Quarterly Report

（Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act）

Fiscal Year	From January 1, 2023
（The 1st Quarter of the 66th Term）	To March 31, 2023

Coca-Cola Bottlers Japan Holdings Inc.

（E00417)

This is an English translation of the original Quarterly Report ("Shihanki Hokokusho") ended March 31, 2023 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.

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[Documents to be submitted]	Quarterly Report
[Underlying article]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act
[Recipient]	Director-General of the Kanto Local Finance Bureau
[Submission date]	May 15, 2023
[Fiscal year]	66th fiscal term (from January 1, 2023 to March 31, 2023)
[Company name]	Coca-Cola Bottlers Japan Holdings Inc.
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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.

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Part I Corporate information

Section 1. Corporate overview

1. Summary of business results

Issuance		The 65th Term Consolidated First Quarter	The 66th Term Consolidated First Quarter	The 65th Term
Accounting period		From January 1, 2022 to March 31, 2022	From January 1, 2023 to March 31,2023	From January 1, 2022 to December 31, 2022
Revenue	(Millions of yen)	168,853	182,063	807,430
Loss for the period before tax benefits	(Millions of yen)	(10,031)	(9,151)	(12,491)
Net loss for the period attributable to owners of the parent	(Millions of yen)	(6,568)	(6,459)	(8,070)
Comprehensive loss attributable to owners of the parent	(Millions of yen)	(5,330)	(6,355)	(5,005)
Equity attributable to owners of the parent	(Millions of yen)	482,379	465,238	476,216
Total Assets	(Millions of yen)	865,012	819,494	826,737
Loss per share	(Yen)	(36.62)	(36.02)	(45.00)
Diluted earnings per share	(Yen)	—	—	—
Ratio of equity attributable to owners of the parent to total assets	(%)	55.8	56.8	57.6
Cash flows from operating activities	(Millions of yen)	12,964	8,062	42,717
Cash flows from investing activities	(Millions of yen)	(5,619)	(8,062)	(23,090)
Cash flows from financing activities	(Millions of yen)	(6,632)	(6,295)	(46,050)
Cash and cash equivalents at the end of the period	(Millions of yen)	111,210	77,779	84,074

Notes: 1. Because the Company prepares condensed quarterly consolidated financial statements, changes in the key management indications for the filing company are not described.
2. Diluted earnings per share is not presented, as the effects of dilutive stock on earnings per share are anti-dilutive.
3. The above indicators are based on the condensed quarterly consolidated financial statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").
4. Fractions of one million yen are rounded to the nearest million.

2. Business content

There were no significant changes in the businesses that the Group (the Company and its subsidiaries) is engaged in during the First quarter of 2023.

Section 2. Business situations

1. Risk of Business

During the first quarter of the current fiscal year (January 1, 2023, to March 31, 2023), there were no new business risks or significant changes in the business risks that were described in the Annual Securities Report for the previous fiscal year.

The company will continue to actively monitor our environment for new, current, and over the horizon risks and respond proactively.

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 Consolidated Financial Results

In this first quarter (January 1, 2023 to March 31, 2023), the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown slightly versus the same period of the previous fiscal year. Despite the negative impact on demand from the price revisions by beverage companies in the previous fiscal year, demand increased on the back of a recovery in traffic and resumption of economic activity, as well as a recovery from the impact of the restrictions due to coronavirus infection ("COVID-19") in the same period of the previous fiscal year. On the other hand, the business environment remained uncertain and challenging as the rising commodity and utility prices and yen's depreciation impacted business and consumer behaviors.

Under these circumstances, we have positioned 2023 as the "Year of profit focus", and we have given top priority to improving profitability. In commercial activities, we have focused on implementing and maintaining the prices of our products after the price revisions implemented in the previous fiscal year and worked to improve wholesale revenue per case. In addition, we have worked to grow sales revenue by introducing new products, expanding sales space at key customer storefronts, and implementing effective marketing activities in order to capture increased demand from the traffic recovery. Furthermore, we have been conducting negotiations with customers for the price revisions of can products and large PET bottle products from shipments on May 1, which is an important initiative to further improve profitability. In the manufacturing and supply chain fields, while faced with rising commodity and utility prices, and yen's depreciation, we have been working to reduce manufacturing and distribution costs by further improving our Sales and Operations Planning (S&OP) process and supply network. These activities include the use of the Saitama Mega DC (Distribution Center) and Akashi Mega DC, automated distribution centers with the largest storage and shipping capacity in Japan. We have also prepared for achieving stable operations for the summer, the season with the highest demand.

We are working to realize Environmental, Social and Governance (ESG) targets based on creating shared value with society. Specifically, we have launched several collaborative initiatives with customers and government agencies to promote Sustainable Development Goals (SDGs) and enhance PET bottle recycling. We have been working to reduce our environmental impact through fostering a recycling-based society and expanding business opportunities through collaboration. In other efforts to contribute to local communities through our business, we have implemented water source conservation activities and donated products to food banks. Such ESG initiatives have been positively appraised, and we have been certified as an "Eco-First Company" by the Ministry of the Environment, as well as selected as a "Supplier Engagement Leader," the highest rating in the "2022 Supplier Engagement Assessment" by CDP, an international non-profit organization.

Details for the first quarter are as follows.

Summary of Consolidated Financial Results

(Millions of yen except sales volume)

Year-to-date Q1 (January to March)

In million JPY	2022	**2023**	Change (%)
Revenue	168,853	**182,063**	7.8
Sales volume (million cases)	100	**104**	4
Gross Profit	72,011	**78,741**	9.3
Selling, General & Administrative Expenses	84,892	**88,002**	3.7
Other income (Recurring)	298	**186**	(37.6)
Other expenses (Recurring)	189	**369**	95.5
Investment loss on equity method	22	**8**	(66.3)
Business Loss	(12,749)	**(9,437)**	—
Other income (Non-recurring)	5,690	**1,123**	(80.3)
Other expenses (Non-recurring)	2.611	**846**	(67.6)
Operating Loss	(9,670)	**(9,160)**	—
Net Loss Attributable to Owners of Parent	(6,568)	**(6,459)**	—

* 1. "Business Loss" is a measure of our underlying or recurring business performance. Business 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. Sales volume in 2022 is revised retroactively due to changes of counting segmentation and scope in some products.

Consolidated revenue was 182,063 million yen (7.8% increase of 13,210 million from the same period in the prior year). Despite the initial negative impact on volume following the price revisions, sales volume increased by 4% versus the same period in the previous year. This was due to the introduction of new products and expansion of sales space among key customers. We have also implemented effective marketing activities which helped capture the demand opportunity from traffic recovery. The price revisions implemented in the previous fiscal year are delivering benefits as planned with wholesale revenue per case increasing and contributing to revenue growth.

Consolidated business loss improved by 3,312 million yen (loss reduced) and was a loss of 9,437 million yen (12,749 million yen loss in prior year period). Profitability improved by approximately 5 billion yen in the areas under our control, including profit contributions from top-line growth, sales volume growth, wholesale revenue per case improvement, and logistics cost reductions through supply chain improvements. Profitability improvement was achieved despite the impact of cost increases due to external factors such as higher commodity and utility prices and yen depreciation, as well as the cycling of temporary cost savings implemented in the same period of the previous year.

Consolidated operating loss improved by 510 million yen (loss reduced) and was a loss of 9,160 million yen (9,670 million yen loss in prior year period). In addition to business loss improving versus the previous year (loss reduced) being the primary reason, there was a cycling impact of gains from sales and disposals of property, plant, and equipment that was recorded in the same period of the previous year which decreased other income (non-recurring). Other income (non-recurring) in the first quarter includes 1,116 million yen in gain on sales and disposals of property, plant, and equipment, which was realized in the process of improving the balance sheet. Other expenses (non-recurring) include 787 million yen in business structure improvement expenses related to the implementation of fundamental transformation.

Net loss attributable to owners of the parent improved by 109 million yen (loss reduced). With operating loss improving from the previous period, it was a loss of 6,459 million yen (6,568 million yen loss in prior year period).

Sales volume trends (% change from same period of previous year)

Sales volume grew by 4% in the first quarter. This was the result of efforts to minimize the impact of volume decline resulting from price revisions implemented in the previous fiscal year, such as implementing commercial activities to capture opportunities for increased demand with the recovery in traffic. As a result of the price revisions, wholesale revenue per case improved by more than double-digits versus the same period previous year in all channels. By channel, supermarkets, drugstores, and discounters were impacted by the price revisions, despite the introduction of new products and activities to expand the sales space. As a result, sales volume at supermarkets declined by 3%, while sales volume at drugstores and discounters increased by 3%, partly due to the volume of large PET bottle products which had been sluggish after the price revisions turning to a positive versus the same period in the previous year. Vending volume increased by 1%, despite the impact of the price revisions. The market share base we have built to date and the implementation of campaigns through the Coke ON smartphone app contributed to capturing the traffic recovery demand. As for the price revisions in vending machines, the market execution division's agile and quick response resulted in the early completion of price reflections which led to a significant improvement in the wholesale revenue per case. CVS sales decreased by 1%, despite efforts to strengthen activities to expand sales space, new product launches, efforts to implement campaigns in collaboration with customers, the continued severe competitive environment and volume impact by the price revisions all had an impact. In retail & food, volume increased by 23% with the recovery in customer traffic returning to dine at restaurants. In online, volume grew by 3%, despite the competitive environment becoming increasingly challenging and even in the phase of recovering traffic. We strengthened our product lineup including the label-less products and implemented tie-up promotions with major online customers.

By beverage category performance, sparkling sales volume grew by 6%, volume growth centered around Coca-Cola at vending and restaurants with the recovery in traffic, and contributions from new products such as Fanta Premier Torokeru Momo. Sales volume of tea products decreased by 5% due to impact from the price revisions, despite the contributions from Yakan no Mugicha from Hajime which continues to enjoy sales growth since its launch and new products such as Ayataka Koi Ryokucha which was renewed with an official Food with Nutrient Function Claims labelling. Coffee sales volume increased by 2%, supported by the launch of Georgia THE Black and Georgia THE Latte, launched together with the Georgia rebranding, and the strengthening of the Costa Coffee lineup contributed to the sales increase. In Sports, volume decreased by 8% due to the price revision impact and intensified competition within the category. Water sales volume grew by 20% by capturing at-home consumption demand which led to both small PET and large PET growth, and contributions from the new I LOHAS Natural Water with the renewed bottle design for the first time in 13 years.

In the alcohol category, Lemon-dou, despite campaigns to support Samurai Japan, Japan's national baseball team, volume declined by 33% due to cycling of new product launches in the same period of the previous year and of the at-home drinking demand that increased during COVID-19. On April 10, we launched Jack Daniel's & Coca-Cola, an alcohol beverage that mixes Coca-Cola and the Tennessee whiskey brand Jack Daniel's, we will strengthen sales to revitalize the alcohol category.

(2) Qualitative Information on Consolidated Financial Position

Assets at the end of the quarter were 819,494 million yen, a decrease of 7,243million yen from the end of the prior year period. This is mainly due to a decrease in "Cash and cash equivalents", and "Trade and other receivables" an increase in "Inventories."

Liabilities at the end of the quarter were 354,108 million yen, an increase of 3,730 million yen from the end of the prior year period. This is mainly due to the decrease in "Lease liabilities" and an increase in "Trade and other payables."

Equity at the end of the quarter was 465,385 million yen, a decrease of 10,973 million yen. This mainly reflects a decrease in "Retained earnings" as a result of dividend payments.

(3) Qualitative Information on Consolidated Statements of Cash Flow

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

< Cash Flows from Operating Activities >

Net cash generated from operating activities was 8,062 million yen (12,964 million yen generated from operating activities in the prior year period). This results from "Depreciation and amortization" and "increase of the trade and other receivables" offset by a "loss before income taxes."

<Cash Flows from Investing Activities>

Net cash used for investing activities was 8,062 million yen (5,619 million yen generated from investment activities in the prior year period) due to "Acquisitions of property, plant and equipment and intangible assets."

<Cash Flows from Financing Activities>

Net cash used for financing activities was 6,295 million yen (6,632 million yen in the prior year period), driven by mainly cash spent for "dividends paid."

As a result of those activities, cash and cash equivalents at the end of first quarter were 77,779 million yen, a decrease of 6,295 million yen in comparison to the end of the previous 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 first 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. We must secure the Company's corporate value and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against a large-scale acquisition of the Company's shares by such Persons.

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 stakeholder groups 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 become even more intense with further acceleration of the industry's restructuring for survival, such as the expansion of business tie-ups between beverage manufactures.

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 voting rights in Board of Director 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 productive discussions in 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 a Board Meeting determines it necessary to reapply 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 first 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	4,184	March 2023

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

3. Significant management contracts

There was no decisions or conclusions for significant management contracts in the first quarter of the current fiscal year.

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 First Quarter (March 31,2023)	No. of issued shares as of filing date (May 15, 2023)	Name of listed stock exchange or registered authorized financial instruments firms` association	Details
Common shares	206,268,593	206,268,593	Tokyo Stock Exchange (Prime Market)	100 per 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)
January 1, 2023 – March 31,2023	—	206,269	—	15,232	—	108,167

(5) Major shareholder status

Not applicable as this is the first quarter of the current year.

(6) Status of voting rights

① Issued shares

As of March 31,2023

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 26,929,100	—	—
Shares with full voting rights (Others)	Common shares 178,560,600	1,785,606	—
Odd lot shares	Common shares 778,893	—	—
Total number of issued shares	206,268,593	—	—
Voting rights of all shareholders	—	1,785,606	—

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

② Treasury Shares

As of March 31,2023

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	26,929,100	—	26,929,100	13.06
Total	—	26,929,100	—	26,929,100	13.06

2. Status of Officers

Not applicable.

Section 4 Accounting status

1. Preparation of Accounting methods for the quarterly consolidated financial statements

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 Article 93 (Cabinet Office Ordinance No. 64 of 2007).

2. Audit certification

The Company's condensed quarterly consolidated financial statements for the first quarter of the current year (January 1, 2023 to March 31, 2023) and the first three-month period of the current year (January 1, 2023 to March 31, 2023) 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.

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1. Condensed Quarterly Consolidated Financial Statements and Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	Notes	As of December 31, 2022	As of March 31,2023
Assets			
Current assets:			
Cash and cash equivalents		84,074	77,779
Trade and other receivables		103,346	97,921
Inventories		71,051	76,830
Other financial assets	9	542	131
Other current assets		13,108	14,035
Total current assets		272,122	266,696
Non-current assets:			
Property, plant and equipment		425,009	420,829
Right-of-use assets		21,841	20,699
Intangible assets		65,865	65,285
Investments accounted for using the equity method		322	324
Other financial assets	9	15,888	16,503
Deferred tax assets		20,581	24,398
Other non-current assets		5,110	4,760
Total non-current assets		554,615	552,798
Total assets		826,737	819,494

(Millions of yen)

		As of December 31, 2022	As of March 31,2023
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables		108,254	115,212
Bonds and debts	9	1,000	1,000
Lease liabilities		5,122	4,960
Other financial liability	9	654	457
Income taxes payable		1,272	1,048
Other current liabilities		20,339	18,784
Total current liabilities		136,641	141,462
Non-current liabilities:			
Bonds and debts	9	155,701	155,221
Lease liabilities		18,146	17,128
Other financial liability	9	8	—
Net defined benefit liabilities		17,817	18,286
Provisions		1,761	1,761
Deferred tax liabilities		17,157	17,082
Other non-current liabilities		3,147	3,167
Total non-current liabilities		213,737	212,646
Total liabilities		350,378	354,108
Equity:			
Capital stock		15,232	15,232
Capital surplus		451,264	451,386
Retained earnings	6	94,209	83,266
Treasury shares		(85,667)	(85,668)
Accumulated other comprehensive income		1,177	1,022
Equity attributable to owners of parent		476,216	465,238
Non-controlling interests		142	147
Total equity		476,358	465,385
Total liabilities and equity		826,737	819,494

(2) Condensed Quarterly Consolidated Statements of Income

【First three -months period of this fiscal year】

(Millions of yen)

	Notes	Three months ended March 31, 2022	Three months ended March 31,2023
Revenue	7	168,853	182,063
Cost of sales		96,842	103,322
Gross profit		72,011	78,741
Selling and general administrative expenses		84,892	88,002
Other income	8	5,988	1,309
Other expenses	8	2,800	1,214
Investment income on equity method		22	8
Operating loss		(9,670)	(9,160)
Financial income		20	170
Finance expenses		381	162
Loss for the period before income taxes		(10,031)	(9,151)
Income tax benefit		(3,467)	(2,697)
Net loss for the period		(6,564)	(6,454)
Net loss for the period attributable to			
Owners of parent		(6,568)	(6,459)
Non-controlling interests		5	5
Loss per share	10	(36.62)	(36.02)

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

【First Three -months period of this fiscal year】

(Millions of yen)

	Notes	Three months ended March 31, 2022	Three months ended March 31,2023
Net loss for the period		(6,564)	(6,454)
Other comprehensive income:			
Items that will not be reclassified subsequently to income or loss:			
Net changes in financial assets measured at fair value through other comprehensive income		76	36
Subtotal		76	36
Items that may be reclassified subsequently to income:			
Cash flow hedges		1,162	68
Subtotal		1,162	68
Total other comprehensive income for the period		1,239	104
Total comprehensive income (loss) for the period		(5,325)	(6,350)
Comprehensive income (loss) attributable to:			
Owners of parent		(5,330)	(6,355)
Non-controlling interests		5	5

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended March 31,2022

(Millions of yen)

	Notes	Equity attributable to owners of the parent							
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total
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 period									
Net loss for the period		―	―	(6,568)	―	―	(6,568)	5	(6,564)
Other comprehensive income		―	―	―	―	1,239	1,239	―	1,239
Total comprehensive income (loss) for the period		―	―	(6,568)	―	1,239	(5,330)	5	(5,325)
Transactions with owners									
Dividends of surplus	6	―	―	(4,484)	―	―	(4,484)	―	(4,484)
Purchase of treasury stock		―	―	―	(1)	―	(1)	―	(1)
Transactions of share-based payment		―	125	―	―	―	125	―	125
Reclassification from accumulated other comprehensive income to retained earnings		―	―	3	―	(3)	―	―	―
Reclassification from accumulated other comprehensive income (loss) to non-financial assets		―	―	―	―	(252)	(252)	―	(252)
Total transactions with owners		―	125	(4,480)	(1)	(256)	(4,611)	―	(4,611)
Balance as of March 31, 2022		15,232	450,958	98,224	(85,662)	3,627	482,379	136	482,515

Three months ended March 31, 2023

(Millions of yen)

	Notes	Equity attributable to owners of the parent							
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total
Balance as of January 1, 2023		15,232	451,264	94,209	(85,667)	1,177	476,216	142	476,358
Comprehensive income (loss) for the period									
Net loss for the period		―	―	(6,459)	―	―	(6,459)	5	(6,454)
Other comprehensive income		―	―	―	―	104	104	―	104
Total comprehensive income (loss) for the period		―	―	(6,459)	―	104	(6,355)	5	(6,350)
Transactions with owners									
Dividends of surplus	6	―	―	(4,484)	―	―	(4,484)	―	(4,484)
Purchase of treasury stock		―	―	―	(1)	―	(1)	―	(1)
Transactions of share-based payment		―	121	―	―	―	121	―	121
Reclassification from accumulated other comprehensive income to retained earnings		―	―	(1)	―	1	―	―	―
Reclassification from accumulated other comprehensive income (loss) to non-financial assets		―	―	―	―	(260)	(260)	―	(260)
Total transactions with owners		―	121	(4,484)	(1)	(259)	(4,623)	―	(4,623)
Balance as of March 31, 2023		15,232	451,386	83,266	(85,668)	1,022	465,238	147	465,385

(5) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	Three months ended March 31, 2022	Three months ended March 31,2023
Cash flows from operating activities			
Loss for the period before income tax benefit		(10,031)	(9,151)
Adjustments for:			
Depreciation and amortization		11,409	11,415
Impairment loss		－	7
Change in allowance for doubtful accounts (decrease)		(222)	(51)
Interest and dividends income		(10)	(6)
Interest expenses		217	160
Share of loss(income) of entities accounted for using equity method		(22)	(8)
Gain on sale of property, plant and equipment		(3,680)	(1,128)
Loss on disposal and sale of property, plant and equipment		78	263
(Increase) Decrease in trade and other receivables		15,049	5,436
(Increase) Decrease in inventories		(3,888)	(5,779)
(Increase) Decrease in other assets		954	(53)
(Decrease) Increase in trade and other payables		3,230	10,504
(Decrease) Increase in net defined benefit liabilities		488	470
(Decrease) Increase in other liabilities		796	(2,576)
Others		399	(20)
Subtotal		14,766	9,483
Interest received		0	1
Dividends received		10	6
Interest paid		(225)	(216)
Income taxes paid		(1,588)	(1,213)
Income taxes refund		0	1
Net cash (used in) generated from operating activities		12,964	8,062
Cash flows from investing activities			
Acquisitions of property, plant and equipment and intangible assets		(10,388)	(10,002)
Proceeds from sales of property, plant and equipment and intangible assets		4,794	1,938
Purchases of other financial assets		(6)	(5)
Proceeds from sale of other financial assets		16	7
Other		(35)	1
Net cash (used in) generated from investing activities		(5,619)	(8,062)

(Millions of yen)

	Notes	Three months ended March 31, 2022	Three months ended March 31,2023
Cash flows from financing activities			
(Decrease) Increase in short-term loans payable		(38)	–
Repayments of long-term loans payable		(565)	(500)
Dividends paid	6	(4,484)	(4,484)
Purchases of treasury stock		(1)	(1)
Repayments of lease liabilities		(1,544)	(1,311)
Net cash used in financing activities		(6,632)	(6,295)
Net change in cash and cash equivalents		713	(6,295)
Cash and cash equivalents at the beginning of the year		110,497	84,074
Cash and cash equivalents at the end of the period		111,210	77,779

Notes to consolidated financial statements

1. Introduction

Coca-Cola Bottlers Japan Holdings Inc. (hereinafter referred to as “the Company”) is a holding company located in Japan and is listed on the Prime Market 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, alcohol and other soft drinks 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 May 15, 2023 and take into account events after the reporting period to that date (see Note 11, "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 Article 93 of the Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007), upon meeting the requirements of a designated international accounting standard specified company as set forth in Article 1-2 of the aforementioned Ordinance.

Condensed quarterly consolidated financial statements should be used in conjunction with consolidated financial statements for the previous 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 for measurement 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 previous year.
Income tax benefit for the first quarter of 2023 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. Although the impact of COVID-19 infection is expected to remain uncertain, accounting estimates are based on the assumption that traffic is recovering gradually. 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

The Group has a single segment as Beverage Business. Refer to Note 7 Revenue for the products and services of the reported segment.

6. Dividends

Dividends paid for the first quarter of the previous fiscal year and the first quarter of the current fiscal year are as follows:

First three -month of the prior year (January 1, 2022 – March 31, 2022)

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
March 24, 2022 Ordinary General Meeting of Shareholders	Ordinary share	4,484	25	December 31, 2021	March 25, 2022

First three-month of the current year (January 1, 2023 – March 31,2023)

Resolution	Type of shares	Total amount of dividends paid (Millions of yen)	Dividends per share (Yen)	Dividend record date	Effective date
March 28, 2023 Ordinary General Meeting of Shareholders	Ordinary share	4,484	25	December 31, 2022	March 29, 2023

7. Revenue

Disaggregation of revenue

The Group's organizational structure is based on the single beverage business segment. Discrete financial information is available for the components of the Group, and operating results are regularly reviewed by the Board of Directors (chief operating decision maker) to make decisions about the allocation of business resources. As such, the earnings recorded under the beverage business is presented as Revenue.

In the Beverage business, the Group purchases, manufactures, and sells carbonated beverages such as Coca-Cola, coffee beverages, black tea beverages, mineral water, alcohol, and other beverages in Japan. Revenue for sales of these products is recognized primarily at the time of delivery as the 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 customers do not include any material financial elements.

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Revenue		
Revenue from contracts with customers		
Beverage	168,846	182,059
Other	7	4
Total	168,853	182,063

8. Other income and other expenses

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

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31,2023
Other income		
Gains on sales of property, plant and equipment (Note 1)	3,680	1,128
Rent income	75	55
Government subsidies (Note 2)	2,011	—
Other	223	126
Total	5,988	1,309
Other expenses		
Impairment loss	—	7
Losses on sales and disposals of property, plant and equipment	180	340
Transformation related expenses (Note 3)	10	787
Special retirement allowance (Note 4)	431	52
Temporary paid leave expenses (Note 5)	2,146	—
Other	34	29
Total	2,800	1,214

(Note) 1. Gains on sales of property, plant and equipment represent gains on sales of land and other assets for the first quarter of the previous fiscal year and the first quarter of the current fiscal year.

2. Government subsidies are grants to cover employee's temporary leave cost, etc. due to the spread of COVID-19 for the first quarter of the previous fiscal year.

3. Transformation related expenses are consulting 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 for the first quarter of the previous fiscal year and the first quarter of the current fiscal year.

4. Special retirement allowances are allowances and outplacement support expenses incurred in the implementation of the voluntary retirement program for the first quarter of the previous fiscal year and the first quarter of the current fiscal year.

5. Temporary paid leave expenses for the first quarter of the previous fiscal year 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 90 million yen from cost of sales and 2,056 million yen transfer from selling and general administrative expenses to other expenses, respectively.

9. 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 first quarter of the previous year and first 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 an 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, and quoted market prices of similar companies. 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 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 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:

As of December 31, 2022

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: 6.2-7.9 times EBITDA Multiple: 8.2 times PER: 6.7 – 32.9 times PBR: 0.9-2.2 times	Estimated fair value increases (decreases) when equity indices of comparable listed companies of the target are high (low)

As of March 31,2023

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: 6.2-8.0 times EBITDA Multiple: 8.7 times PER: 6.7-33.1 times PBR: 0.9 – 2.2 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

PER: Price Earnings Ratio

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, 2022

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	—	548	—	548
Subtotal	—	548	—	548
Financial instrument measured at fair value through other comprehensive income:				
Securities	8,701	—	3,046	11,747
Other	—	—	89	89
Subtotal	8,701	—	3,135	11,836
Total	8,701	548	3,135	12,385
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	662	—	662
Total	—	662	—	662

As of March 31,2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instrument measured at fair value through profit or loss:				
Derivative assets	—	121	—	121
Subtotal	—	121	—	121
Financial instrument measured at fair value through other comprehensive income:				
Securities	8,728	—	3,063	11,791
Other	—	—	89	89
Subtotal	8,728	—	3,152	11,880
Total	8,728	121	3,152	12,001
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	457	—	457
Total	—	457	—	457

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, 2022	4,423
Disposals	(11)
Gains recognized in other comprehensive income	(554)
Other	2
Balance at March 31, 2022	3,860
Balance at January 1, 2023	3,135
Disposals	(8)
Losses recognized in other comprehensive income	25
Balance at March 31,2023	3,152

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, 2022

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	156,701	154,389	2,312

As of March 31,2023

(Millions of yen)

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	156,221	155,143	1,078

Long-term loans payable and bonds include current portion. Cash and cash equivalents, trade and other receivables, trade and other payables are not included in the above table as their fair value approximates their carrying amount due to the short collection and settlement period.

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.

10. Earnings per share

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

The basis for calculating the basic earnings per share for the First quarter of the current year and prior year is as follows:

	Three months ended March 31, 2022	Three months ended March 31,2023
Loss attributable to owners of parent (millions of yen)	(6,568)	(6,459)
Weighted-average shares of ordinary share outstanding (in thousands)	179,344	179,340
Loss per share (yen)	(36.62)	(36.02)

Note: In the first quarter of the previous fiscal year and the first quarter of the current fiscal year, as 741 thousand and 1,033 thousand shares of stock-based compensation were accounted for antidilutive "diluted earnings per share" is not shown.

11. Subsequent events

Not applicable.

2. Others

Not applicable.

Part II Information of guarantor companies of the filing company

Not applicable.