

# Quarterly Report

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

Fiscal Year	From July 1, 2023
(The 3 <sup>rd</sup> Quarter of the 66 <sup>th</sup> Term)	To September 30, 2023

Coca-Cola Bottlers Japan Holdings Inc.

(E00417)

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This is an English translation of the original Quarterly Report (“Shihanki Hokokusho”) ended September 30, 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]	November 10, 2023
[Quarterly accounting period]	66 <sup>th</sup> fiscal term (from July 1, 2023 to September 30, 2023)
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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.

## Part I Corporate information

### Section 1. Corporate overview

#### 1. Changes in key management indicators

Issuance		The 65 <sup>th</sup> Term Consolidated Cumulative Third Quarter	The 66 <sup>th</sup> Term Consolidated Cumulative Third Quarter	The 65 <sup>th</sup> Term
Accounting period		From January 1, 2022 to September 30, 2022	From January 1, 2023 to September 30, 2023	From January 1, 2022 to December 31, 2022
Revenue [The third quarter]	(Millions of yen)	612,321 [236,373]	663,825 [259,715]	807,430
Net income (loss) for the period before income taxes	(Millions of yen)	(7,947)	5,947	(12,491)
Net income (loss) for the period attributable to owners of the parent [The third quarter]	(Millions of yen)	(5,194) [4,705]	3,862 [7,808]	(8,070)
Comprehensive income attributable to owners of the parent	(Millions of yen)	(3,150)	5,057	(5,005)
Equity attributable to owners of the parent	(Millions of yen)	478,559	472,485	476,216
Total assets	(Millions of yen)	831,736	845,609	826,737
Basic income (loss) per share [The third quarter]	(Yen)	(28.96) [26.24]	21.53 [43.52]	(45.00)
Diluted earnings per share	(Yen)	—	21.38	—
Ratio of equity attributable to owners of the parent to total assets	(%)	57.5	55.9	57.6
Cash flows from operating activities	(Millions of yen)	32,651	30,291	42,717
Cash flows from investing activities	(Millions of yen)	(18,514)	(17,741)	(23,090)
Cash flows from financing activities	(Millions of yen)	(44,642)	(13,876)	(46,050)
Cash and cash equivalents at the end of the period	(Millions of yen)	79,991	82,748	84,074

Notes: 1. Because the Company prepares condensed quarterly consolidated financial statements, changes in the key management indicators for the filing company are not described.

2. Diluted earnings per share is not presented, as the effects of dilutive share on earnings per share are anti-dilutive for the cumulative third quarter of previous fiscal year and previous fiscal year.

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.

5. The Company has introduced Executive reward BIP Trust and Stock-granting ESOP Trust, and the Company shares held by these trusts are recorded as treasury shares in the quarterly consolidated financial statements. Accordingly, the Company shares held by these trusts are included in the number of treasury shares to be deducted from the average number of shares during the period for the calculation of basic income (loss) per share and diluted earnings per share.

#### 2. Business content

There were no significant changes in the businesses that the Group (the Company and its subsidiaries) is engaged in the cumulative third quarter (January 1, to September 30, 2023).

## Section 2. Business situations

### 1. Risk of business

During the cumulative third quarter of the current fiscal year, 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 continues to monitor our operational environment for new risks and opportunities and will proactively work to mitigate risks and leverage opportunities.

### 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) Status of Business Performance

In the cumulative third quarter, the total domestic nonalcoholic ready-to-drink (NARTD) beverage industry volume is estimated to have grown by about 1% versus the same period of the previous fiscal year.

Although demand continued to increase on the back of a recovery in traffic, resumption of economic activity and the heat wave, the price revisions implemented by beverage companies had a negative impact on demand. The business environment remained uncertain as the rising commodity, utility prices and yen's depreciation impacted business and consumer behavior.

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 implemented price revisions as one of the most important initiatives for profitability improvement with a focus on steady implementation and maintaining the shipping prices after the price revisions. Even during the summer season, when demand is at its peak, we have been thoroughly implementing disciplined commercial activities to maximize the effects of our efforts. Furthermore, we have been preparing for the price revisions of large PET bottle products and other products from October, including negotiations with our customers. In addition, to capture the increased demand from the recovery in traffic and the heat wave, we have worked to grow revenue by growing sales volume and improving wholesale revenue per case by introducing new products, implementing efficient and effective marketing activities, and strengthening customer engagement. In the manufacturing and supply chain fields, while faced with rising commodity, utility prices, and yen's depreciation, to capture the opportunity of increased demand for sales volume and profit growth, we have been working on the stable operation of the Sales and Operations Planning (S&OP) process, which was revamped in the previous year, and improvement of the supply network to ensure stable supply of products and reduction of total manufacturing and logistics costs.

We are working to realize ESG targets based on creating shared value with society. We have launched several collaborative initiatives with our customers and government agencies with respect to the conservation of water resources and enhancement of PET bottle recycling to reduce the environmental impact through fostering a recycling-based society and to expand business opportunities through collaboration. In addition, as a contribution to the local community through business activities, we have been focusing on the deployment of vending machines that support local activities. Furthermore, during the third quarter of the current fiscal year (July 1, 2023 to September 30, 2023, hereafter “the third quarter”), we received a “Silver” rating in the globally recognized EcoVadis sustainability survey for the third consecutive year.

Details for the cumulative third quarter are as follows.

## Summary of Business Performance

### **The cumulative third quarter (January 1 to September 30)**

(Millions of yen except sales volume)

	2022	2023	Change (%)
Revenue	612,321	<b>663,825</b>	8.4
Sales volume (million cases)	366	<b>379</b>	4
Gross profit	267,317	<b>294,595</b>	10.2
Selling, General & Administrative Expenses	278,322	<b>287,961</b>	3.5
Other income (Recurring)	694	<b>534</b>	(23.0)
Other expenses (Recurring)	942	<b>1,302</b>	38.2
Investment income on equity method	57	<b>1</b>	(98.7)
Business income (loss)	(11,196)	<b>5,867</b>	—
Other income (Non-recurring)	7,438	<b>2,177</b>	(70.7)
Other expenses (Non-recurring)	3,295	<b>1,923</b>	(41.6)
Operating income (loss)	(7,053)	<b>6,121</b>	—
Net income (loss) attributable to owners of parent	(5,194)	<b>3,862</b>	—

### **(For reference) The third quarter (July 1 to September 30)**

(Millions of yen except sales volume)

	2022	2023	Change (%)
Revenue	236,373	<b>259,715</b>	9.9
Sales volume (million cases)	142	<b>149</b>	5
Gross profit	104,179	<b>117,799</b>	13.1
Selling, General & Administrative Expenses	97,047	<b>104,748</b>	7.9
Other income (Recurring)	173	<b>170</b>	(1.9)
Other expenses (Recurring)	276	<b>591</b>	114.2
Investment income(loss) on equity method	(4)	<b>1</b>	—
Business income	7,025	<b>12,630</b>	79.8
Other income (Non-recurring)	780	<b>519</b>	(33.5)
Other expenses (Non-recurring)	426	<b>499</b>	17.1
Operating income	7,379	<b>12,650</b>	71.4
Net income attributable to owners of parent	4,705	<b>7,808</b>	65.9

- Notes: 1. “Business income(loss)” is measure of our recurring business performance. “Business income (loss)” deduct cost of sales 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 663,825 million yen (an increase of 51,504 million yen or 8.4% from the same period in the previous year). Despite the negative impact on volume following the price revisions, sales volume increased by 4% compared to the same period in the previous year. This was achieved with the introduction of new products, effective marketing activities to capture the demand opportunity from traffic recovery and the heat wave, while strengthening customer engagement. The series of price revisions implemented from the previous fiscal year are steadily delivering benefits with wholesale revenue per case improving and contributing to revenue growth.

Consolidated business income improved by 17,063 million yen and was 5,867 million yen (11,196 million yen loss in prior year period). In addition to profit contributions from top-line growth, from sales volume growth and wholesale revenue per case improvement, a decrease in marketing expense through the focus on cost-effectiveness and lower logistics costs with the improvements in the supply chain network contributed. Profitability improvement was achieved while overcoming the impact of cost increases due to external factors such as higher commodity, utility prices and yen depreciation.

Consolidated operating income improved by 13,174 million yen and was 6,121 million yen (7,053 million yen loss in prior year period). In addition to business income growing versus the previous year being the primary reason, there was a cycling impact of gains from sales 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 cumulative third quarter includes 2,150 million yen in gain on sales of property, plant, and equipment, which was realized in the process of balance sheet optimization. Other expenses (non-recurring) include 1,641 million yen in transformation related expenses related to the implementation of fundamental transformation.

Net income attributable to owners of the parent improved by 9,055 million yen with operating income growing from the previous period, it was 3,862 million yen (5,194 million yen loss in prior year period).

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

Sales volume grew by 4% in the cumulative third quarter. Particularly, for the third quarter, the benefits of our efforts to date have greatly materialized on the back of traffic recovery and the heat wave during the peak demand season, resulting in a 5% volume increase and pushed up the cumulative volume. As the benefit from 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 were impacted by the small PET bottle price revisions implemented in October of the previous year and sales volume declined by 2% for the cumulative third quarter, despite the introduction of new products, activities to expand the sales space and campaigns to capture demand from the traffic recovery and the heat wave. For the third quarter, marketing efforts during the peak demand season compensated for the volume decline impact from the price revisions, resulting in volume being flat from the same period of the previous year. Sales volume at drugstores and discounters increased by 5%, with the volume of large PET bottle products turning positive versus the same period in the previous year, despite the continued impact from the price revisions. Vending sales volume remained flat, supported by the market share base we have built to date and by campaigns implemented through the Coke ON smartphone app contributing to capture the traffic recovery and the heat wave demand, while the price revision of small PET bottle and can products continued to impact volume. Wholesale revenue per case in vending improved greatly from last year with the price revisions. In CVS, although the competitive environment remained severe, volume increased by 13% in the third quarter and 4% for cumulative period with the positive effects of activities to grow sales space, expanding the adoption of our core products at key customer stores, strengthening customer management, and the tailwind from the heat wave. In retail & food, sales volume increased by 11% with the traffic returning to restaurants and amusement facilities. In online, volume grew by 11% despite intensifying competitive environment, with contribution from a strengthened product lineup and tie-up promotions implemented together with major online customers.

By beverage category performance, sparkling sales volume grew by 4%, with volume growth centered around Coca-Cola at vending and restaurants with the recovery in traffic, and contributions from product renewals such as Sprite. Sales volume of tea products was flat due to impact from the price revisions for small PET, despite the contributions from Yakan no Mugicha from Sokenbicha which continues to enjoy sales growth since its launch and from the heat wave driving demand. Coffee sales volume increased by 2%, supported by the new Georgia THE Black, launched together with the Georgia rebranding, and medium PET bottle products capturing the at-home demand, despite the volume being impacted from the price revisions. In Sport, sales volume decreased by 4% due to the price revision impact, despite the contribution from the new product Aquarius NEWATER. Water sales volume grew by 16% with demand driven by the heat wave and contributions from the I LOHAS Natural Water that renewed the bottle design in the previous year and I LOHAS Peach.

In the alcohol category, sales volume declined by 15% due to cycling of at-home drinking demand, despite the contributions from new products such as Jack Daniel's & Coca-Cola and Lemon-dou Sukkiri Lemon.

## (2) Qualitative Information on Consolidated Financial Position

Assets at the end of the quarter were 845,609million yen, an increase of 18,872 million yen from the end of the previous fiscal year. This is mainly due to a decrease in “Property, plant, and equipment” through the progress made in balance sheet optimization, while an increase in “Trade and other receivables” because of the peak demand season.

Liabilities at the end of the quarter were 372,953 million yen, an increase of 22,575million yen from the end of the previous fiscal year. This is mainly due to an increase in “Trade and other payables.”

Equity at the end of the quarter was 472,656 million yen, a decrease of 3,703 million yen. This mainly reflects a decrease in “Retained earnings” due to dividend payments, while net income for the period was recorded.

## (3) Qualitative Information on Consolidated Statements of Cash Flow

The cash flow conditions for cumulative third quarter of the current fiscal year are as follows:

### <Cash Flows from Operating Activities >

Net cash generated from operating activities was 30,291million yen (32,651 million yen generated from operating activities in the previous fiscal year). This is mainly due to an income before income taxes of 5,947 million yen, “Depreciation and amortization” and an “Increase in trade and other payables,” while an “Increase in trade and other receivables” were recorded.

### <Cash Flows from Investing Activities>

Net cash used for investing activities was 17,741million yen (18,514million yen used for investment activities in the previous fiscal year). This is mainly due to “Payments for acquisitions of property, plant, and equipment and intangible assets,” while “Proceeds from sales of property, plant and equipment and intangible assets” and “Proceeds from sale of other financial assets” through the progress made in balance sheet optimization were recorded.

### <Cash Flows from Financing Activities>

Net cash used for financing activities was 13,876 million yen (44,642million yen used for financing activities in the previous fiscal year). This is mainly due to “Dividends paid.”

As a result of these activities, cash and cash equivalents at the end of the third quarter were 82,748 million yen, a decrease of 1,326 million yen compared to the end of the previous fiscal year.

## (4) Business and financial challenges to be addressed

### 1. Issues to be addressed

There were no significant changes in the issues to be addressed by the Group during the cumulative third quarter of the current fiscal year.



## 2. Basic Policies on the Control of the Joint-share 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 (i) fully understand the importance of 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) strive aggressively to win in the market as the customers’ preferred partner with a deep understanding of the Company’s corporate philosophy; (iii) appreciate 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) contribute 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, preserve relationships of mutual trust with customers, business partners, shareholders and employees and perform to their expectations, and 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. 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 manufacturers.

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 on 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 and 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 previous fiscal year and completed during the cumulative third quarter of the current fiscal year is 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	12,622	September 2023

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

### 3. Significant management contracts

There were no decisions or conclusions for significant management contracts in the third 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 3 <sup>rd</sup> Quarter (September 30, 2023)	No. of issued shares as of filing date (November 10, 2023)	Name of listed share 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 share acquisition rights

Not applicable.

##### (3) Status of exercised moving strike convertible bonds

Not applicable.

##### (4) Transition of total number of issued shares and capital stock

Date	Increase/decrease in total no. of issued shares (Thousand share)	Balance of total no. of issued shares (Thousand share)	Increase/ decrease of capital stock (Millions of yen)	Capital stock balance (Millions of yen)	Increase/decrease of capital reserve (Millions of yen)	Capital reserve balance (Millions of yen)
July 1, 2023 – September 30, 2023	—	206,269	—	15,232	—	108,167

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(5) Major shareholder status

Not applicable as this is the third quarter of the current fiscal year.

(6) Status of voting rights

① Issued shares

As of September 30,2023

Class	Number of shares	Number of voting rights	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 23,783,300	—	—
Shares with full voting rights (Others)	Common shares 181,735,100	1,817,351	—
Odd lot shares	Common shares 750,193	—	—
Total number of issued shares	206,268,593	—	—
Voting rights of all shareholders	—	1,817,351	—

Notes: 1.“Shares with full voting rights (Others)” include 2,300 shares under in JASDEC’s name (23 voting rights).

2.“Shares with full voting rights (Others)” include 1,260,900 shares (number of voting rights: 12,609) held by Executive reward BIP Trust and 1,791,900 shares (number of voting rights: 17,919) held by Stock-granting ESOP Trust.

② Treasury Shares

As of September 30,2023

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	23,783,300	—	23,783,300	11.53
Total	—	23,783,300	—	23,783,300	11.53

Note: The Company shares held by Executive reward BIP Trust and Stock-granting ESOP Trust are not included in the above number of shares owned.

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 third quarter of the current fiscal year (July 1, 2023 to September 30, 2023) and the cumulative third quarter of the current fiscal year (January 1, 2023 to September 30, 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

	Notes	Previous fiscal year As of December 31, 2022	(Millions of yen) The cumulative third quarter As of September 30, 2023
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		84,074	82,748
Trade and other receivables		103,346	136,261
Inventories		71,051	72,816
Other financial assets	10	542	736
Other current assets		13,108	10,692
Total current assets		<u>272,122</u>	<u>303,253</u>
Non-current assets:			
Property, plant, and equipment		425,009	413,911
Right-of-use assets		21,841	22,381
Intangible assets		65,865	64,137
Investments accounted for using the equity method		322	317
Other financial assets	10	15,888	14,737
Deferred tax assets		20,581	21,947
Other non-current assets		5,110	4,924
Total non-current assets		<u>554,615</u>	<u>542,356</u>
Total assets		<u><u>826,737</u></u>	<u><u>845,609</u></u>

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		Previous fiscal year As of December 31, 2022	(Millions of yen) The cumulative third quarter As of September 30, 2023
Liabilities and equity			
Liabilities			
Current liabilities:			
Trade and other payables		108,254	122,828
Bonds and debts	6,10	1,000	40,972
Lease liabilities		5,122	5,080
Other financial liabilities	10	654	810
Income taxes payables		1,272	1,958
Other current liabilities		20,339	26,272
Total current liabilities		136,641	197,920
Non-current liabilities:			
Bonds and debts	10	155,701	114,789
Lease liabilities		18,146	18,994
Other financial liabilities	10	8	115
Net defined benefit liabilities		17,817	19,351
Provisions		1,761	1,753
Deferred tax liabilities		17,157	16,836
Other non-current liabilities		3,147	3,194
Total non-current liabilities		213,737	175,033
Total liabilities		350,378	372,953
Equity:			
Capital stock		15,232	15,232
Capital surplus		451,264	451,405
Retained earnings	7	94,209	89,874
Treasury shares		(85,667)	(85,369)
Accumulated other comprehensive income		1,177	1,343
Equity attributable to owners of parent		476,216	472,485
Non-controlling interests		142	170
Total equity		476,358	472,656
Total liabilities and equity		826,737	845,609

(2) Condensed Quarterly Consolidated Statements of Income

【The cumulative third quarter】

		(Millions of yen)	
	Notes	The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)	The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)
Revenue	8	612,321	663,825
Cost of sales		345,004	369,229
Gross profit		267,317	294,595
Selling and general administrative expenses		278,322	287,961
Other income	9	8,132	2,711
Other expenses	9	4,237	3,225
Investment income on equity method		57	1
Operating income (loss)		(7,053)	6,121
Financial income		179	361
Financial expenses		1,073	535
Income (Loss) for the period before income taxes		(7,947)	5,947
Income tax expense (benefit)		(2,756)	2,057
Net income (loss) for the period		(5,191)	3,890
Net income (loss) for the period attributable to			
Owners of parent		(5,194)	3,862
Non-controlling interests		3	28
Earnings (Loss) per share (yen)	11	(28.96)	21.53
Diluted Earnings per share (yen)	11	—	21.38

【The third quarter】

		(Millions of yen)	
	Notes	The third quarter of previous fiscal year (Three months ended September 30, 2022)	The third quarter of current fiscal year (Three months ended September 30, 2023)
Revenue		236,373	259,715
Cost of sales		132,194	141,917
Gross profit		104,179	117,799
Selling and general administrative expenses		97,047	104,748
Other income		953	689
Other expenses		702	1,090
Investment income (loss) on equity method		(4)	1
Operating income		7,379	12,650
Financial income		17	84
Financial expenses		221	207
Income for the period before income taxes		7,174	12,527
Income tax expense		2,468	4,705
Net income for the period		4,706	7,822
Net income for the period attributable to			
Owners of parent		4,705	7,808
Non-controlling interests		0	14
Earnings per share (yen)	11	26.24	43.52
Diluted earnings per share (yen)	11	26.13	43.23



(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

【The cumulative third quarter】

	Notes	The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)	(Millions of yen) The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)
Net income (loss) for the period		(5,191)	3,890
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		329	1,155
Subtotal		329	1,155
Items that may be reclassified subsequently to income:			
Cash flow hedges		1,715	40
Subtotal		1,715	40
Total other comprehensive income for the period		2,044	1,195
Total comprehensive income for the period		(3,147)	5,085
Comprehensive income attributable to:			
Owners of parent		(3,150)	5,057
Non-controlling interests		3	28

【The third quarter】

	Notes	The third quarter of previous fiscal year (Three months ended September 30, 2022)	(Millions of yen) The third quarter of current fiscal year (Three months ended September 30, 2023)
Net income for the period		4,706	7,822
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		108	235
Subtotal		108	235
Items that may be reclassified subsequently to income:			
Cash flow hedges		217	(119)
Subtotal		217	(119)
Total other comprehensive income for the period		325	116
Total comprehensive income for the period		5,030	7,938
Comprehensive income attributable to:			
Owners of parent		5,030	7,924
Non-controlling interests		0	14

(4) Condensed Quarterly Consolidated Statements of Changes in Equity  
The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)

(Millions of yen)

	Notes	Equity attributable to owners of the parent					Total	Non-controlling interests	Total
		Capital share	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 for the period									
Net income (loss) for the period		—	—	(5,194)	—	—	(5,194)	3	(5,191)
Other comprehensive income		—	—	—	—	2,044	2,044	—	2,044
Total comprehensive income for the period		—	—	(5,194)	—	2,044	(3,150)	3	(3,147)
Transactions with owners									
Dividends of surplus	7	—	—	(8,967)	—	—	(8,967)	—	(8,967)
Purchase of treasury shares		—	—	—	(4)	—	(4)	—	(4)
Disposal of treasury shares		—	(0)	—	0	—	0	—	0
Transactions of share-based payment		—	371	—	—	—	371	—	371
Reclassification from accumulated other comprehensive income to retained earnings		—	—	(5)	—	5	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets		—	—	—	—	(2,010)	(2,010)	—	(2,010)
Total transactions with owners		—	371	(8,972)	(4)	(2,005)	(10,611)	—	(10,611)
Balance as of September 30, 2022		15,232	451,203	95,107	(85,665)	2,683	478,559	134	478,694

The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)

(Millions of yen)

	Notes	Equity attributable to owners of the parent					Total	Non-controlling interests	Total
		Capital share	Capital surplus	Retained earnings	Treasury shares	Accumulated other comprehensive income			
Balance as of January 1, 2023		15,232	451,264	94,209	(85,667)	1,177	476,216	142	476,358
Comprehensive income for the period									
Net income for the period		—	—	3,862	—	—	3,862	28	3,890
Other comprehensive income		—	—	—	—	1,195	1,195	—	1,195
Total comprehensive income for the period		—	—	3,862	—	1,195	5,057	28	5,085
Transactions with owners									
Dividends of surplus	7	—	—	(9,046)	—	—	(9,046)	—	(9,046)
Purchase of treasury shares		—	—	—	(4)	—	(4)	—	(4)
Disposal of treasury shares		—	(140)	—	301	—	161	—	161
Transactions of share-based payment		—	281	—	—	—	281	—	281
Reclassification from accumulated other comprehensive income to retained earnings		—	—	849	—	(849)	—	—	—
Reclassification from accumulated other comprehensive income to non-financial assets		—	—	—	—	(180)	(180)	—	(180)
Total transactions with owners		—	141	(8,197)	298	(1,029)	(8,787)	—	(8,787)
Balance as of September 30, 2023		15,232	451,405	89,874	(85,369)	1,343	472,485	170	472,656

(5) Condensed Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
Notes	The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)	The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)
Cash flows from operating activities		
Income (Loss) for the period before income taxes	(7,947)	5,947
Adjustments for:		
Depreciation and amortization	34,250	34,826
Impairment loss	—	159
Change in allowance for doubtful accounts (decrease)	(168)	4
Interest and dividends income	(159)	(134)
Interest expenses	591	490
Share of income of entities accounted for using equity method	(57)	(1)
Gain on sale of property, plant, and equipment	(4,075)	(2,168)
Loss on disposal and sale of property, plant, and equipment, and intangible assets	665	959
(Increase) Decrease in trade and other receivables	1,509	(32,943)
Increase in inventories	(5,881)	(1,765)
(Increase) Decrease in other assets	(335)	248
Increase in trade and other payables	7,287	17,839
Increase in net defined benefit liabilities	1,890	1,535
Increase in other liabilities	5,072	6,420
Others	1,062	898
Subtotal	33,704	32,314
Interest received	0	0
Dividends received	158	134
Interest paid	(593)	(505)
Income taxes paid	(4,806)	(3,616)
Income taxes refund	4,187	1,963
Net cash generated from operating activities	32,651	30,291
Cash flows from investing activities		
Payments for acquisitions of property, plant and equipment and intangible assets	(23,745)	(25,588)
Proceeds from sales of property, plant and equipment and intangible assets	5,183	4,399
Payments for purchases of other financial assets	(17)	(15)
Proceeds from sale of other financial assets	38	3,455
Others	27	7
Net cash used for investing activities	(18,514)	(17,741)

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		(Millions of yen)	
	Notes	The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)	The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)
Cash flows from financing activities			
Decrease in short-term loans payable		(38)	—
Repayments of long-term loans payable		(1,065)	(1,000)
Payments for bond redemption	6	(30,000)	—
Dividends paid	7	(8,967)	(9,046)
Proceeds from disposal of treasury shares		0	161
Payments for purchases of treasury shares		(4)	(4)
Repayments of lease liabilities		(4,567)	(3,988)
Net cash used for financing activities		(44,642)	(13,876)
Decrease in cash and cash equivalents		(30,506)	(1,326)
Cash and cash equivalents at the beginning of the year		110,497	84,074
Cash and cash equivalents at the end of the period		79,991	82,748

## Notes to condensed quarterly 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, production, 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 condensed quarterly consolidated financial statements consist of equities of the Company, subsidiaries, and associates. The condensed quarterly 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 November 10, 2023 and take into account events after the reporting period to that date (see Note 12, “Subsequent events”).

### 2. Basis of preparation

The Company’s condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standards Article 34 “Interim Financial Reporting” based on 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 fiscal 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 statements are rounded to the nearest million yen unless otherwise stated.

### 3. Material accounting policies

The material 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 fiscal year.

Income tax benefit for the cumulative third quarter of current fiscal year has been calculated on the basis of the annual estimated effective tax rate.

### 4. Significant 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 released. Accounting estimates are based on the assumption that the impact of COVID-19 infection on the Group’s business operations will be limited since behavioral restrictions have been eased, and economic activities are beginning to normalize.

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 8 Revenue for the products and services of the reported segment.

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## 6. Bonds

The following bonds were redeemed at maturity during the cumulative third quarter of previous fiscal year.

### The cumulative third quarter of previous fiscal year (January 1, 2022 – September 30, 2022)

						(Millions of yen)
Name	Name of bond	Date of issue	Issue amount	Interest rate (%)	Collateral	The due date for redemption
The Company	Coca-Cola West 3rd Unsecured bonds	June 17, 2015	30,000	0.52	None	June 17, 2022

## 7. Dividends

Dividend payments were as follows:

### The cumulative third quarter of previous fiscal year (January 1, 2022 – September 30, 2022)

Resolution	Type of share	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	Common shares	4,484	25	December 31, 2021	March 25, 2022
August 10, 2022 Board of directors	Common shares	4,484	25	June 30, 2022	September 1, 2022

### The cumulative third quarter of current fiscal year (January 1, 2023 – September 30, 2023)

#### (1) Dividend payment amount

Resolution	Type of share	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	Common shares	4,484	25	December 31, 2022	March 29, 2023
August 9, 2023 Board of directors	Common shares	4,562	25	June 30, 2023	September 1, 2023

Note: The total amount of dividends includes 79 million yen for the Company shares held by Executive reward BIP Trust and Stock-granting ESOP Trust.

## 8. 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 makers) to make decisions about the allocation of business resources. As such, the earnings recorded under the beverage business are presented as Revenue.

In the beverage business, the Group purchases, manufactures, and sells carbonated beverages such as Coca-Cola, coffee beverages, tea-based 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 obligations are received generally within two months of delivery. The contracts with customers do not include any material financial elements.

	The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)	(Millions of yen) The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)
Revenue		
Revenue from contracts with customers		
Beverage	612,301	663,808
Other	20	16
Total	612,321	663,825

#### 9. Other income and other expenses

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

	(Millions of yen)	
	The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)	The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)
<b>Other income</b>		
Gains on sales of property, plant, and equipment (Note 1)	4,075	2,168
Rent income	213	159
Government subsidies (Note 2)	3,329	-
Other	514	384
<b>Total</b>	<b>8,132</b>	<b>2,711</b>
<b>Other expenses</b>		
Impairment loss	-	159
Losses on sales and disposals of property, plant, and equipment	1,044	1,148
Transformation related expenses (Note 3)	401	1,641
Special retirement allowance (Note 4)	517	44
Temporary paid leave expenses (Note 5)	2,168	-
Other	148	234
<b>Total</b>	<b>4,237</b>	<b>3,225</b>

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

2. Government subsidies are grants to cover employee’s temporary leave cost due to the spread of COVID-19 for the cumulative third quarter of 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 cumulative third quarter of previous fiscal year and current fiscal year.

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

5. Temporary paid leave expenses are the allowance associated with employee’s temporary leave due to the spread of COVID-19 for the cumulative third quarter of previous fiscal year. The expenses are reclassified as 92 million yen from cost of sales and 2,076 million yen from selling and general administrative expenses to other expenses, respectively.



## 10. Fair value of financial instruments

### (a) Classification by level of the fair value hierarchy

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

The fair value hierarchy is defined as follows:

Level 1: Fair value (unadjusted) in the active market of the same asset or liability

Level 2: Fair value based on inputs other than quoted prices included in Level 1, either directly observable inputs or indirectly, of observable inputs for asset or liability

Level 3: Fair value based on unobservable inputs for asset or liability

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

There was no transfer between Level 1 and Level 2 during the previous fiscal year and the cumulative third quarter of current fiscal 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 share price for the same asset or liability, the Group uses valuation techniques such as share 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 September 30, 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: 6.9-26.4 times PER: 5.8-6.5 times PBR: 1.2-2.2 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	<u>8,701</u>	<u>548</u>	<u>3,135</u>	<u>12,385</u>
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	662	—	662
Total	<u>—</u>	<u>662</u>	<u>—</u>	<u>662</u>

As of September 30, 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	—	758	—	758
Subtotal	—	758	—	758
Financial instrument measured at fair value through other comprehensive income:				
Securities	6,601	—	3,403	10,003
Other	—	—	92	92
Subtotal	6,601	—	3,495	10,095
Total	<u>6,601</u>	<u>758</u>	<u>3,495</u>	<u>10,853</u>
Financial liabilities				
Financial instrument measured at fair value through profit or loss:				
Derivative liabilities	—	925	—	925
Total	<u>—</u>	<u>925</u>	<u>—</u>	<u>925</u>

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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 as of January 1, 2022	4,423
Disposals	(86)
Gains (Losses) recognized in other comprehensive income	(349)
Other	2
Balance as of September 30, 2022	3,990
Balance as of January 1, 2023	3,135
Disposals	(37)
Gains (Losses) recognized in other comprehensive income	397
Balance as of September 30, 2023	3,495

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

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

As of September 30, 2023

	Carrying amount	Fair value	Difference
Long-term loans payable and bonds	155,761	153,899	1,862

Long-term loans payable and bonds include the 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 instrument in the table above are as follows:

a. Loans payable

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

b. Bonds

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

#### 11. Earnings per share

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

The basis for calculating the basic earnings (loss) per share and diluted earnings per share for the cumulative third quarter and the third quarter of previous fiscal year and current fiscal year are as follows:

	The cumulative third quarter of previous fiscal year (Nine months ended September 30, 2022)	The cumulative third quarter of current fiscal year (Nine months ended September 30, 2023)
Income (Loss) attributable to owners of parent (millions of yen)	(5,194)	3,862
Weighted-average number of common shares issued (in thousands)	179,343	179,367
Increase in common shares		
Share of share-based compensation (in thousands)	—	1,212
Diluted weight average number of shares (in thousands)	—	180,578
Earnings(Loss) per share (yen)	(28.96)	21.53
Diluted earnings per share (yen)	—	21.38
	The third quarter of previous fiscal year (Three months ended September 30, 2022)	The third quarter of current fiscal year (Three months ended September 30, 2023)
Income attributable to owners of parent (millions of yen)	4,705	7,808
Weighted-average number of common shares issued (in thousands)	179,342	179,408
Increase in common shares		
Share of share-based compensation (in thousands)	725	1,212
Diluted weight average number of shares (in thousands)	180,067	180,619
Earnings per share (yen)	26.24	43.52
Diluted earnings per share (yen)	26.13	43.23

Notes: 1. “Diluted earnings per share” is not shown in the cumulative third quarter of the previous fiscal year, as 725 thousand shares of share-based compensation have an antidilutive effect.

2. We have introduced Executive reward BIP Trust and Stock-granting ESOP Trust. The Company shares held by these trusts are included in the treasury shares to be deducted from the average number of shares during the period for calculating the amount of earnings per share and diluted earnings per share. The average number of treasury shares deducted was 26,902 thousand shares for the cumulative third quarter of current fiscal year and 26,861 thousand shares for the third quarter of current fiscal year.

#### 12. Subsequent events

Not applicable.

This is an English translation of the original Quarterly Report (“Shihanki Hokokusho”) ended September 30, 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.

## 2. Others

At the Board of Directors held on August 9, 2023, it was resolved to provide the following interim dividend to shareholders or registered pledges recorded in the final shareholders’ register on June 30, 2023

- a. Total dividends through interim dividends: 4,562 million yen
- b. Amount per share: 25 yen
- c. Effective date of payment claims, and payment start date: September 1, 2023

Note: The total amount of dividends includes 79 million yen of dividends for the Company shares held by Executive reward BIP Trust and Stock-granting ESOP Trust.

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## Part II Information of guarantor companies of the filing company

Not applicable.