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Consolidated Financial Summary for Fiscal Year Ended December 31, 2022 (IFRS)



February 9, 2023

Listed company name: Coca-Cola Bottlers Japan Holdings Inc.

Listed stock exchanges: Tokyo

Code number: 2579

URL: <https://en.ccbj-holdings.com/>

Delegate: Title: Representative Director & President

Name: Calin Dragan

Contact: Title: Head of Controllers Senior Group Division, Finance, Name: Tatsuhiro Ishikawa Phone: +81-800-919-0509

Expected date of general shareholders meeting: March 28, 2023

Expected date of the dividend payment: March 29, 2023

Expected date of submission of annual securities report: March 29, 2023

FY 2022 supplementary information: Yes

FY 2022 financial presentation: Yes

(Fractions of one million yen are rounded)

1. Consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Consolidated financial results

(Percentages indicate changes over the same period in the prior fiscal year)

| | Revenue | | Business Income(loss) | | Operating income(loss) | | Net income(loss) | | Net income(loss) for the year attributable to owners of the parent | | Total comprehensive income(loss) | |
|---------------|-------------|-------|-----------------------|---|------------------------|---|------------------|---|--|---|----------------------------------|---|
| | million yen | % | million yen | % | million yen | % | million yen | % | million yen | % | million yen | % |
| Dec. 31, 2022 | 807,430 | 2.7 | (14,443) | — | (11,513) | — | (8,059) | — | (8,070) | — | (4,994) | — |
| Dec. 31, 2021 | 785,837 | (0.8) | (14,662) | — | (20,971) | — | (2,525) | — | (2,503) | — | 759 | — |

| | Net loss per share | Diluted earnings per share | Ratio of income to equity attributable to owners of the parent | Ratio of income before tax to total assets | Ratio of Operating income to revenue |
|---------------|--------------------|----------------------------|--|--|--------------------------------------|
| | yen | yen | % | % | % |
| Dec. 31, 2022 | (45.00) | — | (1.7) | (1.5) | (1.4) |
| Dec. 31, 2021 | (13.96) | — | (0.5) | (2.4) | (2.7) |

Reference: Investment gain(loss) on equality method accounted for using equity method

Fiscal Year 2022: 46 million yen

Fiscal Year 2021: (162) million yen

*1. "Business Income" is a measure of our recurring business performance that is calculated as costs of goods and selling, general and administrative expenses are deducted from revenue, and other income and expenses which we believe are recurring in nature are added and subtracted accordingly.

2. Net loss and Net loss for the year attributable to owners of parent for FY 2021 result is a total of continuing operation and discontinued operation results.

(2) Consolidated financial position

| | Total assets | Total equity | Equity attributable to parent owners | Ratio of equity attributable to parent owners | Equity attributable to owners of the parent per share |
|---------------|--------------|--------------|--------------------------------------|---|---|
| | million yen | million yen | million yen | % | yen |
| Dec. 31, 2022 | 826,737 | 476,358 | 476,216 | 57.6 | 2,655.38 |
| Dec. 31, 2021 | 867,111 | 492,451 | 492,320 | 56.8 | 2,745.12 |

(3) Consolidated cash flows

| | Net cash from (used in) | | | Cash and cash equivalents at end of year |
|---------------|-------------------------|----------------------|----------------------|--|
| | Operating activities | Investing activities | Financing activities | |
| Year ended | million yen | million yen | million yen | million yen |
| Dec. 31, 2022 | 42,717 | (23,090) | (46,050) | 84,074 |
| Dec. 31, 2021 | 35,982 | 15,271 | (67,134) | 110,497 |

2. Dividends

| (Record date) | Dividends per share | | | | | Total dividend payments (annual) | Dividend payout ratio (consolidated) | Ratio of dividends to net assets (consolidated) |
|--------------------------|---------------------|-------|-----|----------|--------|----------------------------------|--------------------------------------|---|
| | 1Q | 2Q | 3Q | Year-end | Annual | | | |
| Year ended | yen | yen | yen | yen | yen | million yen | % | % |
| Dec. 31, 2021 | — | 25.00 | — | 25.00 | 50.00 | 8,967 | — | 1.8 |
| Dec. 31, 2022 | — | 25.00 | — | 25.00 | 50.00 | 8,967 | — | 1.9 |
| Dec. 31, 2023 (forecast) | — | 25.00 | — | 25.00 | 50.00 | | — | |

3. Forecast of consolidated financial results 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate changes over the same period in the prior fiscal year)

| | Revenue | | Business Income | | Operating income | | Net income | | Net income for the year attributable to owners of the parent | | Earnings per share |
|----------------|-------------|-----|-----------------|---|------------------|---|-------------|---|--|---|--------------------|
| | million yen | % | million yen | % | million yen | % | million yen | % | million yen | % | yen |
| Full year 2023 | 847,100 | 4.9 | (5,000) | — | (5,300) | — | (4,300) | — | (4,300) | — | (23.98) |

Notes

(1) Changes in significant subsidiaries during the current period: : None

(2) Changes in accounting policies, changes in accounting estimates:

1) Changes in accounting policies as required by IFRS: : None

2) Changes other than those in 1) above : None

3) Changes in accounting estimates : Yes

* For details, please refer to "3. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Estimates)" on page 16 of the attached materials.

(3) Number of outstanding shares (common shares)

1) Number of outstanding shares at the end of period (including treasury shares):

FY 2022: 206,268,593 shares

FY 2021: 206,268,593 shares

2) Number of treasury shares:

FY 2022: 26,928,478 shares

FY 2021: 26,924,631 shares

3) The number of average shares outstanding:

FY 2022: 179,342,220 shares

FY 2021: 179,345,969 shares

(Reference) Summary of the Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Non-consolidated financial results

(Percentages indicate changes over the same period in the prior fiscal year)

| | Operating revenue | | Operating income | | Recurring income | | Net income | |
|---------------|-------------------|--------|------------------|--------|------------------|--------|-------------|--------|
| | million yen | % | million yen | % | million yen | % | million yen | % |
| Year ended | | | | | | | | |
| Dec. 31, 2022 | 5,640 | (2.7) | 1,927 | 25.1 | 1,869 | 55.6 | 1,562 | (91.5) |
| Dec. 31, 2021 | 5,797 | (69.8) | 1,540 | (89.6) | 1,201 | (91.6) | 18,395 | 16.9 |

| | Earnings per share | Diluted earnings per share |
|---------------|--------------------|----------------------------|
| | yen | yen |
| Dec. 31, 2022 | 8.71 | 8.68 |
| Dec. 31, 2021 | 102.57 | 102.33 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Net assets (excl. non-controlling interests) to total assets | Net assets (excl. non-controlling interests) per share |
|---------------|--------------|-------------|--|--|
| As of | million yen | million yen | % | yen |
| Dec. 31, 2022 | 502,941 | 344,402 | 68.5 | 1,920.38 |
| Dec. 31, 2021 | 543,410 | 351,812 | 64.7 | 1,961.66 |

Reference: Net assets (excl. non-controlling interests)

Fiscal Year 2022: 344,402 million yen

Fiscal Year 2021: 351,812 million yen

* The consolidated financial summary is not subject to audit procedures conducted by certified public accountant or audit firm.

* Explanation regarding appropriate use of the forecast, other special instructions

Figures in the above forecast are based on information available to management at the time of issuance of this report, and the actual results may be changed due to a number of inherent uncertainties in the forecast.

Furthermore, please refer to “1. Overview of Operating Results, etc. (1) Analysis of Operating Results (Outlook for next fiscal year)” on page 5 for matters relating to performance forecasts.

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1. Overview of Operating Results, etc.

(1) Analysis of Operating Results (Overview of Full-year 2022 Results)

Coca-Cola Bottlers Japan Holdings Inc. (“CCBJH,” the “Company,” or “we”) have announced full-year results for the fiscal year (January 1, 2022, to December 31, 2022).

In this fiscal year, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown by 4% versus the previous fiscal year. This was due to demand being supported by recovery in the number of people returning to the streets of Japan with the easing of COVID restrictions, revitalization of economic activity, and a record-breaking heat wave contributing to volume growth, while the price revisions implemented by various beverage companies impacted demand. On the other hand, the business environment remained uncertain and challenging as the severe competitive environment continued and rising commodity and utility prices, as well as the rapid acceleration of the yen's depreciation impacted business and consumer behaviors.

Under these circumstances, we have positioned 2022 as "The year of building a foundation for sustainable growth" and have been working to build a foundation for steady and sustainable growth as well as to promote further transformation. In commercial activities, we worked to grow sales volume and sales revenue by introducing new products, responding to diversifying consumer needs, and executing effective campaigns to capture opportunities for the recovery in traffic. In addition, to respond to current cost pressures and to strengthen the earnings foundation for the future, we revised prices for our products ahead of the industry despite the continued severe competitive environment. For the price revisions, we have carefully negotiated with customers and made efforts to reflect revised prices as soon as possible, particularly for vending machines. In manufacturing and supply chain fields, while faced with rising commodity and utility prices, we have been building a supply chain that can flexibly respond to sudden changes in demand by revamping our Sales and Operations Planning process and leveraging our Saitama and Akashi Mega Distribution Centers, two of the largest automated distribution centers in Japan by storage and shipping capacities. Although we experienced a surge in demand during the summer-the period of peak demand- coinciding with a recovery in traffic and the heat wave, our efforts resulted in a stable supply of products. We also worked to reduce costs through efficient use of manufacturing facilities and reviewing our distribution network.

We are realizing ESG targets that are based on creating shared value with society. To achieve our 2030 Package Vision, which aims for a World Without Waste, we have been working on the design aspects of product packaging, such as expanding the use of 100% recycled PET bottles and establishing a recycling scheme in collaboration with local governments and partner companies for the steady collection of high-quality packages. In addition, for further recycling of resources, we have established the CAN to CAN horizontal recycling system of aluminum cans and started manufacturing and selling products produced from recycled materials. To reduce greenhouse gas (GHG) emissions, we have enhanced our climate-related financial disclosure and promoted activities based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). In other efforts to contribute to local communities through business, we have implemented water source conservation activities, donated products to food banks, and placed vending machines to support local activities. As part of our efforts to promote diversity, we have worked to raise understanding of LGBTQ through internal and external awareness-raising opportunities to create a better working environment. Such ESG initiatives have been positively appraised, and for the fifth consecutive year we have been selected as a component of the DJSI Asia Pacific, a leading global ESG investment index.

Details for the fiscal year earnings are as follows. Please also refer to our earnings presentation material available on the Company IR website (<https://en.ccbj-holdings.com/ir/library/presentation.php>) to be used in our earnings conference call on Friday, February 10, 2023 at 1:30 PM (JST). These will include details of the results and outlook. The earnings presentation audio webcast will be available live and on demand through our company website.

Summary of Consolidated Financial Results

(In million JPY except sales volume)

| Full-year (January to December) | 2021 | 2022 | Change (%) |
|--|----------|-----------------|------------|
| Revenue | 785,837 | 807,430 | 2.7 |
| Sales volume (million cases) | 467 | 480 | 3 |
| Gross Profit | 350,505 | 351,755 | 0.4 |
| Selling, General & Administrative Expenses | 363,750 | 365,295 | 0.4 |
| Other income (Recurring) | 887 | 974 | 9.8 |
| Other expenses (Recurring) | 2,142 | 1,924 | (10.2) |
| Investment gain (loss) on equity method | (162) | 46 | — |
| Business Income (Loss) | (14,662) | (14,443) | — |
| Other income (Non-recurring) | 9,251 | 8,338 | (9.9) |
| Other expenses (Non-recurring) | 15,560 | 5,408 | (65.2) |
| Operating Loss | (20,971) | (11,513) | — |
| Net Loss Attributable to Owners of Parent | (2,503) | (8,070) | — |
| | | | |
| Q4 (October to December) | 2021 | 2022 | Change (%) |
| Revenue | 196,306 | 195,109 | (0.6) |
| Sales volume (million cases) | 116 | 113 | (3) |
| Gross Profit | 89,682 | 84,439 | (5.8) |
| Selling, General & Administrative Expenses | 89,882 | 86,973 | (3.2) |
| Other income (Recurring) | 237 | 280 | 18.2 |
| Other expenses (Recurring) | 635 | 982 | 54.7 |
| Investment loss on equity method | (41) | (11) | — |
| Business Loss | (639) | (3,247) | — |
| Other income (Non-recurring) | 3,667 | 900 | (75.4) |
| Other expenses (Non-recurring) | 4,021 | 2,114 | (47.4) |
| Operating Loss | (993) | (4,460) | — |
| Net Loss Attributable to Owners of Parent | (968) | (2,876) | — |

* 1. “Business Income (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 Income (Loss) Attributable to Owners of Parent for 2021 is a total of continuing operation and discontinued operation results.

3. Sales volume in 2021 is revised retroactively due to changes of counting segmentation and scope in some products.

Consolidated revenue was 807,430 million yen (2.7% increase of 21,594 million yen from the same period of the previous year). Although there was negative impact on sales volume following the price revisions, sales volume increased by 3% versus the previous year. This was due to the introduction of new products and channel-specific efforts to meet diversifying consumer needs, which supported capturing the opportunity of traffic recovery and increased demand due to the heat wave. Volume growth in the profitable vending channel and the improvement in wholesale revenue per case through price revisions contributed to the increase in revenue. In the fourth quarter (October 1, 2022 to December 31, 2022), with the price revisions implemented in October for small packages, wholesale revenue per case increased in all channels.

Consolidated business loss was 14,443 million yen (14,662 million yen loss in prior year period) and improved versus the previous year. We have achieved profit improvement of about 20 billion yen in areas that are under our control, such as volume growth, price revisions, and cost savings through improved manufacturing, logistics efficiency and acceleration of transformation. However, external factors such as commodities, yen depreciation and higher utility costs had significant impact on our business.

Consolidated operating loss was 11,513 million yen (20,971 million yen loss in prior year period). In addition to business income improved versus the previous year, operating income improved versus the previous year due to gains on sales of fixed assets and a decrease in temporary paid leave expenses. Other income (non-recurring) for the fiscal year includes gains on sales of property, plant, and equipment of 4,561 million yen and 3,329 million yen in government subsidies for employment adjustment. Other expenses (non-recurring) includes 2,168 million yen in temporary paid leave expenses, 1,298 million for transformation related expense, 1,104 million yen in special retirement allowances related to the voluntary employee retirement programs, and 812 million yen in losses on sales and disposals of property, plant, and equipment.

Net income attributable to owners of the parent was a loss of 8,070 million yen (2,503 million yen loss in prior year period). While operating income improved from the previous period, income attributable to owners of the parent company got worse due to the absence of a gain on transfer of shares of subsidiary Q'sai Co., Ltd. Recorded in discontinued operations in the previous year being recorded in discontinued operations.

Sales volume trends (% change from previous year)

Full-year sales volume increased by 3% with the recovery in traffic and increased demand from the heat wave, despite the price revisions having a negative volume impact. By channel, supermarkets, drugstores, and discounters were impacted by the price revisions and from the severe competition, despite the execution of campaigns to capture the traffic recovery and active introduction of new products. As a result, sales volume at supermarkets declined by 5%, while sales volume at drugstores and discounters increased by 1%, partly due to an easing trend from the impact of volume declines of large PET following the price revisions. Vending volume increased by 3%, despite the volume impact from the price revisions in October for small packages, the market share base we have built and the implementation of campaigns through the Coke ON smartphone app contributed to capturing the traffic recovery and demand from the heat wave. In addition, vending machine placement activities -one of our key initiatives- progressed at a faster pace than planned throughout the year. The number of operating vending machines increased by more than 10,000 units from last year, contributing to growth in both volume and value share. CVS sales decreased by 1% due to the continued severe competitive environment and with volume being impacted by the price revisions, despite efforts to strengthen activities to acquire sales space for core and new products, and efforts to implement campaigns in collaboration with customers. In retail & food, volume increased by 18% with the recovery in customer traffic returning to dine at restaurants. In online, volume grew by 23%, supported by growth in all categories, achieved even during the period of traffic recovery by capturing demand for at-home consumption with the high convenience it offers. Offerings of label-less products, tie-up promotions with major online customers, and the acquisition of subscription type consumers supported the growth.

By beverage category performance, sparkling sales volume grew by 1%, despite the volume impact from the price revisions, volume growth centered around Coca-Cola at vending and restaurants with the recovery in traffic, and contributions from new products such as Fanta Premier Lemon. Sales volume of tea products decreased by 1% due to the price revision impact, despite the tailwind from the traffic recovery and heat wave, contributions from Yakan no Mugicha from Hajime which continues to enjoy steady sales growth since its launch in the previous year and new products such as Ayataka Cafe Hojicha Latte. Coffee sales volume increased by 2%, supported by new products such as Georgia Black, strengthening of the Costa Coffee lineup, and growth in bottle can packages in the immediate consumption channels. Sports grew by 7%, with restrictions being lifted on events and other activities, also benefiting from the heat wave. Water sales volume grew by 8% with the traffic recovery and the heat wave, the launch of the new I LOHAS Natural Water with the renewed bottle design for the first time in 13 years, and capturing at-home consumption demand.

In the alcohol category, renewals for the Lemon-dou brand and expanding the product offerings, launch of the non-alcoholic beverage Yowanai Lemon-dou, and introduction of the Lemon-dou Uchiwari Lemon to capture new demand contributed to sales volume. However, the cycling impact of new products launches in the previous year and of the at home-drinking demand that grew with COVID had an impact and volume decreased by 15%.

(Outlook for next fiscal year)

Regarding the outlook for the overall domestic NARTD beverage market, as the transition to a new phase of post-COVID progresses, although the increase in traffic and revitalization economic activity will lead to an increase in demand for beverages, the market trend is expected to be impacted by decline in consumer sentiment due to continuing impact of domestic inflation, beverage price revisions and the cycling of the heat wave in the previous year is expected to have an impact. Additionally, continued volatility in the commodity, forex, and utility is expected, which will make it a challenging environment for profitability.

Under these circumstances, in 2023, we will prioritize improving profitability. As part of this, in order to respond to cost increases caused by external factors and to strengthen our earnings foundation base, we will revise the prices of some products, such as can and large PET, effective from May 1 shipment. In addition, we will work to thoroughly implement a sales strategy that emphasizes profitability and investment efficiency and promote further transformation to realize stable and low-cost operations.

In the commercial area, in order to steadily recover sales revenue and establish a profit structure to achieve sustainable growth, we will work top priority to improving the price per case through an appropriate pricing strategy centered on the implementation of price revisions. Regarding sales volume, although we expect the negative impact on sales volume by price revision, we will implement strategies focusing on core categories, expand our product portfolio based on innovation, and implement marketing investments that emphasize effectiveness and efficiency. Regarding our important vending channel, we will work by developing new locations that emphasize investment efficiency and by utilizing digital platforms such as the smartphone app “Coke ON”. In the over the counter channel, we will actively develop new products, expand sales floors, implement appropriate pricing and marketing strategies, and strengthen customer engagement. Furthermore, we will continue to strengthen our partnership with Coca-Cola (Japan) Co., Ltd.

In the supply chain area, we will work to build a supply chain network that realizes high quality, low cost, and stable supply. In addition to focusing on stable operation of the S&OP process that was revamped in 2022, we will further strengthen the cooperation between the commercial (planning / sales) and the supply chain to work on the timely and low-cost supply of products in line with changes in the environment. In terms of manufacturing, we will work to improve manufacturing capacity by operating a new manufacturing line at the Ebina Plant, promote efficiency in manufacturing processes, and build a flexible manufacturing system. In term of logistics, we will work to optimize the logistics network through the stable operation at "Akashi Mega DC" which started operation in 2022, consolidation of sales centers and the reduction and optimal distribution of product inventory. In 2023, procurement costs are expected to continue to increase significantly due to soaring prices of commodity and utility, fluctuations in exchange rates, we will strive to mitigate the impact of cost increases throughout the value chain by implementing all improvement activities centered on stable and low-cost operations.

As the foundation of the entire business, we aim to further accelerate the standardization of business processes and the efficiency improvement by digital transformation (DX), and to establish a robust cost structure that can counteract the changing environment with agility. We will also focus on improving our balance sheet from the perspective of appropriate management of capital. Additionally, we will implement a people strategy based on our company’s “Mission, Vision and Values”, we will continue to promote activities to realize ESG targets based on creating shared value, with societiesuch as initiatives aiming for a zero-waste society, reducing greenhouse gas (GHG) emissions, and activities that contribute to local communities through business.

As a result, we expect consolidated revenue in 2023 will be 847,100 million yen, an increase of 4.9% versus 2022 due to price revisions, although sales volume decline of 2% versus 2022. Consolidated business loss is expected to be 5,000 million yen (In 2022, Business loss was 14,443 million yen). Consolidated operating loss is expected to be 5,300 million yen (In 2022, Operating loss was 11,513 million yen). Net loss attributable to the owners of the parent is expected to be 4,300 million yen (In 2022, Net loss attributable to the owners of the parent was 8,070 million yen).

(2) Analysis of Financial Position

Assets at the end of the year were 826,737 million yen, a decrease of 40,375 million yen compared with the end of the prior fiscal year-end period. This is mainly due to a decrease in "cash and cash equivalents" resulting from redemption of bonds, and a decrease in "property, plant and equipment" as a result of balance sheet improvement through consolidation of sales centers, while the Akashi Mega DC was newly established.

Liabilities at the end of the year were 350,378 million yen which decreased by 24,282 million yen from the end of the prior year period. This is mainly due to a decrease in "Bonds and debts" under current liabilities upon the redemption of bonds.

Equity at the end of the year was 476,358 million yen, a decrease of 16,093 million yen from the end of the prior year period. This is mainly due to a decrease in "Retained earnings" as a result of dividend payments.

The statement of cash flow conditions for the current fiscal year is as follows:

<The Cash Flows from Operation Activities>

Net cash generated from operating activities was 41,717 million yen (35,982 million net cash generated in the previous year period). This results mainly from the 12,491 million yen net loss before tax, "Depreciation and amortization", "Increase in other liabilities", etc. alongside "Gain on sale of property, plant and equipment" and "Increase in other liabilities" etc.

<The Cash Flows from Investing Activities>

Net cash used in from investing activities was 23,090 million yen (15,271 million yen outflow in the previous year period), This results mainly from "Acquisitions of property, plant and equipment and intangible assets" etc., as a result of strategic investments that will serve as a foundation for growth, alongside "Proceeds from sales of property, plant and equipment and intangible assets" as part of the efforts to optimize its balance sheet.

<The Cash Flows from Financing Activities>

Net cash used in financing activities was 46,050 million yen (67,134 million yen net cash used in the previous year period), driven by "Payments for bond redemption" and "Dividends paid".

As a result of these activities, cash, and cash equivalents at the end of the year was 84,074 million yen, a decrease of 26,422 million yen from the end of the prior fiscal year-end.

(3) Basic Policies for Income Distribution and Dividends for FY2022 and FY2023

We periodically review its capital structure and dividend payout ratio to maximize shareholder returns while maintaining flexibility to pursue growth opportunities. We seek to use retained earnings to fund investment for sustainable growth for our business and further enhancement of corporate value.

We set its basic policy regarding dividends, which includes active redistribution of profits while placing the highest priority on paying dividends in a stable manner, by comprehensively reviewing the business performance and level of retained earnings. In addition, we have set a payout ratio target of 30% or more for net income attributable to owners of the parent. We pay interim and year-end dividends.

We paid an interim dividend of 25 yen per share and plan to pay a year-end dividend of 25 yen per share, 2022, for a total annual dividend of 50 yen per share to pay. In the fiscal year ending December 31, 2022, despite the fact that the business environment remained as challenging as the previous fiscal year due to the significant impact of rising commodity and utility prices on business activities.

For the fiscal year ending December 31, 2023, we expect rising commodity and utility prices to continue to have a significant impact on our business. We seek to maintain its basic policy on stable dividend payment by setting the dividend forecast of annual total of 50 yen per share paid as interim dividend and another 25 yen per share as year-end dividend, which is same amount as in the fiscal year ending December 31, 2022

On future shareholder returns, we stay committed 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.

2. Basic Concept Concerning the Selection of Accounting Standards

Coca-Cola Bottlers Japan Holdings Group (The Group) discloses consolidated Financial Statements based on International Financial Reporting Standards (IFRS) starting from the fiscal year ending December 2018, with a view to enhancing the international comparability of financial statements and contributing to the improved convenience for shareholders and investors of the Company.

3. Consolidated Financial Statements and Notes

(1) Consolidated Statement of Financial Position

| | As of December 31, 2021 | (Millions of yen) As of December 31, 2022 |
|---|----------------------------|---|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 110,497 | 84,074 |
| Trade and other receivables | 105,320 | 103,346 |
| Inventories | 67,583 | 71,051 |
| Other financial assets | 1,320 | 542 |
| Other current assets | 16,275 | 13,108 |
| Total current assets | 300,995 | 272,122 |
| Non-current assets: | | |
| Property, plant and equipment | 434,994 | 425,009 |
| Right-of-use assets | 25,144 | 21,841 |
| Intangible assets | 66,219 | 65,865 |
| Investments accounted for using the equity method | 281 | 322 |
| Other financial assets | 19,511 | 15,888 |
| Deferred tax assets | 13,960 | 20,581 |
| Other non-current assets | 6,006 | 5,110 |
| Total non-current assets | 566,116 | 554,615 |
| Total assets | 867,111 | 826,737 |

| | As of December 31, 2021 | (Millions of yen) As of December 31, 2022 |
|--|----------------------------|---|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities: | | |
| Trade and other payables | 103,260 | 108,254 |
| Bonds and debts | 30,990 | 1,000 |
| Lease liabilities | 4,050 | 5,122 |
| Other financial liabilities | — | 654 |
| Income taxes payable | 1,139 | 1,272 |
| Provisions | 9 | — |
| Other current liabilities | 16,085 | 20,339 |
| Total current liabilities | <u>155,535</u> | <u>136,641</u> |
| Non-current liabilities: | | |
| Bonds and debts | 156,622 | 155,701 |
| Lease liabilities | 22,462 | 18,146 |
| Other non-current financial liabilities | — | 8 |
| Net defined benefit liabilities | 17,605 | 17,817 |
| Provisions | 2,137 | 1,761 |
| Deferred tax liabilities | 17,379 | 17,157 |
| Other non-current liabilities | 2,920 | 3,147 |
| Total non-current liabilities | <u>219,125</u> | <u>213,737</u> |
| Total liabilities | <u>374,660</u> | <u>350,378</u> |
| Equity: | | |
| Capital stock | 15,232 | 15,232 |
| Capital surplus | 450,832 | 451,264 |
| Retained earnings | 109,273 | 94,209 |
| Treasury shares | (85,661) | (85,667) |
| Accumulated other comprehensive income(loss) | 2,644 | 1,177 |
| Equity attributable to owners of parent | <u>492,320</u> | <u>476,216</u> |
| Non-controlling interests | 131 | 142 |
| Total equity | <u>492,451</u> | <u>476,358</u> |
| Total liabilities and equity | <u>867,111</u> | <u>826,737</u> |

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

| | For the year ended December 31, 2021 | (Millions of yen) For the year ended December 31, 2022 |
|--|---|--|
| Continuing operations | | |
| Revenue | 785,837 | 807,430 |
| Cost of sales | 435,332 | 455,675 |
| Gross profit | 350,505 | 351,755 |
| Selling and general administrative expenses | 363,750 | 365,295 |
| Other income | 10,138 | 9,312 |
| Other expenses | 17,702 | 7,332 |
| Investment income (loss) on equity method | (162) | 46 |
| Operating income (loss) | (20,971) | (11,513) |
| Financial revenue | 377 | 264 |
| Financial expense | 1,089 | 1,242 |
| Income (Loss) for the year before income taxes | (21,683) | (12,491) |
| Income tax benefit | (6,653) | (4,432) |
| Net income(loss) for the year from continuing operations | (15,029) | (8,059) |
| Discontinued operations | | |
| Net income(loss) for the year from discontinued operations | 12,505 | — |
| Net income (loss) for the year | (2,525) | (8,059) |
| Net income (loss) for the year attributable to | | |
| Owners of the parent | | |
| Income(Loss) from continuing operations attributable to owners of parent | (15,008) | (8,070) |
| Income(loss) from discontinued operations attributable to owners of parent | 12,505 | — |
| Non-controlling interests | (21) | 11 |
| Earnings (Loss) per share (yen) | | |
| Continuing operations | (83.68) | (45.00) |
| Discontinued operations | 69.72 | — |
| Earnings (Loss) per share | (13.96) | (45.00) |

(Consolidated Statements of Comprehensive Income)

| | For the year ended December 31, 2021 | (Millions of yen) For the year ended December 31, 2022 |
|---|---|--|
| Net income (loss) for the period | (2,525) | (8,059) |
| Other comprehensive income(loss). | | |
| Items that will not be reclassified subsequently to income or loss: | | |
| Remeasurements of defined benefit plans | (395) | 1,523 |
| Share of other comprehensive income(loss) of investments accounted for using equity method | (12) | — |
| Net change in financial assets measured at fair value through other comprehensive income | 854 | 292 |
| Subtotal | 448 | 1,815 |
| Items that may be reclassified subsequently to income(loss): | | |
| Cash flow hedges | 2,836 | 1,250 |
| Subtotal | 2,836 | 1,250 |
| Total other comprehensive income (loss) for the period | 3,283 | 3,065 |
| Total comprehensive income (loss) for the period | 759 | (4,994) |
| Comprehensive income (loss) attributable to: | | |
| Owners of parent | 780 | (5,005) |
| Non-controlling interests | (21) | 11 |

(3) Consolidated Statements of Changes in Equity

For the year ended at December 31, 2021

(Millions of yen)

| | Equity attributable to owners of the parent company | | | | | | | | |
|--|---|-----------------|-------------------|-----------------|--|--|----------|---------------------------|----------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Accumulated other comprehensive income | 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(loss) for the period | | | | | | | | | |
| Net income(loss) for the period | — | — | (2,503) | — | — | — | (2,503) | (21) | (2,525) |
| Other comprehensive income (loss) | — | — | — | — | 3,283 | — | 3,283 | — | 3,283 |
| Total comprehensive income (loss) for the period | — | — | (2,503) | — | 3,283 | — | 780 | (21) | 759 |
| Transactions with owners, etc. | | | | | | | | | |
| Dividends of surplus | — | — | (8,967) | — | — | — | (8,967) | — | (8,967) |
| Purchase of treasury stock | — | — | — | (8) | — | — | (8) | — | (8) |
| Disposal of treasury stock | — | (0) | — | 1 | — | — | 0 | — | 0 |
| Transactions of share-based payment | — | 227 | — | — | — | — | 227 | — | 227 |
| Reclassification from accumulated other comprehensive income(loss) to retained earnings | — | — | 378 | — | (378) | — | — | — | — |
| Reclassification from accumulated other comprehensive income(loss) to non-financial assets | — | — | — | — | (1,356) | — | (1,356) | — | (1,356) |
| Changes due to loss of control | — | — | (107) | — | — | 107 | — | (297) | (297) |
| Total transactions with owners, etc. | — | 227 | (8,697) | (7) | (1,734) | 107 | (10,103) | (297) | (10,400) |
| Balance as of December 31, 2021 | 15,232 | 450,832 | 109,273 | (85,661) | 2,644 | — | 492,320 | 131 | 492,451 |

For the year ended at December 31, 2022

(Millions of yen)

| | Equity attributable to owners of the parent company | | | | | Total | Non-controlling interests | Total |
|--|---|-----------------|-------------------|-----------------|--|----------|---------------------------|----------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Accumulated other comprehensive income | | | |
| Balance as of January 1, 2022 | 15,232 | 450,832 | 109,273 | (85,661) | 2,644 | 492,320 | 131 | 492,451 |
| Comprehensive income(loss) for the year | | | | | | | | |
| Net income (loss) for the period | — | — | (8,070) | — | — | (8,070) | 11 | (8,059) |
| Other comprehensive income (loss) | — | — | — | — | 3,065 | 3,065 | — | 3,065 |
| Total comprehensive income (loss) for the period | — | — | (8,070) | — | 3,065 | (5,005) | 11 | (4,994) |
| Transactions with owners, etc. | | | | | | | | |
| Dividends of surplus | — | — | (8,967) | — | — | (8,967) | — | (8,967) |
| Purchase of treasury stock | — | — | — | (6) | — | (6) | — | (6) |
| Disposal of treasury stock | — | (0) | — | 0 | — | 0 | — | 0 |
| Transactions of share-based payment | — | 432 | — | — | — | 432 | — | 432 |
| Reclassification from accumulated other comprehensive income(loss) to retained earnings | — | — | 1,974 | — | (1,974) | — | — | — |
| Reclassification from accumulated other comprehensive income(loss) to non-financial assets | — | — | — | — | (2,558) | (2,558) | — | (2,558) |
| Total transactions with owners, etc. | — | 432 | (6,993) | (5) | (4,532) | (11,099) | — | (11,099) |
| Balance as of December 31, 2022 | 15,232 | 451,264 | 94,209 | (85,667) | 1,177 | 476,216 | 142 | 476,358 |

(4) Consolidated Statements of Cash Flows

| | (Millions of yen) | |
|--|---|---|
| | For the year ended December 31, 2021 | For the year ended December 31, 2022 |
| Cash flows from operating activities | | |
| Income (loss) before income taxes from continuing operations | (21,683) | (12,491) |
| Income for the year before income taxes from discontinued operations | 12,841 | — |
| Adjustments for: | | |
| Depreciation and amortization | 57,160 | 45,786 |
| Impairment loss | 744 | 20 |
| Gain on sales of subsidiaries' stock | (12,841) | — |
| Gain on sales of stocks of subsidiaries and affiliates | (708) | — |
| Change in allowance for doubtful accounts | 235 | (655) |
| Interest and dividends income | (261) | (237) |
| Interest expenses | 928 | 750 |
| Investment (gain) loss on equity method | 162 | (46) |
| Gain on sale of property, plant and equipment | (1,519) | (4,587) |
| Loss on disposal and sale of property, plant and equipment and intangible assets | 1,604 | 2,111 |
| Decrease (increase) in trade and other receivables | (9,320) | 2,603 |
| Decrease (increase) in inventories | 597 | (3,450) |
| Decrease (increase) in other assets | 3,568 | 2,611 |
| Increase (decrease) in trade and other payables | 9,426 | 1,379 |
| Increase (decrease) in net defined benefit liabilities | 2,126 | 2,541 |
| Increase (decrease) in other liabilities | 749 | 4,910 |
| Other operating activities | (74) | 2,521 |
| Subtotal | 43,735 | 43,767 |
| Interest received | 1 | 0 |
| Dividends received | 259 | 237 |
| Interest paid | (844) | (654) |
| Income taxes paid | (10,122) | (4,820) |
| Income taxes refund | 2,953 | 4,187 |
| Net cash generated from operating activities | 35,982 | 42,717 |
| Cash flows from investing activities | | |
| Acquisitions of property, plant and equipment and intangible assets | (39,263) | (32,674) |
| Proceeds from sales of property, plant and equipment and intangible assets | 4,377 | 7,127 |
| Proceeds from collection of loans receivable resulting from sales of stock in subsidiaries | 7,400 | — |
| Purchases of other financial assets | (53) | (25) |
| Proceeds from sale of other financial assets | 7,614 | 2,432 |
| Proceeds from sale of stock of subsidiaries | 34,490 | — |
| Other investing activities | 705 | 51 |
| Net cash generated from (used in) investing activities | 15,271 | (23,090) |

| | For the year ended December 31, 2021 | For the year ended December 31, 2022 |
|--|---|---|
| Cash flows from financing activities | | |
| Increase (decrease) in short-term loans payable | (50,000) | (38) |
| Repayments of long-term loans payable | (1,072) | (1,065) |
| Bond redemption | — | (30,000) |
| Dividends paid | (8,967) | (8,967) |
| Proceeds from disposal of treasury stock | 0 | 0 |
| Purchases of treasury stock | (8) | (6) |
| Repayments of lease liabilities | (7,088) | (5,974) |
| Net cash used in financing activities | <u>(67,134)</u> | <u>(46,050)</u> |
| Net increase (decrease) in cash and cash equivalents | (15,881) | (26,422) |
| Cash and cash equivalents at the beginning of the year | 126,378 | 110,497 |
| Cash and cash equivalents at the end of the year | <u>110,497</u> | <u>84,074</u> |

(5) Notes to Consolidated Financial Statements

(Notes Relating to Going Concern Assumption)

Not applicable.

(Changes in Accounting Estimates)

(The Change in useful life of Property, Plant and Equipment)

The group depreciated its sales equipment mainly over a useful life period of 9 years. However, as consumer spending patterns have been impacted by the pandemic, we have decided to further strengthen the margin & ROI-focus commercial strategy from 2022 and determined the policy to utilize our sales equipment on a longer-term basis and more efficiently than in the past. Also, these are to be reflected in our new mid-term business plan, which is under development. As a result, the main useful life of sales equipment has been revised to 11 years and it was applied prospectively from this first quarter.

As a result of this change, operating loss, and loss before tax for the year ended December 31, 2022 decreased by 8,333million yen, respectively, compared with those based on the previous useful life.

(Segment Information, etc.)

As the Group operates a single segment of the beverage business, the reportable segment explanation will be omitted.

(Stock per share information)

The calculation of basic earnings per share is based on the net income for the year attributable to owners of the Company and the weighted-average number of ordinary shares outstanding during the years.

The basis for calculating basic and diluted earnings per share is as follows.

| | For the year ended December 31, 2021 | For the year ended December 31, 2022 |
|--|---|---|
| Loss from continuing operations attributable to owners of parent | (15,008) | (8,070) |
| Profit from discontinued operations attributable to owners of parent | 12,505 | — |
| Weighted-average shares of ordinary share outstanding (in thousands) | 179,346 | 179,342 |
| Earnings (Loss) per share (yen) | | |
| Continuing operations | (83.68) | (45.00) |
| Discontinued operations | 69.72 | — |
| Loss per share (yen) | (13.96) | (45.00) |

*Note: In the previous fiscal year and the current fiscal year, 415 thousand and 751 thousand shares of stock-based compensation were accounted for antidilutive, "Diluted earnings per share" is not shown, respectively.

(Significant Subsequent Events)

Not applicable

4. Others

(1) Changes in Key Consolidated Management Indicators

| | IFRS | | | | |
|---|----------|----------|----------|----------|----------|
| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| Revenues (million yen) | 927,307 | 890,009 | 785,837 | 785,837 | 807,430 |
| Revenues growth rate (%) | 10.8 | (4.0) | (0.8) | (0.8) | 2.7 |
| Operating income (million yen) | 14,682 | (58,904) | (20,971) | (20,971) | (11,513) |
| Operating margin (%) | 1.6 | (6.6) | (2.7) | (2.7) | (1.4) |
| Recurring income (million yen) | — | — | — | — | — |
| Recurring income margin (%) | — | — | — | — | — |
| Income (Loss) for the year before income tax (million yen) | 14,767 | (58,922) | (21,683) | (21,683) | (12,491) |
| Ratio of income for the year before income tax to net sales (%) | 1.6 | (6.6) | (2.8) | (2.8) | (1.5) |
| Net income attributable to owners of the company (million yen) | 10,117 | (57,952) | (2,503) | (2,503) | (8,070) |
| Net revenues attributable to owners of the company (%) | 1.1 | (6.5) | (0.3) | (0.3) | (1.0) |
| Total comprehensive income (million yen) | 3,197 | (52,108) | 759 | 759 | (4,994) |
| Earnings per share (yen) | 52.68 | (322.22) | (13.96) | (13.96) | (45.00) |
| Diluted earnings per share (yen) | — | — | — | — | — |
| ROE (%) | 1.6 | (10.7) | (0.9) | (0.5) | (1.7) |
| ROA (%) | 1.6 | (6.4) | (1.3) | (2.4) | (1.5) |
| Total assets (million yen) | 877,472 | 952,444 | 939,603 | 867,111 | 826,737 |
| Total equity (million yen) | 580,906 | 506,491 | 492,451 | 492,451 | 476,358 |
| Ratio of equity attributable to parent owners (%) | 66.2 | 53.1 | 56.8 | 56.8 | 57.6 |
| Equity attributable to owners of the parent per share (yen) | 3,163.63 | 2821.27 | 2,745.12 | 2,745.12 | 2,655.38 |
| Ratio of equity attributable to parent owners (times) | 62.4 | (8.7) | 785,837 | (94.6) | (31.9) |

*1. As for the amount is rounded off. In addition, the ratio is rounded off.

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

(2) Officer Change (as of March 28, 2023)

1. New Director (excluding Director serving on the Audit & Supervisory Committee) Candidate

| | Name | Current |
|---|----------------|--|
| 1 | Celso Guiotoko | Director serving on the Audit & Supervisory Committee, Coca-Cola Bottlers Japan Holdings Inc. Director and Global Chief Digital Officer, Nishimoto Co., Ltd. |

2. New Directors serving on the Audit & Supervisory Committee Candidates

| | Name | Current |
|---|------------------|--|
| 1 | Hiroshi Yoshioka | Director (excluding Director serving on the Audit & Supervisory Committee) Coca-Cola Bottlers Japan Holdings Inc. |
| 2 | Sanket Ray | President of India and Southwest Asia, The Coca-Cola Company |
| 3 | Stacy Apter | Vice President & treasurer, The Coca-Cola Company |

3. Retiring Directors

Directors serving on the Audit & Supervisory Committee

| | Name | Current |
|---|-------------------|--|
| 1 | Irial Finan | Director serving on the Audit & Supervisory Committee (Outside Director) |
| 2 | Vamsi Mohan Thati | Director serving on the Audit & Supervisory Committee (Outside Director) |

4. Reference Information

(Board Members)

(1) Directors (excluding Directors serving on the Audit & Supervisory Committee)

| | | |
|-------------------------|--------------------|--------------------|
| Representative Director | Calin Dragan | |
| Representative Director | Bjorn Ivar Ulgenes | |
| Director | Hiroko Wada | (Outside Director) |
| Director | Hirokazu Yamura | (Outside Director) |
| Director | Celso Guiotoko | (Outside Director) |

(2) Directors serving on the Audit & Supervisory Committee

| | | |
|----------|------------------|--------------------|
| Director | Hiroshi Yoshioka | (Outside Director) |
| Director | Nami Hamada | (Outside Director) |
| Director | Sanket Ray | (Outside Director) |
| Director | Stacy Apter | (Outside Director) |

* The appointment will be formalized by resolutions at the 2022 Ordinary General Meeting of Shareholders and the Board of Directors Meeting to be held on March 28, 2023.

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