analysis of the risks and opportunities on a quarterly basis. To ensure an overarching review of risks is maintained, the HRM undertakes review sessions with senior management in all divisions and leaders in Coca-Cola (Japan) Company, to ensure that the key risks affecting the entire Coca-Cola system in Japan are identified.

### [Risk Management System (From January 2022)]





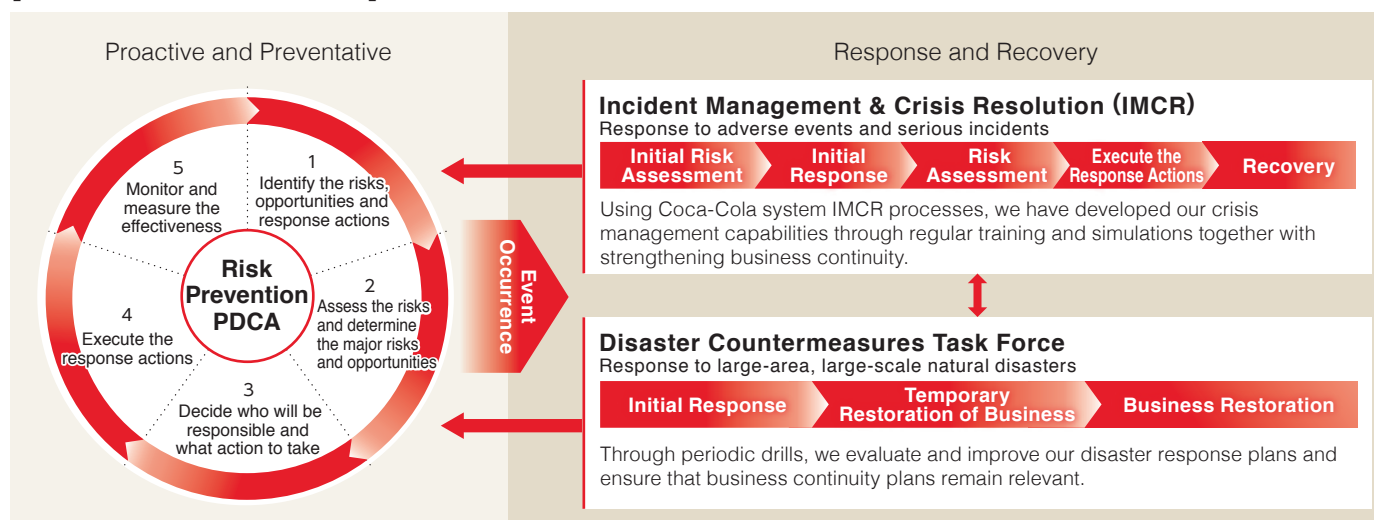
Our ERM program ensures that we have the capability to respond to all manner of risks including those related to climate change and sustainability. One such risk relates to greenhouse gas (GHG) emissions, and we have been implementing strategies to minimize emissions in ways that accomplish both company growth and societal solutions. The Board of Directors has been proactively evaluating climate change countermeasures since 2021 due to the importance of addressing this area of risk.

Overall, our robust risk management system incorporates a variety of processes including regular risk discussions by the management ranks; 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.

## Crisis Management

The core response component of our business resilience program is crisis management. Here we leverage the Coca-Cola system's crisis program known as Incident Management & Crisis Resolution (IMCR). Our well-rehearsed system crisis team can undertake seamless decision-making in response to adverse events and dependent on the event, this will include at what point we need to activate our business continuity plans. In the event of a wide-area or large-scale natural disaster that has a significant impact on business activities, our Disaster Countermeasures Task Force, activates to coordinate the business response.

### [Business Resilience in Action]



## Major Risks

Major risks that could have a significant impact on the Company's financial position, operating results and cash flows fall under the categories listed below. Please refer to our Securities Report for an overview of the major risks we manage, main impacts, and key risk mitigation measures. Not all these major risks may ultimately affect our business. There may be risks that are not yet identified or risks that are assessed as not important at this time, that may ultimately affect our business and financial position. We have established early warning indicators so that we can identify emerging risks and implement appropriate countermeasures.

### HIGH RISKS

Cyber Security and System Availability	People Talent (Attraction and Retention)	Natural Disasters	Manufacturing, Logistics and Infrastructure
Sustainability	Changing Consumer Mindset	Evolving Commercial and Competitive Landscape	Business Transformation

### MEDIUM RISKS

Financial Risks	Macroeconomic (Pandemic)	Commodity Pricing	Quality and Food Safety
Regulatory Compliance and Ethics	Climate Change	Franchise Relationships	Health and Safety



See the Securities Report for details.

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



## Commentary and Analysis of Operating Results in 2021

### Analysis of Operating Results

Coca-Cola Bottlers Japan Holdings Inc. (CCBJH or the Company, or we) announced full-year results for the fiscal year ended on December 31, 2021 (January 1, 2021 to December 31, 2021). As the effect of the coronavirus (COVID-19) continues and the business environment remains to be challenging, the continued supply of our goods and services are essential for our customers and consumers, and the safety and health of our employees and communities are our top priorities. In accordance with our mission to provide happy moments for all, we have been operating our business to ensure safe and secure product supply while taking comprehensive measures.

In this fiscal year (January 1, 2021 to December 31, 2021), despite last year's COVID-19 impact, rebound from the initial impact, and the lifting of the state of emergency, the multiple state of emergency declarations have limited people traffic with heavy rain fall in August. As a result, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume growth performance was limited to about 1% versus the previous fiscal year.

Under these circumstances, we have been working on measures to minimize the impact to sales by introducing new products and responding to changing consumer and channel trends. Under the guiding principle that business as usual is not an option, announced as part of our mid-term strategic business plan in August 2019, we continue to drive fundamental business transformation initiatives. We have been pushing forward our transformation efforts in the further evolution of the vending channel operation model, the relocation of product inventories, the consolidation of distribution bases centered around the Saitama Mega DC to optimize the distribution network in the Kanto area, the streamlining of the supply chain system to realize low-cost operations, improving operational efficiency through company-wide digital transformation (DX), and the promotion of new work styles. While the business environment continues to be challenging, we are focusing on identifying the issues and implementing short-term mitigation plans, as well as seeking new opportunities for growth and efficiency as we work to respond to changes in the business environment over the medium to long term.

We continue our activities to realize our ESG goals based on creation of shared value with society. As part of our efforts to achieve the 2030 Packaging Vision, we continue to increase the use of sustainable materials PET bottle. As part of strengthening our efforts, the Coca-Cola system in Japan has formulated targets to reduce greenhouse gas (GHG) emissions across the entire value chain in Japan by 2030. This has led to our selection as a constituent of the DJSI Asia Pacific, a leading ESG investment index for four consecutive years, and an A- score in a survey on water security conducted by CDP, an international environmental non-profit organization. Details for the full-year are as follows.

	2020	2021	YoY
Revenue	791,956	785,837	- 0.8%
Business Income (Loss)	169	- 14,662	—
Net loss Attributable to Owners of the Parent	- 4,715	- 2,503	—

Note 1: We introduce Business Income (loss) as a measure of our underlying or recurring business performance after the adoption of IFRS. Business Income (loss) deducts cost of goods and SG&A from revenue and includes other income and expenses which we believe are recurring in nature.

Note 2: Net loss attributable to owners of the parent is presented including non-continuing businesses.

#### Full-year 2021 Highlights

- In the fourth quarter (October 1 to December 31), although there were signs of growth in sales volume with the lifting of the state of emergency declaration, the business was affected by concerns about the resurgence of the infection caused by the Omicron strain into the year-end. For the full-year, COVID-19 impact continued. Recovery of consumer traffic impacted by repeated emergency declarations and record-breaking rainfall in August.
- Full-year sales volume increased by +2% YoY. Multiple new products contributed to volume growth, but the challenging business environment continued. Full-year revenue declined by -1% YoY with the changing consumer spending patterns impacting channel and package mix and lower revenue per case. Value share continued to grow for vending, and on a recovery trend for supermarkets, drugstores and discounters.
- Business income exceeded the earnings guidance by 1.2 billion yen, supported by the slightly higher than expected volume and the effect of additional cost saving measures. Compared to the previous fiscal year, a decreased of 14.8 billion yen. Impacted by challenging business environment, cycling of significant temporary cost reduction achieved in the previous fiscal year, and rising raw material prices.
- In a challenging operating environment, with the focus on what we can control, transformation initiatives are progressing as planned, achieving approximately 9 billion yen of recurring cost savings for the full-year.

Consolidated net revenue was 785,837 million yen (0.8% decrease of 6,119 million yen from the same period prior year). New products and initiatives responding to trend changes in channels contributed to the volume growth, but the prolonged period of state of emergency delayed the recovery of traffic, and the record rain in August leading to a volume growth of only 2% versus the previous year. In addition, the business environment has seen an increase of at-home consumption demand with people refraining from going out or working from home resulting in consumer behavior changes impacting channel and package mix, and continued severe competitive environment leading to decrease in revenue per case, impacting revenue. Although the state of emergency declaration was lifted in October, there were hopes for a recovery in people traffic that would lead to an improvement in the consumption environment. However, the business environment remained uncertain and challenging as the Omicron strain toward the end of the year raised concerns about the resurgence of infections.

Consolidated business loss was 14,662 million yen (decrease of 14,831 million yen from the same period of prior year). To minimize the impact of the decrease in revenue on profits, cost saving efforts were made in all areas, including recurring cost reductions through transformation. Factors including adverse channel and package mix, decline in revenue per case, rise in commodity prices and logistics costs, and our decision to invest at appropriate levels in marketing and human resources that would contribute to our future growth had an impact. However, with the volume slightly ahead of expansion, and additional cost saving measures being implemented, we exceed the full-year forecast announced in November 2021 by 1.2 billion yen.

Consolidated operating loss was 20,971 million yen (decrease of 9,248 million yen from the same period of prior year). In addition to the decrease in business income from the prior year, there was an increase in cost due to the accounting timing of the temporary leave expenses and the timing of when the government subsidies for employment adjustment were received. Other income (non-recurring) of this fiscal year includes 6,447 million yen in government subsidies for employment adjustment to offset temporary leave expenses. Other expenses (non-recurring) include 9,001 million yen in temporary leave expenses and 1,600 million yen in business transformation-related expenses related to the implementation of transformation based on the mid-term plan, 2,437 million yen in special retirement allowances due to the voluntary employee retirement program and expenses incurred to recover the system failures that occurred in the core system used by the Group of 1,322 million yen.

Net income attributable to owners of parent for the year a total of continuing operations and discontinued operation was a loss of 2,503 million yen (2,212 million increase from the same period prior year) as a gain of 12,841 million yen was recorded in discontinued operations in the first quarter as gains from stock sales due to the transfer of shares in Q'sai.

## 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 56.8%. We believe that the Company's financial structure remains sound.

As of December 31, 2021, total assets were 867,111 million yen, a decrease of 72,492 million yen compared with the end of the prior fiscal year-end period. Primarily due to the sales of the Q'sai shares on February 1, 2021, resulting in a decrease of the assets held for sale and decrease on property, plant and equipment as a result of restrained investment in sales equipment and selling idle assets.

Total liabilities at the end of the year were 374,660 million yen which decreased by 62,851 million yen from the end of the prior year period. This is mainly due to decrease in bonds and borrowings with the repayment of short-term loans, and the sales of the Q'sai shares which could decrease the liabilities directly associated with assets held for sale.

Total shareholder's equity at the end of the year were 492,451 million yen, a decrease of 9,642 million yen from the end of the prior year period. This mainly reflects a decrease in retained earnings as a result of dividend payments.

## Analysis of Cash Flows

### ■ Cash Flows from Operating Activities

Net cash generated from operating activities was 35,982 million yen (43,716 million net cash generated from operations in the previous year period). This results mainly from the 21,683 million yen net loss before tax from continuing operation, depreciation, increase in trade and other payables and decrease in other assets etc., offset by gain on sale of property, plant and equipment, increase in trade and other receivables and payment of income taxes, etc.

### ■ Cash Flows from Investing Activities

Net cash generated from investing activities was 15,271 million yen (52,076 million yen outflow from investing activities the previous year period), as cash used for acquisition of fixed assets was controlled, accounting for the current operating environment and sales of Q'sai share resulted in proceeds from sales of shares of subsidiaries.

### ■ Cash Flows from Financing Activities

Net cash used for financing activities was 67,134 million yen (20,912 million yen net cash generated from financing activities in the previous year period), driven by decrease of short-term loans for operating capital, payment of dividends and repayments of lease liabilities.

As a result of these activities, cash and cash equivalents at the end of the year was 110,497 million yen, a decrease of 15,881 million yen from the end of the prior fiscal year-end.

## Capital Expenditures

The Group implemented capital expenditure totaling 40,184 million yen in the fiscal year ended on December 31, 2021.

The expenditures were mainly for the introduction of vending machines to the market with the aim of strengthening sales capabilities, improvement of manufacturing efficiency, acquisition of new product support facilities, and investments in Saitama Mega DC for optimization of logistics networks in the Kanto area.

Capital expenditures include tangible fixed assets, right-to-use assets and intangible assets.

## 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 growth opportunities. We seek to use 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 income 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 2021, the Company paid an interim dividend of 25 yen per share and a year-end dividend of 25 yen per share, for an annual dividend of 50 yen per share.

On future shareholder returns, the Company stays committed to maximizing the value by comprehensively reviewing its business performance trends and financial conditions, and examining the best approaches that could be taken by including the share repurchase program.

## Key Financial and Non-Financial Data

JGAAP		2011	2012	2013	2014	2015	2016
<b>Operating Results (Fiscal Year):</b>							
Revenue	(Millions of yen)	399,717	386,637	431,711	424,406	440,476	460,455
Gross Profit	(Millions of yen)	195,244	190,795	215,287	212,881	223,951	238,611
Gross Profit Margin	(%)	48.8	49.3	49.9	50.2	50.8	51.8
Operating Income	(Millions of yen)	16,469	13,463	15,927	11,008	14,262	21,143
Operating Income Margin	(%)	4.1	3.5	3.7	2.6	3.2	4.6
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
<b>Cash Flow Status (Fiscal Year):</b>							
Cash Flow from Operating Activities	(Millions of yen)	39,960	26,324	40,082	28,628	40,422	34,388
Cash Flow from Investing Activities	(Millions of yen)	-34,050	-14,243	-16,493	-9,590	-24,994	-19,921
Free Cash Flow	(Millions of yen)	5,910	12,080	23,588	19,037	15,427	14,467
Cash Flow from Financing Activities	(Millions of yen)	-8,780	-7,149	-8,286	-37,498	22,416	-7,546
Cash and Cash Equivalents at End of Fiscal Year	(Millions of yen)	34,564	39,495	60,275	41,830	79,828	86,727
<b>Financial Position (End of Fiscal Year):</b>							
Total Assets	(Millions of yen)	342,560	337,348	374,418	337,260	378,105	377,468
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
<b>Per-share Information:</b>							
Net Profit per Share (EPS)	(yen)	69.99	60.33	128.15	41.07	91.35	48.05
Net Assets per Share (BPS)	(yen)	2,275.55	2,307.44	2,359.82	2,325.19	2,386.81	2,389.28
Annual Dividend per Share	(yen)	41.00	41.00	41.00	41.00	41.00	46.00
Consolidated Dividend Payout Ratio	(%)	58.6	68.0	32.0	99.8	44.9	95.7
Stock Price at End of Year	(yen)	1,335	1,333	2,227	1,661	2,457	3,445
<b>Other Financial Data:</b>							
Return on Equity (ROE)	(%)	3.1	2.6	5.6	1.8	3.9	2.0
Return on Assets (ROA)	(%)	4.7	4.1	4.7	3.0	3.8	5.5
Equity Ratio	(%)	66.4	68.4	68.8	75.2	68.9	69.1
Price Earnings Ratio (PER)	(Times)	19.1	22.1	17.4	40.4	26.9	71.7
Price Book Value Ratio (PBR)	(Times)	0.6	0.6	0.9	0.7	1.0	1.4
Capital Expenditure	(Millions of yen)	21,201	20,031	20,242	22,783	16,181	25,728
Depreciation and Amortization	(Millions of yen)	21,371	20,643	23,758	22,943	24,048	17,491
<b>Non-Financial Data (End of Fiscal Year):</b>							
Outstanding Shares at End of Year	(1000 shares)	111,126	111,126	111,126	111,126	111,126	111,126
Treasury Stock at End of Year	(1000 shares)	11,153	11,155	1,982	1,984	1,987	1,989
Number of Employees at End of Year		8,105	7,877	9,650	8,324	8,837	8,616
Average number of temporary employees not included in the above		2,073	1,890	2,059	1,949	2,613	2,499
Number of Directors		10	10	11	12	11	14
Number of Outside Directors		2	2	2	2	2	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 December 2020, as a result of the decision to sell all shares in Q'sai held by the Company, the Healthcare and Skincare business has been classified as a discontinued operation and 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. Therefore, these are excluded from the above major financial data for 2020 and 2021. This sale of shares was completed on February 1, 2021.

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: Greenhouse gas emissions refers to the supply chain emissions (Scope 1-3) in the beverage business. Some emission factors and the scope of data were revised from the 2021 results.

2017	IFRS	2017	2018	2019	2020	2021
<b>Operating Results (Fiscal Year):</b>						
872,623	Revenue (Millions of yen)	837,069	927,307	914,783	791,956	785,837
450,249	Gross Profit (Millions of yen)	412,782	452,151	441,060	362,916	350,505
51.6	Gross Profit Margin (%)	49.3	48.8	48.2	45.8	44.6
40,579	Business Income (Millions of yen)	40,177	23,276	15,042	169	-14,662
4.7	Business Income Margin (%)	4.8	2.5	1.6	0.0	—
—	EBITDA (Millions of yen)	81,560	70,807	71,993	59,083	42,498
25,244	Net Income Attributable to Owners of the Parent (Millions of yen)	21,967	10,117	-57,952	-4,715	-2,503
<b>Cash Flow Status (Fiscal Year):</b>						
72,450	Cash Flow from Operating Activities (Millions of yen)	73,014	51,244	42,629	43,716	35,982
-41,090	Cash Flow from Investing Activities (Millions of yen)	-14,299	-48,628	-68,308	-52,076	15,271
31,359	Free Cash Flow (Millions of yen)	58,715	2,616	-25,679	-8,360	51,253
-26,159	Cash Flow from Financing Activities (Millions of yen)	-26,717	-55,835	73,994	20,912	-67,134
118,741	Cash and Cash Equivalents at End of Fiscal Year (Millions of yen)	118,742	65,510	113,825	126,378	110,497
<b>Financial Position (End of Fiscal Year):</b>						
883,918	Total Assets (Millions of yen)	929,304	877,472	952,444	939,603	867,111
—	Interest-bearing Debt (Millions of yen)	81,385	102,814	246,521	271,233	214,124
—	D/E Ratio (Times)	0.1	0.2	0.5	0.5	0.4
627,485	Total Equity (Millions of yen)	655,038	580,906	506,491	502,093	492,451
<b>Per-share Information:</b>						
144.26	Basic Earnings per Share (EPS) (yen)	125.53	52.68	-322.22	-26.29	-13.96
3,070.01	Equity Attributable to Owners of the Parent per Share (BPS) (yen)	3,204.90	3,163.63	2,821.27	2,797.03	2,745.12
44.00	Annual Dividend per Share (yen)	44.00	50.00	50.00	25.00	50.00
30.5	Consolidated Dividend Payout Ratio (%)	35.1	94.9	—	—	—
4,115	Stock Price at End of Year (yen)	4,115	3,285	2,791	1,609	1,320
<b>Other Financial Data:</b>						
5.7	Equity Income Margin Attributable to Owners of the Parent (ROE) (%)	4.6	1.6	-10.7	-0.9	-0.5
6.3	Total Assets / Pre-tax Profit Ratio (ROA) (%)	5.6	1.6	-6.1	-1.3	-2.4
70.9	Percentage of Equity Attributable to Owners of the Parent (%)	70.4	66.2	53.1	53.4	56.8
28.5	Price Earnings Ratio (PER) (Times)	32.8	62.4	-8.7	-61.2	-94.6
1.3	Price Book Value Ratio (PBR) (Times)	1.3	1.0	1.0	0.6	0.5
42,539	Capital Expenditure (Millions of yen)	42,539	53,136	103,882	65,521	40,184
37,352	Depreciation and Amortization Expenses (Millions of yen)	41,383	47,531	56,951	59,583	57,160
<b>Non-Financial Data (End of Fiscal Year):</b>						
206,269	Outstanding Shares at End of Year (1000 shares)	206,269	206,269	206,269	206,269	206,269
2,016	Treasury Stock at End of Year (1000 shares)	2,016	22,793	26,917	26,920	26,925
17,197 4,403	Number of Employees at End of Year Average number of temporary employees not included in the above	17,197 4,403	17,100 3,957	16,959 3,578	16,274 4,008	15,083 3,777
9	Number of Directors	9	9	9	9	9
4	Number of Outside Directors	4	4	6	7	7
	Women in Manager Positions (%)	—	3.9	4.2	5.8	6.3
	Women in Manager and Leader Positions (%)	—	6.8	7.3	9.3	9.9
	Water Usage (1000 m <sup>3</sup> )	—	13,998	13,316	12,560	12,993
	Water Source Replenishment (%)	—	277	322	364	353
	Greenhouse Gas Emissions (1000 tons-CO <sub>2</sub> e)	—	—	2,347	2,076	2,366



## Company Profile / Stock Information (As of December 31, 2021)

### [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	206,269 thousand shares (Common share)
Paid-in capital	15,232 million yen	Number of Shareholders	76,504 (Shareholders with voting rights excluding treasury stock: 62,802)
Number of employees	15,083	Number of Shares per Trading Unit	100 shares

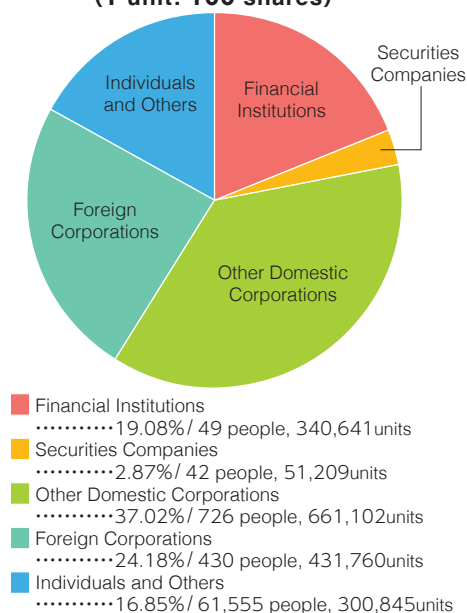
\* Issued shares of the Company are common shares only. The Company has not issued preferred shares or any other types of shares which entail rights different from those of common shares.

### [Major Shareholders (1 unit : 100 shares)]

Shareholder	Number of shares owned (million shares)	Percentage of voting rights (%)
Coca-Cola (Japan) Co., Ltd.	279,561	15.66
The Master Trust Bank of Japan, Ltd. (Trust Account)	176,173	9.87
Ichimura Foundation for New Technology	52,947	2.97
Custody Bank of Japan, Ltd. (Trust Account)	49,247	2.76
Satsuma Shuzo Co., Ltd.	46,991	2.63
Senshusha Co., Ltd.	40,884	2.29
Coca-Cola Holdings West Japan, Inc.	40,749	2.28
Mitsubishi Heavy Industries Machinery Systems, Ltd.	39,121	2.19
MCA Holdings Co., Ltd.	34,075	1.91
STATE STREET BANK AND TRUST COMPANY 505225	32,233	1.81

The above Major Shareholders and Composition of Shareholders are calculated and presented excluding 269,246 shares of treasury stock held by the Company.

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



### [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

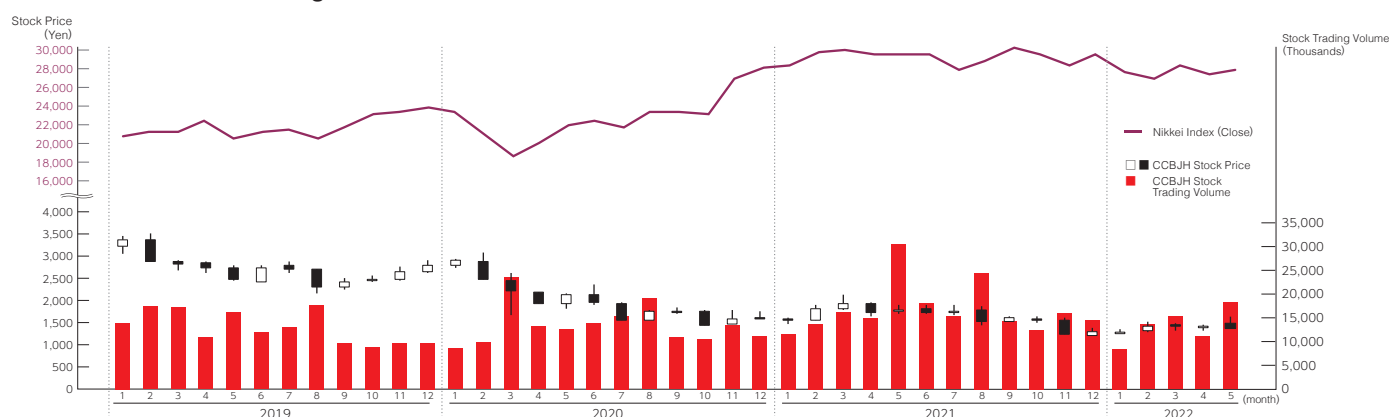
\*CCW : Coca-Cola West Co., Ltd.

\*CCBJH : Coca-Cola Bottlers Japan Holdings Inc.

### [Rating Information]

	2019	2020	2021
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]



## Evaluations from Outside the Company

Our initiatives to resolve social issues have received strong recognition from governments and outside institutions and received various awards.



Dow Jones Sustainability  
Asia Pacific Index  
(DJSI Asia Pacific)



FTSE Blossom Japan Sector  
Relative Index



S&P/JPX  
Carbon Efficient Index



EcoVadis Sustainability  
Questionnaire  
Received Silver medal in 2021



CDP scores for 2021  
Water security "A-"  
Climate change "B"



Health & Productivity Management  
Outstanding Organization 2022  
White 500



Nikkei Smart Work  
Management Survey  
Awarded 4.5 stars in 2021



Nikkei SDGs Management Survey  
Awarded 3.5 stars in 2021



Kurumin Certification  
Received in 2011



Tokyo Metropolitan Government  
Women's Participation Awards  
Awarded in 2021



L-boshi Certification  
Awarded 2 stars in 2019



HR Award 2021



SSON Impact Awards Asia  
Received Gold Award in  
Best Vendor Collaboration  
Best Shared Services Team



work with Pride  
Received the Gold rating in  
PRIDE Index for 2021



New Diversity Management  
Selection 100  
Awarded in 2020



Cancer Ally Award 2021  
Received Silver



Sports Yell Company 2022  
Certified as Sports Yell Company  
2022 by Japan Sports Agency



Tokyo Sports Promotion Company  
Certification System  
Certified in 2021

\* Awarded to CCBJH and some of its Group companies.

\* Also received the Director's Award for Excellence in Disability Hiring in 2019 from the Bureau of Industrial and Labor Affairs.

## Participation in External Initiatives

We are working to resolve social issues through participation in a number of external initiatives.



Task Force on Climate-related  
Financial Disclosures (TCFD)



TCFD Consortium



The United Nations  
Global Compact



The CEO Water Mandate



Japan Climate Initiative



Business for Marriage Equality  
(BME)



Business Support for LGBT  
Equality in Japan

\* In addition, we have endorsed the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry aiming for carbon neutrality by 2050, and the Leading Tenant Action Plan of the Ministry of the Environment containing decarbonization initiatives led by companies that are tenants in buildings, with the aim of achieving net zero GHG emissions by 2050.



## ■ 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>

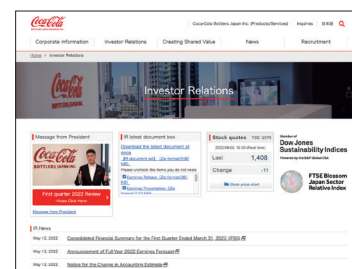
To Our Shareholders  
(Annual newsletter to  
individual shareholders,  
Japanese version only)



<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/>

## Coca-Cola Bottlers Japan Holdings Inc.

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