Quarterly Report

（Report Pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act）

Fiscal Year	From April 1, 2021
（The 2nd Quarter of the 64th Term）	To June 30, 2021

Coca-Cola Bottlers Japan Holdings Inc.

（E00417)

This is an English translation of the original Quarterly Report ("Shihanki Hokokusho") ended June 30, 2021 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Shihanki Hokokusho and this English translation, Shihanki Hokokusho shall prevail.

Table of Contents

【Cover Page】

[Documents to be submitted]	Quarterly Report
[Underlying article]	Financial Instruments and Exchange Act Article 24-4-7 Paragraph 1
[Recipient]	Director-General of the Kanto Local Finance Bureau
[Submission date]	August 12, 2021
[Fiscal year]	64th fiscal term (from April 1, 2021 to June 30, 2021)
[Company name]	Coca-Cola Bottlers Japan Holdings Inc.
[Name and position of representative]	Calin Dragan, Representative Director & President
[Address of head office]	9-7-1 Akasaka, Minato-ku, Tokyo
[Telephone number]	(03)-6896-1707
[Name of administrative contact]	Satoshi Kon, Head of Finance Operations and Controllers Division, Finance
[Closest contact point]	9-7-1 Akasaka, Minato-ku, Tokyo
[Telephone number]	(03)-6896-1707
[Name of administrative contact]	Satoshi Kon, Head of Finance Operations and Controllers Division, Finance
[Location provided for viewing]	Tokyo Stock Exchange, Inc. （2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo）

This is an English translation of the original Quarterly Report ("Shihanki Hokokusho") filed with the Director-General of the Kanto Local Finance Bureau via Electronic Disclosure for Investors` NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan. In the event of any discrepancy between Shihanki Hokokusho and this English translation, Shihanki Hokokusho shall prevail.

For the purpose of this Quarterly Report, unless context indicates otherwise, the "Company", "we", and "CCBJH" refer to Coca-Cola Bottlers Japan Holdings Inc., and the "Group" refers to the Company and its subsidiaries.

This is an English translation of the original Quarterly Report ("Shihanki Hokokusho") ended June 30, 2021 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Shihanki Hokokusho and this English translation, Shihanki Hokokusho shall prevail.

Part I Corporate information

Section 1. Corporate overview

1. Summary of business results

Issuance		The 63rd Term Consolidated Cumulative Second Quarter	The 64th Term Consolidated Cumulative Second Quarter	The 63rd Term
Accounting period		From January 1, 2020 to June 30, 2020	From January 1, 2021 to June 30, 2021	From January 1, 2020 to December 31, 2020
Revenue [Current Second quarter]	(Millions of yen)	374,598 [181,569]	369,309 [200,909]	791,956
Loss before income tax	(Millions of yen)	(15,067)	(18,475)	(12,065)
Net loss for the period attributable to owners of the parent	(Millions of yen)	(6,452) [(761)]	(354) [(1,670)]	(4,715)
Comprehensive income (loss) attributable to owners of the parent	(Millions of yen)	(11,494)	3,149	(2,214)
Equity attributable to owners of the parent	(Millions of yen)	490,715	499,875	501,643
Total Assets	(Millions of yen)	974,323	884,060	939,603
Basic loss per share	(Yen)	(35.97) [(4.24)]	(1.98) [(9.31)]	(26.29)
Diluted earnings per share	(Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets	(%)	50.4	56.5	53.4
Cash flows from operating activities	(Millions of yen)	11,274	10,606	43,716
Cash flows from investing activities	(Millions of yen)	(47,697)	21,119	(52,076)
Cash flows from financing activities	(Millions of yen)	41,203	(58,563)	20,912
Cash and cash equivalents at the end of the period	(Millions of yen)	118,605	99,540	126,378

Notes: 1. Because the Company prepares quarterly consolidated financial statements, the summary of standalone business results for the Company is not described.
2. Consumption tax is not included in revenue.
3. Diluted earnings per share is not presented, as the effects of dilutive stock on earnings per share are anti-dilutive.
4. The consolidated financial statements are disclosed in accordance with International Financial Reporting Standards ("IFRS")
5. Figures are rounded to the nearest million yen.
6. In the fiscal year ending 31 December 2020, the businesses of Q'sai and its subsidiaries were classified as discontinued operations as a result of the decision made in December 2020 to sell all shares in Q'sai Co. Ltd. held by the Company. Accordingly, the Revenue and the Loss before income tax for the 63rd Term Consolidated Cumulative Second quarter and the 63rd Term Consolidated Second quarter accounting period have been reclassified to the amounts for continuing operations excluding discontinued operations. Refer to "IV. Financial information, (1) Notes to consolidated financial statements, 6. Disposal groups classified as held for sale and discontinued operations" for the reclassified amounts of the Revenue and Profit before income tax of the discontinued operations.

2. Business content

There were no significant changes in the businesses that the Group (the Company and its subsidiaries) is engaged in during the Second quarter of 2021.

As the transfer of all shares of Q'sai Co., Ltd. ("Q'sai") was completed during the first quarter of the current fiscal year, the company and its subsidiaries were excluded from the Group.

As the transfer of all shares of Apex Nishi-Nihon Corporation was completed during the second quarter of the current fiscal year, the company was excluded from the scope of application of the equity method.

Section 2. Business situations

1. Risk of business

During the second quarter of the current fiscal year (April 1, 2021 to June 30, 2021, hereinafter referred to as "the second quarter"), the coronavirus infection (COVID-19), continued to impact the business influenced by government responses. On April 25, the government declared a state of emergency for the second time this year, which continued until June 20. As part of the state of emergency the government implemented further measures to prevent the spread of the disease, such as shortening the opening hours of restaurants and refraining from holding large-scale events. Therefore, the outlook for sales in the beverage business remained uncertain during the second quarter.

In this circumstance, the Company is actively monitoring the risk and responding to the changes in the business environment. We have sped up our business transformation and management reforms, responded to changes in customer and consumer behavior, and pushed forward with cost reductions. The Company remains focused on employee safety maintaining COVID-19 response routines and has started vaccinating our employees, their family members, and subcontractors at our workplaces. In addition, the Company has continued telecommuting, mainly in the indirect departments, thereby reducing employee exposure in the work place.

In the third quarter of the current fiscal year (July 1, 2021 to September 30, 2021), we will continue to actively monitor our overall risk environment and uncertainties remain about the impact of the revised Olympics and Paralympics Games Tokyo 2020 on our business. There are no significant changes to other business risks as described in the Annual Securities Report for the 2020 fiscal year.

2. Management's analysis of financial condition, results of operations and cash flows

Note that matters related to future developments that are mentioned in this section are judgments of the Group that were made as of the date of quarterly securities report submission.

(1) Qualitative Information on year-to-date second quarter Consolidated Financial Results

As the effect of the coronavirus (COVID-19) continues, the continuing supply of our goods and services which are essential for our customers and consumers, and the safety and health of our employees and communities are our top priorities. Our mission is to deliver happy moments to everyone, and we have been working with comprehensive business continuity actions in place to ensure safe and secure product supply. In addition to implementing comprehensive infection prevention measures in our commercial activities, we also implemented more flexible work style initiatives, such as working from home and adoption of online meetings. In our efforts to ensure the safety of our employees and their families, we have implemented workplace vaccinations in order to create an environment in which employees and their families can easily access vaccinations. We are granting special paid leave to employees experiencing side effects from the vaccinations as well, depending on their working conditions.

In the year-to-date second-quarter period (January 1, 2021 to June 30, 2021), while the industry cycle last year's COVID-19 impact from April in the previous fiscal year, the impact of the additional state of emergency declaration and other factors have resulted in the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume growth was soft and only increased slightly compared to the previous fiscal year. Although the impact on consumer traffic at retail stores, restaurants and vending machines continued, there was some recovery in demand in the second quarter at vending machines and restaurants, which were significantly affected in the same period of the previous year.

Under these circumstances, we have been working on measures to minimize the impact on sales by rolling out new products and responding to changing trends in each channel. Under the guiding principle that “business as usual is not an option”, announced as part of our mid-term strategic business plan announced in August 2019, we continue to drive fundamental business transformation initiatives. Key initiatives include further evolving our vending channel operation model, relocation of product inventories, and the consolidation of distribution bases centered around the Saitama Mega DC in order to optimize the distribution network in the Kanto area, leading to the streamlining of the supply chain structure to achieve low-cost operations; and the promotion of new work styles. Although the current business environment remains challenging, we are focusing on areas that we can control, and we are taking steps to respond to changes in the business environment over the medium-to-long term by implementing key initiatives of transformation based on our medium-term plan ahead of schedule, while seeking new opportunities for growth and efficiency.

As disclosed in the December 15, 2020, “Notice of Selling of Shares of Q'sai and Gain on The Sale of Shares as well as Revision of Earnings Forecast”, the share transfer of Q'sai was completed on February 1, 2021. We have revised our business segment reporting to reflect only the results of continuing operations, the beverage business, after the sale of the health and skincare segment and relevant sections of prior year financial statements and notes have been reclassified.

Details for the year-to-date second-quarter period are as follows.

Highlights for the First Half

- Market uncertainty continued. Despite the cycling impact of COVID-19, recovery of consumer traffic remains challenged driven by the increase in COVID-19 cases leading to additional state of emergency declarations.
- Sales volume increased 15% YoY in the second quarter and 3% in the first half driven by new products and channel-specific initiatives tailored to the changing environment. Volume recovery lead to sales revenue increase of 11% in second quarter. We continue to grow vending market share, with 27 consecutive months of value share growth. Although the OTC value share was negative overall, supermarkets, drugstores & discounters gained share, while CVS channel continues to be an area of improvement. We will continue to focus on market share growth and aim to "win in the market" and "winning where the growth is".
- First half business income loss of 14,799 million yen. Revenue recovered in the second quarter, however the deteriorating pricing, package mix and cycling impact of the large one-time cost savings conducted in the same period of the previous year have had an impact. This year, we will invest in marketing and human capital at an appropriate level, which we restrained in the previous year.
- Transformation is progressing as planned and achieved about 6 billion yen of recurring cost saving in the first half of the year. As the environment remains to be uncertain, we will continue to focus on what we can control and drive our transformation to create a solid foundation for future growth. For this year the transformation in vending and supply chain has contributed
- We continued to focus on ESG initiatives, and started the use of 100% recycled PET resin for our Brand Coca-Cola and other small PET bottles in May. With this initiative, we were able to reduce the CO_2 per bottle by about 60%, as the Coca-Cola Japan system as a whole, reducing our footprint by about 35,000 tons of CO_2 per year.

Summary of Consolidated Financial Results

(Millions of yen)

Year-to-date Q2 (January to March)

	2020	**2021**	Change
Continuing Operation (Beverage Business)			
Revenue	374,598	**369,309**	(1.4%)
Sales volume of beverage business (million cases)	212	217	3%
Gross Profit	169,544	**163,269**	(3.7%)
Selling, General & Administrative Expenses	176,016	**177,295**	0.7%
Other income (Recurring)	373	**415**	11.4%
Other expenses (Recurring)	1,039	**1,055**	1.6%
Investment loss on equity method	(230)	**(133)**	—
Business Loss	(7,368)	**(14,799)**	—
Other income (Non-recurring)	0	**4,601**	—
Other expenses (Non-recurring)	7,569	**8,053**	6.4%
Operating Loss	(14,937)	**(18,250)**	—
Net Loss Attributable to Owners of Parent	(6,452)	**(354)**	—

(Millions of yen)

Q2 (April to June)

	2020	**2021**	Change
Revenue	181,569	**200,909**	10.7%
Sales volume of beverage business (million cases)	104	**120**	15%
Gross Profit	80,655	**89,108**	10.5%
Selling, General & Administrative Expenses	80,353	**91,869**	14.3%
Other income (Recurring)	151	**216**	42.7%
Other expenses (Recurring)	571	**664**	16.3%
Investment income (loss) on equity method	(170)	**6**	—
Business Loss	(287)	**(3,202)**	—
Other income (Non-recurring)	—	**3,611**	—
Other expenses (Non-recurring)	6,221	**3,516**	(43.5%)
Operating Loss	(6,508)	**(3,107)**	—
Net Loss Attributable to Owners of Parent	(761)	**(1,670)**	—

Note: 1. "Business Loss" is a measure of our underlying or recurring business performance. Business Income (loss) deducts cost of goods and selling, general and administrative expenses from revenue, and includes other income and expenses which we believe are recurring in nature.
2. Net Loss Attributable to Owners of Parent is a total of continuing operation and discontinued operation results.

Consolidated net revenue for year-to-date second-quarter 2021 declined to 369,309 million yen (1.4% decrease to 5,289 million yen from the prior-year period). Net revenue decreased in spite of a 3% increase in sales volume due to cycling of COVID-19 impact in the same period in the prior year, and the adverse package and pricing mix affected by changes in the environment, including increase in demand of at home consumption due to consumers refraining from going out and working at home.

Consolidated business loss was 14,799 million yen (7,368 million yen loss in the same period of prior year). Transformation initiatives to achieve cost savings were not able to absorb the revenue decline driven by deteriorating price and package mix. Among the costs that were controlled in the previous year, investments in marketing and human capital that will contribute to medium- to long-term growth were implemented at appropriate levels.

Consolidated operating loss was 18,250 million yen (14,937 million yen loss in the same period of previous year). Other income (non-recurring) includes 3,876 million yen in government subsidies for employment adjustment to offset temporary leave expense. Other expenses (non-recurring) include 5,636 million yen in temporary leave expenses and 623 million yen in transformation-related expenses related to the implementation of transformation based on the medium-term plan, and 1,177 million yen in special retirement allowances due to voluntary employee retirement program.

Net income attributable to owners of parent for the quarter, a total of continuing operations and discontinued operation, was a loss of 354 million yen (6,452 million yen loss in the prior year period) as a gain of 12,841 million yen was recorded in discontinued operations as gains from stock sales due to the transfer of shares in Q'sai.

Beverage volume performance

First half 2021, increased by 3% due to introduction of new products, capturing at-home demand, and strengthening activities in the growing online channel. In the second quarter, sales volume increased by 15% due to the cycling impact of COVID-19 and a rebound from the initial impact in the same period of the previous year.

In terms of channel performance, vending in the second quarter, with the state of emergency declaration being lifted in April the consumer traffic recovered and volume increased by 18%, and increase of 2% for the first half. There was recovery in sales per vending machine especially in outdoor locations. While the challenging operating environment continues, we continue to grow our market share in vending, with 27 consecutive months of value share growth. Supermarket, drugstore & discounters increased by 7% and 9% respectively, for the first half, reflecting our efforts to "win where the growth is" by responding to changes in the frequency of customer visits and consumption patterns, such as rising at-home consumption and bulk purchases. CVS in the second quarter, due to intensified competitor promotion activities, led to intensified competition and resulted in slower volume recovery, resulting in a 3% decrease for the first half. In retail and food channels, sales decreased by 12% for the first half, due to reduced customer traffic at restaurants and other commercial venues especially during the first quarter. While online sales are still relatively small, sales are growing significantly, with 60% growth driven by expansion of label-less products in-line with changes in customers' consumption and consciousness.

In terms of beverage category performance, while the challenging operating environment continues, all major categories recorded growth. Sparkling beverages increased 7% in the second quarter and was flat in the first half, with the contribution from the new Fanta Premiere Orange and growth in supermarket and online. With the contribution from new Yakan Barley Tea from Hajime, and Ayataka Café Matcha Latte, Non-sugar tea (NST) volume increased 17% for the second quarter and 4% for the first half. Coffee volume decreased 2% for the first half with weak can coffee sales, but second quarter grew 7% with new products such as COSTA COFFE leading to a growth in PET coffee growth in all channels. Sports category volume increased 12% due to the cycling of last year's impact of severe restrictions on sporting events. Water volume increased 29%, due to growth in large PETs, mainly in supermarkets, drugstores & discounters and online, as a result of increased home consumption, as well as contributions from new ICY SPARK and small PET Irohas.

The ready-to-drink alcohol, with the contribution from Lemon-dou Homerun size and newly launched Nomel's Hard Lemonade, increased 1% for the first half, and 13% for the second quarter. We continue to expand our manufacturing capacity for alcoholic beverages through a new alcohol production line at the Komatsu Plant in May.

(2) Qualitative Information on Consolidated Financial Position

Assets at the end of the quarter were 884,060 million yen, a decrease of 55,543 million yen from the end of the prior fiscal year-end period. This is mainly due the sales of the Q'sai shares on February 1, 2021, resulting in a decrease in Assets held for sale and decrease of Cash and cash equivalents with the repayment of short term loans. Other key drivers include Inventories increasing ahead of the peak season and a decrease in Property, plant and equipment from consolidation of sales/distribution locations.

Liabilities at the end of the quarter were 384,045 million yen, a decrease of 53,466 million yen from the end of the prior year period. This is mainly due to the sales of the Q'sai shares, decreasing the Liabilities directly associated with assets held for sale.

Net Assets at the end of this quarter were 500,015 million yen, a decrease of 2,078 million yen from the end of the prior year period. This reflects a decrease in Retained earnings as a result of dividend payments.

(3) Cash flows

The cash flow conditions for the 2nd quarter of the current year are as follows:

<Cash Flows from Operations>

Net cash generated from operations activities was 10,606 million yen (11,274 million net cash generated from operations in the previous year period). This results mainly from the 18,475 million yen net loss before tax from continuing operation, depreciation, increase in trade and other payables and refund on taxes, etc., offset by increase in inventory and payment of income taxes, etc.

<Cash Flows from Investment Activities>

Net cash generated for investment activities was 21,119 million yen (47,697 million yen outflow the previous year period), as cash used for acquisition of fixed assets was controlled, accounting for the current operating environment and by cash-in from proceeds from 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 58,563 million yen (41,203 million yen net cash generated from for financing activities in the previous year period), driven by decrease of short-term loans for operating capital, cash spent for payment of year-end dividends and repayments of lease liabilities.

As a result of these activities, cash and cash equivalents at the end of the fiscal year was 99,540 million yen, a decrease of 26,838 million yen from the end of the prior fiscal year-end period.

(4) Business and financial challenges to be addressed

1. Issues to be addressed

There are no material changes regarding the issues that the Group needs to address during the consolidated cumulative second quarter of the current year.

2. Basic Policies on the Control of the Joint-stock Company

a. Descriptions of basic policies

The Company believes that the persons and/or entities (hereinafter referred as "Persons") who control decisions on the Company's financial and business policies need to understand the source of the Company's corporate value and will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders. The Company believes that a decision on any proposed acquisition that would involve a change of corporate control of the Company should ultimately be made based on the intent of its shareholders as a whole. Also, the Company would not reject a large-scale acquisition of the shares in the Company if it would contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

However, there are some forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders: those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the terms of the large-scale acquisition of shares, or for the target company's board of directors to present a business plan or an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

The Company believes that the Persons who control decisions on the Company's financial and business policies need to be Persons who (A) fully understand the importance of (i) providing freshness and refreshment to people around the world and embedding the "Coca-Cola" brand, which is now a part of our life style, in local communities; (ii) striving aggressively to win in the market as the customers' preferred partner with a deep understanding of the Company's corporate philosophy; (iii) appreciating employees who have a strong sense of responsibility to thoroughly pursue customer satisfaction, and proactively working on building a workplace environment that can make each and every employee feel rewarded, motivated and proud of being a member of the Coca-Cola family; and (iv) contributing to local communities and proactively dealing with environmental issues with a strong sense of responsibility as a corporate citizen that continues to strive to assist in the realization of an affluent society, (B) preserve relationships of mutual trust with customers, business partners, shareholders and employees and perform to their expectations, and (C) make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders from a mid- to long-term perspective.

Therefore, the Company believes that Persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company and, in turn, the common interests of its shareholders would be inappropriate to become Persons who would control decisions on the Company's financial and business policies.

b. Initiatives to realize the basic policies

(a) Summary of special initiatives that contribute to realizing the basic policies

The Group not only assumes a leading role in transforming the Coca-Cola business in Japan by deploying various joint initiatives such as product development and test marketing with The Coca-Cola Company and Coca-Cola (Japan) Company, Limited (100% subsidiary of The Coca-Cola Company) as a strategic partner, but also strives to become a company trusted by the stakeholders of consumers, customers, shareholders and employees.

Soft drink industry volume growth in Japan is expected to be muted, given the developed nature of the market as a whole, and the business environment surrounding the Company is projected to stay competitive as multiple players compete in the market.

Under such circumstances, the Group aims at becoming the preferred partner of our customers and consumers in all drinking occasions by establishing a robust and sustainable operating model, pursuing success in high-priority areas, and drastically transforming the business to ensure growth.

The Company also made a transition to a company with an Audit and Supervisory Committee in order to further reinforce the governance system. The Audit and Supervisory Committee serves as the auditing body of the Company that is comprised exclusively of external directors, including multiple independent external directors. To strengthen the management oversight function, these external directors that serve as members of the Audit and Supervisory Committee have each been granted with a voting right in the Board of Directors meetings, in addition to the right to state their opinions in shareholders' meetings on matters pertaining to the designation of board members and their remuneration, among others. In order to separate the decision-making, business management and business execution functions, the Company is implementing a corporate executive officer system. In addition to the foregoing, for more fruitful deliberations of highly important matters in the Board of Directors meetings, the Company is delegating the authority to make decisions on certain important matters that require prompt business executions to specific directors as well as facilitating speedy decision making of other matters.

(b) Outline of measures to prevent inappropriate persons from controlling the finance and business policy decisions of the Company in light of the basic policy

Upon any substantial acquisition of the Company shares, the Company strives to proactively collect and timely disclose information in order to ensure and improve the corporate value of the Company and the common interest of shareholders as well as make appropriate measures as needed under the scope permitted by laws and regulations and the Articles of Incorporation.

When Board Meeting determines it necessary to apply anti-takeover measures in order to ensure and improve the corporate value of the Company and the common interest of shareholders, taking into consideration of the future trend of the society, the Company consults with shareholders at the Meeting of Shareholders as stipulated in the Articles of Incorporation for decision of the implementation.

c. Decisions of the Board of Directors of the Company on the specific measures and the reasons

The measure described in the previous b. (a) was introduced as a specific measure to continuously and sustainably improve the corporate value of the Company and the common interest of shareholders and is consistent with the Company's basic policy.

In addition, the measure described in the previous b. (b) was introduced as a specific measure to ensure and improve the corporate value of the Company and the common interest of shareholders as needed under the scope permitted by laws and regulations and the Articles of Incorporation focusing on the intention of shareholders, and it is not intended to undermine the shareholders' common interests or preserve the positions of the Company officers.

(5) Research and development activities

Not applicable.

(6) Major facilities

The new installation of the important facilities that had been planned as of the end of the prior year and completed during the consolidated cumulative second quarter of the current year are as listed below.

Name of company	Name of office / site (location)	Name of business segment	Facility description	Amount (millions of yen)	Completed in
Coca-Cola Bottlers Japan Inc.	Branches / (-)	Beverage business	Vending machines/coolers	3,021	June 2021
ditto	Saitama "Mega distribution center" (Hiki-gun Yoshimi-machi, Saitama Prefecture)	ditto	Logistics equipment	15,869	February 2021

Note: Consumption tax is not included in the above amounts.

3. Significant management contracts

Not applicable.

Section 3. Status of the filing company

1. Status of Shares

(1) Total number of shares

① Total number of shares

Class	Total Number of Authorized Shares
Common shares	500,000,000
Total	500,000,000

② Issued shares

Class	No. of issued shares as of end of 2nd Quarter (June 30,2021)	No. of issued shares as of filing date (August 12, 2021)	Name of listed stock exchange or registered authorized financial instruments firms` association	Details
Common shares	206,268,593	206,268,593	Tokyo Stock Exchange (1st Section)	100-unit shares
Total	206,268,593	206,268,593	—	—

(2) Status of stock acquisition rights

① Status of share options

Not applicable.

② Other stock acquisition rights

Not applicable

(3) Status of exercised moving strike convertible bonds

Not applicable.

(4) Total number of issued shares, transition of capital

Date	Increase/decrease in total no. of issued shares (thousand share)	Balance of total no. of issued shares (thousand share)	Increase/ decrease of capital (Millions of yen)	Capital balance (Millions of yen)	Increase/decrease of capital reserve (Millions of yen)	Capital reserve balance (Millions of yen)
April 1, 2021 – June 30,2021	—	206,269	—	15,232	—	108,167

(5) Major shareholder status

As of June 30, 2021

Name	Address	Number of shares held (thousands of shares)	Percentage of the number of shares held to the total number of issued shares (excluding treasury stock) (%)
Coca-Cola (Japan) Company, Limited	4-6-3, Shibuya, Shibuya-ku, Tokyo	27,956	15.59
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo	11,234	6.26
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	5,731	3.20
Ichimura Foundation of New Technology	1-26-10, Kitamagome, Ota-ku, Tokyo	5,295	2.95
Satsuma Shuzo Co., Ltd.	26 Kamimotocho, Makurazaki-shi, Kagoshima	4,699	2.62
Senshusha Co., Ltd.	339 Noda, Noda-shi, Chiba	4,088	2.28
Coca-Cola Holdings West Japan Inc. (Standing proxy: Coca-Cola (Japan) Company, Limited)	1013 Wilmington Center Road, U.S.A. Delaware (4-6-3 Shibuya, Shibuya-ku, Tokyo)	4,075	2.27
Mitsubishi Heavy Industries Machinery Systems, Ltd.	1-1-1, Wadazakicho, Hyogo-ku, Kobe-shi, Hyogo	3,912	2.18
STATE STREET BANK AND TRUST COMPANY 505225 (Standing proxy Settlement & Clearing & Services Division, Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02 101 U.S.A. (2-15-1 Konan, Minato-ku Tokyo)	3,701	2.06
MCA Holdings, Co., Ltd.	2-6-15, Kyobashi, Chuo-ku, Tokyo	3,408	1.90
Total	-	74,099	41.32

(Notes) 26,923 thousand treasury shares are not included in the status of major shareholders above because they do not have voting rights.

(6) Status of voting rights

① Issued shares

As of June 30,2021

Class	Number of shares	Number of votes	Details
Non-voting shares	—	—	—
Shares with restricted voting right (Treasury Shares)	—	—	—
Shares with restricted voting right (Others)	—	—	—
Shares with full voting rights (Treasury Shares)	Common shares 26,922,600	—	—
Shares with full voting rights (Others)	Common shares 178,564,800	1,785,648	—
Odd lot shares	Common shares 781,193	—	—
Total number of issued shares	206,268,593	—	-
Voting rights of all shareholders	—	1,785,648	-

(Note): "Shares with full voting rights (Others)" includes 2,300 shares in JASDEC's name (23 voting rights).

② Treasury Shares

As of June 30,2021

Name of owner	Address of owner	No. of shares owned under own name	No. of shares owned under others' name	Total number of shares owned	Ratio of shares owned against total no. of issued shares (%)
Coca-Cola Bottlers Japan Holdings Inc.	9-7-1 Akasaka, Minato-ku, Tokyo	26,922,600	—	26,922,600	13.05
Total	—	26,922,600	—	26,922,600	13.05

2. Status of Officers

Not applicable.

Section 4 Accounting status

1. Preparation methods for the quarterly consolidated financial statements

The Group's condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standards Article 34 "Interim Financial Reporting".

2. Audit certification

The Company's quarterly consolidated financial statements for the second quarter of the current year (April 1, 2021 to June 30, 2021) and the first six-months period of the current year (January 1, 2021 to June 30, 2021) have been reviewed by Ernst & Young ShinNihon LLC based on the provisions of Article 193-2 Paragraph 1 of the Financial Instruments and Exchange Act.

This is an English translation of the original Quarterly Report ("Shihanki Hokokusho") ended June 30, 2021 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Shihanki Hokokusho and this English translation, Shihanki Hokokusho shall prevail.

1. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Balance Sheets

(Millions of yen)

	Notes	As of December 31, 2020	As of June 30,2021
Assets			
Current assets:			
Cash and cash equivalents		114,778	99,540
Trade and other receivables		96,009	96,579
Inventories		68,180	77,499
Other financial assets	10	702	1,502
Other current assets		17,195	16,783
Subtotal		296,865	291,904
Assets of disposal groups classified as held for sale	6	48,138	—
Total current assets		345,003	291,904
Non-current assets:			
Property, plant and equipment		460,502	452,892
Right-of-use assets		29,810	27,639
Intangible assets		66,193	66,236
Investments accounted for using the equity method		287	311
Other financial assets	10	25,640	23,851
Deferred tax assets		4,986	11,012
Other non-current assets		7,183	10,215
Total non-current assets		594,601	592,156
Total assets		939,603	884,060

(Millions of yen)

		As of December 31, 2020	As of June 30,2021
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables		102,480	114,472
Bonds and debts	10	51,072	31,002
Lease liabilities		5,547	6,087
Other financial liabilities	10	408	—
Income taxes payable		3,238	1,995
Provisions		9	16
Other current liabilities		15,923	11,477
Subtotal		178,676	165,049
Liabilities directly associated with assets held for sale	6	7,193	—
Total current liabilities		185,869	165,049
Non-current liabilities:			
Bonds and debts	10	187,514	157,082
Lease liabilities		25,858	23,188
Other non-current financial liabilities	10	605	—
Net defined benefit liabilities		14,876	16,144
Provisions		2,119	2,121
Deferred tax liabilities		17,296	17,496
Other non-current liabilities		3,375	2,963
Total non-current liabilities		251,641	218,995
Total liabilities		437,510	384,045
Equity:			
Capital stock		15,232	15,232
Capital surplus		450,605	450,793
Retained earnings	7	120,473	115,545
Treasury shares		(85,654)	(85,659)
Accumulated other comprehensive income (loss)		1,095	3,964
Accumulated other comprehensive income of disposal groups classified as held for sale		(107)	—
Equity attributable to owners of parent		501,643	499,875
Non-controlling interests		450	140
Total equity		502,093	500,015
Total liabilities and equity		939,603	884,060

(2) Condensed Quarterly Consolidated Statements of Income

【First six -months period of this fiscal year】

(Millions of yen)

	Notes	Six months ended June 30, 2020	Six months ended June 30,2021
Continuing operations			
Revenue	8	374,598	369,309
Cost of sales		205,054	206,040
Gross profit		169,544	163,269
Selling and general administrative expenses		176,016	177,295
Other income	9	373	5,017
Other expenses	9	8,608	9,108
Investment loss on equity method		(230)	(133)
Operating loss		(14,937)	(18,250)
Financial revenue		405	272
Finance costs		535	497
Loss for the period before income taxes		(15,067)	(18,475)
Income tax expense		(7,411)	(5,603)
Net loss for the period from continuing operations		(7,656)	(12,872)
Discontinued operations			
Net income for the period from discontinuing operations	6	1,194	12,505
Net loss for the period		(6,462)	(367)
Net loss for the period attributable to			
Owners of parent			
Loss from continuing operations attributable to owners of parent		(7,643)	(12,859)
Profit from discontinuing operations attributable to owners of parent		1,191	12,505
Non-controlling interests		(10)	(13)
Earnings (Loss) per share (yen)			
Continuing operations		(42.61)	(71.70)
Discontinued operations		6.64	69.72
Loss per share	11	(35.97)	(1.98)

【Second quarter of this fiscal year】

(Millions of yen)

	Notes	Three months ended June 30, 2020	Three months ended June 30, 2020
Continuing operations			
Revenue		181,569	200,909
Cost of sales		100,914	111,801
Gross profit		80,655	89,108
Selling and general administrative expenses		80,353	91,869
Other income		151	3,827
Other expenses		6,792	4,180
Investment income (loss) on equity method		(170)	6
Operating loss		(6,508)	(3,107)
Financial revenue		310	203
Finance costs		262	156
Loss for the period before income taxes		(6,460)	(3,060)
Income tax expense		(4,823)	(1,388)
Net Loss for the period from continuing operations		(1,637)	(1,673)
Discontinued operations			
Net income for the period from discontinuing operations		864	—
Net loss for the period		(773)	(1,673)
Net loss for the period attributable to			
Owners of parent:			
Loss from continuing operations attributable to owners of parent		(1,623)	(1,670)
Profit from discontinuing operations attributable to owners of parent		862	—
Non-controlling interests		(12)	(3)
Earnings (Loss) per share (yen)			
Continuing operations		(9.05)	(9.31)
Discontinued operations		4.81	—
Loss per share	11	(4.24)	(9.31)

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

【First Six -months period of this fiscal year】

(Millions of yen)

	Notes	Six months ended June 30, 2020	Six months ended June 30,2021
Net loss for the period		(6,462)	(367)
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of investments accounted for using equity method		—	(12)
Net changes in financial assets measured at fair value through other comprehensive income (loss)		(3,377)	1,428
Subtotal		(3,377)	1,416
Items that may be reclassified subsequently to income (loss):			
Cash flow hedges		(1,665)	2,087
Subtotal		(1,665)	2,087
Total other comprehensive income (loss) for the period		(5,042)	3,503
Total comprehensive income (loss) for the period		(11,504)	3,136
Comprehensive income (loss) attributable to:			
Owners of parent		(11,494)	3,149
Non-controlling interests		(10)	(13)

【Second quarter of this fiscal year】

(Millions of yen)

	Notes	Six months ended June 30, 2020	Six months ended June 30,2021
Net loss for the period		(773)	(1,673)
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Net changes in financial assets measured at fair value through other comprehensive income (loss)		37	(589)
Subtotal		37	(589)
Items that may be reclassified subsequently to income (loss):			
Cash flow hedges		39	384
Subtotal		39	384
Total other comprehensive income (loss) for the period		77	(205)
Total comprehensive income (loss) for the period		(696)	(1,877)
Comprehensive income (loss) attributable to:			
Owners of parent		(685)	(1,874)
Non-controlling interests		(12)	(3)

This is an English translation of the original Quarterly Report ("Shihanki Hokokusho") ended June 30, 2021 pursuant to the Japanese Financial Instrument and Exchange Law. In the event of any discrepancy between Shihanki Hokokusho and this English translation, Shihanki Hokokusho shall prevail.

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

Six months ended June 30, 2020

(Millions of yen)

	Notes	Equity attributable to owners of the parent							
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income	Total	Non-controlling interests	Total
Balance as of January 1, 2020		15,232	450,526	121,372	(85,649)	4,517	505,999	492	506,491
Comprehensive income for the period									
Net loss for the period		–	–	(6,452)	–	–	(6,452)	(10)	(6,462)
Other comprehensive income		–	–	–	–	(5,042)	(5,042)	–	(5,042)
Total comprehensive income (loss) for the year		–	–	(6,452)	–	(5,042)	(11,494)	(10)	(11,504)
Transactions with owners									
Dividends of surplus	7	–	–	(4,484)	–	–	(4,484)	(28)	(4,512)
Purchase of treasury stock		–	–	–	(4)	–	(4)	–	(4)
Disposal of treasury stock		–	(1)	–	2	–	1	–	1
Transactions of share-based payment		–	163	–	–	–	163	–	163
Reclassification from accumulated other comprehensive income to retained earnings		–	–	221	–	(221)	–	–	–
Reclassification from accumulated other comprehensive income to non-financial assets		–	–	–	–	534	534	–	534
Total transactions with owners		–	163	(4,263)	(3)	313	(3,790)	(28)	(3,818)
Balance as of June 30, 2020		15,232	450,689	110,658	(85,652)	(212)	490,715	454	491,170

Six months ended June 30,2021

(Millions of yen)

		Equity attributable to owners of the parent								
	Notes	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other comprehensive income accumulated	Accumulated other comprehensive income of disposal groups classified as for sale	Total	Non-controlling interests	Total
Balance as of January 1, 2021		15,232	450,605	120,473	(85,654)	1,095	(107)	501,643	450	502,093
Comprehensive income for the period										
Net income for the period		—	—	(354)	—	—	—	(354)	(13)	(367)
Other comprehensive income (loss)		—	—	—	—	3,503	—	3,503	—	3,503
Total comprehensive income (loss) for the period		—	—	(354)	—	3,503	—	3,149	(13)	3,136
Transactions with owners										
Dividends of surplus	7	—	—	(4,484)	—	—	—	(4,484)	—	(4,484)
Purchase of treasury stock		—	—	—	(4)	—	—	(4)	—	(4)
Disposal of treasury stock		—	(0)	—	0	—	—	0	—	0
Transactions of share-based payment		—	188	—	—	—	—	188	—	188
Reclassification from accumulated other comprehensive income (loss) to retained earnings		—	—	17	—	(17)	—	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets		—	—	—	—	(616)	—	(616)	—	(616)
Changes from loss of control		—	—	(107)	—	—	107	—	(297)	(297)
Other		—	—	—	—	—	—	—	—	—
Total transactions with owners		—	188	(4,574)	(4)	(634)	107	(4,917)	(297)	(5,214)
Balance as of June 30,2021		15,232	450,793	115,545	(85,659)	3,964	—	499,875	140	500,015

(5) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	Six months ended June 30, 2020	Six months ended June 30,2021
Cash flows from operating activities			
Loss for the period before income tax from continuing operations		(15,067)	(18,475)
Income for the period before income tax from discontinuing operations		1,821	12,841
Adjustments for:			
Depreciation and amortization		29,387	28,892
Impairment loss		85	―
Gain on sales of subsidiaries' stock	6	―	(12,841)
Gain on sales of stocks of subsidiaries and affiliates	9	―	(708)
Change in allowance for doubtful accounts		(67)	680
Interest and dividends income		(288)	(165)
Interest expenses		540	473
Investment loss on equity method		230	133
Gain on sale of property, plant and equipment		(4)	(21)
Loss on disposal and sale of property, plant and equipment		760	687
(Increase) decrease in trade and other receivables		5,524	(1,201)
Increase in inventories		(3,912)	(9,318)
Increase in other assets		(9,821)	(871)
Increase in trade and other payables		2,899	18,334
Increase in net defined benefit liabilities		1,525	1,257
Decrease in other liabilities		(5,404)	(3,811)
Others		202	107
Subtotal		8,413	15,992
Interest received		0	1
Dividends received		287	163
Interest paid		(471)	(456)
Income taxes paid		(4,651)	(8,047)
Income taxes refund		7,696	2,952
Net cash (used in) provided by operating activities		11,274	10,606
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets		(48,261)	(25,698)
Proceeds from sales of property, plant and equipment and intangible assets		97	272
Proceeds from collection of loans receivable resulting from sales of stock in subsidiaries	6	―	7,400
Purchases of other financial assets		(26)	(26)
Proceeds from sale of other financial assets		542	4,473
Proceeds from sale of stock of subsidiaries	6	―	34,490
Other		(48)	208
Net cash used in investing activities		(47,697)	21,119

(Millions of yen)

	Notes	Six months ended June 30, 2020	Six months ended June 30,2021
Cash flows from financing activities			
Increase in short-term loans payable		50,000	(50,000)
Repayments of long-term loans payable		(724)	(550)
Dividends paid	7	(4,484)	(4,484)
Dividends paid to non-controlling interests		(28)	–
Proceeds from disposal of treasury stock		1	0
Purchases of treasury stock		(4)	(4)
Repayments of lease liabilities		(3,558)	(3,525)
Net cash provided by financing activities		41,203	(58,563)
Net change in cash and cash equivalents		4,780	(26,838)
Cash and cash equivalents at the beginning of the year		113,825	126,378
Cash and cash equivalents at the end of the period		118,605	99,540

Notes to consolidated financial statements

1. Introduction

The Company is a holding company domiciled in Japan and is listed on the First Section of the Tokyo Stock Exchange. Under the Coca-Cola brand, the Company and its subsidiaries (collectively, the "Group") engage in purchases, sales, bottling, packaging, distribution and marketing of carbonated beverages, coffee beverages, tea-based beverages, mineral water and other beverages in Japan.

The Group’s consolidated financial statements consist of the Company, subsidiaries and associates. The consolidated financial statements were approved by our Representative Director & President, Calin Dragan and our Representative Director, Vice President and Chief Financial Officer (Head of finance), Bjorn Ivar Ulgenes on August 12, 2021 and takes into account events after the reporting period to that date (see notes 12, " Subsequent events ").

2. Basis of preparation

The Company’s condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standards Article 34 "Interim Financial Reporting" based on the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007).

Condensed quarterly consolidated financial statements should be used in conjunction with consolidated financial statements for the prior year as they do not include all the information required in the annual consolidated financial statements.

Condensed quarterly consolidated financial statements have been prepared on the basis of cost except financial instruments measured at fair value

Condensed quarterly consolidated financial statements are stated in Japanese yen. All condensed quarterly consolidated financial information is rounded to the nearest million yen unless otherwise stated.

3. Significant accounting policies

The significant accounting policies applied by the Group in the condensed quarterly consolidated financial statements are the same as the accounting policies applied in the consolidated financial statements for the prior year.

Income tax benefit for the Six months ended June 30,2021, has been calculated on the basis of the annual estimated effective tax rate.

4. Critical accounting judgments, estimates and assumptions

In preparing the condensed quarterly consolidated financial statements in accordance with IFRS, management is required to make judgments, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. The estimates and the assumptions underlying the estimates are continually reviewed and are based on historical experience and other factors, including future events, which are believed to be reasonable under the circumstances. Accounting estimates are based on the most appropriate information at the time the condensed quarterly consolidated financial statements are filed. As a result of the re-emergence of COVID-19, a fourth state of emergency was declared in July 2021 in Tokyo, and the continuing impact of this is expected to be inevitable, and the situation is expected to remain uncertain. Since it is difficult to reasonably estimate the specific impact of the situation, including the timing of convergence and the extent of the impact, the Company has made accounting estimates based on the assumption that the impact will continue for a certain period of time during the fiscal year ending December 31, 2021.

If there are changes to any future estimates, the impact of the revision is recognized in the condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income subsequent to the reporting period in which they are revised.

Accounting judgments, estimates and assumptions that have a significant impact on the condensed quarterly consolidated financial statements will be revised based on the same concept as in the consolidated financial statements for the previous consolidated fiscal year.

5. Segment Information

From the prior fiscal year, the Group has changed to a single segment of "Beverages". As the Group operates a single segment of beverage business. Please see Note 8 "Revenue" for information on products and services of reportable segments. This is because the healthcare and skincare business was classified as a discontinued operation following the conclusion of an agreement to transfer all shares in Q'sai to Q-Partners Co., Ltd. on December 15, 2020. The transfer of all shares in Q'sai was completed on February 1, 2021.

6. Disposal groups classified as held for sale and discontinued operations

On December 15, 2020, the Company's Board of Directors resolved to sell all of the shares of the Company's consolidated subsidiary, Q'sai to Q-Partners Co., Ltd., a company formed for this purchase led by investment funds in which Advantage Partners Inc. provides services ("Advantage Partners"), euglena Co., Ltd., and Tokyo Century Corporation.

As a result of executing the share transfer agreement. The transfer of all shares in Q'sai was completed on February 1 2021.

(1) Disposal groups classified as held for sale

The breakdown of disposal groups classified as held for sale is as follows:

As for the disposal group classified as held for sale, the transfer of all shares was completed during the first quarter of the current fiscal year.

(Millions of yen)

	As of December 31, 2020
Assets	
Current assets	
Cash and cash equivalents	11,599
Trade and other receivables	1,308
Inventories	2,031
Other financial assets	3
Other current assets	61
Total current assets	15,001
Non-current assets	
Property, plant and equipment	2,931
Right-of-use assets	1,197
Goodwill	27,021
Intangible assets	778
Other financial assets	322
Deferred tax assets	880
Other non-current assets	6
Total non-current assets	33,137
Total assets	48,138
Liabilities	
Current liabilities	
Trade and other payables	2,940
Lease liabilities	155
Income taxes payable	610
Other current liabilities	1,886
Total current liabilities	5,591
Non-current liabilities	
Lease liabilities	1,088
Net defined benefit liabilities	366
Other non-current liabilities	148
Total non-current liabilities	1,602
Total liabilities	7,193

(2) Gain from discontinued operations

The results of discontinued operations are as follows:

In the first quarter of the current fiscal year, the gain on the sale of all shares of Q'sai was 12,841 million yen, and the income tax expense related to this was 337 million yen. Due to immateriality, no gains or losses other than those from sales transactions related to discontinued operations were recognized in the current fiscal year.

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Discontinued operations		
Revenue	12,081	—
Cost of sales	2,366	—
Gross profit	9,716	—
Selling and general administrative expenses	7,883	—
Other income	12	12,841
Other expenses	18	—
Operating income	1,827	12,841
Financial revenue	0	—
Finance costs	6	—
Income for the period before income taxes	1,821	12,841
Income tax expense	628	337
Net income for the period from discontinuing operations	1,194	12,505

(3) Cash flows of discontinued operations

The results of discontinued operations are as follows:

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities	2,129	—
Cash flows from investing activities	(260)	34,490
Cash flows from financing activities	(86)	—

(Note) Cash flows from investing activities in the second quarter of the current fiscal year was due to the proceeds from the sale of all shares of Q'sai.

(4) The component of assets and liabilities as of the date of loss of control

(Millions of yen)

	Date of loss of control February 1,2021
Assets	
Current assets	6,501
Non-current assets	33,137
Total assets	39,638
Liabilities	
Current liabilities	12,991
Non-current liabilities	1,602
Total liabilities	14,593

Note 1. Current assets include cash and cash equivalents.

2. Current liabilities include short-term loans payable of 7,400 million yen from the Company. This loan was repaid in full during the first quarter of the current fiscal year.

(5) Change in cash and cash equivalents relation to loss of control

(Millions of yen)

	As of June 30,2021
Proceeds received for sales	37,590
Cash and cash equivalents received for sales	37,590
Cash and cash equivalents held at the time of loss of control	3,099
Increase from loss of control over subsidiaries	34,490

7. Dividends

Dividends payments were as follows:

First six -months of the prior year (January 1, 2020 – June 30, 2020)

1. Dividend payment amount

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
March 26, 2020 Ordinary General Meeting of Shareholders	Ordinary share	4,484	25	December 31, 2019	March 27, 2020

2. Dividends with the cut-off date in the first half of FY 2020 and the effective date following the first half of FY 2020
Not applicable

First six-months of the current year (January 1, 2021 – June 30,2021)

1. Dividend payment amount

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
March 25, 2021 Ordinary General Meeting of Shareholders	Ordinary share	4,484	25	December 31, 2020	March 26, 2021

2. Dividends with the cut-off date in the first half of FY 2021 and the effective date following the first half of FY 2021

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
August 11, 2021 Board of directors	Ordinary share	4,484	25	June 30, 2021	September 1, 2021

8. Revenue

The Group's organizational structure is based on the one business segment of the Beverage business. The business is components for which discrete financial information is available, and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Therefore, the revenue in beverage business is presented as "Revenue" in the Consolidated financial statement of income. In the Beverage business, the Group purchases, manufactures, and sells carbonated beverages such as Coca-Cola, coffee beverages, black tea beverages, mineral water and other beverages in Japan.

Revenue for sales of these products is recognized primarily at the time of delivery as customer has obtained control over the products and the performance obligation is satisfied.

Payments relating to such performance obligation are received generally within two months of delivery. The contracts with customer do not include any material financial elements.

The contract liabilities, refund liabilities, amount of assets recognized from the costs of obtaining a contract or to fulfil a contract and amount of revenue recognized from performance obligation satisfied in prior periods were immaterial. In addition, information regarding the remaining performance obligation is omitted as there are no significant transactions in which the estimated individual contract periods exceed one year in the Group.

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Beverage	374,166	369,094
Other	432	215
Total	374,598	369,309

9. Other income and other expenses

The breakdown of other income and other expenses are as follows:

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30,2021
Other income		
Gains on sales of property, plant and equipment	4	21
Rent income	178	155
Government subsidies (Note 1)	—	3,876
Gain on sales of stocks of subsidiaries and affiliates (Note 2)	—	708
Other	191	256
Total	373	5,017
Other expense		
Impairment losses	85	—
Losses on sales and disposals of property, plant and equipment	1,055	778
Transformation related expenses (Note 3)	1,908	623
Special retirement allowance (Note 4)	1,424	1,177
Temporary paid leave expenses (Note 5)	2,841	5,636
Product valuation losses (Note 6)	604	—
Costs of postponing the Olympics (Note 7)	201	—
System failure-related costs (Note 8)	—	612
Other	489	283
Total	8,608	9,108

(Note) 1. Government subsidies are grants to cover employee's temporary leave cost due to the spread of COVID-19 during the first six -months of the current year.

2. Gain on sales of stocks of subsidiaries and affiliates represents the gain on sales of all stocks of Apex Nishi-Nihon Corporation, an equity-method affiliate of the Company.

3. Transformation related expenses are expenses related to measures aimed at building an efficient new system with the aim of creating more value and further improving productivity for the sustainable growth of the Group.

4. Special retirement allowances are allowances and outplacement support expenses incurred in the implementation of the voluntary retirement program.

5. Temporary paid leave expenses are the allowance associated with employee's temporary leave to respond to the impact to our business by the economic contraction and to secure the safety and health of our employee following the state of emergency declaration due to the spread of COVID-19. The expenses are reclassified 309million yen and 411million yen from cost of sales and 2,532 million yen and 5,225 million yen from selling and general administrative expenses to other expenses, respectively.

6. Product valuation losses are a valuation loss of product inventory at the time of the emergency declaration of the government to prevent COVID-19 outbreak. This is because the product inventory is planned to be disposed due to the effects of the suspension of operation of restaurants. The losses are reclassified from cost of sales.

7. Costs of postponing the Olympics were incurred by the postponement of the Olympic and Paralympic Games due to COVID-19. The expenses are mainly for hotels and warehouses cancellation fees and reclassified from selling and general administrative expenses.

8. System failure-related costs are expenses incurred to recover the system failures that occurred in the core system used by the Group during cumulative second quarter of the current fiscal year.

10. Fair value of financial instruments

(a) Classification by level of the fair value hierarchy

Financial instruments measured at fair value on a recurring basis after initial recognition are classified into three levels of the fair value hierarchy, depending on the observability and significance of the inputs used in the measurement.

The fair value hierarchy is defined as follows:

Level 1: fair value (unadjusted) in the active market of the same asset or liability
Level 2: fair value based on inputs other than quoted prices included in Level 1, either directly observable inputs or indirectly, of observable inputs for asset or liability
Level 3: fair value based on unobservable inputs for asset or liability

When more than one input is used to measure the fair value, the level of the fair value hierarchy is determined based on the lowest level of input that is significant to the fair value measurement as a whole. Transfers between levels of the fair value hierarchy are recognized as having occurred at the beginning of each quarter.

There were no transfers between Level 1 and Level 2 during the prior fiscal year and cumulative second quarter of the current year.

(b) Fair value measurement

Securities are classified as Level 1 of the fair value hierarchy by the measurement of share prices, if any, in active market for the same asset or liability. If there is no active market stock price for the same asset or liability, the Group uses valuation techniques such as stock prices in non-active markets, quoted market prices of similar companies and discounted future cash flow models. If significant inputs, such as quoted market prices and discount rates used in measurement, are observable, such financial instruments are classified as Level 2, but are classified as Level 3 if inputs used in its measurement include significant unobservable inputs.

Unlisted securities are classified into Level 3 of the fair value hierarchy using valuation techniques based on discounted future cash flows, valuation techniques based on quoted market prices of similar companies, valuation techniques based on net asset value, and other valuation techniques. In the fair value measurement of unlisted securities, the Group uses unobservable inputs such as discount rates and valuation multiples and considers certain illiquidity discounts and non-controlling interest discounts as needed. The measurement methods for such fair value are determined by the Finance division in accordance with the Group's accounting policies.

The valuation techniques and significant unobservable inputs used in Level 3 fair value measurement are as follows:

<u>As of December 31, 2020</u>

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value through other comprehensive income (Securities)	Comparison of similar companies	EBIT Multiple: 6.7-46.7 times EBITDA Multiple: 12.6times PBR: 1.0-3.0 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

<u>As of June 30,2021</u>

Type	Valuation technique	Significant unobservable inputs	Interactions between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value through other comprehensive income (Securities)	Comparison of similar companies	EBIT Multiple: 7.8－51.0 times EBITDA Multiple: 6.6 times PBR: 0.9－2.7 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

EBIT Multiple: Corporate Value/EBIT
EBITDA Multiple: Corporate Value/EBITDA
PBR: Price Book Value Ratio

(c) Financial instrument measured fair value on a recurring basis

The breakdown of financial instrument measured at fair value on a recurring basis is as follows:

As of December 31, 2020

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	—	654	—	654
Subtotal	—	654	—	654
Financial instrument measured at fair value through other comprehensive income:				
Securities	15,337	—	4,561	19,898
Other	—	—	133	133
Subtotal	15,337	—	4,694	20,031
Total	15,337	654	4,694	20,685
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	1,013	—	1,013
Total	—	1,013	—	1,013

As of June 30,2021

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	—	1,943	—	1,943
Subtotal	—	1,943	—	1,943
Financial instrument measured at fair value through other comprehensive income:				
Securities	13,222	—	4,513	17,735
Other	—	—	139	139
Subtotal	13,222	—	4,652	17,874
Total	13,222	1,943	4,652	19,817
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	—	—	—
Total	—	—	—	—

A reconciliation of the beginning and ending balances of financial instrument classified as Level 3 is as follows:

(Millions of yen)

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2020	5,392
Disposals	—
Gains recognized in other comprehensive income	(811)
Balance at June 30, 2020	4,580
Balance at January 1, 2021	4,694
Disposals	(25)
Losses recognized in other comprehensive income	(16)
Balance at June 30,2021	4,652

Gains or losses recognized in other comprehensive income are recognized in "Net changes in financial asset measured at fair value through other comprehensive income" in the consolidated statements of comprehensive income.

(d) Financial instrument measured at amortized cost

The components of carrying amount and fair value of financial instruments measured at amortized cost are as follows:

As of December 31, 2020

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	188,585	188,075	510

As of June 30,2021

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	188,084	188,501	(416)

Long-term loans payable and bonds include current portion. Cash and cash equivalents, trade and other receivables, trade and other payables, and short-term loans payable are not included in the above table because their fair value approximates their carrying amount because they are collected and settled in a short period of time.

The main valuation techniques used to measure fair value of the financial instruments in the table above are as follows:

a. Loans payable

Loans payable with variable interest rates are calculated using the carrying amount as its fair value because interest rates are considered to reflect market interest rates in the short term. Loans payable with fixed interest rates are calculated based on the present value of future cash flows discounted using interest rates adjusted for the remaining term and credit risk. Loans payable with fixed interest rates are classified into level 2 of the fair value hierarchy.

b. Bonds

For bonds with quoted market prices, the fair value is estimated based on quoted market prices. For bonds without quoted market prices, the fair value is calculated based on the present value of future cash flows discounted using interest rates adjusted for the remaining term and credit risk. Bonds with quoted market prices are classified into level 1 of the fair value hierarchy and bonds without quoted market prices are classified into level 2.

11. Loss per share

The calculation of basic earnings (loss) per share attributable to owners of the parent is based on the quarterly net income (loss) attributable to owners of the parent and the weighted average number of common shares issued.

The basis for calculating the basic earnings (loss) per share for the Cumulative second quarter of the current year and prior year is as follows:

	Six months ended June 30, 2020	Six months ended June 30,2021
Loss from continuing operations attributable to owners of parent	(7,643)	(12,859)
Profit from discontinuing operations attributable to owners of parent	1,191	12,505
Weighted-average shares of ordinary share outstanding (in thousands)	179,351	179,347
Earnings (Loss) per share (yen)		
Continuing operations	(42.61)	(71.70)
Discontinuing operations	6.64	69.72
Loss per share (yen)	(35.97)	(1.98)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Loss from continuing operations attributable to owners of parent	(1,623)	(1,670)
Profit from discontinuing operations attributable to owners of parent	862	—
Weighted-average shares of ordinary share outstanding (in thousands)	179,350	179,346
Earnings (Loss) per share (yen)		
Continuing operations	(9.05)	(9.31)
Discontinuing operations	4.81	—
Loss per share (yen)	(4.24)	(9.31)

Note 1. In the cumulative second of the current fiscal year, 393 thousand shares of stock-based compensation were excluded from the calculation of "diluted earnings per share" because they were antidilutive.

2. For more information on the quarterly income from discontinued operations attributable to owners of the parent company, see Note 6, " Disposal groups classified as held for sale and discontinued operations.

12. Subsequent events

Not applicable

2. Others

At the Board of Directors held on August 11, 2021, it was resolved to provide the following interim dividend to shareholders or registered pledges recorded in the final shareholders' register on June 30, 2021

a. Total dividends through interim dividends: 4,484 million yen

b. Amount per share: 25 yen

c. Effective date of payment claims and payment start date: September 1, 2021

Part II Information of guarantor companies of the filing company

Not applicable